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**PRENEED CERTIFICATE OF AUTHORITY
CONFIDENTIAL ANNUAL FINANCIAL STATEMENT**

CONFIDENTIALITY NOTICE

This Annual Financial Statement contains confidential and proprietary information intended solely for the use of the authorized recipient(s). The data provided may include sensitive financial information and is subject to confidentiality obligations.

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| | | | | | |
|---|--|----------------------------------|--------------------|--------|--------|
| NAME OF CERTIFICATE OF AUTHORITY: | | | | | |
| D/B/A NAME (if applicable): | | | | | |
| MAILING ADDRESS: | | | | | |
| PHYSICAL ADDRESS (if different from mailing address): | | | | | |
| CERTIFICATE OF AUTHORITY'S E-MAIL ADDRESS: | CERTIFICATE OF AUTHORITY'S TELEPHONE NUMBER: | | | | |
| FUNERAL ESTABLISHMENT LICENSE NUMBER (if applicable): | FEDERAL EMPLOYER IDENTIFICATION NUMBER: | | | | |
| CERTIFICATE OF AUTHORITY'S FISCAL YEAR END DATE: | CERTIFICATE OF AUTHORITY LICENSE NUMBER: | | | | |
| TYPE OF BUSINESS ENTITY (check the appropriate box): | | | | | |
| Funeral Establishment | Cemetery Authority | Combination Funeral and Cemetery | Third-Party Seller | | |
| TYPE OF ORGANIZATION (check the appropriate box): | | | | | |
| Sole Proprietorship | Partnership | LLC | LLP | C Corp | S Corp |

READ THE INFORMATION CONTAINED IN THIS DOCUMENT CAREFULLY BEFORE COMPLETING THIS FINANCIAL STATEMENT.

INSTRUCTIONS

READ THE INFORMATION CONTAINED IN THIS DOCUMENT CAREFULLY BEFORE COMPLETING THIS FINANCIAL STATEMENT.

1. Preparation of the attached financial statement by a Certified Public Accountant is preferred, but not required. If prepared by a Certified Public Accountant, the proper report must be completed. Each report must be personally signed by the preparer together with indication of State of registration and certificate or license number. Firm signatures will not be accepted.
2. The Alabama Board of Funeral Services will accept only this form or a compiled, reviewed or audited financial statement prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) to include any departures adopted by the Board. No other form of financial statement will be accepted. Each item, when applicable, must be set forth in full. Wherever explanations are requested, they must be given in detail. Please round amounts to the nearest dollar.
3. This form is to follow the statutory basis of accounting for preneed entities as prescribed by the Alabama Board of Funeral Services. The statutory basis prescribed by the Alabama Board of Funeral Services differs from measurements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) as noted in A. through C. below:
 - A. GAAP requires the consolidation of certain equity investments and of variable interest entities under FIN 46(R), entitled Consolidation of Variable Interest Entities. The Board requires that only the primary reporting entity's accounts and activities be reported on this form. Investment in trusts are to be marked-to-market as of the financial statement date. Closely-held investments should be recorded using the equity method.
 - B. Deferred revenue for preneed contracts incurred prior to May 1, 2002 (pre-law) is to be equal to the current cost of providing the preneed services and merchandise.
 - C. A noncurrent receivable is to be recorded for the face amount of life insurance policies used to fund preneed contracts, with the offset being a credit to deferred revenue.
4. The signatory statement on page 3 must be signed by the individual if the applicant is an individual, by the duly authorized officer if a corporation, managing member if a limited liability entity, or by a general partner if a partnership.
5. The attached financial statement is to be prepared for the certificate holder as of the entity's most recent fiscal year-end and is due annually in order to renew the Certificate of Authority license. Preneed applications will not be accepted if more than twelve (12) months have transpired since the date of the financial statement.
6. All preneed entities must have at least the required minimum equity required by Alabama Board of Funeral Services Preneed Regulation Chapter 395-X-9-.08:

| <u>Total Preneed Deferred Revenue</u> | <u>Minimum Equity</u> |
|---------------------------------------|--|
| \$100,000.00 or less | \$10,000.00 |
| \$100,001.00 or greater | not less than 10% x total preneed deferred revenue |
7. Notes are an integral part of this financial statement and should be attached. The Board has provided sample notes to aid the preparer with some of the more common notes required. These sample disclosures are intended to serve as an aid and may include notes which do not apply to your Company or may not provide for your particular situation. Please add or delete notes as necessary for your Company. The Board requires certain disclosures it deems necessary to its understanding of the filing entity's financial position and operations. These notes are marked with an asterisk (*) and must be included.

SIGNATORY STATEMENT

The undersigned hereby declares that the following is a true statement of the financial condition, operations, and cash flows of the Individual, Partnership, Corporation, or Limited Liability Company herein first named as of the date herein first given and that this statement is for the express purpose of securing a preneed Certificate of Authority license (either initial or renewal).

| | |
|---|----------------------------------|
| DATED THIS _____ DAY OF _____, 20_____ | |
| NAME OF CERTIFICATE OF AUTHORITY: | |
| FEDERAL EMPLOYER IDENTIFICATION NUMBER: | CERTIFICATE OF AUTHORITY NUMBER: |
| NAME OF AUTHORIZED REPRESENTATIVE OF CERTIFICATE OF AUTHORITY: | |
| SIGNATURE OF AUTHORIZED REPRESENTATIVE OF CERTIFICATE OF AUTHORITY: | |

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

See accountants' report and notes to financial statements

ASSETS

CURRENT ASSETS

| | | | |
|--------------------------------------|----|-----------------------------|-----------------|
| Cash and Cash Equivalents | | \$ | _____ |
| Investments | | \$ | _____ |
| Receivables: | | | |
| Accounts Receivable | \$ | _____ | |
| Other Receivables | \$ | _____ | |
| Less allowance for doubtful accounts | \$ | _____ | \$ _____ |
| Inventories | | \$ | _____ |
| Prepaid Expenses | | \$ | _____ |
| Deferred Tax Asset | | \$ | _____ |
| Other Current Assets: | | | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | \$ _____ |
| | | TOTAL CURRENT ASSETS | \$ _____ |

PROPERTY AND EQUIPMENT

| | | | |
|--------------------------------|----|-------------------------------------|-----------------|
| Office Furniture and Equipment | | \$ | _____ |
| Automobiles and Other Vehicles | | \$ | _____ |
| Leasehold Improvements | | \$ | _____ |
| Land and Buildings | | \$ | _____ |
| Other Property and Equipment: | | | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | \$ _____ |
| Less Accumulated Depreciation | | \$ | _____ |
| | | TOTAL PROPERTY AND EQUIPMENT | \$ _____ |

OTHER ASSETS

| | | | |
|--|----|---------------------------|-----------------|
| Receivables | | \$ | _____ |
| Deferred Tax Asset | | \$ | _____ |
| Assets Held in Trust (Non-Preneed) | | \$ | _____ |
| Long-Term Investments | | \$ | _____ |
| Intangible Assets: | | | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | \$ _____ |
| Preneed Receivables: | | | |
| Funded by Trust | | \$ | _____ |
| Funded by Insurance | | \$ | _____ |
| Funded by Surety Bond/Letter of Credit | | \$ | _____ |
| | | TOTAL OTHER ASSETS | \$ _____ |

TOTAL ASSETS \$ _____

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

See accountants' report and notes to financial statements

LIABILITIES

CURRENT LIABILITIES

| | | | |
|--------------------------------------|----|----------------------------------|-----------------|
| Accounts Payable | | \$ | _____ |
| Notes Payable | | \$ | _____ |
| Current Maturities of Long-Term Debt | | | |
| Commissions Payable | | | |
| Taxes Payable: | | | |
| Payroll | \$ | _____ | |
| Real Property | \$ | _____ | |
| Federal and State | \$ | _____ | |
| Other | \$ | _____ | \$ _____ |
| Deferred Tax Liability | | | |
| Other Accrued Expenses: | | | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | \$ _____ |
| | | TOTAL CURRENT LIABILITIES | \$ _____ |

OTHER LIABILITIES

| | | | |
|---|----|--------------------------------|-----------------|
| Noncurrent Maturities of Long-Term Debt | | \$ | _____ |
| Deferred Tax Liability | | \$ | _____ |
| Pre-Law Deferred Revenue | | \$ | _____ |
| Post-Law Deferred Revenue | | \$ | _____ |
| Other Liabilities: | | | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | \$ _____ |
| | | TOTAL OTHER LIABILITIES | \$ _____ |
| | | TOTAL LIABILITIES | \$ _____ |

NET WORTH

| | | | |
|--|----|------------------------|-----------------|
| Individual or Partnership Capital | | \$ | _____ |
| Capital Stock | | \$ | _____ |
| Additional Paid-In Capital | | \$ | _____ |
| Retained Earnings | | \$ | _____ |
| Accumulated Other Comprehensive Income | | \$ | _____ |
| Treasury Stock at Cost _____ Shares | | \$ | _____ |
| Other Net Worth: | | | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | |
| _____ | \$ | _____ | \$ _____ |
| | | TOTAL NET WORTH | \$ _____ |

TOTAL LIABILITIES AND NET WORTH \$ _____

STATEMENT OF INCOME AND EXPENSES - STATUTORY BASIS

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF INCOME AND EXPENSES - STATUTORY BASIS AS OF:

(Month, Day, Year)

See accountants' report and notes to financial statements

INCOME

| | | |
|--|---------------------|-----------------|
| Preneed Merchandise and Services Fulfilled | | \$ _____ |
| At-Need Merchandise and Services | | \$ _____ |
| Interest Income | | \$ _____ |
| Other Income: | | |
| _____ | \$ _____ | |
| _____ | \$ _____ | |
| _____ | \$ _____ | \$ _____ |
| | TOTAL INCOME | \$ _____ |

EXPENSES

| | | |
|-------------------------------|-----------------------|-----------------|
| Cost of Sales | | \$ _____ |
| Operating Expenses: | | |
| Administrative Fees - Trusts | \$ _____ | |
| Advertising | \$ _____ | |
| Bank Charges | \$ _____ | |
| Commissions | \$ _____ | |
| Contract Labor | \$ _____ | |
| Depreciation and Amortization | \$ _____ | |
| Dues and Subscriptions | \$ _____ | |
| Insurance | \$ _____ | |
| Interest | \$ _____ | |
| Meals and Entertainment | \$ _____ | |
| Miscellaneous | \$ _____ | |
| Office Supplies and Expense | \$ _____ | |
| Payroll Taxes | \$ _____ | |
| Professional Fees | \$ _____ | |
| Profit-Sharing | \$ _____ | |
| Rent | \$ _____ | |
| Repairs and Maintenance | \$ _____ | |
| Salaries | \$ _____ | |
| Supplies | \$ _____ | |
| Taxes and Licenses | \$ _____ | |
| Telephone | \$ _____ | |
| Travel | \$ _____ | |
| Utilities | \$ _____ | |
| _____ | \$ _____ | |
| _____ | \$ _____ | |
| _____ | \$ _____ | \$ _____ |
| | TOTAL EXPENSES | \$ _____ |

INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES \$ _____

PROVISION FOR INCOME TAXES \$ _____

NET INCOME (LOSS) \$ _____

STATEMENT OF COMPREHENSIVE INCOME - STATUTORY BASIS

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

See accountants' report and notes to financial statements

NET INCOME (LOSS) \$ _____

OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX

Unrealized Gains (Losses) on Securities:

Unrealized Holding Gains (Losses) arising during period \$ _____

Less Reclassification Adjustment for Gains (Losses) Included in Net Income \$ _____ \$ _____

TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX \$ _____

COMPREHENSIVE INCOME (LOSS) \$ _____

STATEMENT OF CASH FLOWS - STATUTORY BASIS

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

See accountants' report and notes to financial statements

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss) \$ _____

Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operations:

Depreciation \$ _____

Amortization \$ _____

(Gain) Loss on Sale of Securities \$ _____

(Gain) Loss on Sale of Property and Equipment \$ _____

Deferred Income Taxes \$ _____

Changes in Assets and Liabilities:

Accounts Receivable \$ _____

Inventories \$ _____

Prepaid Expenses and Other Assets \$ _____

Preneed Activity \$ _____

Accounts Payable \$ _____

Accrued Expenses \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____ \$ _____

NET CASH FLOWS FROM OPERATING ACTIVITIES \$ _____

STATEMENT OF CASH FLOWS - STATUTORY BASIS

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

See accountants' report and notes to financial statements

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-----------------|
| Proceeds from Sale of Securities | \$ _____ |
| Purchase of Securities | \$ _____ |
| Proceeds from Sale of Property and Equipment | \$ _____ |
| Purchase of Property and Equipment | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | \$ _____ |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---|-----------------|
| Borrowings on Notes Payable | \$ _____ |
| Repayment of Notes Payable | \$ _____ |
| Borrowings on Long-Term Debt | \$ _____ |
| Repayment of Long-Term Debt | \$ _____ |
| Distributions to Stockholders | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | \$ _____ |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ _____ |

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR \$ _____

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ _____

The following sample disclosures are intended to serve as a practice aid and are not considered to be all inclusive. The sample disclosures may include notes that do not apply to the filing entity or provide information that is applicable to the entity's circumstances. Please add, delete, or otherwise change the notes as necessary to comply with the statutory basis prescribed by the Alabama Board of Funeral Services for the Individual or Company for which you are filing. The Board requires certain disclosures it deems necessary to its understanding of the filing entity's financial position and operations. These notes are marked with an asterisk (*) and must be included.

NOTES TO FINANCIAL STATEMENT

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

_____ (the Company) provides at-need funeral services and related products, as well as cemetery lot sales and pre-arranged funeral and cemetery contract sales in the State of Alabama.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Company considers all highly liquid debt instruments and certificates of deposit purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company reports trade receivables at net realized value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the allowance or against earnings.

Inventories

Inventories consist of cemetery plots and mausoleum vaults and crypts, and are valued at the lower cost or market, using the first-in, first-out method.

Property and Equipment

Major additions of property and equipment are capitalized at cost. Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property and equipment disposed of are removed from their respective accounts, and any related gain or loss is reflected in income. For financial reporting purposes, depreciation is provided using the straight-line and accelerated methods over the estimated useful lives of the assets.

Basis of Accounting

The accompanying financial statements present financial results on the Statutory Basis of Accounting as prescribed by the Alabama Board of Funeral Services, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). This basis differs from GAAP in the following material areas: GAAP requires the consolidation of certain variable interest entities under FIN 46(R), entitled Consolidation of Variable Interest Entities. However, the Board requires that only the filing entity's accounts and activities be reported on in the accompanying statements. Therefore, investments in trusts are marked-to-market as of the financial statement date and closelyheld investments are recorded using the equity method. The Board also requires a noncurrent receivable to be recorded for the face amount of life insurance policies used to fund pre-need contracts, with the offset being a credit to deferred revenue. Further, the Board requires deferred revenue for preneed contracts incurred prior to May 1, 2002 (pre-law) to be equal to the current cost of providing preneed services and merchandise.

Revenue Recognition

The Company's operation is subject to the Code of Alabama 1975, Title 34, Chapter 13, as enacted by the 2023 Legislature of Alabama under Act No. 2022-339 and cited as the "Alabama Preneed Funeral and Cemetery Act of 2023." The Company recognizes revenue from two main sources: at-need and preneed sales. At-need sales are recorded as a completed contract; therefore, income and related expenses are recognized currently. Preneed sales are recorded as deferred revenue when the sales contract is accepted. Current Alabama law requires that any preneed arrangement made on or after May 1, 2002, be refundable to or transferable to the consumer; therefore, management believes that the proper method of accounting is as deferred revenue. Following this method, revenue would not be recognized until the contracted goods and services are used. Additionally, the cost of goods sold would be recognized at that time. The current State law requires a facility licensed to sell preneed arrangements to fund State approved trusts within thirty (30) days of receiving the final payment on the preneed contract. The funding rate is generally between 60% and 75% of the contract price.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$_____ for the year ended _____.

NOTES TO FINANCIAL STATEMENT

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The Company's differences relate to marketable equity securities and to depreciable assets and the use of different depreciation methods for financial statement and income tax purposes. The resulting deferred tax asset or liability represents the future tax return consequences of these differences.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with the statutory basis of accounting as prescribed by the Alabama Board of Funeral Services, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

The Company maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk in regard to cash.

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

| | |
|--------------|----------|
| Interest | \$ _____ |
| Income Taxes | \$ _____ |

3. INVESTMENTS

Equity securities have been classified in the balance sheet according to management's intent. The carrying amount of securities and approximate fair values as of _____ are as follows:

| | | |
|-------------------------|-------------------|-----------------|
| Cost | \$ _____ | |
| Gross Unrealized Gains | \$ _____ | |
| Gross Unrealized Losses | \$ _____ | \$ _____ |
| | Fair Value | \$ _____ |

Proceeds and gross realized gains on sales of available-for-sale securities using the specific identification method were \$ _____ and \$ _____, respectively, for the year ended _____.

4. LONG-TERM DEBT

Long-Term debt as of _____ consisted of the following:

Installment notes payable to banks, bearing interest rates ranging from _____% to _____%, payable in monthly installments totaling \$ _____ including interest, maturing from _____ to _____, secured by certain equipment

| | | |
|--|----------|----------|
| | \$ _____ | \$ _____ |
|--|----------|----------|

Unsecured note payable to related party, bearing interest at a rate of _____%, maturing _____

| | | |
|--|----------|----------|
| | \$ _____ | \$ _____ |
|--|----------|----------|

Total Long-Term Debt \$ _____

Current Maturities of Long-Term Debt \$ _____

Noncurrent Maturities of Long-Term Debt \$ _____

NOTES TO FINANCIAL STATEMENT

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

5. INCOME TAXES

The provision for income taxes consisted of the following for the year ended _____:

| | | | |
|---------|----------|----------|----------|
| Federal | | | |
| | Current | \$ _____ | |
| | Deferred | \$ _____ | \$ _____ |
| State | | | |
| | Current | \$ _____ | |
| | Deferred | \$ _____ | \$ _____ |

The provision for income taxes for the year ended _____ is included in the financial statement as follows:

| | | |
|--|-----------------|----------|
| Statement of Income and Expenses - Continuing Operations | \$ _____ | |
| Statement of Comprehensive Income - Unrealized Holding Gains on Securities | \$ _____ | \$ _____ |
| Total Provisios for Income Taxes | \$ _____ | |

6. EQUITY

Capital Stock consisted of _____ shares of common stock authorized, issued, and outstanding. Changes in the Company's retained earining account during _____ consisted of the following:

| | | |
|------------------------|--|-----------------|
| | Beginning Balance - Retained Earnings | \$ _____ |
| Net Income (Loss) | \$ _____ | |
| Distribution to Owners | \$ _____ | \$ _____ |
| | Ending Balance - Retained Earnings | \$ _____ |

Changes in the Company's acumulated other comprehensive income during _____ consisted of the following:

| | | |
|----------------------------|--------------------------|-----------------|
| | Beginning Balance | \$ _____ |
| Other Comprehensive Income | \$ _____ | \$ _____ |
| | Ending Balance | \$ _____ |

7. PRENEED RECEIVABLES*

The amount of preneed receivables to be shown in the Statement of Assets, Liabilities and Net Worth - Statutory Basis depends upon the method of funding. For those entities that fund using a letter of credit or a surety bond, the amount of preneed receivables is the sum of the future preneed payments to be made by the preneed purchaser at the date of the financial statement. For those entities that fund using a trust, the amount of the preneed receivables is the sum of the future preneed payments to be made by the preneed purchaser plus the amount in trust on the date of the financial statement (the amount in the trust may be different than the amount required by the preneed law to be deposited into trust because of any gains or losses on the trust). For those entities that fund using life insurance contracts, the amount of preneed receivables is the face amount of the life insurance contract purchased to fund the preneed services and merchandise. For those preneed entities that utilize more than one of the above methods of funding, each of the above procedures must be followed for each method of funding.

Preneed Receivables as of _____ consisted of the following:
Pre-Law:

| | | |
|----------------------------|----------|----------|
| Funded by Letter of Credit | \$ _____ | |
| Funded by Surety Bond | \$ _____ | |
| Funded by Trust | \$ _____ | |
| Funded by Life Insurance | \$ _____ | |
| Not Funded | \$ _____ | \$ _____ |

Total Pre-Law Preneed Receivables \$ _____

NOTES TO FINANCIAL STATEMENT

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

Post-Law:

| | | | |
|---|-------|----------|----------|
| Funded by Letter of Credit - | _____ | \$ _____ | |
| Funded by Letter of Credit - | _____ | \$ _____ | |
| Funded by Letter of Credit - | _____ | \$ _____ | |
| Funded by Surety Bond - | _____ | \$ _____ | |
| Funded by Surety Bond - | _____ | \$ _____ | |
| Funded by Surety Bond - | _____ | \$ _____ | |
| Funded by Trust - | _____ | \$ _____ | |
| Funded by Trust - | _____ | \$ _____ | |
| Funded by Trust - | _____ | \$ _____ | |
| Funded by Life Insurance - | _____ | \$ _____ | |
| Funded by Life Insurance - | _____ | \$ _____ | |
| Funded by Life Insurance - | _____ | \$ _____ | \$ _____ |
| Total Post-Law Preneed Receivables | | | \$ _____ |
| TOTAL PRENEED RECEIVABLES | | | \$ _____ |

8. DEFERRED REVENUE*

Regardless of the method of funding, the amount of preneed deferred revenue to be shown in the financial statements is: (1) for preneed contracts incurred prior to May 1, 2002, the current cost of providing preneed services and merchandise; and (2) for preneed contracts incurred subsequent to April 30, 2002, the retail value of the preneed services and merchandise.

Preneed Deferred Revenue as of _____ consisted of the following:

Pre-Law:

| | | | |
|---|-------|----------|----------|
| Funded by Letter of Credit | _____ | \$ _____ | |
| Funded by Surety Bond | _____ | \$ _____ | |
| Funded by Trust | _____ | \$ _____ | |
| Funded by Life Insurance | _____ | \$ _____ | |
| Not Funded | _____ | \$ _____ | \$ _____ |
| Total Pre-Law Preneed Deferred Revenue | | | \$ _____ |

NOTES TO FINANCIAL STATEMENT

NAME OF CERTIFICATE OF AUTHORITY:

STATEMENT OF ASSETS, LIABILITIES, AND NET WORTH - STATUTORY BASIS AS OF:

(Month, Day, Year)

Post-Law:

| | | |
|--|-----------------|----------|
| Funded by Letter of Credit | \$ _____ | |
| Funded by Surety Bond | \$ _____ | |
| Funded by Trust | \$ _____ | |
| Funded by Life Insurance | \$ _____ | \$ _____ |
| Total Post-Law Premeed Deferred Revenue | \$ _____ | |
| TOTAL PRENEED DEFERRED REVENUE | \$ _____ | |

Please note: These reports are to be completed only by a Certified Public Accountant (Audit or Compliance Report) or a Public Accountant (Compilation Report Only).

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Statement of Assets, Liabilities, and Net Worth - Statutory Basis of _____ as of _____, and the related Statements of Income and Cash Flows - Statutory Basis for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

These financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Alabama Board of Funeral Services, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Assets, Liabilities, and Net Worth of _____ as of _____, and the results of its operations and its Cash Flows for the year then ended, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the management of _____ and the Alabama Board of Funeral Services and should not be used by anyone other than these specified parties.

FIRM NAME:

CERTIFICATE NUMBER:

STATE OF CERTIFICATION:

FEDERAL IDENTIFICATION NUMBER:

SIGNATURE OF AUTHORIZED REPRESENTATIVE OF FIRM:

ACCOUNTANTS' COMPLIATION REPORT

We have compiled the accompanying Statement of Assets, Liabilities, and Net Worth - Statutory Basis of _____ as of _____, and the related Statements of Income, Comprehensive Income, and Cash Flows - Statutory Basis for the year then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Alabama Board of Funeral Services information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

This report is intended solely for the information and use of the management of _____ and the Alabama Board of Funeral Services and should not be used by anyone other than these specified parties.

FIRM NAME:

CERTIFICATE NUMBER:

STATE OF CERTIFICATION:

FEDERAL IDENTIFICATION NUMBER:

SIGNATURE OF AUTHORIZED REPRESENTATIVE OF FIRM:

AFFIDAVIT FOR INDIVIDUAL

STATE OF _____

COUNTY OF _____

_____, being duly sworn, deposes and says that the foregoing Financial Statements, taken from his or her books, are a true and accurate statement of his or her financial condition, results of operation, and cash flows as of the date thereof and the period then ended.

SIGNATURE OF INDIVIDUAL:

SOCIAL SECURITY NUMBER:

Sworn to and subscribed before me this _____ day of _____, 20____

SIGNATURE OF NOTARY PUBLIC:

AFFIDAVIT FOR PARTNERSHIP OR LIMITED LIABILITY COMPANY

STATE OF _____

COUNTY OF _____

_____, being duly sworn, deposes and says that he or she is a partner (member) of the firm of _____, and that the foregoing Financial Statements, taken from the books of said firm, are a true and accurate statement of the financial condition, results of operation, and cash flows of said firm as of the date thereof and the period then ended.

SIGNATURE OF PARTNER OR MEMBER:

Sworn to and subscribed before me this _____ day of _____, 20____

SIGNATURE OF NOTARY PUBLIC:

AFFIDAVIT FOR PARTNERSHIP OR LIMITED LIABILITY COMPANY

STATE OF _____

COUNTY OF _____

_____, being duly sworn, deposes and says that he or she is an officer of _____, the corporation described in and which executed the foregoing Financial Statements; that he or she is familiar with the books of said corporation showing its financial condition, results of operation, and cash flows; and that the foregoing financial statements taken from the books of said corporation are a true and accurate statement of the financial condition, results of operations, and cash flows of said corporation as of the date thereof and the period then ended.

SIGNATURE OF OFFICER:

Sworn to and subscribed before me this _____ day of _____, 20____

SIGNATURE OF NOTARY PUBLIC: