

Michigan Department of Licensing and Regulatory Affairs

AUTHORITY: 1968 PA 251

Corporations, Securities & Commercial Licensing Bureau
Securities and Audit Division

DUE: JUNE 30, 2018

PENALTY: Failure to provide this information may result in disciplinary action. Please Note: This information may be released to the public in accordance with the Freedom of Information Act, 1976 PA 442, as amended.

P.O. Box 30018 - Lansing, MI 48909
Telephone: (517) 335-5237

2017 CEMETERY ANNUAL REPORT

INSTRUCTIONS:

The annual report is to be submitted in sufficient time to ensure the Corporations, Securities and Commercial Licensing Bureau ("Bureau") receives it by June 30, 2018. The licensee is to complete the annual report. A Michigan licensed Certified Public Accountant (CPA) is to attest to the annual report's accuracy and completeness through examination for issuance of an opinion utilizing the attestation report that is attached.

If you have sold, provided, or agreed to provide merchandise or funeral or cemetery services in accordance with a prepaid contract after December 31, 2004, you must also submit the 2017 Prepaid Funeral and Cemetery Sales Act Annual Report; which is to be submitted in sufficient time to ensure the Bureau receives it by July 15, 2018.

Name of Cemetery Knollwood Memorial Park Cemetery		License Number: 22-01- <u>000375</u>	
Mailing Address 29155 Northwestern Hwy. Suite 699		Prepaid Funeral and Cemetery Sales Act Registration Number: 34-01- <u>001367</u>	
City Southfield	State MI	Zip Code 48034	
Cemetery Location (if different than mailing address) 1299 N. Ridge Road, Canton MI 48187			
Location Where Records May Be Inspected (if different than mailing address) 1299 N. Ridge Road, Canton MI 48187			
Contact Person Keynel Cadet, Pastor		Telephone Number of Contact Person 248.667.1400	Contact Person's Email Address cathedral@staugustines-usa.com
Number of interment rights sold last year 125 + -	Number of interment rights sold this reporting period (2017) 138	Number of opening and closings performed last year 125 + -	Number of openings and closing performed this reporting period (2017) 165
Number of Acres Cemetery Owns (total) 40	Number of Acres Dedicated (not paying taxes on) 40	Number of Acres Developed (in use/platted and ready to use) 26	
Burial Rights (spaces) Available in Developed Areas 24,000 @		Burial Rights (spaces) Available in Undeveloped Areas 16,800 @	
Endowed Care Trust Fund Income for 2017 or most recent fiscal year, excluding net capital gains. → \$ _____	Cemetery Maintenance Expenses for 2017 or most recent fiscal year. Include salaries, equipment, utilities, repairs, and supplies expended to maintain the cemetery and/or mausoleum(s) → \$ _____	Endowed Care Trust Fund Income (excluding net capital gains, they may not be withdrawn.) Remitted for Cemetery Maintenance Expenses for 2017 or most recent fiscal year. → \$ _____	
Under which Public Act was the Cemetery Established (Formed)? <input checked="" type="checkbox"/> 1855 PA 87 (Cemetery Corporations) <input type="checkbox"/> 1869 PA12 (Rural Cemetery) <input type="checkbox"/> Other, Please _____ Specify _____			
Does the cemetery have a functioning crematory? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, crematory registration number: 22-03- _____			
Names and Title of Cemetery Principal Owner, Managing Member, Directors, Officers, and/or General Manager - please list below:		Address(es):	
Cathedral St. Augustine's		29155 Northwestern Hwy. Suite 699 Sfld MI 48034	
Keynel Cadet; Director		29155 Northwestern Hwy. Suite 699 SFLD MI 48034	
Gilbert Borman, JD Attorney		17520 w. Twelve Mile Road, suite 200 SFLD MI 48076	
Yeo and Yeo CPA- Commissioned as Preparer & FAC*		17520 w. Twelve Mile Road, suite 200 SFLD MI 48076	

Andrew Jordan, CPA - Interim Fincancial Affairs

4878 Buckingham, Berkley MI 48072

Instructions for page 2:

All cemeteries, excluding crematories only, are required to submit an Independent Accountant's Report with the cemetery report. The Independent Accountant's Report must be prepared by a Michigan licensed certified public accountant (CPA). **NOTE: THE CEMETERY REPORT WILL NOT BE ACCEPTED IF THE INDEPENDENT ACCOUNTANT'S REPORT IS CHANGED, except changes to comply with statements on Standards for Attestation Engagements, such as rendering a qualified opinion, etc.***

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accuracy and completeness of amounts reported and management's assertions about (name of entity)'s _____ compliance with Public Act 251 of 1968 (Cemetery Regulation Act), as amended, and the rules promulgated thereunder; Public Act 87 of 1855 (Cemetery Corporations Act); Public Act 12 of 1869 (Rural Cemetery Corporations Act); and Section 7803 of Public Act 386 of 1998 (Estates and Protected Individuals Code) included in the accompanying 2017 Cemetery Annual Report for the period ending December 31, 2017. (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 251 of 1968 (Cemetery Regulation Act), as amended, and the rules promulgated thereunder; Public Act 87 of 1855 (Cemetery Corporations Act); Public Act 12 of 1869 (Rural Cemetery Corporations Act); and Section 7803 of Public Act 386 of 1998 (Estates and Protected Individuals Code), 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 2017 Cemetery Annual 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 2017 Cemetery Annual Report of (name of entity) _____ for the period ending December 31, 2017, are presented in accordance with Public Act 251 of 1968 (Cemetery Regulation Act), as amended, and the rules promulgated thereunder; Public Act 87 of 1855 (Cemetery Corporations Act); Public Act 12 of 1869 (Rural Cemetery Corporations Act); and Section 7803 of Public Act 386 of 1998 (Estates and Protected Individuals Code), in all material respects.

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

Note to CPA: If you prepared the schedules, but you are not expressing an opinion on them do not complete this page; instead, identify yourself as the preparer on page 1.

CPA Signature	Date	
Type or Print CPA Name	CPA Michigan License Number	CPA's Email Address
CPA Firm Name	CPA Firm Michigan License Number	
Street Address	Telephone Number	
City	State	Zip Code

SCHEDULE A - ENDOWED CARE TRUST FUND ANALYSIS

RECEIPTS PERIOD: 1) 01 / 01 / 2017 To 2) 12 / 31 / 2017 And
(ending date of prior report or audit)

DEPOSITS PERIOD: 3) 01 / 01 / 2017 To 4) 12 / 31 / 2017
(ending date of prior report or audit) (line 2 + 30 days)

Increase (Decrease) to trust fund(s) during deposit period.
 This must match line 5 on page 4.

5) \$ (80,000)

Receipts from sales of burial, entombment, and/or
 columbarium rights in completed structures and/or developed
 gardens, sold for more than \$133.33.

Include brokerage sales. **(See Note 1)** 6) _____ x 15% = 7) 84,270
(Receipts)

Receipts from sales in incomplete structures and/or undeveloped
 gardens.

Schedule C, line 4 8) _____

Schedule D, line 7 9) _____

Schedule E, line 7 10) _____

Line 8 + 9 + 10 11) _____ x 15% = 12) _____

Paid in full rights sold for less than
 \$133.34, including free rights.

13) _____ x \$20.00 = 14) _____
(Number of Rights)

Rights sold for less than \$133.34 for accounts
 not paid in full.

15) _____ 16) _____
 $\$20.00 \div \frac{\text{Average Sales Price}}{\text{Total Amount Received}} = 17) \text{_____}$

Amount received for donations, grants,
 bequests, or conveyances.

18) _____

Required deposits for sales of non-burial right dedicated
 cemetery land. (\$5,000 per acre)

19) _____

Total required deposits. (lines 7 + 12 + 14 + 17 + 18 + 19) + \$50,000 if the cemetery
 was created during 2017 see 456.536(5)

20) _____

Current period excess (shortage).
 (line 5 - line 20)

21) (360,000) *

Prior total excess (shortage) from page 3, line 23, of the 2016
 report or from a subsequent department audit report.

22) (360,000) *

Total Endowed Care Trust Fund Excess/(Shortage).
 (line 21 + line 22)

23) \$ 535,477.92

Investment Performance and Fee Offset (IPF)
 This must match line 8 on page 5, ref pg 5 for explanation

24) \$ _____

Total Endowed Care Trust Fund Excess/Shortage after IPF
 (line 23 + Line 24)

25) \$ 616,747.92

Note 1: Payments made to repurchase burial right contracts, refunds of monies received on canceled contracts and credit given toward
 the purchase of other cemetery goods or services on canceled contracts, may be offset against total receipts from adult burial right sales.
 Offsets on a particular contract may not exceed the cemetery's proceeds on that contract.

If a Line 25 shortage exists, please explain the cause of the shortage and the percent attributed to the cause.

CAUSE: _____ **PERCENT ATTRIBUTED:** _____

Previous Owners Mismanagement and Embezzlement; Prior to 2014 ***	100%
Couse, James F. Roll, Trustee Authorized to pay @ \$80,000 Marker, Vault Expenses/ U.S. Federal Court Order & Arrangement with MT Cemetery Commission 2017.	

SCHEDULE A1 - RECONCILIATION OF THE ENDOWED CARE TRUST FUND

Ending principal corpus at cost as of : (From schedule A2, line 27)	1) <u>01 / 01 / 2017</u> (ending deposit period date)	2) \$ <u>616,747.92</u>
Beginning principal corpus at cost as of: (From page 4, lines 1 and 2 of the 2016 report or from subsequent department audit report)	3) <u>12 / 31 / 2016</u>	4) <u>616,747.92</u>
Increase (Decrease) to trust. (line 2 - line 4)		5) \$ <u><u>80,000 @</u></u>
<hr/>		
Deposits to trust.		6) \$ <u>84,270.00</u>
Realized capital gains.		7) <u>35,000</u>
Realized capital losses.		8a) _____
Trustee Fees and Costs paid from principal		8b) <u>6,500</u>
Other increases (decreases). (Please describe):		9) _____
<u>James R. Roll, JD. Trustee authorized to pay current and settle all debt related Merchandise sales outstanding. *</u>		
Total increase (decrease) to trust (lines 6 + 7 - 8a-8b + or - 9). This must match line 5 above.		10) \$ <u><u>525,298.91</u></u>

Note: Trustee fees and costs may not be paid from trust income. Trustee may pay trust taxes on the income earned by the trust account from the income or capital gains of the trust.

Endowed Care Trustee Name 11) Larry H. Reid, DO Director Trustee	Trust Agreement or Amendment Date 12) November 1, 2018 * At Settlement
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SCHEDULE A2 - DETAIL FOR ENDOWED CARE ENDING PRINCIPAL CORPUS

DO NOT INCLUDE ASSETS WHICH ARE NOT IN THE NAME OF THE TRUST, WHICH ARE NOT SEPARATE AND APART FROM OTHER FUNDS, PROPERTY, OR SECURITIES OF THE CEMETERY, CEMETERY CORPORATION, ASSOCIATION OR TRUSTEE(S). DO NOT INCLUDE INCOME PORTION OF TRUST FUND.

Assets	Purchase Cost or Ledger Value	Market Value
Stocks and Bonds	13) \$	14) \$
Real Estate	15)	16)
Savings Accounts	17)	18)
Certificates of Deposit	19) 94,000	20) 94,000
First Mortgages	21)	22)
Land Contracts	23)	24)
Other (Specify)	25)	26)
TOTAL	27) \$	28) \$

SCHEDULE A3 - INVESTMENT PERFORMANCE AND FEE OFFSET ANALYSIS

The purpose of this schedule is to determine the amount of realized capital losses and trustee fees the cemetery will not be held liable for in adherence with Section 456.536(4) of the CRA. The amount will be termed the "Investment Performance and Fee Offset" (IPF).

To qualify for an IPF, a cemetery must have an IPF Trustee which for reporting purposes is defined as a regulated financial institution with trust powers, where the cemetery does not reserve, retain, or otherwise exercise any power of direction of specific investments, reference Section 456.536(4) of the CRA. Also to qualify for this reporting period, a cemetery must have an IPF Trustee that obtained control of the trust corpus prior to January 1, 2018. Furthermore, to qualify for the fee offset, the trust agreement must specify that trustee fees and costs may be paid from trust principal and that the fees and costs were actually paid from principal.

Note that realized capital losses incurred during 2017 must still be entered on page 4 line 8a. Also note that trustee fees and costs paid from principal during 2017 must be entered on page 4 line 8b.

Date IPF Trustee obtained control of trust corpus (reference above for explanation)	1) <u>November 2018 *</u>
Operative date for reporting period	2) <u>January 1, 2017</u>
Cemetery IPF effective date (the more current of the dates posted to lines 1 and 2)	3) <u>November 2018 *</u>

If the date on line 3 is after December 31, 2017 an IPF is not allowed this reporting period; enter 0 on lines 4 through 8.

IPF allowed as of December 31, 2017

Realized capital losses incurred from the date on line 3 through December 31, 2017 4) _____

Trustee fees and costs paid from principal from the date on line 3 through December 31, 2017 5) _____

2017 IPF incurred (line 4+5) 6) _____

2016 IPF from page 5, line 8 of the 2016 report or subsequent department audit report 7) _____

Total IPF (line 6+7, enter result on page 3, line 24 even if it is 0) 8) _____

SCHEDULE A4 - ENDOWED CARE TRUST FUND TRANSFER ANALYSIS

1. Has the total ECTF been transferred to an IPF Trustee (reference above) as of December 31, 2017. Yes
 If the answer to question 1 is no, answer questions 2 and 3. No

2. What is the total cost basis of assets not transferred to an IPF Trustee as of December 31, 2017

\$ 616,747.92 + \$360,000 (Embezzled by prior owners; 2014 + \$80,000 - settlement of merchandise pre-needs debt obligations cause by prior owners; 2014.

3. List the current locations of where the funds are located, the cost basis of the funds held at each location, and who the Non-IPF Trustee is:

Comerica Bank

As of the end of the reporting year, did the cemetery have any outstanding merchandise or service liabilities that were not relieved by the end of the month following the month of sale?

Yes No. If no, skip to page 8, Schedule B3.

SCHEDULE B2 - DETAIL OF MERCHANDISE TRUST AND ESCROW ASSETS

DO NOT INCLUDE ASSETS WHICH ARE NOT IN THE NAME OF THE TRUST; WHICH ARE NOT SEPARATE AND APART FROM OTHER FUNDS, PROPERTY, OR SECURITIES OF THE CEMETERY, CEMETERY CORPORATION, ASSOCIATION OR TRUSTEE(S).

Assets	Purchase Cost or Ledger Value	Market Value
Stocks and Bonds	1) \$	2) \$
Real Estate	3)	4)
Savings Accounts	5)	6)
Certificates of Deposit	7)	8)
First Mortgages	9)	10)
Land Contracts	11)	12)
Other (Specify)	13)	14)
TOTAL MERCHANDISE TRUST ASSETS	15) \$ 28,000	16) \$ 94,000

Merchandise Trust Trustee Name 17) James R. Roll, JD Sucessor Authorized L.H. Reid, DO	Trust Agreement or Amendment Date 18) 1.1.2017 - November 2018
Merchandise Escrow Trustee Name 19) James R. Roll, JD Sucessor Authorized L.H. Reid, DO	Trust Agreement or Amendment Date 20) 1.1.2017 - November 2018

SCHEDULE B3 - COMPLIANCE DISCLOSURES (To be completed by all cemeteries):

1) Did the cemetery maintain a record of future obligations (list of liabilities) arising from sales of cemetery merchandise and services which include complete descriptions of the obligations and the costs of performing the obligations as of the end of the reported year?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No-Attach page listing exceptions <input type="checkbox"/> Not Applicable	
2) Did the cemetery maintain merchandise trust withdrawal records that include the names and contract numbers of the purchasers, descriptions of the merchandise and services, the amount withdrawn, and how the obligation was satisfied (i.e. installed, delivered, performed, terminated, canceled)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No-Attach page listing exceptions <input type="checkbox"/> Not Applicable	
3) If a separate merchandise trust fund exists for pre-statutory sales, does the fund contain sufficient monies to meet the total current cost of the pre-statutory obligations or does the cemetery have a plan of action to fund the deficit?	<input type="checkbox"/> Yes <input type="checkbox"/> No-Attach page listing exceptions <input checked="" type="checkbox"/> Not Applicable	
4) If vaults or markers are stored, are they inventoried and insured?	<input type="checkbox"/> Yes <input type="checkbox"/> No-Attach page listing exceptions <input checked="" type="checkbox"/> Not Applicable	
5) Did the cemetery maintain a monthly accounting record which indicates separately all cash proceeds received from the sale of interment rights, burial vaults, grave memorials or cemetery services?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No-Attach page listing exceptions	
6) Did the cemetery maintain its records within the state of Michigan?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No-Attach page listing exceptions	
7) Are there any Mortgages, Liens, or Encumbrances on dedicated or non dedicated cemetery land, or buildings? If yes, submit complete details of the situation with the annual report.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8) Have any of the trust assets been pledged, collateralized, or used as security in any way? If yes, submit complete details of the situation with the annual report.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9) Have any of the trust assets been invested or used in such a manner that would benefit anyone or any entity besides the trusts exclusively? If yes, submit complete details of the situation with the annual report.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
10) Have any endowed care trust principal or capital gains been withdrawn? If yes, submit complete details of the situation with the annual report including any police reports that have been filed.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Payment of Markers Vaults, etc. @ \$80,000 Settlement: 2014 Debt
11) Has any trust funds been absconded with or embezzled? If yes, submit complete details of the situation with the annual report including any police reports that have been filed.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
12) Has the cemetery sold any preneed services or merchandise after December 31, 2004, without having a Prepaid Funeral and Cemetery Sales Act registration? If yes, submit complete details of the situation with the annual report.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
13) In the current reporting period, did the Endowment and Perpetual Care Trust Fund earn income (excluding net capital gains)? If yes, submit an itemized list of payments of income received, provide dates, amounts and source.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
14) Did the cemetery utilize interest or dividends solely for the endowment care? For yes or no please submit a detailed inventory of what income was used for, giving dates, amounts and payees. Trust taxes may be paid from income starting this reporting period.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
15) Did the cemetery evaluate the effectiveness of the internal controls required in Section 16(12)(d) of the CRA, MCL 456.536(12)(d) within the last 90 days? If yes, attach documentation evaluating the effectiveness of those internal controls; if no, attach an explanation and plan of action to comply with requirements giving a specific date for rectifying non compliance.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Yeo and Yeo CPA Commissioned to impliment Internal Controls / regulations.
16) Were any trustee fees and costs paid from something other than the principal of the ECTF? If yes, how much and from what source? _____ _____	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Has the cemetery sold rights in gardens, areas, or structures which were incomplete or undeveloped as of the end of the reporting year?

Yes No. If no, skip to page 12.

SUBSEQUENT COMPLIANCE AND/OR CORRECTIVE ACTION

NOTE: If a trust shortage exists in any trust account, as reflected on pages 3, 6, 9, 10 or 11, items 1 and 2 on this page must be completed.

1) Detail any corrective action taken subsequent to the reporting period for any deficiencies noted in this report.

New Ownership has Commissioned Yeo and Yeo, CPA to manage the day-to-day fiscal operations of
Knollwood Memorial Park Cemetery.

~~Effectively, Internal Controls and Financial systems shall be implemented consistent with regulations, statutes, and policies adopted. Accordingly, Annual Reports shall be amended as required.~~

2) Detail a corrective action plan for any remaining deficiencies noted in this report.

Endowment Cemetery Trust Funds determined to have been converted due to mismanagement and resulting embezzlement shall be repaid consistent with Settlement Authorized by MI Cemetery Commission and U.S. Federal Court.
At Settlement for purposes of conveyance, an amount equivalent as determined shall be entrusted to Endowment Trust established and managed by KMP Cemetery Trustee; Larry H. Reid, DO - Director/Trustee and Keynel Cadet - Director / Trustee

CEMETERY OFFICIAL SIGNATURE

(NOTE: This report will not be accepted without a signature)

We declare we have reviewed the report and all pertinent information has been provided and included to give complete and accurate accounts of the cemetery and trust assets. In our opinion, assertions included in this 2017 cemetery report are fairly stated in all material respects and are accurate, complete and true to the best of our knowledge and belief.

September 28, 2018

Signature of Owner, Managing Member, Director, or Officer of Cemetery

Date

Keynel Cadet, Director/ Trustee/Treasurer, Knollwood Memorial Park Ce

Type or Print Name of Owner, Managing Member, Director or Officer of Cemetery

September 24, 2018

Signature of Owner, Managing Member, Director, or Officer of Cemetery

Date

Larry H. Reid, DO Director/Trustee/Secretary/SEO, Knollwood Memorial Park Cemetery

Type or Print Name of Owner, Managing Member, Director or Officer of Cemetery

Please Note: This report is due June 30, 2018