

**Michigan Department of Licensing and Regulatory Affairs  
Corporations, Securities & Commercial Licensing Bureau  
Audit Section  
P.O. Box 30018, Lansing, MI 48909**

**2018 PREPAID FUNERAL AND CEMETERY SALES ACT ANNUAL REPORT**

AUTHORITY: P.A. 255 OF 1986, as amended

COMPLETION: MANDATORY

PENALTY: Failure to complete may cause formal action that may result in a fine not to exceed \$5,000.00; suspension or revocation of registration; and other penalties as set forth in Section 20 of the Act.

This information may be released to the public in accordance with the Freedom of Information Act, 1976 PA 442, as amended.

**INSTRUCTIONS**

The annual report is to be submitted in sufficient time to ensure the Bureau receives it by July 15, 2019. The **registrant** is to complete the annual report. A Michigan Licensed Certified Public Accountant (CPA) is to attest to the annual report's accuracy through examination for issuance of an opinion utilizing the attestation report that is attached. The CPA is to also complete the Schedule of Findings that is attached.

The Sworn Statement included on page 9 may be filed only if you have not sold, provided or agreed to provide merchandise or funeral or cemetery services in a prepaid contract **AND** you had no obligations with respect to an outstanding (un-provided) prepaid contract during the entire year ending December 31, 2018. If you meet the above requirements for filing a sworn statement you will not need an attestation by a CPA. The form must be submitted in sufficient time to ensure the Bureau receives it by July 15, 2019. Please note: The escrow provisions of the Act apply to all proceeds of the contract where the registrant has any legal duty to provide funeral or cemetery services or merchandise of any kind after death. Furthermore, associated and non-associated insurance policies are not regulated within the provisions of the Act and are not to be reported on Schedules A, B or C.

**REGISTRANT INFORMATION**

Name of Registrant		Michigan Prepaid Registration Number 34-01-	
Street Address		Michigan Mortuary Science Registration Number or Michigan Cemetery Registration Number 45-02- 22-01-	
City		State	Zip Code
Contact Person	Contact Person's Email Address	Telephone Number of Contact Person	

**LOCATION WHERE RECORDS REQUIRED BY THE ACT CAN BE INSPECTED** (if different than mailing address above)

Street Address			
City		State	Zip Code
Contact Person	Contact Person's Email Address	Telephone Number of Contact Person	

## SCHEDULE A - PREPAID CONTRACT ESCROW ANALYSIS

NOTE: Do not report associated or non-associated insurance policies in the amounts below. In the event only associated and non-associated insurance policies are sold and outstanding you must submit a sworn statement utilizing the form on page 9.

If the registrant is registered (licensed) as a cemetery and electing to escrow cemetery merchandise funds received according to Section 12(2), go to Schedule B. Schedule A is to be used exclusively by entities not permitted to make the election or choosing not to.

1. Total number of prepaid contracts sold and outstanding (not provided) as of December 31, 2018:
2. Total amount of funds held in escrow for contracts as of December 31, 2018 (A):
3. Total amount of prepaid contract funds required to be deposited to escrow as of December 31, 2018 (B): (Please see note B below before completing)
4. Total amount of prepaid contract funds deposited to escrow as of December 31, 2018 (C):
5. Total amount of prepaid contract funds not deposited as required (line 3 less line 4):

**(A):** Line 2 is the amount of contract funds deposited to escrow for all outstanding contracts as of December 31, 2018, excluding any contracts which have been fulfilled and withdrawn from escrow by that date, plus all net income earned on the funds as of December 31, 2018, less any fees withdrawn and/or losses realized.

**(B):** Line 3 is the total amount of funds received in connection with a prepaid contract as of November 30, 2018. Note: If contract funds are received in December 2018 and deposited with the escrow agent in December 2018, you are to include the amounts in question on lines 3 and 4 above. If a contract has been fulfilled and withdrawn from escrow as of December 31, 2018, do not include it on any of the lines above. Do not include commissions not escrowed or earnings received on the funds.

**(C):** Line 4 is the total amount of funds received in connection with a prepaid contract as of November 30, 2018, that was **actually deposited** to escrow as of December 31, 2018, excluding any contracts which have been fulfilled and withdrawn from escrow by that date. Note: If contract funds are received in December 2018 and deposited with the escrow agent in December 2018, you are to include the amounts in question on lines 3 and 4 above. Do not include commissions not escrowed or earnings received on the funds.

6. In the event line 5 is greater than \$0.00, describe the cause and plan of action the registrant is taking to remedy the deposit shortage (attach additional pages if needed). Also provide supporting documentation for subsequent funding, such as check copies, escrow statements showing deposits, etc.:

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7. List the name, address, and phone number of all escrow agents and depositories being utilized for contracts below (attach additional pages if needed).

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## SCHEDULE B - PREPAID CONTRACT ESCROW ANALYSIS FOR CEMETERY MERCHANDISE

NOTE: Do not report associated or non-associated insurance policies. In the event only associated and non-associated insurance policies are sold and outstanding you must submit a sworn statement utilizing the form at page 9.

This schedule is to be used by a cemetery electing to escrow cemetery merchandise funds received in connection with a prepaid contract according to Section 12(2). The registrant must also be registered (licensed) as a cemetery to make this election. The registrant is to report prepaid cemetery merchandise contracts **and** other prepaid contracts on this schedule. Do not report prepaid cemetery merchandise or service contracts entered into prior to **January 1, 2005**, on this schedule.

- |   |                                     |
|---|-------------------------------------|
| 1. Cemetery registration (license) number:  | <input type="text" value="22-01-"/> |
| 2. Total number of prepaid contracts sold and outstanding (not provided) as of December 31, 2018  | <input type="text"/>                |
| 3. Total amount of funds held in escrow for contracts as of December 31, 2018 (A):  | <input type="text" value="\$"/>     |
| 4. Total amount of prepaid contract funds required to be deposited to escrow as of December 31, 2018 (B): (Please see note B below before completing) | <input type="text" value="\$"/>     |
| 5. Total amount of prepaid contract funds deposited to escrow as of December 31, 2018 (C):  | <input type="text" value="\$"/>     |
| 6. Total amount of prepaid contract funds not deposited as required (line 4 less line 5):   | <input type="text" value="\$"/>     |

**(A):** Line 3 is the amount of contract funds deposited to escrow for all outstanding contracts as of December 31, 2018, excluding any contracts which have been fulfilled and withdrawn from escrow by that date, plus all net income earned on the funds as of December 31, 2018, less fees and income withdrawn and/or losses realized.

**(B):** Line 4 is 60%, 65%, 70%, and 75% of the total amount of funds received in connection with a prepaid cemetery merchandise contract for calendar years 2005, 2006, 2007, and 2008 respectively, plus 80% of the total amount of funds received in connection with a prepaid cemetery merchandise contract from January 1, 2009 through November 30, 2018, plus the total amount of funds received in connection with a prepaid cemetery service contract from January 1, 2005 through November 30, 2018, plus the total amount of funds received in connection with a prepaid funeral contract as of November 30, 2018. Note: If contract funds were received in December 2018 and deposited with the escrow agent in December 2018, you are to include 80% of the total amount of funds received in connection with a prepaid cemetery merchandise contract, plus the total amount of funds received in connection with a prepaid cemetery service contract and prepaid funeral contract on lines 4 and 5 above. If a contract has been fulfilled and withdrawn from escrow as of December 31, 2018, do not include it on any of the lines above.

**(C):** Line 5 is the total amount of funds received in connection with a prepaid contract as of November 30, 2018, that was **actually deposited** to escrow as of December 31, 2018, excluding any contracts which have been fulfilled and withdrawn from escrow by that date. Note: If contract funds are received in December 2018 and deposited with the escrow agent in December 2018, you are to include the amounts in question on lines 4 and 5 above. Do not include commissions not escrowed or earnings received on the funds.

7. In the event line 6 is greater than \$0.00, describe the cause and plan of action the registrant is taking to remedy the deposit shortage (attach additional pages if needed). Also provide supporting documentation for subsequent funding, such as check copies, escrow statements showing deposits, etc.:

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8. List the name, address, and phone number of all escrow agents and depositories being utilized for contracts below (attach additional pages if needed).

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## SCHEDULE C - PREPAID CONTRACT ASSIGNMENT ANALYSIS

NOTE: This schedule is to be completed by all registrants and is intended for transfers of a full block of business instead of individual contracts.

### CONTRACTS ASSIGNED

1. Has the registrant assigned any prepaid contracts **to** another entity during calendar year 2018?  YES  NO

If yes, complete the following:

- a. Name of entity **to** which contracts were assigned \_\_\_\_\_
- b. Registration number of entity **to** which contracts were assigned 34-01
- c. Number of contracts assigned \_\_\_\_\_
- d. Amount of contract funds assigned \$

### CONTRACTS ASSUMED

2. Has the registrant been assigned any prepaid contracts **from** another entity during calendar year 2018?  YES  NO

If yes, complete the following:

- a. Name of entity **from** which contracts were assigned \_\_\_\_\_
- b. Registration number of entity **from** which contracts were assigned 34-01
- c. Number of contracts assigned \_\_\_\_\_
- d. Amount of contract funds assigned \$

3. Was the assignment of contracts the result of a registrant ceasing business operations or a change of ownership?

YES  NO  NOT APPLICABLE

### CONTRACT ASSIGNMENT COMPLIANCE DISCLOSURE

4. Are contract buyers notified in writing when the contracts are assigned, as required by Section 9, Section 13(6) and Rule 35?

YES  NO  NOT APPLICABLE

5. If a contract buyer cancels a contract within 30 days of notification of an assignment to another provider, does the buyer receive a refund of 100% of the remaining principal and income, plus commission as required by Section 13(6)?

YES  NO  NOT APPLICABLE

If the response to questions 4 or 5, is no, please provide the details regarding the negative response, and a corrective action plan (attach additional pages if needed).

## **SCHEDULE D - COMPLIANCE DISCLOSURES**

If the response to any of the questions is no, please provide the details regarding the negative response, and a corrective action plan.

1. Are deposit notices sent to contract buyers as required by Section 12(10) of the Act?
2. Are annual statements of the escrow monies furnished to contract buyers? If no, was the annual statement waived in writing by the buyer in accordance with Section 12(14)?
3. Are contract buyers notified if the escrow agent or depository has changed as required by Section 14(3) of the Act?
4. Are the books and records maintained in the State of Michigan in accordance with Section 8(1) of the Act?
5. Are the books and records maintained for at least three years after fulfillment of the contract obligation in accordance with Section 8(1) of the Act?
6. Do contracts used by the registrant contain disclosures required by Section 15 of the Act?
7. Are current escrow agreements in effect as required by Section 7(a),(b),(c) and (d) of the Act?
8. Are the escrow agents utilized in compliance with Section 12(4) of the Act (the contract seller or provider may not serve as the escrow agent on guaranteed price contracts)?
9. Are non-guaranteed contracts invested in federally insured interest bearing accounts in accordance with Section 12(7)(a) of the Act?
10. Are guaranteed price contract funds invested only in accordance with section 7803 of the Estates and Protected Individuals Code, 1998 PA 386, MCL 700.7803, except that funds shall not be invested in a company owned by, operated by, or affiliated in any way with a contract seller or provider or their authorized agents, or in loans to any person directly connected with or employed by a contract seller or provider or their authorized agents as required by Section 12(7)(b) of the Act?
11. Are withdrawals made from escrow accounts or depositories in accordance with Section 12, 13 and 15 of the Act?
12. Are contract funds deposited with an escrow agent within 30 days after receipt in accordance with Section 12(6) and Rule 339.36 of the Act?
13. Are copies of documentation showing when the contract funds were deposited and to whom they were disbursed, copies of notices and statements sent to the contract buyers/beneficiaries, and copies of any other notices and statements sent to the buyer/beneficiaries in any capacity obtained from the escrow agent and maintained in accordance with Section 8(1) and Rule 339.45 of the Act?
14. Is the seller registered or licensed to provide merchandise, funeral, or cemetery services pursuant to a prepaid contract in accordance with Section 11(2) of the Act? If no, has the contract seller disclosed to the contract buyer or prospective contract buyer that it cannot perform those activities required to be registered or licensed?
15. Have any escrow funds or funds required to be placed in escrow as required by Section 12 of the Act been absconded with or embezzled? If yes, submit complete details of the situation, including any police reports that have been filed.

### **Registrants Official Signature**

(Note: Report will not be accepted without a signature)

We declare that the accuracy and completeness of amounts reported and the assertions <sup>(1)</sup> contained in the 2018 Prepaid Funeral and Cemetery Sales Act Annual Report are true to the best of our knowledge and belief.

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Signature of Owner, Director or Officer

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Date

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Type or Print Name of Owner, Director or Officer

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Signature of Owner, Director or Officer

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Date

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Type or Print Name of Owner, Director of Officer

<sup>(1)</sup>The assertions include the accuracy and completeness of the numbers and dollar amounts reported on Schedule A and B.

## INDEPENDENT ACCOUNTANTS' REPORT

We have examined the accuracy and completeness of amounts reported and management's assertions about (name of entity)'s \_\_\_\_\_ compliance with Public Act 255 of 1986, as amended, and the rules promulgated thereunder included in the accompanying 2018 Prepaid Funeral and Cemetery sales Act Annual Report for the period ending December 31, 2018. (Name of entity)'s \_\_\_\_\_ management is responsible for its assertion and the accuracy and completeness of the information presented. Our responsibility is to express an opinion on the accuracy and completeness of amounts reported and management's assertion about the Registrant's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the amounts reported and management's assertion are presented in accordance with the compliance requirements of Public Act 255 of 1986, as amended, and the rules promulgated thereunder, in all material respects. An examination involves performing procedures to obtain evidence about the accuracy and completeness of amounts reported and compliance with these requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of information reported in the 2018 Prepaid Funeral and Cemetery Sales Act Report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertions and the accuracy and completeness of amounts reported in the accompanying 2018 Prepaid Funeral and Cemetery Sales Act Annual Report of (name of entity) \_\_\_\_\_ for the period ending December 31, 2018, are presented in accordance with Public Act 255 of 1986, as amended and the rules promulgated thereunder, in all material respects.

\_\_\_\_\_  
Signature of CPA

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print CPA Name

11-01-\_\_\_\_\_  
CPA Michigan License Number <sup>(1)</sup>

\_\_\_\_\_  
CPA Firm Name

11-02-\_\_\_\_\_  
CPA Firm Michigan License Number <sup>(1)</sup>

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

(1) This attestation report must be prepared by a CPA currently licensed in Michigan.

Note: These assertions include the accuracy and completeness of the numbers and dollar amounts reported on the schedules included in the accompanying annual report.

Reference: Statement on Standards for Attestation Engagements, note that an agreed upon procedures engagement is not permitted an examination is required. Also note that the above is an example of an unqualified opinion, in the event a qualified or adverse opinion is warranted, it will be necessary to modify the above.

## SCHEDULE OF FINDINGS

### THE CERTIFIED PUBLIC ACCOUNTANT MUST PROVIDE AN ANSWER.

In the event that there are no findings noted, the certified public accountant must state as such.

"Not Applicable" (N/A) does not provide an answer and is not acceptable.

Instructions: The Certified Public Accountant(s) who performed the attestation engagement is required to include an explanation of any matters that have come to his or her attention below, which caused the belief that the registrant has not complied with Public Act 255 of 1986, as amended, and the rules promulgated thereunder, in effect, issues of noncompliance on the schedules should be addressed. (attach additional pages if needed).

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Signature of CPA

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Date

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Type or Print CPA Name

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11-01-

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CPA Michigan License Number

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CPA Firm Name

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11-02-

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CPA Firm Michigan License Number



### 2018 SWORN STATEMENT

I do swear that (name of entity) \_\_\_\_\_ has not sold, provided or agreed to provide merchandise or funeral or cemetery services in accordance with a prepaid contract and has no obligations with respect to an outstanding prepaid contract (there are no prepaid contracts which have not been provided) as of December 31, 2018.

Note: associated and non-associated insurance policies are excluded from the provisions of the Act. In the event only associated and non-associated insurance policies are sold and outstanding this form is applicable. If you meet the above requirements for filing a sworn statement you will not need an attestation by a CPA.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Position Held

#### REGISTRANT INFORMATION (THIS SECTION MUST BE COMPLETED)

Name of Registrant		Michigan Registration Number	
		34-01-	
Street Address			
City		State	Zip Code
Contact Person		Telephone Number	

**Note: If a sworn statement is submitted, the entire page must be completed, including Registrant Information. The sworn statement must be received by the Bureau by July 15, 2019.**

### 2018 EXTENSION REQUEST FORM

**Note: If an extension request is submitted, the entire form must be completed, including Registrant Information. The request must be received by the Bureau no later than July 1, 2019.**

**I/We are requesting a \_\_\_\_\_ day extension for submitting the 2018 PREPAID FUNERAL AND CEMETERY SALES ACT ANNUAL REPORT, for (name of entity) \_\_\_\_\_.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Position Held

#### REGISTRANT INFORMATION (THIS SECTION MUST BE COMPLETED)

Name of Registrant		Michigan Registration Number	
		34-01-	
Street Address			
City	State	Zip Code	
Contact Person	Telephone Number		

The report is due July 15, 2019. However, an extension may be requested. One extension may be granted for not more than 90 days, upon approval by the Department. All requests must be in writing and must be received by the Bureau of Commercial Services no later than July 1, 2019. A letter shall be sent to the registrant in reply notifying them of the approval.

Please send the completed documents and any requests for extensions to the following address:

Department of Licensing and Regulatory Affairs  
Corporations, Securities & Commercial Licensing Bureau  
Securities and Audit Division  
P.O. Box 30018, Lansing MI 48909

In the event you have any questions please call (517) 335-5237 and you will be directed to the appropriate personnel.