

Components of investment income are as follows:

	xxx2	xxx 1
Dividends	522,210	598,912
Interest	242,810	261,560
Realized gains (losses)	(632,696)	731,000
Change in unrealized appreciation (depreciation)	<u>(811,680)</u> <u>(679,356)</u>	<u>684,000</u> <u>2,275,472</u>
Less amounts applicable to funds held for others	<u>(452,927)</u>	<u>1,625,337</u>
	<u>(226,429)</u>	<u>650,135</u>

4. Depreciation Expense

Depreciation expense is computed using the straight-line method over the estimated remaining useful lives of the assets, ranging from three to sixty-five years. Amortization of cemetery land, and cemetery and mausoleum development costs is computed (using the weighted average cost method) as graves are sold and is included in cost of sales. **[Omit the second sentence if the cemeteries are not included.]**

5. Contributed Services

Support arising from contributed services of certain personnel, if significant, has been recognized in the accompanying combined statement of activity. The computation of the value of the contribution of these services represents the difference between the stipends and other amounts paid to or on behalf of the religious personnel and the comparable compensation that would be paid to lay persons if lay persons were to occupy these positions. No computation is made for positions that can be held only by religious personnel. Contributed services of \$X,XXX and \$X,XXX for the years ended June

30, xxx2 and xxx1, respectively, are recorded as revenues in rent, royalties, fees and other income. These amounts are offset by expenses of the same amount, primarily included in educational and formational services.

6. Cemetery and Mausoleum Revenue

Sales are generated through two sales programs—"at-need" and "pre-need" programs—with each contract carrying the same terms and conditions. All sales are made by an outside agency.

Sales and cost of sales relating to all at-need sales contracts, as well as grave plots, crypts, and niches for all pre-need sale contracts, are recognized at the time of the sale. The sales and cost of sales relating to resale products and services are deferred and recognized at fulfillment. All contracts in which patrons have not made payments for a six-month period are cancelable. All cancellations relating to current year sales are netted against sales; other cancellations are treated as bad debt expense.

7. Revocable Living Trusts and Bequest

The [Diocese](#) CAO has received certain pledges of net estate assets characterized as living trusts or bequests by will. As it is not practicable to determine a value for the gifts and bequests, and because the trusts are revocable at the discretion of the trust or, the aggregate value of these trusts is not reported on the accompanying statement.

8. Income Taxes

The [Diocese](#) CAO is exempt from federal income taxes under sections 501(c) (3) of the Internal Revenue Code and sections xxxx of the xxxx Code **[insert state statute]**, respectively.

