

Combined Financial Statements and Report of Independent Certified
Public Accountants

**The Catholic Cemetery Association of the Archdiocese of Boston, Inc.
and Affiliated Trust**

June 30, 2007 and 2006

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

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Report of Independent Certified Public Accountants

His Eminence Cardinal Sean Patrick O'Malley, O.F.M. Cap.
The Catholic Cemetery Association of the Archdiocese of Boston, Inc.

We have audited the accompanying combined statements of financial position of The Catholic Cemetery Association of the Archdiocese of Boston, Inc. and Affiliated Trust (the "Association") as of June 30, 2007 and 2006, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of The Catholic Cemetery Association of the Archdiocese of Boston, Inc. and Affiliated Trust as of June 30, 2007 and 2006, and the combined changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Boston, Massachusetts
November 21, 2007

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Combined Statements of Financial Position
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 1,728,616	\$ 1,625,915
Deposits with the Corporation Sole Revolving Loan Fund	676,951	464,236
Interest and dividends receivable	384,674	332,833
Prepaid expenses and accounts receivable	151,058	117,689
Investments	36,801,329	32,406,423
Inventories (note C)	2,446,859	2,579,574
Land, buildings and equipment, net (note D)	6,669,197	6,713,365
	<u>6,669,197</u>	<u>6,713,365</u>
Total assets	<u>\$ 48,858,684</u>	<u>\$ 44,240,035</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 595,880	\$ 781,408
Deferred revenue	3,737,837	3,218,667
Total liabilities	<u>4,333,717</u>	<u>4,000,075</u>
 Contingencies (note J)		
NET ASSETS:		
Unrestricted	32,986,973	30,979,930
Temporarily restricted (note E)	4,065,626	3,245,863
Permanently restricted (note F)	7,472,368	6,014,167
Total net assets	<u>44,524,967</u>	<u>40,239,960</u>
Total liabilities and net assets	<u>\$ 48,858,684</u>	<u>\$ 44,240,035</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Combined Statement of Activities

For the fiscal year ended June 30, 2007

(With summarized information for the fiscal year ended June 30, 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
OPERATING:					
REVENUES AND OTHER SUPPORT:					
Lot openings	\$ 2,127,247	\$ -	\$ -	\$2,127,247	\$ 2,163,062
Lot sales	1,425,209	-	172,166	1,597,375	1,606,735
Mausoleum sales	523,849	-	-	523,849	688,591
Grave boxes	663,218	-	-	663,218	635,089
Other revenue and services	845,378	-	-	845,378	665,193
Interest and dividends	1,065,573	362,836	15,555	1,443,964	1,279,196
Future care receipts	191,802	-	225,621	417,423	499,618
Net assets released through satisfaction of program restrictions (note E)	368,667	(330,546)	(38,121)	-	-
Total revenues and other support	<u>7,210,943</u>	<u>32,290</u>	<u>375,221</u>	<u>7,618,454</u>	<u>7,537,484</u>
EXPENSES (note G):					
Program:					
Cost of sales	3,963,759	-	-	3,963,759	4,350,204
Selling expense	271,460	-	-	271,460	366,432
Maintenance expense	577,866	-	-	577,866	535,934
Operating supplies	171,207	-	-	171,207	152,544
Total program	<u>4,984,292</u>	<u>-</u>	<u>-</u>	<u>4,984,292</u>	<u>5,405,114</u>
Management and general:					
Salaries	1,320,055	-	-	1,320,055	1,289,690
Depreciation and amortization	125,484	-	-	125,484	127,420
Administrative support (note H)	125,617	-	-	125,617	125,617
Utilities and communications	261,979	-	-	261,979	247,886
Other	146,114	-	-	146,114	149,766
Total management and general	<u>1,979,249</u>	<u>-</u>	<u>-</u>	<u>1,979,249</u>	<u>1,940,379</u>
Total expenses	<u>6,963,541</u>	<u>-</u>	<u>-</u>	<u>6,963,541</u>	<u>7,345,493</u>
Change in net assets before non-operating revenue	<u>247,402</u>	<u>32,290</u>	<u>375,221</u>	<u>654,913</u>	<u>191,991</u>
NON-OPERATING REVENUE:					
Net realized and unrealized gains on investments	2,328,486	787,473	41,264	3,157,223	1,202,710
Gain on sale of land	472,871	-	-	472,871	-
Total non-operating revenue	<u>2,801,357</u>	<u>787,473</u>	<u>41,264</u>	<u>3,630,094</u>	<u>1,202,710</u>
CHANGE IN NET ASSETS	3,048,759	819,763	416,485	4,285,007	1,394,701
Net assets at beginning of year	30,979,930	3,245,863	6,014,167	40,239,960	37,150,110
Net assets transfers:					
Formation of Perpetual Care Trust (note K)	(1,041,716)	-	1,041,716	-	-
Parish reconfiguration (note I)	-	-	-	-	1,695,149
Net assets at end of year	<u>\$32,986,973</u>	<u>\$4,065,626</u>	<u>\$7,472,368</u>	<u>\$44,524,967</u>	<u>\$40,239,960</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Statement of Activities

For the fiscal year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING:				
REVENUES AND OTHER SUPPORT:				
Lot openings	\$ 2,163,062	\$ -	\$ -	\$ 2,163,062
Lot sales	1,606,735	-	-	1,606,735
Mausoleum sales	688,591	-	-	688,591
Grave boxes	635,089	-	-	635,089
Other revenue and services	665,193	-	-	665,193
Interest and dividends	975,491	303,705	-	1,279,196
Future care receipts	202,622	-	296,996	499,618
Net assets released through satisfaction of program restrictions (note E)	<u>303,705</u>	<u>(303,705)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	7,240,488	-	296,996	7,537,484
EXPENSES (note G):				
Program:				
Cost of sales	4,350,204	-	-	4,350,204
Selling expense	366,432	-	-	366,432
Maintenance expense	535,934	-	-	535,934
Operating supplies	<u>152,544</u>	<u>-</u>	<u>-</u>	<u>152,544</u>
Total program	5,405,114	-	-	5,405,114
Management and general:				
Salaries	1,289,690	-	-	1,289,690
Depreciation and amortization	127,420	-	-	127,420
Administrative support (note H)	125,617	-	-	125,617
Utilities and communications	247,886	-	-	247,886
Miscellaneous	<u>149,766</u>	<u>-</u>	<u>-</u>	<u>149,766</u>
Total management and general	<u>1,940,379</u>	<u>-</u>	<u>-</u>	<u>1,940,379</u>
Total expenses	<u>7,345,493</u>	<u>-</u>	<u>-</u>	<u>7,345,493</u>
Change in net assets before non-operating revenue	(105,005)	-	296,996	191,991
NON-OPERATING REVENUE:				
Net realized and unrealized gains on investments	<u>407,370</u>	<u>795,340</u>	<u>-</u>	<u>1,202,710</u>
CHANGE IN NET ASSETS	302,365	795,340	296,996	1,394,701
Net assets at beginning of year	28,982,416	2,450,523	5,717,171	37,150,110
Net asset transfer – parish reconfiguration (note I)	<u>1,695,149</u>	<u>-</u>	<u>-</u>	<u>1,695,149</u>
Net assets at end of year	<u>\$30,979,930</u>	<u>\$3,245,863</u>	<u>\$6,014,167</u>	<u>\$40,239,960</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Combined Statements of Cash Flows

For the fiscal years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 4,285,007	\$ 1,394,701
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	430,631	472,342
Net realized and unrealized gains on investments	(3,157,223)	(1,202,710)
Transfer of parish reconfiguration funds	-	1,695,149
Gain on sale of land	(472,871)	-
Future care receipts designated for long-term purposes	(225,621)	(296,996)
Lot sales designated for long-term purposes	(172,166)	-
Interest and dividends designated for long-term purposes	(15,555)	-
Changes in operating assets and liabilities:		
Interest and dividends receivable	(51,841)	(56,172)
Prepaid expenses and accounts receivable	(33,369)	27,427
Inventories	132,715	(278,425)
Accounts payable and accrued expenses	(185,528)	(81,605)
Deferred revenue	519,170	510,132
	<u>1,053,349</u>	<u>2,183,843</u>
INVESTING ACTIVITIES:		
Purchases of land, buildings and equipment, net	(398,799)	(163,823)
Proceeds from the sale of land	485,207	-
Proceeds from the sale of investments	-	23,959
Purchases of investments	(1,237,683)	(3,440,211)
Revolving Loan Fund (deposits) and withdrawals, net	(212,715)	1,050,320
Net cash used in investing activities	<u>(1,363,990)</u>	<u>(2,529,755)</u>
FINANCING ACTIVITIES:		
Future care receipts designated for long-term purposes	225,621	296,996
Lot sales designated for long-term purposes	172,166	-
Interest and dividends designated for long-term purposes	15,555	-
	<u>413,342</u>	<u>296,996</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	102,701	(48,916)
Cash and cash equivalents at beginning of year	<u>1,625,915</u>	<u>1,674,831</u>
Cash and cash equivalents at end of year	<u>\$ 1,728,616</u>	<u>\$ 1,625,915</u>

The accompanying notes are an integral part of these combined financial statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements
June 30, 2007 and 2006

NOTE A - NATURE OF ORGANIZATION

The Catholic Cemetery Association of the Archdiocese of Boston, Inc. (the "Association") is a legal entity that owns and operates twenty-three cemeteries and three mausolea within the geographic area of the Archdiocese of Boston. The operations of certain other Catholic cemeteries in the area, owned and operated by local parishes and other unrelated organizations, are not included in the accompanying financial statements.

The combined financial statements also include the activities of The Catholic Cemetery Association of the Archdiocese of Boston, Inc. Perpetual Care Trust (the "Trust") which was formed on November 16, 2006 for the sole benefit of the Association. For additional information, see Note K.

The Archbishop of Boston, by virtue of his office, serves as chairman of the Association and numerous other separately incorporated Catholic organizations that operate within the Archdiocese of Boston. In addition, the Archbishop of Boston is the Trustee of the Trust. While these organizations are considered to be related organizations of the Association, their financial activities are not presented as part of the accompanying financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The combined financial statements of the Association have been prepared on the accrual basis of accounting.

The combined financial statements include the accounts of the Association and the Trust as of and for the year ended June 30, 2007. The financial statements as of and for the year ended June 30, 2006 include the accounts of the Association only as the Trust was not created until November of 2006. All significant intercompany accounts and transactions have been eliminated in combination.

Classification of Net Assets

The Association reports three classes of net assets and the changes in those net assets in the Statements of Financial Position and Statements of Activities, respectively. The three classes of net assets - unrestricted, temporarily restricted and permanently restricted - are based on the existence or absence of restrictions, either explicit or implicit. The three classifications are defined as follows:

Unrestricted net assets - Assets that are not restricted by donor, applicable law or for which restrictions have expired. Unrestricted net assets also include amounts set aside for the care and maintenance of cemeteries.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued
June 30, 2007 and 2006

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Temporarily restricted net assets - Net assets subject to donor or legal imposed restrictions that permit the Association to use or expend the assets as specified and are satisfied by either the passage of time or by actions of the Association.

Permanently restricted net assets - Net assets subject to donor or legal imposed stipulations that they be maintained permanently by the Association. The investment income earned on these assets is to be used for the long-term care and maintenance of cemeteries and mausolea. In the absence of donor direction or legal restrictions, unexpended appreciation on permanently restricted net assets is recognized as temporarily restricted net assets. The Trust's net assets are permanently restricted.

When a stipulated time restriction ends or purpose restriction is accomplished, such as expenditures for the care and maintenance of mausolea, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Cash and Cash Equivalents

Financial instruments with original maturities of three months or less at purchase are classified as cash equivalents. Included in cash equivalents are investments in money market mutual funds totaling approximately \$753,000 and \$227,000 at June 30, 2007 and 2006, respectively.

The Association deposits its cash in major financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000 per institution. At times, such cash is in excess of FDIC-insured limits. The Association has not experienced any losses as a result of the use of uninsured deposit accounts.

Deposits with the Corporation Sole Revolving Loan Fund

The Association deposits funds with the Corporation Sole Revolving Loan Fund ("the Revolving Loan Fund"), an internal savings and loan program of the Roman Catholic Archbishop of Boston, A Corporation Sole (the "Corporation Sole") administered for the benefit of various catholic entities within the Archdiocese of Boston. All funds invested with the Revolving Loan Fund currently receive a 4% annual return and are available within one business day.

Investments

Investments are carried at fair value with changes in fair value reflected in the Combined Statements of Activities as gains or losses on investments.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued
June 30, 2007 and 2006

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments include holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (“Investment Fund”), which is fully invested in the RCAB Collective Investment Partnership (“Investment Partnership”). The Investment Partnership is invested primarily in equity and fixed-income securities as well as private partnerships. The Investment Partnership is a separate related organization established to provide a common investment pool in which the Association and other catholic organizations participate. The participants own units based upon a per-unit value at the time of purchase. The Investment Fund and Investment Partnership incur service fees from Corporation Sole for administrative, technical and clerical services performed on behalf of the funds. These fees are reflected in the calculation of the value per unit.

At June 30, 2007, 17% of the Investment Partnership’s assets were with private collective investment partnerships. A portion of the investments held by these partnerships are not readily marketable and are valued by the investment managers. Because the private partnership investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been determined had a ready market for such investments existed. Such differences could be material.

Inventories

Inventories, supplies and resale products are valued at the lower of cost (determined on a first-in, first-out basis) or market.

Land, Buildings and Equipment

Land and land improvements, buildings and building improvements, and furniture and equipment are carried at cost. Land, cemetery and mausoleum development costs are amortized as cost of sales when graves and crypts are sold. Buildings, building improvements, furniture and equipment are depreciated on a straight-line basis over their estimated useful lives, which range from three to forty years. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized.

Revenue Recognition

The Association assists customers with both “pre-need” and “at-need” service. Pre-need service relates to customers contracting with the Association to provide future burial services. At-need service relates to customers contracting with the Association for immediate burial services. Pre-need burial contracts are reflected as deferred revenue until interment or entombment occurs.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued
June 30, 2007 and 2006

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Future Care Funds

The Association sets aside 30% of all proceeds from mausolea sales which are deposited into a permanently restricted future care fund maintained by the Association. These proceeds are recorded as future care receipts within the Combined Statements of Activities. The Association also deposits a minimum of 10% of all proceeds from ground lot sales into the Trust for the continued maintenance of the cemetery grounds. Such funds are classified as permanently restricted within the Combined Statements of Activities.

Income Taxes

The Association is included in the United States Catholic Conference Group Ruling and in the Official Catholic Directory and is therefore exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in these financial statements.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant items affected by the use of estimates include depreciation lives for fixed assets and the fair value of investments for which an active trading market does not exist. Actual results could vary from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform them with the current year presentation.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued

June 30, 2007 and 2006

NOTE C - INVENTORIES

Inventories consisted of the following at June 30:

	<u>2007</u>	<u>2006</u>
Mausolea	\$1,127,967	\$1,290,583
Lot development costs	765,970	782,587
Grave boxes installed on lots available for sale	493,518	441,943
Grave boxes on hand	21,545	25,278
Columbaria	37,859	39,183
	<u>\$2,446,859</u>	<u>\$2,579,574</u>

NOTE D - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following at June 30:

	<u>2007</u>	<u>2006</u>
Land and land improvements	\$5,819,877	\$5,780,896
Buildings and building improvements	1,408,132	1,403,347
Furniture and equipment	2,991,070	2,663,373
Construction in progress	15,000	-
Total cost	<u>10,234,079</u>	<u>9,847,616</u>
Less accumulated depreciation	<u>(3,564,882)</u>	<u>(3,134,251)</u>
Land, buildings and equipment, net	<u>\$6,669,197</u>	<u>\$6,713,365</u>

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued
June 30, 2007 and 2006

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purpose at June 30:

	<u>2007</u>	<u>2006</u>
Future care - Mausolea	<u>\$4,065,626</u>	<u>\$3,245,863</u>

Net assets released from temporary restrictions through satisfaction of purpose restrictions were as follows for the years ended June 30:

	<u>2007</u>	<u>2006</u>
Future care - Mausolea	\$ 330,546	\$ 303,705
Distribution from Perpetual Care Trust	<u>38,121</u>	<u>-</u>
	<u>\$ 368,667</u>	<u>\$ 303,705</u>

NOTE F - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets were restricted as follows at June 30:

	<u>2007</u>	<u>2006</u>
Future care - Mausolea	\$ 6,239,788	\$6,014,167
Perpetual Care Trust	<u>1,232,580</u>	<u>-</u>
	<u>\$ 7,472,368</u>	<u>\$6,014,167</u>

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued
June 30, 2007 and 2006

NOTE G – EMPLOYEE BENEFITS

PENSION PLAN

The Association participates with other Catholic organizations in a noncontributory, defined benefit, multi-employer pension plan covering substantially all lay employees. Benefits are provided through the Roman Catholic Archdiocese of Boston Pension Plan (the “Pension Plan”), a related organization. The Association’s employees represent approximately 1.25% of all lay employees covered under the Pension Plan. The Pension Plan is not subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). Pension expense allocated to the Association is based on payroll cost and amounted to \$148,963 and \$138,200 for the years ended June 30, 2007 and 2006, respectively.

Accumulated plan benefits information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the Pension Plan and, accordingly, such information is not presented herein. At June 30, 2007, the audited financial statements of the Pension Plan reflected approximately \$291.8 million in net assets available for benefits and \$286.2 million in accumulated plan benefits.

SICK LEAVE

The majority of employees of the Association are covered under a collective bargaining agreement. Under this agreement, covered employees accumulate unused sick leave from year to year without any limitation. Upon retirement or death, an employee or the next of kin will be paid an amount based upon 50% of accumulated sick leave, up to a maximum of 100 days, at per diem rates established in the collective bargaining agreement. The Association had \$279,562 and \$276,676 accrued for sick leave at June 30, 2007 and 2006, respectively.

NOTE H - RELATED PARTY TRANSACTIONS

The Association receives administrative support from the Corporation Sole in the form of centralized processing of cash receipts, cash disbursements, payroll, benefits and management information systems. Certain administrative costs, including salaries, office space and overhead expenses incurred by the Corporation Sole for the benefit of the Association are charged to the Association. Such expenses amounted to \$125,600 during the years ended June 30, 2007 and 2006. The expense for these service fees is included in administrative support in the accompanying Combined Statements of Activities.

During fiscal year 2007, the Association received \$294,635 from St. Patrick’s Parish in Roxbury for the re-interment of remains discovered at the former cemetery at St. Joseph’s Parish in Roxbury. These funds are included in other revenue and services in the accompanying Combined Statement of Activities.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE OF BOSTON, INC.
AND AFFILIATED TRUST**

Notes to Combined Financial Statements - Continued
June 30, 2007 and 2006

NOTE I - PARISH RECONFIGURATION - TRANSFER FROM RELATED ORGANIZATION

During fiscal year 2005, as a result of parish reconfiguration within the Corporation Sole, the Association assumed responsibility for the operation of two cemeteries located in Marlborough, Massachusetts and one cemetery located in Andover, Massachusetts. The transfer of ownership of the cemeteries was completed in fiscal year 2006. In total, the Association received \$1,697,135 in cash as part of the cemetery transfers for support of the future operation of these cemeteries.

NOTE J - CONTINGENCIES

In the normal course of operations, the Association provides its customers with an installment financing option. When a customer enters into a financing arrangement with the Association, the related notes are sold to a bank under a Recourse Purchase Agreement (the "Agreement"). Under the Agreement, the Association is liable for defaults by its customers. Default is defined as any contract that becomes at least 90 days past due. At June 30, 2007, the Association was contingently liable for 158 contracts aggregating approximately \$418,000. No contracts were in default at June 30, 2007. During fiscal year 2007, the Association made payments to the bank under the terms of the Agreement, net of customer reimbursements, totaling \$4,500. In the opinion of management, the Association's estimated liability under the recourse provision of the Agreement is insignificant.

NOTE K - FORMATION OF PERPETUAL CARE TRUST

In 2004, the Commonwealth of Massachusetts enacted legislation that brought oversight of cemeteries under the jurisdiction of the Office of the Secretary of State. In settlement of litigation, the Association entered into an agreement in November 2006 with the Secretary of State requiring the Association to set aside a minimum of 10% of the proceeds from its ground lot sales into an irrevocable and perpetual trust so long as the Association is in existence. On November 16, 2006, The Catholic Cemetery Association of The Archdiocese of Boston, Inc. Perpetual Care Trust (the "Trust") was formed. Under the agreement, the initial funding of the Trust included the proceeds of ground lot sales retroactive to June 2001, when the Association was created.

Within 60 days of the end of the fiscal year, the Trustees shall transfer to the Association 3% of the aggregate value of the Trust's net assets to be applied to the care and maintenance of the cemeteries administered by the Association.

NOTE L - SUBSEQUENT EVENT

On October 1, 2007, Holy Family Parish in Gloucester transferred ownership of the Calvary and Oak Hill Cemeteries to the Association. The net assets of these cemeteries on the date of transfer were \$199,327. In January 2008, the Corporation Sole intends to transfer from parish reconfiguration funds approximately \$700,000 to the Association as additional funding for the future care of these cemeteries.

SUPPLEMENTAL INFORMATION

Report of Independent Certified Public Accountants
on Supplemental Information

His Eminence Cardinal Sean Patrick O'Malley, O.F.M. Cap.
The Catholic Cemetery Association of the Archdiocese of Boston, Inc.

The basic combined financial statements of The Catholic Cemetery Association of the Archdiocese of Boston, Inc. and Affiliated Trust as of and for the years ended June 30, 2007 and 2006 and our opinion thereon are presented in the preceding section of this report. The supplemental information presented hereinafter is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grant Thornton LLP

Boston, Massachusetts
November 21, 2007

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE
OF BOSTON, INC. PERPETUAL CARE TRUST**

Statement of Financial Position

June 30, 2007

ASSETS

Interest and dividends receivable	\$ 16,923
Due from The Catholic Cemetery Association of the Archdiocese of Boston, Inc.	45,828
Investments	<u>1,207,950</u>
Total assets	<u>\$1,270,701</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accrued distribution	\$ 38,121
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NET ASSETS:

Permanently restricted net assets	<u>1,232,580</u>
Total liabilities and net assets	<u>\$1,270,701</u>

The notes to the accompanying combined financial statements are an integral part of these supplemental statements.

**THE CATHOLIC CEMETERY ASSOCIATION OF THE ARCHDIOCESE
OF BOSTON, INC. PERPETUAL CARE TRUST**

Statement of Activities

For the period from inception (November 16, 2006) to June 30, 2007

OPERATING:

REVENUES:

Lot sale set asides	\$ 172,166
Interest and dividends	<u>15,555</u>

Total revenues	187,721
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EXPENSES:

Transfer to The Catholic Cemetery Association of the Archdiocese of Boston, Inc.	<u>38,121</u>
Operating income	149,600

NON-OPERATING REVENUE:

Net realized and unrealized gains on investments	<u>41,264</u>
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CHANGE IN NET ASSETS	190,864
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Net asset transfer at formation	<u>1,041,716</u>
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Net assets at end of year	<u>\$1,232,580</u>
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The notes to the accompanying combined financial statements are an integral part of these supplemental statements.