

§ 1267. Keeping of Preneed Books, Accounts, Contracts, and Records.

Each funeral establishment charged with the reporting of preneed funds hereunder shall at all times maintain or cause the trustee of the preneed trust to maintain in California and available for inspection by the Board during reasonable working hours, complete financial records of all preneed contracts and arrangements, which records shall be established and maintained in accordance with generally accepted accounting principles. Such records shall include the following, provided, however, that records may otherwise be established and maintained in accordance with generally accepted accounting principles:

- (a) An individual trustor contract, plan or agreement.
- (b) An individual trustor or beneficiary ledger account which shall set forth the amount of the contract, all payments received, all income prorated in accordance with the ratio which the trust corpus of the account bears to the entire corpus invested as set forth in Section 1265.
- (c) A cash receipts journal which shall show each payment received and shall be totaled monthly.
- (d) A cash disbursement journal which will show each withdrawal for an investment in compliance with 1263 and each disbursement to the funeral establishment for a serviced account or to the individual trustor on a canceled account, and all withdrawals for documented expenses.
- (e) In the case where a checking account is used to deposit payments received or disbursements to the funeral establishment and/or the funeral director, a trustor or an investment, it shall be designated as a trust fund account, and be reported as such. It shall be reconciled each month with the balance shown in the trust account by accounting for checks not yet presented and outstanding, bank deposits not shown on the bank statements, and other adjustments required.
- (f) A general ledger which shall be posted monthly with respect to all accounts controlling the fiduciary relationship with the individual trustors. Such postings shall occur within 90 days after the close of each business month.
- (g) A portfolio of all investments related to the trust funds.
- (h) Records for serviced accounts shall include but not be limited to:
 - (1) A copy of the death certificate or other satisfactory evidence of the death; copies of all documents required as specified under Sections 7685 and 7685.2, Division 3, Chapter 12, Article 5.5 of the Business and Professions Code; a copy of the final arrangements (itemized); and a copy of the final statement to the family.
 - (2) All monies received from the trust; all monies received from the family; and all monies received from the Veterans Administration or Social Security or any other source to be applied to the final bill.
 - (3) A record showing credit for each of the above.
- (i) Records for canceled accounts shall include but not be limited to:
 - (1) A record of all income earned and documented expenses taken including a revocation fee as stated in Section 7735, Division 3, Chapter 12, Article 9, of the Business and Professions Code.
 - (2) A copy of the final accounting to the family with the canceled check or withdrawal slip showing the amount refunded to the trustor.
- (j) All of the foregoing records shall be retained for a period of one year after the account has been canceled or serviced and audited by the State Board and compliance with all recommendations made and audit exceptions resolved or 7 years from the date of service or cancellation, whichever comes first.

The required books and records for more than one licensed funeral establishment may be centrally maintained at a single location in California with notification to the Board or the main office as defined in Section 1204(c)(2), provided that a monthly summary of all financial transactions pertaining to each individual trust

account for each licensed funeral establishment is available, at each such establishment during reasonable working hours, to the Board or its authorized representatives; and provides further that the monthly summary contains sufficient information from which the current balance of each individual trustor's account or each individual trustor's share of any commingled trust account may be identified.

Note: Authority cited: Sections 7606 and 7740, Business and Professions Code. Reference: Sections 7735, 7737 and 7740, Business and Professions Code.

History

1. Amendment filed 7-3-80; effective thirtieth day thereafter (Register 80, No. 27). For prior history, see Register 72, No. 9; and 77, No. 25.
2. Amendment file 7-3-86; effective thirtieth day thereafter (Register 86, No. 27).
3. Amendment of first paragraph, subsections (d) and (e), and last paragraph filed 10-31-97; operative 11-30-97 (Register 97, No. 44).