

## Case Study

---

### **Trust Due Diligence for Deathcare Firm Acquisitions**

*Lohman Funeral Homes, Cemeteries and Cremation  
Florida*

#### **Situation**

Lohman Funeral Homes, Cemeteries and Cremation (Lohman) acquired, owned and operated more than a dozen funeral homes and cemeteries across the state of Florida. Many firms acquired by Lohman were previously owned by several parties or were in receivership at the time of purchase, which inclined Lohman to conduct its own due diligence on the trust funds in advance of the purchases to ensure they were properly reconciled.

Despite internal due diligence, Lohman never felt completely certain that the acquired firms' trusts were fully funded and reconciled – a situation that, if left unaddressed, could lead to significant accounting, legal and regulatory issues.

#### **Solution**

Lacking peace of mind, Lohman approached FSI to conduct a full audit on all of its trusts to ensure they were fully funded and in regulatory compliance.

The audit began with Lohman sending the FSI team a scan of each of its active preneed contracts. FSI compared the scans against Lohman's contract database then calculated, for each active contract, what the exact amount of money should be in the trust fund. The total amount of money from each active contract, both principle and interest, was then compared against the bank balance for each respective trust fund account.

Lohman was elated to find that its trusts were fully funded and in compliance. FSI provided Lohman with spreadsheets that listed every active contract and extrapolated how much money should be in the trust fund. FSI also pulled the most recent monthly bank statement and highlighted it as a comparison to verify the trusts were fully funded.

#### **Results**

Lohman finally had peace of mind that its trust balance sheet would hold up against any regulatory audit or during future due diligence processes, which proved true when Lohman successfully sold and transitioned its companies to StoneMor Partners, L.P. in 2012.

---

“During my years in the profession and my involvement in organizations such as DCMC and ICCFA, I had learned about FSI and Bill Williams. I knew I could trust him and his company to do the job – and do it accurately. Without FSI, I would have never been able to confidently illustrate that, when the time came to sell and transition our businesses, that our trust funds were absolutely fully trusted.”



- Nancy Lohman, Former Co-Owner of Lohman Family Properties