



ARCHDIOCESE
OF
SAINT PAUL &
MINNEAPOLIS

*United in Faith,
Hope and Love*

Cemetery Finances

Policy, Perpetual Care and Resources

"How can you plan for perpetual care if you don't have good accounting?"

Mary Jo Jungwirth

Director of Financial Standards and Parish Accounting

Mary Breault

Standards Program Manager

Agenda



- Cemeteries & Columbaria Policy
- Accounting Best Practices
- Perpetual Care - Assets & Liabilities
- Q & A

Archdiocesan Policy 213 – Cemeteries and Columbaria



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Purpose of the policy:

To address the administration of all Cemeteries and Columbaria administered by a Parish in the Archdiocese Territory.

<https://safe-environment.archspm.org/200-administration/213-parish-cemeteries-and-columbaria>



Policy III

A. 7) Cemetery funds must not be commingled with other Parish funds and must be reported on the Annual Parish Financial Report to the Archdiocese. Cemetery Funds may not under any circumstances be used or borrowed by the Parish for any purpose unrelated to the Cemetery.

Industry Expert, Hayden Burrus excerpt



"Those seeking to remove cash from a cemetery will continue to view perpetual care funds as low-hanging fruit that can be easily transferred out of cemeteries without affecting business. Cemeteries will have to vigorously defend attempts to treat their perpetual care funds as a slush fund available for current needs."

Hayden Burrus, President and Principal Actuary, PerpetualCareAdequacy.com
American Cemetery & Cremation January 2021

Policy III

A. 8) All cemetery transactions must be documented and receipted, including the sale of burial rights and the acceptance of funds for any related cemetery service.

Recording and Reporting of Cemetery Transactions



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How can you report to the parish stakeholders if records are not current or representative of activity?

How can you plan for Cemetery operations and perpetual care, if you do not have a good budget, proper accounting and funding assumptions based on solid criteria?



Policy III

A. 10) While the cemetery may have its own board or committee (Board) for its operation all properties and funds belong to the Parish. The Pastor must be a member of the cemetery Board, if one is formed, and must be a signor on all cemetery accounts. It is recommended that the cemetery Board operate in accord with the standards established for other Parish ministries and report to a designated Parish body, e.g. the Parish Pastoral Council or Parish Finance Council....

Policy III

D. 2) All Parish cemeteries must maintain a perpetual care fund.

Perpetual care is a portion of income derived from the sales of all cemetery lots and burial space in a mausoleum or columbarium.

The purpose of the Perpetual Care Fund is keeping up forever the necessary care of the individual lots and graves, and the maintenance, repair and future renewal of the borders, drives, water and sewer systems, enclosures and necessary buildings.

A Liability is...



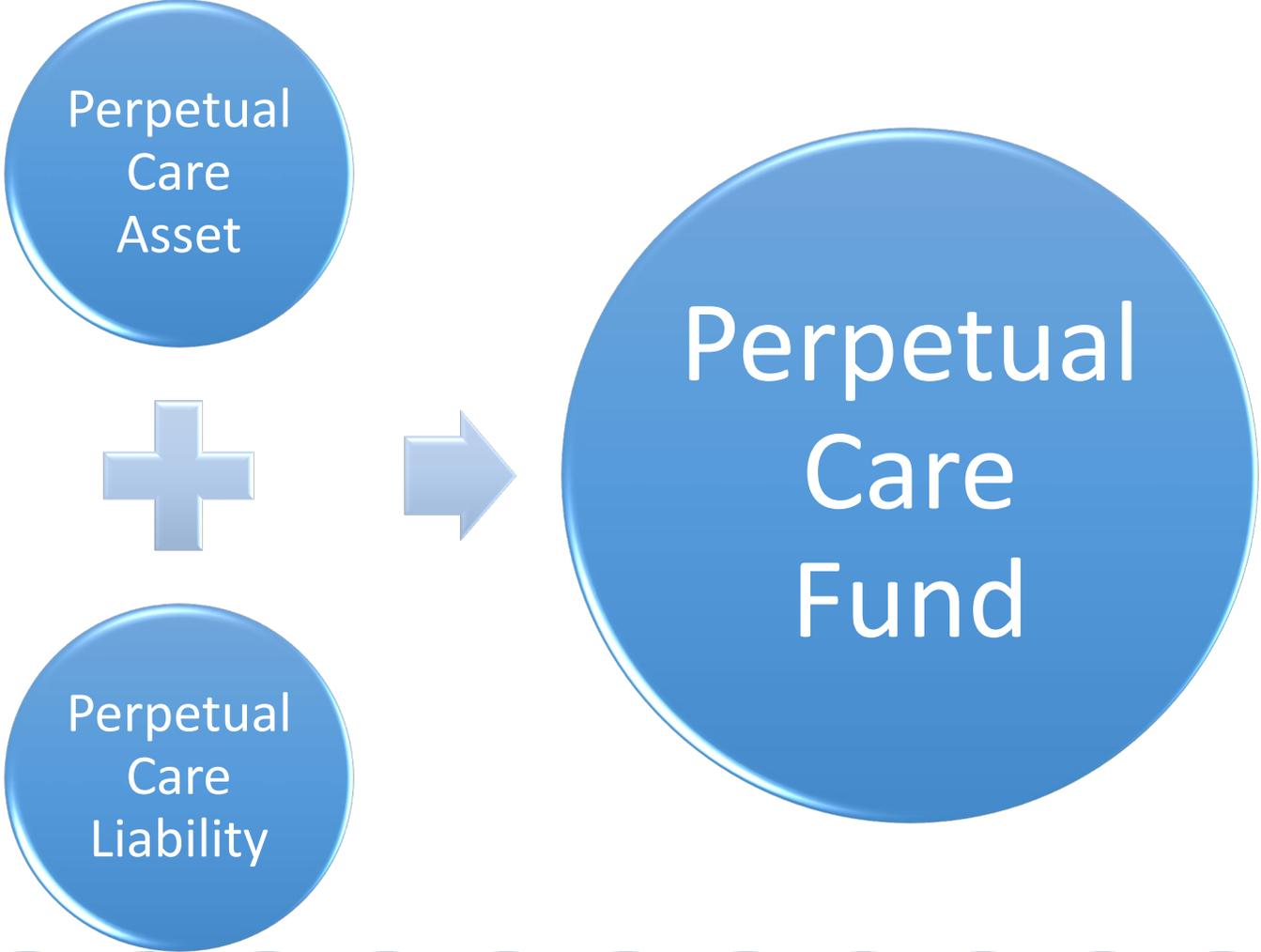
- Money, goods or services a parish/cemetery owes.
- An obligation between two parties not yet completed or paid for.
- An obligation that one party owes at a later date.
- Booked in opposition to an asset.



Archdiocesan Policy 213 – Cemeteries and Columbaria



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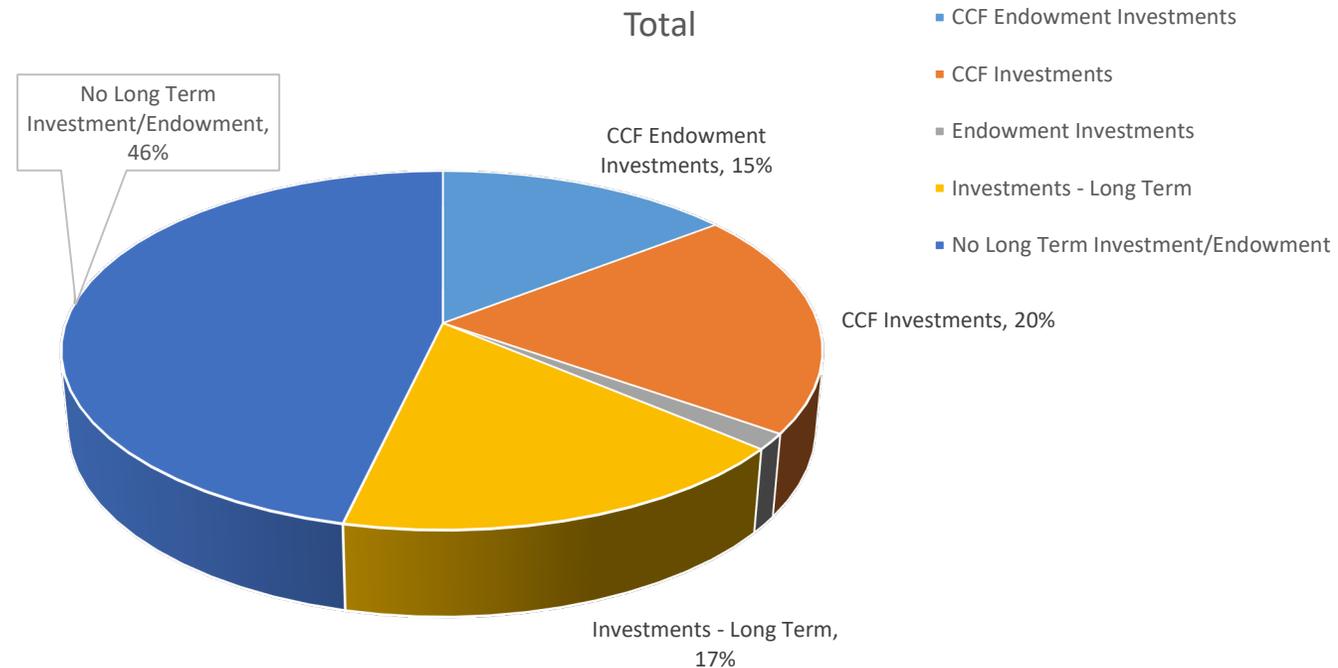


Policy III

D. 2) All Parish cemeteries must maintain a perpetual care fund.

46% of Parishes with Cemeteries* have no Long Term Investment Asset.

*using ParishSOFT Accounting.



Archdiocesan Policy 213 – Cemeteries and Columbaria

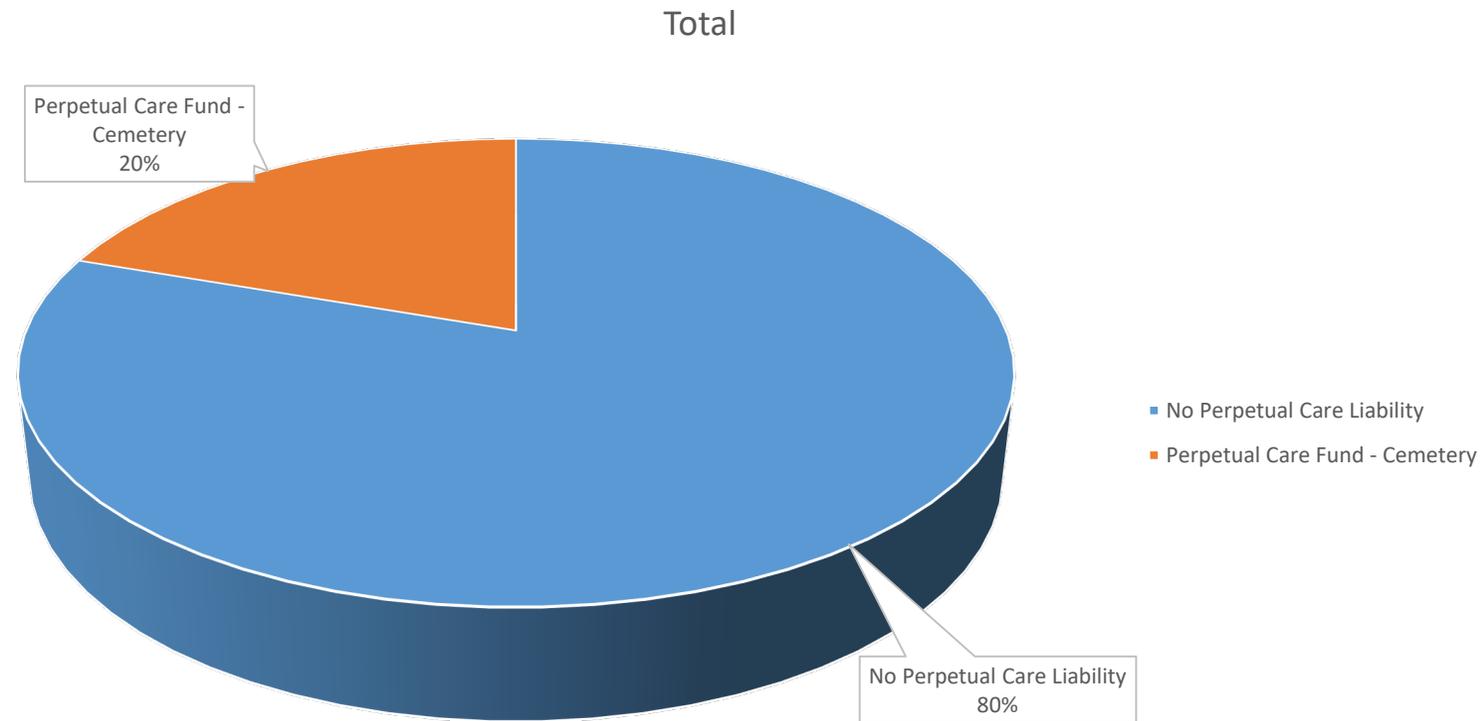


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- Liability and Investment
- Still under consideration

80% of Parishes with Cemeteries* have do not record Perpetual Care Liability.

*using ParishSOFT Accounting.



Why establish a Perpetual Care Fund?



- It's the Cemetery's financial and moral obligation to provide services in perpetuity.
- It's Archdiocesan Policy.
- It earmarks a portion of the Assets held in Perpetual Care to be used only for future repairs and maintenance.
- It allows Cemetery to defer a portion of the revenue for future use.
- It will improve the financial standing on future financial statements.

Revenue is Recorded

- Burial Lots and Columbarium Sales are made and recorded immediately in ParishSOFT Accounting
- 20% of burial lots and 10% of columbarium sales immediately allocated to Perpetual Care Fund Liability (Deferred Revenue)
- Funds transferred to long term investment account at least quarterly

Church of the Good Example



Sale is made and a check for \$4000.00 is received and deposited into Cemetery Checking. Transaction is recorded:

Account	Account Name	Debit	Credit
1000.00C	Cash	4,000.00	
4355.00C	Grave Sales 80% of \$3000.00		2,400.00
4355.00C	Columbarium Sales 90% of 1000.00		900.00
2600.00C	Perpetual Care Fund (Deferred Revenue) 20% of Grave Sale 10% of Columbarium Sale		600.00 100.00

Church of the Good Example



At least Quarterly, transfer funds from Cemetery Checking to a Long Term Investment Account. Transaction is recorded:

Account	Account Name	Debit	Credit
1000.00C	Cash		700.00
1210.00C	CCF Foundation Investment	700.00	

Statement Received from Long Term Investment Recorded Monthly:

Account	Account Name	Debit	Credit
1210.00C	CCF Foundation Investment	100.00	
4120.00CNO	Dividend/Interest Revenue		20.00
4130.00CNO	Realized Gains/Losses		10.00
4140.00CNO	Unrealized Gains/Losses		70.00

Distribution Check from Perpetual Care Asset is recorded in Cemetery Checking:

Account	Account Name	Debit	Credit
1210.00C	CCF Foundation Investment		2,000.00
1000.00C	Cash	2,000.00	

Payments made to vendor for repair and maintenance costs and journal entry is created recognizing the deferred revenue:

Account	Account Name	Debit	Credit
1000.00C	CCF Foundation Investment		2,000.00
5000-6999.00C	Expense Accounts	2,000.00	
4325.00C	Perpetual Care Maintenance Rev		2,000.00
2600.00C	Perpetual Care Fund	2,000.00	



Deposits are Recorded

- Record deposits at the time of sale.
- BA can assist with entry recording the Deferred Revenue

Expenses are Recorded

- Invoices run through Parish Operations, Checks Printed
 - Ensures timely recording and proper coding of invoices
 - Transfers funds from Cemetery to Parish Checking to pay for Cemetery Invoices weekly
- Payments made to vendor(s) for Perpetual Care maintenance costs

Church of the Good Example



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- Funds transferred from Long Term Asset to Cemetery Checking
- Journal Entry Recognizing the Deferred Revenue (for the amount of the funds transferred for perpetual care maintenance)

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Statement of Financial Position

March 31, 2021

	<u>Year to Date Balance</u>
Assets	
Cemetery Operations	
1000.00C Cemetery Checking	23,300.00
1210.00C Catholic Comm Foundation Invest	148,800.00
Cemetery Operations Totals:	<u>172,100.00</u>
Total Assets:	<u><u>172,100.00</u></u>
Liabilities	
Cemetery Operations	
2430.00C Due To / (From) Operating Fund	3,000.00
2600.00C Perpetual Care Fund - Cemetery	48,700.00
Cemetery Operations Totals:	<u>51,700.00</u>
Total Liabilities:	<u>51,700.00</u>
Net Assets	
Cemetery Operations	
3000.00C Unrestricted Net Assets	117,000.00
Current Period Changes to Net Assets	3,400.00
Total Net Assets:	<u>120,400.00</u>
Total Liabilities & Net Assets:	<u><u>172,100.00</u></u>

Church of the Good Example

Statement of Activities

March 31, 2021

<u>Account Shortcut and Description</u>	<u>YTD Actual</u>
Income	
Cemetery Operations	
4325.00C Perpetual Care Maintenance Revenu	2,000.00
4355.00C Grave Sales - Less Perpetual Care	3,300.00
4120.00CNO Dividend/Interest Revenue	20.00
4130.00CNO Realized Gains (Losses) on Inve	10.00
4140.00CNO Unrealized Gains (Losses) on Inv	70.00
Cemetery Operations Totals:	<u>5,400.00</u>
Income Totals:	<u>5,400.00</u>
Expense	
Cemetery Operations	
6250.00C Maintenance & Repair Exp	2,000.00
Expense Totals:	<u>2,000.00</u>
Income - Expense:	<u><u>3,400.00</u></u>

MN Statute 306.37 Care and Improvement Fund



Twenty percent of the proceeds of all sales of cemetery lots and ten percent of the proceeds of all sales of burial space in a mausoleum or columbarium

More than these percentages should be considered, if after analysis it is deemed that your Perpetual Care is underfunded.

MN Statute 306.37 Care and Improvement Fund



- Determining an adequate perpetual care liability can be complicated
 - Salaries and Benefits
 - Repair and Maintenance
 - Capital Expenses
 - Supplies
 - Utilities

MN Statute 306.37 Care and Improvement Fund



- Grounds acreage
- Cost of wages and benefits for labor
- Chapel, age of property structures
- Ornateness and quality of materials
- Irrigation systems, vehicles and equipment
- Insurance and landscaping costs
- Demographics and Anomalies

Work with Experts!

MN Statute 307.01 and 307.09



- Requires all cemeteries owned by religious corporations to be surveyed and a plat made by the surveyor.
- The Plat must be filed with the County Recorder of the county in which the cemetery is located.
- **Preserve the exemption from assessments for local improvements such as abutting public road, water and sewer installations.**

Resources for Cemetery Finance



- Archdiocese of Saint Paul and Minneapolis

<https://safe-environment.archspm.org/200-administration/213-parish-cemeteries-and-columbaria/>

- Office of the Revisor of Statutes

<https://www.revisor.mn.gov/statutes/cite/306.37Par>

- Parish Finance Manual

https://www.archspm.org/resource_downloads/parish-finance-manual/

- APFR Handbook

https://www.archspm.org/resource_downloads/apfr-handbook/

Resources for Cemetery Finance



Watch for Save-The-Dates:

- Parish Administration Orientation – July 2021
- Standards in Church Ministry – August 2021
- Lunch and Learn – October 2021 (Cemetery Finance)



Questions?

Thank You



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Mary Jo Jungwirth

Director of Financial Standards and Parish Accounting

jungwirthm@archspm.org

Mary Breault

Standards Program Manager

breaultm@archspm.org