



Jan. 30, 2020

The Honorable Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: OPPOSE SB0104 – Office of Cemetery Oversight – Cemetery Financial Statement - Requirements

Dear Chairman Kelley and members of the Committee:

The Maryland Association of Certified Public Accountants is a professional membership organization representing more than 9,000 CPAs throughout Maryland. We respectfully disagree with the provision in SB0104 allowing “a business that has been in operation for 5 or more consecutive years” to submit “the federal tax returns filed by the business for the prior year,” in place of the current requirement for “a review by the certified public accountant as to the financial stability of the cemetery.” The proposed alteration of the current requirement will in no way provide the Office of Cemetery Oversight with the same level of assurance as a review of the financial statement performed by a CPA.

Professional standards for a review engagement require a CPA to obtain a working knowledge of the industry in which the entity operates and acquire information on key aspects of the organization, including operating methods, products and services, and material transactions with related parties. When a CPA reviews financial statements, professional standards require a report to be issued on those financial statements. A review engagement involves a CPA performing analytical procedures that provide a basis for obtaining limited assurance that no material changes need to be made to the financial statements for it to be in conformity with the applicable financial reporting framework.

The Fiscal and Policy Note for SB0104 lends support to our position that a review engagement performed by a CPA is the prudent option. The existing personnel in the Office of Cemetery Oversight do not have the “expertise to make such an independent determination” as to the financial stability of a cemetery. In fact, the Maryland Department of Labor would need to fund a *new position for a CPA* to review the tax returns to determine the financial viability of the cemetery. As a result, “these businesses could be at a greater risk of financial instability if the review conducted by MDL ... is not as timely or thorough.”

We believe SB0104 sets a bad precedent and will limit the ability of the Office of Cemetery Oversight in determining the financial stability of applicants. For these reasons, we respectfully request an unfavorable report for SB0104. Thank you for your consideration of our position.

Sincerely yours,

J. Thomas Hood, III, CPA
CEO & Executive Director

cc: Nick Manis, Manis Canning & Associates