A Guide to Cemetery Accounting

October 25, 2023

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Agenda

1. Cemetery Income & Fund Types
2. Statutory & Regulatory Requirements
3. Internal Controls & Best Practices
4. Sustainability

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Cemetery Income & Funds Types

Cemetery Income

Lot Sales Niches Crypts	Full Body Burials Entombments	Cremation Burials Inurnments
Additional Service Charges (Weekends, Holidays, Tent, Chapel)	Foundations (when applicable)	Interest & Dividends And Donations

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Types of Funds

- General Fund (GF)
- Permanent Maintenance (PM)
- Perpetual Care (PC)
- Specials Trusts (ST)

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General Fund

- "Day-to-Day" Operating Account
- Deposit 100% of receipts (lot sales, interments, donations)
- Pay Bills (maintenance, insurance, repairs)

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Permanent Maintenance:

" A cemetery's permanent maintenance account is its financial commitment to its future care. Over time, these funds must grow to meet the maintenance needs of the sold-out cemetery. It is essential to collect enough money as sales are made and to invest the funds wisely, so the purchasing power will grow and keep pace with increases in maintenance expenses"

John F. Llewwllyn, A Cemetery Should be Forever

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Permanent Maintenance (PM)

- The principal is INVIOLATE. The cemetery cannot spend the principal. The Division calculates the principal at time of review.
- The cemetery can use income (dividends and interest) to maintain and preserve the cemetery.
- Realized capital gains are not income and are restricted as principal.
- Savings account/Investment vehicles (stocks, bonds, other marketable securities)
- Invest in publicly-traded funds. Avoid community and private foundations.

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PM Allocations

- A minimum of 10% of **lot sales.**
- $35 from each **interment** (full body and cremated remains), entombment, and inurnment. 100% of pet interment fees.
- The cemetery can vote to increase the allocations.
- Gross income to GF, then transfer PM allocations to PM account, at least quarterly.

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Permanent Maintenance (continued)

Cost Basis vs Market Value

- The restricted PM liability must be covered by the cost balance.

Additions to PM

- Allocations from burials/lots sales.
- Realized capital gains
- Land sales
- Lot reclamations
- Gifts
- Bequests to PM

Reductions from PM Liability

- Realized capital losses
- 2/3 investment advisory fees

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Perpetual Care (PC)

- Optional service purchased by lot owners for additional care of their respective plots
- The cemetery cannot spend principal
- The cemetery can use income (interest dividends) only to provide PC

→True PC vs PM by nature←

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Special Trust (ST)

- Designated for a specific purpose
- Principal <u>may</u> be restricted (depending on the trust terms)
- Income (interest & dividends) and if the trust allows, principal can be used for the trust's designated purpose

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Statutory & Regulatory Requirements

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Annual Financial Report

Annual Reports

- Each cemetery must file an annual report
- On or before March 31st of the calendar year
- On or before the 90th day after the fiscal year
- Penalty of $100 per day if late

- Must report cost and market balance for all investment accounts
- Requires two trustee signatures
- Can submit annual report on time and send CPA support letter

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Annual Financial Report (continued)

You may file online or on paper; both are available at:
https://dos.ny.gov/cemetery-operators

All cemeteries must complete Parts 1 – 3

Additional schedules for:

- Perpetual Care
- PM Loans
- Pre-Need and/or Installment Sales
- Certificates of Indebtedness & Land Share Certificates

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DIVISION OF CEMETERIES
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231-0001
Telephone: (518) 474-6226
www.dos.ny.gov

ANNUAL FINANCIAL REPORT OF CEMETERY CORPORATION

CEMETERIES THAT FILE CPA REPORTS MUST ALSO COMPLETE THIS REPORT. ATTACH ADDITIONAL PAGES IF NEEDED.

PART ONE – GENERAL INFORMATION

Reporting Year End Date – Report due 90 days after end of fiscal year (March 31 for most cemeteries)	
Cemetery Name	Cemetery County
New York State – Cemetery Five Digit ID Number —	Federal ID Number – Nine Digit ID Number
Mailing Address (include name if address is that of an Officer)	
City, Town or Village	NY Zip Code

PERSON KEEPING FINANCIAL RECORDS

Name and Title	Mailing Address
Telephone Number	E-Mail Address

NUMBER OF BURIALS – FOR REPORTING YEAR				CEMETERY LANDS – IN ACRES	
Number of Body Burials		Current Lot Price-if multiple prices, write "various"		Sold – To Date	
Number of Cremains Buried from NYS Crematories		Adult Interment Fee		Unsold - Developed	
Number of Cremains Buried from Out-of-State Crematories		Cremation Interment Fee		Unsold - Undeveloped	
Total Burials for Reporting Year	0	Cremation Fee for Crematory Use only		**Total Acreage**	0.00
Number Cremations Performed	0	Estimated Burial Spaces Remaining Including In Ground, Mausoleum Crypts and Columbarium niches			0

INSURANCE COVERAGE – Commercial Crime/Employee Dishonesty

AMOUNT OF COVERAGE — EXPIRATION DATE OF POLICY

CLASSES OF PERSONS (DIRECTORS, EMPLOYEES, OFFICERS, ETC.) COVERED — NAME OF CARRIER

☐ Check if the Division has previously granted a reduction, waiver or modification of this requirement.

☐ Directors and trustees must annually disclose any possible conflicts of interest in a written statement. Check here to confirm that your directors and trustees have done so. Do not attach the statements to your Annual Financial Report.

FINANCIAL STATEMENT CERTIFICATION

The undersigned officials of the ______ Cemetery Corporation certify that we have thoroughly reviewed this Annual Financial Report. To the best of our knowledge this Annual Financial Report and the cemetery's operating statement and accounting assets are complete, accurate, free from any misstatements and are not misleading in any respect.

X ______ TRUSTEE SIGNATURE — DATE

NAME AND TITLE (PRINT)

X ______ TRUSTEE SIGNATURE — DATE

NAME AND TITLE (PRINT)

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ANNUAL FINANCIAL REPORT OF CEMETERY CORPORATION

PART TWO – OPERATING STATEMENT

CEMETERY NUMBER AND NAME	DATE – Reporting Year End

❶ **Operating Account Balance – Beginning** .... $

RECEIPTS (INCOME)

(You may attach a statement of income and expense in lieu of completing this section if it contains all the information required below. ALL BOLDED LINES MUST BE FILLED OUT)

a. Lot Sales (gross) (includes niche, crypts, mausoleums, etc.) .... $
b. Interment Income .... $
c. Foundations .... $
d. Dividends and Interest (deposited in reporting year) .... $
e. Donations and Bequests .... $
f. Other Receipts (complete schedule on next page) .... $
g. SUBTOTAL - OPERATING REVENUES...(Add lines a – f)... +$ 0.00

DISBURSEMENTS (EXPENSES)

h. Employee Wages .... $
i. Independent Contractor - Grave Opening .... $
j. - Maintenance and Mowing .... $
k. Salaries of Officers and Directors .... $
l. Supplies and Repairs .... $
m. Equipment .... $
n. Insurance - General Liability .... $
o. - Workers Compensation .... $
p. - Commercial Crime/Employee Dishonesty .... $
q. Vandalism and Assessment Fee .... $
r. Other Disbursements (complete schedule on next page) .... $
s. SUBOTAL - DISBURSEMENTS...(Add lines h – r) .... - $ 0.00

❷ **Net Operating Surplus OR Deficit (Operating Revenue - line g Less Disbursements - line s)** $ 0.00

TRANSFERS TO OPERATING ACCOUNT (COMPLETE THIS ENTIRE SECTION EVEN IF YOU FILE A CPA REPORT)

From Trust Funds (Retained Income from Previous Years) .... $
From Other Funds (i.e., Special, Bequests, Pre-need, etc.) .... $

❸ **TOTAL TRANSFERS TO OPERATING ACCOUNT** .... + $ 0.00

TRANSFERS FROM OPERATING ACCOUNT

To Permanent Maintenance Fund*
Minimum of 10 % of Lot Sales .... $
$35 per Interment .... $
Other (Loan Payments, etc.) .... $
To Perpetual Care Fund .... $
To Other Funds .... $

❹ **TOTAL TRANSFERS FROM OPERATING ACCOUNT TO PM, PC, AND OTHER FUNDS** .... - $ 0.00

Operating Account Balance – ENDING (Total lines 1 – 3 less line 4) .... $ 0.00

DIVIDENDS AND INTEREST

Total Dividends and Interest Earned in the Reporting Year (from all accounts) .... $

*By law, a cemetery must deposit into its Permanent Maintenance fund at least 10% of the gross proceeds of lot and grave sales and $35.00 for every interment including cremated remains.

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ANNUAL FINANCIAL REPORT OF CEMETERY CORPORATION

PART TWO – OPERATING STATEMENT

CEMETERY NUMBER AND NAME	DATE – Reporting Year End

Other Receipts – Detail Schedule		Other Disbursements – Detail Schedule	
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
Other Receipts (must equal total on line f on previous page.)	$ 0.00	Other Disbursements (must equal total on line r on previous page.)	$ 0.00

PART THREE – STATEMENT OF OPERATING FUNDS & TRUST FUNDS

GENERAL FUND (GF) – SCHEDULE OF ACCOUNTS and BALANCES

List reporting year end balances of all accounts containing GF. For all investment accounts, also list cost basis. Attach schedule if additional space is required.

	Financial Institution	Last 4 Digits of Account #	Type* of Account	Balance-Reporting Year End- at **Market**	Balance-Reporting Year End- at **Cost**
1.				$	
2.				$	
3.				$	
4.				$	
5.				$	
Total of General Fund Assets at Reporting Year End				$ 0.00	$ 0.00

*Type = CD, Mutual Fund, Savings Account, Stocks, etc.

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ANNUAL FINANCIAL REPORT OF CEMETERY CORPORATION

PART THREE – STATEMENT OF OPERATING FUNDS & TRUST FUNDS

CEMETERY NUMBER AND NAME	DATE – Reporting Year End

PERMANENT MAINTENANCE FUND – SCHEDULE OF ACCOUNTS and BALANCES

Permanent Maintenance (PM) Assets – List reporting year end balances of all accounts containing PM funds. For all investment accounts, also list cost basis. You may attach a schedule or list all on separate sheet if additional space is required, but you must complete Line A, below.

	Financial Institution	Last 4 Digits of Account #	Type* of Account	Balance-Reporting Year End- at **Market**	Balance-Reporting Year End- at **Cost**
1.				$	$
2.				$	$
3.				$	$
4.				$	$
5.				$	$
A. Total of Permanent Maintenance Assets at Reporting Year End				$ 0.00	$ 0.00

*Type = CD, Mutual Fund, Savings Account, Stocks, etc.

PERMANENT MAINTENANCE (PM) FUND RECONCILIATION

1. PM Fund Balance – Beginning		$
ADDITIONS TO PM		
2. Allocations from Lot Sales (at least 10% of gross lot sales)	$	
3. Allocations from Interments ($35 per interment)	$	
4. Allocations from Installment Payments (from Part 5A)	$	
5. Income (Interest and Dividends)	$	
6. Realized Capital Gains	$	
7. PM Loan Repayments	$	
8. Other Additions to PM	$	
9. SUBTOTAL ADDITIONS (Lines 2 through 8)	+ $ 0.00	
WITHDRAWALS/DEDUCTIONS FROM PM		
10.Transfer of Income (Interest and Dividends)	$	
11. Realized Capital Losses	$	
12. PM Loans withdrawn	$	
13. Deduction of 2/3 of investment advisory fees on PM account	$	
14. SUBTOTAL DEDUCTIONS (Lines 10 through 13)	- $ 0.00	
15. Balance at Reporting Year End (Line 1 plus Line 9, minus Line 14)		$ 0.00

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ANNUAL FINANCIAL REPORT OF CEMETERY CORPORATION

PART THREE – STATEMENT OF OPERATING FUNDS & TRUST FUNDS

CEMETERY NUMBER AND NAME	DATE – Reporting Year End

SPECIAL TRUST FUNDS – SCHEDULE OF ACCOUNTS and BALANCES (IF THE CEMETERY HAS SUCH TRUST FUNDS)

List reporting year end balances of all accounts containing Special Trust Funds (such as restricted donations or bequests). For all investment accounts, also list cost basis. Attach schedule or list all on separate sheet if additional space is required. Attach copies of instruments establishing new bequests received during the reporting year. Attach schedule or list all on separate sheet if additional space is required.

	Financial Institution	Last 4 Digits of Account #	Type* of Account	Balance-Reporting Year End- at **Market**	Balance-Reporting Year End- at **Cost**
1.				$	$
2.				$	$
3.				$	$
4.				$	$
5.				$	$
Total of Special Trust Fund Assets at Reporting Year End				$ 0.00	$ 0.00

*Type = CD, Mutual Fund, Savings Account, Stocks, etc.

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1. **Does your cemetery currently, or has it ever, offered perpetual care?** ☐ YES or ☐ NO
   Perpetual care is a voluntary contractual arrangement with the cemetery for additional care of a lot, plot, or part thereof.
   If you answered YES to this Question, go online to http://www.dos.ny.gov/cmty/forms.htm and download and file Part Four A— Perpetual Care Trust Fund—Schedule of Accounts and Balances, and Perpetual Care Fund Reconciliation.
2. **Does your cemetery have a Permanent Maintenance Fund loan outstanding?If you answered YES to this question, go online to** http://www.dos.ny.gov/cmty/forms.htm **and download and file Part Four B – Permanent Maintenance Loan Balance.** ☐ YES or ☐ NO
3. **Does your cemetery sell lots on an installment basis?** ☐ YES or ☐ NO
   If you answered YES to this question, go online to http://www.dos.ny.gov/cmty/forms.htm and download and file Part Five A – Supporting Schedules.
4. **Does your cemetery sell merchandise such as bronze markers or interment services on a pre-need basis?** ☐ YES or ☐ NO
   If you answered YES to this question, go online to http://www.dos.ny.gov/cmty/forms.htm and download and file Part Five B – Supporting Schedules.
5. **Does your cemetery file Form 990 or Form 990-EZ with the IRS?** ☐ YES or ☐ NO
   If you answered YES to this question:
   Form 990 filers attach Part VII Compensation of Officers, Directors,Trustees. Form 990-EZ filers attach Part VI.
   If your cemetery files Form 990-N – Electronic Notice (e-Postcard), no additional attachments are required.

If you answered **NO to ALL** of the above five questions **and** your cemetery has **less than** $1,000,000 in total financial assets,* **STOP HERE**. You **do not** have to fill out any additional schedules.

* Total financial assets means the market value of all general funds, permanent maintenance funds, perpetual care funds, special trust funds and other funds under the control of the cemetery, including both restricted and unrestricted funds, regardless of the form in which they are held. Total financial assets do not include the cemetery's land, buildings, equipment, etc.

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Vandalism and Assessment Fees

- DOS-532 due on or before March 31st
- Check payable to Department of State, mailed to main office in Albany
- Vandalism - $5 per interment and out of state cremation
- Assessment - $3 per interment and out of state cremation, no payment for first 15
- Applied toward grant fund that cemeteries are eligible to apply for, to repair monuments
- Defray administrative costs to the Division of Cemeteries

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Vandalism & Assessment Fees – Form DOS-532

STATE OF NEW YORK
DEPARTMENT OF STATE - DIVISION OF CEMETERIES
One Commerce Plaza, 99 Washington Avenue, Albany, NY 12231
NOTICE OF VANDALISM AND ASSESSMENT FEES (CEMETERIES) DUE MARCH 15, FOR CALENDAR YEAR
in accordance with Section 1507(h) and 1508(c) of the Not-For-Profit Corporation Law

	Number of Burials		Balance	Rate	Amount Due
(1) VANDALISM: Interments (bodies and out of state ashes only)	----------	NO EXEMPTION	----------	@ $5.00	$----------
(2) ASSESSMENT: Interments (bodies and out of state ashes only)	----------	Less 15 Exemption	----------	@ $3.00	$----------
				TOTAL DUE	$

Line (1) ***VANDALISM*** number of burials does NOT include ashes from NYS crematories.
Line (2) ***ASSESSMENT*** number of burials does NOT include ashes from NYS crematories.

The basis for the vandalism fee is $5 for each interment for the preceding calendar year. The basis for the annual assessment is $3.00 for each interment in **excess of 15 interments** for the preceding calendar year.

Please complete all information; if none, state NONE. Make remittance payable to Division of Cemeteries. RETURN original with remittance to above address; retain duplicate.

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Vandalism & Assessment Fees

	All Burials	Less NYS Cremations	Reportable Burials
Bodies Buried	98		98
Cremations	16	14	2
Totals	114	14	100

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Vandalism & Assessment Fees

	Number	Exemption	Balance	Rate	Amount Due
Vandalism Interments	100	No Exemption	100	$5	$500
Assessment Interments	100	Less 15 Exemptions	85	$3	$255
Total Due					$755

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Commercial Crime Insurance

Commercial Crime Insurance	Should cover employees, officers, and directors
	$15,000 or 10% of total financial assets, whichever is greater up to a max of $500,000
	The cemetery may request a waiver or modification of this requirement. Waivers must be renewed and can be rescinded if circumstances change.

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IRS Form 990

If you file form 990 or 990-EZ with the IRS, you must submit a copy of the compensation page with your annual report.

If you have not filed form 990 within the last 3 years, answer “no” on page 6 of the annual report. The IRS revokes non-profit status if no filings are received in 3 years.

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Service Charge Approval

Service Charge

Increases in lot charges do not require approval, but you must send new price lists to the Division.	The Division, acting for the Cemetery Board, must review all requests for changes to current service charges or new charges; typical charges: • Interment. • Foundation. • Extra charges for weekend and holiday burials.	Flat rates for winter burials are not allowed, pass through only.	Employment cost index (ECI): If a cemetery seeks only an ECI increase, there is a different self-certification process that can be followed.

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Additional Requirements

- Annual lot owners meeting (advertise 3x)
- Board applications for major alterations and special projects
- Update trustees and contact information when there are changes
- Provide records for inspection when requested by Division staff
- Notify the Division of any suspected fraud or mismanagement of funds

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Internal Controls & Best Practices

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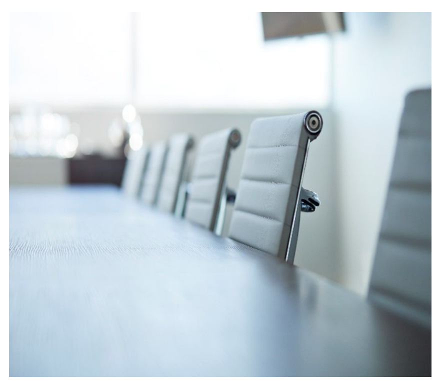
Internal Controls & Best Practices

- **All income** (from interments, lot sales, etc.) should pass through the operating account first; transfers can then be made to the PM or other accounts from the operating account.
- Include at least 2 officers on every transaction; i.e. one closes sale & collects payment; then gives it to Treasurer to deposit and file.
- The cemetery should issue receipts for all income received. Cash is discouraged.
- Bank statements should be reviewed by someone other than the Treasurer on a regular basis.
- The cemetery should make all disbursements by check.
- Two signature requirement on all checks; confirm wire transfers also require two authorizations if possible.



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Internal Controls & Best Practices

- Adopt and adhere to Conflict of Interest policy
- Separation of duties
- Do NOT delay deposits
- Do NOT pre-sign checks
- Pay attention to investments (ROR, fees)
- Convert CDs to investments when appropriate

https://ag.ny.gov/sites/default/files/2023-02/conflict-of-interest.pdf

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Record Keeping

- For all lot sales, the cemetery should issue a lot deed or comparable receipt to the owner and keep a copy on file at the cemetery. Deeds require the signatures of two officers.
- The cemetery must issue a body delivery receipt for each interment and keep a copy.
- The cemetery should collect and retain cremation certificates for each cremated remain burial, when available.
- Cemetery should keep a burial and lot sale log.
- All copies of the map should be updated after each lot sale.
- Cemetery should keep a ledger or checkbook register with details for all monies collected and paid out.

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Organization of Records

- File expenses by year then by vendor
- Follow records retention policy: 7 years if audited, life for corporate documents
- Keep separate folders for bank and brokerage statements
- Label bank accounts by their names (PM, GF)

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Safeguarding of Assets & Records

- ELECTRONIC & SCANNED COPIES SOFTWARE
- FIREPROOF SAFE
- MORE THAN ONE COPY OF CEMETERY MAP
- THE TOWN MAY HAVE STORAGE

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Sustainability

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Sustainability

- Fundraising
- Additional Charges
- Attrition Planning
- Partnerships
- Bridging Generational Gap
- Investing for Growth

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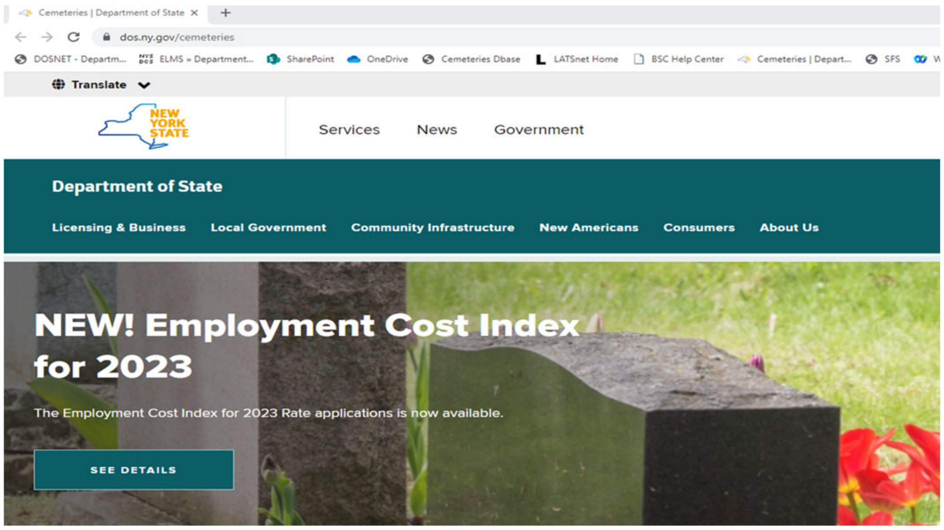

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Conclusion – Questions?

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