



**The Green-Wood Cemetery
Perpetual Care Fund**

Financial Statements

December 31, 2017 and 2016

Independent Auditors' Report

Board of Trustees The Green-Wood Cemetery Perpetual Care Fund

Report on the Financial Statements

We have audited the accompanying financial statements of The Green-Wood Cemetery Perpetual Care Fund (the "Perpetual Care Fund"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Green-Wood Cemetery Perpetual Care Fund as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Compliance

With respect to Rule of Procedure 200.4 of the New York State Cemetery Board and in connection with our audits, we confirmed with depositories all cash account balances and we confirmed with the custodians the investments held as of December 31, 2017 and 2016. We also considered the Perpetual Care Fund's 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 review was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Perpetual Care Fund's financial statements taken as a whole. In connection with our audits, nothing came to our attention that would cause us to believe that the Perpetual Care Fund is not in compliance with Section 1507(c) (d) of the Not-For-Profit Corporation Law. However, it should be noted that our audits were not directed primarily toward obtaining knowledge of such noncompliance and we express no opinion and provide no assurance on compliance.

PKF O'Connor Davies, LLP

New York, New York
March 28, 2018

**The Green-Wood Cemetery
Perpetual Care Fund**

Statements of Financial Position

	December 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,187,573	\$ 920,590
Investments	175,173,214	152,895,667
Accrued interest and dividends receivable	163,073	72,283
	\$ 176,523,860	\$ 153,888,540
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued liabilities	\$ 10,981	\$ 8,074
Due to The Green-Wood Cemetery	563,461	380,354
Total Liabilities	574,442	388,428
Net Assets, Unrestricted	175,949,418	153,500,112
	\$ 176,523,860	\$ 153,888,540

See notes to financial statements

**The Green-Wood Cemetery
Perpetual Care Fund**

Statements of Activities

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Surplus Fund	Principal Fund	Total	Surplus Fund	Principal Fund	Total
REVENUE						
Services for perpetual care	\$ 5,167	\$ -	\$ 5,167	\$ 13,998	\$ -	\$ 13,998
Investment income	25,194,698	-	25,194,698	8,670,758	-	8,670,758
New funds and additions to old funds for perpetual care principal	-	144,364	144,364	-	117,582	117,582
Total Revenue	25,199,865	144,364	25,344,229	8,684,756	117,582	8,802,338
EXPENSES						
Program services - maintenance	1,646,660	-	1,646,660	1,363,425	-	1,363,425
Management and administration	1,248,263	-	1,248,263	1,350,938	-	1,350,938
Total Expenses	2,894,923	-	2,894,923	2,714,363	-	2,714,363
Change in Unrestricted Net Assets	22,304,942	144,364	22,449,306	5,970,393	117,582	6,087,975
NET ASSETS, UNRESTRICTED						
Beginning of year	134,012,716	19,487,396	153,500,112	128,042,323	19,369,814	147,412,137
End of year	\$ 156,317,658	\$ 19,631,760	\$ 175,949,418	\$ 134,012,716	\$ 19,487,396	\$ 153,500,112

See notes to financial statements

**The Green-Wood Cemetery
Perpetual Care Fund**

Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 22,449,306	\$ 6,087,975
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized/unrealized (gains) losses on investments	(23,356,092)	(6,857,502)
Changes in operating assets and liabilities		
Accrued interest and dividends receivable	(90,790)	1,891
Accrued liabilities	2,907	249
Due to The Green-Wood Cemetery	183,107	244,767
Net Cash from Operating Activities	(811,562)	(522,620)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	12,600,327	2,718,288
Purchase of investments	(11,521,782)	(2,228,928)
Net Cash from Investing Activities	1,078,545	489,360
Net Change in Cash and Cash Equivalents	266,983	(33,260)
CASH AND CASH EQUIVALENTS		
Beginning of year	920,590	953,850
End of year	\$ 1,187,573	\$ 920,590

**The Green-Wood Cemetery
Perpetual Care Fund**

Notes to Financial Statements
December 31, 2017 and 2016

1. Description of Organization

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

The Perpetual Care Fund consists of amounts received for perpetual care and maintenance of the lots, plots and other parts of the Cemetery. Under the New York State Law, such amounts must be invested in separate funds, and all income generated must be used for the perpetual care and maintenance of the plots for which they are provided.

The Perpetual Care Fund's main source of income is from investment income.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Resources are classified for accounting and reporting purposes into net asset classes (unrestricted, temporarily restricted and permanently restricted) according to the existence or absence of donor imposed restrictions. Unrestricted net assets are not subject to any donor imposed restrictions. The Perpetual Care Fund's net assets are unrestricted but are required by state law to be restricted for perpetual care services.

Use of Estimates

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

Perpetual Care Funds

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

The Principal Fund represents funds received for the maintenance of specific 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.

**The Green-Wood Cemetery
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Notes to Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt instruments with maturities of three months or less, at time of purchase.

Fair Value Measurements of Financial Investments

The Perpetual Care Fund follows 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 values 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 Income Recognition

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

Investments Valuation

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. U.S. GAAP guidance provides for the use of NAV as a "Practical Expedient" for estimating fair value of alternative investments.

Functional Expenses

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

**The Green-Wood Cemetery
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Notes to Financial Statements
December 31, 2017 and 2016

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

Accounting for Uncertainty in Income Taxes

The Perpetual Care Fund recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Perpetual Care Fund 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 financial statements through the date that the financial statements were available to be issued, which date is March 28, 2018.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Perpetual Care Fund to concentrations of credit risk consist principally of cash and investments. The Perpetual Care Fund places its cash with various financial institutions and limits the amount of credit exposure by any one financial institution. At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation insurance limit. Investments are diversified to reduce concentrations so that there is no significant concentration of credit risk.

Alternative investments consist of non-traditional, not readily available marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgement.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

**The Green-Wood Cemetery
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Notes to Financial Statements
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4. Investments and Investment Income

Investments

Investments in marketable securities at December 31 are as follows:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Fixed income domestic	\$ 29,883,348	\$ 31,210,765	\$ 26,856,812	\$ 27,920,311
Equity domestic	13,769,668	20,470,085	11,660,314	16,428,016
Equity international	30,895,256	56,829,243	29,309,763	49,047,299
Hedge funds	26,341,909	43,627,222	30,277,965	42,216,941
Private equity partnerships	6,192,439	8,034,321	6,623,244	6,948,780
Real estate investments	7,594,572	8,940,961	7,306,807	8,538,354
Cash equivalents- money market	6,060,617	6,060,617	1,041,575	1,795,966
	<u>\$ 120,737,809</u>	<u>\$ 175,173,214</u>	<u>\$ 113,076,480</u>	<u>\$ 152,895,667</u>

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)		
Money market funds	\$ 6,060,617	\$ 1,795,966
Equity Securities		
Domestic	20,470,085	16,428,016
International	56,829,243	49,047,299
Fixed Income Securities	<u>31,210,765</u>	<u>27,920,311</u>
Total Level 1	114,570,710	95,191,592
Alternative investments	<u>60,602,504</u>	<u>57,704,075</u>
	<u>\$ 175,173,214</u>	<u>\$ 152,895,667</u>

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 the table above intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

**The Green-Wood Cemetery
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Notes to Financial Statements
December 31, 2017 and 2016

4. Investments and Investment Income (continued)

Investments (continued)

Information regarding alternative investments measured 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	\$ 15,829,062	a	\$ -	Monthly	10 - 15 days
Hedge funds	11,795,098	b	-	Quarterly	45 - 90 days
Hedge funds	3,306,467	b	-	Annually	60 days
Hedge funds	5,338,580	b	-	Semiannually	90 days
Hedge funds	3,433,392	b	-	Every 2 Years	45 days
Hedge funds	3,924,623	b	-	Every 3 Years	60 days
Real estate investments	8,940,961	c	-	Quarterly	60 - 90 days
Private equity partnerships	8,034,321	d	1,000,000	Illiquid	N/A
	<u>\$ 60,602,504</u>		<u>\$ 1,000,000</u>		

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

- 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

Investment income for the years ended December 31 is comprised of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 2,320,359	\$ 2,232,267
Unrealized gains	15,662,654	5,336,081
Realized gains	7,693,438	1,521,421
Investment fees	(481,753)	(419,011)
	<u>\$ 25,194,698</u>	<u>\$ 8,670,758</u>

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5. Related Party Transactions

The Perpetual Care Fund shares a common board of Trustees with the Cemetery and The Green-Wood Historic Fund, Inc. The Perpetual Care Fund utilizes the Cemetery's personnel on an as needed basis. These salaries and other general and administrative expenses are allocated to the Perpetual Care Fund based on actual usage.

At December 31, 2017 and 2016, the balance owed to the Cemetery was \$563,461 and \$380,354 and is payable upon demand.

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