

Michigan Department of Licensing and Regulatory Affairs

AUTHORITY: 1968 PA 251

Corporations, Securities & Commercial Licensing Bureau
Securities and Audit Division
 P.O. Box 30018 - Lansing, MI 48909
 Telephone: (517) 335-5237

DUE: JUNE 30, 2016

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.

2015 CEMETERY ANNUAL REPORT (1/1/2012 through 8/31/16)

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, 2016. 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 2015 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, 2016.

Name of Cemetery <i>Knollwood Memorial Park Cemetery Association</i>		License Number: 22-01- <i>000252 (Prior Lic. #)</i>	
Mailing Address <i>Po Box 87979</i>		Prepaid Funeral and Cemetery Sales Act Registration Number: 34-01- <i>001036 (Prior #)</i>	
City <i>Canton</i>	State <i>MI</i>	Zip Code <i>48187</i>	
Cemetery Location (if different than mailing address) <i>1299 N. Ridge Road, Canton, MI 48187</i>			
Location Where Records May Be Inspected (if different than mailing address) <i>Same as Cemetery</i>			
Contact Person <i>James Roll</i>	Telephone Number of Contact Person <i>248-689-1801</i>	Contact Person's Email Address <i>jroll33338@aol.com</i>	
Number of interment rights sold last year	Number of interment rights sold this reporting period (2015) <i>2012 - 8/31/16</i> <i>547</i>	Number of opening and closings performed last year <i>2012 - 8/31/16</i> <i>1,147</i>	Number of openings and closing performed this reporting period (2015) <i>1,147</i>
Number of Acres Cemetery Owns (total) <i>40</i>	Number of Acres Dedicated (not paying taxes on) <i>40</i>	Number of Acres Developed (in use/platted and ready to use) <i>26 (Estimate)</i>	
Burial Rights (spaces) Available in Developed Areas <i>Approximately 24,000</i>		Burial Rights (spaces) Available in Undeveloped Areas <i>16,800 (Estimate)</i>	
Endowed Care Trust Fund Income for 2015 or most recent fiscal year, excluding net capital gains. \$ <i>84,270</i>	Cemetery Maintenance Expenses for 2015 or most recent fiscal year. Include salaries, equipment, utilities, repairs, and supplies expended to maintain the cemetery and/or mausoleum(s) \$ <i>69,287</i>	Endowed Care Trust Fund Income (excluding net capital gains, they may not be withdrawn.) Remitted for Cemetery Maintenance Expenses for 2015 or most recent fiscal year. \$ <i>69,287</i>	
Under which Public Act was the Cemetery Established (Formed)? <input 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):	
<i>Sam Tocco Owner</i>		<i>5363 Pembroke Crossing Ct. W. Bloomfield MI 48332</i>	
<i>Dennis Herman Director</i>		<i>1299 N. Ridge Rd, Canton, MI 48187</i>	
<i>James Roll Attorney</i>		<i>4721 Stoddard Tron, MI 48085</i>	
<i>Andrew Jordan CPA (Preparer)</i>		<i>4178 Buckingham, Berkley, MI 48072</i>	

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: Section 456.536(1),(2),(3),(4),(5), (6),(7),(8),(9),(10),(11),(12),(13),(17) of the Cemetery Regulation Act (CRA) 1968 PA 251 and the rules promulgated thereunder; and Sections 456.2 and Section 456.36 of the Cemetery Corporations Act, 1855 PA 87; Sections 456.106a, 456.109 and 456.115 of the Rural Cemetery Corporations Act, 1869 PA 12; and Section 7803 of the Estates and Protected Individuals Code 1998 PA 386 for the year ended _____ included in the accompanying 2015 cemetery report. Management is responsible for the accuracy and completeness of amounts reported and compliance with these requirements. Our responsibility is to express an opinion on the accuracy and completeness of amounts reported and management's assertion about the Cemetery's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about (name of entity's) _____ accuracy and completeness of amounts reported and compliance with these requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on (name of entity's) _____ compliance with specified requirements.

In our opinion, the accuracy and completeness of amounts reported and management's assertions included in the accompanying 2015 cemetery report are fairly stated 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) 12/01/2011 To 2) 07/31/2016 And
(ending date of prior report or audit)

DEPOSITS PERIOD: 3) 01/01/2012 To 4) 08/31/2016
(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) \$ < 11,545 >

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) 306,528 x 15% = 7) 45,979
(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 2015, see 456.536(5)

20) 45,979

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

21) < 57,524 >

Prior total excess (shortage) from page 3, line 23, of the ~~2014~~ 2011 report or from a subsequent department audit report.

22) < 239,039 >

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

23) \$ < 296,563 >

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

24) \$ 36,515

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

25) \$ < 260,048 >

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:

<u>Previous owner mismanagement and embezzlement</u>	<u>100%</u>
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SCHEDULE A1 - RECONCILIATION OF THE ENDOWED CARE TRUST FUND

Ending principal corpus at cost as of: 1) 08/31/16 2) \$ 616,352
 (From schedule A2, line 27) (ending deposit period date)

Beginning principal corpus at cost as of: 3) 01/01/2012 4) 627,897
 (From page 4, lines 1 and 2 of the 2014 report or from subsequent department audit report)

Increase (Decrease) to trust. (line 2 - line 4) 5) \$ <11,545>

Deposits to trust. 6) \$ 1,480

Realized capital gains. 7) 8,507

Realized capital losses. 8a) _____

Trustee Fees and Costs paid from principal 8b) 36,515

Other increases (decreases). (Please describe): 9) 14,983

Cemetery maintenance \$(69,287)
Interest & Dividend Income \$84,270

Total increase (decrease) to trust (lines 6 + 7 - 8a-8b + or - 9). 10) \$ <11,545>
 This must match line 5 above.

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	Trust Agreement or Amendment Date
11) <u>Sam Tocco</u>	12) <u>4/13/10</u>

SCHEDULE A2 - DETAIL FOR ENDOWED CARE ENDING PRINCIPAL CORPUS 8/31/16

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) \$ <u>568,123</u>	14) \$ <u>487,734</u>
Real Estate	15)	16)
Savings Accounts	17)	18)
Certificates of Deposit	19)	20)
First Mortgages	21)	22)
Land Contracts	23)	24)
Other (Specify) <u>Cash & Equivalents</u>	25) <u>48,229</u>	26) <u>48,229</u>
TOTAL	27) \$ <u>616,352</u>	28) \$ <u>535,963</u>

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, 2016. 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 2015 must still be entered on page 4 line 8a. Also note that trustee fees and costs paid from principal during 2015 must be entered on page 4 line 8b.

Date IPF Trustee obtained control of trust corpus (reference above for explanation)	1) <u>4/22/10</u>
Operative date for reporting period	2) January 1, 2015 2012
Cemetery IPF effective date (the more current of the dates posted to lines 1 and 2)	3) <u>1/1/2012</u>

If the date on line 3 is after December 31, 2015, an IPF is not allowed this reporting period; enter 0 on lines 4 through 8.

IPF allowed as of December 31, 2015:

Realized capital losses incurred from the date on line 3 through December 31, 2015	4) _____
Trustee fees and costs paid from principal from the date on line 3 through December 31, 2015	5) <u>36,515</u>
2015 IPF incurred (line 4+5)	6) <u>36,515</u>
2014 IPF from page 5, line 8 of the 2014 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) <u><u>36,515</u></u>

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, 2015? Yes No
If the answer to question 1 is no, answer questions 2 and 3.

2. What is the total cost basis of assets not transferred to an IPF Trustee as of December 31, 2015?

\$ _____

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:

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.

Instructions for schedule B and B1:

⇒ Include liabilities from sales since the following dates: Vaults: 10/30/72 Markers: 4/11/74 Services: 4/11/74, **EXCLUDE PRENEED SALES MADE AFTER DECEMBER 31, 2004. SALES AFTER DECEMBER 31, 2004 ARE TO BE REPORTED ON THE PRE-PAID FUNERAL AND CEMETERY SALES ACT ANNUAL REPORT.**

⇒ If trust funds from pre-statutory sales were transferred into the statutory merchandise trust fund, include them in the reported merchandise trust liabilities.

⇒ When computing current cost, consider cost differences between styles, types, sizes and manufacturers. If the cemetery manufactures its own vaults, cost figures must be supported by invoices for materials and documentation of labor charges.

Schedule B - Merchandise Trust Fund Analysis as of ~~12/31/15~~ 8/31/16: Total

1) 08/31/16
2) \$ -0-

Merchandise Trust and Escrow Assets at cost from page 7, line 15:

Merchandise/Services Liabilities:

Paid in full Vaults (line 13 below)	3) <u>30,600</u>
Paid in full Markers (line 15 below)	4) <u>50,492</u>
Cremation Proceeds (line 17 below)	5) _____
Opening and Closing Proceeds (line 19 below)	6) _____
Non-paid-in-full Vaults (line 23 below)	7) _____
Non-paid-in-full Markers (line 27 below)	8) _____
Other (Describe): _____	9) _____

Total Merchandise/Service Obligations (lines 3+4+5+6+7+8+9)

10) 81,092

Merchandise Trust Fund Excess (Shortage) (line 2 - line 10)

11) \$ 81,092

IF A SHORTAGE EXISTS, EXPLAIN THE CAUSE OF THE SHORTAGE: PERCENT ATTRIBUTED TO CAUSE:

Schedule B1 - Detail of Merchandise Trust Liabilities

ITEM	(A) Number of items to be provided.	(B) Total current cost of outstanding obligations. Averages may be used to compute current cost.	(C) Total sales price of outstanding obligations. Averages may be used to compute total sales price.	(D) Total proceeds received.	(E) House account liability amount. (Column B ÷ C) x D
Paid-in-full Vaults	12) <u>306</u>	13) <u>30,600</u>			
Paid-in-full Markers	14) <u>114</u>	15) <u>50,492</u>			
Cremation Proceeds (\$100 minimum per cremation if paid-in-full)	16)			17)	
Opening & Closing Proceeds (\$100 minimum per opening & closing if paid-in-full)	18)			19)	
Non-paid-in full Vaults		20)	21)	22)	23)
Non-paid-in full		24)	25)	26)	27)

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) \$ <i>0</i>	16) \$ <i>0</i>

Merchandise Trust Trustee Name 17)	Trust Agreement or Amendment Date 18)
Merchandise Escrow Trustee Name 19)	Trust Agreement or Amendment Date 20)

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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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. <i>see attached</i>	<input checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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

SCHEDULE E - CONSTRUCTION TRUST FUND ANALYSIS (Mausoleum):

NIA

1) / / To 2) / /
 (ending date of prior report or date of first sale) (12/31/15)

Increase (Decrease) during period from line 21. 3) \$ _____

Trust percentage. 4) _____ ÷ 5) _____ = 6) _____ %
(total estimated construction cost) (total projected sales revenue)

Receipts from sales in an incomplete structure during the period. (See Note 1) 7) _____ x 8) _____ % = 9) _____
(Receipts) (from line 6)

Amount expended on construction of the incomplete structure during the period. This may include payments from any funding source. 10) _____

Net required deposits. (line 9 - line 10) 11) _____

Current period excess (shortage). (line 3 - line 11) 12) _____

Prior total excess (shortage) as per page 11, line 14 of the 2014 report or from a subsequent department audit report. 13) _____

Total Construction Trust Fund Excess (Shortage). (See Note 2) (line 12 + line 13) 14) \$ _____

Name of Incomplete Structure 15)	Date of First Sale

Note: If the cemetery had more than one Incomplete Structure, attach additional schedules E and E1 for each structure.
 16) **Compliance Disclosure:** Do the cemetery's sales agreements stipulate that the purchasers are entitled to a refund if the structure is not completed within 48 months of the sales agreement date? Yes
 No-Attach page listing exceptions

SCHEDULE E1 - RECONCILIATION OF THE CONSTRUCTION TRUST FUND:

Ending corpus at cost as of: 17) _____ 18) \$ _____
 (See Note 3) (ending period date)

Beginning corpus at cost as of: 19) _____ 20) _____
 (From prior report or subsequent department audit report)

Increase (Decrease) to trust. (line 18 - line 20) 21) \$ _____

Deposits to trust. 22) \$ _____

Realized capital gains. 23) _____

Realized capital losses. 24) _____

Other increases (decreases). (Please describe):
 _____ 25) _____

Total increases (decreases) to trust. (Lines 22 + 23 - 24 + or -25) This must match line 21 above. 26) \$ _____

Construction Fund Trustee Name 27)	Market Value of Fund 28)	Trust Agreement or Amendment Date 29)

Note 1: Net of distributions for contract buybacks and cancellations.
Note 2: It is possible for the excess to be larger than the trust fund balance.
Note 3: 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).

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.

See attached

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

See attached

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 2015 cemetery report are fairly stated in all material respects and are accurate, complete and true to the best of our knowledge and belief.

A. Tocco

12-10-16

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

Date

Sam Tocco

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

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

Date

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

Please Note: This report is due June 30, 2016

PG. 8, SCHEDULE B3 – COMPLIANCE DISCLOSURES

12. From July 1, 2014 through August 31, 2016, Knollwood Cemetery sold seven preneed contracts, totaling \$6,475. These services and merchandise were sold to individuals who had contemporaneously purchased services and merchandise for deceased loved ones who were being laid to rest. The cemetery is not actively attempting to sell pre-need services or merchandise and has done so only under circumstances where clients are trying to secure the same or similar services as their deceased loved ones they are laying to rest at that time, as described above.

15. Yes. The cemetery has gone through an extensive evaluation of all its files to compile a list of sales activities at the cemetery during its existence, and to determine the shortfalls in the endowment and perpetual care trust fund and merchandise trust account. It has hired a CPA to help accurately report this information on the Cemetery Prepaid Funeral and Cemetery Sales Act annual report, the Cemetery annual report and the Crematory annual report. Furthermore, an auditor has been secured to verify this information.

PG 12, SUBSEQUENT COMPLIANCE AND/OR CORRECTIVE ACTION:

1. For clients who were sold preneed merchandise and services whose funds were not placed in the Merchandise Trust by the previous owner, the cemetery, out of its current income, continues to purchase the merchandise and provide the services on behalf of those clients on an at-need basis. The cemetery also continues to purchase merchandise, mostly grave markers, purchased by clients on an at-need basis from the previous owner who then embezzled their funds, out of the current revenue of the cemetery. Approximately \$60,000 worth of merchandise has been purchased by the cemetery for these clients whose funds were embezzled.

2. The cemetery has done an exhaustive review of all of the cemetery's client files since its existence to determine the deficiencies in the Endowment and Merchandise Trust Funds. It has filed the three annual reports with this information which reflects the deficiencies in the trust funds. The cemetery, upon receiving its licenses to properly operate, plans on selling the cemetery and using a portion of the sale proceeds to help decrease the deficiencies. Also, due to the condition and the shortages that existed prior to the current owner taking over possession, the cemetery will also request that the Cemetery Commission work with the new owner in resolving any deficiencies that exist after certain sale proceeds have been applied.