# KENSICO 

Service and Care Since 1889 Tan

# Building on the Legacy 

Part Three


THE KENSICO CEMETERY•ANNUALERPORT 2022

Since the first interment in 1891, every funeral procession for loved ones to final resting places at Kensico Cemetery/Sharon Gardens starts here at the Administration Building.

Interments 2022: 2,243
Interments 1891 through 2022: 170,531

## Message from the President Introduction


#### Abstract

Did you know that the Kensico Cemetery had its own train car that operated from and to Grand Central Terminal for private funerals? That the President's Office was at one time the Ladies Waiting Area? And that there was once a Flower Shop inside the building?


It is hard to believe that this is already my third annual report as president of The Kensico Cemetery. In this report, we will continue the historical journey we started two years ago exploring and describing the four buildings on our grounds that give Kensico its distinctive profile and character. I hope you will see in the following pages that I, along with Kensico's Board and employees, feel fortunate to play our part in continuing along the path created many years ago and are excited about Kensico's prospects going forward.

The 2020 Annual Report featured Kensico's iconic Water Tower and Entrance Gate. Last year's annual report focused on the story of the Community Mausoleum built in 1928 and the Garden Mausoleum at Montross Pond completed in 2021. This year, in the third and last report in this series, we turn our attention to the oldest structure on the Cemetery grounds----the Administration Building. Built in 1890 as an office and train station on the Harlem Line of New York Central Railroad, it serves as the hub for all of Kensico's activities and operations ...from burial requests and purchase orders to website upgrades and investment decisions, all while acting as the official repository for Kensico's 100-plus years of historical records.

We realize that our readers may only have been at the Front Office counter, in the Waiting Area, or in an office in the Sales Department---all on the first floor--- and have not had an opportunity to see what is on the second floor

Fact: Completed in 1890 and expanded in 1936, the Administration Building is in the Queen Anne style inspired by the work of architect Henry Edwoards Ficken.

From the Archives: "The Cemetery Association erected this beautiful station for the exclusive benefit and use of their patrons. The style of the building is unique, and it has been constructed in a most substantial manner, the material used being carefully selected from the old stone fences on the property." (1889 Annual Report to Lot Proprietors)
or know how the Administration Building has changed throughout the years. So, we included an "insider's guide" on the following four pages to walk you through and around the building that began as a train station many decades ago and serves so many functions today.

Starting on page six, this message details the events, developments, and decisions of 2022, accompanied by visuals of the Administration Building that symbolize the principles that continue to guide Kensico's decisionmaking 133 years after its founding: transition, practicality, permanence and perspective. We hope you enjoy this tour of Kensico's Administration Building.


From the Files: The clipping above announcing the new Kensico Cemetery train station was published in the Buffalo Evening News on December 18, 1891.

Facts: Kensico Cemetery continued as a stop on the New York Central Harlem Division until 1983 when Metro North electrified the line north of White Plains. The Railroad Charges posted above, taken from a Kensico brochure dated in the early 1900's, describes the cost to arrange for the private Kensico Funeral Car.

## Administration Building: First Floor



## First Floor Activities Today:

Administrative/Executive: Collaborate with Board of Directors to refine and implement Kensico's strategic plan. Ensure that budget, staff, and priorities are aligned with Kensico's core mission of exceptional service and care. Provide leadership and direction to management team and all employees. Oversee all organizational operations, including, but not limited to, finance, marketing, human resources, sales, and community outreach. Establish
policies, procedures, and effective decision-making processes that will enable Kensico to achieve long-and-short-term goals and objectives. Oversee the financial status of the organization, develop long-and-short range financial plans, monitor the budget, and ensure that sound financial controls are in place. Ensure compliance with complex statutory and regulatory requirements.


Customer Service/Administrative Support: Provide customer service and support to prospective and current lot owners, funeral home directors, monument dealers, and community members. Process interment orders, check in burials, provide directions, answer general annual care and foundation questions, and process foundation applications. Respond to lot owner inquiries. Coordinate with Sales, Grounds, and Accounting Departments to service lot owner and visitor needs. Update all sales books with new purchase information. Manage $30-40$ burials a week and as many as 80 calls and 20 walk-ins daily. Perform all administrative duties associated with owner and deceased records, including preparing deeds.

Sales: Provide section development and surveying expertise. Update and maintain mapping of all 215 sections
in Kensico and 74 sections in Sharon Gardens. In customer service role, provide descriptions of all burial options for immediate and future needs. Escort families on the grounds for selections of available lot locations. Provide administrative coverage seven days a week. Offer after-sale support for lot owner questions about plantings, regulations, and additional interments.

Information Technology (IT): Identify Kensico's technology needs, manage and trouble-shoot all technology, computer, and software systems. Address hardware issues, update and upgrade system software, ensure firewall and security protocols and compliance, collaborate with other departments to address their IT requirements. Regularly scan and evaluate Kensico's current system to identify any risks or opportunities for improvement.


## Photos: Clockwise from top left:

Window: The arched windows are original to the building. Northbound and southbound Metro North trains still pass by Kensico Cemetery daily. The Valhalla Station is the closest to the Cemetery.
Maps: Front Office staff and members of the Maintenance Department refer to section maps to assist with lot locations; the Map Room now occupies a portion of the space where a Flower Shop appears on the floor plan.

Interment Board: Scheduled interments for the week are posted in the Front Office once funeral directors contact Kensico to make the arrangements. During COVID, there were as many as 25 interments daily.
Kardex: In addition to digitized records, hard copy lot cards are filed alphabetically in this rotating cabinet.
Board Room: Committee meetings, training sessions, conference calls, employee interviews, lot owner meetings, and occasional retirement parties are held in this area which was once used as the President's Office.

## Administration Building: Second Floor



## Second Floor Activities Today:

Accounting Department: Responsible for financial reporting, accounts payable and receivables, endowment and care accounting, payroll and employee benefits administration for current and retired employees, budgeting and forecasting, tax compliance, and internal controls and audits.

Public Relations Coordinator: Responsible for the Kensico employee newsletter, special event programming, tours, media and lot owner relations, website updates, and internship supervision for historical research and the development of virtual tours. Liaise with local organizations. Support and coordinate with The Friends of The Kensico Cemetery, Inc., and other charitable organizations.



Photo Opposite Page: Lounge: At one time called "The Cage" where employees received their wages in cash, it now serves as a break/lunchroom. Photos Above: Clockwise from top left:
Vault Dial/Blueprints: The back vault on the second floor stores and protects maps, floor plans, and architectural drawings of Kensico Cemetery buildings and many of the private mausoleums on the grounds. It is one of three vaults in the Administration Building (one on the first floor; two on the second floor) that house important burial, lot ownership, and historical records.

Computer Network: Connecting Kensico information at all workstations, printers, and scanners, this network provides backup, firewalls, security, and storage. A separate cabinet houses Kensico's telephone system.
Postage Machine: It is estimated that as many as 62,000 pieces of mail, including annual meeting proxies, are processed each year as part of Kensico's communication with lot owners, funeral directors, vendors, and employees.

## Transition: Adjustment. Passage. Change.


#### Abstract

As you enter the main parking lot off Lakeview Avenue, you may notice some small changes: the start of an Arbor Day Tree Grove opposite the Administration Building, new mats with a new logo at the entrance to the Administration Building and Waiting Area, and a Kensico Cemetery Arboretum Level I Certificate posted at the Administration Building door---all little details that reflect Kensico's future.


After two years of COVID-19 restrictions, we welcomed the re-opening of the Administration Building to the public in 2022. This increased access was consistent with Kensico's mission to continue to provide the highest levels of customer service to lot owners, their families, and the many visitors to these beautiful grounds.

We also re-imagined the Kensico logo, modernizing its appearance while codifying our commitment to providing the exceptional service and care that has been Kensico's brand for more than 130 years. Concurrently, we completed our transition to upgraded and refreshed Kensico Cemetery websites (www.kensico.org and www.sharongardens. org) with expanded informational offerings and easier navigation between sections.

But the most dramatic event that highlighted 2022 was the dedication in May of the Garden Mausoleum at Montross Pond in Dacotah Plot. Built roughly 100 years
after the Community Mausoleum, the Garden Mausoleum represents the transition from a classic Gothic architectural style to a contemporary open-air design offering crypts and niches accessible and comfortable for families to visit regardless of the weather. Six years in the making---from planning to completion---the Garden Mausoleum is a response to changing consumer needs and lot owner requests for alternatives in burial options.

Two changes in our senior Sales Department staff occurred in 2022. Kensico Officer and Sales Manager Richard Weber retired after nearly 25 years at Kensico. Long-time Development Manager and Assistant Sales Manager Michael Farmer assumed the duties of Sales Manager and became a Kensico Officer in January 2023.

As noted in last year's annual report but made official in 2022, Chester S. Day retired as the Chairman of the Board of Kensico Cemetery after 40 years as an employee of Kensico, of which 17 were as Kensico's 12th President. We are fortunate that Chet will continue his guiding role in his new position as Chairman of the Board of the newly formed 501c(3) charitable organization The Friends of the Kensico Cemetery, Inc. We are equally fortunate that Mr. Day was succeeded as Chairman of Kensico by former Kensico President Raymond Planell, whose cemetery and law experience is unparalled.


Photo above: An undated photograph that hangs above the fireplace on the first floor of the Administration Building.
Photos Opposite Page: The back cover of the 1972 Annual Report shows the Administration Building before the extension
was built that connected the main building to the garage. The Administration Building transitions to night mode after a dusting of snow.


Quote: "What started out as a seemingly simple task to find a place in the Administration Building as an office for me ended up as a series of major projects. First, we commissioned an assessment to determine if the building complied with the latest codes for the safety of our employees and visitors. That assessment resulted in the replacement of all the windows (which made a huge difference in the winters), upgrades of the lighting throughout the building, and the creation of modern
workstations and a lounge upstairs including significant technology upgrades. Con Ed was promoting an energy efficiency program at that time that rebated some of our expenditures. Ultimately, the original Ladies Waiting Room off the lobby became my office. So, you could say that all the pieces fell into place---the timing was right." (Henry Barrett III, Kensico Cemetery's 11th President 1991-1997).

## Practicality: Usefulness. Sensible. Pragmatic.

As a central location for all major activities at Kensico, the Administration Building and its surroundings provide comfortable, accessible accommodations for lot owners and visitors. Coordination from this majestic building ensures that all areas of the property are maintained in the lasting beauty and pastoral tradition of the rural cemetery.

As with any large property (460 acres), maintenance and upgrades are a constant priority. 2022 was no exception.

Some of the more visible projects were the replacement of benches in Minnewaska, the paving of portions of Tecumseh Avenue, Seneca Avenue, Mohegan Avenue, Sharon Gardens and Eastern Gardens, and the installation of a new generator at the Tower for use during power outages.

In the native woodlands area north of Montross Pond, cleanup continued with the removal of dead and fallen trees. Plans continue to restore and eventually dedicate this
six-acres as a public garden with walking paths through a scenic, natural area with picturesque views.

Families holding funeral services in the Community Mausoleum will now find a completely renovated bathroom. And a new Snow-Moving Machine (Ventrac) has been added to Kensico's equipment inventory to assist in vital snow removal operations.

The most obvious outdoor project in 2022 was the upgrade at Mineola Lake. Old Bradford Pear trees, Birch trees, and metal fencing were removed. In their place are five new Tupelo trees, four Kousa Dogwood, and seven White Spire Birch trees. The old stone seat on the peninsula was replaced with a new wooden bench, the Swan House was renovated with a new roof and fresh coat of green paint, and stones along the lake's 1,000-yard perimeter were repositioned to maintain a more natural and consistent appearance, stabilize the lake edges, and prevent soil erosion.


We experienced an increase in visitors to the Kensico grounds as a result of the much-anticipated rollback of COVID-19 restrictions. We also added to our event, festival, and activity schedule with Qing Ming in the spring, the Veterans Remembrance Service, Walking Tours, and Salvation Army events in May, and annual commemorations such as Mother's Day, Father's Day, Christmas, and Easter throughout the year. It was a welcome sight to see so many visitors return to the grounds.

Completing all of these projects (as well as handling over 2,000 interments in 2022) required over 1,000 bales of hay and 5,500 pounds of grass seed, and over 100 tons of new asphalt for installation on Sharon Gardens pathways. In addition, over 2,000 yards of soil and rocks were screened as part of our recycling program.

2022 also saw the final touches on the new Garden Mausoleum at Montross Pond. The completion of this project included special training to move caskets safely and efficiently into locations within the various Garden Mausoleum levels, installation of hand-crafted wroughtiron flower cone holders, and the selection and placement of additional native plants around the building -- all in time for the May 24th Dedication Ceremony.


Backstory: The picnic area was created in the early 1990's as a result of a senior management official at Kensico spotting handconstructed teak tables and benches for sale at a farm in upstate New York.

Fact: The floor plan above shows details for the extension built onto the Administration Building in the late 1970's creating a waiting area with public restrooms.
Close-up: The stone wall in the Waiting Area is actually the exterior of the former attached garage/carriage house before the area was expanded.


Fact: the Waiting Area was re-dedicated as the Founders Room in a ceremony held in 2014 as part of Kensico Cemetery's 125th anniversary celebration. A plaque lists all the names of past presidents and board members.
Detail: All public areas of the first floor of the Administration Building and offices on the second floor are painted in Benjamin Moore Linen White with Decorator White for ceilings.

## Permanence: Lasting. Immovable. Set in Stone.

As you look around the perimeter of the Administration Building, you will find permanent reminders of Kensico's sacred commitment to honoring in perpetuity the burial of loved ones. With flags, memorial stones, and a time capsule, Kensico remembers and honors the lives that have gone before and the history that guides those they left behind.

Just as the Administration building is set in stone, so, too, is Kensico's mission to maintain the final resting place of loved ones entrusted to our care in perpetuity. This commitment requires an approach that can outlast market fluctuations, employment trends, inflation, and any other factor that can reduce or threaten the long-term financial stability of the Cemetery.

As mentioned over the years in our prior annual reports, the four funds that make this commitment in perpetuity possible are: The Bequest and Endowment Principal Fund, the Bequest and Endowment Surplus Income Fund, the Permanent Maintenance Fund, and the Declaratory Maintenance Fund. As you will see from the annual report that accompanies this message, these funds remain well positioned to ensure that the cemetery will remain in pristine condition forever.

Through continued sound long-term investment strategies, financial support for property maintenance in perpetuity will be provided to all lot owners. New York's Not-for-Profit Corporation Law requires that cemeteries such as Kensico at the time of the sale of a lot, "shall deposit not less than ten per centum of the gross proceeds of the sale in to the permanent maintenance fund." Since 1992, Kensico increased the percentage of sales deposited into its Permanent Maintenance Fund from $10 \%$ to $15 \%$ and will continue to do so in the future. As such, $15 \%$ of Kensico's 2022 sales were deposited into Kensico's Permanent Maintenance Fund, one of the two funds whose sole purpose is to accure monies to be used for the care and maintenance of Kensico's grounds.

In 2022, the Kensico Board, with the guidance and assistance of investment managers from some of the area's leading financial institutions, continued its long-term investment strategy. This approach has been consistently successful for decades, building funds that provide each lot owner with the comfort of knowing that Kensico's commitment to service will never end. The large cobblestones that form the foundation and walls of the Administration Building are symbolic of the solid financial structure, process, and future of The Kensico Cemetery.



Ladies Auxiliary joined Kensico Cemetery in establishing a Veterans Remembrance memorial from a stone found on the property with a bronze plaque honoring all military branches. The Veterans Remembrance Service continues to be held annually adjacent to the Administration Building on the Friday before Memorial Day weekend and honors the men and women who died in service to our country.

Fact: A Medal of Honor flag flies at Kensico Cemetery in recognition of the two Medal of Honor recipients buried at Kensico Cemetery who earned this distinction in combat during the Civil War: Luigi DiCesnola and Michael Murphy.

## Perspective: The Long View. Outlook. Vista.

At almost 70 feet in height, a Yellow Cucumber tree stands to the right of the Administration Building---not only as a significant feature of the Kensico Arboretum collection but a reminder that the trees on the Kensico grounds share our history as some may be as old as the Cemetery itself. These living things witnessed our past and now symbolize our future as a rural cemetery in the next century and beyond.

Our mission and designation as a rural cemetery was taken to the next level with Kensico Cemetery's accreditation as a Level I Arboretum in the spring of 2022.

Our application for accreditation was approved by ArbNet---an interactive, collaborative, international community of arboreta. Significantly, the ArbNet Arboretum Accreditation Program is the only global initiative to officially recognize arboreta based on a set of professional standards.

Level I Accreditation was based on Kensico's collection of 44 different species of trees and woody plants that exist throughout the grounds, public access to the collection, and Kensico's continuing commitment to offer public education programs about the varieties of trees.


The rural cemetery concept which this arboretum accreditation underscores embraces not just the trees, shrubs, and water features that make up the natural terrain of the property but also the wildlife that shares that habitat. In 2022, Kensico established two bee colonies at the outer perimeter of the woodlands section to encourage these important pollinators. Additionally, a Monarch Butterfly Waystation was set up at the edge of Montross Pond with species of milkweed to help these endangered animals on their migratory path. The Kensico Waystation joins 38,000 other waystations that have been certified and registered with the worldwide Monarch Waystation Project.

In April, 2022, we held Kensico's first annual Arbor Day Tree-Planting Ceremony where a Franklina tree was planted on the ridge opposite the Administration Building. Every year another tree-planting will contribute to the creation of an Arbor Day Grove. This area will be a symbol of Kensico's continuing commitment to sound environmental stewardship of the 460 acres at which your loved ones perpetually rest.

The decision to apply to be a public garden builds on the vision of the founders of Kensico Cemetery 133 years ago, but we're not done yet in establishing our legacy. In 2023, Kensico will be applying to upgrade to a Level II accreditation at which time Kensico would become the only Level II cemetery in the county and one of only three cemeteries in New York State to hold that distinction.


From the Arboretum Map: The Yellow Cucumber Tree adjacent to the Administration Building and over 120 years old, is one of 44 tree species identified, labeled, and marked on the Kensico Arboretum map available online at woww.kensico.org.

## Conclusion

Through photos, schematics, text, and a behind-thescenes look, we've shared some of the characteristics of the Administration Building, where many decisions were made and actions were taken during 2022. Along the way, I hope that we all learned a bit more about and increased our appreciation for this remarkable structure that continues to create a commanding presence at Kensico Cemetery and acts as the hub for all Kensico-related activities.

This concludes our three-part series highlighting the history and significance of four of the major structures on the Kensico Cemetery grounds. Starting with next year's annual report, we will move out onto the grounds with a different perspective and a view of Kensico's amazing landscape. I will join you there with the same goal of sharing items of practical importance, financial reports documenting our commitment to permanence, and any changes or transitions that impact lot owners and their families.

Many thanks to the following individuals for compiling information and visuals for this year's report:

Kathy Cauci, Customer Service Representative; interment numbers.

Direct2Marketing: drone footage.
Mike Farmer; Kensico Cemetery Sales/Development Manager: floor plans.
Paul Iorizzo: historical information.
Louis Palmerini, former Superintendent: historical research.
Sir Speedy, Pleasantville: floor plan scans.
And a special thanks to Chester S. Day, Kensico Cemetery's 12th President and former Chairman of the Board for sharing his extensive historical knowledge of the Administration Building construction, layout, functions, and renovations.

## Matthew G. Parisi President



Fact: There are 74 windows in the Administration Building, and during the 2014 celebration of Kensico Cemetery's 125th anniversary, one candle was placed in one window each week throughout the anniversary year until 52 windows had a candle lit at night.


Commentary: In many ways, this candle commemorative symbolizes the dedication and consistency of Kensico's service and care. Even on holidays, there is coverage. The lights don't go out at Kensico Cemetery.

Service and Care Since 1889 )

# Building on the Legacy Part Three 

Financial Statements 2022

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# INDEPENDENT AUDITORS' REPORT 

## Board of Directors The Kensico Cemetery

## Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying consolidated financial statements of The Kensico Cemetery, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kensico Cemetery as of December 31, 2022 and 2021, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Kensico Cemetery and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Consolidated Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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.

[^0]PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

## Board of Directors

 The Kensico CemeteryPage 2

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Kensico Cemetery's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Kensico Cemetery's ability to continue as a going concern for a reasonable period of time.

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

## PKF O'Connor Dairies, LLP

May 26, 2023

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION <br> DECEMBER 31, 2022

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| Assets | General Fund | Bequest and Endowment Principal Fund |  | Bequest and Endowment Surplus Income Fund |  | Permanent Maintenance Fund |  | Declaratory Maintenance Fund | Total Cemetery Funds | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | \$ 9,539,594 | \$ | 582,328 | \$ | 140,851 | \$ | 3,120,947 | \$ 3,583,470 | \$ 16,967,190 | \$ 16,967,190 |
| Investments | 58,513,689 |  | 68,002,181 |  | 4,010,300 |  | 67,677,886 | 133,231,746 | 331,435,802 | 331,435,802 |
| Accounts receivable | 1,863,495 |  | - |  | - |  | - | - | 1,863,495 | 1,863,495 |
| Other receivables | 619,083 |  | - |  | - |  | - | - | 619,083 | 619,083 |
| Other assets | 2,184,166 |  | - |  | - |  | - | - | 2,184,166 | 2,184,166 |
| Interfund receivable (payable) | $(1,390,963)$ |  | $(162,042)$ |  | $(92,005)$ |  | $(132,508)$ | 1,777,518 | - |  |
| Over funded pension benefit obligation | 2,662,071 |  | - |  | - |  | - | - | 2,662,071 | 2,662,071 |
| Unrecovered development costs | 4,926,486 |  | - |  | - |  | - | - | 4,926,486 | 4,926,486 |
| Buildings and equipment, net | 1,915,288 |  | - |  | - |  | - | - | 1,915,288 | 1,915,288 |
| Total assets | \$80,832,909 | \$ | 68,422,467 | \$ | 4,059,146 |  | 70,666,325 | \$138,592,734 | \$362,573,581 | \$362,573,581 |
| Liabilities and Net Assets |  |  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |  |  |
| Accounts payable and accrued expenses | \$ 1,634,167 | \$ | - | \$ | - | \$ | - | \$ | \$ 1,634,167 | \$ 1,634,167 |
| Retainage payable | 10,822 |  | - |  | - |  | - | - | 10,822 | 10,822 |
| Other liabilities | 907,499 |  | - |  | - |  | - | - | 907,499 | 907,499 |
| Unfunded other benefits | 3,787,718 |  | - |  | - |  | - | - | 3,787,718 | 3,787,718 |
| Total liabilities | 6,340,206 |  | - |  | - |  | - | - | 6,340,206 | 6,340,206 |
| Net assets without donor restrictions |  |  |  |  |  |  |  |  |  |  |
| Undesignated | 74,492,703 |  | - |  | - |  | - | - | 74,492,703 | 74,492,703 |
| Restricted by law | - |  | 68,422,467 |  | 4,059,146 |  | 70,666,325 | 138,592,734 | 281,740,672 | 281,740,672 |
| Total net assets without donor restrictions | 74,492,703 |  | 68,422,467 |  | 4,059,146 |  | 70,666,325 | 138,592,734 | 356,233,375 | 356,233,375 |
| Total liabilities and net assets | \$80,832,909 | \$ | 68,422,467 | \$ | 4,059,146 |  | 70,666,325 | \$138,592,734 | \$362,573,581 | \$362,573,581 |

See notes to consolidated financial statements.
THE KENSICO CEMETERY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31,2022
THE KENSICO CEMETERY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31,2022





THE KENSICO CEMETERY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31,2022







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|  | General Fund |  | Bequest and Endowment Principal Fund | Bequest and Endowment Surplus Income Fund |  |  | Permanent Maintenance Fund | Declaratory Maintenance Fund |  | Total Cemetery Funds |  | Friends of The Kensico Cemetery |  | Eliminations |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Support and revenue |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Lot, grave, crypt and niche sales | \$ 20,932,410 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 20,932,410 | \$ | - | \$ | - | \$ | 20,932,410 |
| Transfers and reserves | $(9,473,444)$ |  | - |  | - |  | 3,144,947 |  | - |  | $(6,328,497)$ |  | - |  |  |  | $(6,328,497)$ |
| Service department receipts | 5,080,090 |  | - |  | - |  | - |  | - |  | 5,080,090 |  | - |  | - |  | 5,080,090 |
| Investment return designated for current operations | $(6,339,832)$ |  | - |  | 1,130,180 |  | 1,221,349 |  | 364,100 |  | $(3,624,203)$ |  | - |  | - |  | $(3,624,203)$ |
| Bequests and endowments received | - |  | 177,359 |  | - |  | - |  | - |  | 177,359 |  | - |  | - |  | 177,359 |
| Statutory contribution | - |  | - |  | - |  | 78,295 |  | - |  | 78,295 |  | - |  | - |  | 78,295 |
| Other | 17,733 |  | - |  | - |  | 171 |  | - |  | 17,904 |  | 16,010 |  | $(15,000)$ |  | 18,914 |
| Total support and revenue from operations | 10,216,957 |  | 177,359 |  | 1,130,180 |  | 4,444,762 |  | 364,100 |  | 16,333,358 |  | 16,010 |  | $(15,000)$ |  | 16,334,368 |
| Interfund transfers | 2,716,726 |  | - |  | (1,131,277) |  | (1,221,349) |  | $(364,100)$ |  | - |  | - |  |  |  |  |
| Total support and revenue recognized | 12,933,683 |  | 177,359 |  | $(1,097)$ |  | 3,223,413 |  |  |  | 16,333,358 |  | 16,010 |  | $(15,000)$ |  | 16,334,368 |
| Expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Program services | 7,446,878 |  | - |  | - |  | - |  | - |  | 7,446,878 |  | 10,991 |  | - |  | 7,457,869 |
| Supporting services | 6,527,177 |  | - |  | - |  | - |  | - |  | 6,527,177 |  | - |  | $(15,000)$ |  | 6,512,177 |
| Total expenses from operations | 13,974,055 |  | - |  | - |  | - |  | - |  | 13,974,055 |  | 10,991 |  | $(15,000)$ |  | 13,970,046 |
| Increase (decrease) in net assets without donor restrictions from operations before investment return and other changes | (1,040,372) |  | 177,359 |  | $(1,097)$ |  | 3,223,413 |  | - |  | 2,359,303 |  | 5,019 |  | - |  | 2,364,322 |
| Investment return (deficit) in excess of amounts designated for current operations | - |  | (11,923,423) |  | $(382,809)$ |  | $(10,475,844)$ |  | (23,365,523) |  | (46,147,599) |  | - |  | - |  | $(46,147,599)$ |
| Increase (decrease) in net assets without donor restrictions before other changes | $(1,040,372)$ |  | $(11,746,064)$ |  | $(383,906)$ |  | (7,252,431) |  | $(23,365,523)$ |  | $(43,788,296)$ |  | 5,019 |  | - |  | $(43,783,277)$ |
| Other changes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pension benefit liability adjustment | 643,336 |  | - |  | - |  | - |  | - |  | 643,336 |  | - |  | - |  | 643,336 |
| Other benefits liability adjustment | 1,046,424 |  | - |  | - |  | - |  | - |  | 1,046,424 |  | - |  | - |  | 1,046,424 |
| Other components of net periodic pension cost Other components of net periodic postretirement cost | $\begin{gathered} 675,149 \\ (204,033) \end{gathered}$ |  | - |  | - |  | - |  | - |  | $\begin{gathered} 675,149 \\ (204,033) \end{gathered}$ |  | - |  | - |  | $\begin{gathered} 675,149 \\ (204,033) \end{gathered}$ |
| Change in net assets without donor restrictions | 1,120,504 |  | $(11,746,064)$ |  | $(383,906)$ |  | (7,252,431) |  | (23,365,523) |  | $(41,627,420)$ |  | 5,019 |  | - |  | $(41,622,401)$ |
| Net assets without donor restrictions at beginning of year | 74,492,703 |  | 68,422,467 |  | 4,059,146 |  | 70,666,325 |  | 138,592,734 |  | 356,233,375 |  | - |  | - |  | 356,233,375 |
| Net assets without donor restrictions at end of year | \$ 75,613,207 | \$ | 56,676,403 | \$ | 3,675,240 | \$ | 63,413,894 | \$ | 115,227,211 | \$ | 314,605,955 | \$ | 5,019 | \$ | - | \$ | 314,610,974 |

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

|  | General Fund |  | Bequest and Endowment Principal Fund |  | Endowment Surplus Income Fund |  | Permanent <br> Maintenance Fund |  | Declaratory <br> Maintenance Fund |  | Total Cemetery Funds |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Support and revenue |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Lot, grave, crypt and niche sales | \$ | 21,276,780 | \$ | - | \$ | - |  | \$ | \$ | - | \$ | 21,276,780 | \$ | 21,276,780 |
| Transfers and reserves |  | $(9,936,447)$ |  | - |  | - |  | 3,001,095 |  | - |  | $(6,935,352)$ |  | $(6,935,352)$ |
| Service department receipts |  | 5,017,285 |  | - |  | - |  | - |  | - |  | 5,017,285 |  | 5,017,285 |
| Investment return designated for current operations |  | 10,164,635 |  | - |  | 1,021,450 |  | 1,141,255 |  | 332,600 |  | 12,659,940 |  | 12,659,940 |
| Bequests and endowments received |  | - |  | 253,771 |  | - |  | - |  | - |  | 253,771 |  | 253,771 |
| Statutory contribution |  | - |  | - |  | - |  | 78,575 |  | - |  | 78,575 |  | 78,575 |
| Other |  | 45,229 |  | - |  | - |  | 505 |  | - |  | 45,734 |  | 45,734 |
| Total support and revenue |  | 26,567,482 |  | 253,771 |  | 1,021,450 |  | 4,221,430 |  | 332,600 |  | 32,396,733 |  | 32,396,733 |
| Interfund transfers |  | 2,550,088 |  | - |  | $(1,076,233)$ |  | (1,141,255) |  | $(332,600)$ |  | - |  | - |
| Total support and revenue recognized |  | 29,117,570 |  | 253,771 |  | $(54,783)$ |  | 3,080,175 |  | - |  | 32,396,733 |  | 32,396,733 |
| Expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Program services |  | 7,656,164 |  | - |  | - |  | - |  | - |  | 7,656,164 |  | 7,656,164 |
| Supporting services |  | 6,399,155 |  | - |  | - |  | - |  | - |  | 6,399,155 |  | 6,399,155 |
| Total expenses |  | 14,055,319 |  | - |  |  |  |  |  |  |  | 14,055,319 |  | 14,055,319 |
| Increase (decrease) in net assets without donor restrictions from operations before investment return and other changes |  | 15,062,251 |  | 253,771 |  | $(54,783)$ |  | 3,080,175 |  | - |  | 18,341,414 |  | 18,341,414 |
| Investment return (deficit) in excess of amounts designated for current operations |  |  |  | 5,971,787 |  | $(130,356)$ |  | 6,498,852 |  | 26,901,394 |  | 39,241,677 |  | 39,241,677 |
| Increase (decrease) in net assets without donor restrictions before other changes |  | 15,062,251 |  | 6,225,558 |  | $(185,139)$ |  | 9,579,027 |  | 26,901,394 |  | 57,583,091 |  | 57,583,091 |
| Other changes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pension benefit liability adjustment |  | 2,810,274 |  | - |  | - |  | - |  | - |  | 2,810,274 |  | 2,810,274 |
| Other benefits liability adjustment |  | 339,333 |  | - |  | - |  | - |  | - |  | 339,333 |  | 339,333 |
| Other components of net periodic pension cost Other components of net periodic postretirement cost |  | $\begin{gathered} 211,865 \\ (231,932) \end{gathered}$ |  | - |  | - |  | - |  | - |  | $\begin{gathered} 211,865 \\ (231,932) \end{gathered}$ |  | $\begin{gathered} 211,865 \\ (231,932) \end{gathered}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in net assets without donor restrictions |  | 18,191,791 |  | 6,225,558 |  | $(185,139)$ |  | 9,579,027 |  | 26,901,394 |  | 60,712,631 |  | 60,712,631 |
| Net assets without donor restrictions at beginning of year |  | 56,300,912 |  | 62,196,909 |  | 4,244,285 |  | 61,087,298 |  | 111,691,340 |  | 295,520,744 |  | 295,520,744 |
| Net assets without donor restrictions at end of year | \$ | 74,492,703 | \$ | 68,422,467 | \$ | 4,059,146 |  | \$ 70,666,325 | \$ | 138,592,734 | \$ | 356,233,375 | \$ | 356,233,375 |

THE KENSICO CEMETERY

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022




## THE KENSICO CEMETERY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021


## THE KENSICO CEMETERY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021


See notes to consolidated financial statements.

## THE KENSICO CEMETERY

## NOTES TO CONSOLIDATED 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 (the "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, grave, crypt and niche sales for the next 50 to 75 years.

Friends of The Kensico Cemetery, Inc. ("Friends") was formed as a New York not-for-profit membership corporation with the Cemetery as the sole member. Friends is qualified as a taxexempt organization under Section 501(c)(3) of the Internal Revenue Code. Friends' primary purpose is to promote and advance the welfare of the Cemetery. During 2021, there were no significant activities conducted by the Friends.

The accompanying consolidated financial statements include the accounts of the Cemetery and the Friends (collectively, "The Kensico Cemetery").

## Principles of Consolidation

Accounting principles generally accepted in the United States of America ("U.S. GAAP") require all organizations over which the Cemetery has both control and an economic interest to be accounted for as consolidated affiliates. All significant intercompany balances and transactions have been eliminated in consolidation.

## Basis of Accounting and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Net Asset Presentation

Net assets that are not subject to donor-imposed restrictions or restricted by state law may be expended for any purpose in performing the primary objectives of The Kensico Cemetery. Net assets with donor restrictions are subject to stipulations imposed by the donors. Donor restrictions are temporary in nature, satisfied by the passage of time or may be held in perpetuity. The Kensico Cemetery does not have net assets with donor imposed restrictions.

## 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.

## THE KENSICO CEMETERY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 1. Statement of Purpose and Accounting Policies (Continued)

## 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.

## 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.

## 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 burial rights are 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

The Cemetery follows U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the 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.

## 1. Statement of Purpose and Accounting Policies (Continued)

## Revenue Recognition (continued)

The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers.

The Cemetery has several revenue sources. The Cemetery recognizes revenue for sales 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 the Cemetery's year end.

The Cemetery does not recognize revenue until 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. The Cemetery has applied a portfolio approach to evaluating the customer's ability to pay, rather than evaluating each customers' ability to pay separately.

## 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 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, crypts 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 KENSICO CEMETERY <br> NOTES TO CONSOLIDATED FINANCIAL STATEMENTS <br> (Continued) 

## 1. Statement of Purpose and Accounting Policies (Continued)

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 compensation expenses, which are allocated on the basis of estimates 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 to the activity receiving the benefit.

## Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2022 and 2021, approximated $\$ 424,000$ and $\$ 382,000$.

## 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 May 26, 2023.

## 2. Buildings and Equipment

Buildings and equipment at December 31 consisted of the following:

|  | 2022 |  | 2021 |  |
| :--- | ---: | ---: | ---: | ---: |
|  | $\$ 1,104,463$ |  | $\$ 1,089,287$ |  |
| Maintenance building |  | $\$ 28,975$ |  | 414,734 |
| Mausoleum building and land |  |  | 493,011 |  |

## THE KENSICO CEMETERY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Interested Persons

Two members of the Board of Directors are officers of companies which provide services to the Cemetery and two members of the Board of Directors have relationships with a firm which provides legal services to the Cemetery (one as a firm member and the other as of counsel). One family member of an officer of the Cemetery provided COVID screening services. 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 for the years ended December 31:

|  | 2022 |  | 2021 |  |
| :---: | :---: | :---: | :---: | :---: |
| Landscaping and supplies | \$ | 57,447 | \$ | 137,529 |
| Legal services |  | 2,369 |  | 2,275 |
| COVID screening services |  | - |  | 30,275 |
| Investment management fees |  | 303,432 |  | 307,769 |
|  |  | 363,248 | \$ | 477,848 |

## 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.

## 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, other than the General Fund account managed by Fenimore Asset Management, Inc. ("Fenimore") described below, 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. The General Fund account managed by Fenimore is an exclusively SmallCap and Mid-Cap equity portfolio with the Investment Manager having the discretion to allocate portions of the portfolio between these two asset classes as it deems fit. 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.

## THE KENSICO CEMETERY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Investments (Continued)

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

|  | 2022 |  | 2021 |
| :--- | ---: | ---: | ---: |
| Level 1 (Quoted Prices in Active Markets |  |  |  |
| for Identical Assets ) |  |  |  |
| Equities | $\$ 161,863,261$ |  | $\$ 198,541,709$ |
| US common stock | $9,639,932$ |  | $14,435,810$ |
| US small cap funds | $12,916,676$ |  | $11,783,488$ |
| US mid cap funds | - | 525,292 |  |
| US large cap funds | $12,889,420$ | $16,272,746$ |  |
| Internationally developed | $5,072,865$ | $9,670,245$ |  |
| Emerging markets / growth | 759,539 | 570,043 |  |
| Select dividend funds | $2,277,820$ | 571,761 |  |
| High dividend yield funds | $1,141,375$ |  |  |
| Value funds | 955,350 | 769,950 |  |
| Commodities Index Trust | $35,292,448$ |  | $27,316,147$ |
| US Treasury bills and notes | $\underline{242,808,686}$ |  | $280,457,191$ |
|  |  |  |  |
|  | $48,533,953$ |  | $50,127,204$ |
| Level 2 (Other Observable Inputs) | $2,043,800$ |  | 851,407 |
| Corporate bonds | $50,577,753$ |  | $50,978,611$ |
| US government agency obligations | $\underline{\underline{\$ 293,386,439}}$ |  | $\underline{\underline{\$ 331,435,802}}$ |

The Cemetery's investment return is summarized as follows:
Year ended December 31, 2022:

|  | General Fund | Bequest and Endow Principal Fund | Bequest and Endow Surplus Income Fund | Permanent <br> Maintenance Fund | Declaratory Maintenance Fund | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Dividends and interest, net of fees | \$ 2,609,264 | \$ | \$ 1,130,180 | \$ 1,221,349 | \$ 2,882,545 | 7,843,338 |
| Fees chargable to principal | - | $(120,752)$ | - | $(125,254)$ | - | $(246,006)$ |
| Net realized and unrealized losses | $(8,949,096)$ | $(11,802,671)$ | $(382,809)$ | $(10,350,590)$ | $(25,883,968)$ | (57,369,134) |
| Total Return on Investments | $(6,339,832)$ | $(11,923,423)$ | 747,371 | $(9,254,495)$ | $(23,001,423)$ | $(49,771,802)$ |
| Investment return designated for current operations | $(6,339,832)$ | - | 1,130,180 | 1,221,349 | 364,100 | $(3,624,203)$ |
| Investment Return in Excess of Amounts Designated for Current Operations | \$ - | \$(11,923,423) | \$ (382,809) | \$(10,475,844) | \$ (23,365,523) | \$ (46,147,599) |

## 5. Investments (Continued)

Year ended December 31, 2021:

|  | $\begin{gathered} \text { General } \\ \text { Fund } \end{gathered}$ | Bequestand <br> Endow Principal Fund | Bequestand Endow Surplus Income Fund | Permanent Maintenance Fund | Declaratory Maintenance Fund | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Dividends and interes, net of fees | \$ 2,717,770 | \$ - | \$ 1,021,450 | \$ 1,141,255 | \$ 2,897,210 | \$ 7,777,685 |
| Fees chargable to principal Net realized and unrealized gains |  | $(126,463)$ |  | $(127,040)$ |  | $(253,503)$ |
| (losses) | 7,446,865 | 6,098,250 | $(130,356)$ | 6,625,892 | 24,336,784 | 44,377,435 |
| Total Return on Investments | 10,164,635 | 5,971,787 | 891,094 | 7,640,107 | 27,233,994 | 51,901,617 |
| Investment return designated for current operations | 10,164,635 |  | 1,021,450 | 1,141,255 | 332,600 | 12,659,940 |
| Invesiment Return in Excess <br> of Amounts Designated for |  |  |  |  |  |  |
| Current Operations | \$ | \$ 5,971,787 | \$ (130,356) | \$ 6,498,852 | \$ 26,901,394 | \$ 39,241,677 |

The Bequest and Endowment Principal Fund earned dividends and interest, net of fees, totaling $\$ 1,061,695$ and $\$ 954,883$ that were transferred to the Bequest and Endowment Surplus Income Fund in 2022 and 2021.

Custodian and investment advisory fees of $\$ 1,030,781$ and $\$ 1,015,590$ were paid during 2022 and 2021, of which $\$ 784,775$ and $\$ 762,087$ were charged to income and $\$ 246,006$ and $\$ 253,503$ were charged to principal in 2022 and 2021. The percentage charged to principal in the Bequest and 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.

## 6. Defined Benefit Pension and Postretirement Benefit Plans (the "Plans")

The Cemetery has a formal noncontributory defined benefit pension plan (the "Pension 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 KENSICO CEMETERY <br> NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 6. Defined Benefit Pension and Postretirement Benefit Plans (the "Plans") (Continued)

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

|  | Pension Benefits |  | Other Postretirement Benefits |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 2022 | 2021 | 2022 | 2021 |
| Projected Benefit obligation at December 31 | \$ 12,861,667 | \$ 16,985,958 | \$ 2,910,649 | \$ 3,787,718 |
| Fair value of plan assets at December 31 | 17,157,798 | 19,648,029 | - | - |
| Funded status | \$ 4,296,131 | \$ 2,662,071 | \$ (2,910,649) | \$ $(3,787,718)$ |
| Accrued benefit cost recognized in the statement of financial position | \$ 4,296,131 | \$ 2,662,071 | \$ (2,910,649) | \$ (3,787,718) |
| Accumulated benefit obligation | 12,010,628 | 15,746,739 | 2,910,649 | 3,787,718 |
| Net periodic benefit cost (credit) recognized in the statement of activities | $(290,724)$ | 193,654 | 266,355 | 336,210 |
| Amortization of amounts previously not recognized as a component of net periodic benefit cost | 275,346 | 621,732 | 112,332 | 151,070 |
| Employer contribution to plan during the year | 700,000 | 700,000 | 97,000 | 112,143 |
| Benefits paid during the year | 591,858 | 576,036 | 97,000 | 112,143 |
| Expected employer contributions to plan in 2022 | 700,000 |  | 207,851 |  |
| Weighted-average assumption of accumulated benefit obligation as of December 31 |  |  |  |  |
| Discount rate | 4.95\% | 2.55\% | 4.94\% | 2.55\% |
| Expected return on plan assets | 7.00\% | 7.00\% | 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 | 2.55\% | 2.11\% | 2.55\% | 2.11\% |
| Expected return on plan assets | 7.00\% | 7.00\% | N/A | N/A |
| Rate of compensation increase | 3.00\% | 3.00\% | N/A | N/A |

## THE KENSICO CEMETERY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

 (Continued)
## 6. Defined Benefit Pension and Postretirement Benefit Plans (the "Plans") (Continued)

The table below reflects the amounts recognized within the General Fund's net assets without donor restrictions arising from the Plans at December 31 that have not yet been recognized in net periodic benefit cost.

|  | Pension Benefits |  |  |  | Other Benefits |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 2022 |  | 2021 |  | 2022 |  | 2021 |
| Unrecognized actuarial (gain) loss | \$ | 3,448,882 | \$ | 4,067,506 | \$ | $(425,083)$ | \$ | 531,698 |
| Unrecognized prior service cost |  | 5,933 |  | 30,645 |  | 12,992 |  | 102,635 |
|  |  | 3,454,815 | \$ | 4,098,151 | \$ | $(412,091)$ | \$ | 634,333 |

The table below reflects the amounts recognized within the General Fund's net assets without donor restrictions arising from the Plans at December 31, 2022 that are expected to be recognized in net periodic benefit cost during the year ending December 31, 2023.

|  | Pension Benefits |  | Other Benefits |  |
| :---: | :---: | :---: | :---: | :---: |
| Unrecognized actuarial loss | \$ | 219,103 | \$ | 22,079 |
| Unrecognized prior service cost |  | 5,933 |  | 12,992 |
|  | \$ | 225,036 | \$ | 35,071 |

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

| Year | Pension <br> Benefits |  | Other <br> Benefits |
| :--- | ---: | ---: | ---: |
| 2023 | $\$ 848,017$ |  | $\$ 207,851$ |
| 2024 | 848,800 |  | 205,563 |
| 2025 | 862,647 |  | 203,658 |
| 2026 | 862,118 |  | 199,052 |
| 2027 | 853,443 |  | 196,130 |
| $2028-2032$ | $4,255,853$ |  | 964,624 |

The Cemetery's overall expected long-term rate of return on Pension Plan 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 CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

## 6. Defined Benefit Pension and Postretirement Benefit Plans (the "Plans") (Continued)

## Pension 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 Pension Plan's assets at December 31, categorized by the fair value hierarchy, are as follows:

|  | 2022 | 2021 |
| :---: | :---: | :---: |
| Level 1 (Quoted Prices in Active |  |  |
| Markets for Identical Assets ) |  |  |
| Cash equivalent | \$ 409,720 | \$ 305,743 |
| Equities - Exchange traded funds | 9,345,000 | 11,481,987 |
| US Treasury notes | 4,489,559 | 4,473,921 |
| Total Level 1 Assets | 14,244,279 | 16,261,651 |
| Level 2 (Other Observable Inputs) |  |  |
| Corporate bonds | 2,913,519 | 3,386,378 |
|  | \$ 17,157,798 | \$ 19,648,029 |

## 7. Commitments and Contingencies

## The Garden Mausoleum at Montross Pond

In 2016, the Cemetery began construction of the Garden Mausoleum containing 732 crypt spaces and 2,028 niche spaces. Construction was completed in 2022 with a total cost of $\$ 4,717,730$ that will be recovered as the burial rights in crypts and niches are sold. The sale of the burial rights in crypts and niches within the Garden Mausoleum commenced in June 2022.

## New York State Sales Tax

In 2016, issues related to the application of the New York State 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.

## THE KENSICO CEMETERY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 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 $\$ 60$ 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 $\$ 62$ 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. In addition, management has determined that there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Cemetery's ability to continue its operations within one year from the date of this report and beyond. General Fund financial assets which can be liquidated within one year of the statement of financial position dates for general expenditure are as follows:

|  | 2022 | 2021 |
| :---: | :---: | :---: |
| Cash and cash equivalents | \$ 7,475,873 | \$ 9,539,594 |
| Accounts and other receivables due within one year | 1,050,000 | 664,000 |
| Accrued investment income receivable | 605,700 | 515,000 |
| Investments | 58,829,430 | 57,122,726 |
| Financial assets at year end available to meet cash needs for general expenditures within one year | \$ 67,961,003 | \$67,841,320 |

## 9. Risks and Uncertainties

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect investment balances and amounts reported in the consolidated statements of financial position.

The effects of economic and market conditions subsequent to December 31, 2022 are not reflected in these consolidated financial statements.

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

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Vice President and Superintendent
Michael H. Cook, Jr.

Vice President, Chief Financial Officer, and Treasurer
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