

**NEW JERSEY FUNERAL SERVICE  
EDUCATION CORPORATION**

**Financial Statements**

**December 31, 2015 and 2014**

**With Independent Auditors' Report**

**New Jersey Funeral Service Education Corporation**  
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**December 31, 2015 and 2014**

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## Independent Auditors' Report

To the Board of Directors,  
New Jersey Funeral Service Education Corporation  
Wall, NJ

### Report on the Financial Statements

We have audited the accompanying financial statements of New Jersey Funeral Service Education Corporation (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

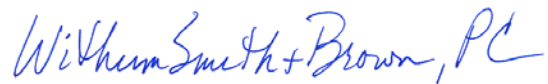
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Funeral Service Education Corporation as of December 31, 2015 and 2014 and its activities, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental schedules, as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



April 6, 2016

**New Jersey Funeral Service Education Corporation**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

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	2015	2014
<b>Assets</b>		
Cash and cash equivalents		
Checking	\$ 202,228	\$ 164,657
Savings	<u>176,487</u>	<u>169,420</u>
	378,715	334,077
Accounts receivable	900	150
Prepaid expenses	7,115	4,943
Investment in affiliate	<u>701,066</u>	<u>710,428</u>
	<u>\$ 1,087,796</u>	<u>\$ 1,049,598</u>
<b>Liabilities and Net Assets</b>		
Accrued expenses	\$ 350	610
Accounts payable	--	2,499
Due to related party	321	1,615
Net assets, unrestricted	<u>1,087,125</u>	<u>1,044,874</u>
	<u>\$ 1,087,796</u>	<u>\$ 1,049,598</u>

The Notes to the Financial Statements are an integral part of these statements.

**New Jersey Funeral Service Education Corporation**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2015 and 2014**

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	2015	2014
<b>Support and revenue</b>		
Seminar and program	\$ 237,665	\$ 230,835
In state honorariums	--	1,000
Contributions	17,949	13,240
Interest income	1,009	947
Sponsorship income	3,200	--
Other income	--	80
Total support and revenue	<u>259,823</u>	<u>246,102</u>
<b>Expenses</b>		
Seminar and program	76,209	118,950
Management fee	99,310	92,873
Community outreach	7,500	7,500
Printing and office	19,737	13,137
Scholarship	--	5,403
Consultants	5,250	5,196
Miscellaneous	204	232
Total expenses	<u>208,210</u>	<u>243,291</u>
Change in net assets from operations	51,613	2,811
Equity in (loss) income on investment in affiliate	<u>(9,362)</u>	<u>12,299</u>
Increase in net assets	42,251	15,110
Net assets, beginning of year	<u>1,044,874</u>	<u>1,029,764</u>
Net assets, end of year	<u>\$ 1,087,125</u>	<u>\$ 1,044,874</u>

The Notes to the Financial Statements are an integral part of these statements.

**New Jersey Funeral Service Education Corporation**  
**Statements of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

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	2015	2014
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 42,251	\$ 15,110
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Equity in loss (income) on investment in affiliate, net of distributions	9,362	(12,299)
Changes in operating assets and liabilities:		
Accounts receivable	(750)	(150)
Prepaid expenses	(2,172)	(4,943)
Due to related party	(1,294)	1,625
Accounts payable	(2,499)	2,499
Accrued expenses	<u>(260)</u>	<u>610</u>
Net increase in cash and cash equivalents	44,638	2,452
Cash and cash equivalents, beginning of year	<u>334,077</u>	<u>331,625</u>
Cash and cash equivalents, end of year	<u>\$ 378,715</u>	<u>\$ 334,077</u>

The Notes to the Financial Statements are an integral part of these statements.

**New Jersey Funeral Service Education Corporation**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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**1. Summary of Significant Accounting Policies**

**Nature of Activities**

New Jersey Funeral Service Education Corporation (the "Organization") was incorporated in 1988 as a nonprofit organization for the purpose of the development and presentation of educational programs of importance and interest to the funeral service industry and allied professions.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization also uses fund accounting, as is permitted by the accounting guidance under *Financial Statements for Not-for-Profit Organizations*. The Organization had no temporarily or permanently restricted net assets at December 31, 2015 and 2014.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income Tax Status**

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). Accordingly, all of its income, except unrelated business income, is exempt from federal income taxes under Section 501(a) of the Code. As a non-profit entity, the Organization is also exempt from New Jersey sales and corporate income taxes.

The Organization files information returns in the U.S. federal jurisdiction and the state of New Jersey. The Organization had no unrecognized tax benefits at December 31, 2015 and 2014. In addition, the Organization has no income tax related penalties or interest for the periods reported in these financial statements.

**Cash and Cash Equivalents**

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Investment in Affiliate**

The Organization records its investment in New Jersey Funeral Directors Services, Inc. (a for-profit entity) in accordance with the accounting guidance provided in ASC 323 Investments – Equity Method and Joint Ventures. This method provides that investments in companies in which the Organization has an interest in excess of 20%, but does not possess a permanent controlling interest, should be carried at cost and adjusted for the Organization's proportionate share of their earnings or losses.

**Support and Revenue**

The Organization records support as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization received no temporarily or permanently restricted support during the years ended December 31, 2015 and 2014.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the years ended December 31, 2015 and 2014, there were no contributed goods or services meeting the requirements for recognition in the financial statements.



**New Jersey Funeral Service Education Corporation**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

Seminar and program revenue and in and out of state honorariums are recorded when the services have been rendered.

**2. Fair Value Accounting**

The Organization follows FASB's accounting pronouncement ASC 820 Fair Value Measurements and Disclosure. The pronouncement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosure about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The pronouncement describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable.

These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect one's estimates of assumptions that a market participant would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following table represents the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ <u>378,715</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>378,715</u>

The following table represents the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ <u>334,077</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>334,077</u>

**3. Investment in Affiliate**

The Organization is the owner of twenty one percent (21%) of the issued and outstanding stock of New Jersey Funeral Directors Services, Inc. At the discretion of New Jersey Funeral Directors Services, Inc., the Organization may also receive dividends.

Summarized financial information for New Jersey Funeral Directors Services, Inc. is as follows:

	2015	2014
Total assets	\$ 3,992,280	\$ 4,063,625
Total liabilities	<u>653,869</u>	<u>680,632</u>
Total stockholders' equity	<u>\$ 3,338,411</u>	<u>\$ 3,382,993</u>
Total revenue	<u>\$ 4,290,601</u>	<u>\$ 4,298,709</u>
Total expenses	<u>\$ 4,225,107</u>	<u>\$ 4,174,914</u>
Total comprehensive income	<u>\$ (44,582)</u>	<u>\$ 58,565</u>

**New Jersey Funeral Service Education Corporation**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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**4. Program and Supporting Expenses**

The Organization is required to report its expenses on a functional basis. Expenses are charged to program and general and administrative expenses on the basis of periodic time and expense studies conducted by management. Accordingly, total expenses were allocated among program and supporting services as follows:

	<b>2015</b>	<b>2014</b>
Program	\$ 83,709	\$ 131,853
General and administrative	124,501	111,438
	<u>\$ 208,210</u>	<u>\$ 243,291</u>

**5. Related Party Transactions**

The Organization has entered into a management agreement with the New Jersey Funeral Directors Services, Inc. to provide it with office space, personnel and related services. Fees for these services were \$99,310 and \$92,873 for December 31, 2015 and 2014, respectively.

Due to its ownership interest in New Jersey Funeral Directors Services, Inc., the Organization can receive dividends based upon its ownership interest. No dividends were declared or paid during 2015 and 2014, respectively. The President and CFO of the Organization are also the President and CFO of New Jersey Funeral Directors Services, Inc. and the Executive Director and CFO of New Jersey Funeral Directors Association, Inc. The President of the Organization is a Trustee of New Jersey Prepaid Funeral Trust Fund and Treasurer of New Jersey Funeral Directors - PAC.

**6. Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. At various times throughout 2015 and 2014, the Organization had bank deposits in excess of federally insured limits. Management monitors the soundness of the financial institutions and they have not experienced any losses.

**7. Subsequent Events**

The Organization has evaluated subsequent events occurring after the Statements of Financial Position date through the date of April 6, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**New Jersey Funeral Service Education Corporation**  
**Schedule of Assets, Liabilities and Net Assets by Fund**  
**December 31, 2015**

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	Total All Funds	Operating Fund	Program Fund
<b>Assets</b>			
Cash and cash equivalents			
Checking	\$ 202,228	\$ 202,228	\$ -
Savings	<u>176,487</u>	<u>--</u>	<u>176,487</u>
	378,715	202,228	176,487
Accounts receivable	900	900	--
Prepaid expenses	7,115	7,115	--
Investment in affiliate	<u>701,066</u>	<u>701,066</u>	<u>--</u>
	<u>\$ 1,087,796</u>	<u>\$ 911,309</u>	<u>\$ 176,487</u>
<b>Liabilities and Net Assets</b>			
Accrued expenses	\$ 350	\$ 15	\$ 335
Due to related party	321	78	243
Net assets, unrestricted	<u>1,087,125</u>	<u>911,216</u>	<u>175,909</u>
	<u>\$ 1,087,796</u>	<u>\$ 911,309</u>	<u>\$ 176,487</u>

See Independent Auditors' Report.

**New Jersey Funeral Service Education Corporation**  
**Schedule of Revenues and Expenses by Fund**  
**Year Ended December 31, 2015**

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	Total All Funds	Operating Fund	Program Fund
<b>Support and revenue</b>			
Seminar and program	\$ 237,665	237,665	\$ --
Contributions	17,949	--	17,949
Interest income	1,009	--	1,009
Sponsorship income	3,200	3,200	--
Total support and revenue	<u>259,823</u>	<u>240,865</u>	<u>18,958</u>
<b>Expenses</b>			
Seminar and program	76,209	76,209	--
Management fee	99,310	99,310	--
Community outreach	7,500	--	7,500
Printing and office	19,737	18,263	1,474
Consultants	5,250	5,250	--
Miscellaneous	204	204	--
Total expenses	<u>208,210</u>	<u>199,236</u>	<u>8,974</u>
Change in net assets from operations	51,613	41,629	9,984
Equity in loss on investment in affiliate	<u>(9,362)</u>	<u>(9,362)</u>	<u>--</u>
Increase in net assets	42,251	32,267	9,984
Net assets, beginning of year	<u>1,044,874</u>	<u>878,949</u>	<u>165,925</u>
Net assets, end of year	<u>\$ 1,087,125</u>	<u>\$ 911,216</u>	<u>\$ 175,909</u>

See Independent Auditors' Report.