

Combined Financial Statements and
Report of Independent Certified Public
Accountants

**Archdiocese of Philadelphia
Office of Catholic Cemeteries**

June 30, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Archbishop of Philadelphia
Archdiocese of Philadelphia

Opinion

We have audited the combined financial statements of Archdiocese of Philadelphia Office of Catholic Cemeteries (the "Cemeteries Office"), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities and changes in net assets, and combined statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Cemeteries Office as of June 30, 2023 and 2022, 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.

Basis for opinion

We conducted our audits of the combined financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cemeteries Office and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

We draw attention to Note A to the combined financial statements, which describes the legal structure of the Cemeteries Office within the Archdiocese of Philadelphia. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cemeteries Office's ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cemeteries Office's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cemeteries Office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined statement of financial position as of June 30, 2023, and the related combining statement of activities and changes in net assets for the year then ended, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements

themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 10, 2023

Archdiocese of Philadelphia Office of Catholic Cemeteries

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 14,155	\$ 25,559
Restricted cash	116,546	116,304
Accounts receivable	11,171	9,320
Prepaid expenses	22,000	-
Assets held for sale: Land	305,995	257,193
Assets whose use is contractually committed to permanent maintenance	62,537,847	56,218,988
Inventories:		
Land held for burial privileges	10,318,114	10,412,428
Mausolea and columbaria	820,050	865,224
Land held pending conferral of burial privileges	643,128	643,128
Property and equipment, net	817,910	887,001
Note receivable from Archdiocesan entity	194,500	224,500
	\$ 75,801,416	\$ 69,659,645
Total assets		
LIABILITIES		
Accrued expenses and accounts payable	\$ 33,578	\$ 16,013
Due to Archdiocesan entities	337,887	223,592
Deferred lease revenue	37,998,500	39,451,825
	38,369,965	39,691,430
Total liabilities		
NET ASSETS (DEFICIT)		
Without donor restrictions:		
Designated for operations	(25,081,058)	(26,237,270)
Contractually committed to permanent maintenance	62,062,956	55,802,394
	36,981,898	29,565,124
Total net assets without donor restrictions		
With donor restrictions	449,553	403,091
	37,431,451	29,968,215
Total net assets		
Total liabilities and net assets	\$ 75,801,416	\$ 69,659,645

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

Archdiocese of Philadelphia Office of Catholic Cemeteries

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2023

	Without Donor Restrictions			Total
	Designated for Operations	Contractually Committed to Permanent Maintenance	With Donor Restrictions	
Revenues and investment return				
Long-term lease revenue	\$ 1,453,325	\$ -	\$ -	\$ 1,453,325
Rental farm income	12,873	-	-	12,873
Contributions to permanent care fund	-	1,035	-	1,035
	<u>1,466,198</u>	<u>1,035</u>	<u>-</u>	<u>1,467,233</u>
Investment return, net	-	6,321,362	46,462	6,367,824
Other income, net	<u>393</u>	<u>-</u>	<u>-</u>	<u>393</u>
Total revenues and investment returns	<u>1,466,591</u>	<u>6,322,397</u>	<u>46,462</u>	<u>7,835,450</u>
Expenses				
Administration expense	20,000	2,000	-	22,000
Cost of crypts and lots sold	90,686	-	-	90,686
Professional fees	130,602	59,835	-	190,437
Depreciation expense	<u>69,091</u>	<u>-</u>	<u>-</u>	<u>69,091</u>
Total expenses	<u>310,379</u>	<u>61,835</u>	<u>-</u>	<u>372,214</u>
CHANGE IN NET ASSETS	<u>1,156,212</u>	<u>6,260,562</u>	<u>46,462</u>	<u>7,463,236</u>
Net assets (deficit), beginning of year	<u>(26,237,270)</u>	<u>55,802,394</u>	<u>403,091</u>	<u>29,968,215</u>
Net assets (deficit), end of year	<u>\$ (25,081,058)</u>	<u>\$ 62,062,956</u>	<u>\$ 449,553</u>	<u>\$ 37,431,451</u>

The accompanying notes are an integral part of this combined financial statement.

Archdiocese of Philadelphia Office of Catholic Cemeteries

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2022

	Without Donor Restrictions			Total
	Designated for Operations	Contractually Committed to Permanent Maintenance	With Donor Restrictions	
Revenues and investment return				
Long-term lease revenue	\$ 1,453,325	\$ -	\$ -	\$ 1,453,325
Rental farm income	18,140	-	-	18,140
Contributions to permanent care fund	-	712	-	712
	<u>1,471,465</u>	<u>712</u>	<u>-</u>	<u>1,472,177</u>
Investment return, net	-	(10,161,064)	(53,294)	(10,214,358)
Other income, net	<u>51</u>	<u>-</u>	<u>-</u>	<u>51</u>
Total revenues and investment returns	<u>1,471,516</u>	<u>(10,160,352)</u>	<u>(53,294)</u>	<u>(8,742,130)</u>
Expenses				
Administration expense	20,000	2,000	-	22,000
Cost of crypts and lots sold	185,129	-	-	185,129
Professional fees	122,654	46,597	-	169,251
Depreciation expense	<u>69,239</u>	<u>-</u>	<u>-</u>	<u>69,239</u>
Total expenses	<u>397,022</u>	<u>48,597</u>	<u>-</u>	<u>445,619</u>
CHANGE IN NET ASSETS	<u>1,074,494</u>	<u>(10,208,949)</u>	<u>(53,294)</u>	<u>(9,187,749)</u>
Net assets (deficit), beginning of year	<u>(27,311,764)</u>	<u>66,011,343</u>	<u>456,385</u>	<u>39,155,964</u>
Net assets (deficit), end of year	<u>\$ (26,237,270)</u>	<u>\$ 55,802,394</u>	<u>\$ 403,091</u>	<u>\$ 29,968,215</u>

The accompanying notes are an integral part of this combined financial statement.

Archdiocese of Philadelphia Office of Catholic Cemeteries

COMBINED STATEMENTS OF CASH FLOWS

Years ended June 30,

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 7,463,236	\$ (9,187,749)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	(4,515,409)	17,749,640
Depreciation expense	69,091	69,239
Changes in assets and liabilities:		
Accounts receivable	(1,851)	2,370
Prepaid expenses	(22,000)	-
Assets held for sale	(48,802)	-
Mausolea and columbaria	45,174	125,369
Land held for burial privileges	94,314	59,760
Accrued expenses and accounts payable	17,565	(133,795)
Due to Archdiocesan entities	114,295	223,592
Deferred lease revenue	(1,453,325)	(1,453,325)
	1,762,288	7,455,101
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of investments	(3,582,927)	(7,536,706)
Proceeds from sale of investments	1,779,477	65,412
Collection of note receivable from Archdiocesan entity	30,000	30,000
	(1,773,450)	(7,441,294)
Net cash used in investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,162)	13,807
Cash and cash equivalents and restricted cash, beginning of year	141,863	128,056
Cash and cash equivalents and restricted cash, end of year	\$ 130,701	\$ 141,863

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

Archdiocese of Philadelphia Office of Catholic Cemeteries

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - NATURE OF OPERATIONS

The Archdiocese of Philadelphia Office of Catholic Cemeteries (the “Cemeteries Office”) is a department of the Archdiocese of Philadelphia (“Archdiocese”) used to provide for the burial of the faithful according to the rites and disciplines of the Catholic Church, and for the care and maintenance of their resting places. The origin of the Cemeteries Office dates back to the founding of Cathedral Cemetery in 1849 in West Philadelphia. The Cemeteries Office provides care to 13 diocesan cemeteries throughout five counties in Pennsylvania.

On September 26, 2013, the Archdiocese entered into a management agreement and a lease agreement (collectively, the “Agreements”) with affiliates of StoneMor Partners, L.P. of Levittown, Pennsylvania. Under the terms of the Agreements, StoneMor Partners, L.P. guarantees all of the obligations of the affiliates who will operate and/or manage the 13 Archdiocesan cemeteries for a term of 60 years. (StoneMor Partners, L.P. and the aforementioned affiliates are hereinafter referred to as “StoneMor”). In connection with the transaction, the Archdiocese created Philadelphia Catholic Cemeteries, LLC (“PCC”), a Delaware limited liability company. PCC is what is known as a “sole purpose entity” - the sole purpose being to hold title to eight cemeteries that are subject to the lease agreement. Contemporaneously with the commencement of the Agreements on May 28, 2014, the Archdiocese on May 28, 2014 filed deeds transferring title of the aforementioned eight cemeteries to PCC. PCC entered into an arrangement with the Office of Catholic Cemeteries division of the Archdiocese, pursuant to which the Office of Catholic Cemeteries provides administrative and management support services for PCC. The accompanying combined financial statements include PCC. All intercompany transactions have been eliminated.

The accompanying combined financial statements include the Archdiocese of Philadelphia Cemetery Permanent Lot Care Fund Irrevocable Trust (the “Permanent Care Fund”), which operates under the auspices of the Cemeteries Office. The Permanent Care Fund is an irrevocable trust that has been organized to hold certain funds, which will be used to address the perpetual care obligations upon conclusion of the lease agreement with StoneMor Operating LLC (Note B), upon which the Cemeteries Office resumes responsibility for ongoing and future perpetual care obligations of the cemeteries.

NOTE B - LEASE AGREEMENTS

In connection with the Agreements, StoneMor leases the land and improvements and is conveyed a license to sell the burial rights of the cemeteries. During the term of the Agreements, StoneMor will establish and maintain an Endowment Care Trust Fund and Merchandise Trust Fund from a percentage of the proceeds of the sale of burial rights and delivery and performance of goods, merchandise and services in accordance with state law. The amounts remaining in the Endowment Care Trust Fund, if any, will revert to the Archdiocese at the end of the term of the agreement. In addition, existing Archdiocesan cemetery employees became StoneMor employees.

Upon closing on May 28, 2014, the Archdiocese received an upfront lease payment of \$53,000,000. In addition to the upfront lease payment, the Archdiocese will receive annual lease payments beginning in year 6 of the agreement as follows:

Years 2020 through 2034:	Annual lease payments of \$1,000,000
Years 2035 through 2039:	Annual lease payments of \$1,200,000
Years 2040 through 2049:	Annual lease payments of \$1,500,000

The lease payments for lease years 6 - 11 may be deferred until year 12. Net proceeds from any future land sales to third parties and certain unrelated income will be shared 51% to the Archdiocese and 49% to StoneMor. The Archdiocese has the option to terminate the agreement without cause in year 11. If elected, the upfront lease payment would be paid back to StoneMor. After the term of the agreements expire, the

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

management of the cemeteries will return to the control of the Archdiocese and the Archdiocese will retain its existing perpetual care funds and all future earnings from this fund.

As a real estate lease, the Cemeteries Office has deferred the lease rental payments received to date and is recognizing these payments, net of working capital transferred to StoneMor of approximately \$1,800,000 into income on a straight-line basis over the life of the lease.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently issued Accounting Pronouncements

FASB ASC 842 Leases was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. Office of Catholic Cemeteries has adopted ASC 842 in fiscal year 2023. There is no impact to the combined financial statement in fiscal year 2023.

Basis of Presentation

The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting.

Net assets and their revenues, expenses, gains and losses are reported according to two classes of net assets based on the existence or absence of donor-imposed restrictions. The Cemeteries Office reports net assets as follows:

Net assets without donor restrictions

Designated for operations

Includes all unrestricted resources of the Cemeteries Office and includes the net assets invested in land, mausolea, and property and equipment.

Contractually committed to permanent maintenance

Through May 28, 2014, for each lot and crypt sold and collected, the Cemeteries Office designated a flat fee of \$150 per grave and a percentage of the fee per crypt to provide for the future maintenance and preservation of the cemeteries and mausolea. These funds were not contributions; therefore, they are not donor restricted under US GAAP. Further, the State of Pennsylvania only regulates permanent maintenance funds when they are held by entities other than religious corporations, requiring that such funds be treated as trust funds, prudently invested with the intent of preserving capital and producing a reasonable income. Although the Cemeteries Office is exempt from State regulations, it recognizes a written commitment to invest the principal of the perpetual care fund and to use the income to fund the care of the community mausolea, surroundings and the general maintenance and improvements of the cemeteries. The investment income from these funds is recorded as without donor restrictions.

Net assets with donor restrictions

Include gifts, trusts, income and appreciation, for which donor-imposed restrictions have not been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, and/or time restrictions imposed by donors or implied by the nature of the gift. This also includes assets with the income to be used for maintenance and care of sites throughout the organization.

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

Cash and Cash Equivalents

The Cemeteries Office considers all unrestricted highly liquid investments with an original maturity of three months or less, and that are not held as components of its respective investment portfolio, to be cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted principally of money market funds. The carrying amount of these funds approximates fair value.

Restricted Cash

The Cemeteries Office has certain funds that are placed in escrow accounts as required by certain towns whenever a cemetery or a section thereof is developed. The cash is restricted until such time it is released to the Cemeteries Office by the municipality where the cemetery is located. Restricted cash of \$116,546 and \$116,304 at June 30, 2023 and 2022, respectively, consist of an escrow account for the development of a section of SS. Peter and Paul Cemetery.

Investments

SEI, a provider of institutional asset management services, created two publicly traded Catholic Values mutual funds: the Catholic Values Equity Fund and the Catholic Values Fixed Income Fund (“Catholic Values Funds”), which provide Catholic institutions with high-quality investment products that align with their core values, without sacrificing diversification or return potential. Specifically, the Catholic Values Funds align with the investment directives set forth by the United States Conference of Catholic Bishops (“USCCB”). The Archdiocese appointed SEI Private Trust Company to act as custodian (the “Custodian”) of the investments, which consist of certain cash and securities and are more fully described in Notes F and G. Investment fund allocation decisions are the responsibility of the Archdiocesan finance council.

Investments are reported at fair value. Gains and losses realized by the participating entities as a result of sales are recorded in their specific accounts. Unrealized gains and losses are included in the investment return, net in the combined statements of activities and changes in net assets. Trades are posted on settlement date.

Inventories

Land held pending conferral of burial privileges represents the cost of land acquired for future cemetery sites. Costs of maintaining the land prior to use as a cemetery, net of revenue received, are capitalized. Once land is released for burials, these costs are transferred to land held for burial privileges within the combined statements of financial position. The cost of land held for burials and cost of the mausoleum are amortized over available lots and crypts as burial and entombment privileges are sold.

Property and Equipment

Property and equipment are capitalized at cost at date of acquisition. Equipment, furniture and fixtures are written off when they are disposed of, as a charge to net assets without donor restrictions. Repair and maintenance expenditures are expensed as incurred. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Life (in Years)</u>
Equipment, furniture and fixtures	7 to 20 years
Buildings, roads and improvements	5 to 40 years

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Cemetery Revenue

Burial privileges assigned at need are recorded as cemetery revenue in the period the contract is signed. Pre-need revenues and costs of burial rights on cemetery lots and crypts are also recorded in the period the contract is signed. Revenues and related costs attributable to cemetery burial site openings and closings are recorded at the time of sale. Subsequent to May 28, 2014 (Note B), proceeds from any sales of burial rights by StoneMor are conveyed as part of the lease and operating agreement.

Income Tax Status

As part of the Archdiocese, the Cemeteries Office is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code through the Archdiocese's inclusion in the USCCB group ruling and listing in the Official Catholic Directory. Accordingly, the Cemeteries Office qualifies for the charitable contribution deduction. The Cemeteries Office follows the accounting guidance for uncertainties in income tax positions, which requires that a tax position be recognized or not recognized based on a more-likely-than-not threshold. This applies to positions taken or expected to be taken in a tax return. The Cemeteries Office does not believe its combined financial statements include any material uncertain tax positions.

Use of Estimates

The preparation of combined financial statements in conformity with US GAAP requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates include fair value of investments, cost of crypts and lots sold, and useful lives of property and equipment. Actual results could differ from those estimates.

Risks and Uncertainties

The Cemeteries Office's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents are held in high-quality financial institutions and may exceed the Federal Deposit Insurance Corporation coverage limit. Due to the level of risk associated with cash and investments, it is at least reasonably possible that changes in the values of cash and investments will occur in the near term and that such changes could materially affect the amounts reported in the combined statements of financial position.

Assets Held for Sale

The Cemeteries Office has certain land which is being marketed for sale as of June 30, 2023 and 2022. The carrying value of assets held for sale previously classified under land held for burial privileges consists of the following at June 30:

	2023	2022
All Saints Cemetery	\$ 177,190	\$ 177,190
All Souls Cemetery	80,301	-
Resurrection Cemetery	48,500	80,000
St. John Neumann Cemetery	4	3
	\$ 305,995	\$ 257,193

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

NOTE D - INVENTORIES

The following summary represents the various inventories at each cemetery as of June 30:

<u>2023</u>	<u>Land Held for Burial Privileges</u>	<u>Mausolea and Columbaria</u>	<u>Land Held Pending Conferral of Burial Privileges</u>
Holy Cross Cemetery Columbarium	\$ -	\$ 20,070	\$ -
Holy Sepulchre Cemetery	390,987	-	-
SS. Peter & Paul Cemetery	501,628	761,206	-
Resurrection Cemetery	289,769	38,774	-
St. John Neumann Cemetery	2,420,776	-	-
All Saints Cemetery	950,728	-	-
All Souls Cemetery	5,764,226	-	-
Holy Savior Cemetery	-	-	643,128
	<u>\$ 10,318,114</u>	<u>\$ 820,050</u>	<u>\$ 643,128</u>
<u>2022</u>	<u>Land Held for Burial Privileges</u>	<u>Mausolea and Columbaria</u>	<u>Land Held Pending Conferral of Burial Privileges</u>
Holy Cross Cemetery Columbarium	\$ -	\$ 20,070	\$ -
Holy Sepulchre Cemetery	390,987	-	-
SS. Peter & Paul Cemetery	514,879	786,205	-
Resurrection Cemetery	262,471	58,949	-
St. John Neumann Cemetery	2,430,148	-	-
All Saints Cemetery	950,795	-	-
All Souls Cemetery	5,863,148	-	-
Holy Savior Cemetery	-	-	643,128
	<u>\$ 10,412,428</u>	<u>\$ 865,224</u>	<u>\$ 643,128</u>

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of:

	2023	2022
Equipment, furniture and fixtures	\$ 3,451,826	\$ 3,451,826
Buildings, roads and improvements	8,738,729	8,738,729
	12,190,555	12,190,555
Less: accumulated depreciation	(11,372,645)	(11,303,554)
	\$ 817,910	\$ 887,001

NOTE F - INVESTMENTS

Investments held at SEI are reported at fair value and consist of the following:

Catholic Values Equity Fund (or "equity fund")

Invests in common stocks and is managed by SEI. The equity fund is valued at the closing price of the traded fund.

Catholic Values Fixed Income Fund (or "fixed income fund")

Invests in mutual funds, corporate obligations, United States Treasury obligations and municipal obligations and is managed by SEI. The fixed income fund is valued at the closing price of the traded fund.

At June 30, 2023, the Cemeteries Office's investments are summarized and classified as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Catholic Values Equity Fund	\$ 43,461,805	\$ 314,687	\$ 43,776,492
Catholic Values Fixed Income Fund	18,626,489	134,866	18,761,355
Total	\$ 62,088,924	\$ 449,553	\$ 62,537,847

At June 30, 2022, the Cemeteries Office's investments are summarized and classified as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Catholic Values Equity Fund	\$ 39,071,128	\$ 282,164	\$ 39,353,292
Catholic Values Fixed Income Fund	16,744,769	120,927	16,865,696
Total	\$ 55,815,897	\$ 403,091	\$ 56,218,988

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE G - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities as of the measurement date;
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Cemeteries Office believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Cemeteries Office’s investments of \$62,537,847 and \$56,218,988 as of June 30, 2023 and 2022, respectively, are classified as level 1 within the fair value hierarchy.

NOTE H - RELATED PARTY TRANSACTIONS

In 2009, the Cemeteries Office recorded the effect of land sale agreement with a related party of the Archdiocese, St. Peter’s Parish (the “Parish”) for \$592,000. As part of the land sale agreement, the Parish agreed to pay the Cemeteries Office over a specified period of time as agreed to in a Memo of Understanding with the Parish. During the years ended June 30, 2023 and 2022, the Cemeteries Office received principal payments of \$30,000 from the Parish.

The following table includes the payments expected to be received from the Parish as of June 30, 2023:

2024	\$	30,000
2025		30,000
2026		30,000
2027		30,000
2028		30,000
Thereafter		<u>44,500</u>
	<u>\$</u>	<u>194,500</u>

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

The Archdiocese provides financial and administrative services to the Cemeteries Office. Amounts charged for both the years ended June 30, 2023 and 2022 in relation to these services were \$22,000.

NOTE I - FUNCTIONAL EXPENSES

The following table summarize expenses by function for the years ended June 30:

	2023		
	Program Expenses	Support Expenses	Total
Cost of crypts and lots sold	\$ 90,686	\$ -	\$ 90,686
Depreciation	69,091	-	69,091
Administration expense	-	22,000	22,000
Professional fees	-	190,437	190,437
	<u>\$ 159,777</u>	<u>\$ 212,437</u>	<u>\$ 372,214</u>
	2022		
	Program Expenses	Support Expenses	Total
Cost of crypts and lots sold	\$ 185,129	\$ -	\$ 185,129
Depreciation	69,239	-	69,239
Administration expense	-	22,000	22,000
Professional fees	-	169,251	169,251
	<u>\$ 254,368</u>	<u>\$ 191,251</u>	<u>\$ 445,619</u>

NOTE J - NET ASSETS

Net assets consist of the following as of June 30:

	2023	2022
Net assets without donor restrictions:		
Designated for operations	\$ (25,081,058)	\$ (26,237,270)
Contractually committed to permanent maintenance	62,062,956	55,802,394
	<u>36,981,898</u>	<u>29,565,124</u>
Net assets with donor restrictions:		
Accumulated earnings from perpetual care of the cemeteries	435,203	388,741
Investments to be held in perpetuity, the income from which is expendable to support perpetual care of the cemeteries	14,350	14,350
	<u>449,553</u>	<u>403,091</u>
Total net assets with donor restrictions	<u>449,553</u>	<u>403,091</u>
Total net assets	<u>\$ 37,431,451</u>	<u>\$ 29,968,215</u>

Archdiocese of Philadelphia Office of Catholic Cemeteries
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE K - LIQUIDITY

The following tables reflect the Cemeteries Office financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board-designated endowments.

	2023	2022
Cash and cash equivalents	\$ 14,155	\$ 25,559
Restricted cash	116,546	116,304
Accounts receivable	11,171	9,320
Assets whose use is contractually committed to permanent maintenance:		
Investments	62,537,847	56,218,988
Note receivable from Archdiocesan entity	194,500	224,500
Total financial assets	62,874,219	56,594,671
Less those unavailable for general expenditures within one year, due to:		
Assets whose use is contractually committed to permanent maintenance:		
Investments*	(62,537,847)	(56,218,988)
Restricted cash	(116,546)	(116,304)
Note receivable from Archdiocesan entity	(164,500)	(194,500)
Financial assets available to meet cash needs for general expenditures within one year	\$ 55,326	\$ 64,879

* Provisions within the Trust agreement are made for the use of these assets to pay expenses incurred by Permanent Care Fund, including administrative expenses.

NOTE L - SUBSEQUENT EVENTS

FASB ASC 855, *Subsequent Events*, establishes the principles and requirements for evaluating and reporting subsequent events, including the period subject to evaluation for subsequent events, the circumstances requiring recognition of subsequent events in the combined financial statements, and the required disclosures. The Cemeteries Office has evaluated subsequent events through November 10, 2023, the date on which the combined financial statements were available for distribution, noting no items requiring accrual or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Archdiocese of Philadelphia Office of Catholic Cemeteries

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2023

	<u>Archdiocese of Philadelphia Catholic Cemeteries</u>	<u>Philadelphia Catholic Cemeteries, LLC</u>	<u>Archdiocese of Philadelphia Cemetery Permanent Lot Care Fund Irrevocable Trust</u>	<u>Combined Archdiocese of Philadelphia Office of Catholic Cemeteries</u>
ASSETS				
Cash and cash equivalents	\$ 14,155	\$ -	\$ -	\$ 14,155
Restricted cash	116,546	-	-	116,546
Accounts receivable	-	11,171	-	11,171
Prepaid expenses	7,334	7,333	7,333	22,000
Assets held for sale:				
Land	-	305,995	-	305,995
Assets whose use is contractually committed to permanent maintenance	-	-	62,537,847	62,537,847
Inventories:				
Land held for burial privileges	-	10,318,114	-	10,318,114
Mausolea and columbaria	20,070	799,980	-	820,050
Land held pending conferral of burial privileges	-	643,128	-	643,128
Property and equipment, net	402	817,508	-	817,910
Note receivable from Archdiocesan entity	194,500	-	-	194,500
	<u>\$ 353,007</u>	<u>\$ 12,903,229</u>	<u>\$ 62,545,180</u>	<u>\$ 75,801,416</u>
LIABILITIES				
Accrued expenses and accounts payable	\$ 5,860	\$ 21,859	\$ 5,859	\$ 33,578
Due (from) to Archdiocesan entities	(613,902)	924,977	26,812	337,887
Deferred lease revenue	37,998,500	-	-	37,998,500
	<u>37,390,458</u>	<u>946,836</u>	<u>32,671</u>	<u>38,369,965</u>
NET ASSETS (DEFICIT)				
Net assets without donor restrictions:				
Designated for operations	(37,037,451)	11,956,393	-	(25,081,058)
Contractually committed to permanent maintenance	-	-	62,062,956	62,062,956
	<u>(37,037,451)</u>	<u>11,956,393</u>	<u>62,062,956</u>	<u>36,981,898</u>
Net assets with donor restrictions	-	-	449,553	449,553
	<u>(37,037,451)</u>	<u>11,956,393</u>	<u>62,512,509</u>	<u>37,431,451</u>
TOTAL NET ASSETS	<u>(37,037,451)</u>	<u>11,956,393</u>	<u>62,512,509</u>	<u>37,431,451</u>
Total liabilities and net assets	<u>\$ 353,007</u>	<u>\$ 12,903,229</u>	<u>\$ 62,545,180</u>	<u>\$ 75,801,416</u>

Archdiocese of Philadelphia Office of Catholic Cemeteries

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2023

	Without Donor Restrictions			With Donor Restrictions		
	Archdiocese of Philadelphia Catholic Cemeteries	Philadelphia Catholic Cemeteries, LLC	Archdiocese of Philadelphia Cemetery Permanent Lot Care Fund Irrevocable Trust	Total	Archdiocese of Philadelphia Cemetery Permanent Lot Care Fund Irrevocable Trust	Grand Total
Revenues and investment returns						
Long-term lease revenue	\$ 1,453,325	\$ -	\$ -	\$ 1,453,325	\$ -	\$ 1,453,325
Rental farm income	-	12,873	-	12,873	-	12,873
Contributions to permanent care fund	-	-	1,035	1,035	-	1,035
	<u>1,453,325</u>	<u>12,873</u>	<u>1,035</u>	<u>1,467,233</u>	<u>-</u>	<u>1,467,233</u>
Investment return, net	-	-	6,321,362	6,321,362	46,462	6,367,824
Other income, net	<u>393</u>	<u>-</u>	<u>-</u>	<u>393</u>	<u>-</u>	<u>393</u>
Total revenues and investment return	<u>1,453,718</u>	<u>12,873</u>	<u>6,322,397</u>	<u>7,788,988</u>	<u>46,462</u>	<u>7,835,450</u>
Expenses						
Administration expense	2,000	18,000	2,000	22,000	-	22,000
Cost of crypts and lots sold	-	90,686	-	90,686	-	90,686
Professional fees	60,525	70,077	59,835	190,437	-	190,437
Depreciation expense	<u>389</u>	<u>68,702</u>	<u>-</u>	<u>69,091</u>	<u>-</u>	<u>69,091</u>
Total expenses	<u>62,914</u>	<u>247,465</u>	<u>61,835</u>	<u>372,214</u>	<u>-</u>	<u>372,214</u>
CHANGE IN NET ASSETS	<u>1,390,804</u>	<u>(234,592)</u>	<u>6,260,562</u>	<u>7,416,774</u>	<u>46,462</u>	<u>7,463,236</u>
Net assets (deficit), beginning of year	<u>(38,428,255)</u>	<u>12,190,985</u>	<u>55,802,394</u>	<u>29,565,124</u>	<u>403,091</u>	<u>29,968,215</u>
Net assets (deficit), end of year	<u>\$ (37,037,451)</u>	<u>\$ 11,956,393</u>	<u>\$ 62,062,956</u>	<u>\$ 36,981,898</u>	<u>\$ 449,553</u>	<u>\$ 37,431,451</u>