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INDEPENDENT REGULATORY REVIEW COMMISSION

17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

James J. Kutz

jkutz@postschell.com
717-612-6038 Direct

September 24, 2007

Via Hand Delivery

Michelle T. Smey, Board Administrator
State Board of Funeral Directors
Department of State
2601 North Third Street
Harrisburg, PA 17110

RE: Comments of Pennsylvania Cemetery Cremation & Funeral Association to Proposed Regulations of State Board of Funeral Directors Published August 25, 2007 Re: Pre-Need Funeral Contracts

Dear Ms. Smey:

On Saturday, August 25, 2007, the State Board of Funeral Directors published Notice of Proposed Rulemaking, inviting public comment within 30 days of that publication. Allow this letter to serve as notice that the undersigned represents the Pennsylvania Cemetery Cremation & Funeral Association ("PCCFA"), and the comments that follow have been authorized by that entity and its members, who comprise every aspect of the death-care industry.

As an initial point, PCCFA wishes to go on record as being strongly opposed to the subject Regulations for a host of reasons. Specifically, these proposed Regulations constitute what is now a third attempt by the State Board and the Pennsylvania Funeral Directors Association ("PFDA") to legislate in an area which should be left for the General Assembly and to render nugatory a comprehensive and well-reasoned Commonwealth Court *en banc* decision authored by Judge Dan Pellegrini, wherein he reversed an Adjudication of the State Board of Funeral Directors, with direction that the Board could not declare irrevocable, pre-need agreements revocable at the whim of the customer and/or urging of another funeral director who is simply trying to harass an existing pre-need customer and pirate the business therefrom. See Bean v. Department of State, State Board of Funeral Directors, 855 A.2d 148 (Pa. Cmwlth. 2004), *appeal denied*, 584 Pa. 696, 882 A.2d 479 (2005) (holding that the Board's proffered "rationale" for requiring revocability or transferability is not supportable). Indeed, there is simply no need to detrimentally overhaul an existing pre-need contract scheme which has worked quite well over the last several decades. In other words, there is nothing "broke" whatsoever; there is little or no genuine consumer benefit to be derived by these proposed changes; and if promulgated, the end result will simply be to benefit the funeral director financially and expose pre-need customers, who have made final arrangements, to constant telemarketing and other harassment by those who currently do not have pre-need business but are willing to attempt to lure existing customers from funeral directors who have lawfully and fairly secured pre-need business.

These Regulations will also effectively gut the good will and value of any funeral business which holds pre-need contracts because the Regulations, as drafted, create a wholly illusory contract to which one of the parties is bound to no obligation and for which no funeral director could ever convey his funeral business with the pre-need asset. Adding insult to injury, these proposed Regulations would wreak havoc with the currently in-place banking institutions who have agreed to serve as the recipient and trustee of these pre-need monies. With respect, no banking institution would likely continue to serve if the entire pre-need trust account could be drained at any point in time, except, of course, as that arrangement exists with PFDA's for-profit affiliate.

Both Governor Directives and existing statutory law make clear that Regulations are not to be proposed and implemented, unless a decision has been made that a "compelling public interest" needs to be advanced. Here, the Board suggests, without any true basis, that the current Regulations must be updated to "conform to existing practices and to provide adequate protection to the consumer of pre-need services in the instance of changed circumstances." First, the Board never identifies what "existing" practice within the industry has done away with legitimate, irrevocable, pre-need agreements under which the funeral director binds himself to certain significant commitments upon the death of the customer. Indeed, the State Board of Funeral Directors has, for the last many years, reviewed and approved for use pre-need agreements which, by their terms, were irrevocable. Query: If the Board was approving these types of agreements, what new fact or change in circumstance has come into play? The simple answer is – this Regulation is simply another one of PFDA's efforts (and I might add, successful efforts) to utilize the State Board to change the law whenever it suits and helps PFDA. Indeed, for years PFDA pre-need agreements contained irrevocability provisions and they were approved for years by the Board. What truly appears to be the catalyst for this "automatic transferability" requirement is to either (a) create the opportunity for PFDA and its members to pirate away customers who have entered into pre-need agreements with individuals not aligned with PFDA, or (b) make pre-need so unattractive that it ceases to exist, thereby enabling the funeral profession to make more money when the at-need arrangements are made during a time of extreme familial grief. PFDA has its own pre-need affiliate; its own for-profit marketing arm; and PFDA, through its use of this Board (comprised entirely of PFDA members as professional members) now weaves its desired end result. It is certainly legitimate for a trade organization to proffer issues and positions to a regulatory agency. However, in this instance, the proposed Regulations reflect another patent example of PFDA's use of the Board to manufacture any financial end result desired by PFDA. Indeed, in the proceeding involving Bean and the State Board (wherein this irrevocability issue was first and finally litigated), PFDA sought intervention from the Board and was granted intervention. Predictably, PFDA lobbied for an Adjudication which would *defacto* void irrevocable agreements and predictably, the Board concluded precisely what PFDA told it to conclude.

The General Assembly knows where and when to impose restrictions on the otherwise existing right of two private parties to contract. For example, in the Future Interment Law, 63 P.S. § 480.1 *et seq.*, which provides a vehicle for the sale of funeral merchandise pre-need, the statute expressly states that, if the purchaser of a pre-need contract for goods or merchandise moves out of state, the holder of the pre-need agreement is entitled to receive the principal amount of money on deposit to the credit of that particular contract. See 63 P.S. § 480.5. Notably, although the Funeral Director Law has been amended several times since the enactment of the Future Interment Law in 1963, the General Assembly has chosen not to enact a statutory provision dealing with irrevocability for funeral director pre-need contracts. That silence by the Legislature strongly reflects that it has chosen not to intrude upon the right of two parties to contract. Yet, the State Board, by attempting to "legislate" these Regulations, seeks that end result. As the mission and authority of a state agency is to interpret law, and not make law, these Regulations must be rejected.

Beyond these concerns, this Regulation, if adopted, will create absurd and prejudicial effects on consumers. For example, the Social Security Administration currently permits a pre-need customer to exempt funds from estate taxes and other attachments if pre-need arrangements are irrevocable by their terms. Inasmuch as these draft Regulations will allow consumers to "undo" contracts they have entered into, they are, by definition, not irrevocable and will be the subject of the evils set forth above.

The following scenario illustrates another absurd result. Assume customer "x" pays $6,000 for a pre-need contract which guarantees him/her funeral services and merchandise at the time of death. Assume funeral director Smith, aware of this agreement, lobbies the customer to undo that existing contract and, instead, contract with him at a lower price. Under the Board's proposed scenario, the funeral director must turn over the then-existing balance in the account of that customer which, in many instances, will be less than the principal amount paid by reason of investment activity. In other words, the consumer, believing that he or she will get $6,000, is not necessarily guaranteed that amount. Beyond that, the consumer then needs to enter into a second, new contract with a funeral director who may be far less worthy and law abiding than the original contracting funeral director. Then, to add insult, if the second agreement costs the consumer less, the monies are returned to the consumer, thus exposing those funds to the previous in-place protections of SSI.

Simply stated, proposed Section 13.228 is unnecessary; it is anti-competitive; anti-consumer; it will create uncertainty and confusion for the customer; and it will expose the customer to acts of preying by both in-state and out-of-state hustlers. Importantly, if the contract was secured through unfair marketing practices, the Attorney General can intervene, and common law rescission (or fraud) options exist.

There are a number of ways in which the Board could take appropriate steps, if it had a concern that consumers were entering into irrevocable pre-need agreements while not understanding the commitment. For example, a Regulation could arguably be proffered which requires some separate disclosure of "irrevocability" to the consumer and its implications. Similar to the Pennsylvania Unfair Trade Practices Act, there could be some three-day right of rescission where applicable. Indeed, even with the sale of hearing aids, the General Assembly builds in a 30-day refund "for any reason" clause. Even a geographical provision, similar to the Future Interment Law might make some sense. There appears to be no other instance where an agreement is wholly rescindable by one party in the area of free enterprise and free market. In fact, even federally regulated banking institutions have the right to penalize a customer who seeks to terminate a Certificate of Deposit contract prematurely. These Regulations give the funeral director every disincentive to meet with customers and allow them to plan the type and form of funeral or other service they choose to commit to. Such end result is not pro-consumer. Rather, the end result will either be the harassment of existing pre-need customers by those who do not have pre-need business, or the beginning of the end of pre-need opportunities for Pennsylvania consumers, given the huge disincentive for legitimate funeral homes to commit resources, services and merchandise, only to have the plug pulled at the whim of the consumer. Judge Pellegrini said it best when he indicated there could be circumstances justifying concern within the Board, but the wholesale opportunity to rescind for any reason is simply not justified.

Another area of significant concern is this Board's effort to render illegal that which has been legal for years. Specifically, the Board now proposes that a funeral director may not have any ownership in any other entity involved in the sale of funeral merchandise or goods, even though the law nowhere prohibits same. It is simply unconstitutional and shocking that this Board, in 2007, would seek to render illegal many, many arrangements which funeral directors and others have put in place, wherein the funeral director has an interest in a corporation or other entity which can lawfully sell funeral goods or merchandise. Indeed, as late as 1999, PFDA (the Board's alter ego and vice versa) was disseminating statewide information and recommendations urging funeral directors to create a separate entity, so that funeral merchandise could be sold and trusted at 70%, consistent with the Future Interment Law. Indeed, PFDA went so far as to create an "Incorporation Kit" for use by the funeral directors within the state. Apparently realizing that its project did not get off the ground, PFDA has now convinced "its" State Board to make illegal that which PFDA recommended just some seven or eight years ago. Law should not be interpreted depending upon the whims of a trade organization and a regulatory board which demonstrates a "captured" status to that trade organization by doing whatever the trade organization wants at that particular point in time!!

In closing, PCCFA regrets the zeal with which it has discussed the proposed Regulations and its concerns for those proposals. However, given the total absence of consumer "need" for these draft Regulations, and given the flip-flop approach of the Board to interpreting the Funeral Director Law, PCCFA believes it appropriate to "shoot straight" and urge this Board to do the honorable thing; *to wit*, withdraw the Regulations as unnecessary, anti-consumer, and protectionist. If the Board wishes to do away with legitimate pre-need contracting, it should seek legislative revision. However, it is not the province of the State Funeral Board to make major policy and business decisions which affect significantly and detrimentally businesses which have been operating within the bounds of law for decades. PCCFA is also fully aware that, on the heels of these proposed Regulations relating to revocability, the death industry will be met with additional anti-competitive Regulations prohibiting agents and employees of funeral homes from effectively communicating with prospective pre-need customers. The linkage between the current Regulations and those which are going to follow, cannot be ignored. The consumer is not benefitted when reasonable and legitimate pre-need is effectively abolished, in lieu of at-need decision-making where the next-of-kin are obviously emotional and frequently subject to decision-making processes which their deceased loved one would not have wanted, or, in the case of these Regulations, directed to be otherwise.

Very truly yours,

James J. Kutz

JJK:dlh

2949008714026

Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt from Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

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

OMB No. 1545-0047

2003

Open to Public Inspection

A For the 2003 calendar year, or tax year beginning , 2003, and ending

B Check if applicable:
☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

Please use IRS label or print or type. See specific instructions.

PA FUNERAL DIRECTORS ASSOCIATION
7441 ALLENTOWN BLVD.
HARRISBURG, PA 17112

Ck

D Employer Identification Number: 23-0607055

E Telephone number

F Accounting method: [X] Cash ☐ Accrual ☐ Other (specify) ►

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H (a) Is this a group return for affiliates? ☐ Yes [X] No

H (b) If 'Yes,' enter number of affiliates ►

H (c) Are all affiliates included? ☐ Yes ☐ No (If 'No,' attach a list. See instructions.)

H (d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes [X] No

I Group Exemption Number ►

M Check ► [X] if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

G Web site: ► N/A

J Organization type (check only one) ► [X] 501(c) (6 ◄ (insert no.) ☐ 4947(a)(1) or ☐ 527

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 the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ► 592,411.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Instructions)

REVENUE	1	Contributions, gifts, grants, and similar amounts received:					
	a	Direct public support	1a		10,044.		
	b	Indirect public support	1b				
	c	Government contributions (grants)	1c				
	d	Total (add lines 1a through 1c) (cash $ 10,044. noncash $)				1d	10,044.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)				2	95,573.
	3	Membership dues and assessments				3	338,748.
	4	Interest on savings and temporary cash investments				4	1,214.
	5	Dividends and interest from securities				5	
	6a	Gross rents	6a		95,200.		
	b	Less: rental expenses	6b		80,308.		
	c	Net rental income or (loss) (subtract line 6b from line 6a)				6c	14,892.
	7	Other investment income (describe ►)				7	
			(A) Securities		(B) Other		
	8a	Gross amount from sales of assets other than inventory		8a			
	b	Less: cost or other basis and sales expenses		8b			
	c	Gain or (loss) (attach schedule)		8c			
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))				8d	
	9	Special events and activities (attach schedule). If any amount is from gaming, check here ► ☐					
	a	Gross revenue (not including $ of contributions reported on line 1a)	9a				
	b	Less: direct expenses other than fundraising expenses	9b				
	c	Net income or (loss) from special events (subtract line 9b from line 9a)				9c	
	10a	Gross sales of inventory, less returns and allowances	10a				
	b	Less: cost of goods sold	10b				
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)				10c	
	11	Other revenue (from Part VII, line 103)				11	51,632.
	12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)				12	512,103.
EXPENSES	13	Program services (from line 44, column (B))				13	
	14	Management and general (from line 44, column (C))				14	
	15	Fundraising (from line 44, column (D))				15	
	16	Payments to affiliates (attach schedule)				16	
	17	Total expenses (add lines 16 and 44, column (A))				17	568,771.
NET ASSETS	18	Excess or (deficit) for the year (subtract line 17 from line 12)				18	(-56,668.)
	19	Net assets or fund balances at beginning of year (from line 73, column (A))				19	653,626.
	20	Other changes in net assets or fund balances (attach explanation)				20	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)				21	596,958.

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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (att sch) (cash $ ______ non-cash $ ______)	22				
23 Specific assistance to individuals (att sch)	23				
24 Benefits paid to or for members (att sch)	24				
25 Compensation of officers, directors, etc	25				
26 Other salaries and wages	26				
27 Pension plan contributions	27				
28 Other employee benefits	28				
29 Payroll taxes	29				
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32	38,015.			
33 Supplies	33	9,030.			
34 Telephone	34	1,813.			
35 Postage and shipping	35				
36 Occupancy	36	3,427.			
37 Equipment rental and maintenance	37	18,511.			
38 Printing and publications	38	25,630.			
39 Travel	39				
40 Conferences, conventions, and meetings	40	120,247.			
41 Interest	41	7,706.			
42 Depreciation, depletion, etc (attach schedule)	42	9,846.			
43 Other expenses not covered above (itemize):					
a SEE STATEMENT 1	43a	334,546.			
b	43b				
c	43c				
d	43d				
e	43e				
44 Total functional expenses (add lines 22 - 43). Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	568,771.			

Joint Costs. Check ▶ ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? 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

What is the organization's primary exempt purpose? ▶ SEE STATEMENT 2

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) & (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others.)

	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; but optional for others.)
a ACTIVITIES INCLUDE PROMOTION OF THE INDUSTRY AND EDUCATION OF MEMBERSHIP AND THE PUBLIC THROUGH ANNUAL CONVENTIONS, PUBLICATIONS AND PUBLIC AWARENESS (Grants and allocations $)	
b (Grants and allocations $)	
c (Grants and allocations $)	
d (Grants and allocations $)	
e Other program services (Grants and allocations $)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	

IV Balance Sheets (See Instructions)

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
ASSETS 45 Cash – non-interest-bearing				45	
46 Savings and temporary cash investments			289,903.	46	221,898.
47a Accounts receivable	47a				
b Less: allowance for doubtful accounts	47b			47c	
48a Pledges receivable	48a				
b Less: allowance for doubtful accounts	48b			48c	
49 Grants receivable				49	
50 Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
51a Other notes & loans receivable (attach sch)	51a				
b Less: allowance for doubtful accounts	51b			51c	
52 Inventories for sale or use				52	
53 Prepaid expenses and deferred charges				53	100.
54 Investments – securities (attach schedule) ► ☐ Cost ☐ FMV				54	
55a Investments – land, buildings, & equipment: basis	55a	956,097.			
b Less: accumulated depreciation (attach schedule) STATEMENT 3	55b	453,006.	506,417.	55c	503,091.
56 Investments – other (attach schedule)				56	
57a Land, buildings, and equipment: basis	57a				
b Less: accumulated depreciation (attach schedule)	57b			57c	
58 Other assets (describe ►)				58	
59 **Total assets** (add lines 45 through 58) (must equal line 74)			796,320.	59	725,089.
LIABILITIES 60 Accounts payable and accrued expenses				60	
61 Grants payable				61	
62 Deferred revenue				62	
63 Loans from officers, directors, trustees, and key employees (attach schedule)				63	
64a Tax-exempt bond liabilities (attach schedule)				64a	
b Mortgages and other notes payable (attach schedule) SEE STATEMENT 4			92,186.	64b	83,958.
65 Other liabilities (describe ► SEE STATEMENT 5)			50,508.	65	44,173.
66 **Total liabilities** (add lines 60 through 65)			142,694.	66	128,131.
NET ASSETS OR FUND BALANCES **Organizations that follow SFAS 117, check here** ► [X] and complete lines 67 through 69 and lines 73 and 74.					
67 Unrestricted			612,441.	67	576,273.
68 Temporarily restricted			41,185.	68	20,685.
69 Permanently restricted				69	
Organizations that do not follow SFAS 117, check here ► ☐ and complete lines 70 through 74.					
70 Capital stock, trust principal, or current 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 19; column (B) **must** equal line 21)			653,626.	73	596,958.
74 **Total liabilities and net assets/fund balances** (add lines 66 and 73)			796,320.	74	725,089.

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.

BAA

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	592,411.
b	Amounts included on line a but not on line 12, Form 990:		
	(1) Net unrealized gains on investments $		
	(2) Donated services and use of facilities $		
	(3) Recoveries of prior year grants $		
	(4) Other (specify): SEE STM 6 $ 80,308.		
	Add amounts on lines (1) through (4)	b	80,308.
c	Line a minus line b	c	512,103.
d	Amounts included on line 12, Form 990 but not on line a:		
	(1) Investment expenses not included on line 6b, Form 990 $		
	(2) Other (specify): $		
	Add amounts on lines (1) and (2)	d	
e	Total revenue per line 12, Form 990 (line c plus line d)	e	512,103.

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements	a	649,079.
b	Amounts included on line a but not on line 17, Form 990:		
	(1) Donated services and use of facilities $		
	(2) Prior year adjustments reported on line 20, Form 990 $		
	(3) Losses reported on line 20, Form 990 $		
	(4) Other (specify): SEE STMT 7 $ 80,308.		
	Add amounts on lines (1) through (4)	b	80,308.
c	Line a minus line b	c	568,771.
d	Amounts included on line 17, Form 990 but not on line a:		
	(1) Investment expenses not included on line 6b, Form 990 $		
	(2) Other (specify): $		
	Add amounts on lines (1) and (2)	d	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	568,771.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
DAVID J MASON HOLLIDAYSBURG, PA 16648	PAST PRESIDENT 1	0.	0.	0.
JOHN W. EIRKSON 7441 ALLENTOWN BLVD. HARRISBURG, PA 17112	EXECUTIVE DIREC 40	0.	0.	0.
DEAN WETZLER MILL HALL, PA 17751	SECRETARY 1	0.	0.	0.
SAM CUMMINGS, JR. KANE, PA 16735	PRESIDENT ELECT 1	0.	0.	0.
JOSEPH A. TOMON, JR. ELLWOOD CITY, PA 16117	PRESIDENT 1	0.	0.	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than $100,000 from your organization and all related organizations, of which more than $10,000 was provided by the related organizations? SEE STATEMENT 8 ► [X] Yes [ ] No

If 'Yes,' attach schedule – see instructions.

VI Other Information (See instructions.)

				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	76			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.	77			X
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		X	
b	If 'Yes,' has it filed a tax return on Form 990-T for this year?	78b		X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the [illegible] statement	79			X
80a	[illegible] (other than by association with a statewide or nationwide organization) through common [illegible], trustees, officers, etc, to any other exempt or nonexempt organization?	80a		X	
b	If 'Yes,' enter the name of the organization ► UNICHOICE COOPERATIVE, INC. and check whether it is ☐ exempt or ☒ nonexempt.				
81a	Enter direct and indirect political expenditures. See line 81 instructions	81a	0.		
b	Did the organization file Form 1120-POL for this year?	81b			X
82a	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 in Part III.)	82b	N/A		
83a	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	
84a	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		N/A	
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?	85b			X
	If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.				
c	Dues, assessments, and similar amounts from members	85c	338,748.		
d	Section 162(e) lobbying and political expenditures	85d	15,278.		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	40,650.		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	-25,372.		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		N/A	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 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, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88			X
89a	*501(c)(3) organizations.* Enter: Amount of tax imposed on the organization during the year under: section 4911 ► N/A ; section 4912 ► N/A ; section 4955 ► N/A				
b	*501(c)(3) and 501(c)(4) organizations.* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior 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 on line 89c, above, reimbursed by the organization	►	N/A		
90a	List the states with which a copy of this return is filed ► NONE				
b	Number of employees employed in the pay period that includes March 12, 2003 (See instructions.)	90b	0		

91 The books are in care of ► BOOKKEEPER Telephone number ► 717-545-7215

Located at ► 7441 ALLENTOWN BLVD, HBG, PA ZIP + 4 ► 17112

92 *Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041* – Check here N/A ► ☐ and enter the amount of tax-exempt interest received or accrued during the tax year ► 92 N/A

Part VII Analysis of Income-Producing Activities (See instructions.)

Enter gross amounts unless otherwise indicated.	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	Excluded by section 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue:					
a PFDA STATE CONVENTION			7	95,573.	
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					338,748.
95 Interest on savings & temporary cash invmnts			14	1,214.	
96 Dividends & interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	14,892.	
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (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 revenue: a					
b ADVERTISING	541800	3,715.			
c MISCELLANEOUS			1	614.	
d ROYALTIES			15	47,303.	
e					
104 Subtotal (add columns (B), (D), and (E))		3,715.		159,596.	338,748.
105 Total (add line 104, columns (B), (D), and (E)) ►					502,059.

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 instructions.)

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

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions.)

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: *If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions).*

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.

► [signature] Signature of officer Date

► Type or print name and title

Paid Preparer's Use Only

Preparer's signature ► Michael J. [signature] CPA	Date 2-23-04	Check if self-employed ► ☐	Preparer's SSN or PTIN (see General Instruction W) P00075073
Firm's name (or yours if self-employed), address, and ZIP + 4 ► BOYER & RITTER, CPA'S, 211 HOUSE AVENUE, CAMP HILL, PA 17011		EIN ► 23-1311005	Phone no. ► (717) 761-7210

STATEMENT 1
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
BOARD OF DIRECTOR'S EXPENSE	18,504.			
CONTRIBUTIONS & SCHOLARSHIPS	11,505.			
DUES AND SUBSCRIPTIONS	6,223.			
INSURANCE	1,806.			
MANAGEMENT FEE	234,205.			
MISCELLANEOUS	4,831.			
PROFESSIONAL FEES	38,361.			
SEPTEMBER 11 CRASH	667.			
STAFF EXPENSES	14,094.			
UTILITIES	4,350.			
TOTAL	$ 334,546.	$ 0.	$ 0.	$ 0.

STATEMENT 2
FORM 990 , PART III
ORGANIZATION'S PRIMARY EXEMPT PURPOSE

IMPROVEMENT OF BUSINESS CONDITIONS WITHIN THE FUNERAL SERVICE PROFESSION.

STATEMENT 3
FORM 990, PART IV, LINE 55B
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
AUTOMOBILES / TRANSPORTATION EQUIPMENT	$ 29,635.	$ 29,635.	$ 0.
FURNITURE AND FIXTURES	291,063.	250,940.	40,123.
BUILDINGS	495,589.	172,431.	323,158.
LAND	139,810.		139,810.
TOTAL	$ 956,097.	$ 453,006.	$ 503,091.

STATEMENT 4
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

OTHER NOTES PAYABLE

LENDER'S NAME:	UNICHOICE COOPERATIVE, INC.	
DATE OF NOTE:	6/01/2001	
MATURITY DATE:	6/01/2011	
INTEREST RATE:	7.00%	
ORIGINAL AMOUNT:	103,500.	
BALANCE DUE:		$ 83,958.
	TOTAL	$ 83,958.

STATEMENT 5
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

... TO UNICHOICE	$	140.
... DUES PAYABLE		42,143.
MISCELLANEOUS PAYABLES		1,890.
TOTAL	$	44,173.

STATEMENT 6
FORM 990, PART IV-A, LINE B(4)
OTHER AMOUNTS

RENTAL EXPENSES	$	80,308.
TOTAL	$	80,308.

STATEMENT 7
FORM 990, PART IV-B, LINE B(4)
OTHER AMOUNTS

RENTAL EXPENSES	$	80,308.
TOTAL	$	80,308.

STATEMENT 8
FORM 990, PART V, LINE 75
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND RELATED ORGANIZATION	COMPEN-SATION	CONTRIB-TION TO EBP & DC	EXPENSE ACCOUNT\ OTHER
JOHN W. EIRKSON UNICHOICE COOPERATIVE, INC. 23-2938002	$ 145,822.	$ 18,524.	$ 0.
TOTAL	$ 145,822.	$ 18,524.	$ 0.

18,524
164,346