

Financial Statements with Report of
Independent Certified Public
Accountants

**Fairfield County Catholic Cemeteries of the
Diocese of Bridgeport LLC**

June 30, 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Audit Committees and Management
Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

Opinion

We have audited the accompanying financial statements of Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC (“Catholic Cemeteries”), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Catholic Cemeteries as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the 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 Catholic Cemeteries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Catholic Cemeteries’ ability to continue as a going concern for one year after the date the 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 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 consolidated 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 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 Catholic 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic 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.

Grant Thornton LLP

New York, New York
March 29, 2023

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

STATEMENT OF FINANCIAL POSITION

For the year ended June 30,2022

ASSETS

Cash and cash equivalents	\$	1,183,514
Accounts receivable, net		3,079,982
Prepaid expenses and other assets		35,920
Investments, at fair value		8,921,046
Inventory		5,521,706
Property, buildings and equipment, net		9,374,292
		<hr/>
Total assets	\$	28,116,460
		<hr/> <hr/>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$	1,855,701
Deferred revenue		2,695,689
Note payable		509,000
		<hr/>
Total liabilities		5,060,390
		<hr/>

Net assets

Without donor restrictions		
Operations		14,135,024
Designated for perpetual care and maintenance		6,388,534
Contractually committed for perpetual care and maintenance		2,532,512
		<hr/>
Total net assets		23,056,070
		<hr/>
Total liabilities and net assets	\$	28,116,460
		<hr/> <hr/>

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

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

STATEMENT OF ACTIVITIES

For the year ended June 30,2022

Revenues, support, and other changes

Burial rights and other cemetery sales	\$ 10,057,080
Rental income	55,100
	<hr/>
Total revenues, support and other changes	10,112,180

Expenses

Cemetery operations	7,675,864
Management and general	1,463,003
	<hr/>
Total expenses	9,138,867

Income from operations before depreciation 973,313

Depreciation (281,127)

Income from operations before nonoperating activities 692,186

Nonoperating activities

Investment loss, net	(1,678,218)
Contribution from the Diocese	533,039
Bad debt expense, net	(82,445)
Contributions to lay pension	(250,000)
Miscellaneous non-operating income	39,331
	<hr/>

CHANGE IN NET ASSETS (746,107)

Net assets - beginning of year 23,802,177

Net assets - end of year \$ 23,056,070

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

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30,2022

	Cemeteries Operations	Management and General	Total
	<hr/>	<hr/>	<hr/>
Personnel costs	\$ 2,968,102	\$ 1,077,395	\$ 4,045,497
Cost of burial rights and other cemetery sales	2,057,178	-	2,057,178
Insurance	100,781	1,472	102,253
Professional fees	590,810	181,635	772,445
Occupancy	261,897	83,604	345,501
Diocesan assessment	1,437,000	-	1,437,000
Advertising	130,263	-	130,263
Office	45,139	86,874	132,013
Dues, fees and memberships	2,241	1,855	4,096
Travel and seminars	26,592	10,642	37,234
Interest	5,774	-	5,774
Miscellaneous	10,226	8,082	18,308
Postage	39,861	11,444	51,305
	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	7,675,864	1,463,003	9,138,867
Depreciation	281,127	-	281,127
	<hr/>	<hr/>	<hr/>
Total expenses	\$ 7,956,991	\$ 1,463,003	\$ 9,419,994
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The accompanying notes are an integral part of this financial statement.

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

STATEMENT OF CASH FLOWS

For the year ended June 30,2022

Cash flows from operating activities	
Change in net assets	\$ (746,107)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	281,127
Bad debt, net	82,445
Net depreciation in fair value of investments	1,678,218
(Increase) decrease in assets	
Cemeteries and other accounts receivable, net	(2,084,504)
Prepaid expenses and other assets	(4,782)
Cemetery inventory	(2,230,281)
Increase in liabilities	
Accounts payable and accrued expenses	1,119,180
Deferred revenue and refundable advances	<u>2,152,424</u>
Net cash provided by operating activities	247,720
Cash flows from investing activities:	
Purchases of investments	(730,000)
Purchases of property and equipment	<u>(960,447)</u>
Net cash used in investing activities	(1,690,447)
Cash flow from financing activities:	
Borrowings on note payable	<u>499,000</u>
Net cash provided by financing activities	499,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(943,727)
Cash and cash equivalents - beginning of year	<u>2,127,241</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,183,514</u></u>
Supplementary Information:	
Cash paid for interest on indebtedness	<u>\$ 5,774</u>

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

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30,2022

NOTE 1 - ORGANIZATION

On July 1, 2021, The Bridgeport Roman Catholic Diocesan Corporation, Inc. (the Diocese) established a single member limited liability company, named Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC ("Catholic Cemeteries"). Prior to July 1, 2021, Catholic Cemeteries operated as a function and department of the Diocese. Catholic Cemeteries is wholly owned by its Member, the Diocese, and its named Manager is the Bishop of the Diocese. Catholic Cemeteries has a Board of Directors that oversees, administers, and otherwise operates the cemetery business.

Catholic Cemeteries mission is 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. Catholic Cemeteries also provides advance/pre-planning needs and bereavement programs for those in need.

The Diocese is a Connecticut not-for-profit, religious non-stock corporation formed in 1953 and since inception has provided cemetery services to the Catholics in Fairfield County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

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

Classifications of Net Assets

Catholic Cemeteries reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions:

Operations

Consist of resources available for the general support of Catholic Cemeteries' operations, which may be used at the discretion of management and the Bishop of the Roman Catholic Diocese of Bridgeport.

Perpetual care and maintenance

These net assets consist of assets subject to legal, contractual or internal imposed limitations that they be segregated and used for the perpetual care and maintenance of cemetery property.

The State of Connecticut requires the establishment of a fund for the perpetual care and maintenance of each mausoleum, columbarium and sale of each crypt or niche. Catholic Cemeteries deposits amounts into the perpetual care fund that equal or exceed the amounts required by the State of Connecticut. Additionally, Catholic Cemeteries designates and deposits 10% of each sale of grave burial and entombment rights into this perpetual care fund, which is not mandated by the State of Connecticut.

Additionally, certain contracts for private estates established specific amounts to be designated for individual perpetual care needs.

Such funds are classified as without donor restrictions committed to perpetual care and maintenance within the accompanying Statement of Financial Position. These funds were not contributions; therefore, they are not donor restricted under US GAAP.

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

Net Assets With Donor Restrictions - net assets subject to the following donor-imposed stipulations:

- Some donor restrictions are temporary in nature that either expire with the passage of time or can be fulfilled by the actions of Catholic Cemeteries pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. However, when restrictions on donor-restricted contributions and investment return are met in the same accounting period, such amounts are reported as part of net assets without donor restrictions.
- Other donor restrictions consist of funds that are subject to donor-imposed restrictions requiring that the principal be invested in perpetuity and the income be used for specific or general purposes.

As of June 30, 2022 Catholic Cemeteries did not have any net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of up to 90 days from the date of purchase.

Investments

Investments in equity and debt securities with readily determinable fair values are recorded at fair value determined on the basis of quoted market values as of the reporting date. All investments are managed by outside investment advisors subject to the review, approval, and oversight of a Diocesan entity wide committee.

Purchases and sales of securities are recorded on the trade-date basis. Dividends and interest are recognized as earned. Realized and unrealized gains include Catholic Cemeteries gains and losses on investments purchased and sold as well as held during the year.

Fair Value Measurements

Catholic Cemeteries follows guidance which establishes a framework for measuring fair value, and expands disclosures about fair value measurements and provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The guidance also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. 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. However, the determination of what constitutes “observable” requires significant judgment by the reporting entity. Catholic Cemeteries considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Catholic Cemeteries perceived risk of that instrument.

Catholic Cemeteries policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

Cemetery Inventory

Catholic Cemetery inventory, which represents the cost of each unsold space, is stated at the lower of cost (computed based on the allocation of total costs incurred in the construction of the mausoleums) or market. As sales are recognized, inventory is reduced by the cost of the space sold. As of June 30, 2022, there is \$3,749,084 on the accompanying statement of financial position for work-in-progress related to the construction of a mausoleum included within cemetery inventory.

Cemetery inventory consists of the following as of June 30, 2022:

Crypts	\$ 1,235,085
Niches	537,457
Construction in progress	<u>3,749,084</u>
 Total investments, at fair value	 <u>\$ 5,521,706</u>

Many land graves were acquired by the Diocese when formed in 1953 and within certain cemeteries that were established years before, which inventory values are considered de minimis.

Property, Buildings and Equipment

Property acquisitions and improvements are stated at cost, or in the case of donations, at fair value as determined on the date of gift. Additions and improvements that exceed \$2,500 and with useful lives greater than five years are capitalized and depreciated on a straight-line basis over the following estimated useful lives:

Furniture and fixtures	10 years
Vehicles, computers and other equipment	5 - 12 years
Buildings and related improvements	30 - 40 years
Land improvements	30 years

Repairs and maintenance are charged to expense as incurred. Property acquired under capital lease arrangements is capitalized and amortized over the useful life of the related asset or the lease term, whichever is shorter.

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

Deferred Revenue

Amounts collected and related receivables for cemetery sales where the related performance obligation has not yet been completed as of year-end are reflected within deferred revenue on the statement of financial position and are subsequently reflected in the statement of activities during the period in which they apply and are earned. As of June 30, 2022, \$2,695,689 is within deferred revenue pertaining to cemetery sales and \$1,025,130 related to this balance is also included in accounts receivable, net.

Revenue Recognition

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), Catholic Cemeteries recognizes revenue when control of the promised goods or services are transferred to Catholic Cemeteries' customers in an amount that reflects the consideration Catholic Cemeteries expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Catholic Cemeteries has identified revenues from burial rights and other cemetery sales and rental income as the primary revenue categories subject to ASC 606.

Payments received in advance of Catholic Cemeteries satisfying its performance obligations are recorded within deferred revenue in the statement of financial position. The changes in deferred revenue were caused by normal timing differences between the satisfaction of performance obligations and customer payments. Catholic Cemeteries' contracts with customers generally contain terms that are less than two years. Accordingly, Catholic Cemeteries elected the practical expedients under ASC 606 to not assess whether a contract has a significant financing component or disclose the information regarding the remaining performance obligations for contracts with customers.

Contributions

Catholic Cemeteries recognizes revenues from contributions in accordance with guidance requiring Catholic Cemeteries to evaluate whether (1) transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional.

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are expected to be received after one year are discounted to reflect the present value of future cash flows using a credit adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on an assessment of the creditworthiness of the respective donor. Contributions are written off when determined to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

Intentions to give under various wills and trust agreements are recorded as bequests receivable when Catholic Cemeteries has an irrevocable right to the bequest and the proceeds are measurable.

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

Cemeteries Revenues

Catholic Cemeteries sell rights to interment and entombment on retail installment agreements generally of not more than two-year's duration, without interest. These amounts are recognized as revenue at the point in time when the contract is executed. Other specific revenues generated from sales of pre-construction mausoleums are deferred until the construction is completed and corresponding mausoleum is available for use, at which time the corresponding revenue is recognized. Revenues related to the sales of cemetery merchandise or cemetery burial site openings and closings are recorded at the point in time of delivery or performance of the related services.

A portion of revenue from sales is invested, at an amount determined by management that meets or exceeds what is required by Connecticut regulations and, together with the investment income therefrom, is available for perpetual care and maintenance of cemetery properties. The value of the investments in this discretionary account totaled \$6,388,534 as of June 30, 2022.

In addition, owners of private property improvements (private mausoleums, estate walls, etc.) at the cemeteries provided additional funds at the time of purchase that are required to be held by Catholic Cemeteries in a separate investment account and invested in perpetuity. Investment income therefrom, is available for care and maintenance for those specific property improvements. The value of the investments for owners of private property improvements totaled \$2,532,512 as of June 30, 2022.

Cemeteries and other accounts receivable are shown net of an allowance of \$509,856 as of June 30, 2022. These receivables are all due within two years.

Rental Income

Catholic Cemeteries leases a residence on cemetery grounds under a short-term lease and recognizes rental income ratably over the lease term. The lease agreement is executed on an annual basis.

Functional Expense Allocation

Expenses are charged directly to Catholic Cemeteries program services and management and general based on specific identification, to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios, as determined by management, amongst the programs and supporting services benefited. Those expenses include personnel costs, insurance, professional fees, occupancy, operations and office. Management and general expenses include those expenses that are not directly identifiable with a specific function but provide for the overall support and direction of Catholic Cemeteries.

Operating Measure

Catholic Cemeteries classifies its statements of activities into operating and nonoperating activities. Operating activities principally include all income and expenses related to carrying out Catholic Cemeteries mission. Nonoperating activities include investment losses, net, contributions from the Diocese, and to the lay pension fund, bad debt expense, net and miscellaneous non-operating income, and other activities considered to be of a more unusual or nonrecurring nature, if any.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenses during the reporting period. The most significant management judgments and estimates used in the preparation of the financial statements relate to the determination of depreciation,

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

provision for operating accruals, and bad debts and costs of burial rights. Actual results could differ from those estimates.

Concentration of Market and Credit Risks

Cash, cash equivalents and investments are exposed to interest rate, market, and credit risks. Catholic Cemeteries maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, Catholic Cemeteries' cash accounts are placed with high-credit quality financial institutions, and Catholic Cemeteries' investment portfolio is diversified with several investment managers in a variety of asset classes. Catholic Cemeteries regularly evaluates its depository arrangements and investments, including performance thereof.

Income Taxes

Catholic Cemeteries recognizes an individual tax position in its financial statements based upon whether the tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Catholic Cemeteries has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions. As of June 30, 2022, management has determined that Catholic Cemeteries has no material uncertain tax positions that would require recognition or disclosure in its financial statements.

In an annually updated ruling, the Internal Revenue Service ("IRS") has held that agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in "The Official Catholic Directory" are exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. Catholic Cemeteries is listed in "The Official Catholic Directory" and therefore is exempt from income tax. Accordingly, the accompanying financial statements reflect no provision for income taxes.

Liquidity and Availability

Catholic Cemeteries' working capital and cash flows have cyclical variations during the year attributable to the cash receipts for revenue from cemetery sales, operations allocations and rental income.

Total financial assets available to meet cash needs for general expenditures as of June 30, 2022 are as follows:

Cash and cash equivalents	\$ 1,183,514
Cemeteries and other accounts receivable, net, due within one year	<u>2,287,215</u>
Financial assets as of fiscal year end available to meet needs for general expenditures	<u>\$ 3,470,729</u>

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable, net, consist of the following payments due as of June 30, 2022:

2023	\$ 2,665,838
2024	924,000
Provision for doubtful accounts	<u>(509,856)</u>
Accounts receivable, net	<u><u>\$ 3,079,982</u></u>

NOTE 4 - INVESTMENTS

As of June 30, 2022, investments, at fair value, by fair value hierarchy level (all Level 1), consist of the following:

Description	Total
Bond mutual funds	\$ 2,203,348
Equity mutual funds	<u>6,717,698</u>
Total investments, at fair value	<u><u>\$ 8,921,046</u></u>

Investment loss, net, consist of the following at June 30, 2022:

Interest and dividend, net	\$ 479,537
Unrealized losses	(2,148,515)
Realized losses	(4,534)
Investment fees	<u>(4,706)</u>
Investment loss, net	<u><u>\$ (1,678,218)</u></u>

NOTE 5 - PROPERTY, BUILDINGS AND EQUIPMENT, NET

Property, buildings and equipment, net, consist of the following as of June 30, 2022:

Furniture and fixtures	\$ 80,661
Vehicles, computers, and other equipment	2,756,424
Buildings and improvements	<u>8,898,890</u>
	11,735,975
Less: accumulated depreciation	<u>9,132,082</u>
Construction in progress	89,373
Land improvements	4,817,206
Land	<u>1,863,821</u>
Property, buildings and equipment, net	<u><u>\$ 9,374,292</u></u>

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE 6 - NOTE PAYABLE

On December 16, 2020, Catholic Cemeteries obtained a construction loan totaling \$4.5 million, with a fixed interest rate of 3.25%, to be utilized for the construction of a mausoleum in Trumbull, Connecticut. The construction commenced in December 2020 with the initial projected completion by the summer of 2021. (See subsequent events). The loan has a total term of 84 months with the initial 24 months pertaining to the construction phase, followed by 60-month permanent term. During the construction phase interest only payments are due, with the remaining permanent term requiring principal and interest payments. Catholic Cemeteries was in compliance with the terms of the loan as of June 30, 2022. As of June 30, 2022, the outstanding balance on this loan totaled \$509,000 (See subsequent events).

Scheduled payments due on note payable as of June 30, 2022 are as follows:

2023	\$	101,800
2024		101,800
2025		101,800
2026		101,800
2027		<u>101,800</u>
Total	\$	<u>509,000</u>

NOTE 7 - DEFINED CONTRIBUTION PLANS

Catholic Cemeteries participates in a Diocese maintained defined contribution 401(a) thrift plan covering all lay employees of Catholic Cemeteries working at least 30 hours per week who meet the eligibility requirements of one year of service and 21 years of age. Contributions are based on years of service to Diocesan entities at rates of 3% and 5% after the one-year eligibility period. Catholic Cemeteries contributions totaled approximately \$175,000 for the year ended June 30, 2022.

Catholic Cemeteries also provides for a non-contributory 403(b) salary reduction plan for all employees who wish to participate. Catholic Cemeteries does not make employer contributions to the 403(b) plan.

NOTE 8 - DEFINED BENEFIT PLAN

Catholic Cemeteries participates in the Bridgeport Diocesan Pension Plan (the "Lay Plan"), a multiemployer, defined benefit plan sponsored by the Roman Catholic Diocese of Bridgeport. The Lay Plan covers lay employees of Catholic Cemeteries and other Diocesan entities who worked at least 20 hours per week and met the eligibility requirements of three years of continuous service and 30 years of age on or before July 2, 2008. Effective July 31, 2010, pension benefits under the plan were frozen. No additional benefits will be earned by participants for services rendered after that date. Pension benefits are based on years of service and average compensation over a five-year period during the last ten years of employment prior to July 31, 2010.

Due to the nature of the Lay Plan, it is not practicable to determine the extent to which the assets of the Lay Plan cover the actuarially computed value of vested benefits for the Catholic Cemeteries on a standalone basis. In addition, because the Lay Plan is considered to be a multi-employer plan, it is only subject to certain minimum reporting requirements. Pension expense allocated to Catholic Cemeteries for the Lay Plan for the year ended June 30, 2022 amounted to \$94,600 and is expected to approximate \$97,500 for the year ended June 30, 2023. Additionally, Catholic Cemeteries contributed an additional

Fairfield County Catholic Cemeteries of the Diocese of Bridgeport LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

\$250,000 to the lay plan for the year ended June 30, 2022 and expects to contribute an additional \$500,000 for the year ended June 30, 2023.

The Lay Plan is considered a church plan and is therefore exempt from the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended. At June 30, 2022 the date of the most recent valuation, the Lay Plan’s projected benefit obligation exceeded the fair value of its assets by approximately \$71.7 million (unaudited).

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Catholic Cemeteries, in the normal course of its operations, may be a party to various legal proceedings and complaints, some of which are covered by insurance. Management of Catholic Cemeteries is not aware of any claims or contingencies which are not covered by insurance that would have a material adverse effect on the Catholic Cemeteries financial statements.

During February 2022, Catholic Cemeteries executed a mausoleum construction contract for approximately \$571,000. Subsequent change orders increased this total to approximately \$718,000. Construction commenced in January 2023.

NOTE 10 - RELATED-PARTY TRANSACTIONS

Catholic Cemeteries participates in employee benefit and insurance programs sponsored by the Diocese of Bridgeport for all Diocesan entities and the Diocese of Bridgeport provides office space to Catholic Cemeteries.

Expenses for these programs and services were as follows for the year ended June 30, 2022:

Employee benefit and insurance programs	\$ 435,829
Office space and related services	<u>83,604</u>
Total expenses	<u>\$ 519,433</u>

NOTE 11 - SUBSEQUENT EVENTS

Catholic Cemeteries evaluated its June 30, 2022 financial statements for subsequent events through March 29, 2023, the date the financial statements were available to be issued. Catholic Cemeteries is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements, except the items noted below.

On November 8, 2022 Catholic Cemeteries purchased a commercial building in Norwalk, Connecticut for \$750,000, to be utilized for cemeteries office. This purchase was paid in full with cash.

On December 22, 2022 Catholic Cemeteries received a “Certificate of Occupancy” on the Mausoleum facility located in Trumbull, Connecticut

Subsequent to June 30, 2022 Cemeteries accessed and drew down the remaining construction loan available balance totaling \$3,991,000. The outstanding balance is \$4.3 million as of March 29, 2023.