



December 1, 2004

Mr. Byron E. Blanchard
16 Round Hill Rd.
Lexington, MA 02420

Dear Mr. Blanchard,

CFF does not take possession of assets in the pre-need trust accounts of its licensed funeral director clients. Since the January 1, 2004 change in the Regulations which now require a bank to serve as the trustee, Wachovia Bank, N.A. has served in that capacity in CFF's program. Prior to the change in the Regulation, the individual funeral director was the trustee and United States Trust-Boston was custodian of all funds as escrow agent.

Although we cite Massachusetts General Law Chapter 203A as the basis our for investment restriction, (which we further restrict by specific language in our documents), we do not consider funds managed in the CFF program as a Common Trust Fund and CFF does not, as indicated above, serve as trustee. Thus, we have not filed a declaration in any registry of probate.

CFF is regulated by the Securities and Exchange Commission and has been audited by it on a number of occasions. Cooperative Funeral Fund has been serving funeral homes and their clients for over fifteen years, during which time there has never had a complaint sent to us or lodged against us by a funeral home or by any client of our funeral homes. As to our investments, all trust funds in the CFF program are only invested in United States Treasury Bonds.


I hope that you will in the future refer funeral homes to CFF. To that end I enclose a copy of the independent accountants review for the Massachusetts Funeral Services Trust Account 2002 - 2003 (MA Funeral Services Escrow). The review is conducted annually on a calendar basis. We expect the review for 2004 to start by the end of January. It is anticipated that it will be available by the end of May 2005.

Our gross annualized yield for the past 5 years, year to date yield and current interest rate are as follows:

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>ytd04</u>	<u>Current</u>
6.99	6.65	6.75	6.60	6.29	6.15	5.97	5.7 *

If you have any questions, please feel free to call me.

Sincerely,


Mark C. Mannix
President

• Past and present performance is not a guarantee of future performance.

MASSACHUSETTS FUNERAL SERVICES
ESCROW ACCOUNT
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

BENEDICT A. SCHIRALDI
CERTIFIED PUBLIC ACCOUNTANT
741 BOSTON POST ROAD
GUILFORD, CT 06437

MASSACHUSETTS FUNERAL SERVICES
ESCROW ACCOUNT

Table of Contents

	Page
Review Report	1
Statement of Assets and Liabilities	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Notes to Financial Statements	5 – 6

BENEDICT A. SCHIRALDI
CERTIFIED PUBLIC ACCOUNTANT

741 Boston Post Road
Suite 304
Guilford, CT 06437-2714

Telephone (203) 453-3896
Fax (203) 453-0582
E-Mail basmets2000@aol.com

Administrator

Massachusetts Funeral Services Escrow Account

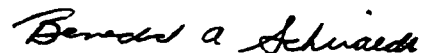
I have reviewed the accompanying statements of assets and liabilities of Massachusetts Funeral Services Escrow Account as of December 31, 2003 and 2002 and the related statements of operations and changes in net assets for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management Funeral Services Escrow Account.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

My review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles.

Benedict A. Schiraldi



June 11, 2004

**Massachusetts Funeral Services Escrow Account
Statements of Assets and Liabilities
December 31**

	<u>2003</u>	<u>2002</u>
<u>Assets</u>		
Cash and equivalents (Note 1)	\$ 616,313	\$ 236,298
Marketable securities at amortized cost (Note 2)	21,698,997	19,976,226
Over allocation of fund earnings (Note 5)	<u>12,245</u>	<u>14,951</u>
Total Assets	<u>\$ 22,327,555</u>	<u>\$ 20,227,475</u>
<u>Liabilities</u>		
Distributions payable	\$ 11,417	-
Accrued management fees	<u>23,678</u>	<u>21,515</u>
Total Liabilities	<u>\$ 35,095</u>	<u>\$ 21,515</u>
Net Assets (Note 5)	<u>\$ 22,292,460</u>	<u>\$ 20,205,960</u>

**Massachusetts Funeral Services Escrow Account
Statements of Operations
December 31**

	<u>2003</u>	<u>2002</u>
<u>Investment Income</u>		
Interest income (Note 2)	\$ <u>1,377,722</u>	\$ <u>1,346,902</u>
 <u>Expenses</u>		
Management and bank fees (Note 3)	288,725	288,903
Accounting fees	<u>1,750</u>	<u>1,500</u>
Sub-totals	<u>290,475</u>	<u>290,403</u>
Net investment income (Note 5)	<u>1,087,247</u>	<u>1,056,499</u>
Net distributed to depositors	<u>(1,022,734)</u>	<u>(962,879)</u>
Undistributed Income (Note 5)	<u>\$ 64,513</u>	<u>\$ 93,620</u>

See Accountant's Report and Notes to Financial Statements

**Massachusetts Funeral Services Escrow Account
Statement of Changes in Net Assets
for the Year Ended December 31**

	<u>2003</u>	<u>2002</u>
<u>Operations</u>		
Net Investment Income	\$ 1,087,247	\$ 1,056,499
 <u>Depositor Transactions (Note 4):</u>		
Deposits	5,470,693	5,815,965
Distributions	<u>(4,471,440)</u>	<u>(5,633,892)</u>
Sub-totals	<u>999,253</u>	<u>182,073</u>
Increase in Net Assets	<u>2,086,500</u>	<u>1,238,572</u>
 <u>Net Assets (Note 5)</u>		
Beginning of the year	<u>20,205,960</u>	<u>18,967,388</u>
End of the year	<u>\$ 22,292,460</u>	<u>\$ 20,205,960</u>

Massachusetts Funeral Services Escrow Account
Notes to Financial Statements
(See Accountant's Report)

General Business Activity

The Massachusetts Funeral Services Escrow Account was established in December, 1990 and provides funeral homes and others with a depository and management service for prepaid funeral arrangements. The Escrow account is managed by Cooperative Funeral Fund, Inc. of Madison, Connecticut.

Summary of Significant Accounting Policies

Note 1 – Cash and Equivalents

The balance consists of money market accounts and funds awaiting investment with depository terms of less than one year.

Note 2 – Marketable Securities

Marketable securities consist of United State Treasury "strips" bonds with maturity dates ranging from 2004 to 2016.

	<u>2003</u>	<u>2002</u>
Marketable securities (at cost)	\$ 20,007,735	\$ 19,077,252
Earned interest	<u>1,691,262</u>	<u>898,974</u>
	21,698,997	<u>19,976,226</u>
Marketable securities (at market value)	<u>24,942,559</u>	<u>20,399,901</u>
Unrealized appreciation	\$ <u>3,243,562</u>	\$ <u>1,798,215</u>

Interest earned on marketable securities is computed under the effective rate method of amortization reflecting the proportionate increase in value until maturity.

Note 3 – Management Fees

A fee for managing the Escrow Account represents approximately 1.10 percent per annum of the invested capital. This is calculated, based on the current investment, and paid on a monthly basis, in arrears.

Massachusetts Funeral Services Escrow Account
Notes to Financial Statements
(See Accountant's Report)

Note 4 – Depositor Transactions

The deposits and distributions include bank transactions and inter fund transfers, which management has chosen not to separate.

Note 5 – Net Assets

Net assets consist of funeral home deposits of individuals who have prepaid their funeral arrangements.

There exists within the fund an unallocated balance which changes on an annual basis. This balance is comprised of either unallocated amounts deposited from funeral homes or unallocated interest. Fund management has in the past not fully allocated to the funeral accounts all interest earned by the fund, to avoid annual distortions.

Note 6 – Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.