

**The Green-Wood Cemetery and Affiliates**

Consolidated Financial Statements

December 31, 2018

## **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, 2018 and the related consolidated statements of activities, functional expenses 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, 2018 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.

PKF O'CONNOR DAVIES, LLP  
665 Fifth Avenue, New York, NY 10022 | Tel: 212.286.2600 | Fax: 212.286.4080 | [www.pkfod.com](http://www.pkfod.com)

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***Change in Accounting Principle***

As discussed in Note 2 to the consolidated financial statements during the year ended December 31, 2018, the Cemetery and Affiliates' adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its consolidated financial statements. Our opinion is not modified with respect to this matter.

***Report on Summarized Comparative Information***

We have previously audited the Cemetery and Affiliates' 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, 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, 2018. 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 compliance 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*

March 29, 2019

**The Green-Wood Cemetery and Affiliates**  
Consolidated Statement of Financial Position  
December 31, 2018  
(with summarized totals at December 31, 2017)

	The Green-Wood Cemetery		The Green-Wood Cemetery Perpetual Care Fund				2018	2017
	General Fund	Permanent Maintenance Fund	Surplus Fund	Principal Fund	The Green-Wood Historic Fund, Inc.	Eliminations	Total	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 746,886	\$ 1,131,631	\$ 5,251,570	\$ -	\$ 582,364	\$ -	\$ 7,712,451	\$ 4,950,231
Investments	108,371,401	24,417,164	139,347,298	19,921,199	1,273,148	-	293,330,210	321,113,790
Accounts receivable	38,605	-	-	-	1,592	-	40,197	98,734
Accrued income receivable	69,503	23,226	95,928	-	-	-	188,657	275,478
Installment sales receivable	2,500,335	-	-	-	-	-	2,500,335	2,387,758
Prepaid expenses	165,787	-	-	-	50	-	165,837	117,263
Inventory	167,865	-	-	-	-	-	167,865	170,857
Due from other funds/affiliates	2,593,105	-	-	-	-	(2,593,105)	-	-
Mausoleums, niches, and urn sites held for sale	16,309,393	-	-	-	-	-	16,309,393	17,809,466
Property, plant and equipment, net	34,626,232	-	-	-	-	-	34,626,232	33,126,833
Fine arts and collectibles	2,568,037	-	-	-	196,550	-	2,764,587	2,612,898
	<u>\$ 168,157,149</u>	<u>\$ 25,572,021</u>	<u>\$ 144,694,796</u>	<u>\$ 19,921,199</u>	<u>\$ 2,053,704</u>	<u>\$ (2,593,105)</u>	<u>\$ 357,805,764</u>	<u>\$ 382,663,308</u>
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities								
Accounts payable and accrued expenses	\$ 1,072,985	\$ -	\$ 64,708	\$ -	\$ 27,720	\$ -	\$ 1,165,413	\$ 1,220,816
Due to other funds/affiliates	-	348,393	1,040,167	-	1,204,545	(2,593,105)	-	-
Accrued payroll	222,027	-	-	-	-	-	222,027	253,308
Deposits on installment sales	5,518,949	-	-	-	-	-	5,518,949	5,385,905
Accrued pension liabilities	6,468,496	-	-	-	-	-	6,468,496	6,475,428
Total Liabilities	<u>13,282,457</u>	<u>348,393</u>	<u>1,104,875</u>	<u>-</u>	<u>1,232,265</u>	<u>(2,593,105)</u>	<u>13,374,885</u>	<u>13,335,457</u>
Net Assets (Deficit)								
Without Donor Restrictions								
Undesignated	154,874,692	-	-	-	(213,561)	-	154,661,131	166,541,816
Restricted by state law	-	25,223,628	143,589,921	19,921,199	-	-	188,734,748	201,786,035
Total Without Donor Restrictions	<u>154,874,692</u>	<u>25,223,628</u>	<u>143,589,921</u>	<u>19,921,199</u>	<u>(213,561)</u>	<u>-</u>	<u>343,395,879</u>	<u>368,327,851</u>
With Donor Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035,000</u>	<u>-</u>	<u>1,035,000</u>	<u>1,000,000</u>
Total Net Assets	<u>154,874,692</u>	<u>25,223,628</u>	<u>143,589,921</u>	<u>19,921,199</u>	<u>821,439</u>	<u>-</u>	<u>344,430,879</u>	<u>369,327,851</u>
	<u>\$ 168,157,149</u>	<u>\$ 25,572,021</u>	<u>\$ 144,694,796</u>	<u>\$ 19,921,199</u>	<u>\$ 2,053,704</u>	<u>\$ (2,593,105)</u>	<u>\$ 357,805,764</u>	<u>\$ 382,663,308</u>

See notes to consolidated financial statements

**The Green-Wood Cemetery and Affiliates**

Consolidated Statement of Activities  
Year Ended December 31, 2018  
(with summarized totals for the year ended December 31, 2017)

	Without Donor Restrictions					The Green-Wood Historic Fund, Inc.		Eliminations	2018 Total	2017 Total
	The Green-Wood Cemetery General Fund	The Green-Wood Cemetery Permanent Maintenance Fund	The Green-Wood Cemetery Perpetual Care Fund Surplus Fund	The Green-Wood Cemetery Principal Fund	The Green-Wood Historic Fund, Inc. Unrestricted	Total Without Donor Restrictions	With Donor Restrictions			
<b>OPERATING REVENUES</b>										
Service charges	\$ 3,580,596	\$ -	\$ 43,082	\$ -	\$ -	\$ 3,623,678	\$ -	\$ -	\$ 3,623,678	\$ 3,707,540
Gross profit on sales of burial sites	6,917,539	-	-	-	-	6,917,539	-	-	6,917,539	8,136,805
Amortization of burial sites for crypts and niches	(1,456,255)	-	-	-	-	(1,456,255)	-	-	(1,456,255)	(1,465,157)
Grants and contributions	2,058,931	-	-	-	2,860,886	4,919,817	35,000	(2,058,931)	2,895,886	305,623
Program income	-	-	-	-	6,472	6,472	-	-	6,472	511,036
Special events net of costs with direct donor benefits to donors of \$57,750 and \$46,900	-	-	-	-	654,406	654,406	-	-	654,406	365,819
Support and allocations between affiliates	-	-	-	-	300,000	300,000	-	(300,000)	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>11,100,811</b>	<b>-</b>	<b>43,082</b>	<b>-</b>	<b>3,821,764</b>	<b>14,965,657</b>	<b>35,000</b>	<b>(2,358,931)</b>	<b>12,641,726</b>	<b>11,561,666</b>
<b>OPERATING EXPENSES</b>										
Program	10,675,200	-	1,873,457	-	3,274,536	15,823,193	-	(2,058,931)	13,764,262	11,832,747
Administrative	4,386,970	-	897,892	-	415,651	5,700,513	-	(300,000)	5,400,513	5,913,020
Fundraising	-	-	-	-	416,797	416,797	-	-	416,797	365,729
<b>Total Operating Expenses</b>	<b>15,062,170</b>	<b>-</b>	<b>2,771,349</b>	<b>-</b>	<b>4,106,984</b>	<b>21,940,503</b>	<b>-</b>	<b>(2,358,931)</b>	<b>19,581,572</b>	<b>18,111,496</b>
Change in Net Assets From Operations Before Other Support and Expenses and Other Changes	(3,961,359)	-	(2,728,267)	-	(285,220)	(6,974,846)	35,000	-	(6,939,846)	(6,549,830)
<b>OTHER INCOME AND EXPENSES</b>										
Investment return, net	(6,484,258)	(1,511,854)	(9,999,470)	-	(65,407)	(18,060,989)	-	-	(18,060,989)	45,264,074
New funds and additions to old funds	-	-	-	289,439	-	289,439	-	-	289,439	144,364
Loss on disposal of equipment	5,500	-	-	-	-	5,500	-	-	5,500	-
Fund transfers for statutory requirements	(898,865)	898,865	-	-	-	-	-	-	-	-
<b>Total Other Income and Expenses</b>	<b>(7,377,623)</b>	<b>(612,989)</b>	<b>(9,999,470)</b>	<b>289,439</b>	<b>(65,407)</b>	<b>(17,766,050)</b>	<b>-</b>	<b>-</b>	<b>(17,766,050)</b>	<b>45,408,438</b>
<b>OTHER CHANGES</b>										
Pension benefit liability adjustment	(191,076)	-	-	-	-	(191,076)	-	-	(191,076)	128,343
<b>Change in Net Assets</b>	<b>(11,530,058)</b>	<b>(612,989)</b>	<b>(12,727,737)</b>	<b>289,439</b>	<b>(350,627)</b>	<b>(24,931,972)</b>	<b>35,000</b>	<b>-</b>	<b>(24,896,972)</b>	<b>38,986,951</b>
<b>NET ASSETS (DEFICIT)</b>										
Beginning of year	166,404,750	25,836,617	156,317,658	19,631,760	137,066	368,327,851	1,000,000	-	369,327,851	330,340,900
End of year	<u>\$ 154,874,692</u>	<u>\$ 25,223,628</u>	<u>\$ 143,589,921</u>	<u>\$ 19,921,199</u>	<u>\$ (213,561)</u>	<u>\$ 343,395,879</u>	<u>\$ 1,035,000</u>	<u>\$ -</u>	<u>\$ 344,430,879</u>	<u>\$ 369,327,851</u>

**The Green-Wood Cemetery and Affiliates**

Consolidated Statement of Functional Expenses  
Year Ended December 31, 2018  
(with summarized totals for the year ended December 31, 2017)

	Program Services				Supporting Services					2018	2017
					Administrative		Fundraising				
	The Green-Wood Cemetery General Fund	The Green-Wood Cemetery Perpetual Care Surplus Fund	The Green-Wood Cemetery Historic Fund, Inc.	Total Program Services	The Green-Wood Cemetery General Fund	The Green-Wood Cemetery Perpetual Care Surplus Fund	The Green-Wood Cemetery Historic Fund, Inc.	The Green-Wood Cemetery Historic Fund, Inc.	Total Supporting Services	Total Expenses	Total Expenses
PERSONNEL COSTS											
Labor	\$ 3,501,362	\$ 376,468	\$ 103,480	\$ 3,981,310	\$ -	\$ -	\$ -	\$ 11,498	\$ 11,498	\$ 3,992,808	\$ 3,997,568
Management and staff	735,702	198,286	366,317	1,300,305	1,645,709	462,668	118,926	104,597	2,331,900	3,632,205	3,384,817
Salary related costs	2,170,356	342,507	173,027	2,685,890	842,984	192,660	44,491	43,128	1,123,263	3,809,153	3,697,147
Total Personnel Costs	6,407,420	917,261	642,824	7,967,505	2,488,693	655,328	163,417	159,223	3,466,661	11,434,166	11,079,532
Maintenance, service and supplies	3,250,856	778,963	-	4,029,819	-	-	-	-	-	4,029,819	3,339,500
Depreciation	994,274	43,187	-	1,037,461	128,226	-	-	-	128,226	1,165,687	1,106,549
Professional and consulting	-	-	98,246	98,246	663,719	-	6,882	44,592	715,193	813,439	891,263
Insurance	-	-	-	-	347,025	-	-	-	347,025	347,025	389,949
Contributions	-	-	2,068,931	2,068,931	375,817	-	10,500	12,000	398,317	2,467,248	63,452
Other	22,650	134,046	464,535	621,231	383,490	242,564	234,852	200,982	1,061,888	1,683,119	1,241,251
Total Expenses before Eliminations	10,675,200	1,873,457	3,274,536	15,823,193	4,386,970	897,892	415,651	416,797	6,117,310	21,940,503	18,111,496
Eliminations between Cemetery and affiliate	-	-	(2,058,931)	(2,058,931)	(300,000)	-	-	-	(300,000)	(2,358,931)	-
Total Expenses	\$ 10,675,200	\$ 1,873,457	\$ 1,215,605	\$ 13,764,262	\$ 4,086,970	\$ 897,892	\$ 415,651	\$ 416,797	\$ 5,817,310	\$ 19,581,572	\$ 18,111,496

## The Green-Wood Cemetery and Affiliates

### Consolidated Statement of Cash Flows

Year Ended December 31, 2018

(with comparative totals for the year ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (24,896,972)	\$ 38,986,951
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,165,687	1,106,549
Amortization of burial sites for crypts and niches	1,456,255	1,465,157
Realized and unrealized loss (gain) on investments	21,782,105	(42,232,827)
Loss on disposal of equipment	(5,500)	-
Donated investments	-	(2,338)
Pension benefit liability adjustment	191,076	(128,343)
Changes in operating assets and liabilities		
Accounts receivable	58,537	(31,714)
Accrued income receivable	86,821	(156,120)
Installment sales receivable	(112,577)	208,322
Prepaid expenses	(48,574)	(30,720)
Inventory	2,992	(481)
Mausoleums, niches, and urn sites held for sale	43,818	44,926
Accounts payable and accrued expenses	(55,403)	(645,285)
Accrued payroll	(31,281)	22,463
Deposits on installment sales	133,044	(180,471)
Accrued pension liabilities	(198,008)	52,935
Net Cash from Operating Activities	<u>(427,980)</u>	<u>(1,520,996)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,659,586)	(2,682,100)
Fine arts and collectibles	(151,689)	(192,958)
Proceeds from sale of investments	71,594,840	23,114,837
Purchase of investments	<u>(65,593,365)</u>	<u>(18,721,782)</u>
Net Cash from Investing Activities	<u>3,190,200</u>	<u>1,517,997</u>
Change in Cash and Cash Equivalents	2,762,220	(2,999)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>4,950,231</u>	<u>4,953,230</u>
End of year	<u>\$ 7,712,451</u>	<u>\$ 4,950,231</u>

See notes to consolidated financial statements

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

Notes to Consolidated Financial Statements  
December 31, 2018

### **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.

#### ***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 and disclosure 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 those estimates.



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

Notes to Consolidated Financial Statements  
December 31, 2018

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

#### ***Change in Accounting Principle***

On January 1, 2018, the Cemetery and Affiliates adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Cemetery and Affiliates to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Cemetery and Affiliates to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions and net assets classified as temporarily restricted net assets were reclassified to net assets with donor restrictions.

#### ***Net Asset Presentation***

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Cemetery and Affiliates. Net assets without donor restrictions consist of the following:

Available for general operations: Include all undesignated resources of the General Fund and Historic Fund, which are expendable for daily operations.

Restricted by state law: Include all resources of the Permanent Maintenance Fund and the Perpetual Care Funds, which are required to remain in compliance with Section 1507 of the New York State Not-for-Profit Corporation Law.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature or satisfied by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be held in perpetuity.

#### ***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.

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

Notes to Consolidated Financial Statements  
December 31, 2018

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

#### ***Funds (continued)***

##### ***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.

#### ***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.

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

Notes to Consolidated Financial Statements  
December 31, 2018

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

#### ***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.

#### ***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, 2018.

#### ***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, 2018.

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

Notes to Consolidated Financial Statements  
December 31, 2018

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

#### ***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 income and expenses and other changes. Changes in net assets which are excluded from the operating measure include investment income, additions to perpetual care funds and statutory 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.

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

Advertising costs are expensed as incurred. Advertising costs for the years December 31, 2018 and 2017 were \$10,426 and \$9,612.

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

The financial statements report certain categories of expenses that are attributable to program and supporting services of the Cemetery and Affiliates. Therefore, these expenses require an allocation using a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses which are allocated based on estimates of time and effort and other expenses which include grounds maintenance, depreciation and administrative expenses which are allocated based on the functions receiving the benefit.

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

Notes to Consolidated Financial Statements  
December 31, 2018

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

#### ***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 29, 2019.

#### ***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, 2017 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 \$1.5 million and \$3.3 million as of December 31, 2018 and 2017. 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, 2018

#### 4. Investments

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

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
<b>General Operating Fund</b>				
Equity domestic	\$ 19,456,988	25,901,863	\$ 12,795,830	\$ 23,060,333
Equity international	14,823,811	17,978,232	14,146,090	26,714,306
Hedge funds	26,250,662	39,882,294	29,475,639	47,934,723
Real estate investments	8,330,155	9,144,466	7,594,572	8,940,961
Private equity partnerships	5,909,759	6,188,844	6,517,605	6,752,318
Real estate property	1,644,176	3,900,000	1,644,176	4,000,000
Cash equivalents- money market	5,375,702	5,375,702	2,513,494	2,513,494
<b>Total General Operating Fund</b>	<b>\$ 81,791,253</b>	<b>\$ 108,371,401</b>	<b>\$ 74,687,406</b>	<b>\$ 119,916,135</b>
<b>Permanent Maintenance Fund</b>				
Fixed income domestic	\$ 11,923,713	\$ 12,052,302	\$ 12,557,830	\$ 12,453,763
Equity domestic	5,569,634	10,483,072	6,067,732	11,151,169
Cash equivalents- money market	54,759	1,881,790	90,829	2,318,487
<b>Total Permanent Maintenance Fund</b>	<b>\$ 17,548,106</b>	<b>\$ 24,417,164</b>	<b>\$ 18,716,391</b>	<b>\$ 25,923,419</b>
<b>Perpetual Care Fund</b>				
Fixed income domestic	\$ 22,626,603	\$ 22,848,215	\$ 29,883,348	\$ 31,210,765
Equity domestic	15,265,458	18,062,145	13,769,668	20,470,085
Equity international	40,204,871	57,631,677	30,895,256	56,829,243
Hedge funds	24,185,346	39,631,245	26,341,909	45,127,222
Private equity partnerships	7,373,389	7,619,751	6,192,439	6,534,321
Real estate investments	8,330,155	9,144,468	7,594,572	8,940,961
Cash equivalents- money market	4,330,996	4,330,996	6,060,617	6,060,617
<b>Total Perpetual Care Fund</b>	<b>\$ 122,316,818</b>	<b>\$ 159,268,497</b>	<b>\$ 120,737,809</b>	<b>\$ 175,173,214</b>
<b>Historic Fund</b>				
Equity domestic	\$ 1,350,096	\$ 1,273,148	\$ 116,672	\$ 101,022
<b>All Funds</b>				
Equity domestic	\$ 41,642,176	\$ 55,720,228	\$ 32,749,902	\$ 54,782,609
Equity international	55,028,682	75,609,909	45,041,346	83,543,549
Fixed income domestic	34,550,316	34,900,517	42,441,178	43,664,528
Hedge funds	50,436,008	79,513,539	55,817,548	93,061,945
Real estate investments	16,660,310	18,288,934	15,189,144	17,881,922
Private equity partnerships	13,283,148	13,808,595	12,710,047	13,286,639
Real estate property	1,644,176	3,900,000	1,644,176	4,000,000
Cash equivalents- money market	9,761,457	11,588,488	8,664,940	10,892,598
<b>Total All Funds</b>	<b>\$ 223,006,273</b>	<b>\$ 293,330,210</b>	<b>\$ 214,258,281</b>	<b>\$ 321,113,790</b>

## The Green-Wood Cemetery and Affiliates

### Notes to Consolidated Financial Statements December 31, 2018

#### 4. 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:

	<u>2018</u>	<u>2017</u>
Level 1 (Quoted Prices in Active Markets)		
Cash equivalents- money market	\$ 11,588,488	\$ 10,892,598
Equity Securities		
Domestic	55,720,228	54,782,609
International	75,609,909	83,543,549
Fixed income securities	<u>34,900,517</u>	<u>43,664,528</u>
Total Level 1	177,819,142	192,883,284
Level 3 (Unobservable Inputs)		
Real estate property	<u>3,900,000</u>	<u>4,000,000</u>
Total by Levels	181,719,142	196,883,284
Alternative investments	<u>111,611,068</u>	<u>124,230,506</u>
Total Investments	<u><u>\$ 293,330,210</u></u>	<u><u>\$ 321,113,790</u></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 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, 2018 and 2017, 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, 2018

#### 4. Investments (*continued*)

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2018 is as follows:

	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	\$ 24,578,631	a	\$ -	Monthly	10 - 15 days
Hedge funds	27,436,088	b	-	Quarterly	45 - 90 days
Hedge funds	6,418,550	b	-	Annually	60 days
Hedge funds	9,970,125	b	-	Semiannually	90 days
Hedge funds	6,913,889	b	-	Every 2 Years	45 days
Hedge funds	4,196,256	b	-	Every 3 Years	60 days
Real estate investments	18,288,934	c	-	Quarterly	60 - 90 days
Private equity partnerships	13,808,595	d	2,425,000	Illiquid	N/A
	<u>\$111,611,068</u>		<u>\$ 2,425,000</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.

#### 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 \$1,829,060 and \$2,031,861 as of December 31, 2018 and 2017. Deposits on crypts amounted to \$4,382,196 and \$4,751,249 as of December 31, 2018 and 2017.



## The Green-Wood Cemetery and Affiliates

### Notes to Consolidated Financial Statements December 31, 2018

#### 5. Installment Sales Receivables (*continued*)

##### *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 to \$398,563 and \$355,897 as of December 31, 2018 and 2017. Deposits on niches amounted to \$831,250 and \$634,656 as of December 31, 2018 and 2017.

##### *Installment Sales for Graves and Lots*

Effective October 1, 2018, the Cemetery started an installment sales program for single graves and premium lots. The single grave contracts are for a maximum of two years (24 months) and require minimum of 10% down payment. Premium lot contracts are for a maximum of 5 years (60 months) and require a minimum of 10% down payment.

Installment sales receivable for single graves and premium lots amounted to \$272,712 as of December 31, 2018. Deposits on single graves and premium lots amounted to \$305,503.

#### 6. Property, Plant and Equipment

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

	2018	2017
Building and improvements	\$ 42,199,205	\$ 40,598,743
Equipment	6,242,935	5,904,703
Other	1,577,065	1,255,907
Construction in progress	2,403,456	2,162,687
	52,422,661	49,922,040
Accumulated depreciation	(17,796,429)	(16,795,207)
	<u>\$ 34,626,232</u>	<u>\$ 33,126,833</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 1800s.

## The Green-Wood Cemetery and Affiliates

### Notes to Consolidated Financial Statements December 31, 2018

#### 7. Liquidity

The following reflects the Cemetery and Affiliate's available financial assets of the Cemetery's General Fund and the Historic Fund, reduced by amounts not available for general use. Amounts not available for use within one year included financial assets received with donor restrictions that are designated for a specific purpose and have been earmarked as resources available for future use.

Total financial assets available to meet cash needs for general expenditure with one year at December 31, 2018 are as follows:

Cash and cash equivalents	\$ 1,329,250
Investments	109,644,549
Accounts receivable	40,197
Accrued income receivable	69,503
Installment sales receivables	<u>2,500,335</u>
Financial assets at year end	113,583,834
Less amounts unavailable for general expenditures due to:	
Subject to satisfaction of donor purpose restrictions	(1,035,000)
Contractual long-term installment sales receivables	(1,600,335)
Non-liquid investments	<u>(31,045,114)</u>
Financial assets at year end available to meet cash needs for general expenditures within one year	<u>\$ 79,903,385</u>

Principal sources of liquidity include cash flows generated from the operations of the Cemetery. As part of the Cemetery and Affiliate's liquidity strategy, management structures its financial assets, consisting of cash, investments and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is invested in highly liquid fixed income securities, which can be drawn upon readily in the event of an unanticipated liquidity need. In addition, appropriations of approximately \$3.6 million from the Permanent Maintenance Fund and Perpetual Care Surplus Fund is expected to be available within the next 12 months for use by the Cemetery.

## The Green-Wood Cemetery and Affiliates

### Notes to Consolidated Financial Statements December 31, 2018

#### 8. 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.

	2018	2017
Projected benefit obligation	\$ 10,845,861	\$ 11,608,659
Fair value of plan assets	<u>6,173,705</u>	<u>7,082,451</u>
Funded Status	<u>\$ (4,672,156)</u>	<u>\$ (4,526,208)</u>
Accumulated benefit obligation	\$ 9,786,010	\$ 10,233,098
Net pension cost recognized in statement of activities	398,086	429,996
Amortization of amounts previously not recognized as a component of net periodic cost	247,148	232,485
Accrued pension cost recognized in the statement of financial position	4,672,156	4,526,208
Employer contributions to plan during the year	369,381	224,181
Benefits paid	198,067	191,575

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:

	Benefit Obligation		Periodic Benefit Cost	
	2018	2017	2018	2017
Discount rate	3.80%	3.45%	4.10%	3.80%
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, 2018 and 2017 which have not yet been recognized in net periodic pension costs:

	2018	2017
Unrecognized actuarial loss, net	\$ 3,206,941	\$ 3,041,937
Prior service credit	<u>(176,555)</u>	<u>(202,627)</u>
Net amount recognized	<u>\$ 3,030,386</u>	<u>\$ 2,839,310</u>

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2018

### 8. Pension (*continued*)

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

For 2019, net actuarial gains are expected to be recognized in net periodic pension costs totaling \$277,122.

The Cemetery will contribute approximately \$471,646 to its pension plan in 2019.

#### ***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:

	2018	2017
Level 1 (Quoted Prices in Active Markets)		
Cash equivalents- money market	\$ 74,035	\$ 47
Equity funds		
Domestic	1,754,777	1,978,281
International	574,578	683,188
Fixed income funds	<u>3,770,315</u>	<u>4,420,935</u>
	<u>\$ 6,173,705</u>	<u>\$ 7,082,451</u>

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

Notes to Consolidated Financial Statements  
December 31, 2018

### **8. 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:

2019	\$ 1,524,000
2020	1,985,000
2021	223,000
2022	932,000
2023	348,000
2024 to 2028	3,393,000

#### ***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 \$129,150 and \$107,978 for the years ended December 31, 2018 and 2017.

#### ***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 2018 and 2017. The outstanding balance is \$1,796,340 and \$1,949,220 as of December 31, 2018 and 2017.
- (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 \$106,500 and \$104,100 for the years ended December 31, 2018 and 2017.

## The Green-Wood Cemetery and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2018

### 9. Temporarily Restricted Net Assets

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

	Beginning of Year	Additions	Net Assets Released	End of Year
<b>2018</b>				
Archive Center	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Future period support	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 35,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,035,000</u></u>
<b>2017</b>				
Archive Center	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Arboretum status project	20,000	-	(20,000)	-
Other projects	<u>2,275</u>	<u>-</u>	<u>(2,275)</u>	<u>-</u>
	<u><u>\$ 1,022,275</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (22,275)</u></u>	<u><u>\$ 1,000,000</u></u>

### 10. Related Party Transactions

The Cemetery incurred general legal expenses totaling \$1,588 and \$1,994 during the years ended December 31, 2018 and 2017, 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.

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 upon completion of the project. The annual rent amount will be \$1 and the agreement will expire April 30, 2112, 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.

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

Notes to Consolidated Financial Statements  
December 31, 2018

### **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.

\* \* \* \* \*