

**Accountant's Report
On Pre-Need Trust Fund**
Funeral Services Act

To: Alberta Funeral Services Regulatory Board

The following accountant's report on the trust fund for the fiscal year ended

_____ was requested by _____
Name of Funeral Business

(the "Licensee"), who is the owner of _____
(list all funeral business locations)

Our report is solely for the purpose of assisting the Alberta Funeral Services Regulatory Board (the "Board") in determining whether the Licensee's financial affairs are compliant with the Regulation and may not be suitable for another purpose. This report is intended solely for the Licensee and the Board, and should not be used by, or distributed to, any other parties. The Licensee has acknowledged that the agreed-upon procedures are as specified by the Board in accordance with the requirements of the Funeral Services Act ("the Act"), are appropriate for the purpose of the engagement and that they are responsible for the subject matter on which the agreed-upon procedures are performed. These procedures are guided by the Table of Recommended Minimum Examination Guidelines.

I/We have conducted the agreed-upon procedures engagement in accordance with the Canadian Standard on Related Services [CSRS 4400](#), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Licensee, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures. This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters may have come to our attention that would have been reported.

We are a professional accounting firm registered under the *Chartered Professional Accountants Act* and have complied with the ethical requirements in the Chartered Professional Accountants of Alberta's Code of Professional Conduct.

Based on the limited procedures carried out, we report as follows:

We reviewed a sample of accounts, taken from all of the _____ pre-need
(number)
funeral contracts where the Licensee held trust funds during the fiscal year, to determine that all money paid under each contract, less administration fees allowed in section 6 (1) of the Act, and interest credits were held in trust as required by sections 7, 35, 36, 37(1) and 37(2) of the Act. The following exceptions were noted:

1. We reviewed a sample of _____ new pre-need contracts written during
(number)
the year to determine that the trust money paid under contracts written during the fiscal year, less administration fees allowed in section 6 (1) of the Act, was deposited with an authorized trustee in a special fund, as required by section 8 of the Act, within 5 business days from the date on which the cancellation period under section 5 (1) of the Act expired. The following exceptions were noted:
 - a. when the contract was **delivered**, trust money and income were paid out, as required by section 9 (2) of the Act to the Licensee upon proof of death of the person for whose benefit the contract was entered into and proof that the funeral services were provided, with the following exceptions:

2. With respect to the sample of transactions reviewed in procedure 1 we observed **where money was removed** from the trust funds during the year that:
 - a. when the contract was **delivered**, trust money and income were paid out, as required by section 9 (2) of the Act to the Licensee upon proof of death of the person for whose benefit the contract was entered into and proof that the funeral services were provided, with the following exceptions:

- b. when the contract was **cancelled** pursuant to section 5 (1), trust money and income were paid out, as required by section 9(3) of the Act by the authorized Trustee to the person who made the payment, or the person for whose benefit the contract was entered into or his/her personal representative with the following exceptions:

 - c. when the contract was otherwise cancelled trust money and income were paid out, as required by section 9 (5) of the Act by the authorized Trustee to the person who made the payment or that person's personal representative on the joint authorization of the Licensee and the person who made the payment or his/her personal representative or, if the Licensee is not available or refuses to authorize the repayment, the Alberta Funeral Services Regulatory Board directs the repayment, with the following exceptions:

 - d. when the contract was assigned to another licensee, transfers of funds to the other licensee were done with the consent of the relevant parties and the amount transferred was in accordance with section 11 of the Act, with the following exceptions:
3. The amount required to be held in trust at the fiscal year end as shown on the Licensee's books, records, and accounts was \$_____. The balance of the trust funds at the fiscal year end as reported on the Licensee's books, records and accounts was \$_____. If the two accounts are not the same, they were properly reconciled with the following exceptions:

4. The combined value of the trust funds at the end of the fiscal year as reported by the **trustees** was \$_____. That amount was properly reconciled to the value of the trust fund reported by the licensee in procedure 4 above, with the following exceptions:

5. We requested the trustees to disclose their transactions **in the form supplied to us and prescribed by the Alberta Funeral Services Regulatory Board**. Attached to this report is a copy of the applicable Statement of Pre-Need Trust Fund (note: It is not required that any transaction reports received with the Statement be attached to this report). We have compared, on a test basis, the transactions listed on the form with the transactions shown in trust records of the Licensee. They agree, with the following exceptions:

6. We reviewed the records of pre-need contracts kept by the licensee to determine that the licensee maintains a register of pre-need funeral services contracts that contain all the information required by section 15(2)(b) of the Funeral Services Act – General Regulation. We noted the following exceptions:

We are a professional accounting firm registered under the *Chartered Professional Accountants Act*.

(Public Accounting Firm)

(Signature)

(Professional Designation)

(Address and Phone Number)

(Date)

This information is being collected for the purposes of providing the financial reporting requirements in accordance with the Funeral Services Act. Questions about the collection of this information can be directed to Alberta Funeral Services Regulatory Board, 180, 2755 Broadmoor Blvd., Sherwood Park, Alberta, T8H 2W7, 452 6130 (outside of Edmonton, call 1 800 563 4652 to be connected toll free).

Information for Trustees, Public Accounting Firms, and Funeral Business Managers

There has been an increasing prevalence of incomplete Statements of Pre-need Trust Funds ("SPTF") accompanying the Accountant's Reports on Pre-Need Trust Funds.

Most of these are cases where the information required in Paragraph 3 of the Statement of Pre-need Trust has not been completed, nor has there been a printout from the Trustee included with the Statement of Pre-need Trust.

Paragraph 3 requires the provision by the Trustee to the Funeral Home of "...a report showing all the transactions on each special fund during the fiscal year in a format similar to the one shown below."

This report must accompany the Statement of Pre-need Trust when provided to the Accountant, and must also be included in the final report by the Accountant to AFSRB.

All the trustees acting for funeral homes in Alberta have the capacity to provide these reports; the difficulty seems to be an oversight in including them. If it is more convenient to provide an Excel spreadsheet on a CD that is acceptable as well.

For clarity, it is necessary that both the Accountant and AFSRB be in a position to reconcile the current report being prepared by the Accountant and reviewed by AFSRB with that of the prior year – hence the columns headed "Beginning Balance" and "Ending Balance".

We would greatly appreciate you ensuring this information is included in all future reports. This will save considerable time following up for this information. Thank you.

Effective from December 1, 2004, section 15 (2)(b) of the Funeral Services Act – General Regulation requires funeral services businesses to maintain registers of pre-need funeral services contracts. The register must contain, with respect to each contract:

- (i) the date of the contract
- (ii) the name and address of the purchaser
- (iii) the name, address and date of birth of the person for whose benefit the contract was entered into,
- (iv) particulars of money (a) transferred to a trustee under section 8 of the Act, or paid or to be paid to an insurance company pursuant to an agreement referred to in section 3(2)(c),
- (v) the amount charged as an administration fee,
- (vi) the place and date of death of the person for whose benefit the contract was entered into,
- (vii) the date on which the contract was fully performed or cancelled, and
- (viii) the amount held in trust under section 7 of the Act, broken down as to principal and interest earned.

The AFSRB's Inspector will review the pre-need records to ensure that they comply with the regulation, and the AFSRB will require Independent Accountants to verify on their annual report that the licensees trust records are in compliance with the regulation.

Payments on cancellation should go directly to the contract holder.