

**Combined Financial Statements and Report of  
Independent Certified Public Accountants  
The Catholic Cemetery Association  
of the Archdiocese of Boston, Inc.  
and Affiliated Trust**

June 30, 2010 and 2009

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
The Catholic Cemetery Association of the Archdiocese of  
Boston, Inc. and Affiliated Trust:

We have audited the accompanying combined statements of financial position of The Catholic Cemetery Association of the Archdiocese of Boston, Inc. (a Massachusetts corporation, not for profit) and Affiliated Trust (collectively, the Association) as of June 30, 2010 and 2009, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Catholic Cemetery Association of the Archdiocese of Boston, Inc. and Affiliated Trust as of June 30, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic combined financial statements of the Association taken as a whole. The accompanying supplemental information related to the Affiliated Trust is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information as of June 30, 2010 and 2009, has been subjected to the auditing procedures applied in the audits of the basic combined financial statements as of June 30, 2010 and 2009, and, in our opinion, are fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Wellesley, Massachusetts  
November 9, 2010

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Combined Statements of Financial Position  
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,323,769	\$ 1,898,384
Deposits with the Corporation Sole Revolving Loan Fund (Note I)	751,506	729,216
Interest and dividends receivable	345,124	273,511
Prepaid expenses and accounts receivable, net (Note C)	723,181	365,548
Investments at fair value (Note D)	20,768,286	18,963,197
Investments limited to use for future care, at fair value (Notes D and H)	11,889,077	10,806,320
Inventories (Note F)	1,664,551	1,610,487
Land, buildings and equipment, net (Note G)	<u>4,147,535</u>	<u>4,330,079</u>
Total assets	<u>\$ 41,613,029</u>	<u>\$ 38,976,742</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES :</b>		
Accounts payable and accrued expenses	\$ 593,428	\$ 469,039
Deferred revenue	<u>4,968,220</u>	<u>4,475,195</u>
Total liabilities	<u>5,561,648</u>	<u>4,944,234</u>
<b>CONTINGENCIES (Note J)</b>		
<b>NET ASSETS:</b>		
Unrestricted -		
Operating	24,162,304	23,226,188
Assets limited to use for future care (Note H)	<u>11,889,077</u>	<u>10,806,320</u>
Total unrestricted net assets	<u>36,051,381</u>	<u>34,032,508</u>
Total liabilities and net assets	<u>\$ 41,613,029</u>	<u>\$ 38,976,742</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Combined Statement of Activities

For the Fiscal Year Ended June 30, 2010

(With Summarized Information for the Fiscal Year Ended June 30, 2009)

	2010		2009	
	Unrestricted - Operating	Unrestricted - Assets Limited to Use for Future Care	Total	Total
<b>OPERATING:</b>				
<b>REVENUES AND OTHER SUPPORT:</b>				
Sales -				
Lot openings	\$ 2,037,603	\$ -	\$ 2,037,603	\$ 2,025,343
Lot sales	1,653,506	177,542	1,831,048	1,780,385
Mausoleum sales	514,619	220,551	735,170	828,415
Grave boxes	651,480	-	651,480	619,165
Other revenue and services	384,182	-	384,182	487,044
Total sales	<u>5,241,390</u>	<u>398,093</u>	<u>5,639,483</u>	<u>5,740,352</u>
Interest and dividends	924,860	376,262	1,301,122	1,251,377
Net assets reclassified through satisfaction of limitations (Notes H and K)	362,570	(362,570)	-	-
Total revenues and other support	<u>6,528,820</u>	<u>411,785</u>	<u>6,940,605</u>	<u>6,991,729</u>
<b>EXPENSES:</b>				
Program:				
Cost of sales	3,553,372	-	3,553,372	3,960,525
Selling expense	402,874	-	402,874	355,317
Grounds maintenance	1,779,162	-	1,779,162	1,640,360
Operating supplies	160,546	-	160,546	144,185
Total program	<u>5,895,954</u>	<u>-</u>	<u>5,895,954</u>	<u>6,100,387</u>
Management and general	1,364,977	-	1,364,977	1,241,383
Total expenses	<u>7,260,931</u>	<u>-</u>	<u>7,260,931</u>	<u>7,341,770</u>
Changes in net assets before non-operating activities	(732,111)	411,785	(320,326)	(350,041)
<b>NON-OPERATING ACTIVITIES -</b>				
Net realized and unrealized gains (losses) on investments	1,668,227	670,972	2,339,199	(4,983,382)
CHANGES IN NET ASSETS	936,116	1,082,757	2,018,873	(5,333,423)
Net assets at beginning of year	<u>23,226,188</u>	<u>10,806,320</u>	<u>34,032,508</u>	<u>39,365,931</u>
Net assets at end of year	<u>\$ 24,162,304</u>	<u>\$ 11,889,077</u>	<u>\$ 36,051,381</u>	<u>\$ 34,032,508</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**  
Combined Statement of Activities  
For the Fiscal Year Ended June 30, 2009

	Unrestricted - Operating	Unrestricted - Assets Limited to Use for Future Care	Total
<b>OPERATING:</b>			
<b>REVENUES AND OTHER SUPPORT:</b>			
Sales -			
Lot openings	\$ 2,025,343	\$ -	\$ 2,025,343
Lot sales	1,591,787	188,598	1,780,385
Mausoleum sales	588,740	239,675	828,415
Grave boxes	619,165	-	619,165
Other revenue and services	487,044	-	487,044
Total sales	<u>5,312,079</u>	<u>428,273</u>	<u>5,740,352</u>
Interest and dividends	911,753	339,624	1,251,377
Net assets reclassified through satisfaction of limitations (Notes H and K)	331,212	(331,212)	-
Total revenues and other support	<u>6,555,044</u>	<u>436,685</u>	<u>6,991,729</u>
<b>EXPENSES:</b>			
Program:			
Cost of sales	3,960,525	-	3,960,525
Selling expense	355,317	-	355,317
Grounds maintenance	1,640,360	-	1,640,360
Operating supplies	144,185	-	144,185
Total program	<u>6,100,387</u>	<u>-</u>	<u>6,100,387</u>
Management and general	1,241,383	-	1,241,383
Total expenses	<u>7,341,770</u>	<u>-</u>	<u>7,341,770</u>
Changes in net assets before non-operating activities	(786,726)	436,685	(350,041)
<b>NON-OPERATING ACTIVITIES -</b>			
Net realized and unrealized losses on investments	<u>(3,614,117)</u>	<u>(1,369,265)</u>	<u>(4,983,382)</u>
<b>CHANGES IN NET ASSETS</b>	<b>(4,400,843)</b>	<b>(932,580)</b>	<b>(5,333,423)</b>
Net assets at beginning of year	<u>27,627,031</u>	<u>11,738,900</u>	<u>39,365,931</u>
Net assets at end of year	<u>\$ 23,226,188</u>	<u>\$ 10,806,320</u>	<u>\$ 34,032,508</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Combined Statements of Cash Flows

For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 2,018,873	\$ (5,333,423)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	274,988	342,838
Bad debt	66,591	-
Net realized and unrealized (gains) losses on investments	(2,339,199)	4,983,382
Gain on sale of property	-	(418)
Lot sales limited for long-term purposes	(177,542)	(188,598)
Mausoleum sales limited for long-term purposes	(220,551)	(239,675)
Interest and dividends limited for long-term purposes	(13,692)	(8,412)
Changes in operating assets and liabilities -		
Interest and dividends receivable	(71,613)	78,755
Prepaid expenses and accounts receivable	(424,224)	(115,711)
Inventories	(54,064)	355,971
Accounts payable and accrued expenses	124,389	(161,290)
Deferred revenue	493,025	406,569
Net cash provided by (used in) operating activities	<u>(323,019)</u>	<u>119,988</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of land, buildings and equipment, net	(92,444)	(124,040)
Proceeds from the sale of property	-	14,500
Proceeds from the sale of investments	1,612,718	1,211,598
Purchases of investments	(2,161,365)	(1,827,875)
Net deposits to revolving loan fund	(22,290)	(25,113)
Net cash used in investing activities	<u>(663,381)</u>	<u>(750,930)</u>
<b>FINANCING ACTIVITIES:</b>		
Mausoleum sales limited for long-term purposes	220,551	239,675
Lot sales limited for long-term purposes	177,542	188,598
Interest and dividends limited for long-term purposes	13,692	8,412
Net cash provided by financing activities	<u>411,785</u>	<u>436,685</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(574,615)</b>	<b>(194,257)</b>
Cash and cash equivalents at beginning of year	<u>1,898,384</u>	<u>2,092,641</u>
Cash and cash equivalents at end of year	<u>\$ 1,323,769</u>	<u>\$ 1,898,384</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements  
June 30, 2010 and 2009

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**NOTE A - NATURE OF ORGANIZATION**

The Catholic Cemetery Association of the Archdiocese of Boston, Inc. (the "Association") owns and operates twenty-five cemeteries and three mausolea within the Archdiocese of Boston. The operations of certain other Catholic cemeteries located within the Archdiocese of Boston are owned and operated by local parishes and other unrelated organizations and are not included in the accompanying combined financial statements.

The combined financial statements also include the activities of The Catholic Cemetery Association of the Archdiocese of Boston, Inc. Perpetual Care Trust (the "Trust") which was formed on November 16, 2006, for the sole benefit of the Association.

The Archbishop of Boston, by virtue of his office, serves as chairman of the Association and numerous other separately incorporated Catholic organizations that operate within the Archdiocese of Boston. While these organizations are considered to be related organizations of the Association, their financial activities are not presented as part of the accompanying combined financial statements. The Archbishop of Boston is the Trustee of the Trust.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The Association's combined financial statements have been prepared in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standard Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

The combined financial statements include the accounts of the Association and the Trust as of and for the years ended June 30, 2010 and 2009. All intercompany accounts and transactions have been eliminated in combination.

**Classification of Net Assets**

The Association reports all of its net assets as unrestricted, including assets that are limited for future care use. The two classifications of unrestricted net assets are defined as follows:

Operating - These net assets represent the general operations of the Association and include the net assets invested in land, buildings and equipment.

Assets limited to use for future care - These represent net assets subject to legally imposed limitations that they be segregated and used for the perpetual care of cemetery property (see Note H). The investment income earned on these assets is to be used for the long-term care and maintenance of lots and mausoleums. Included in these net assets are the net assets of the Trust (see Note K), which relate to lot sales, and the net assets of the funds set aside related to mausoleum sales under Massachusetts state law. Income and losses from related investments are also classified as unrestricted – assets limited to use for future care. Amounts allowed to be spent in accordance with the Trust agreement and Massachusetts state law are reflected as amounts released from limitations.

The Association has no net assets that are subject to donor-imposed restrictions and, accordingly, does not classify any of its net assets as either temporarily or permanently restricted.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

Financial instruments with maturities of three months or less at purchase are classified as cash equivalents. Included in cash equivalents are investments in money market mutual funds totaling approximately \$434,000 and \$993,000 at June 30, 2010 and 2009, respectively.

The Association deposits its cash in major financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. At times, such cash was in excess of FDIC-insured limits. The Association has not experienced any losses as a result of the use of uninsured deposit accounts.

**Investments**

Investments are carried at fair value with changes in fair value reflected in the combined statements of activities as gains or losses on investments.

Investments represent the Association's unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the "Common Investment Fund"), a separate related organization established to provide a common investment pool in which the Association and other related organizations may participate. The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the "Investment Partnership"), the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds and private investment entities.

The fair value of the Investment Partnership's investments in actively traded domestic securities is determined by State Street Corporation, which obtains bid price quotations from independent pricing services on most securities. Investments in traded foreign securities are reported at fair value by State Street Corporation at the mean between bid and asked prices. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal market makers in those securities or at fair value as determined in good faith by management. Investment holdings of private investment entities that are not actively traded are valued by the managers of those entities. At June 30, 2010 and 2009, securities whose prices are not available through independent pricing services are limited to less than 22% and 13% respectively, of the total investments of the Common Investment Fund (see Note E).

**Inventories**

Inventories and related supplies and resale products are valued at the lower of cost (determined on a first-in, first-out basis) or market. Land, cemetery and mausoleum development costs are capitalized and classified as cost of sales when graves and crypts are sold.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Land, Buildings and Equipment**

Land and land improvements, buildings and building improvements, furniture and equipment, and leasehold improvements are carried at cost. Buildings, building improvements, furniture and equipment, and leasehold improvements are depreciated on a straight-line basis over their estimated useful lives, which range from three to forty years. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized.

**Revenue Recognition**

The Association assists customers with both "pre-need" and "at-need" service. Pre-need service relates to customers contracting with the Association to provide future burial services. At-need service relates to customers contracting with the Association for immediate burial services. Pre-need burial contracts are reflected as deferred revenue until interment or entombment occurs.

**Future Care Funds**

The Association deposits 30% of all proceeds from mausolea sales into a future care fund maintained by the Association. The Association also deposits 10% of all proceeds from ground lot sales into the Trust for the continued maintenance of the cemetery grounds. Receipt of such funds is classified as unrestricted – assets limited to use for future care within the combined statements of activities.

**Income Taxes**

The Association is included in the United States Catholic Conference Group Ruling and in the Official Catholic Directory and is therefore exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In fiscal year 2010, the Association adopted guidance recognizing the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Association's management has reviewed the tax positions for open periods and determined that no provision for income tax is required in the Association's combined financial statements. Accordingly, no provision for income taxes is included in these combined financial statements.

**Use of Estimates**

The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant items affected by the use of estimates include depreciable lives for fixed assets and the fair value of investments. Actual results could vary from those estimates.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

During fiscal year 2010, the Association began entering into long-term payment plans directly with its customers for pre-need sales in the form of loans (see Note C). Principal amounts on these loans range from \$490 to \$16,700 for periods up to five years. Any loan in excess of one year accrues interest at 7%. The Association generally amortizes finance charges over the terms of the loans using the effective interest rate method. Unamortized deferred finance charges are included as an adjustment to the carrying value of accounts receivable in the accompanying combined statement of financial position at June 30, 2010.

An allowance for uncollectible accounts is provided to approximate the portion of customer receivables which will not be ultimately collected. The estimate made by management is based on a review of overdue accounts and projected total future collections based on historical experience. The allowance represents an estimate. Actual uncollected payments may vary significantly from the amount recorded, with adjustments to be recorded in the period they become known. Management deemed the allowance for uncollectible accounts at June 30, 2010 to be \$66,591. There was no allowance for uncollectible accounts as of June 30, 2009.

**Subsequent Events**

The preparation of the combined financial statements in accordance with U.S. GAAP requires management to disclose the date through which subsequent events have been evaluated for possible recognition or disclosure in the accompanying combined financial statements. Subsequent events are transactions or events that occur after the combined statement of financial position date, but before the combined financial statements are issued or available to be issued. The accompanying combined financial statements include the evaluation of subsequent events that have occurred through November 9, 2010, which is the date the combined financial statements were available to be issued. There were no subsequent events through this date that resulted in additional disclosure or accounting.

**Reclassifications**

Certain reclassifications have been made to the prior year combined financial statements to conform them with the current year presentation.

**Concentration of Credit Risk**

The Association's combined financial instruments that are subject to concentrations of credit risk consist primarily of cash and cash equivalents. The Association places cash and temporary cash investments in high-quality credit institutions. At times, such deposits may exceed Federal depository insurance limits (see page 9).

The Revolving Loan Fund and investments are uninsured and are subject to ongoing market fluctuations.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

**NOTE C - ACCOUNTS RECEIVABLE**

The Association's accounts receivable at June 30, 2010, are estimated to be collected as follows:

<u>Fiscal Year</u>	
2011	\$290,000
2012	151,000
2013	115,000
2014	97,000
2015 and thereafter	<u>129,698</u>
	<u>782,698</u>
Less - allowance for uncollectible accounts	<u>(66,591)</u>
Accounts receivable, net	<u>\$716,107</u>

**NOTE D - INVESTMENTS**

Investments consisted of the Association's interest in the Common Investment Fund, which had the following cost and fair value at June 30:

	<u>2010</u>	<u>2009</u>
Cost	\$27,549,372	\$26,893,554
Unrealized appreciation, net	<u>5,107,991</u>	<u>2,875,963</u>
Total investments at fair value	<u>\$32,657,363</u>	<u>\$29,769,517</u>

Net unrealized and realized gains (losses) for the years ended June 30, 2010 and 2009, consist of:

	<u>2010</u>	<u>2009</u>
Unrealized gains (losses)	\$ 2,232,028	\$ (4,983,382)
Realized gains	<u>107,171</u>	<u>-</u>
	<u>\$ 2,339,199</u>	<u>\$ (4,983,382)</u>

**NOTE E - FAIR VALUE MEASUREMENTS**

The Association measures the fair values of assets and liabilities as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy is used to prioritize the inputs to valuation techniques used to measure fair value. The Association classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

**NOTE E - FAIR VALUE MEASUREMENTS (Continued)**

The Association adopted amended guidance on fair value measurements in its June 30, 2009 financial statements and expanded disclosure requirements in its June 30, 2010 financial statements. The new guidance effects how the Association measures the fair value of investments in certain entities that do not have a quoted market price, but calculate net asset value (NAV) per share or its equivalent. As a practical expedient, the amendments permit, but do not require, the Association to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. The Association records its investments at the net asset value per unit on the valuation day. The adoption did not have an impact on the fair value determination of the Association's investments. The Association's investments of \$32,657,363 and \$29,769,517 at June 20, 2010 and 2009, respectively, are classified as Level 2 in the fair value hierarchy.

**NOTE F - INVENTORIES**

Inventories consisted of the following at June 30:

	<u>2010</u>	<u>2009</u>
Land and lot development costs	\$ 615,855	\$ 622,941
Mausolea	593,472	641,470
Grave boxes installed on lots available for sale	393,346	288,954
Columbaria	33,888	34,947
Grave boxes on hand	<u>27,990</u>	<u>22,175</u>
	<u>\$ 1,664,551</u>	<u>\$ 1,610,487</u>

**NOTE G - LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment consisted of the following at June 30:

	<u>2010</u>	<u>2009</u>
Land and land improvements	\$ 4,042,646	\$ 4,035,052
Buildings and building improvements	1,335,360	1,264,510
Furniture and equipment	2,760,642	2,780,275
Leasehold improvements	<u>11,109</u>	<u>11,109</u>
	8,149,757	8,090,946
Less - accumulated depreciation	<u>(4,002,222)</u>	<u>(3,760,867)</u>
	<u>\$ 4,147,535</u>	<u>\$ 4,330,079</u>

Depreciation expense was \$274,988 and \$342,838 for the years ended June 30, 2010 and 2009, respectively.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

**NOTE H - UNRESTRICTED NET ASSETS - LIMITED TO USE FOR FUTURE CARE**

Unrestricted net assets - limited to use for future care were available for the following future care purposes at June 30:

	<u>2010</u>	<u>2009</u>
Unspent appreciation: Future care - Mausolea	\$ 3,310,084	\$ 2,757,171
Principal: Future care - Mausolea	7,003,046	6,782,495
Perpetual Care Trust (see Note K)	<u>1,575,947</u>	<u>1,266,654</u>
	<u>\$11,889,077</u>	<u>\$10,806,320</u>

Net assets reclassified to unrestricted operating net assets through satisfaction of use limitations were as follows for the years ended June 30:

<u>Use Limitation</u>	<u>Timing</u>	<u>Calculation</u>	<u>2010</u>	<u>2009</u>
Perpetual Care Trust	Annual	3% of Trust Net Assets	\$ 48,741	\$ 39,156
Future care - Mausolea	Quarterly	1% of Invested Assets	<u>313,829</u>	<u>292,056</u>
			<u>\$362,570</u>	<u>\$331,212</u>

**NOTE I - RELATED PARTY TRANSACTIONS**

The Association receives administrative support from the Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole"), in the form of centralized processing of cash receipts, cash disbursements, payroll, benefits and management information systems. Certain administrative costs, including salaries, office space and overhead expenses incurred by the Corporation Sole for the benefit of the Association are charged to the Association. Such expenses amounted to \$198,497 and \$163,327 during the years ended June 30, 2010 and 2009, respectively. The expense for these service fees is included in management and general in the accompanying combined statements of activities.

The Association deposits funds with the Revolving Loan Fund ("the Revolving Loan Fund"), an internal savings and loan program of the Corporation Sole, which is administered for the benefit of various Catholic entities within the Archdiocese of Boston. All funds invested with the Revolving Loan Fund earn a fixed rate of interest established to be comparable to commercial rates.

The Association participates with other Catholic organizations in lay employee health, dental, life and disability benefit plans that are related organizations. Expenses incurred by the Association for the benefit of lay employees under these plans were \$482,397 and \$549,532 for the years ended June 30, 2010 and 2009, respectively, and are included in cost of sales, grounds maintenance, and management and general in the accompanying combined statements of activities.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

**NOTE J - CONTINGENCIES**

Prior to fiscal year 2009, the Association provided its customers with an installment financing option, which the related notes were sold to a bank under a Recourse Purchase Agreement (the "Agreement"). Under the Agreement, the Association was liable for defaults by its customers. Default is defined as any contract that becomes at least 90 days past due. The Association was contingently liable for contracts aggregating approximately \$209,000 and \$513,000 for the years ended June 30, 2010 and 2009, respectively. As of June 30, 2010 and 2009, the Association has assumed approximately \$7,800 and \$8,600 of delinquent accounts from the bank, respectively. During fiscal years 2010 and 2009, the Association made payments to the bank under the terms of the Agreement, net of customer reimbursements, totaling approximately \$7,800 and \$3,700, respectively. In the opinion of management, the Association's estimated liability under the recourse provision of the Agreement is insignificant. The Association began self financing these agreements in fiscal year 2010 (see Note C).

In the ordinary course of business, the Association is from time-to-time involved in various legal matters. It is the Association's opinion that any potential settlement would not be material to the accompanying June 30, 2010 and 2009 combined financial statements.

**NOTE K - FORMATION OF PERPETUAL CARE TRUST**

The Association has an agreement with the Commonwealth of Massachusetts Secretary of State to set aside 10% of the proceeds from its ground lot sales into an irrevocable perpetual care trust. Under the agreement, the initial funding of the Trust included 10% of the proceeds of ground lot sales retroactive to June, 2001, when the Association was formed as a separate legal entity.

Within 60 days of the end of each fiscal year, the Trustees shall transfer to the Association 3% of the aggregate value of the Trust's net assets to be applied to the care and maintenance of the cemeteries administered by the Association. The amounts transferred for the years ended June 30, 2010 and 2009, were \$48,741 and \$39,156, respectively.

**NOTE L - MANAGEMENT AND GENERAL EXPENSES**

Included in management and general expenses in the combined statements of activities are the following expenses for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Salaries and benefits	\$ 897,483	\$ 877,472
Administrative support from Corporation Sole	198,497	163,327
Provision for uncollectible accounts receivable	66,591	-
Miscellaneous	63,621	67,361
Legal and accounting	53,882	47,015
Depreciation	53,364	64,556
Utilities and communications	31,539	21,652
	<u>\$1,364,977</u>	<u>\$1,241,383</u>

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

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**NOTE M - EMPLOYEE BENEFITS**

**Pension Plan**

The Association participates with other Catholic organizations in a noncontributory, defined benefit, multi-employer pension plan covering substantially all lay employees. Benefits are provided through the Roman Catholic Archdiocese of Boston Pension Plan (the "Pension Plan"). The Association's employees represent approximately 1% of all lay employees covered under the Pension Plan. The Pension Plan is not subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Pension expense allocated to the Association is based on payroll cost and amounted to \$166,704 and \$167,136 for the years ended June 30, 2010 and 2009, respectively.

Accumulated plan benefits information for the Association, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the Pension Plan and, accordingly, such information is not presented herein. At June 30, 2010 and 2009, the combined financial statements of the Pension Plan reflected approximately \$264.8 million and \$239.6 million, respectively, in net assets available for benefits, and \$339 million and \$321.1 million, respectively, in accumulated plan benefit obligations.

**Sick Leave**

The majority of employees of the Association are covered under a collective bargaining agreement (see Note N). Under this agreement, covered employees accumulate unused sick leave from year to year without limitation as to the use of sick leave. Employees hired prior to January 1, 2002, may be paid for 50% of unused sick leave up to a maximum of 200 days. Accumulated sick leave that was earned by these employees prior to November 3, 1980, will be paid upon termination of employment for any reason, except discharge for just cause. The remaining amount will only be paid upon retirement from the Association or death during employment. Forfeitures occurring during the year are recorded as a reduction to expense. The Association has accrued \$221,078 and \$234,678 for its sick leave obligation at June 30, 2010 and 2009, respectively.

**NOTE N - COLLECTIVE BARGAINING AGREEMENT**

The Association has signed a collective bargaining agreement which expires on December 31, 2010. Approximately 70% of the Association's employees are covered under this agreement.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued  
June 30, 2010 and 2009

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**NOTE O - LEASE AGREEMENT**

The Association leases office space under an operating lease agreement which expired on September 30, 2010, and was then extended through June 30, 2011. Rent is payable in equal monthly installments of \$1,500.

The Association leases office equipment under operating leases expiring on various dates through June, 2014. Under these agreements, the Association pays an aggregate monthly payment of \$971.

Future minimum lease payments under these lease agreements are as follows for the years ending June 30:

2011	\$29,652
2012	\$16,152
2013	\$ 9,025
2014	\$ 4,126

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SUPPLEMENTAL INFORMATION

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**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.**  
**PERPETUAL CARE TRUST**  
 Statements of Financial Position  
 June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Interest and dividends receivable	\$ 17,266	\$ 11,875
Due from The Catholic Cemetery Association of the Archdiocese of Boston, Inc.	12,140	17,978
Investments	<u>1,633,824</u>	<u>1,275,343</u>
Total assets	<u>\$ 1,663,230</u>	<u>\$ 1,305,196</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES -</b>		
Accrued distribution	\$ 87,283	\$ 38,542
<b>NET ASSETS -</b>		
Unrestricted -		
Assets limited to use for future care	<u>1,575,947</u>	<u>1,266,654</u>
Total liabilities and net assets	<u>\$ 1,663,230</u>	<u>\$ 1,305,196</u>

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.  
PERPETUAL CARE TRUST**

Statements of Activities

For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>OPERATING:</b>		
<b>REVENUES:</b>		
Restricted lot sales	\$ 177,542	\$ 188,598
Interest and dividends	<u>62,433</u>	<u>47,568</u>
Total revenues	<b>239,975</b>	236,166
<b>EXPENSES -</b>		
Cemetery care and maintenance support to The Catholic Cemetery Association of the Archdiocese of Boston, Inc.	<u>48,741</u>	<u>39,156</u>
Changes in net assets before non-operating activity	<b>191,234</b>	197,010
<b>NON-OPERATING ACTIVITY -</b>		
Net realized and unrealized gains (losses) on investments	<u>118,059</u>	<u>(176,066)</u>
<b>CHANGES IN NET ASSETS</b>	<b>309,293</b>	20,944
Net assets at beginning of year	<u>1,266,654</u>	<u>1,245,710</u>
Net assets at end of year	<u><b>\$ 1,575,947</b></u>	<u><b>\$ 1,266,654</b></u>