



KENSICO

SERVICE & CARE SINCE 1889

THE LONG VIEW

Consolidated Financial Statements 2025

Twenty-five Years in Retrospect



THE KENSICO CEMETERY
AND SUBSIDIARIES
CONSOLIDATED
FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Independent Auditors' Report	pages 2-4
Consolidated Statements of Financial Position	page 5
Consolidated Statements of Activities.....	page 6
Consolidated Statements of Functional Expenses.....	page 7
Consolidated Statements of Cash Flows	page 8
Notes to Consolidated Financial Statements	pages 9-21
Officers, Board of Directors, Superintendents.....	page 24

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Kensico Cemetery and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Kensico Cemetery and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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 Organization as of December 31, 2025 and 2024, 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the consolidated 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.

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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Compliance

With respect to Rule of Procedure 200.4 of the New York State Cemetery Board and in connection with our audits, we confirmed with depositories all cash account balances and we confirmed with the custodians the investments held as of December 31, 2025 and 2024. We also considered The Kensico Cemetery's system of internal accounting control relative to cash and investments to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our consideration was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Organization's consolidated financial statements taken as a whole. In connection with our audits, nothing came to our attention that would cause us to believe that The Kensico Cemetery is not in compliance with Section 1507(c)(d) of the Not-For-Profit Corporation Law. However, it should be noted that our audits were not directed primarily toward obtaining knowledge of such compliance and we express no opinion or conclusion and provide no assurance on compliance.

Board of Directors
The Kensico Cemetery and Subsidiaries
Page 3

Other Matters

The Kensico Cemetery maintains separate accounts for each bequest and endowment, reflecting the principal amount, the income apportioned for the year, the cost of care charged for the year and the excess of income credited to such account to be used in any future years. In addition, The Kensico Cemetery's records for the Bequest and Endowment Funds identify separately cumulative principal bequests and endowments, cumulative capital gains or losses and the cumulative income retained for use in future years.

The Kensico Cemetery's records for the Permanent Maintenance Fund identify separately cumulative principal reflecting allocations from the proceeds of the sales of the lots, graves, crypts and niches and cumulative capital gains or losses from investments. As more fully described in Note 1 to the consolidated financial statements, The Kensico Cemetery reflects income in the form of interest and dividends ("investment income") earned on the investment of such funds in the operations of the General Fund as permitted by the New York State Cemetery Board. Accordingly, there is no cumulative investment income retained for use in future years.

PKF O'Connor Davies, LLP

April 30, 2026

THE KENSICO CEMETERY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 15,212,339	\$ 17,826,980
Investments	459,463,748	402,451,668
Accounts receivable	2,999,782	2,273,682
Other receivables	1,200,014	1,667,965
Other assets	5,883,215	6,029,394
Over funded pension benefit obligation	9,926,163	8,628,900
Unrecovered development costs	30,059	-
Land	6,514,493	-
Buildings and equipment, net	<u>3,094,890</u>	<u>2,598,208</u>
Total assets	<u>\$ 504,324,703</u>	<u>\$441,476,797</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,434,118	\$ 1,874,894
Other liabilities	1,222,183	1,043,651
Unfunded other benefits	<u>2,949,931</u>	<u>2,750,825</u>
Total liabilities	<u>5,606,232</u>	<u>5,669,370</u>
Net assets		
Undesignated net assets, without donor restrictions	126,379,061	111,622,589
Net assets restricted by law	372,333,900	324,179,838
Net assets with donor restrictions	<u>5,510</u>	<u>5,000</u>
Total net assets	<u>498,718,471</u>	<u>435,807,427</u>
Total liabilities and net assets	<u>\$ 504,324,703</u>	<u>\$441,476,797</u>

See notes to consolidated financial statements.

THE KENSICO CEMETERY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Lot, grave, crypt and niche sales	\$ 19,175,100	\$ -	\$ 19,175,100	\$ 20,350,340	\$ -	\$ 20,350,340
Transfers and reserves	(5,549,393)	-	(5,549,393)	(5,500,468)	-	(5,500,468)
Service department receipts	5,253,655	-	5,253,655	5,127,751	-	5,127,751
Investment return designated for current operations	13,659,359	-	13,659,359	14,211,347	-	14,211,347
Bequests and endowments received	303,664	-	303,664	539,992	-	539,992
Statutory contribution	67,585	-	67,585	70,560	-	70,560
Other	130,201	510	130,711	110,291	5,000	115,291
Total support and revenue from operations	33,040,171	510	33,040,681	34,909,813	5,000	34,914,813
Expenses						
Program services	8,476,726	-	8,476,726	8,439,508	-	8,439,508
Supporting services	7,121,178	-	7,121,178	6,863,039	-	6,863,039
Total expenses from operations	15,597,904	-	15,597,904	15,302,547	-	15,302,547
Increase in net assets from operations before investment return and other changes	17,442,267	510	17,442,777	19,607,266	5,000	19,612,266
Investment return in excess of amounts designated for current operations	44,624,729	-	44,624,729	40,434,143	-	40,434,143
Increase in net assets before other changes	62,066,996	510	62,067,506	60,041,409	5,000	60,046,409
Other changes						
Pension benefit liability adjustment	307,941	-	307,941	1,702,158	-	1,702,158
Other benefits liability adjustment	(134,168)	-	(134,168)	(340,350)	-	(340,350)
Other components of net periodic pension cost	798,787	-	798,787	574,521	-	574,521
Other components of net periodic postretirement cost	(129,022)	-	(129,022)	(13,151)	-	(13,151)
Change in net assets	62,910,534	510	62,911,044	61,964,587	5,000	61,969,587
Net assets at beginning of year	435,802,427	5,000	435,807,427	373,837,840	-	373,837,840
Net assets at end of year	\$ 498,712,961	\$ 5,510	\$ 498,718,471	\$ 435,802,427	\$ 5,000	\$ 435,807,427

See notes to consolidated financial statements.

THE KENSICO CEMETERY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Program	Supporting Services	2025 Total	Program	Supporting Services	2024 Total
Compensation						
Officers and directors	\$ 491,076	\$ 727,698	\$ 1,218,774	\$ 525,724	\$ 818,305	\$ 1,344,029
Office	402,220	861,369	1,263,589	482,950	765,705	1,248,655
Ground crew	3,661,605	547,937	4,209,542	3,553,091	552,471	4,105,562
Salespersons	-	1,107,951	1,107,951	-	984,821	984,821
Payroll taxes and related expenses	2,070,345	1,313,907	3,384,252	1,916,082	1,173,087	3,089,169
Total salaries, wages and related expenses	6,625,246	4,558,862	11,184,108	6,477,847	4,294,389	10,772,236
Repairs and replacement	14,392	17,662	32,054	14,226	14,652	28,878
Postage	2,673	38,443	41,116	2,497	34,204	36,701
Telephone	7,617	8,674	16,291	6,301	7,274	13,575
Supplies	401,969	232,074	634,043	297,079	218,252	515,331
Automobile operations	85,683	6,086	91,769	91,540	10,189	101,729
Professional fees	31,520	124,092	155,612	25,038	96,127	121,165
Dues and subscriptions	5,355	14,735	20,090	5,529	15,874	21,403
Depreciation	160,640	228,738	389,378	149,708	205,833	355,541
Outside services	864,332	604,468	1,468,800	1,089,474	620,422	1,709,896
Advertising costs	-	392,248	392,248	-	412,246	412,246
Other	277,299	895,096	1,172,395	280,269	933,577	1,213,846
Total expenses	\$ 8,476,726	\$ 7,121,178	\$ 15,597,904	\$ 8,439,508	\$ 6,863,039	\$ 15,302,547

See notes to consolidated financial statements.

THE KENSICO CEMETERY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 62,911,044	\$ 61,969,587
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gain on investments	(26,825,704)	(16,310,031)
Net unrealized gain on investments	(20,928,089)	(27,445,221)
Realized gain on disposal of assets	(201)	(296)
Depreciation	389,378	355,541
Pension benefit liability adjustment	(307,941)	(1,702,158)
Other benefits liability adjustment	134,168	340,350
Change in operating assets and liabilities		
Accounts receivable	(726,100)	2,158,620
Other receivables	467,951	(792,865)
Other assets	(778,205)	(1,223,760)
Unrecovered development costs	(30,059)	188,148
Accounts payable and accrued expenses	(440,776)	154,355
Other liabilities	<u>178,532</u>	<u>(568,112)</u>
Net cash from operating activities	<u>14,043,998</u>	<u>17,124,158</u>
Cash flows from investing activities		
Purchase of investments	(216,769,423)	(131,771,676)
Sale of investments	207,511,136	114,196,113
Sale of equipment	201	296
Purchase of land	(6,514,493)	-
Purchase of building improvements and equipment	<u>(886,060)</u>	<u>(596,796)</u>
Net cash from investing activities	<u>(16,658,639)</u>	<u>(18,172,063)</u>
Net change in cash and cash equivalents	(2,614,641)	(1,047,905)
Cash and cash equivalents at beginning of year	<u>17,826,980</u>	<u>18,874,885</u>
Cash and cash equivalents at end of year	<u>\$ 15,212,339</u>	<u>\$ 17,826,980</u>

See notes to consolidated financial statements.

THE KENSICO CEMETERY AND SUBSIDIARIES

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 35 to 60 years.

Davis Brook Realty, LLC ("Davis Brook"), is a limited liability company created in 2025 whose sole member is the Cemetery. Davis Brook is a disregarded entity for tax purposes whose activities will be included within the Cemetery's annual tax filings.

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 tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Friends' primary purpose is to promote and advance the welfare of the Cemetery and to promote the programs and operations of tax-exempt organizations operating within Westchester County, New York.

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

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 subsidiaries. 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 Organization. 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1. Statement of Purpose and Accounting Policies (Continued)

Cash and Cash Equivalents

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

Accounts Receivable and Allowance for Expected Credit Losses

An allowance for uncollectible receivables has not been established as the Cemetery has the requirement that all balances be paid in full before an interment can take place, no deed is issued until payment in full is received and the sale of burial rights can be cancelled and the burial rights resold if payment is not made when due. For this same reason, the Cemetery has not recognized an allowance for credit losses.

Fair Value of Measurements of Financial Instruments

The Organization 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. Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") as a practical expedient for fair value are not categorized within the fair value hierarchy.

Investments and Investment Income Recognition

Investments are carried at fair value. The fair value of alternative investments has been estimated using the NAV as reported by the management of the respective alternative investment fund. U.S. GAAP guidance provides for the use of NAV as a "Practical Expedient" for estimating fair value of alternative investments. 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

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1. Statement of Purpose and Accounting Policies (Continued)

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. Davis Brook is a disregarded entity for tax purposes. Friends' tax-exempt status was determined by the Internal Revenue Service to be effective September 21, 2020 under Internal Revenue Code Section 501 (c) (3). Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure.

Revenue Recognition

The Organization 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. 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 customers' ability to pay, rather than evaluating each customer's ability to pay separately.

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1. Statement of Purpose and Accounting Policies (Continued)

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 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.

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1. Statement of Purpose and Accounting Policies (Continued)

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, and foundations and supporting services which include security, maintenance, administration and sales to the activity receiving the benefit. Supporting services for Friends include administrative and fundraising expenses.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2025 and 2024 approximated \$392,000 and \$412,000.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is April 30, 2026.

2. Land

In 2025, Davis Brook purchased a 10-acre parcel adjoining the Cemetery for approximately \$6,500,000 (land cost plus related acquisition expenses).

3. Buildings and Equipment

Buildings and equipment at December 31 consisted of the following:

	<u>2025</u>	<u>2024</u>
Maintenance building	\$ 1,523,009	\$ 1,383,679
Mausoleum building and land	481,851	443,493
Water tower	513,011	513,011
Administration building	1,539,645	1,269,271
Land improvements	839,058	839,058
Water system	187,747	164,868
Machinery and equipment	2,114,126	1,867,271
Office furniture and fixtures	380,445	421,085
Automobiles and trucks	612,155	612,155
	<u>8,191,047</u>	<u>7,513,891</u>
Accumulated depreciation	<u>(5,096,157)</u>	<u>(4,915,683)</u>
	<u>\$ 3,094,890</u>	<u>\$ 2,598,208</u>

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Interested Persons

In 2025 and 2024 one member and two members, respectively, 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). 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:

	<u>2025</u>	<u>2024</u>
Landscaping and supplies	\$ -	\$ 110,317
Legal services	6,531	4,389
Investment management fees	<u>414,306</u>	<u>371,454</u>
	<u>\$ 420,837</u>	<u>\$ 486,160</u>

5. 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.

6. 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, other than the Declaratory Maintenance Fund managed by Goldman Sachs described below, the accounts are managed with a target allocation of equity securities representing between 95% and 100% of the total portfolio value with no more than 10% of the total Declaratory Maintenance Fund committed to Private Equity Funds; 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 Investment Manager's view of relative attractiveness of these two asset classes. The Declaratory Maintenance Fund assets managed by Goldman Sachs will be strategically allocated to achieve the objective of maximizing returns over the long term horizon with no restrictions on asset allocation. The General Fund account managed by Fenimore is an exclusively Small-Cap 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 KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Investments (Continued)

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:

	<u>2025</u>	<u>2024</u>
<i>Level 1 (Quoted Prices in Active Markets for Identical Assets)</i>		
Equities		
US equities / large cap	\$297,611,955	\$249,834,762
US small cap funds	6,128,856	9,454,927
US mid cap funds	11,657,421	15,822,569
Internationally developed	17,069,781	17,589,184
Emerging markets / growth	4,049,625	4,590,198
Fixed Income Funds	5,260,266	-
US Treasury bills and notes	<u>56,517,247</u>	<u>46,557,288</u>
	<u>398,295,151</u>	<u>343,848,928</u>
<i>Level 2 (Other Observable Inputs)</i>		
Corporate bonds	55,095,493	55,077,436
US government agency obligations	<u>2,747,320</u>	<u>1,648,649</u>
	<u>57,842,813</u>	<u>56,726,085</u>
Total by Levels	456,137,964	400,575,013
Alternative investments	<u>3,325,784</u>	<u>1,876,655</u>
Total Investments	<u>\$ 459,463,748</u>	<u>\$ 402,451,668</u>

As discussed in Note 1, alternative investments that are measured using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

During 2023, the Cemetery invested in private equity limited partnerships within its Declaratory Maintenance Fund. Private equity limited partnerships are closed investment vehicles which provide for no liquidity or redemption option and are not readily marketable.

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Investments (Continued)

Information regarding alternative investments valued at NAV using the practical expedient at December 31, is as follows:

	2025		2024	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private equity fund	(a) \$ 2,007,363	\$ 2,210,000	\$ 1,071,154	\$ 1,010,000
Private equity investments	(b) 1,318,421	2,810,000	805,501	1,200,000
	<u>\$ 3,325,784</u>	<u>\$ 5,020,000</u>	<u>\$ 1,876,655</u>	<u>\$ 2,210,000</u>

The investment objective of the alternative investments is as follows:

- (a) The investment objective is to acquire, manage and dispose of investments in private equity funds that are focused on primarily making buyout and growth capital investments.
- (b) The investment objective is to generate a superior risk-adjusted return with a diversified portfolio of quality private equity managers focused on acquiring and guiding high-growth, cash-flow positive companies.

The Cemetery's investment return is summarized as follows:

Year ended December 31, 2025:

	General Fund	Bequest and Endow Principal Fund	Bequest and Endow Surplus Income Fund	Permanent Maintenance Fund	Declaratory Maintenance Fund	Total
Dividends and interest, net of fees	\$ 3,720,668	\$ -	\$ 1,842,292	\$ 1,838,059	\$ 3,428,374	\$ 10,829,393
Fees chargeable to principal	-	(126,290)	-	(167,372)	-	(293,662)
Net realized and unrealized gain (loss)	<u>5,722,340</u>	<u>7,026,703</u>	<u>125,167</u>	<u>9,454,013</u>	<u>25,420,134</u>	<u>47,748,357</u>
Total Return on Investments	9,443,008	6,900,413	1,967,459	11,124,700	28,848,508	58,284,088
Investment return designated for current operations	<u>9,443,008</u>	<u>-</u>	<u>1,842,292</u>	<u>1,838,059</u>	<u>536,000</u>	<u>13,659,359</u>
Investment Return in Excess (Deficit) of Amounts Designated for Current Operations	<u>\$ -</u>	<u>\$ 6,900,413</u>	<u>\$ 125,167</u>	<u>\$ 9,286,641</u>	<u>\$ 28,312,508</u>	<u>\$ 44,624,729</u>

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Investments (Continued)

Year ended December 31, 2024:

	General Fund	Bequest and Endow Principal Fund	Bequest and Endow Surplus Income Fund	Permanent Maintenance Fund	Declaratory Maintenance Fund	Total
Dividends and interest, net of fees	\$ 4,263,673	\$ -	\$ 1,439,641	\$ 1,673,443	\$ 3,770,837	\$ 11,147,594
Fees chargeable to principal	-	(115,291)	-	(151,670)	-	(266,961)
Net realized and unrealized gain	<u>6,385,089</u>	<u>5,828,170</u>	<u>(3,544)</u>	<u>9,302,482</u>	<u>22,252,660</u>	<u>43,764,857</u>
Total Return on Investments	10,648,762	5,712,879	1,436,097	10,824,255	26,023,497	54,645,490
Investment return designated for current operations	<u>10,648,762</u>	<u>-</u>	<u>1,439,641</u>	<u>1,673,444</u>	<u>449,500</u>	<u>14,211,347</u>
Investment Return in Excess of Amounts Designated for Current Operations	<u>\$ -</u>	<u>\$ 5,712,879</u>	<u>\$ (3,544)</u>	<u>\$ 9,150,811</u>	<u>\$ 25,573,997</u>	<u>\$ 40,434,143</u>

The Bequest and Endowment Principal Fund earned dividends and interest, net of fees, totaling \$1,712,835 and \$1,337,032 that were transferred to the Bequest and Endowment Surplus Income Fund in 2025 and 2024.

Custodian and investment advisory fees of \$1,346,692 and \$1,227,545 were paid during 2025 and 2024, of which \$1,053,000 and \$960,584 were charged to income and \$293,662 and \$266,961 were charged to principal in 2025 and 2024. 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.

7. Defined Contribution Retirement Plan

In 2025, the Cemetery created The Kensico Cemetery 401(k) Plan (the "401(k) Plan") which is a defined contribution retirement plan covering all eligible employees of the Cemetery. The 401(k) Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and has been designed as a safe harbor plan that is exempt from certain annual nondiscrimination testing provided it meets specific contribution and notice requirements. The Cemetery provides a safe harbor nonelective contribution equal to 3% of each eligible participant's compensation, regardless of whether the participant contributes to the 401(k) Plan. Participants are immediately 100% vested in all safe harbor contributions and their own elective deferrals. Employees are eligible to participate in the 401(k) Plan after completing six months of service. The Cemetery incurred \$218,500 in pension expense relating to this plan for the year ended December 31, 2025.

THE KENSICO CEMETERY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. 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 \$250 in 2025 and \$200 in 2024 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:

	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Projected Benefit obligation at December 31	\$ 14,120,599	\$ 13,298,082	\$ 2,949,931	\$ 2,750,825
Fair value of plan assets at December 31	24,046,762	21,926,982	-	-
Funded status	<u>\$ 9,926,163</u>	<u>\$ 8,628,900</u>	<u>\$ (2,949,931)</u>	<u>\$ (2,750,825)</u>
Accrued benefit cost recognized in the statement of financial position	\$ 9,926,163	\$ 8,628,900	\$ (2,949,931)	\$ (2,750,825)
Accumulated benefit obligation	13,242,295	12,576,613	2,949,931	2,750,825
Net periodic benefit cost (credit) recognized in the consolidated statement of activities	(507,822)	(293,975)	226,008	85,625
Amortization of amounts previously not recognized as a component of net periodic benefit cost	-	141,036	(20,415)	(93,724)
Employer contribution to plan during the year	481,500	700,000	161,070	102,426
Benefits paid during the year	778,475	697,891	161,070	102,426
Expected employer contributions to plan in 2026	450,000		219,393	
Weighted-average assumption of accumulated benefit obligation as of December 31				
Discount rate	5.35%	5.45%	5.25%	5.40%
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	5.45%	4.75%	5.40%	4.74%
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 AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. 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	
	2025	2024	2025	2024
Unrecognized actuarial loss (gain)	\$ 609,273	\$ 917,214	\$ (850,665)	\$ (1,035,452)
Unrecognized prior service cost	-	-	468,223	518,842
	<u>\$ 609,273</u>	<u>\$ 917,214</u>	<u>\$ (382,442)</u>	<u>\$ (516,610)</u>

The table below reflects the amounts recognized within the General Fund's net assets without donor restrictions arising from the Plans at December 31, 2025 that are expected to be recognized in net periodic benefit cost during the year ending December 31, 2026.

	Pension Benefits	Other Benefits
Unrecognized actuarial (gain)	\$ -	\$ (62,930)
Unrecognized prior service cost	-	50,619
	<u>\$ -</u>	<u>\$ (12,311)</u>

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 Benefits	Other Benefits
2026	\$ 956,040	\$ 219,393
2027	956,163	216,438
2028	968,456	215,933
2029	1,005,558	228,485
2030	990,822	221,941
2031 - 2035	5,157,374	1,161,258

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 AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. 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:

	2025	2024
<i>Level 1 (Quoted Prices in Active Markets for Identical Assets)</i>		
Cash and Cash equivalent	\$ 519,199	\$ 406,741
Equities - Exchange traded funds	12,747,433	12,057,559
US Treasury notes	4,757,805	4,781,934
Total Level 1 Assets	18,024,437	17,246,234
<i>Level 2 (Other Observable Inputs)</i>		
Corporate bonds	6,022,325	4,096,382
<i>Add Other Assets</i>		
Due from Broker	-	584,366
	<u>\$ 24,046,762</u>	<u>\$ 21,926,982</u>

9. Commitments and Contingencies

Contract to Purchase 10-acre Parcel Adjoining the Cemetery

In 2024, the Cemetery signed a contract to purchase a 10-acre parcel adjoining the Cemetery for \$6,400,000. The contract was contingent upon environmental reviews of the property and required the approval of the Board and the seller clearing the property of tenants prior to closing. The environmental assessments were completed in late 2024 and the Board approved the purchase on April 8, 2025. Payments related to this purchase totaled \$680,994 in 2024. In 2025 the Cemetery assigned the contract to Davis Brook and the closing was held on December 18, 2025.

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 AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. 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 \$3.7 million, to be earned on approximately \$79 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 \$95 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 these consolidated financial statements were available for issuance. General Fund financial assets which can be liquidated within one year of the consolidated statement of financial position dates for general expenditure are as follows:

	2025	2024
Cash and cash equivalents	\$ 9,041,643	\$ 11,930,658
Accounts and other receivables due within one year	1,822,000	1,305,000
Accrued investment income receivable	957,000	854,000
Investments	<u>93,302,543</u>	<u>84,159,627</u>
Financial assets at year end available to meet cash needs for general expenditures within one year	<u>\$ 105,123,186</u>	<u>\$ 98,249,285</u>

11. 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, 2025 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.

[illegible]

The background of the entire page is a grayscale photograph of a forest. Large, mature trees with thick trunks are visible, their leaves creating a dappled light effect. A path or clearing is visible at the bottom right.

NOTES

23

Officers

*President, Chief Executive Officer,
and Counsel*

Matthew G. Parisi

Vice President and Superintendent

Michael H. Cook, Jr.

*Vice President, Chief Financial Officer,
and Treasurer*

Theresa M. Doran

*Vice President, Sales & Development
Manager, and Assistant Treasurer*

Michael J. Farmer

Board of Directors

Chairman

Raymond M. Planell

Vice Chairman

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Secretary

Mary Ann Alonso

Kevin J. Bannon

Catherine U. Biddle

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Matthew G. Parisi

Elizabeth Payne

Howard Weintraub

Superintendents

Superintendent

Michael H. Cook, Jr.

Deputy Superintendents

Jack Cunha

Joe Sabio

Assistant Superintendents

Carlos Lopes

Luis Rodriguez

As of January 1, 2025



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