



## **The Green-Wood Cemetery and Affiliates**

Consolidated Financial Statements

December 31, 2017



## **Independent Auditors' Report**

### **Board of Trustees The Green-Wood Cemetery and Affiliates**

#### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of The Green-Wood Cemetery and Affiliates (the "Cemetery and Affiliates"), which comprise the consolidated statement of financial position as of December 31, 2017 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to consolidated financial statements.

#### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Cemetery and Affiliates as of December 31, 2017 and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Cemetery's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Report on Compliance***

With respect to Rule of Procedure 200.4 of the New York State Cemetery Board and in connection with our audit, we confirmed with depositories all cash account balances and we confirmed with the custodians the investments held as of December 31, 2017. We also considered the Cemetery and Affiliates' system of internal accounting control relative to cash and investments to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our consideration was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Cemetery and Affiliates' financial statements taken as a whole. In connection with our audit, nothing came to our attention that would cause us to believe that the Cemetery and Affiliates is not in compliance with Section 1507(c)(d) of the Not-For-Profit Corporation Law. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of such noncompliance and we express no opinion and provide no assurance on compliance.

***Other Matters***

The Cemetery and Affiliates' records for the Permanent Maintenance Fund identifies separately cumulative principal reflecting allocations from the proceeds of the sales of lots, crypts and niches and cumulative capital gains or losses from investments. As more fully described in Note 2 to the consolidated financial statements, the Cemetery and Affiliates' reflect all income earned on the investment of such funds in the operations of the General Operating Fund as permitted by the New York State Cemetery Board. Accordingly, there is no cumulative investment income retained for use in future years.

The Cemetery and Affiliates' records for the Perpetual Care Fund identify separately the cumulative principal for endowment, the cumulative capital gains or losses from investments and the cumulative income retained for use in future years.

*PKF O'Connor Davies, LLP*

**The Green-Wood Cemetery and Affiliates**

Consolidated Statement of Financial Position  
December 31, 2017  
(with summarized totals at December 31, 2016)

	The Green-Wood Cemetery			The Green-Wood Cemetery Perpetual Care Fund			2017 Total	2016 Total
	General Fund	Permanent Maintenance Fund	The Green-Wood Historic Fund, Inc.	Surplus Fund	Principal Fund	Eliminations		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,854,831	\$ 166,765	\$ 1,741,062	\$ 1,187,573	\$ -	\$ -	\$ 4,950,231	\$ 4,953,230
Investments	119,916,135	25,923,419	101,022	155,541,454	19,631,760	-	321,113,790	283,271,681
Accounts receivable	-	-	98,734	-	-	-	98,734	67,020
Accrued income receivable	85,677	26,728	-	163,073	-	-	275,478	119,359
Installment sales receivable	2,387,758	-	-	-	-	-	2,387,758	2,596,080
Prepaid expenses	117,263	-	-	-	-	-	117,263	86,543
Inventory	170,857	-	-	-	-	-	170,857	170,376
Due from other funds/affiliates	1,833,685	-	-	-	-	(1,833,685)	-	-
Mausoleums, niches, and urn sites held for sale	17,809,466	-	-	-	-	-	17,809,466	19,319,549
Property, plant and equipment, net	33,126,833	-	-	-	-	-	33,126,833	31,551,282
Fine arts and collectibles	2,416,348	-	196,550	-	-	-	2,612,898	2,419,940
	<u>\$ 179,718,853</u>	<u>\$ 26,116,912</u>	<u>\$ 2,137,368</u>	<u>\$ 156,892,100</u>	<u>\$ 19,631,760</u>	<u>\$ (1,833,685)</u>	<u>\$ 382,663,308</u>	<u>\$ 344,555,060</u>
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities								
Accounts payable and accrued expenses	\$ 1,199,462	\$ -	\$ 10,373	\$ 10,981	\$ -	\$ -	\$ 1,220,816	\$ 1,866,101
Due to other funds/affiliates	-	280,295	989,929	563,461	-	(1,833,685)	-	-
Accrued payroll	253,308	-	-	-	-	-	253,308	230,845
Deposits on installment sales	5,385,905	-	-	-	-	-	5,385,905	5,566,378
Accrued pension liabilities	6,475,428	-	-	-	-	-	6,475,428	6,550,836
Total Liabilities	<u>13,314,103</u>	<u>280,295</u>	<u>1,000,302</u>	<u>574,442</u>	<u>-</u>	<u>(1,833,685)</u>	<u>13,335,457</u>	<u>14,214,160</u>
Net Assets								
Unrestricted	166,404,750	25,836,617	137,066	156,317,658	19,631,760	-	368,327,851	329,318,625
Temporarily restricted	-	-	1,000,000	-	-	-	1,000,000	1,022,275
Total Net Assets	<u>166,404,750</u>	<u>25,836,617</u>	<u>1,137,066</u>	<u>156,317,658</u>	<u>19,631,760</u>	<u>-</u>	<u>369,327,851</u>	<u>330,340,900</u>
	<u>\$ 179,718,853</u>	<u>\$ 26,116,912</u>	<u>\$ 2,137,368</u>	<u>\$ 156,892,100</u>	<u>\$ 19,631,760</u>	<u>\$ (1,833,685)</u>	<u>\$ 382,663,308</u>	<u>\$ 344,555,060</u>

See notes to consolidated financial statements

**The Green-Wood Cemetery and Affiliates**

Consolidated Statement of Activities  
Year Ended December 31, 2017  
(with summarized totals for the year ended December 31, 2016)

	Unrestricted		Unrestricted			The Green-Wood		Eliminations	2017 Total	2016 Total
	The Green-Wood Cemetery		The Green-Wood	The Green-Wood Cemetery		The Green-Wood				
	General Fund	Permanent Maintenance Fund	Historic Fund, Inc.	Surplus Fund	Principal Fund	Total Unrestricted	Temporarily Restricted			
<b>OPERATING REVENUES</b>										
Service charges	\$ 3,702,373	\$ -	\$ -	\$ 5,167	\$ -	\$ 3,707,540	\$ -	\$ -	\$ 3,707,540	\$ 3,595,209
New funds and additions to old funds	-	-	-	-	144,364	144,364	-	-	144,364	117,582
Gross profit on sales of burial sites	8,136,805	-	-	-	-	8,136,805	-	-	8,136,805	9,084,204
Amortization of burial sites for crypts and niches	(1,465,157)	-	-	-	-	(1,465,157)	-	-	(1,465,157)	(1,591,431)
<b>Total Operating Revenues</b>	<b>10,374,021</b>	<b>-</b>	<b>-</b>	<b>5,167</b>	<b>144,364</b>	<b>10,523,552</b>	<b>-</b>	<b>-</b>	<b>10,523,552</b>	<b>11,205,564</b>
<b>OPERATING EXPENSES</b>										
Salary, labor and payroll related costs	8,937,441	-	-	1,022,964	-	9,960,405	-	-	9,960,405	10,054,711
Other than salary, labor and payroll related costs										
Management and administration	2,975,423	-	-	362,310	-	3,337,733	-	(220,000)	3,117,733	3,263,101
Maintenance	1,580,045	-	-	1,509,649	-	3,089,694	-	-	3,089,694	3,138,895
Crematory	382,212	-	-	-	-	382,212	-	-	382,212	450,506
Mausoleum	163,083	-	-	-	-	163,083	-	-	163,083	205,069
<b>Total Operating Expenses</b>	<b>14,038,204</b>	<b>-</b>	<b>-</b>	<b>2,894,923</b>	<b>-</b>	<b>16,933,127</b>	<b>-</b>	<b>(220,000)</b>	<b>16,713,127</b>	<b>17,112,282</b>
Change in Net Assets From Operations Before Other Support and Expenses and Other Changes	(3,664,183)	-	-	(2,889,756)	144,364	(6,409,575)	-	220,000	(6,189,575)	(5,906,718)
<b>OTHER SUPPORT AND EXPENSES</b>										
Grants, contributions and other programs	-	-	805,756	-	-	805,756	-	-	805,756	679,556
Book sales	-	-	10,903	-	-	10,903	-	-	10,903	18,597
Special events	-	-	365,819	-	-	365,819	-	-	365,819	327,845
Net assets released from restrictions	-	-	22,275	-	-	22,275	(22,275)	-	-	-
Investment income, net	17,971,175	2,089,701	8,500	25,194,698	-	45,264,074	-	-	45,264,074	16,087,271
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	(17,780)
Support and allocations between affiliates	-	-	220,000	-	-	220,000	-	(220,000)	-	-
Cultural and education programs	-	-	(810,684)	-	-	(810,684)	-	-	(810,684)	(820,016)
Management and administration - other	-	-	(221,956)	-	-	(221,956)	-	-	(221,956)	(186,626)
Fundraising	-	-	(365,729)	-	-	(365,729)	-	-	(365,729)	(257,225)
Fund transfers for statutory requirements	(1,076,263)	1,076,263	-	-	-	-	-	-	-	-
<b>Total Other Support and Expenses</b>	<b>16,894,912</b>	<b>3,165,964</b>	<b>34,884</b>	<b>25,194,698</b>	<b>-</b>	<b>45,290,458</b>	<b>(22,275)</b>	<b>(220,000)</b>	<b>45,048,183</b>	<b>15,831,622</b>
<b>OTHER CHANGES</b>										
Pension benefit liability adjustment	128,343	-	-	-	-	128,343	-	-	128,343	(103,543)
<b>Change in Net Assets</b>	<b>13,359,072</b>	<b>3,165,964</b>	<b>34,884</b>	<b>22,304,942</b>	<b>144,364</b>	<b>39,009,226</b>	<b>(22,275)</b>	<b>-</b>	<b>38,986,951</b>	<b>9,821,361</b>
<b>NET ASSETS</b>										
Beginning of year	153,045,678	22,670,653	102,182	134,012,716	19,487,396	329,318,625	1,022,275	-	330,340,900	320,519,539
End of year	\$ 166,404,750	\$ 25,836,617	\$ 137,066	\$ 156,317,658	\$ 19,631,760	\$ 368,327,851	\$ 1,000,000	\$ -	\$ 369,327,851	\$ 330,340,900

See notes to consolidated financial statements

## The Green-Wood Cemetery and Affiliates

Consolidated Statement of Cash Flows  
Year Ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 38,986,951	\$ 9,821,361
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,106,549	1,136,300
Amortization of burial sites for crypts and niches	1,465,157	1,591,431
Pension benefit liability adjustment	(128,343)	103,543
Realized and unrealized gain on investments	(42,232,827)	(13,100,770)
Loss on disposal of equipment	-	17,780
Donated investments	(2,338)	(6,085)
Changes in operating assets and liabilities		
Accounts receivable	(31,714)	(17,020)
Accrued income receivable	(156,120)	(6,796)
Installment sales receivable	208,322	(35,253)
Prepaid expenses	(30,720)	91,678
Inventory	(481)	1,127
Mausoleums, niches, and urn sites held for sale	44,926	84,615
Accounts payable and accrued expenses	(645,285)	896,720
Accrued payroll	22,463	36,529
Deposits on installment sales	(180,471)	15,637
Accrued pension liabilities	52,935	168,684
Net Cash from Operating Activities	(1,520,996)	799,481
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,682,100)	(4,728,168)
Fine arts and collectibles	(192,958)	(230,934)
Proceeds from sale of investments	23,114,837	8,996,959
Purchase of investments	(18,721,782)	(3,765,384)
Net Cash from Investing Activities	1,517,997	272,473
Change in Cash and Cash Equivalents	(2,999)	1,071,954
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	4,953,230	3,881,276
End of year	\$ 4,950,231	\$ 4,953,230

See notes to consolidated financial statements

# **The Green-Wood Cemetery and Affiliates**

Notes to Consolidated Financial Statements  
December 31, 2017

## **1. Description of Organization**

The Green-Wood Cemetery (the "Cemetery") was established in the year 1838 and is located in Brooklyn, New York. The Cemetery is a nonsectarian, not-for-profit corporation, and, as such, is a regulated cemetery corporation under New York State law. The Cemetery is a tax-exempt organization under 501(c)(13) of the Internal Revenue Code (the "Code"). On September 27, 2006, the United States Department of the Interior designated The Green-Wood Cemetery as a National Historic Landmark. The consolidated financial statements include all activities of the Cemetery including those of its separately organized Perpetual Care Fund, for which the Cemetery acts as Trustee.

The Green-Wood Historic Fund, Inc. (the "Historic Fund") was established on February 19, 1997 and is a not-for-profit corporation under the provisions of Section 501(c)(3) of the Code to preserve and restore the Cemetery's historic and cultural property and to educate the public regarding the historical significance of the Cemetery. The Historic Fund has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(1) of the Code.

The Green-Wood Cemetery Perpetual Care Fund (the "Perpetual Care Fund"), a statutory trust administered by The Green-Wood Cemetery, is a tax-exempt organization under Section 501(c)(13) of the Code and accordingly, is not subject to income tax.

The accompanying consolidated financial statements include the accounts of the Cemetery, the Historic Fund and the Perpetual Care Fund, which are collectively referred to as the Cemetery and Affiliates.

## **2. Summary of Significant Accounting Policies**

### ***Principles of Consolidation***

Accounting principles generally accepted in the United States of America ("U.S. GAAP") require all organizations over which the Cemetery has both control and an economic interest to be accounted for as consolidated affiliates. All significant intercompany balances and transactions have been eliminated in consolidation.

### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP. Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Cemetery and Affiliates and changes therein are classified as permanently restricted, temporarily restricted or unrestricted. The Perpetual Care Fund and the Permanent Maintenance Fund are not donor restricted but are required by state law to be segregated for specific purposes or services.

## **The Green-Wood Cemetery and Affiliates**

Notes to Consolidated Financial Statements  
December 31, 2017

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Use of Estimates***

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### ***Funds***

*The Perpetual Care Fund consists of the Principal Fund and Surplus Fund.*

The Principal Fund represents funds received for the maintenance of individual endowed lots, graves and private mausoleums. Pursuant to New York State law, the principal of this fund is kept invested and the income, net of investment fees charged, is transferred to the Surplus Fund for disbursement against appropriate expenses.

The Surplus Fund represents the accumulated excess of income received from the Principal Fund over expenses incurred for the maintenance of individual endowed lots, graves and private mausoleums.

*Permanent Maintenance Fund and Current Maintenance Fund*

The Permanent Maintenance Fund is a trust fund to be held for the purpose of maintaining and preserving the Cemetery, which is required to remain inviolate under Section 1507 of the New York State Not-for-Profit Corporation Law. The income from its investments in marketable securities is used solely for the maintenance and preservation of the Cemetery grounds. Under Section 1507 of the New York Not-for-Profit Corporation Law, 10% of the proceeds from sales of lots, graves, crypts, niches and urn sites are required to be transferred to the Permanent Maintenance Fund and 15% to the Current Maintenance Fund. Deposits of these amounts are made as sales are collected. An additional amount of \$35 per interment is also required to be deposited into the Permanent Maintenance Fund. The Cemetery is also required to remit nominal fees per interment and cremation to a New York State Vandalism Fund.

Additions to the Current Maintenance Fund are transferred to the General Fund to be used for current maintenance purposes. Amounts transferred, other than amounts used to repurchase burial spaces, are recognized as income in the Cemetery and Affiliates consolidated statement of activities. A nominal amount of \$5 is maintained in the Current Maintenance Fund, which has been combined with the General Fund in the consolidated financial statements.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of short-term highly liquid debt instruments with maturities of three months or less at time of purchase which are not intended for investment.



## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Fair Value of Measurements of Financial Instruments***

The Cemetery and Affiliates follow U.S. GAAP guidance on fair value measurements which define fair value and establish a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") are not categorized within the fair value hierarchy.

#### ***Investment and Investment Income Recognition***

Investments are carried at fair value. The fair value of alternative investments has been estimated using the NAV as reported by the management of the respective alternative investment fund.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded when declared. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Property, Plant and Equipment***

Purchases of property, plant and equipment in excess of \$10,000 are capitalized and stated at cost or, if donated, at the estimated fair value of the assets at the date of donation. Depreciation is recognized using the straight-line method over the estimated useful lives of such assets as follows:

Building and improvements	5 to 54 years
Equipment	2 to 15 years
Other	3 to 20 years

#### ***Mausoleums, Niches and Urn Sites Held for Sale***

Mausoleums, niches and urn sites held for sale are stated at the cost of construction less accumulated amortization, which is amortized as the related spaces are sold.

## **The Green-Wood Cemetery and Affiliates**

Notes to Consolidated Financial Statements  
December 31, 2017

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Impairment of Long-Lived Assets***

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Cemetery records impairment losses on long-lived assets used in operations if the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recognized for the year ended December 31, 2017.

#### ***Asset Retirement Obligations***

The Cemetery accounts for Asset Retirement Obligations (“ARO”) in accordance with U.S. GAAP, which defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation, does not defer recognition of a liability. The fair value of the ARO is recorded on a discounted basis and accreted over time for the change in fair value. Management has determined that there are no ARO liabilities that are required to be recorded at December 31, 2017.

#### ***Fine Arts and Collectibles***

Fine arts and collectibles are recorded at cost when purchased and at fair value at date of accession, if donated. Gains and losses from deaccessions are reported as changes in net assets based on the absence or existence and value of donor-imposed restrictions. Fine arts and collectibles are protected, kept unencumbered, cared for and preserved and serve to enhance the Cemetery and Affiliates aesthetic and cultural value.

#### ***Operating Measure***

The operating measure of the consolidated statement of activities is identified as change in net assets from operations before other support and expenses and other changes. Changes in net assets which are excluded from the operating measure include grants, contributions and other programs, book sales, special events, investment income, and fund transfers. Peripheral or incidental transactions are reported as other support and expenses.

#### ***Revenue Recognition***

The Cemetery sells mausoleum crypts, niches and urn sites on an installment basis. A sale is recognized by the Cemetery when full payment of the sales price has been received.

#### ***Grants, Contributions and Other Programs***

All grants, contributions and other program revenues are considered available for unrestricted use, unless specifically restricted by the donor or subject to time or other restrictions.

## **The Green-Wood Cemetery and Affiliates**

Notes to Consolidated Financial Statements  
December 31, 2017

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Advertising Costs***

Advertising costs are expensed as incurred. Advertising costs for the years December 31, 2017 and 2016 were \$9,612 and \$66,493.

#### ***Functional Expenses***

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### ***Accounting for Uncertainty in Income Taxes***

The Cemetery and Affiliates recognize the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Cemetery and Affiliates had no uncertain tax positions that would require financial statement recognition or disclosure.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is March 28, 2018.

#### ***Presentation of Prior Year Information***

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Cemetery and Affiliates consolidated financial statements for the year ended December 31, 2016 from which the summarized information was derived.

### **3. Concentrations of Credit Risk**

Financial instruments that potentially subject the Cemetery and Affiliates to concentrations of credit risk consist principally of cash and investments. The Cemetery and Affiliates place their cash with various financial institutions and limits the amount of credit exposure by any single financial institution. At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation insurance limit. Amounts in excess totaled approximately \$3.3 million and \$1.8 million as of December 31, 2017 and 2016. Investments are diversified to reduce concentrations so that there is no significant concentration of credit risk.

## The Green-Wood Cemetery and Affiliates

### Notes to Consolidated Financial Statements December 31, 2017

#### 4. Investments and Investment Income

##### *Investments*

Investments held by the various funds at December 31 are as follows:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
<b>General Operating Fund</b>				
Equity domestic	\$ 12,795,830	\$ 23,060,333	\$ 13,790,876	\$ 22,286,994
Equity international	14,146,090	26,714,306	13,553,745	17,163,488
Hedge funds	29,475,639	47,934,723	34,837,841	48,547,937
Real estate investments	7,594,572	8,940,961	7,566,513	8,538,354
Private equity partnerships	6,517,608	6,752,318	6,805,548	7,209,023
Real estate property	1,644,176	4,000,000	1,644,176	4,000,000
Cash equivalents- money market	2,513,494	2,513,494	956,249	956,249
Total General Operating Fund	<u>\$ 74,687,409</u>	<u>\$ 119,916,135</u>	<u>\$ 79,154,948</u>	<u>\$ 108,702,045</u>
<b>Permanent Maintenance Fund</b>				
Fixed income domestic	\$ 12,557,830	\$ 12,453,763	\$ 12,552,156	\$ 12,332,272
Equity domestic	6,067,732	11,151,169	6,067,732	9,165,117
Cash equivalents- money market	90,829	2,318,487	92,294	92,294
Total Permanent Maintenance Fund	<u>\$ 18,716,391</u>	<u>\$ 25,923,419</u>	<u>\$ 18,712,182</u>	<u>\$ 21,589,683</u>
<b>Perpetual Care Fund</b>				
Fixed income domestic	\$ 29,883,348	\$ 31,210,765	\$ 26,869,128	\$ 27,920,311
Equity domestic	13,769,668	20,470,085	11,990,908	16,428,016
Equity international	30,895,256	56,829,243	29,656,975	49,047,299
Hedge funds	26,341,909	45,127,222	29,791,039	42,216,941
Private equity partnerships	6,192,439	6,534,321	6,452,385	6,948,780
Real estate investments	7,594,572	8,940,961	7,566,513	8,538,354
Cash equivalents- money market	6,060,617	6,060,617	1,795,966	1,795,966
Total Perpetual Care Fund	<u>\$ 120,737,809</u>	<u>\$ 175,173,214</u>	<u>\$ 114,122,914</u>	<u>\$ 152,895,667</u>
<b>Historic Fund</b>				
Equity domestic	\$ 116,672	\$ 101,022	\$ 103,851	\$ 84,286
<b>All Funds</b>				
Equity domestic	\$ 32,749,902	\$ 54,782,609	\$ 31,953,367	\$ 47,964,413
Equity international	45,041,346	83,543,549	43,210,720	66,210,787
Fixed income domestic	42,441,178	43,664,528	39,421,284	40,252,583
Hedge funds	55,817,548	93,061,945	64,628,880	90,764,878
Real estate investments	15,189,144	17,881,922	15,133,026	17,076,708
Private equity partnerships	12,710,047	13,286,639	13,257,933	14,157,803
Real estate property	1,644,176	4,000,000	1,644,176	4,000,000
Cash equivalents- money market	8,664,940	10,892,598	2,844,509	2,844,509
Total All Funds	<u>\$ 214,258,281</u>	<u>\$ 321,113,790</u>	<u>\$ 212,093,895</u>	<u>\$ 283,271,681</u>

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 4. Investments and Investment Income *(continued)*

#### *Investments (continued)*

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	2017	2016
Level 1 (Quoted Prices in Active Markets)		
Cash equivalents- money market	\$ 10,892,598	\$ 2,844,509
Equity Securities		
Domestic	54,782,609	47,964,413
International	83,543,549	66,210,787
Fixed income securities	43,664,528	40,252,583
Total Level 1	192,883,284	157,272,292
Level 3 (Unobservable Inputs)		
Real estate property	4,000,000	4,000,000
Total by Levels	196,883,284	161,272,292
Alternative investments	124,230,506	121,999,389
Total Investments	\$ 321,113,790	\$ 283,271,681

As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

During the years ended December 31, 2017 and 2016, there were no transfers in or out of Levels 1, 2 or 3 of the fair value hierarchy.

Alternative investments may carry withdrawal limitations on initial investments for periods that may range from one to two years; at which time withdrawals are permitted as defined in the prospectus of the fund.

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 4. Investments and Investment Income *(continued)*

#### *Investments (continued)*

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2017 is as follows:

	<u>Fair Value</u>		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge funds	\$ 29,189,893	a	\$ -	Monthly	10 - 15 days
Hedge funds	33,933,608	b	-	Quarterly	45 - 90 days
Hedge funds	6,612,934	b	-	Annually	60 days
Hedge funds	11,045,074	b	-	Semiannually	90 days
Hedge funds	6,855,813	b	-	Every 2 Years	45 days
Hedge funds	3,924,623	b	-	Every 3 Years	60 days
Real estate investments	17,881,922	c	-	Quarterly	60 - 90 days
Private equity partnerships	<u>14,786,639</u>	d	<u>2,000,000</u>	Illiquid	N/A
	<u>\$ 124,230,506</u>		<u>\$ 2,000,000</u>		

- a. The investment objective is to achieve long-term appreciation by investing primarily in international companies.
- b. The investment objective is to achieve absolute return by investing in hedging markets in a wide variety of asset classes and strategies.
- c. The investment objective is to achieve annual returns through investments in the real estate market.
- d. The investment objective is to achieve long-term return through investments in a diversified group of domestic venture capital limited partnership investments. The funds are expected to liquidate in the next five to eight years.

#### *Investment Income*

Total investment income earned on investments is comprised of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 3,462,477	\$ 3,278,807
Realized and unrealized gains	42,222,342	13,100,770
Investment fees	<u>(420,745)</u>	<u>(292,306)</u>
	<u>\$ 45,264,074</u>	<u>\$ 16,087,271</u>

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 5. Installment Sales Receivables

#### *Installment Sales for Crypts*

Effective June 1, 2009, the Cemetery amended its installment sales agreement for crypts, by revising the finance terms to provide for a maximum payment term of 84 months. The revisions to these agreements provide for no finance charges for a 60 month or less contract; 3% finance charge rate for a 72 month contract; and 5% for an 84 month contract. The minimum finance amount for new contracts is \$3,000 and the maximum amount is \$60,000, with a minimum down payment of 10%. Finance charges for new contracts are determined on the 1st of January and June of each year.

Installment sales receivable for crypts amounted to \$2,031,861 and \$2,410,793 as of December 31, 2017 and 2016. Deposits on crypts amounted to \$4,751,249 and \$5,147,122 as of December 31, 2017 and 2016.

#### *Installment Sales for Niches*

Effective January 1, 2007, the Cemetery started an installment sales program for niches. In the case where the entire receivable is received within two years of the contract, no finance charge is incurred by the customers. On a 36 month contract, the finance rate is 4.5%; for a 48 month contract the rate is 5.5% and for a 60 month contract the rate is 6.5%. The maximum term is 60 months. The minimum finance amount for new contracts is \$1,500 and the maximum amount is \$15,000, with a minimum down payment of 15%. Finance charges for new contracts are determined on the 1st of January and June of each year.

Installment sales receivable for niches amounted \$355,897 and \$185,287 as of December 31, 2017 and 2016. Deposits on niches amounted to \$634,656 and \$419,256 as of December 31, 2017 and 2016.

### 6. Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$ 40,598,743	\$ 38,564,360
Equipment	5,904,703	5,593,254
Other	1,255,907	1,191,366
Construction in progress	<u>2,162,687</u>	<u>2,017,863</u>
	49,922,040	47,366,843
Accumulated depreciation	<u>(16,795,207)</u>	<u>(15,815,561)</u>
	<u>\$ 33,126,833</u>	<u>\$ 31,551,282</u>

Land values are not included in Cemetery's assets due to the absence of historical cost data at the time of acquisition of the land in the 1800's.

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 7. Pension

The Cemetery has four pension plans that cover substantially all of its employees.

#### ***Salaried Employee Defined Benefit Plan***

Salaried employees have been covered effective January 1, 1980 by a defined benefit retirement plan (the "Plan") established by the Cemetery. This Plan is limited to those hired before March 1, 2009.

The following table summarizes the Salaried Employee Plan as of December 31 and for the years then ended.

	<u>2017</u>	<u>2016</u>
Projected benefit obligation	\$ 11,608,659	\$ 10,600,606
Fair value of plan assets	<u>7,082,451</u>	<u>6,151,870</u>
Funded Status	<u>\$ (4,526,208)</u>	<u>\$ (4,448,736)</u>
Accumulated benefit obligation	\$ 10,233,098	\$ 9,042,203
Net pension cost recognized in statement of activities	429,996	495,225
Amortization of amounts previously not recognized as a component of net periodic cost	232,485	212,358
Accrued pension cost recognized in the statement of financial position	4,526,208	4,448,736
Employer contributions to plan during the year	224,181	173,661
Benefits paid	191,575	193,448

The following are weighted-average assumptions used to determine benefit obligations and net periodic benefit cost as of and for the year ended December 31:

	<u>Benefit Obligation</u>		<u>Periodic Benefit Cost</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	3.45%	3.80%	3.80%	4.25%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%
Expected long-term return on plan	6.50%	6.50%	6.50%	6.50%

The table below reflects amounts unrecognized in unrestricted net assets at December 31, 2017 which have not yet been recognized in net periodic pension costs:

Unrecognized actuarial loss, net	\$ 3,041,937
Prior service credit	<u>(202,627)</u>
Net amount recognized	<u>\$ 2,839,310</u>



## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 7. Pension (continued)

#### **Salaried Employee Defined Benefit Plan (continued)**

For 2018, net actuarial gains are expected to be recognized in net periodic pension costs totaling \$221,302.

The Cemetery will contribute approximately \$173,661 to its pension plan in 2018.

#### **Asset Category**

The Cemetery's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Cemetery formulates the investment portfolio composed of the optimal combination of equity and debt securities.

The Plan's performance and investment objectives will be continually evaluated and fund assets are to be diversified by the Cemetery in order to minimize the impact of large losses on individual investments.

The target allocation of assets is a range from 40% to 60% of debt securities, from 10% to 25% of real estate, and from 20% to 40% of other. This is intended to provide for growth of capital with a moderate level of volatility.

The expected long-term rate of return for the Plan's assets is based on the expected return of each of the asset categories, weighted based on the median of the target allocation for the class.

#### **Fair Value of Plan Assets**

The salaried employees' plan assets consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Level 1 (Quoted Prices in Active Markets)		
Cash equivalents- money market	\$ 47	\$ 39,198
Equity funds		
Domestic	1,978,281	1,718,255
International	683,188	526,859
Fixed income funds	<u>4,420,935</u>	<u>3,867,558</u>
	<u>\$ 7,082,451</u>	<u>\$ 6,151,870</u>

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 7. Pension (continued)

#### *Salaried Employee Defined Benefit Plan (continued)*

#### *Estimated Future Benefit Payments*

The following benefit payments, which reflect expected future service, are expected to be paid in the following years ended December 31:

2018	\$ 1,255,000
2019	551,000
2020	2,108,000
2021	225,000
2022	980,000
2023 to 2027	3,619,000

#### *Salaried Employees Defined Contribution Plan*

In 1985, the Cemetery established a savings and investment plan for nonunion employees under Section 401(k) of the Internal Revenue Code. The Cemetery is obligated to contribute 50% of employee contributions, with a maximum of up to 2.5% of covered compensation. The plan also provides for voluntary employee contributions which are fully vested. Employer matching contributions vest fully at the beginning of the third year of employment. Under this plan, the expense was \$107,978 and \$74,031 for the years ended December 31, 2017 and 2016.

#### *Union Pension Plans*

- (a) Effective January 1, 2011, the Cemetery's union employees elected to be represented by United Service Workers Union, Local 355, as approved by the National Labor Relations Board. On the same day, the Cemetery withdrew from Local 966's multi-employer pension plan. The Cemetery was notified that its withdrawal liability to the fund was \$3,057,600 and fully accrued the pension liability, which is to be paid in 80 quarterly payments of \$38,220. The Cemetery made payments of \$152,880 towards this liability in 2017 and 2016. The outstanding balance is \$1,949,220 and \$2,102,100 as of December 31, 2017 and 2016.
- (b) Effective October 1, 2011, the Cemetery entered into a contract with the United Service Workers Union, Local 355, to contribute to their retirement program on a monthly basis for each regular and seasonal union employee on the payroll, which expires May 31, 2022. Under this plan, retirement program costs amounted to \$104,100 and \$107,550 for the years ended December 31, 2017 and 2016.

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 8. Temporarily Restricted Net Assets

Temporarily restricted net asset balances as of December 31 are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>End of Year</u>
<b>2017</b>				
Repair damages from vandalism, Hurricane Sandy and other restoration projects	\$ 2,275	\$ -	\$ (2,275)	\$ -
Arboretum status project	20,000	-	(20,000)	-
Archive Center	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$ 1,022,275</u>	<u>\$ -</u>	<u>\$ (22,275)</u>	<u>\$ 1,000,000</u>
	<u>Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>End of Year</u>
<b>2016</b>				
Repair damages from vandalism, Hurricane Sandy and other restoration projects	\$ 2,275	\$ -	\$ -	\$ 2,275
Arboretum status project	20,000	-	-	20,000
Archive Center	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$ 1,022,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,022,275</u>

### 9. Related Party Transactions

The Cemetery incurred general legal expenses totaling \$1,994 and \$46,266 during the years ended December 31, 2017 and 2016, where a partner of the law firm is the chairman of the Board of Trustees.

The Cemetery has entered into a one year lease agreement, dated January 1, 2007, for its real estate property with the President of the Cemetery. The lease calls for an annual rent of \$38,700 which is included in the President's salary. In addition, the Cemetery is responsible for utilities and real estate taxes on the property. The lease is automatically extended for an additional 12 months under the same terms and conditions if the President continues to be employed by the Cemetery on the last day of the term.

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2017

### 9. Related Party Transactions *(continued)*

Currently, the Historic Fund and the Cemetery are working together on the Weir Greenhouse Project (“Greenhouse”). Management estimates that the purchase of the land and the restoration will cost between \$13 and \$14 million. All grants towards the Greenhouse are received by the Historic Fund and transferred to the Cemetery, as the Cemetery is paying the restoration costs. Certain space in the Greenhouse will be leased to the Historic Fund. The annual rent amount is \$1 and this agreement will expire April 30, 2021, unless terminated earlier or extended. The Greenhouse itself carries a preservation covenant, which states that the Greenhouse is to secure the preservation of historic resources and to ensure that public benefit is derived.

The Historic Fund and the Cemetery will also work together on the construction of a new building, which will house Cemetery and Historic Fund offices and activities. The budget for this building has yet to be determined.

### 10. Functional Expenses

The functional classification of expenses for the years ended December 31 is as follows:

	<u>2017</u>	<u>2016</u>
Program service	\$ 12,841,285	\$ 12,916,672
Administrative and general	<u>5,270,211</u>	<u>5,459,477</u>
	<u>\$ 18,111,496</u>	<u>\$ 18,376,149</u>

Expenses reported in the consolidated statement of activities for the years ended December 31 consist of the following:

	<u>2017</u>	<u>2016</u>
Total operating expenses	\$ 16,713,127	\$ 17,112,282
Cultural and education programs	810,684	820,016
Management and administration - other	221,956	186,626
Fundraising	<u>365,729</u>	<u>257,225</u>
	<u>\$ 18,111,496</u>	<u>\$ 18,376,149</u>

## **The Green-Wood Cemetery and Affiliates**

Notes to Consolidated Financial Statements  
December 31, 2017

### **11. Commitments and Contingencies**

#### ***Collective Bargaining Agreement***

The Cemetery has a labor contract with the United Service Workers Union, Local 355, which expires May 31, 2021, and consists of 54 full-time employees and 21 seasonal employees, out of a total of 120 employees.

#### ***Legal Matters***

In 2008, an amendment to New York State Tax Law was enacted which outlined requirements of exempt organizations related to sales tax collections. During an audit of a cemetery supplier by the New York State Department of Taxation and Finance (the "Department"), a cemetery was found to have a sales tax liability based on what the Department determined was the sale of taxable merchandise. The New York State Association of Cemeteries has engaged legal counsel to take a comprehensive approach in dealing with the matter for the cemetery industry as a whole, which counsel is trying to get special legislation passed to exempt certain sales at cemeteries. Management is considering the potential impact of this matter on the Cemetery and is awaiting future developments before proceeding on the issue.

\* \* \* \* \*