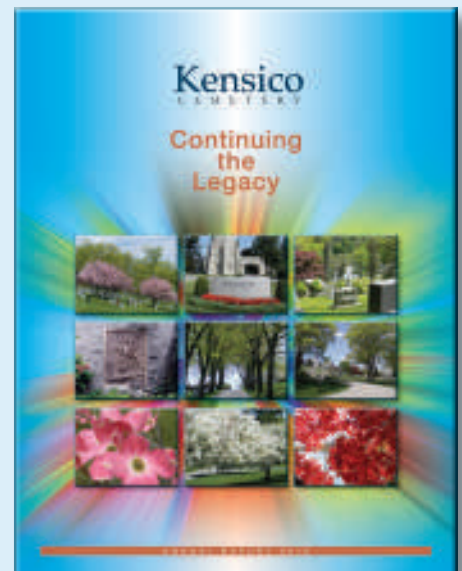
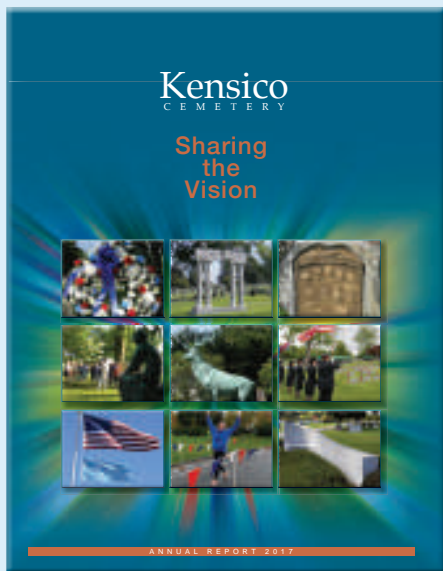
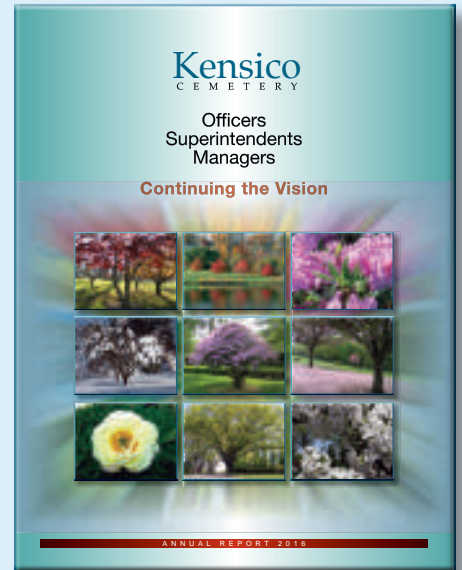
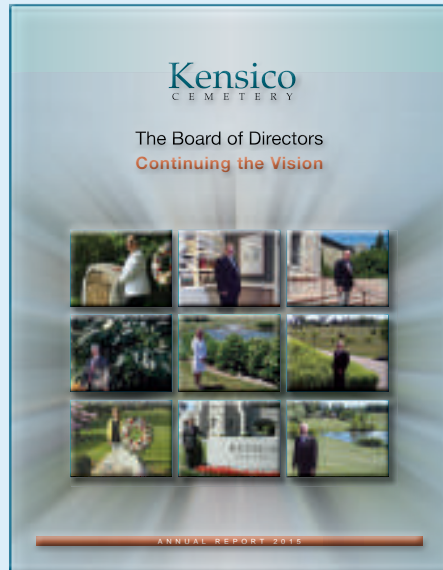
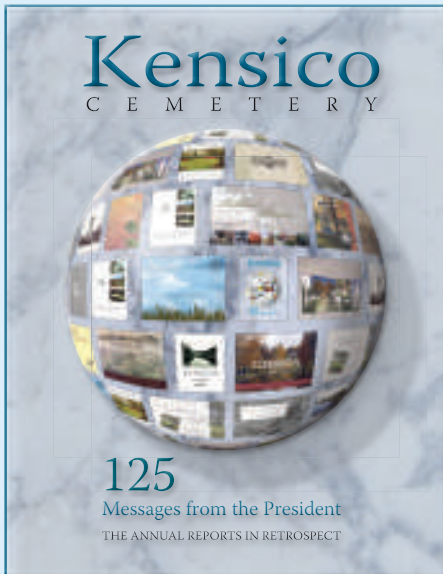


Kensico

C E M E T E R Y

Continuing the Legacy





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Message from the President



This Message will be my last as President since I will retire at year end. In thinking about my six years as President (2015-2020), it has occurred to me

that I have been privileged to be a small part of the ongoing legacy of Kensico Cemetery that has been shaped and fostered over the years by Kensico's Presidents, Boards of Directors, Officers, Superintendents and Managers, Affiliated Organizations, and Lot Owners, the subjects of my five previous messages. I will address this legacy in this my final Message.

First, a tribute which may seem to diverge from the legacy theme: I wish to acknowledge the extraordinary commitment and dedication of Kensico's employees during the pandemic which has created such turmoil this year.

I recognize that this Annual Report, as all those which preceded it, focuses on the previous year (indeed, the financial statements which are part of the Report relate to 2019) but, as I write this Message, during the summer of 2020, I am filled with admiration for my colleagues who bore great burdens in order to maintain cemetery operations under very difficult circumstances.

As was the case for many cemeteries in the New York metro area, Kensico experienced

unprecedented numbers of interments and unprecedented sales volume over the course of many weeks. At the same time, Kensico employees were called upon to adapt to new health and safety protocols designed to protect both the employees and those who visit the Cemetery. Despite these hurdles, Kensico employees lived up to their designation as "essential workers" by providing efficient and dignified service for lot owners and families who were required to conduct burial services that were limited in size and duration as a result of the pandemic. The dedication of Kensico's employees in 2020 is part of Kensico's legacy of service to be emulated by future Kensico employees.

The Kensico Cemetery Presidents

In chronological order

James F. Sutton

John W. Emerson

James W. Husted

William E. Dodge Stokes

Gustavus T. Kirby

Elias M. Johnson

Henry R. Barrett

William V. Lawrence

William H. Lyon

Franklin Montross, Jr.

Henry R. Barrett, III

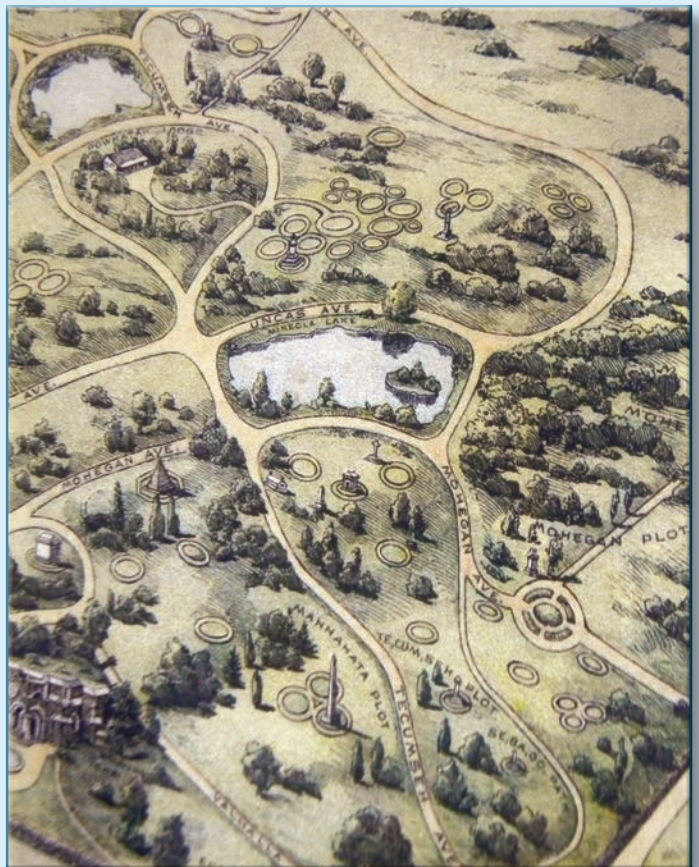
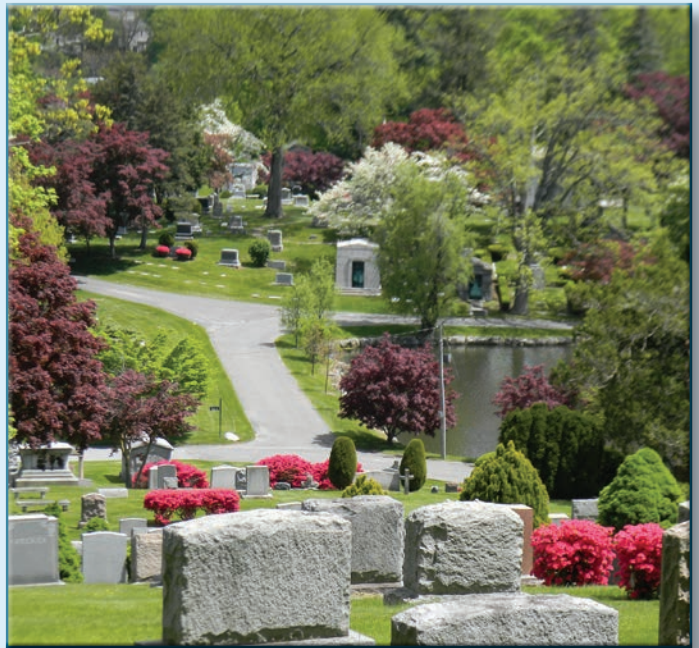
Chester S. Day

Raymond M. Planell

Message from the President (continued)

Merriam-Webster Dictionary defines “legacy” as “something transmitted by or received from an ancestor or predecessor or from the past,” certainly an appropriate term to use regarding a cemetery which, as has been noted in prior Annual Reports, is in the business of preserving memories of the deceased and the history related to those buried in the cemetery.

Kensico’s past Presidents and members of the Board of Directors over the years have played a critical role in establishing and operating the Cemetery in a manner which makes it a peaceful and respectful place to honor the legacy of each person interred at Kensico. As noted by Board Vice Chairman, Richard Schnall, in last year’s Annual Report, “the original Board of Directors made a commitment to the principles of a rural cemetery...The earliest maps of Kensico Cemetery show that Kensico’s founders embraced the rural cemetery movement by introducing contoured landscapes, winding roads, shade and flowering trees, water features, and both open and shaded spaces for quiet reflection.”





Message from the President (continued)

This commitment has been carried forward by each successive President and Board. 2019 was the 130th year of Kensico's existence and this Annual Report is the 130th. My first Message as President was part of the 125th Annual Report and in re-reading it, I am reminded that the mission and goals of Kensico remain the same even as the circumstances, challenges and personnel change. I noted there that the early annual reports provided "lengthy descriptions of various features with the obvious intention of heralding the steps taken to create a variety of lot owner choices and enhance visitors' experiences of the property." The most recent example of this endeavor is the development of the Open-Air Garden Mausoleum and Columbarium which is near completion; and, when completed, will provide a view of two important features at Kensico: the Tower (which serves as Kensico's logo) located at Kensico's Route 100 entrance and the Franklin Montross, Jr. Memorial Pond named in honor of Kensico's longest serving President.

It was Franklin Montross, Jr. who successfully led Kensico during the difficult years of World War II and devised strategies to build the Cemetery's trust funds and restore the Cemetery's financial viability after the war ended. One of the funds which he shepherded is the Declaratory Maintenance Fund, which is unique to Kensico. As noted in each year's financial statements, the fund was established in 1934

pursuant to a Court proceeding. As noted by Mr. Montross in the 1953 Annual Report, this Fund will "help provide for all Kensico upkeep after all lots have been sold and sales revenue from this source has ceased." Mr. Montross projected that sales were expected to continue until 2062; based on current sales volume and available property, we would probably anticipate that sales will be made well beyond 2062, perhaps until the end of the 21st century. Whatever the future holds with respect to sales, one legacy of the Montross years is that the Cemetery is financially stable (the Declaratory Maintenance Fund, which started at \$147,551, was valued as of December 31, 2019 at \$94,599,696 and the value of investments for all funds exceeds \$235,000,000 as of December 31, 2019), and its economic future is bright.





KENSICO
SHARON GARDENS

Message from the President (continued)

Mr. Montross was succeeded as President by two of his closest advisors: Henry R. Barrett, III, President from 1991-1997 and Chester Day, President from 1998-2014. They built upon the framework established by Mr. Montross and were the principal architects responsible for Kensico's incredible growth over the last 30 years. They implemented many changes regarding the variety of options to be offered to lot owners, collaborated with outside horticulture and lawn experts to improve tree and landscape care and, as noted in my Message in the 2017 Annual Report, engaged with local community, governmental and business organizations to enhance Kensico's status as a good corporate neighbor and partner. They also modernized the administrative capacity of the office with the addition of computer and mapping

systems, and established plans for the design and development of the Cemetery's remaining undeveloped property.

Those development plans were memorialized in documents prepared by Chet Day in 1997, 2002, and 2007 (three five-year plans).

I am pleased to report that the development envisioned by these plans has recently been completed. Our General Superintendent, Larry Massaro, who has been instrumental in the development of the Cemetery for over 40 years, supervised the last portion of the development in June. We are indebted to Henry Barrett, Chet Day, and Larry Massaro for their leadership and foresight regarding the development of the Cemetery's property, which is a most important legacy to be handed down to future generations of Kensico lot owners.

Kensico Cemetery's growth over the past 30 years (1989-2019) included these areas offering more options to lot owners while enhancing the landscape in the rural cemetery tradition:

Angels Rest I, II, III
Cohasset
Dacotah
Eastern Gardens
Garden of Rebecca
Highland Gardens Extension
Mannahata and Valhalla Plots
Memory Gardens

Minnewaska
Mohegan Gardens
Niche Room/Community Mausoleum
Onondaga
Remembrance Gardens
Sunrise Hill Extension
The Birches
Valley View



Message from the President (continued)

As those who have interacted with Kensico will understand, not all developed property of the Cemetery is immediately placed in inventory and ready for sale. Rather, the Board of Directors, after consultation with Kensico's Sales personnel, decides how to subdivide the property into lots and, as noted in my Message in the 2015 Annual Report, quoting the applicable statute, "makes reasonable rules and regulations ... for prohibiting or regulating the erection of structures upon such lots, plots or parts thereof..." and "for regulating

the introduction and care of plants, trees and shrubs within such grounds..." Each generation of Kensico's Board, in adopting and amending the Cemetery's rules and regulations, has taken care to honor the vision of the original Board, as described by Vice Chairman Richard Schnall in last year's Annual Report, to "create a beautifully landscaped place for the living to remember their loved ones."





Message from the President (continued)

As noted in my Message for the 2016 Annual Report, passing along the original vision of the Kensico founders would not be possible without the implementation of that vision by the Officers, Superintendents, Managers, staff employees and grounds workers of Kensico. As I stated above, I applaud the commitment and dedication demonstrated by Kensico employees during the pandemic, but their contributions have not been limited to several months in 2020; rather they have implemented the policies and strategies which will benefit future generations, including technology changes, property development and landscaping initiatives, and customer service innovations. We anticipate new challenges in the years ahead but we are confident that Kensico personnel will handle those challenges with care and dedication.

And, as we move forward to meet those challenges, we will continue to reach out to Lot Owners for feedback and suggestions.

Over the years, we have particularly enjoyed the interaction with Lot Owners at the Annual Meeting. A discussion which I had with a Lot Owner at a recent Annual Meeting relates specifically to the legacy aspect of cemeteries. The Lot Owner asked whether the Kensico Board had considered the creation of a separate entity which would qualify as a tax-exempt charity (an IRC section 501(c)(3) corporation) and would be able to accept donations to support historical, educational and preservation programs and projects at Kensico. Indeed, I had been considering such an entity (several cemeteries in the New York metro area have created similar entities) and had discussed the possibility with Kensico's Board but we had not yet moved forward because we had other priorities. However, the Lot Owner's enthusiasm for the project convinced me that we should now give this initiative further consideration, particularly since the development of the Cemetery's property has been completed.





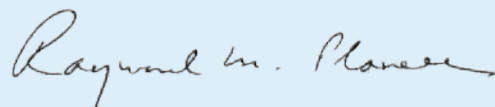
Message from the President (continued)

I am pleased to report that we plan to create this new charitable entity before year end; we will provide information to Lot Owners and potential donors as soon as the entity has been formed. It is our hope that, as Kensico's property sells out, funds held in the new entity will be available to enhance Kensico's role in promoting knowledge of history, architecture and horticulture. As noted in my Message for the 2017 Annual Report, we share that mission with historical societies, colleges and schools, landscaping instructors, veterans' organizations, and wildlife preservation groups.

Creating a charitable entity will also put us in the very good company of many of those who chose Kensico as their final resting place and who, during their lives, created philanthropic organizations which have been supporting numerous worthy causes for many years after the deaths of their founders. Some of the most

recognizable of such philanthropic organizations are highlighted in the section below.

In conclusion, I offer the following as the guiding principle which inspires Kensico's Board, Officers and employees: we know that all who are buried here have left their own legacies of love, dedication and caring which we seek to honor each day. As I have attempted to adhere to this guiding principle, I am most thankful for all of the wise counsel that I have received from my Kensico colleagues and from Kensico's Lot Owners who together have enhanced the Kensico legacy which will pass on to future generations.



Raymond M. Planell,
President

We acknowledge and applaud the many lot owners and their families who have established their own legacies in the spirit of philanthropy, including:

Agahozo-Shalom Youth Village: Anne Heyman

Al Hirschfeld Foundation

Danny and Sylvia Fine Kaye Foundation

Edith and Herbert Lehman Foundation

Elie Wiesel Foundation

George F. Baker Trust

*I.M. Pei and Associates:
The Cultural Landscape Foundation*

Joseph and Joan Cullman Foundation for the Arts

Sergei Rachmaninoff Foundation

Surdna Foundation (John Emory Andrus)

The Zeigfeld Club

Will Rogers Motion Picture Pioneers Foundation





Kensico

C E M E T E R Y

Financial Statements 2019



Financial Statements 2019

Financial Statements 2019

Independent Auditors' Report	page 17
Statements of Financial Position	page 18
Statements of Activities	page 20
Statements of Functional Expenses	page 22
Statements of Cash Flows	page 24
Notes to Financial Statements	page 25

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
The Kensico Cemetery

Report on Financial Statement

We have audited the accompanying financial statements of The Kensico Cemetery ("the Cemetery"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cemetery as of December 31, 2019 and 2018 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.

PKF O'Connor Davies, LLP
April 22, 2020

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THE KENSICO CEMETERY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	Bequest and Endowment Principal Fund	Bequest and Endowment Surplus Income Fund	Permanent Maintenance Fund	Declaratory Maintenance Fund	Total Other Funds	General Fund	Total
Assets							
Cash and cash equivalents	\$ (63,502)	\$ 19,495	\$ 2,848,338	\$ 2,944,160	\$ 5,748,491	\$ 12,006,049	\$ 17,754,540
Investments	54,874,951	4,084,180	51,069,516	90,935,053	200,963,700	35,078,376	236,042,076
Accounts receivable	-	-	-	-	-	1,011,982	1,011,982
Other receivables	-	-	-	-	-	464,460	464,460
Other assets	-	-	-	-	-	1,802,123	1,802,123
Interfund receivable (payable)	(100,481)	24,691	(154,526)	720,483	490,167	(490,167)	-
Unrecovered development costs	-	-	-	-	-	3,666,618	3,666,618
Buildings and equipment, net	-	-	-	-	-	2,125,668	2,125,668
Total assets	\$ 54,710,968	\$ 4,128,366	\$ 53,763,328	\$ 94,599,696	\$ 207,202,358	\$ 55,665,109	\$ 262,867,467
Liabilities and net assets							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,080,208	\$ 1,080,208
Retainage payable	-	-	-	-	-	216,048	216,048
Other liabilities	-	-	-	-	-	694,670	694,670
Underfunded pension benefit obligation	-	-	-	-	-	119,802	119,802
Unfunded other benefits	-	-	-	-	-	3,399,740	3,399,740
Total liabilities	-	-	-	-	-	5,510,468	5,510,468
Net assets without donor restrictions							
Undesignated	-	-	-	-	-	50,154,641	50,154,641
Restricted by law	54,710,968	4,128,366	53,763,328	94,599,696	207,202,358	-	207,202,358
Total net assets without donor restrictions	54,710,968	4,128,366	53,763,328	94,599,696	207,202,358	50,154,641	257,356,999
Total liabilities and net assets	\$ 54,710,968	\$ 4,128,366	\$ 53,763,328	\$ 94,599,696	\$ 207,202,358	\$ 55,665,109	\$ 262,867,467

See notes to financial statements.

THE KENSICO CEMETERY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	Bequest and Endowment Principal Fund	Bequest and Endowment Surplus Income Fund	Permanent Maintenance Fund	Declaratory Maintenance Fund	Total Other Funds	General Fund	Total
<u>Assets</u>							
Cash and cash equivalents	\$ 552,060	\$ 52,914	\$ 1,454,044	\$ 1,797,526	\$ 3,856,544	\$ 9,130,400	\$ 12,986,944
Investments	47,216,395	3,881,055	43,118,033	70,886,714	165,102,197	31,601,106	196,703,303
Accounts receivable	-	-	-	-	-	917,863	917,863
Other receivables	-	-	-	-	-	652,535	652,535
Other assets	-	-	-	-	-	1,585,457	1,585,457
Interfund receivable (payable)	(114,202)	(58,037)	(132,540)	751,609	446,830	(446,830)	-
Unrecovered development costs	-	-	-	-	-	1,987,345	1,987,345
Buildings and equipment, net	-	-	-	-	-	2,031,373	2,031,373
Total assets	\$ 47,654,253	\$ 3,875,932	\$ 44,439,537	\$ 73,435,849	\$ 169,405,571	\$ 47,459,249	\$ 216,864,820
<u>Liabilities and net assets</u>							
<u>Liabilities</u>							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,024,326	\$ 1,024,326
Retainage payable	-	-	-	-	-	53,128	53,128
Other liabilities	-	-	-	-	-	669,933	669,933
Underfunded pension benefit obligation	-	-	-	-	-	58,256	58,256
Unfunded other benefits	-	-	-	-	-	2,850,249	2,850,249
Total liabilities	-	-	-	-	-	4,655,892	4,655,892
Net assets without donor restrictions							
Undesignated	-	-	-	-	-	42,803,357	42,803,357
Restricted by law	47,654,253	3,875,932	44,439,537	73,435,849	169,405,571	-	169,405,571
Total net assets without donor restrictions	47,654,253	3,875,932	44,439,537	73,435,849	169,405,571	42,803,357	212,208,928
Total liabilities and net assets	\$ 47,654,253	\$ 3,875,932	\$ 44,439,537	\$ 73,435,849	\$ 169,405,571	\$ 47,459,249	\$ 216,864,820

See notes to financial statements.

THE KENSICO CEMETERY

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

	Bequest and Endowment Principal Fund	Bequest and Endowment Surplus Income Fund	Permanent Maintenance Fund	Declaratory Maintenance Fund	Total Other Funds	General Fund	Total
Support and revenue							
Lot and grave sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,372,562	\$ 10,372,562
Transfers and reserves	-	-	1,536,003	-	1,536,003	(4,816,828)	(3,280,825)
Service department receipts	-	-	-	-	-	4,055,677	4,055,677
Investment return designated for current operations	-	1,159,060	1,087,141	288,000	2,534,201	7,865,432	10,399,633
Bequests and endowments received	282,905	-	-	-	282,905	-	282,905
Statutory contribution	-	-	66,150	-	66,150	-	66,150
Other	-	-	2,525	-	2,525	13,684	16,209
Total support and revenue from operations	282,905	1,159,060	2,691,819	288,000	4,421,784	17,490,527	21,912,311
Interfund transfers	-	(1,076,332)	(1,087,141)	(288,000)	(2,451,473)	2,451,473	-
Total support and revenue recognized	282,905	82,728	1,604,678	-	1,970,311	19,942,000	21,912,311
Expenses							
Program services	-	-	-	-	-	7,121,459	7,121,459
Supporting services	-	-	-	-	-	4,415,455	4,415,455
Total expenses from operations	-	-	-	-	-	11,536,914	11,536,914
Increase in net assets without donor restrictions from operations before investment return and other changes	282,905	82,728	1,604,678	-	1,970,311	8,405,086	10,375,397
Investment return in excess of amounts designated for current operations	6,773,810	169,706	7,719,113	21,163,847	35,826,476	-	35,826,476
Increase in net assets without donor restrictions before other changes	7,056,715	252,434	9,323,791	21,163,847	37,796,787	8,405,086	46,201,873
Other changes							
Pension benefit liability adjustment	-	-	-	-	-	(280,484)	(280,484)
Other benefits liability adjustment	-	-	-	-	-	(384,246)	(384,246)
Other components of net periodic pension cost	-	-	-	-	-	(185,903)	(185,903)
Other components of net periodic post retirement cost	-	-	-	-	-	(203,169)	(203,169)
Change in net assets without donor restrictions	7,056,715	252,434	9,323,791	21,163,847	37,796,787	7,351,284	45,148,071
Net assets without donor restrictions at beginning of year	47,654,253	3,875,932	44,439,537	73,435,849	169,405,571	42,803,357	212,208,928
Net assets without donor restrictions at end of year	\$ 54,710,968	\$ 4,128,366	\$ 53,763,328	\$ 94,599,696	\$ 207,202,358	\$ 50,154,641	\$ 257,356,999

See notes to financial statements.

THE KENSICO CEMETERY

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	Bequest and Endowment Principal Fund	Bequest and Endowment Surplus Income Fund	Permanent Maintenance Fund	Declaratory Maintenance Fund	Total Other Funds	General Fund	Total
Support and revenue							
Lot and grave sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,969,288	\$ 9,969,288
Transfers and reserves	-	-	1,590,558	-	1,590,558	(4,666,089)	(3,075,531)
Service department receipts	-	-	-	-	-	3,945,605	3,945,605
Investment return designated for current operations	-	1,018,502	959,640	268,000	2,246,142	779,448	3,025,590
Bequests and endowments received	133,259	-	-	-	133,259	-	133,259
Statutory contribution	-	-	67,165	-	67,165	-	67,165
Interest	-	-	-	-	-	1,040	1,040
Other	-	-	28,561	-	28,561	57,310	85,871
Total support and revenue	133,259	1,018,502	2,645,924	268,000	4,065,685	10,086,602	14,152,287
Interfund transfers	-	(1,030,319)	(959,640)	(268,000)	(2,257,959)	2,257,959	-
Total support and revenue recognized	133,259	(11,817)	1,686,284	-	1,807,726	12,344,561	14,152,287
Expenses							
Program services	-	-	-	-	-	6,742,836	6,742,836
Supporting services	-	-	-	-	-	4,342,315	4,342,315
Total expenses	-	-	-	-	-	11,085,151	11,085,151
Increase (decrease) in net assets without donor restrictions from operations before investment return and other changes	133,259	(11,817)	1,686,284	-	1,807,726	1,259,410	3,067,136
Investment return in excess of amounts designated for current operations	(3,006,772)	(69,074)	(2,865,211)	(3,877,968)	(9,819,025)	-	(9,819,025)
Increase (decrease) in net assets without donor restrictions before other changes	(2,873,513)	(80,891)	(1,178,927)	(3,877,968)	(8,011,299)	1,259,410	(6,751,889)
Other changes							
Pension benefit liability adjustment	-	-	-	-	-	(1,094,288)	(1,094,288)
Other benefits liability adjustment	-	-	-	-	-	379,908	379,908
Change in net assets without donor restrictions	(2,873,513)	(80,891)	(1,178,927)	(3,877,968)	(8,011,299)	545,030	(7,466,269)
Net assets without donor restrictions at beginning of year	50,527,766	3,956,823	45,618,464	77,313,817	177,416,870	42,258,327	219,675,197
Net assets without donor restrictions at end of year	\$ 47,654,253	\$ 3,875,932	\$ 44,439,537	\$ 73,435,849	\$ 169,405,571	\$ 42,803,357	\$ 212,208,928

See notes to financial statements.

THE KENSICO CEMETERY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services					Total
	Interments	Lot Care	Foundations	Cleaning and Pointing	Planting	Total	Security	Maintenance	Administration	Sales	Total
Compensation											
Officers and directors	\$ 178,514	\$ 178,514	\$ 50,727	\$ -	\$ -	\$ 407,755	\$ -	\$ -	\$ 355,950	\$ 317,473	\$ 673,423
Office	199,402	126,316	46,721	-	-	372,439	-	-	278,360	163,729	442,089
Ground crew	2,194,144	839,083	204,592	47,319	-	3,285,138	109,454	118,020	-	104,799	332,273
Salespersons	-	-	-	-	-	-	-	-	-	485,931	485,931
Payroll taxes and related expenses	1,213,370	540,091	140,854	22,159	-	1,916,474	53,187	49,663	209,319	472,997	2,701,640
Total salaries, wages and related expenses	3,785,430	1,684,004	442,894	69,478	-	5,981,806	162,641	167,683	843,629	1,544,929	8,700,688
Repairs and replacement	3,009	4,048	3,410	-	-	10,467	-	41,088	-	464	41,552
Postage	5,400	4,951	-	-	-	10,351	-	-	31,654	5,849	37,503
Telephone	2,246	2,037	-	-	-	4,283	356	-	2,246	2,455	5,057
Supplies	69,788	99,162	65,645	3	455	235,053	5,993	82,897	37,122	28,804	154,816
Automobile operations	70,967	29,848	1,760	-	-	102,575	931	-	-	3,353	4,284
Professional fees	11,350	11,350	-	-	-	22,700	-	-	79,703	11,350	91,053
Dues and subscriptions	5,439	-	-	-	-	5,439	-	-	9,793	-	15,232
Depreciation and amortization	42,039	42,184	3,036	-	-	87,259	4,774	117,538	20,325	18,118	160,755
Outside services	21,822	480,886	5,474	-	3,167	511,349	173	348,288	41,172	57,656	447,289
Advertising costs	-	-	-	-	-	-	-	-	-	368,801	368,801
Other	79,311	70,866	-	-	-	150,177	125	-	160,190	215,355	375,670
Total expenses	\$ 4,096,801	\$ 2,429,336	\$ 522,219	\$ 69,481	\$ 3,622	\$ 7,121,459	\$ 174,993	\$ 757,494	\$ 1,225,834	\$ 2,257,134	\$ 11,536,914

See notes to financial statements.

THE KENSICO CEMETERY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services					Supporting Services					Total	
	Interments	Lot Care	Foundations	Cleaning and Pointing	Planting	Total	Security	Maintenance	Administration	Sales		Total
Compensation												
Officers and directors	\$ 173,875	\$ 173,875	\$ 49,135	\$ -	\$ -	\$ 396,885	\$ -	\$ -	\$ 350,589	\$ 305,429	\$ 656,018	\$ 1,052,903
Office	208,444	139,021	47,147	-	-	394,612	-	-	287,064	166,287	453,351	847,963
Ground crew	2,017,074	1,021,784	198,433	24,759	-	3,262,050	117,480	111,796	-	124,144	353,420	3,615,470
Salespersons	-	-	-	-	-	-	-	-	-	451,830	451,830	451,830
Payroll taxes and related expenses	1,145,446	642,541	137,434	11,819	-	1,937,240	57,231	45,590	214,251	461,292	778,364	2,715,604
Total salaries, wages and related expenses	3,544,839	1,977,221	432,149	36,578	-	5,990,787	174,711	157,386	851,904	1,508,982	2,692,983	8,683,770
Repairs and replacement	2,360	9,002	6,815	-	-	18,177	-	4,709	-	1,074	5,783	23,960
Postage	5,696	5,126	-	-	-	10,822	-	-	31,596	6,265	37,861	48,683
Telephone	2,722	2,464	-	-	-	5,186	259	-	2,980	2,722	5,961	11,147
Supplies	69,009	82,226	45,532	-	-	196,767	7,445	100,710	42,119	23,032	173,306	370,073
Automobile operations	53,316	42,024	3,339	-	-	98,679	694	-	-	5,104	5,798	104,477
Professional fees	11,310	11,310	-	-	-	22,620	-	-	79,128	11,310	90,438	113,058
Dues and subscriptions	5,259	-	-	-	-	5,259	-	-	13,893	-	13,893	19,152
Depreciation and amortization	39,830	38,172	-	-	-	78,002	4,774	118,722	12,973	15,242	151,711	229,713
Outside services	20,462	128,897	35	-	11,083	160,477	920	341,448	53,024	21,100	416,492	576,969
Advertising costs	-	-	-	-	-	-	-	-	-	372,410	372,410	372,410
Other	82,923	73,137	-	-	-	156,060	100	-	164,475	211,104	375,679	531,739
Total expenses	\$ 3,837,726	\$ 2,369,579	\$ 487,870	\$ 36,578	\$ 11,083	\$ 6,742,836	\$ 188,903	\$ 722,975	\$ 1,251,834	\$ 2,178,603	\$ 4,342,315	\$ 11,085,151

See notes to financial statements.

THE KENSICO CEMETERY

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 45,148,071	\$ (7,466,269)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gain on investments	(5,020,667)	(10,074,613)
Net unrealized (gain) loss on investments	(35,828,997)	21,765,049
Stock dividends	-	(8,075)
Realized gain on sale of truck	(1,500)	-
Depreciation and amortization	248,014	229,713
Pension benefit liability adjustment	280,484	1,094,288
Other benefits liability adjustment	384,246	(379,908)
Change in operating assets and liabilities		
Accounts receivable	(94,119)	453,589
Other receivables	188,075	(49,914)
Other assets	(270,359)	(161,670)
Unrecovered development costs	(1,679,273)	(450,019)
Accounts payable and accrued expenses	55,882	28,910
Retainage payable	162,920	53,128
Other liabilities	24,737	(89,137)
Net cash from operating activities	3,597,514	4,945,072
Cash flows from investing activities		
Purchase of investments	(59,135,042)	(67,105,477)
Sale of investments	60,645,933	69,563,825
Sale of equipment	1,500	-
Purchase of building and equipment	(342,309)	(198,135)
Net cash from investing activities	1,170,082	2,260,213
Net change in cash and cash equivalents	4,767,596	7,205,285
Cash and cash equivalents at beginning of year	12,986,944	5,781,659
Cash and cash equivalents at end of year	\$ 17,754,540	\$ 12,986,944
Supplementary Non-Cash Information		
Disposal of fully depreciated buildings and equipment	\$ 24,673	\$ 82,542

See notes to financial statements.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

1. Statement of Purpose and Accounting Policies

General

The Kensico Cemetery (the "Cemetery"), located in Valhalla, New York, is a not-for-profit, public cemetery, membership corporation which is regulated under New York State law. Prices for the sale of burial rights are posted in the Cemetery office and filed with the Division of Cemeteries of the State of New York. Charges for services rendered to lot owners are subject to approval by the State Cemetery Board and cannot be increased until an order is issued by the Board permitting such increase. The Cemetery estimates that based on historical sales and available developed and undeveloped property, it will generate revenue from lot and grave sales for the next 75 to 100 years.

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the 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.

Adoption of ASU 2014-09, Revenue from Contracts with Customers

Effective January 1, 2019, the Cemetery adopted new U.S. GAAP revenue recognition guidance. Adoption of the new guidance did not result in a change to previously recognized revenue, nor any change in the way the Cemetery recognizes revenue; the only change is inclusion of the following informative disclosures:

The new revenue recognition guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. Applying this framework had no impact on Kensico's policy regarding recognition of revenue.

The Cemetery has several revenue sources. The Cemetery recognizes revenue for sale of burial rights when an agreement is executed and recognizes revenue with respect to interment, foundation, special care or endowment services when the services are provided. Consequently, all performance obligations are satisfied at a point in time or over time within one year. None of such performance obligations extend beyond year end.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Statement of Purpose and Accounting Policies (Continued)

Adoption of ASU 2014-09, Revenue from Contracts with Customers (Continued)

The new guidance requires the Cemetery to recognize revenue when it is probable of collection and, based on the Cemetery's strong collection experience, the Cemetery has concluded that all revenue recognized is probable of collection. As permitted by the guidance the Cemetery has applied a portfolio approach to evaluating the customer's ability to pay, rather than evaluating each customer's ability to pay separately.

Adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Postretirement Benefit Costs

Effective January 1, 2019, the Cemetery adopted new U.S. guidance that impacts the presentation of net periodic pension and postretirement benefit costs ("net benefit cost"). Under the guidance, the service cost component of net benefit cost is reported for 2019 in the same line item as payroll taxes and related expenses in the statement of functional expenses, unless eligible for capitalization. However, the other components of net benefit cost are now presented separately from service cost in the 2019 statement of activities. The guidance is primarily a change in financial statement presentation and did not have a material impact on the financial results. This presentation change has been applied prospectively for 2019; since the change is not material, no change has been made to the 2018 presentation. The 2018 adjustment would have reduced payroll taxes and related expenses in the statement of functional expenses by approximately \$113,500 and decreased other components of net periodic pension cost by approximately \$76,500 and increased other components of net periodic postretirement cost by approximately \$190,000 in the statement of activities.

Fair Value of Measurements of Financial Instruments

The Cemetery follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt instruments with maturities of three months or less, at time of purchase.

Investments and Investment Income Recognition

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Statement of Purpose and Accounting Policies (Continued)

Buildings and Equipment

Buildings and equipment are carried at cost and depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and water system	5-50 years
Land improvements	20 years
Machinery and equipment	3-10 years
Office furniture and fixtures	3-10 years
Automobiles and trucks	2- 7 years

Development Costs

Costs incurred to develop land are capitalized. Such amounts are recovered as land is sold.

Income Taxes

The Cemetery's tax-exempt status was judicially determined by the United States Board of Tax Appeals in The Kensico Cemetery v. Commissioner of the Internal Revenue 35 B.T.A. 498 (1936). This decision was affirmed on appeal in Commissioner of Internal Revenue v. Kensico Cemetery 96 F. 2d 594 (Second Cir. 1938) and in addition, the Cemetery, as a not-for-profit organization, as described in Internal Revenue Code Section 501 (c) (13), is exempt from federal income taxes under section 501 (a) of the Internal Revenue Code. Management has determined that the Cemetery had no uncertain tax positions that would require financial statement recognition or disclosure.

Revenue Recognition

Revenue for sales of burial rights is recognized when the agreement is executed. Revenue for interment, foundation and special care or endowment services is recognized when the services are provided.

Funds

The Cemetery has a General Fund and four non-donor restricted Endowment Funds:

The General Fund – includes all non-Endowment Fund activities.

The Bequest and Endowment Principal Fund - consists of funds received from lot owners for the care of their lots. Pursuant to New York State law, the principal of this fund is kept invested and the income (interest and dividends) from these investments is deposited in the Bequest and Endowment Surplus Income Fund to be used for the care of the endowed lots. Capital gains and losses from investments are added to or reduce the principal of the fund.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Statement of Purpose and Accounting Policies (Continued)

Funds (Continued)

The Bequest and Endowment Surplus Income Fund – receives the income of The Bequest and Endowment Principal Fund, which income, together with income earned from the investments of the Bequest and Endowment Surplus Income Fund is used for the care of the endowed lots. Income not required to be expended in a given year is retained and carried forward for use in future years.

The Permanent Maintenance Fund - was established in 1949 as provided by New York State law. Effective July 1, 1992, the fund receives 15% of the gross proceeds from the sale of all lots, graves and niches. As also required by New York State law, effective, January 1, 2001, the fund receives an additional \$35 for each interment. New York State law also provides that the principal of this fund shall remain inviolate except under limited circumstances, as set forth in the law. Income (interest and dividends) from the investments of this fund is deposited in the General Fund to be used for current maintenance of the Cemetery. Capital gains and losses from investments are added to or reduce the principal of the fund.

The Declaratory Maintenance Fund - was established in 1934 as provided in the judgment in an action in the Supreme Court, Westchester County, entitled The Kensico Cemetery, plaintiff against William H. Lyon, et al, defendants. Pursuant to the judgment, investments of the General Fund having a book value of \$147,551 were transferred to this fund. The judgment provides that the principal and income of this fund shall not be used for the general purposes of the Cemetery until the fund, including accumulated income, is in an amount sufficient to produce income to maintain in perpetuity the grounds of the Cemetery. This fund has been administered in accordance with the provisions of the judgment.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one operating or supporting service. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, which are allocated on the basis of estimate of time and effort and other expenses that are allocated between program services which include interments, lot care, foundations, cleaning and pointing and planting and supporting services which include security, maintenance, administration and sales.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2019 and 2018, approximated \$369,000 and \$372,000.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 22, 2020.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Buildings and Equipment

Buildings and equipment at December 31 consisted of the following:

	2019	2018
Maintenance building	\$ 1,091,387	\$ 1,046,492
Mausoleum building and land	421,419	383,058
Water tower	482,784	482,784
Administration building	998,246	998,246
Land improvements	839,058	839,058
Water system	149,525	149,525
Machinery and equipment	1,612,529	1,534,933
Office furniture and fixtures	469,377	410,072
Automobiles and trucks	525,332	427,853
	<u>6,589,657</u>	<u>6,272,021</u>
Accumulated depreciation	<u>(4,463,989)</u>	<u>(4,240,648)</u>
	<u>\$ 2,125,668</u>	<u>\$ 2,031,373</u>

3. Interested Persons

Two members of the Board of Directors are officers of companies which provide services to the Cemetery and one member of the Board of Directors maintains an of counsel relationship with a firm which provides legal services to the Cemetery. Transactions with these entities have been reviewed and approved by the Audit Committee in accordance with the Cemetery's Conflicts of Interest Policy. The following services were provided by such entities as of December 31:

	2019	2018
Landscaping and supplies	\$ 84,323	\$ 72,599
Legal services	1,782	23,763
Investment management fees	<u>238,546</u>	<u>226,425</u>
	<u>\$ 324,651</u>	<u>\$ 322,787</u>

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Cemetery to concentrations of credit risk consist principally of cash and investments. The Cemetery places its cash with various financial institutions and limits the amount of credit exposure by any one financial institution. At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation insurance limit. Investments are diversified to reduce concentrations so that there is no significant concentration of credit risk.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Investments

The objective of the investment program is to produce ordinary income and capital appreciation sufficient to maintain the Cemetery currently and in perpetuity. The Cemetery's investment guidelines are as follows: for the Bequest and Endowment Surplus Income Fund, the account is managed with a target allocation of fixed income securities representing 100% of the total portfolio value; for the Declaratory Maintenance Fund the accounts are managed with a target allocation of equity securities representing between 95% and 100% of the total portfolio value; and for the remaining funds the accounts are managed as a balanced portfolio with a target asset allocation of 50% in equity securities and 50% in fixed income securities and the Investment Manager has the discretion to vary the allocations to each of these asset classes between a maximum of 60% and a minimum of 40% of the total portfolio value based on the Manager's view of relative attractiveness of these two asset classes. Investments in foreign equities may not exceed 25% of a fund's equity portfolio value and investments in non-US bonds may not exceed 25% of a fund's fixed income portfolio value. The Cemetery periodically reviews these guidelines within each fund, taking into account the current and future needs of the Cemetery and changing market conditions. The values of the investments will fluctuate as market conditions and asset allocations change and the amount of gain or loss in any subsequent period cannot be determined.

Investments at December 31, categorized by the fair value hierarchy, are as follows:

	2019	2018
<i>Level 1 (Quoted Prices in Active Markets for Identical Assets)</i>		
Equities		
US common stock	\$ 135,046,963	\$104,138,611
US small cap funds	5,090,420	3,359,578
US mid cap funds	9,184,615	8,650,212
US small-mid cap funds	1,614,912	1,456,227
Internationally developed	17,053,994	13,683,302
Emerging markets / growth	8,520,776	7,385,490
Equity real estate investment trusts	284,262	270,061
US Treasury bills and notes	24,390,931	22,244,890
	201,186,873	161,188,371
<i>Level 2 (Other Observable Inputs)</i>		
Corporate bonds - A or better	34,855,203	35,514,932
	<u>\$ 236,042,076</u>	<u>\$ 196,703,303</u>

THE KENSICO CEMETERY
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Investments (Continued)

The Cemetery's investment return is summarized as follows:

Year ended December 31, 2019

	Bequest & Endow Principal Fund	Bequest & Endow Surp Inc Fund	Permanent Maint Fund	Declaratory Maint Fund	General Fund	Total
Dividends and interest, net of fees	\$ (103,352)	\$ 1,159,060	\$ 986,037	\$ 1,844,864	\$ 1,489,836	\$ 5,376,445
Net realized and unrealized gains	<u>6,877,162</u>	<u>169,706</u>	<u>7,820,217</u>	<u>19,606,983</u>	<u>6,375,596</u>	<u>40,849,664</u>
Total Return on Investments	6,773,810	1,328,766	8,806,254	21,451,847	7,865,432	46,226,109
Investment return designated for current operations	<u>-</u>	<u>1,159,060</u>	<u>1,087,141</u>	<u>288,000</u>	<u>7,865,432</u>	<u>10,399,633</u>
Investment Return in Excess of Amounts Designated for Current Operations	<u>\$ 6,773,810</u>	<u>\$ 169,706</u>	<u>\$ 7,719,113</u>	<u>\$ 21,163,847</u>	<u>\$ -</u>	<u>\$ 35,826,476</u>

Year ended December 31, 2018

	Bequest & Endow Principal Fund	Bequest & Endow Surp Inc Fund	Permanent Maint Fund	Declaratory Maint Fund	General Fund	Total
Dividends and interest, net of fees	\$ (101,644)	\$ 1,018,502	\$ 864,328	\$ 1,653,496	\$ 1,462,319	\$ 4,897,001
Net realized and unrealized gains (losses)	<u>(2,905,128)</u>	<u>(69,074)</u>	<u>(2,769,899)</u>	<u>(5,263,464)</u>	<u>(682,871)</u>	<u>(11,690,436)</u>
Total Return on Investments	(3,006,772)	949,428	(1,905,571)	(3,609,968)	779,448	(6,793,435)
Investment return designated for current operations	<u>-</u>	<u>1,018,502</u>	<u>959,640</u>	<u>268,000</u>	<u>779,448</u>	<u>3,025,590</u>
Investment Return in Excess (Deficiency) of Amounts Designated for Current Operations	<u>\$ (3,006,772)</u>	<u>\$ (69,074)</u>	<u>\$ (2,865,211)</u>	<u>\$ (3,877,968)</u>	<u>\$ -</u>	<u>\$ (9,819,025)</u>

Custodian and investment advisory fees of \$796,575 and \$806,824 were paid during 2019 and 2018, of which \$592,120 and \$609,869 were charged to income and \$204,455 and \$196,955 were charged to principal in 2019 and 2018. The percentage charged to principal in the Bequest & Endowment Principal Fund and the Permanent Maintenance Fund is in accordance with the applicable laws of the State of New York covering estates and trusts.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. Defined Benefit Pension and Postretirement Benefit Plans

The Cemetery has a formal noncontributory defined benefit pension plan (the "Plan") covering all eligible employees. The Cemetery funds at least the minimum amount required by applicable regulations based on funding requirements determined by consulting actuaries.

The Cemetery currently reimburses eligible retirees and their spouses who elect to participate for the cost of comprehensive medical insurance, not to exceed \$200 per month per participant. The Cemetery expects to continue this reimbursement program in the future although it is under no obligation to do so. For measurement purposes, no annual health care cost trend rates are used for pre-age and post-age 65 benefits because covered medical expenses are not assumed to increase.

The Cemetery also provides a death benefit of \$5,000 for eligible retirees who retired after December 31, 1994.

The following table provides information about the plans as of and for the years ended December 31:

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Projected Benefit obligation at December 31	\$ 15,493,101	\$ 12,870,008	\$ 3,399,740	\$ 2,850,249
Fair value of plan assets at December 31	<u>15,373,299</u>	<u>12,811,752</u>	<u>-</u>	<u>-</u>
Funded status	<u>\$ (119,802)</u>	<u>\$ (58,256)</u>	<u>\$ (3,399,740)</u>	<u>\$ (2,850,249)</u>
Accrued benefit cost recognized in the statement of financial position	\$ (119,802)	\$ (58,256)	\$ (3,399,740)	\$ (2,850,249)
Accumulated benefit obligation	14,090,013	11,908,793	3,399,740	2,850,249
Net periodic benefit cost recognized in the statement of activities	481,062	210,996	279,344	278,167
Amortization of amounts previously not recognized as a component of net periodic benefit cost	570,266	460,559	89,643	89,643
Employer contribution to plan during the year	700,000	700,000	114,099	99,833
Benefits paid during the year	518,783	519,357	114,099	99,833
Expected employer contributions to plan in 2020	700,000		159,964	
Weighted-average assumption of accumulated benefit obligation as of December 31				
Discount rate	2.98%	3.83%	2.93%	4.04%
Expected return on plan assets	7.00%	7.50%	N/A	N/A
Rate of compensation increase	3.00%	3.00%	N/A	N/A
Weighted-average assumption of net periodic cost as of December 31				
Discount rate	3.83%	3.50%	4.04%	3.50%
Expected return on plan assets	7.50%	7.50%	N/A	N/A
Rate of compensation increase	3.00%	3.00%	N/A	N/A

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. Defined Benefit Pension and Postretirement Benefit Plans (Continued)

The table below reflects the amounts recognized within unrestricted net assets arising from the plans at December 31 that have not yet been recognized in net periodic benefit cost.

	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Unrecognized actuarial loss (gain)	\$ 5,870,732	\$ 5,565,536	\$ 379,096	\$ (94,793)
Unrecognized prior service cost	80,069	104,781	281,921	371,564
	<u>\$ 5,950,801</u>	<u>\$ 5,670,317</u>	<u>\$ 661,017</u>	<u>\$ 276,771</u>

The table below reflects the amounts recognized within unrestricted net assets arising from the Plan at December 31, 2019 that are expected to be recognized in net periodic benefit cost during the year ending December 31, 2020.

	Pension Benefits	Other Benefits
Unrecognized actuarial loss	\$ 518,941	\$ 4,996
Unrecognized prior service cost	24,712	89,643
	<u>\$ 543,653</u>	<u>\$ 94,639</u>

The following table shows estimated future benefit payments expected to be paid from the plan for the next ten years in the period ended December 31:

Year	Pension Benefits	Other Benefits
2020	\$ 645,912	\$ 159,964
2021	746,179	168,297
2022	807,174	182,539
2023	839,054	184,218
2024	835,139	182,372
2025 - 2029	4,198,968	884,609

The Cemetery's overall expected long-term rate of return on assets is 7.00%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of returns on individual asset categories. The return is based exclusively on historical returns, without adjustments and expected future returns of the various asset classes using the target allocations.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. Defined Benefit Pension and Postretirement Benefit Plans (Continued)

Plan Assets

The investment guidelines for the pension plan provide that the pension assets are to be managed on a balanced portfolio basis with a target allocation of 50% equity securities and 50% fixed income securities. The Trustee has the discretion to vary the allocations to each of these asset classes between a maximum of 60% and a minimum of 40% of the total portfolio value based on the Trustee's view of relative attractiveness of these two asset classes. The guidelines limit investment in foreign equities to 25% of the equity portfolio value and non U.S. bonds to 25% of the fixed income portfolio value. The investment allocation is reviewed periodically and revisions may be made from time to time to reflect changing market conditions and performance results.

The Cemetery's pension plan assets at December 31, categorized by the fair value hierarchy, are as follows:

	2019	2018
<i>Level 1 (Quoted Prices in Active Markets for Identical Assets)</i>		
Cash equivalent	\$ 248,771	\$ 730,609
Equities - Exchange traded funds	9,045,644	6,455,344
US Treasury bills and notes	3,049,561	2,815,853
Total Level 1 Assets	12,343,976	10,001,806
<i>Level 2 (Other Observable Inputs)</i>		
Corporate bonds - A or better	3,029,323	2,809,946
	<u>\$ 15,373,299</u>	<u>\$ 12,811,752</u>

7. Commitments, Contingencies

In 2016, the Cemetery entered into a construction contract in the amount of approximately \$4,000,000, for the construction of an open-air garden mausoleum and columbarium that will contain 694 crypts and 1,404 niches. The contract was later revised to include additional items, thus raising the total cost to approximately \$4,300,000. At December 31, 2019 and 2018, the costs incurred totaled approximately \$2,256,000 and \$608,000, respectively. The project was approved by the New York State Department of State, Division of Cemeteries on March 21, 2017 and by the Planning Board of the Town of Mt. Pleasant on June 19, 2017. A building permit was issued on October 17, 2018. Construction work began soon thereafter. It is expected to take approximately 24 months to complete.

THE KENSICO CEMETERY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Commitments, Contingencies (Continued)

New York State Sales Tax

In 2016, issues related to the application of the New York Sales Tax to sales by cemeteries were raised as a result of a random audit of a cemetery. The New York State Association of Cemeteries is engaged in an effort to clarify the issues and to advocate for the enactment of special legislation to exempt sales by cemeteries. Management is considering the impact of the matter on the Cemetery and is awaiting clarification and further developments before proceeding.

8. Liquidity and Availability of Financial Assets

As described in Note 1, the General Fund assets of the Cemetery are available for operations. Additionally, included in the Cemetery's operating budget is the estimated income and dividends net of fees of approximately \$2 million to be earned on approximately \$59 million of investments in the Bequest and Endowment Principal and Surplus Income Funds which is to be used for the care of endowed lots and on approximately \$51 million of investments in the Permanent Maintenance Fund which is to be used for the current care and maintenance of the Cemetery. As part of liquidity management, the Cemetery invests cash in the General Fund in excess of one month's requirement in short term investments. Although the Cemetery does not intend to spend from the net assets of its General Fund other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts could be made available if necessary. General Fund financial assets which can be liquidated within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 11,862,815
Accounts and other receivables due within one year	337,600
Accrued investment income receivable	513,800
Investments	<u>34,588,209</u>
Financial assets at year end available to meet cash needs for general expenditures within one year	<u>\$ 47,302,424</u>

9. Subsequent Events

Subsequent to year end, the COVID-19 pandemic has resulted in substantial volatility in the global financial markets. As a result, the Cemetery's investment portfolio has incurred a significant decline in its fair value since December 31, 2019. Because the value of the Cemetery's individual investments have and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

The value of the Plan's investments has a direct impact on its funded status. The actual impact on the Plan's funded status and future required contributions cannot be determined at this time.

Officers

*President, Chief Executive Officer
and Counsel*

Raymond M. Planell

Vice President and Superintendent

Lawrence Massaro

*Vice President, Chief Financial Officer,
and Treasurer*

Theresa M. Doran

Vice President and Sales Manager

Richard Weber

Board of Directors

Mary Ann Alonso

Kevin J. Bannon

Catherine U. Biddle

Chairman

Chester S. Day

Raymond Lou

Elizabeth Payne

Raymond M. Planell

Vice Chairman and Secretary

Richard A. Schnall

Howard Weintraub

Superintendents

Vice President and Superintendent

Lawrence Massaro

Deputy Superintendents

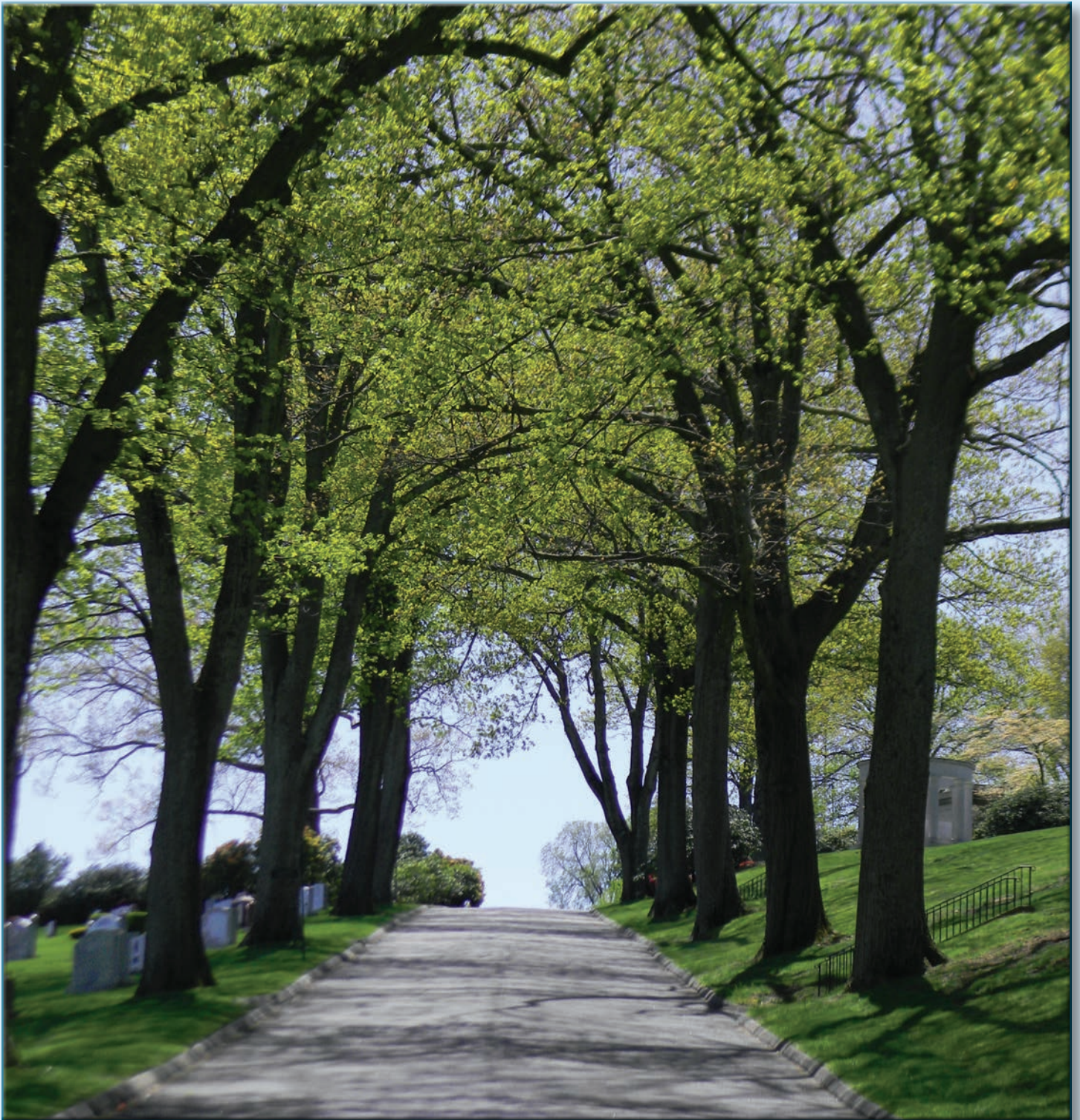
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