



(Read the instructions before completing this report.)

2024 ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

LICENSE NUMBER: _____
CORPORATION NAME: _____
CEMETERY NAME: _____
CEMETERY ADDRESS: _____

CEMETERY PRESIDENT OR
VICE PRESIDENT _____
MAILING ADDRESS: _____
[for written correspondence] _____
AUTHORIZED CONTACT
PERSON: _____
AUTHORIZED CONTACT TITLE: _____
CONTACT PERSON'S
TELEPHONE NUMBER: _____
CONTACT PERSON'S EMAIL: _____

FOR OFFICIAL USE ONLY

Reviewer:	_____
Date:	_____
Amount:	_____
Receipt No:	_____

Reporting Period: (check one)

- ☐ Calendar Year – Beginning January 1, 2024 and ending December 31, 2024
☐ Fiscal Year – Beginning _____ and ending _____
☐ Final - Beginning _____ and ending _____

IMPORTANT REPORTING INFORMATION

- FILING DATE** – This report is due on or before June 1, 2025, or within five months after close of the cemetery authority's fiscal year (Business and Professions Code (BPC) sections 7612.6 and 7612.7). Pursuant to BPC section 7729.11 the fee for timely filing is \$500.00.
- LATE FILING** - Any report received or postmarked after June 1, 2025, or within five months after close of the cemetery authority's fiscal year, will be deemed to be late. Pursuant to BPC section 7729.11, the fee for a late filing of any report shall be 150 percent of the timely fee or \$750.00. In addition, pursuant to BPC section 7612.10 and 16 California Code of Regulations (CCR) section 2388, the Bureau may assess a fine in an amount not to exceed four hundred dollars (\$400) per month for a maximum of five months.
- AUDIT REPORT** – This report is to be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, signed by a certified public accountant (CPA) or public accountant licensed in the State. The scope of the annual audit is to include the inspection, review, and

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

audit of general purpose financial statements of the endowment care fund and special care fund, including the balance sheet, the statement of revenues, expenditures, and changes in fund balance (BPC section 7612.6(b)).

- 4. PUBLIC RECORD** – A copy of each annual audit report shall be transmitted to the Bureau and shall be a public record. It shall also be open for public inspection at the offices of the cemetery authority during normal business hours. If the cemetery authority does not maintain offices in the county in which the cemetery is located, it shall file a copy of the annual audit report with the county clerk of the county, which shall be subject to public inspection (BPC section 7612.9).

Board of Trustees – List all members of the board of trustees over the endowment care fund and special care fund(s). If the trustee over the trust fund(s) is a state or national bank authorized to engage in the trust business, please provide the contact information of the bank and a contact person at the bank for any questions regarding the trust fund(s) (BPC section 7612.8).

Check box if additional pages are attached in response to this question. ☐

Trustee Contact Information	Relationship to Cemetery	Trustee Over: ECF	SCF
a. _____ _____ _____ Telephone	_____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
b. _____ _____ _____ Telephone	_____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
c. _____ _____ _____ Telephone	_____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
d. _____ _____ _____ Telephone	_____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
e. _____ _____ _____ Telephone	_____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
f. _____ _____ _____ Telephone	_____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

1. Does the cemetery authority have a fidelity bond coverage executed by an admitted surety insurer in an amount not less than \$50,000 guaranteeing payment to each endowment care fund and special care fund for any monetary loss incurred by the trust funds for acts of fraud or dishonesty by the trustee (HSC [section 8734](#))?

Yes ☐ No ☐

(a) If yes, provide the following:

- Bond Number or Policy Number: _____
- Name of Insurance Carrier: _____
- Effective dates for the Insurance Policy: _____
- Maximum Amount of Coverage per Loss: _____

- (b) If no, is the trustee over the endowment care fund and/or special care fund(s) a state or national bank authorized to engage in trust business pursuant to the California Financial Code?

Yes ☐ No ☐

2. Is the trustee investing and reinvesting the trust funds as specified by [HSC sections 8751, 8751.1 and 8778](#) (as applicable) and in the manner provided in Part 4 of Division 9 of the Probate Code (commencing with section [16000](#))?

Yes ☐ No ☐

3. Has the income earned from the investment of the endowment care fund been used solely for the general care, maintenance, and embellishment of the cemetery authorized by law ([HSC section 8726](#))?

Yes ☐ No ☐

4. Are any trust fund(s) investments in default? If yes, identify the investments that are in default ([BPC sections 7614.7 and 7614.8](#)).

Yes ☐ No ☐

Check box if additional pages are attached in response to this question. ☐

5. Is there a special endowment care trust fund, such as a flower fund? If yes, state the balance as of the end of the fiscal year \$_____ and complete the applicable schedules ([BPC section 7612.6\(a\)](#)).

Yes ☐ No ☐

6. Has the corporation or any officer, employee, or stockholder thereof and the trustee of the endowment care fund or special care fund entered into any transaction with respect to those endowment care funds or special care funds? If yes, attach a statement showing the transactions entered into between the corporation or any officer, employee, or stockholder thereof and the trustees of the endowment care fund with respect to those endowment care funds. The statement must show the dates, amounts of the transactions, and a statement of the reason(s) for those transactions ([BPC section 7612.6\(a\)\(5\)](#)).

Yes ☐ No ☐

7. Has the cemetery considered the amount it currently collects for endowment care fees based upon current and projected maintenance expenditures, and made any necessary adjustments to ensure sufficient funds are available to perform the maintenance required by the cemetery ([16 CCR section 2333\(g\)](#))? **Provide a copy of this analysis.**

Yes ☐ No ☐

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) - UNITRUST METHOD

8. List the contribution rates to the endowment care fund for the sale of interment space in the cemetery during the reporting period for this report ([HSC section 8738](#)). If contributions were made to the endowment care fund for the sale of interment space in the cemetery at more than one rate per category during the reporting period, attach additional pages and check the box below. Attach additional pages if needed. Contribution rates are effective January 1, 2024.

Graves

Minimum contribution must be either 10 percent of net price or two hundred dollars (\$250), whichever is greater, with a required deposit not to exceed ten thousand dollars (\$10,000), for each grave.

Crypts

Minimum contribution must be either 10 percent of net price or two hundred fifty dollars (\$250), whichever is greater, with a required deposit not to exceed ten thousand dollars (\$10,000), for each crypt.

Niches

Minimum contribution must be either 10 percent of net price or one hundred fifty dollars (\$150), whichever is greater, with a required deposit not to exceed ten thousand dollars (\$10,000), for each niche.

Scattering

Minimum contribution must be either 10 percent of net price or one hundred fifty dollars (\$150), whichever is greater.

Open and complete the attached 2024 Minimum Contribution Calculator spreadsheet.

Schedule of interment space sold for the year ended:

Total number of ground burial spaces	
Total square feet sold	
Total dollar value of ground burial spaces sold	
Total number of niches sold	
Total dollar value of niches sold	
Total number of crypt spaces sold	
Total dollar value of crypt spaces sold	
Total number of scatterings sold	
Total dollar value of scatterings sold	

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

- . List the compensation paid to the trustee(s) of the endowment care fund during the reporting period for this report ([HSC section 8726.2\(b\)](#)). "Compensation of the trustee" means the total annual sum of all compensation paid to all trustees of an endowment care fund and to all agents and employees of those trustees. ([HSC section 8726.2\(h\)\(2\)](#)).

Trustee Compensation			
Enter Net Fair Market Value at end of prior year:			
Range	%	If maximum allowable paid:	If less than maximum allowable paid - fill in below:
Less than \$500,000*	n/a		
\$500,000 or more:			
\$1 - \$1,000,000	0.80%		
\$1,000,001 - \$5,000,000	0.60%		
\$5,000,001 - \$10,000,000	0.50%		
greater than \$10,000,001	0.15%		
Total Trustee compensation			

* If the Net Fair Market Value at end of prior year was less than \$500,000, maximum allowable trustee compensation is \$3,500.

Was trustee compensation paid by the COA if the ECF had inadequate funds for full distribution?

Yes

No

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) - UNITRUST METHOD

Open the attached 2024 Unitrust Schedules spreadsheet to complete the following Schedules:

- A1 - Endowment Care Fund
- A2 - Special Endowment Care Fund as applicable
- B1 - Reconciliation of The Endowment Care Funds to The Audited Endowment Care Fund Balances
- B2 - Reconciliation of The Special Care Fund to The Audited Special Care Fund Balance as applicable
- C1 - Endowment Care Fund Reserve for Maintenance
- C2 - Endowment Care Fund Accumulated Earnings
- C3 - Special Endowment Care Fund Earning as applicable
- C4 - Endowment Care Fund Unitrust Distribution Calculation
- C5 - Endowment Care Fund Unitrust Distribution Schedule
- D - Special Care Fund as applicable
- E1 - Endowment Care Fund Investments
- E2 - Special Endowment Care Fund Investments as applicable
- E3 - Special Care Fund Investments as applicable
- F - Corpus and Investment Reconciliation
- G1 - Endowment Care Fund Realized Capital Gains and Losses
- G2 - Special Care Fund Realized Capital Gains and Losses as applicable
- H - Cemetery Maintenance Expenses

**ENDOWMENT CARE FUND AND SPECIAL CARE FUND
REPORT (ANNUAL REPORT) UNITRUST METHOD**

VERIFICATION of ANNUAL REPORT
BPC section 7612.6(b)

I certify under penalty of perjury, under the laws of the State of California, that I am a duly appointed, qualified, and acting officer of the cemetery corporation and that the statements contained and answers given in this report, including all attachments thereto, are complete, true, and correct to the best of my knowledge and belief.

Signature: _____

Print Name: _____

Title: _____

(President or Vice President)

Date: _____

Signature: _____

Print Name: _____

Title: _____

(Other Corporate Officer)

Date: _____

FILING THE ANNUAL REPORT

- The Annual Report must be postmarked on or before June 1, 2025, fiscal year filers must file within five months after the close of the fiscal year (BPC section 7612.6(a)).
- The Annual Report is not considered filed unless accompanied by the filing fee of \$500 or \$750 if late (BPC section 772 .11).
- The report is not considered filed if it is not accompanied by an independent auditor's report.
- The report is not considered filed if it is not verified (see above) by the president or vice president and one other officer of the cemetery corporation.
- If the report is not filed by the applicable due date, a late fee shall be assessed (150% of timely fee) and the cemetery authority is subject to a fine of \$400 per month, not to exceed \$2,000. Failure to file the report may also result in disciplinary action by the Bureau.
- Mail the completed *Endowment Care Fund and Special Care Fund Report (Annual Report)* along with the fee and a copy (a bound or original copy is not required) of all required audited financial statements including 1) a balance sheet and 2) a statement of revenues, expenditures, and 3) changes in fund balance to:

Cemetery and Funeral Bureau
Annual Cemetery Trust Fund Report
1625 North Market Blvd., Suite S-208 Sacramento, CA 95834

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

INSTRUCTIONS FOR ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

Authority

Each cemetery authority shall file with the Bureau annually, on or before June 1, or within five months after close of their fiscal year, a written report in a form prescribed by the Bureau ([BPC section 7612.6](#)).

Records

Each cemetery shall at all times maintain and keep within the State of California all books, accounts, records, cash, and evidence of investments of its general and special care funds. They shall be readily available for inspection and examination by the Bureau in accordance with the provisions of the Business and Professions Code ([HSC section 8747.5](#)).

Bureau's Audit Unit

[BPC section 7613](#) The bureau shall examine the reports filed with it as to their compliance with the requirements of the Health and Safety Code as to the amount of endowment care funds collected and as to the manner of investment of those funds. [BPC section 7613.1](#) requires the Bureau to examine the endowment care funds of a cemetery authority:

- (a) Whenever it deems necessary and at least once every five years.
- (b) Whenever the cemetery authority in charge of endowment care funds fails to file the report required by this article.
- (c) Whenever the accountant or auditor qualifies their certification of the report that is prepared and signed by a certified public accountant licensed in the state and prepared in accordance with [BPC section 7612.6](#).
- (d) Whenever the bureau receives a valid complaint alleging the authority has engaged in financial misconduct or neglect of duties.
- (e) The reasonable and necessary cost of the examination performed under subdivision (b) or (c) shall be paid by the cemetery authority.
- (f) A certified copy of the actual costs, or a good faith estimate of the costs where actual costs are not available, signed by the director or the director's designee, shall be prima facie evidence of the reasonable and necessary costs of the examination.
- (g) The actual and necessary expense of the examination under subdivision (a) shall, in the discretion of the bureau, be paid by the cemetery authority whenever the examination requires more than one day and the need for continuing the examination is directly related to identified omissions and errors in the management of endowment care funds.

PAGE 1

Ensure that you are working with the correct form which is labeled **UNITRUST METHOD**.

Complete the basic information portion of the report:

- Enter the License Number (COA #)

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

- Enter the Corporation Name (as applicable)
- Enter the Cemetery Name
- Enter the Cemetery Address
- Enter the Name of the Cemetery President or Vice President
- Enter the Mailing Address
- Enter the Name of the Authorized Contact Person
- Enter the title of Authorized Contact Person
- Enter the telephone number for the Contact Person
- Enter the email address for the Contact Person

Reporting Period

- Check Calendar Year.
- Check Fiscal Year and enter accounting period. Prior approval is required ([BPC section 7612.7](#)). The bureau may approve such petition provided that no report shall be for a period of more than 12 months. The Annual Report to be completed is determined by the fiscal year begin date, unless the Bureau has instructed otherwise.
- Check Final Report if the cemetery authority is closing and ceasing business operations or applying for a new license number. Indicate the normal start of the accounting period and the last date the cemetery authority operated. For the closure to be effective, the Bureau's licensing unit **must** be notified of the closure and all closure documents received by the Bureau.

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Board of Trustees/Corporate Trustee

Provide a list of all board trustees. Indicate their relationship to the cemetery and if they are the trustee over the ECF, SCF, or both ([BPC section 7612.8](#)).

Not more than one member of the board of trustees of an endowment care fund may have a proprietary interest in the cemetery authority ([HSC section 8732](#)).

Pursuant to HSC Section 8732.2(b)(7)(A):

- A) Notwithstanding Section 8733 or 8733.5, the compensation of the trustee shall be reasonable and shall meet the following conditions:
 - i. If the net fair market value of the endowment care fund as of the end of the immediately preceding fiscal year, as of the last trading day, is less than five hundred thousand dollars (\$500,000), the annual compensation of the trustee shall not exceed three thousand five hundred dollars (\$3,500).
 - ii. If the net fair market value of the endowment care fund as of the end of the immediately preceding fiscal year, as of the last trading day, is five hundred thousand dollars (\$500,000) or more, the annual compensation of the trustee shall not exceed:

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

- (I) 0.8 percent of the first one million dollars (\$1,000,000).
 - (II) 0.6 percent of the next four million dollars (\$4,000,000).
 - (III) 0.5 percent of the next five million dollars (\$5,000,000).
 - (IV) 0.15 percent of all amounts above ten million dollars (\$10,000,000).
- B) The payment of the compensation of the trustee as set forth in subparagraph (A) shall be determined by a contractually prescribed schedule that is annual, semiannual, quarterly, or monthly with a schedule adopted for a period of no less than one year, and with relation to the net fair market value of the endowment care fund as of the end of the scheduled period, and the calculation of those fees as a percentage of that value shall be adjusted for that calculation.

Each member of the board of trustees shall provide signatory acknowledgment of understanding the role of a trustee in managing trust funds. The cemetery authority shall retain the acknowledgment for the duration of the trustee's term of office ([HSC section 8731\(c\)\(1\)](#)).

Ensure that trustee(s) understand their role and the purpose of the trust under their management and are familiar with the applicable sections of the Probate Code concerning trustee duties, powers, and liabilities as contained in Part 4 of Division 9 of the Probate Code (commencing with [section 16000](#)).

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Item No. 1

Ensure that your bond is current for the fiscal year reported (if applicable). Surety bonds should not be less than \$50,000 for each trust managed by your trustee(s). The bond should cover any monetary loss incurred by the trust(s) for acts of fraud or dishonesty by the trustee(s). Provide evidence of fidelity bond coverage for each trust fund:

- Bond number or policy number
- Name of insurance carrier
- Effective dates of the insurance policy
- Maximum amount of coverage

Item No. 2

This acknowledges that trustees are knowledgeable in the management of the trust funds.

Item No. 3

[HSC section 8726](#) states that the principal of all funds for endowment care shall be invested and the income only may be used for the care, maintenance, and embellishment of the cemetery.

Item No. 4

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

[BPC section 7614.8](#) states that any security or other evidence of debt, if in default as to principal or interest or if not amply secured, shall not be valued as an asset of the endowment care fund above its market value.

Item No. 5

If the cemetery has a special endowment care fund (such as a flower fund established to grant a person's/family's wish to purchase flowers for a specific grave(s)), state the balance of such trust as of the last day of the reporting year and complete Schedule A2, Schedule C3, and Schedule E2.

A special endowment care fund created through an irrevocable trust agreement differs from a preneed special care fund, which is created by revocable trust agreements. [BPC section 7612.6](#) specifically requires the following to be reported for both general endowment care funds and special endowment care funds: amounts collected and deposited ([BPC section 7612.6\(a\)\(2\)](#)); the total amount invested in each of the investments authorized by law and the amount of cash on hand not invested, and the financial condition of the funds ([BPC section 7612.6\(a\)\(3\)](#)); and the location, description, and character of the investments in which the funds are invested ([BPC section 7612.6\(a\)\(4\)](#)).

Item No. 6

The officers of the corporation, employees, stockholders, and the trustees of the endowment care fund or special care fund must disclose any related party transactions with respect to funds held in trust. The cemetery must prepare a statement showing the dates, amounts of the transactions, and reasons for those transactions.

Item No. 7

[16 CCR Section 2333\(g\)](#) requires the amount collected by the cemetery in endowment care fees under [HSC section 8738](#) to be reconsidered annually by the cemetery based upon current and projected maintenance expenditures and adjusted as necessary to ensure that sufficient funds are available to perform the maintenance required by their rules and regulations. **Provide a copy of this assessment.**

Item No. 8

Enter the endowment amounts deposited by the cemetery for grave spaces, crypt spaces, niches, scatterings, and any other contributions received; enter the total number of and dollar amount of grave spaces, crypts, niches, and scatterings sold during the period; enter the total number of square feet of grave spaces sold. **Open and complete the attached 2024 Minimum Contribution Calculator spreadsheet.**

Item No. 9

Enter the amounts to be calculated which represent compensation paid to the trustee(s) of the endowment care fund during the reporting period for this report (HSC section 8726.2(b)).

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

Open the attached Unitrust Schedules spreadsheet to complete the following schedules:

SCHEDULE A1 **ENDOWMENT CARE FUND**

This schedule shows the initial deposit and prior year balances forward, along with the current year deposits for each category. The combined total is added to the retained accumulated capital gains/losses from prior periods added to principal, and the unitrust changes to principal to arrive at the "Total Principal", which is added to the "Reserve for Maintenance" and "Accumulated Earnings" on Schedule B1.

Line 1 – This is the initial deposit balance carried forward from the prior year report, Schedule A, line 1.

Lines 2 through 16 – These are the contributions to the endowment care fund. The first line entry is the "accumulated balance forward from the prior year." The second line entry is the amount deposited in the current year. The third line is the sum of these two entries.

Note: Contributions to the endowment care fund must be deposited at the time of or no later than the completion of the initial sale ([HSC section 8738](#)).

Line 17 – This shows the total of lines 1, 4, 7, 10, 13, and 16.

Line 18 – Enter the amount from prior year Schedule A1, line 24.

Line 19 – This shows the total of lines 17 and 18.

Line 20 – Enter the unitrust accumulated changes to principal from conversion through the prior year end (this amount will be zero in year one of unitrust reporting).

Line 21 – Enter the current year change to principal (Schedule C5, line 3).

Line 22 – This shows the total of lines 20 and 21.

Line 23 – This shows Total Principal.

The endowment care fund shall be kept separate and apart from all other cemetery funds ([HSC section 8738.2](#)).

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

SCHEDULE A2 SPECIAL ENDOWMENT CARE FUND

Special Endowment Care Funds, which may include for example flower funds, are not common. This schedule shows the initial deposit, and prior year contributions, combined with the current year deposits for Special Endowment Care Funds. The total is added to the accumulated unexpended earnings from prior periods, and the total current year's net capital gains/losses. The "Total Corpus", and "Unexpended Income" on Schedule B2.

Line 1 – This is the original initial deposit made to the Special Endowment Care Fund. This may be the only deposit to the fund.

Lines 2 through 16 – These are subsequent contributions to the special endowment care fund. The first line entry is the "accumulated balance forward from the prior year." The second line entry is the amount deposited in the current year. The third line is the sum of these two entries.

Note: Contributions to the special endowment care fund must be deposited within 30 days of receipt ([HSC section 8777](#)).

Line 17 – Total of lines 1, 4, 7, 10, 13, and 16.

Line 18 - Enter the amount from prior year's unexpended earnings since the creation of the fund through 12/31/2023 or previous fiscal year end.

Line 19 –ending balance of unexpended earnings for the year (Schedule C3, line 9).

Line 20 – Total of lines 18 and 19.

Line 21 – Total of lines 17 and 20.

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

SCHEDULE B1 RECONCILIATION OF THE ENDOWMENT CARE FUNDS TO THE AUDITED ENDOWMENT CARE FUND BALANCES

This schedule shows the “Total Principal” from Schedule A1 added to the ending balances of the “Reserve for Maintenance”, “Endowment Care Accumulated Earnings” and “Total Special Endowment Care Fund” to arrive at the “Total Endowment Care and Special Endowment Care Funds”. This is reconciled with the endowment care and special endowment care fund balances reported on the audited financial statements.

Reconciling items are reported in detail.

Line 1a – Total from Schedule A1, line 23.

Line 1b – Total from Schedule C1, line 15.

Line 1c - Total from Schedule C2, line 12.

Line 1d – Total of lines 1a, 1b, and 1c.

Line 2a – Total from Schedule A2, line 21.

Line 2b – Total of lines 1d and 2a.

Line 2c – Total from Schedule E1, line 12.

Line 2d – Total from Schedule E2, line 12.

Line 2e through 2j – Enter the reconciliation items that account for any variances between the “Total Endowment Care and Special Endowment Care Fund” reported on line 2b, and the fund balance reported on the audited financial statements.

Line 3 – This is the combined total of endowment care and special endowment care funds reported on the audited financial statements.

The reconciling item “Unrealized Capital Gains/(Losses)” is given. Other reconciling items may be receivables, payables, due to/from the preneed fund or cemetery general fund, deferred taxes and other expenses, or accrued income not yet received.

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

SCHEDULE B2 RECONCILIATION OF THE SPECIAL CARE FUND TO THE AUDITED SPECIAL CARE FUND BALANCE

This schedule shows the "Special Care Fund" from Schedule D reconciled with the special care fund balances reported on the audited financial statements.
Reconciling items are reported in detail.

Line 1a –Total from Schedule D, line 16.

Line 2a – Special Care Unrealized Capital Gains/(Losses) (Schedule E3, line 12)

Line 2b through 2g – Enter the reconciliation items that account for any variances between the "Total Special Care Fund" reported on line 1a, and the fund balance reported on the audited financial statements.

Line 3 – This is the special care fund balance reported on the audited financial statements.

The reconciling item "Unrealized Capital Gains/(Losses)" is given. Other reconciling items may be receivables, payables, due to/from the preneed fund or cemetery general fund, deferred taxes and other expenses, or accrued income not yet received.

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

SCHEDULE C1 ENDOWMENT CARE FUND RESERVE FOR MAINTENANCE

The reserve for maintenance sets aside funds for future maintenance, repair, restoration of property, or embellishments in the cemetery for use when the endowment fund has inadequate funds for full distribution pursuant to [HSC Section 8726.2\(b\)\(5\)](#). The cemetery authority, its board of trustees, or its corporate trustee may set aside a portion of the unitrust amount for the reserve.

Line 1 – Enter the ending balance of the Reserve for Maintenance – net income method (year one of unitrust only).

Line 2 – Current year draw for maintenance (from Schedule C4, line 16).

Line 3 – Subtotal lines 1 and 2.

Line 4 – Addition to the reserve from current year unitrust amount (from Schedule C5, line 10).

Line 5 – Ending balance.

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

SCHEDULE C2 ENDOWMENT CARE FUND ACCUMULATED EARNINGS

The unitrust expenditure for the year, whether full or alternative distribution, must be drawn first from accumulated investment income (interest, dividend, and rental income), then net realized capital gains/losses not previously retained in principal, and finally from principal. Available funds in each source must be exhausted before drawing from the next source.

This schedule reflects the above sequence by reporting the prior year's balance forward of ECF accumulated investment income (interest, dividend, and rental income) and the ending balance of the reserve for losses under the net income method (year one of unitrust only). The current year's investment income is added, and the current year's distribution is deducted, to arrive at the ending accumulated investment income balance. This schedule also reports the prior year's balance forward under unitrust of accumulated realized capital gains/losses. The current year's realized capital gains/losses are added, and the current year's distribution is deducted, to arrive at the ending accumulated realized capital gains/losses balance. The two results are combined to arrive at the ending balance of accumulated earnings.

Line 1 – Enter the prior year Net Income Method ending balance of interest, dividend, and rental income from Schedule C3. This becomes the Beginning Balance of Accumulated Interest, Dividend, and Rental Income.

Line 2 – Enter the ending balance of the reserve for losses under the net income method (year one of unitrust only).

Line 3 – Enter the current year's interest, dividend, and rental income.

Line 4 – Subtotal.

Line 5 – Distributions for the current year (from Schedule C5, line 1).

Line 6 – Ending balance.

Line 7 – Enter the beginning balance of accumulated realized capital gains/losses not added to principal (zero in year one of unitrust).

Line 8 – Current year's realized capital gains/losses (from Schedule G1, line 9)

Line 9 – Subtotal.

Line 10 – Distributions for the current year (from Schedule C5 line 2).

Line 11 - Ending balance of accumulated realized capital gains/losses - unitrust.

ENDOWMENT CARE FUND AND SPECIAL CARE FUND REPORT (ANNUAL REPORT) UNITRUST METHOD

Line 12 – Total endowment care accumulated earnings.

SCHEDULE C3 SPECIAL ENDOWMENT CARE FUND EARNINGS

This schedule reports the current year, and prior year's balance forward, of SECF earnings (interest, dividends, rental income, and capital gains), fund administration costs, any compensation paid to the board of trustees, and any amounts expended for cemetery maintenance. The beginning balance of the prior year unexpended earnings is added to the current year's earnings, and expenditures and allocations are deducted to arrive at the ending unexpended balance. The ending balance of unexpended earnings should agree with Schedule A2, line 19, and **cannot be a negative number**.

Line 1 – Enter the amount from prior year Schedule C4, line 1 (as applicable).

Line 2 – Enter current year recurring income: interest, plus dividends, plus rental income.

Line 3 – Net realized Capital Gains/Losses from Schedule E2.

Line 4 – Total of lines 2 and 3.

Line 5 – Enter administration expenses paid during the year, including bank and audit fees.

Line 6 – Enter amount paid to the board of trustees during the year. No sum in excess of 5 percent of the net income derived from an endowment care fund (if using the net income method), or special care fund, or both, in any year shall be paid as compensation to the board of trustees for its services as trustee. Net income means the amount of income remaining after reasonable administrative expenses, including bookkeeping, postage, taxes, and other costs directly related to generating income to the trust fund have been deducted.

Line 7 - Enter amount reported for cemetery maintenance (to Schedule H, line 3b).

Line 8 – Total of lines 5, 6 and 7.

Line 9 – Net earnings – current year (line 4 less line 8).

Line 10 – Total of lines 1 and 9.

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SCHEDULE C4 ENDOWMENT CARE FUND UNITRUST DISTRIBUTION CALCULATION

This schedule reports the calculation of the unitrust distribution amounts.

HSC Section 8726.2(b)(6):

(B) An endowment care fund has inadequate funds for full distribution if either of the following events occur:

- (i) The net fair market value of the endowment care fund, after the distribution, is less than 80 percent of the aggregate fair market value of the endowment care fund as of the end of the immediate preceding fiscal year.
- (ii) The endowment care fund is less than the cumulative total of all principal contributions to the fund since inception. (Note: 'principal contributions' means ECF deposits to corpus plus prior year balance (final year under net income method) of accumulated net capital gains retained in corpus.)

(C) (i) If the endowment care fund has inadequate funds for full distribution, the distribution shall be limited to the lesser of net income distribution or an amount no more than a unitrust distribution of 1.5 percent of the average net fair market value of the assets, and the fees and expenses associated with the management of the fund shall be paid by the cemetery authority.

(ii) The cemetery authority, its board of trustees, or its corporate trustee may draw from the reserve described in paragraph (5) only during a fiscal year where there are inadequate funds for full distribution. An amount drawn from the reserve during that fiscal year shall be the lesser of the difference between the unitrust amount described in paragraph (4) and the limited distribution amount described in clause (i), or one-third of the total amount of the reserve.

Line 1 – Enter the full distribution percentage listed in the unitrust application.

AVERAGE NET FAIR MARKET VALUE (FMV)

Line 2

- Columns A, B and C - Enter the net fair market value (FMV) of the ECF assets as of the last day of the reporting period for the previous three years.
- Column D - The average net FMV of the assets.

DISTRIBUTION

Line 3 – Displays the dollar amount of the average net FMV multiplied by the full distribution percentage.

Line 4 – Displays the calculations to determine if full distribution is permitted.

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- Column A – shows the current year net FMV before any distribution (entered in line 5 column A) less the full distribution amount from line 3 column D to arrive at net FMV after distribution.
- Column B – shows the calculation of 80% of the FMV as of the end of the immediately preceding fiscal year (equals line 2 column C multiplied by 80%) for the 80% distribution allowability test.
- Column C – Yes/No answer to is line 4 column A less than line 4 column B?

Line 5

- Column A - Enter the net FMV of the ECF at the end of the current year before distribution.
- Column B - Shows the total principal contributions to the ECF since inception from Schedule A1 line 19.
- Column C – Yes/no answer to is line 5 column A less than line 5 column B?

Line 6 - If Line 4 or Line 5 is Yes, full distribution is not allowed. Proceed to Alternative Limited Distribution.

ALTERNATIVE LIMITED DISTRIBUTION

Line 7 - Total interest, dividend, and rental income for the current year from Schedule C2 line 3.

Line 8 –Average net FMV from line 2 column D multiplied by 1.5%.

Line 9 –The allowable alternative limited distribution amount is the lesser of line 7 or 8.

Optional Reserve for Maintenance (RFM) draw calculation:

Line 10 –Displays the unitrust full distribution amount from line 3 column D.

Line 11 –Displays the alternative limited distribution amount (full distribution not allowed).

Line 12 –Difference between lines 10 and 11.

Line 13– RFM balance from Schedule C1, line 1.

Line 14 –Displays one-third of the total amount of the RFM balance.

Line 15 –Allowable draw amount from the RFM account.

Line 16 – Enter the draw amount taken (equals the amount on line 15 if the cemetery elected to take a withdrawal).

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SCHEDULE C5 ENDOWMENT CARE FUND UNITRUST DISTRIBUTION SCHEDULE

This schedule reports the sources and uses of the unitrust distribution amount. The total distribution amount on line 4 must be less than or equal to the full distribution amount, or the alternative limited distribution amount shown on Schedule C4. Check the line at the top to indicate which is used. Funding for the distribution must first come from accumulated interest, dividend, and rental income; then accumulated net realized capital gains; and lastly trust principal, as displayed on lines 1 through 3. Available funds in each source must be exhausted before moving on to the next source.

Line 1 – Enter the portion of the distribution paid from accumulated interest, dividend, and rental income.

Line 2 - Enter the portion of the distribution paid from accumulated net realized capital gains.

Line 3 - Enter the portion of the distribution paid from the principal of the trust.

Line 4 – Shows the total distribution. This equals the total assignment of the distribution on Line 11.

Line 5 – Shows amount drawn from the RFM (for alternative limited distribution only, Schedule C4, line 16, col C).

Line 6 – Total of lines 4 and 5.

Line 7 - Enter the portion to be paid for cemetery maintenance expenses.

Line 8 – Enter the portion to be paid for administrative expenses (HSC section 8733) other than trustee/fund management fees.

Line 9 – Enter the portion to be paid for trustee/fund management fees if paid by the ECF.

Line 10 - Enter the portion to be added to the RFM (HSC 8726.2(b)(5)).

Line 11 – Total of lines 7, 8, 9 and 10. Line 11 must be the same amount as line 4.

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SCHEDULE D

SPECIAL CARE FUND - Preneed Services and Merchandise Do not include Special Endowment Care Fund activity

All money or property received by a cemetery authority for deposit in a special care fund shall be placed in the custody of the trustee(s) thereof within 30 days after receipt by the cemetery authority. This includes payments for preneed services and merchandise that are received for deposit in a special care fund ([HSC section 8777](#)). Do not include any special endowment care funds such as a flower fund.

Line 1 – Enter the prior year ending balance of the Special Care Fund – corpus and unexpended income. The sum of corpus and unexpended income should equal the previous year's Schedule D, Line 15.

Line 2 – Enter current year additions to the fund.

Line 3 – Enter earned income (interest, dividends, and rental income).

Line 4 – Enter capital gains/(losses) realized (from Schedule G2, line 9).

Line 5 – Add lines 2, 3, and 4 – corpus and unexpended income.

Line 6 – Enter the amount withdrawn for serviced preneed accounts – corpus and income.

Line 7 – Enter the amount withdrawn for refunds, cancellations, or revoked preneed accounts- corpus and income.

Line 8 – Enter the amount of revocation fees withdrawn ([HSC section 8778.5\(b\)](#)).

Line 9 – Enter other withdrawals for non-burial services provided - corpus and income.

Line 10 – Add lines 6, 7, 8, and 9.

Line 11 – Enter the amount of administrative fees charged to the special care fund.

Line 12 – Enter the amount expended from the fund for maintenance (to Schedule H, line 3b).

Line 13 – Enter the amount of taxes paid on net income for the period.

Line 14 – Add lines 11, 12, and 13.

Line 15 – Add lines 1 and 5 – corpus and income, Subtract lines 10 and 14 – corpus

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and income.

Line 16 – Add line 15 – corpus and income.

SCHEDULES E1, E2 and E3 **ENDOWMENT CARE INVESTMENTS** **SPECIAL ENDOWMENT CARE INVESTMENTS (as applicable)** **SPECIAL CARE INVESTMENTS (as applicable)**

These schedules report on cash and investments of the amounts deposited in the trust funds. If the cemetery holds special care trust funds, Schedule E2 must be completed and if the cemetery holds special endowment care trust funds and the funds are not commingled with endowment care funds, Schedule E3 must be completed.

Investments are shown at both market value and cost.

Lines 1 through 8 – List all investments of the fund assets individually, including the current market value, and the initial cost of investment. If needed, additional details should be attached.

Line 9 – Add lines 1 through 8 for both the market value and the cost basis of the invested assets.

Line 10 – Enter the total market value from line 9.

Line 11 – Enter the total cost basis from line 9.

Line 12 – Subtract line 11 from 10.

Note: Any investment(s) in default should be identified.

[HSC section 8725](#) states: A cemetery authority that maintains a cemetery may place its cemetery under endowment care and establish, maintain, and operate an endowment care fund. Endowment care and special care funds consisting of trust funds created by irrevocable trust agreements may be commingled for investment and the net income therefrom shall be divided between the endowment care and special care funds in the proportion that each fund contributed to the principal sum invested. Special care funds derived from trusts created by a revocable agreement shall not be commingled for investment and shall be accounted for separately from all other funds. The funds may be held in the name of the cemetery authority, its directors, or in the name of the trustees appointed by the cemetery authority.

[BPC section 7614.7](#) states: In any report to the bureau all bonds, debentures or other evidences of debt held by a cemetery corporation if amply secured and if not in default as to principal or interest may be valued as follows:

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- (a) If purchased at par at the par value.
- (b) If purchased above or below par on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield the effective rate of interest on the basis at which the purchase was made.
- (c) In such valuation the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase.

SCHEDULE F CORPUS AND INVESTMENT RECONCILIATION

The purpose of this schedule is to reconcile the fund balances of the endowment care fund, special endowment care fund and the special care fund shown on Schedule B1, Schedule B2 and Schedule D1 with the total investment balances stated at cost. An explanation should be provided for any differences.

Line 1 – Enter the endowment care trust fund and special endowment care fund balance from Schedule B, line 2d.

Line 2 – Enter the special care trust fund balance from Schedule B2, line 1a.

Line 3 - Add lines 1 and 2.

Line 4 – Enter total investments at cost (Schedule E1, line 11, Schedule E2, line 11 and Schedule E3, line 11).

Line 5 – Subtract line 3 from 4. Provide explanations for any differences.

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SCHEDULES G1 and G2

ENDOWMENT CARE FUND REALIZED CAPITAL GAINS AND LOSSES SPECIAL CARE FUND REALIZED CAPITAL GAINS AND LOSSES (if applicable)

These schedules report the net realized capital gains or (losses) resulting from the sale of invested assets during the year. If the cemetery holds special care trust funds, Schedule G2 must be completed.

Lines 1 through 6 – Provide a summary of all sales of investments during the year. Include the date of the disposition, the amount realized from the sale, the cost basis of the investment sold, and any gain or loss realized. Also, include any adjusting entries for prior period(s). If needed, additional detail should be attached. Do not provide a complete list of transaction detail; a transaction summary is preferred.

Line 7 – Add lines 1 through 6 for the net gain/(loss) realized during the year.

Line 8 – Enter income tax effect of gain/(loss) realized during the year.

Line 9 – Subtract line 8 from line 7.

- If line 7 is a gain, the income tax will reduce the gain.
- If line 7 is a (loss), the income tax effect will be positive and reduce the loss.

Note: The income tax reported on line 8 is the tax as it relates to the realized capital gain.

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SCHEDULE H CEMETERY MAINTENANCE EXPENSES

The first part of this schedule reports the total maintenance expenses incurred by the cemetery. These expenses should be detailed by components such as labor, benefits, equipment, supplies, materials, etc.

The second part of this schedule reports the funding sources that covered the cemetery's total maintenance expenses, and the amount allocated from each source.

Maintenance Expenses:

Lines 1a through 1n – Enter the item and dollar amount for of the cemetery maintenance expenses incurred during the period.

Line 2 – Add all expenses for the total spent by the cemetery during the period.

Funding of Maintenance Expenses:

Line 3a – Enter total maintenance expenses funded by the endowment care fund distribution from Schedule C5, line 7).

Line 3b – Enter total maintenance expenses funded by the special endowment care fund income (from Schedule C3, line 7).

Line 3c – Enter total maintenance expenses funded by the special care fund income (from Schedule D, line 12).

Line 3d – Enter the total maintenance expenses funded by the reserve for maintenance distribution (from Schedule C4, line 16).

Line 3e – Enter the total maintenance expenses funded by cemetery operations. **This amount cannot be negative.**

Line 4 – Add all funding for the total revenue allocated to maintenance expenses.

Note: Line 2 should agree with line 4.

NOTICE ON COLLECTION OF PERSONAL INFORMATION click [here](#) for details