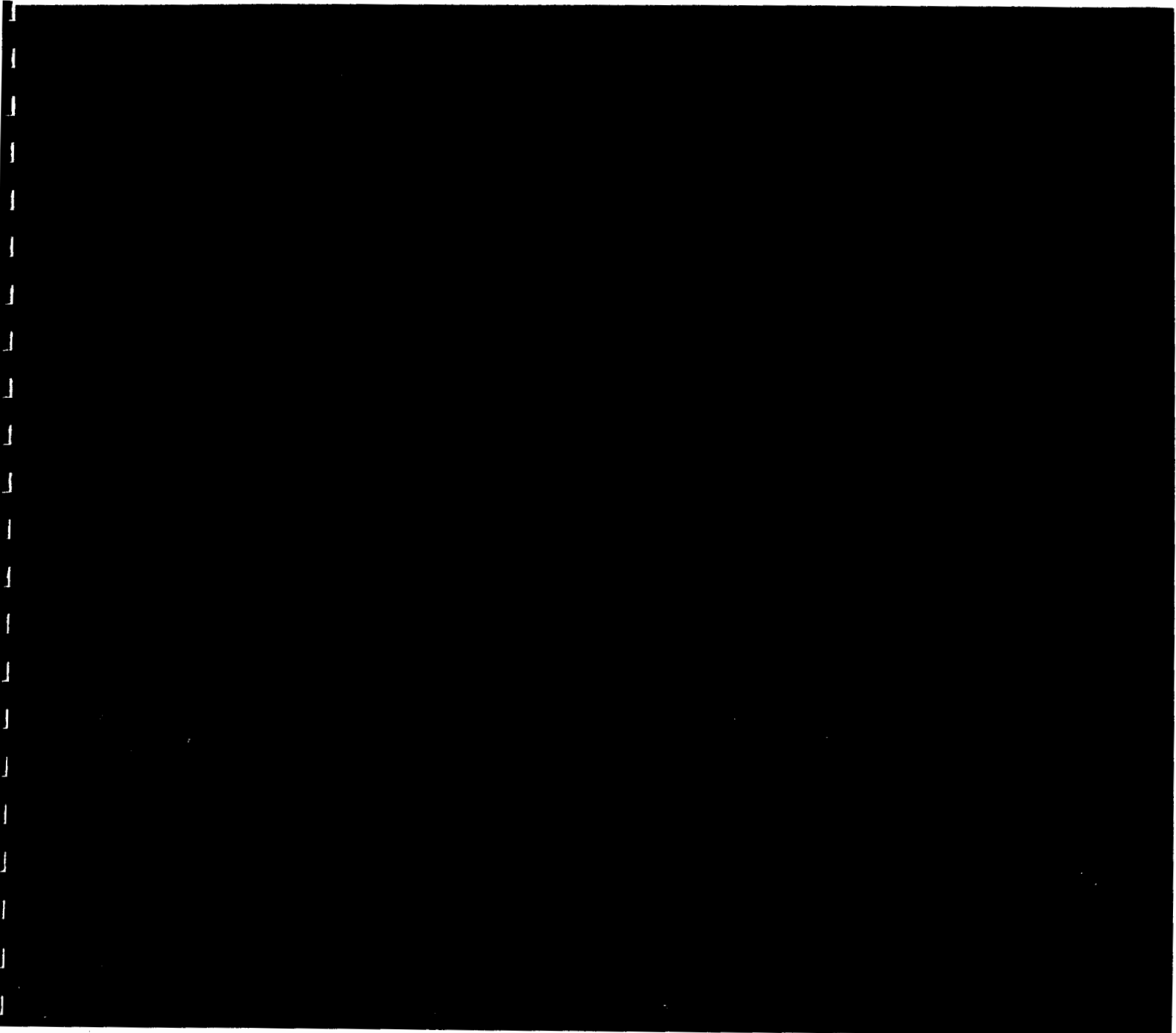


Financial Statements and Report of Independent Certified Public Accountants
The Catholic Cemetery Association of the Archdiocese of Boston, Inc.
June 30, 2004 and 2003

Grant Thornton 



THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.

Statement of Activities

Year ended June 30, 2004

(With summarized information for the year ended June 30, 2003)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2004 Total</u>	<u>2003 Total</u>
OPERATING:					
REVENUES, GAINS AND OTHER SUPPORT:					
Lot openings	\$ 2,276,657	\$ -	\$ -	\$ 2,276,657	\$ 2,268,797
Lot sales	1,699,938	-	-	1,699,938	1,387,887
Mausoleum sales	528,766	-	-	528,766	587,468
Grave boxes	627,189	-	-	627,189	642,642
Other revenue and services	665,596	-	-	665,596	655,010
Interest and dividends	735,035	264,333	-	999,368	839,438
Future care receipts	212,060	-	226,614	438,674	429,229
Net assets released from restrictions through satisfaction of program restrictions (note E)	<u>264,333</u>	<u>(264,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	7,009,574	-	226,614	7,236,188	6,810,471
EXPENSES:					
Program:					
Cost of sales	4,251,299	-	-	4,251,299	4,203,303
Selling expense	308,149	-	-	308,149	274,111
Maintenance expense	405,723	-	-	405,723	377,994
Operating supplies	<u>111,390</u>	<u>-</u>	<u>-</u>	<u>111,390</u>	<u>82,966</u>
Total program	5,076,561	-	-	5,076,561	4,938,374
Management and general:					
Salaries	1,161,177	-	-	1,161,177	1,131,276
Depreciation and amortization	412,920	-	-	412,920	449,597
Administrative support (note H)	102,213	-	-	102,213	129,514
Utilities and communications	254,966	-	-	254,966	217,540
Miscellaneous	<u>89,759</u>	<u>-</u>	<u>-</u>	<u>89,759</u>	<u>152,169</u>
Total management and general	<u>2,021,035</u>	<u>-</u>	<u>-</u>	<u>2,021,035</u>	<u>2,080,096</u>
Total expenses	<u>7,097,596</u>	<u>-</u>	<u>-</u>	<u>7,097,596</u>	<u>7,018,470</u>
Change in net assets before Non-operating revenue	(88,022)	-	226,614	138,592	(207,999)
NON-OPERATING REVENUE:					
Net realized and unrealized gains on investments	907,427	582,313	-	1,489,740	13,45
Affiliate loan non-operating interest and fee	1,372,609	-	-	1,372,609	-
Gain on sale of land	<u>2,792,878</u>	<u>-</u>	<u>-</u>	<u>2,792,878</u>	<u>-</u>
CHANGE IN NET ASSETS	4,984,892	582,313	226,614	5,793,819	(194,5
Net assets at beginning of year	<u>22,951,101</u>	<u>1,685,244</u>	<u>5,183,980</u>	<u>29,820,325</u>	<u>30,014,1</u>
Net assets at end of year	<u>\$27,935,993</u>	<u>\$2,267,557</u>	<u>\$5,410,594</u>	<u>\$35,614,144</u>	<u>\$29,820,</u>

The accompanying notes are an integral part of these financial statements:

THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.

Statement of Activities

Year ended June 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING:				
REVENUES, GAINS AND OTHER SUPPORT:				
Lot openings	\$ 2,268,797	\$ -	\$ -	\$ 2,268,797
Lot sales	1,387,887	-	-	1,387,887
Mausolea sales	587,468	-	-	587,468
Grave boxes	642,642	-	-	642,642
Other revenue and services	655,010	-	-	655,010
Interest and dividends	609,223	230,215	-	839,438
Future care receipts	177,457	-	251,772	429,229
Net assets released from restrictions through satisfaction of program restrictions (note E)	<u>230,215</u>	<u>(230,215)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	6,558,699	-	251,772	6810,471
EXPENSES:				
Program:				
Cost of sales	4,203,303	-	-	4,203,303
Selling expense	274,111	-	-	274,111
Maintenance expense	377,994	-	-	377,994
Operating supplies	82,966	-	-	82,966
Total program	<u>4,938,374</u>	<u>-</u>	<u>-</u>	<u>4,938,374</u>
Management and general:				
Salaries	1,131,276	-	-	1,131,276
Depreciation and amortization	449,597	-	-	449,597
Administrative support (note H)	129,514	-	-	129,514
Utilities and communications	217,540	-	-	217,540
Miscellaneous	152,169	-	-	152,169
Total management and general	<u>2,080,096</u>	<u>-</u>	<u>-</u>	<u>2,080,096</u>
Total expenses	<u>7,018,470</u>	<u>-</u>	<u>-</u>	<u>7,018,470</u>
Change in net assets before non-operating revenue	(459,771)	-	251,772	(207,999)
NON-OPERATING REVENUE:				
Net realized and unrealized gain (loss) on investments	<u>16,061</u>	<u>(2,605)</u>	<u>-</u>	<u>13,456</u>
CHANGE IN NET ASSETS	(443,710)	(2,605)	251,772	(194,543)
Net assets at beginning of year	<u>23,394,811</u>	<u>1,687,849</u>	<u>4,932,208</u>	<u>30,014,868</u>
Net assets at end of year	<u>\$22,951,101</u>	<u>\$1,685,244</u>	<u>\$5,183,980</u>	<u>\$29,820,325</u>

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

THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
Notes to Consolidated Financial Statements - Continued
June 30, 2004 and 2003

NOTE C – INVENTORY

Inventory consisted of the following at June 30:

	<u>2004</u>	<u>2003</u>
Mausolea	\$1,151,490	\$1,265,564
Land developments	839,568	876,283
Installed grave boxes	146,740	318,659
Columbaria	41,036	41,566
Grave boxes on hand	<u>22,500</u>	<u>13,440</u>
Total inventory	<u>\$2,201,334</u>	<u>\$2,515,512</u>

NOTE D - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at June 30:

	<u>2004</u>	<u>2003</u>
Land and land improvements	\$5,540,716	\$5,494,312
Buildings and building improvements	1,111,800	1,002,135
Furniture and equipment	<u>1,938,260</u>	<u>2,202,731</u>
Total cost	8,590,776	8,699,178
Less accumulated depreciation	<u>(2,273,370)</u>	<u>(2,304,555)</u>
Net property, plant and equipment	<u>\$6,317,406</u>	<u>\$6,394,623</u>

On June 30, 2004, the Association sold approximately 3.2 acres of land located in Marblehead, MA to an unrelated 3rd party resulting in a gain of \$2.8 million. Net sales proceeds of \$2.6 million are reflected in the June 30, 2004 balance of "Deposits with the Archdiocese revolving loan fund".

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30:

	<u>2004</u>
Future care—cemetery	<u>\$2,267,557</u>

THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.

Notes to Consolidated Financial Statements - Continued

June 30, 2004 and 2003

NOTE E - TEMPORARILY RESTRICTED NET ASSETS – Continued

Net assets released from restrictions through satisfaction of program restrictions were expended as follows for the years ended June 30:

	<u>2004</u>	<u>2003</u>
Future care–cemetery	<u>\$264,333</u>	<u>\$230,215</u>

NOTE F - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets were as follows at June 30:

	<u>2004</u>	<u>2003</u>
Future care–cemetery	<u>\$5,410,594</u>	<u>\$5,183,980</u>

NOTE G - PENSION PLANS

The Association participates with other organizations affiliated with the Archdiocese in a multiemployer, noncontributory, defined-benefit 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 are approximately 2% of all lay employees covered. 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 \$47,300 and \$33,600 for the years ended June 30, 2004 and 2003, respectively.

Accumulated plan benefits information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the multiemployer Pension Plan and, accordingly, such information is not presented herein, however, the June 30, 2004 audited financial statements of the Pension Plan reflected approximately \$211 million in net assets available for benefits and \$231 million in accumulated plan benefits under the Pension Plan.

THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.

Notes to Consolidated Financial Statements - Continued

June 30, 2004 and 2003

NOTE H - RELATED-PARTY TRANSACTIONS

The Association receives substantial administrative support from the Archdiocese 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 Archdiocese for the benefit of the Association are charged to the Association. Such expenses amounted to \$102,213 and \$129,514 for the years ended June 30, 2004 and 2003, respectively.

Under the terms of a Subordinated Term Promissory Note dated December 5, 2003 Common Investment Fund shares valued at \$7.5 million were redeemed from the Association's investment portfolio and the proceeds loaned to St. John's Seminary. The loan was paid in full and approximately \$9.1 million deposited into the Association's Cash account on June 29, 2004. As described in Note I, the shares originally redeemed were repurchased on July 1, 2004.

As a result of this promissory note transaction, the Association realized interest income of \$261 thousand and fee income of \$750 thousand during the fiscal year ended June 30, 2004. The market value of the underlying shares increased by \$622 thousand from the date of share redemption up to the loan payment date. The fee income and increase in market value are reflected in the accompanying financial statements as affiliate loan non-operating interest and fee income.

NOTE I - SUBSEQUENT EVENT

On July 1, 2004, the Common Investment Fund shares originally redeemed to fund the loan to St. John's Seminary were repurchased. This \$8.9 million purchase transaction included the \$622 thousand of gain that would have been realized in the market value of the redeemed shares as discussed in Note H.

On August 1, 2004 as a result of parish reconfiguration within the Archdiocese of Boston, the Association assumed responsibility for the operation of two cemeteries located in Marlborough, MA. The transfer of ownership of these cemeteries to the Association is expected to be completed in fiscal year 2005.