

2627

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2007 OCT -1 PM 3:36

Gelnett, Wanda B.

From: Jewett, John H.
Sent: Monday, October 01, 2007 3:24 PM
To: Gelnett, Wanda B.
Cc: Wilmarth, Fiona E.
Subject: FW: Comments to IRRC on Pre-Need Funeral Regulations

INDEPENDENT REGULATORY
REVIEW COMMISSION

-----Original Message-----

From: Ernie Heffner [mailto:ernieheffner@hotmail.com]
Sent: Monday, October 01, 2007 3:19 PM
To: IRRC
Cc: Jewett, John H.; Wilmarth, Fiona E.; Emery, Heather; msturla@pahouse.net; mtremmel@pahouse.net; cline@pahousegop.com; dmorabito@state.pa.us; ssaylor@pahousegop.com; rvirag@ameriservfinancial.com; epetersen@ameriservfinancial.com; jkutz@postschell.com
Subject: Comments to IRRC on Pre-Need Funeral Regulations

Arthur Coccodrilli, Chairman
 Independent Regulatory Review Commission
 333 Market Street, 14th Floor,
 Harrisburg, PA 17101

Dear Chairman Coccodrilli,

Attached are my comments and supporting documentation [references "a" through "h"] in **opposition** to Proposed Pre-Need Regulations # 16A-4815 (Pre-Need Funeral Arrangements) published 8.25.07 and # 16A-4816 (Pre-Need activities of unlicensed employees) published 9.29.07, both proposed regulations, which I and others perceive to be anti-consumer, anti-trust and protectionist.

There exists an intricate web of players, relationships, history and financial motivations that range from a non-profit trade association to its for profit subsidiary to members of the State Board of Funeral Directors to a member of the House Professional Licensure Committee.

Chairman Coccodrilli, I would sincerely appreciate your consideration of not approving either of the proposed pre-need regulations. Mr. Chairman, tomorrow you can expect to receive the hard copy of this attachment via FedEx. I thank you for your consideration.

Sincerely,

Ernie Heffner

Ernie Heffner
 Heffner Funeral Chapels & Crematory
 1551 Kenneth Road,
 York, PA 17408
 Ph. 717-767-1551

10/1/2007



HEFFNER

Funeral Chapel & Crematory, Inc.

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INDEPENDENT REGULATORY
REVIEW COMMISSION

PHONE 717-767-1551
Fax 717-764-9919
Toll Free 888-767-1551
C. Frederick Koller, Supervisor
Ernie Heffner, President
John Katora, Vice-President
Scott Mahkovec, CPA, Controller

PENNSYLVANIA AFFILIATES

RED LION

Olewiler & Heffner

YORK

Everhart-Jackson-Heffner

LEWISBERRY

Beaver Urlich

POTTSVILLE

Schlitzer-Allen-Pugh

TROY

Vickery

MILL HALL

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RENOVO

Maxwell

WILLIAMSPORT

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Kniffen O'Malley

AVOCA

Kniffen O'Malley

MILTON

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ADVANCE PLANNING

Preneed Associates, Inc.

NEW YORK STATE

AFFILIATE

WELLSBURG

Roberts

October 1, 2007

Arthur Coccodrilli, Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor,
Harrisburg, PA 17101
Phone 717-783-5417

Submitted Via Email To: irrc@irrc.state.pa.us with FedEx Hardcopy to follow

RE: Proposed Pre-Need Regulation # 16A-4815 (Pre-Need Funeral Arrangements) published 8.25.07;
Proposed Regulation No. 16A-4816 (Pre-Need activities of unlicensed employees) published 9.29.07

Dear Chairman Coccodrilli,

My name is Ernie Heffner. I am a licensed funeral director and I am opposed to both Proposed Pre-Need Regulation #16A-4815 (Pre-Need Funeral Arrangements) published 8.25.07 and its companion Proposed Pre-Need Regulation # 16A-4816 (Pre-Need Activities of Unlicensed Employees) published 9.29.07.

The purpose of expressing my opinion in this letter is to provide questions and documentation that I believe will offer insight as to the motivations of the proponents of these proposed regulations, both proposed regulations of which I and others perceive to be anti-consumer, anti-trust and protectionist.

There exists an intricate web of players, relationships, history and financial motivations that range from a non-profit trade association to its for-profit subsidiary to members of the State Board of Funeral Directors to a member of the House Professional Licensure Committee. I would sincerely appreciate your consideration of not approving either of the proposed pre-need regulations. Attachments [a. through h.] are provided for your reference in considering the following questions.

If these proposed regulations are anti-consumer, why would the State Board of Funeral Directors and certain members of the industry be in favor of these proposed regulations? Many perceive the Pennsylvania State Board of Funeral Directors to be the alter-ego of the Pennsylvania Funeral Directors Association (PFDA) by virtue of regulatory capture. The PFDA is a non-profit organization that has a wholly owned for-profit subsidiary d.b.a. Pennsylvania Funeral Services Corp, Unichoice and/or SecureChoice. The for-profit company and the non-profit trade association operate a scheme whereby consumer pre-need funds, those monies paid for pre-planning, are channeled to the for-profit entity by participating funeral director members of PFDA. These pre-need funds are then annually charged trust fees exponentially greater than standard market rates resulting in astounding income to the participants. [See 1997 tax return attachment "a" reflecting over one million dollars in revenue in 1997 alone!]

1551 Kenneth Rd., York, PA 17408

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What happens to that revenue? A portion of the income is annually kicked back to the participating funeral directors.

[See September 28, 2001 PFDA president's letter attachment "b" touting \$600,000 in kickbacks to participating member funeral directors.]

As you know, PFDA benefits directly from the profits and business administrated by the Unichoice Cooperative. PFDA receives financial benefits from office rent, pre-need program royalties and royalties on the sale of marketing materials. Your continued use of the pre-need trust program is vital to the success of PFDA. In addition, Unichoice has paid out more than \$600,000 in dividends to Unichoice participants and PFDA members in 1998, 1999 and 2000.

[See October 2001 PFDA News Letter attachment "c" touting \$600,000 in kickbacks to participating members.]

As you know, PFDA benefits directly from the profits and business administrated by the Unichoice Cooperative. Your continued use of the pre-need trust program is vital to the success of PFDA. In addition, Unichoice has paid out more than \$600,000 in dividends to Unichoice participants and PFDA members in 1998, 1999 and 2000.

What is a current "standard market rate" for trust administration fees? While the fees may vary somewhat, it is my experience that approximately 70 basis points would be competitive, reasonable and appropriate. You could confirm that with Ameriserv Trust by contacting Ernie Peterson at epetersen@ameriserv.com. You might also seek to know the exact charges by PFDA et al that enable them to pay PNC a trust fee AND kick back more than \$600,000 to participating funeral director members.

Where are these trust fees drawn from? While in theory they should be drawn from earnings of the trust, they have on occasion been paid by invading the corpus of what was supposed to be and is promoted as a 100% funded trust. In years with losses, as referenced in their 2001 news letter, there were member participants that realized losses of as much as 40% of the original deposit and yet fees beyond standard market rates were drawn from the trust and kicked back to participating members.

Who are examples of the participants in the PFDA/Unichoice/SecureChoice Trust? According to their funeral home websites as of this date, participants include at least one legislator, Representative Harry Readshaw, vice-chairman of the Professional Licensure Committee and at least one funeral board member, Joseph A. Fluehr, III. Here are quotes direct from their websites today.

Harry Readshaw: <http://www.readshawfuneralhome.com/pre-payment.php> "The Trust Program we offer uses PNC Bank which is through the Pennsylvania Funeral Directors Association"

Joseph Fluehr, III: <http://www.fluehr.net/preneed.php> "Through the Pennsylvania Funeral Directors Association, we are able to offer you several options of funding for your pre-planned funeral services."

NOTE: While these two proponents of the proposed regulations profess to be pro-consumer, there is no price information whatsoever on their websites, not for services, caskets or any other merchandise.

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Arthur Coccodrilli, Chairman
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Are there other members of the State Board of Funeral Directors who have a relationship with PFDA et al? Donald Murphy serves on the State Board as an alleged Public Member which is interesting in that pre-retirement he served as counsel to PFDA. One might ponder his qualifications to serve as an unbiased Public Member.

Are all board members in lock-step with PFDA? While the record indicates that the board members voted unanimously to promote the proposed regulations, in the funeral home website question and answer section of Professional Member, Bennett Goldstein, there appears to be a contradiction to his vote.
<http://goldsteinsfuneral.com/prefuneralarrangements.html>

“What happens to the money for the funeral I have pre-arranged?
The monies are placed in an irrevocable trust in an FDIC insured banking institution. Also, just as a related aside, all licensed nursing homes in the state now require funeral pre-arrangements for residents covered under its Medicaid benefits program.”

Who are some of the “others” that would be opposed to the regulations? Although there are numerous individuals and provider organizations, here are four examples for which I am providing written objections from the referenced organization or individual.

1. The Pennsylvania Cemetery Cremation and Funeral Association (PCCFA) has gone on record as being opposed to this regulation. Please see 9.25.07 PCCFA letter [attachment “d”] that includes the letter dated 9.24.07 from PCCFA counsel, James J. Kutz, Post & Schell to the State Board of Funeral Directors.
2. Also in opposition is a letter dated 9.25.07 from Ron Virag, President and CEO of Ameriserv Trust and Financial Services Company, a bank trustee [see attachment “e”].
3. Additional letters in opposition sent to the State Board of Funeral Directors include a 9.20.07 letter from provider Harry C. Neel, President of Jefferson Memorial Funeral Home [see attachment “f”] and a 9.24.07 letter from me [see attachment “g”].

How much income and subsequent kickbacks are currently involved in the scheme involving PFDA et al? This question is difficult to determine. [See 2003 PFDA Tax Return attachment “h”]. It appears that employee expense for PFDA has been moved to the for-profit subsidiary and that only required excerpts from the for-profit entity’s tax return are now included with the non-profit’s tax return. Thus, information regarding the for-profit is incomplete.

Are there any other comments not previously included in attachment “g” referenced above?

This regulation is motivated by the potential to increase deposits to the PFDA et al trust funds for the benefit of the highest compensated individuals at the top of the organization [the executive director of PFDA and the in house counsel] and to perpetuate the kick backs to the participating members.

Also noteworthy is the fact that when PFDA is requested to transfer monies from their profitable

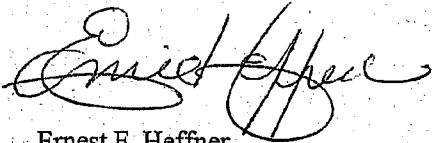
October 1, 2007
Arthur Coccodrilli, Chairman
Independent Regulatory Review Commission

trust scheme to a competitive bank trustee, PFDA inserts language into the release that **indemnifies them from any wrong doing including fraud and criminal acts!** Fraud and criminal acts by a self professed pro-consumer group?

Summary: I stand by my comments in my 9.24.07 letter to the Funeral Board and the 9.24.07 critically important comments of Attorney Jim Kutz on behalf of PCCFA. In my opinion, neither of these regulations is motivated by a legitimate consumer need but is rather a shameful protectionist effort by a trade group, the funeral board of which it has regulatory capture and those legislative participants to establish an anti-consumer, anti-trust and unconstitutional pair of regulations.

Thank you for your consideration.

Sincerely,



Ernest F. Heffner
Licensed Funeral Director

Copies via Email To:

John H. Jewett, Regulatory Analyst, IRRC, jjewett@irrc.state.pa.us

Fiona E. Wilmarth, Director of Regulatory Review, IRRC, fwilmarth@irrc.state.pa.us

Heather Wimbush Emery, Assistant Counsel, IRRC, hemery@irrc.state.pa.us

Representative P. Michael Sturla, Chairman, House Professional Licensure Committee,
msturla@pahouse.net

Marlene Tremmel, Executive Director, House Professional Licensure Committee
mtremmel@pahouse.net

Christine Line, Counsel, House Professional Licensure Committee, cline@pahousegop.com

Donald F. Morabito, D. Ed, Office of Public Liaison, dmorabito@state.pa.us

Representative Stanley Saylor, House Professional Licensure Committee, ssaylor@pahousegop.com

Ron Virag, President and CEO, Ameriserv Trust and Financial Services Company,
rvirag@ameriservfinancial.com

Ernie Peterson, Ameriserv Trust and Financial Services Company, epetersen@ameriserv.com

James J. Kutz, Esquire, jkutz@postschell.com

PCCFA

2949016400811

OMB No. 1545-0047

Form 990

Return of Organization Exempt From Income Tax

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

1997

Department of the Treasury Internal Revenue Service

Note: The organization may have to use a copy of this return to satisfy state reporting requirements.

This Form is Open to Public Inspection

A For the 1997 calendar year, OR tax year period beginning 1997, and ending 1997

Check if: Change of address, Initial return, Final return, Amended return... PA FUNDAL DIRECTORS ASSOCIATION, 7441 ALLENTOWN BLVD, HARRISBURG, PA 17112

G Type of organization: Exempt under section 501(c)(6) (insert number) OR section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H(a) Is this a group return filed for affiliates? Yes No
(b) If "Yes," enter the number of affiliates for which this return is filed.
(c) Is this a separate return filed by an organization covered by a group ruling? Yes No

K Check here: If the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if it received a Form 990 Package in the mail, it should file a return without financial data.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 11.)

Table with 23 rows detailing revenue (Direct public support, Program service revenue, Membership dues, etc.) and expenses (Fundraising, Management, etc.) for PA FUNDAL DIRECTORS ASSOCIATION. Total revenue: 485,624; Total expenses: 418,958; Net assets at end of year: 923,548.

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Form 990 (1997)

Part II Statement of Functional Expenses

All organizations (not complete column (A) columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 507(b)(1) nonexempt charitable trusts but optional for others. (See specific instructions on page 15.)

Do not include amounts reported on lines 4b, 4c, 4d, 10c, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (alt. sch.)				
23 Specific assistance to individuals (alt. sch.)				
24 Benefits paid to or for members (alt. sch.)				
25 Compensation of officers, directors, etc.	49,606	0		
26 Other salaries and wages	61,034	0		
27 Pension plan contributions	14,579	0		
28 Other employee benefits	10,887	0		
29 Payroll taxes	8,131	0		
30 Professional fundraising fees				
31 Accounting fees	24,173			
32 Legal fees	22,574			
33 Supplies	5,838			
34 Telephone	6,382			
35 Postage and shipping	12,273			
36 Occupancy	28,800			
37 Equipment rental and maintenance	11,260			
38 Printing and publications	44,229			
39 Travel	1,133			
40 Conferences, conventions, and meetings	67,947			
41 Interest	3,654			
42 Depreciation, depletion, etc. (attach schedule)				
43 Other expenses (itemize): <u>See Stmt. 2</u>	46,428			
b				
c				
d				
e				
44 Total functional expenses (add lines 22 thru 43) Organizations completing columns (B)-(D) carry these totals to lines 13-15.	418,968			

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? N/A. Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 18.)

What is the organization's primary exempt purpose? <u>See attached</u>	Program Service Expenses (Required for 501(c)(3) and (4) orgs. and 4047(b)(1) trusts but optional for others.)
a <u>See Statement 3</u>	
(Grants and allocations \$ _____)	
b	
(Grants and allocations \$ _____)	
c	
(Grants and allocations \$ _____)	
d	
(Grants and allocations \$ _____)	
e Other program services (attach schedule)	
(Grants and allocations \$ _____)	
(Total of Program Service Expenses (should equal line 14, column (B), Program services) <u>418,968</u>)	

Part IV Balance Sheets (See Specific Instructions on page 18.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
45	Cash - non-interest-bearing		45
46	Savings and temporary cash investments	248,089	46 413,531
47 a	Accounts receivable		47a
	b Less: allowance for doubtful accounts		47b 47c
48 a	Notes receivable		48a
	b Less: allowance for doubtful accounts		48b 48c
49	Grants receivable		49
50	Receivables from officers, directors, trustees, and key employees (attach sch)		50
51 a	Other notes and loans receivable (attach schedule)		51a
	b Less: allowance for doubtful accounts	9,292	51b 51c
52	Inventories for sale or use		52 5,304
53	Prepaid expenses and deferred charges		53
54	Investments - securities (attach schedule)		54
55 a	Investments - land, buildings, and equipment:		
	Cost	758,992	55a
	b Less: accumulated depreciation (attach schedule) Stmt. 4	237,950	55b 55c 521,042
56	Investments - other (attach schedule)	781,922	56
57 a	Land, buildings, and equipment: cost		57a
	b Less: accumulated depreciation (attach schedule)		57b 57c
58	Other assets (describe ▶ See Statement 5)	2,500	58 1,261
59	Total assets (add lines 45 through 58) (must equal line 74)	1,041,803	59 941,136
60	Accounts payable and accrued expenses		60
61	Grants payable		61
62	Deferred revenues		62
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63
64 a	Tax-exempt bond liabilities (attach schedule)		64a
	b Mortgages and other notes payable (attach schedule)		64b
65	Other liabilities (describe ▶ See Statement 6)	184,911	65 17,590
66	Total liabilities (add lines 60 through 65)	184,911	66 17,590
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
67	Unrestricted	790,123	67 854,621
68	Temporarily restricted	66,769	68 68,927
69	Permanently restricted		69
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
70	Capital stock, trust principal, or endowment funds		70
71	Paid-in or capital surplus, or land, building, and equipment fund		71
72	Retained earnings, endowment, accumulated income, or other funds		72
73	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 59 and column (B) must equal line 61)	856,892	73 923,546
74	Total liabilities and net assets/fund balances (add lines 66 and 73)	1,041,803	74 941,136

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

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Part VI Other Information (See Specific Instructions on page 31.)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		
b	If "Yes," has it filed a tax return on Form 990-T for this year?	X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement.		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	X	
b	If "Yes," enter the name of the organization: <u>PENNSYLVANIA FUNERAL SERVICES, CORP.</u> and check whether it is <input type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt.		
81 a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81.	81a	0
b	Did the organization file Form 1120-POL for this year?	81b	X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part II.)	82b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	X
85	501(c)(4), (5), or (6) organizations. - a Were substantially all dues nondeductible by members?	85a	X
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h unless the organization received a waiver for proxy tax owed for the prior year.	85b	X
c	Dues, assessments, and similar amounts from members.	85c	285,012
d	Section 502(e) lobbying and political expenditures.	85d	9,763
e	Aggregate nondeductible amount of section 5043(a)(1)(A) dues notices.	85e	34,201
f	Taxable amount of lobbying and political expenditures (line 85d less 85e).	85f	-24,438
g	Does the organization elect to pay the section 5033(a) tax on the amount in 85f?	85g	N/A
h	If section 5033(a)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations. - Enter:		
a	Initiation fees and capital contributions included on line 12.	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities.	86b	N/A
87	501(c)(12) organizations. - Enter:		
a	Gross income from members or shareholders.	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX.	88	X
89 a	501(c)(3) organizations. - Enter: Amount of tax imposed during the year under: <u>N/A</u>		
	section 4911 ▶ ; section 4912 ▶ ; section 4956 ▶		
b	501(c)(3) and 501(c)(4) organizations. - Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction.	89b	N/A
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958.		N/A
d	Enter: Amount of tax in 89c, above, reimbursed by the organization.		N/A
90 a	List the states with which a copy of this return is filed ▶		
b	Number of employees employed in the pay period that includes March 12, 1987 (See instructions).	90b	
91	The books are in care of ▶ <u>BOOKKEEPER</u> Telephone no. ▶ <u>717-545-7215</u>		
	Located at ▶ <u>7441 ALLENTOWN BLVD, HBG, PA</u> ZIP ▶ <u>17112</u>		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92 <u>N/A</u>		

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Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 26.)

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a PFDA STATE CONVENTION			7	116,510	
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from governmental agencies					
94 Membership dues and assessments					285,012
96 Interest on savings & temporary cash investments			14	11,727	
98 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
99 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain/loss from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenues: a EQUITY IN AFFILI					63,380
b MISCELLANEOUS			1	197	
c ADVERTISING	7310	3,125			
d					
e					
104 Subtotal (add columns (B), (D), and (E))		3,125		128,434	348,392
104 Total (add line 104, columns (B), (D), and (E))					479,951

Note: (Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.)

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 26.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
94	MEMBERSHIP DUES ARE USED TO EDUCATE AND PROMOTE THE FUNERAL SERVICE INDUSTRY ON BEHALF OF THE ASSOCIATION'S MEMBERS
103A	EARNINGS IN WHOLLY OWNED SUBSIDIARY PROVIDING MEMBER SERVICES

Part IX Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on line 13 is checked.)

Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Name of business activities	Total income	End-of-year status
PA FUNERAL SERVICES, CORP. 7441 ALLENTOWN BLVD. HBG., PA 17112 23-2387678	100%	MANG PRE-NEED SERV	1,075,681	
	%			
	%			
	%			

Please Sign Here: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. (See General Instruction I, on page 10.)

Raymond C Keller 5/15/98 EXECUTIVE DIRECTOR
Signature of officer Date Type or print name and title

Preparer's Information: Preparer's signature: *Raymond C Keller CPA* Date: 4/23/98
Firm's name (or yours if self-employed) and address: Boyer & Ritter, CPA's
225 North 21st Street, Camp Hill, PA
Check if self-employed: Preparer's EIN: 209-12-6630
EIN: 23-3311005 ZIP: 17011

1997

Federal Statements

Page 1

Client 06-23855

PA FUNERAL DIRECTORS ASSOCIATION

23-0807055

Statement 1
Form 990, Part I, Line 1d
Contributions, Gifts, and Grants

Not Open to Public Inspection

No single contributor gave \$5,000 or more during the year.

RECEIVED

Client 06-23855

FA FUNERAL DIRECTORS ASSOCIATION

23-0007055

Statement 2
Form 990, Part II, Line 43
Other Expenses

Other Expenses	(A) Total	(B) Program Services	(C) Management & General	(D) Fundraising
PRESIDENT'S EXPENSE	\$ 6,215			
BOARD OF DIRECTOR'S EXPENSE	17,637			
INSURANCE	55			
DUES AND SUBSCRIPTIONS	3,986			
STAFF EXPENSES	9,893			
CONTRIBUTIONS	2,025			
MISCELLANEOUS	6,617			
Total	\$ 46,428			

Statement 3
Form 990, Part III, Line a
Statement of Program Service Accomplishments

Description	Grants and Allocations	Program Service Expenses
ACTIVITIES INCLUDE PROMOTION OF THE INDUSTRY AND EDUCATION OF MEMBERSHIP AND THE PUBLIC THROUGH ANNUAL CONVENTIONS, PUBLICATIONS AND PUBLIC AWARENESS	\$	
	\$	

Statement 4
Form 990, Part IV, Line 55
Investments—Land, Buildings, and Equipment

Asset	Basis	Accumulated Depreciation	Book Value
Automobiles / transportation equip.	\$ 30,495	23,496	6,999
Furniture and fixtures	168,134	116,705	51,429
Buildings	420,553	97,749	322,804

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PA FUNERAL DIRECTORS ASSOCIATION

23-0607055

Statement 4 (Continued)
Form 990, Part IV, Line 58
Investments-Land, Buildings, and Equipment

Asset	Basis	Accumulated Depreciation	Book Value
Land	\$ 139,810		139,810
Total	\$ 758,992	237,950	521,042

Statement 6
Form 990, Part IV, Line 58
Other Assets

	Ending
ADVANCE	\$ 543
DEPOSIT	718
Total	\$ 1,261

Statement 6
Form 990, Part IV, Line 65
Other Liabilities

	Ending
DUES PAYABLE (NATIONAL & LOCAL)	\$ 14,339
REFUNDS DUE MEMBERS	1,751
SECURITY DEPOSIT	1,500
Total	\$ 17,590

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PA FUNERAL DIRECTORS ASSOCIATION

23-0607058

Statement 7
Form 990, Part IV-A, Line d(2)
Other Amounts

NET EARNINGS IN SUBSIDIARY (EQUITY MET)	\$	63,380
	Total	<u>\$ 63,380</u>

Statement 8
Form 990, Part V, Line 75
List of Officers, Directors, Trustees, and Key Employees

Name and Related Organization	Compensation	Employee Ben. Plan Contrib.	Expense Account/ Other
JOHN W. BIRKSON PA FUNERAL SERVICES CORP.	\$ 80,258	25,083	0

49,606 4,917
 129,864 30,000
 + 30,000
159,864 *Auto + misc.*

REPLAINS

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Supplemental Information

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PA FUNERAL DIRECTORS ASSOCIATION

23-0607065

PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

The improvement of business conditions within the Funeral Service profession.

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