



Diocesan Managed Cemeteries of  
the Roman Catholic Diocese of  
Springfield, Massachusetts  
Financial Statements  
Years Ended June 30, 2021 and 2020



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## Independent Auditor's Report

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To Most Reverend William D. Byrne, Bishop of Springfield:

### ***Opinion***

We have audited the financial statements of Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts, ("Cemeteries") which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cemeteries as of June 30, 2021 and 2020, and the results of its operations 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 in accordance with auditing standards generally accepted in the United States of America (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 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.

### ***Other Matters***

As discussed in Note 8 to these financial statements, Cemeteries receives financial support from the Roman Catholic Bishop of Springfield, a corporation sole. Should that support be withdrawn, Cemeteries' ability to continue would be threatened.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Cemeteries' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cemeteries' 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.

*Wolf & Company, P.C.*

Springfield, Massachusetts

October 31, 2022

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets:		
Cash and cash equivalents	\$ 1,393,158	\$ 1,097,186
Deposits held by Chancery Office	1,066,762	1,062,293
Accounts receivable - trade, net of an allowance for uncollectible amounts of \$3,000 for 2021 and 2020	90,622	79,373
Fixed assets, net	256,032	270,750
Total assets	\$ 2,806,574	\$ 2,509,602
Liabilities:		
Accounts payable and accrued expenses	336,909	189,630
Paycheck Protection Program loan payable	288,100	288,100
Contract liability - burial fees	49,985	25,641
Total liabilities	674,994	503,371
Net assets:		
Net assets without donor restrictions	2,131,580	2,006,231
Total net assets	2,131,580	2,006,231
Total liabilities and net assets	\$ 2,806,574	\$ 2,509,602

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

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Statement of Activities

	Years Ended June 30,	
	2021	2020
	Net assets without donor restrictions	Net assets without donor restrictions
Revenues:		
Easements and fees	\$ 1,302,366	\$ 1,125,886
Interest income, net	5,426	16,468
Distributions from perpetual care funds	823,640	789,460
Miscellaneous income	3,130	225
Total revenues	2,134,562	1,932,039
Expenses:		
Salaries and wages	1,155,961	1,147,640
Payroll taxes	86,179	82,258
Fringe benefits	153,002	196,403
Payroll and related	1,395,142	1,426,301
Advertising	12,736	12,958
Depreciation	60,820	66,362
Insurance	75,336	76,188
Licenses and fees	21,800	17,991
Miscellaneous	8,659	241
Office	48,771	22,159
Professional fees	40,389	7,064
Cemetery upkeep	206,766	191,858
Supplies and merchandise	50,331	26,001
Utilities	88,463	86,027
Total expenses	2,009,213	1,933,150
Change in net assets	125,349	(1,111)
Net assets at beginning of year	2,006,231	2,007,342
Net assets at end of year	\$ 2,131,580	\$ 2,006,231

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

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 125,349	\$ (1,111)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	60,820	66,362
Gain on disposal of equipment		-
Change in deposits held by Chancey office	(4,649)	(12,983)
Change in accounts receivable	(11,249)	27,832
Change in accounts payable and accrued expenses	147,279	2,448
Change in deferred revenue	24,344	15,678
Net cash provided by operating activities	341,894	98,226
Cash flows from investing activities:		
Purchase of fixed assets, net	(46,102)	-
Net cash used in investing activities	(46,102)	-
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan payable	-	288,100
Net cash provided by financing activities	-	288,100
Change in cash and cash equivalents	295,792	386,326
Cash and cash equivalents at beginning of year	1,097,186	710,260
Cash and cash equivalents at end of year	\$ 1,392,978	\$ 1,096,586

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

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Form of Organization and Nature of Activities*

Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts (“Cemeteries”) was established as a legal entity to manage certain cemeteries to meet the burial needs of the local Christian community.

These cemeteries are under the control of the Roman Catholic Bishop of Springfield, a Corporation sole (“RCB”), but are distinct entities, maintaining separate accounts, and carrying on their own activities. The separate activities of these cemeteries are not included in the accompanying financial statements of Cemeteries.

Those who bury within Catholic cemeteries are issued easements containing rules adopted to provide protection for the rights of all families using the cemeteries. Cemeteries is supported primarily through the sale of easements, burial and related services to customers, and subsidies from RCB.

The cemeteries are built on land owned by RCB.

The cemeteries and mausoleums managed by Cemeteries are:

- St. Aloysius Cemetery, Indian Orchard
- St. Benedict Cemetery, Springfield
- St. Mary Cemetery, Westfield
- Notre Dame Cemetery, South Hadley
- Precious Blood Cemetery, South Hadley
- Calvary Cemetery, Holyoke
- St. Rose Cemetery, South Hadley
- St. Michael Cemetery and Mausoleum, Springfield
- Gate of Heaven Cemetery and  
Most Holy Redeemer Mausoleum, Springfield
- St. Matthew Cemetery, Springfield

This summary of significant accounting policies of the Cemeteries is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Cemeteries management, who is responsible for their integrity and objectivity, and are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”).



# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Presentation***

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes thereto are classified as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of Cemeteries management. The change in net assets without donor restrictions is primarily impacted by the results of operations, unrestricted giving, and by the amount of net assets with donor restrictions that have been released from restrictions.

With Donor Restrictions - Net assets whose use by Cemeteries is subject to donor-imposed stipulations that can be fulfilled by actions of Cemeteries pursuant to those stipulations or that expire by the passage of time, as well as net assets subject to donor-imposed stipulations that they be maintained in perpetuity by Cemeteries, with investment return available for designated purposes. The change in net assets with donor restrictions is impacted primarily by gifts with time and donor constraints, and the amount of net assets that have been released from restrictions. Net assets with donor restrictions also include funds not yet appropriated for spending, including cumulative investment earnings and appreciation on endowment funds restricted in perpetuity.

Cemeteries had no net assets with donor restrictions for the years ended June 30, 2021 or 2020.

#### ***Liquidity***

Cemeteries manages its financial assets to be available as its general expenditures, liabilities, and other obligations become due. However, its liquidity is generally dependent upon the support of RCB (see Note 8).

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Revenue Recognition***

Reciprocal exchange transactions such that are within the scope of Accounting Standards Update (ASU) No. 2014-09, *Revenues from Contracts with Customers (Topic 606)*. To determine revenue recognition for such transactions, Cemeteries performs the following 5 steps: 1) identify the contract with a customer; 2) identify the performance obligation(s) in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligation(s) in the contract; and 5) recognize revenue when Cemeteries satisfies the performance obligation. Performance obligations are determined based on the nature of the services provided by Cemeteries. Revenue that consists of performance obligations satisfied at a point in time is generally recognized when criteria for the contract have been achieved or when specific events have occurred and when there are no additional services related to that obligation.

Cemeteries enters into contracts with customers providing burial and property rights and related cemetery services. Burial and property rights revenue is recorded at the point in time that the burial right is transferred to the customer which occurs when the contract is signed. Other pre-need burial services are recorded as deferred until the service is performed.

#### ***Contributions***

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give are reported at fair value when the conditions are met. Indications of intentions to give are not reported until the gift is received.

Contributions are reported as increases in net assets without donor restrictions unless they are received with donor stipulations that limit the use of the donated assets in which case they are reported as with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donor restricted income that is both received and expended during the same year is recorded in the activities of net assets without donor restrictions.

Donated materials and services are recorded as in-kind contributions at the estimated fair value as of the date of the donation.

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Cash and Cash Equivalents and Chancery Deposits***

Cemeteries considers investments with maturities of three months or less at the date of purchase to be cash equivalents. Deposits held by Chancery Office are amounts placed in custodial accounts maintained by RCB's Chancery office.

#### ***Concentration of Credit Risk***

Cemeteries maintains its cash and cash equivalents in financial institutions in accounts which at times may exceed federally insured limits. Cemeteries has not experienced any losses in such accounts and does not believe they are exposed to any significant credit risk on cash and cash equivalents.

#### ***Revenue and Accounts Receivable***

Revenue from the sale of easements is recognized as of the date of the contract for the easement. Rights of return exist until burial/entombment occurs.

Cemeteries also assists customers with burial/entombment services on either a "pre-need" or "at-need" basis. Contract liabilities for revenue from pre-burial contracts are deferred until interment or entombment occurs.

Accounts receivable are recorded at net realizable value, which includes an allowance for uncollectible amounts. It is Cemeteries' policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

#### ***Distributions from Perpetual Care Funds***

Cemeteries is exempt from Massachusetts General Law, C114 S19, as it consists of church cemeteries. However, the RCB has mandated that a portion of each sale of a cemetery plot or tomb be set aside to provide for the perpetual care of the cemeteries. Cemeteries remits 15% of proceeds from mausolea crypt sales and 35% of proceeds from cemetery plot sales to RCB, which are set aside in a perpetual care fund maintained by RCB.

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Fixed Assets***

Fixed assets including equipment and building improvements having a cost of \$2,500 or more and a useful life of more than one year is capitalized at cost and expensed over its estimated useful life. Items under \$2,500 are expensed as purchased.

Depreciation is calculated utilizing the straight-line method over the estimated useful lives which range from three to fifteen years.

Maintenance and repairs are expensed as incurred, while improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and any gain or loss is included in the statement of activities.

#### ***Income Taxes***

Cemeteries is a 501(c)(3) organization under the Internal Revenue Code. It is generally exempt from federal income tax under a group exemption granted to the Roman Catholic Church and its related organizations. It is also exempt from Massachusetts income taxes under Chapter 180 of the Massachusetts General Laws. The Commonwealth of Massachusetts also generally considers Cemeteries exempt from excise and sales taxes.

Tax positions taken or expected to be taken in the course of preparing Cemeteries' tax returns, including the position that Cemeteries qualifies as a tax-exempt organization, are required to be evaluated to determine whether the tax positions are "more-likely-than-not" to be upheld under regulatory review. Cemeteries has determined that there are no uncertain tax positions at June 30, 2021 or 2020.

Cemeteries is currently open to audit by federal and state authorities for the years ended June 30, 2019 to the present.

#### ***Advertising***

Advertising costs are expensed as incurred.

#### ***Subsequent Events***

Management has evaluated subsequent events through October 31, 2022 which is the date the financial statements were available to be issued. There were no other subsequent events that require adjustment or disclosure in the financial statements.

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### 2. ACCOUNTS RECEIVABLE

At June 30, 2021 and 2020 accounts receivable are as follows:

	2021	2020
St. Aloysius Cemetery	\$ 9,708	\$ 7,028
St. Mary Cemetery	16,793	14,115
Notre Dame Cemetery, net of allowance of \$3,000	877	9,142
Precious Blood Cemetery	206	-
St. Rose Cemetery	183	1,650
St. Michael Cemetery	11,211	13,830
St. Michael Mausoleum	8,283	6,872
Gate of Heaven Cemetery	38,266	23,325
Most Holy Redeemer Mausoleum	5,095	3,411
	\$ 90,622	\$ 79,373

### 3. FIXED ASSETS

Fixed assets consists of the following at June 30, 2021 and 2020, which includes equipment and building improvements:

#### 2021

	Fixed Assets	Accumulated Depreciation	Fixed Assets, Net
Cemetery Administration	\$ 40,322	\$ (11,425)	\$ 28,897
St. Aloysius Cemetery	205,532	(126,262)	79,270
St. Benedict Cemetery	2,160	(2,160)	-
St. Mary Cemetery	179,223	(178,027)	1,196
Notre Dame Cemetery	259,435	(168,556)	90,879
Calvary Cemetery	53,701	(53,122)	579
St. Michael Cemetery	324,845	(286,491)	38,354
St. Michael Mausoleum	14,591	(14,591)	-
Gate of Heaven Cemetery	329,755	(314,056)	15,699
St. Matthew Cemetery	2,160	(2,160)	-
St. Rose Cemetery	579	-	579
Precious Blood Cemetery	579	-	579
	\$ 1,412,882	\$ (1,156,850)	\$ 256,032

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### FIXED ASSETS

#### 2020

	Fixed Assets	Accumulated Depreciation	Fixed Assets, Net
Cemetery Administration	\$ 40,320	\$ (7,393)	\$ 32,927
St. Aloysius Cemetery	205,532	(110,209)	95,323
St. Benedict Cemetery	2,160	(2,160)	-
St. Mary Cemetery	179,223	(177,782)	1,441
Notre Dame Cemetery	249,561	(149,745)	99,816
Calvary Cemetery	53,122	(53,122)	-
St. Michael Cemetery	290,356	(278,142)	12,214
St. Michael Mausoleum	14,591	(14,591)	-
Gate of Heaven Cemetery	329,755	(300,726)	29,029
St. Matthew Cemetery	2,160	(2,160)	-
	\$ 1,366,780	\$ (1,096,030)	\$ 270,750

Depreciation expense for the years ended June 30, 2021 and 2020 was \$60,820 and \$66,362, respectively.

#### 4. CONTRACT LIABILITY – BURIAL FEES

Prepaid burial fees as of June 30 is as follows:

	2021	2020
St. Aloysius Cemetery	\$ 7,385	\$ 7,542
Notre Dame Cemetery	3,892	2,002
St. Rose Cemetery	625	1,250
St. Mary's Cemetery	5,460	4,947
St. Michael Cemetery	7,700	4,825
Gate of Heaven Cemetery	24,923	5,075
	\$ 49,985	\$ 25,641

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### 5. LOAN PAYABLE

In April 2020, Cemeteries applied for and received a \$288,100 loan under the federal CARES Act's Paycheck Protection Program ("PPP"). In accordance with the provisions of the PPP, the loan accrues interest at a rate of 1% and the loan may be forgiven, all or in part, if it is used to pay qualifying costs such as payroll, rent and utilities. Amounts not forgiven will be repaid two years from the date of the loan. In July 2021, Cemeteries was notified that the loan, including interest, was forgiven in full.

### 6. PENSION PLANS

#### *Defined Benefit Plan*

Cemeteries is a participant in a multi-employer defined benefit pension plan, sponsored by the RCB, which covers Cemeteries employees. The benefits are based on years of service and the employees' average monthly compensation.

Effective December 31, 2010, the pension plan was frozen. When a plan is frozen, earnings and service are not considered subsequent to that date, meaning employee pension benefits will no longer continue to accumulate. This action did not take away or reduce the benefits an employee had already earned.

Accumulated plan benefits information, as provided by consulting actuaries, has not been distinguished among the organizations participating in the pension plan and, accordingly, such information is not presented herein. At January 1, 2021, the unaudited actuarial valuation report for the Plan reflected approximately \$37.4 million in net assets available for benefits and \$45.7 million in accumulated plan benefits. At January 1, 2020, the unaudited actuarial valuation report for the Plan reflected approximately \$35.6 million in net assets available for benefits and \$43.2 million in accumulated plan benefits.

#### *Defined Contribution Plan*

Effective January 1, 2019, Cemeteries is a participant in a defined contribution plan administered by RCB for all eligible staff. Eligibility for the plan begins following one month of employment for individuals who are age 21 or older. The Plan provides for discretionary employer contributions of up to 2% of employee compensation. For the years ended June 30, 2021 and 2020, Cemeteries contributed \$5,397 and \$5,449, respectively, as matching contributions. Matching contributions have a one-year cliff vesting period.

# Diocesan Managed Cemeteries of the Roman Catholic Diocese of Springfield, Massachusetts

## Notes to Financial Statements

### 7. INSURANCE

Cemeteries participates in the RCB insurance program for property, general liability, workers' compensation and health insurance. Insurance program expense for the years ended June 30, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Property, general liability and workers' compensation	\$ 75,336	\$ 76,188
Health	<u>147,279</u>	<u>183,789</u>
	<u>\$ 222,615</u>	<u>\$ 259,977</u>

### 8. ECONOMIC DEPENDENCY

Cemeteries receives substantial ongoing financial support from RCB. Should that support be withdrawn, Cemeteries' ability to continue could be threatened. This ongoing support consisted of distributions from the perpetual care funds in the amount of \$823,640 in 2021 and \$789,460 in 2020.