

CHEBRA AGUDAS ACHIM CHESED SHEL EMETH

HEBREW FREE BURIAL ASSOCIATION, INC.

FINANCIAL STATEMENTS

and Additional Information

YEAR ENDED DECEMBER 31, 2015

With

Independent Auditors' Report

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
 HEBREW FREE BURIAL ASSOCIATION, INC.
 FINANCIAL STATEMENTS
 DECEMBER 31, 2015**

Contents

	<u>Page</u>
Independent Auditors' Report	2-3
 Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10
 Additional Information:	
Schedule of Grants and Fees Revenue	11
Schedule of Expenses	12

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Chebra Agudas Achim Chesed Shel Emeth
Hebrew Free Burial Association, Inc.

We have audited the accompanying financial statements of **Chebra Agudas Achim Chesed Shel Emeth Hebrew Free Burial Association, Inc.** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's 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 **Chebra Agudas Achim Chesed Shel Emeth Hebrew Free Burial Association, Inc.** as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of grant and fees revenue and of expenses on pages 10-11 are presented for purposes of additional analysis and is 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 audit of the 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 financial statements as a whole.



Certified Public Accountants, P.C.

New York, New York
July 7, 2016

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

Assets

Cash and Cash Equivalents	\$ 585,290
Investments (Note 1)	6,120,548
Accounts Receivable, Less Allowance for Doubtful Accounts of \$196,932	560,863
Security Deposit	22,123
Property and Equipment, at Cost, Less Accumulated Depreciation (Note 2)	<u>641,757</u>
TOTAL ASSETS	<u><u>\$ 7,930,581</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts Payable	\$ 17,127
Security Deposit Payable	<u>850</u>
TOTAL LIABILITIES	<u>17,977</u>
Net Assets:	
Unrestricted	7,035,239
Temporarily Restricted	<u>877,365</u>
TOTAL NET ASSETS	<u>7,912,604</u>
TOTAL LIABILITIES and NET ASSETS	<u><u>\$ 7,930,581</u></u>

See Independent Auditors' Report and
Accompanying Notes to Financial Statements

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

<u>Support and Revenue</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Charitable Support:				
Contributions	\$ 1,040,797	\$ -	\$ -	\$ 1,040,797
Bequests	223,475			223,475
Grants Received:				
General Purpose	252,750			252,750
Special Purpose	45,000	20,000		65,000
	<u>1,562,022</u>	<u>20,000</u>	<u>-</u>	<u>1,582,022</u>
TOTAL SUPPORT				
	<u>1,562,022</u>	<u>20,000</u>	<u>-</u>	<u>1,582,022</u>
Revenue:				
Interment and Grave Care	548,225			548,225
Rental Income	65,088			65,088
Investment Income	102,321	27,554		129,875
Realized Gain (Loss) on Sale of Investments, Net	51,821			51,821
Unrealized Gain (Loss) on Investments, Net	(312,282)	(45,124)		(357,406)
	<u>455,173</u>	<u>(17,570)</u>	<u>-</u>	<u>437,603</u>
TOTAL REVENUE				
	<u>455,173</u>	<u>(17,570)</u>	<u>-</u>	<u>437,603</u>
Net Assets Released from Restrictions:				
Restrictions Satisfied and Adjustments	154,760	(154,760)		
	<u>154,760</u>	<u>(154,760)</u>	<u>-</u>	<u>2,019,625</u>
TOTAL SUPPORT and REVENUE				
	<u>2,171,955</u>	<u>(152,330)</u>	<u>-</u>	<u>2,019,625</u>
Expenses:				
Operating	1,400,911			1,400,911
Fundraising	224,280			224,280
Administrative	132,520			132,520
	<u>1,757,711</u>	<u>-</u>	<u>-</u>	<u>1,757,711</u>
TOTAL EXPENSES				
	<u>1,757,711</u>	<u>-</u>	<u>-</u>	<u>1,757,711</u>
INCREASE (DECREASE) IN NET ASSETS	414,244	(152,330)	-	261,914
Net Assets:				
Beginning of Year	6,620,995	1,029,695	-	7,650,690
End of Year	<u>\$ 7,035,239</u>	<u>\$ 877,365</u>	<u>\$ -</u>	<u>\$ 7,912,604</u>

See Independent Auditors' Report and
Accompanying Notes to Financial Statements

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

Cash Flows From Operating Activities:	
Increase (Decrease) in Net Assets	<u>\$ 261,914</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	64,332
Accounts and Grant Pledges Receivable	(221,457)
Security Deposit	(11,870)
Accounts Payable and Liabilities	<u>1,811</u>
Total Adjustments	<u>(167,184)</u>
Net Cash Provided by Operating Activities	<u>94,730</u>
Cash Flows From Investing Activities:	
Property and Equipment	(166,163)
(Increase) Decrease in Investments	<u>156,274</u>
Net Cash Used in Investing Activities	<u>(9,889)</u>
Net Increase (Decrease) in Cash	84,841
Cash:	
Beginning of Year	<u>500,449</u>
End of Year	<u><u>\$ 585,290</u></u>

See Independent Auditors' Report and
Accompanying Notes to Financial Statements

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Chebra Agudas Achim Chesed Shel Emeth Hebrew Free Burial Association, Inc. (the "Association") have been prepared on the accrual basis of accounting. The accounting policies that affect the significant elements of the financial statements are summarized below.

Organization and Nature of Operations

The Association is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code as an other than private foundation. The Association owns and operates two cemetery lots located in Staten Island, New York which are used to provide free burial services for indigent people.

Financial Statement Presentation

The classification of the Association's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions in accordance with accounting principles generally accepted in the United States of America, which require that amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, or unrestricted) be displayed in the statement of activities. These classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions of assets whose use by the Association is prohibited by donor-imposed stipulations. However, income from these assets is recorded as unrestricted income, unless its use is restricted by donor-imposed stipulations, in which case the income is recorded as additions to temporarily restricted assets.

Temporarily Restricted - Net assets resulting from contributions of assets whose use by the Association is limited by donor-imposed stipulations to specific activity(ies) of the Association. When such stipulations are fulfilled, such temporarily restricted net assets are released from temporarily restricted net assets to unrestricted net assets and reported in the statement of activities.

Unrestricted - These are net assets of the Association that are neither permanently nor temporarily restricted by donor-imposed stipulations.

Property and Equipment and Depreciation

Property and equipment are carried at cost (or estimated cost). Depreciation is provided on the straight-line basis to allocate the cost of the respective assets over their estimated useful lives.

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Investments

Investments in marketable securities are carried at fair (market) value, which are based primarily on year-end quotes supplied by custodial brokers. Realized gains and losses on investments are reflected in the statement of activities. In addition, unrealized gains and losses representing the changes in fair values from one year to the other, are also reflected in revenue section of statement of activities. Investments are composed of a blend of stocks, bonds, municipal funds and government securities.

Contributions

Contributions are recognized when a donor make a promise to give to the Association that is, in substance unconditional. Contributions are recorded as unrestricted income, unless such contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash Equivalents

The Association considers all short term highly liquid investments, with an original maturity of three months or shorter, to be cash equivalents.

Accounts Receivable

Accounts Receivable are shown net of an allowance for doubtful accounts. The allowance is estimated based on management's past experience.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated subsequent events through July 7, 2016, the day the financial statements were available to be issued.

No items requiring accrual or disclosure were noted.

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2. PROPERTY AND EQUIPMENT

	<u>2015</u>
Cemetery Building and Improvements	\$ 686,834
Office Equipment	71,947
Silver Lake Restoration	293,954
Tahara Facility	<u>306,212</u>
TOTAL PROPERTY and EQUIPMENT	1,339,947
Less Accumulated Depreciation	<u>(697,190)</u>
NET PROPERTY and EQUIPMENT	\$ <u>644,757</u>

Depreciation expense for the year ended December 31, 2015 was \$64,332.

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

NOTE 3. COMMITMENTS AND CONTINGENCIES

Lease Commitment

The Association leased space for its New York City office under a long-term lease agreement for seven years, which began November 1, 2008 at a base rent of \$4,687.50 per month with a 3.5% annual increase. The lease terminated November 2015 and the Association continued on a month to month rental.

In March of 2016, the Association began a new lease. The duration of the lease is 10 years and three months. Monthly rent is set at \$11,871 for the first 12 months, with annual increases. In addition, the Association will be responsible for excess property taxes above the amount of property tax assessed in the base year. The future minimum lease payments under the new lease are set forth below.

2016	\$ 118,708
2017	145,418
2018	149,053
2019	152,779
2020	156,599
2021	173,347
Thereafter	<u>830,907</u>
TOTAL	\$ <u>1,726,811</u>

The Association may at times share space with others. This will reduce the rent expense in the year that the space is shared.

Concentration of Credit Risk

Financial instruments that potentially subject the Association to risk of loss consist principally of accounts receivable investments, and deposits with financial institutions above the FDIC insurance limit. The financial statements have been adjusted for all losses that management expects to occur.

Uncertainty in Income Taxes

The Association does not accrue for income taxes as it is exempt under Section 501(c)(3). The tax returns for 2012, 2013 and 2014 are open for review.

NOTE 4. EXPENSE SHARING

The Association shares some expenses with another not for profit organization. These expenses are allocated based on a cost sharing agreement.

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
SCHEDULE OF GRANTS and FEES REVENUE
YEAR ENDED DECEMBER 31, 2015**

Grants

UJA Core Operating Support Grant	\$	1,000
UJA Grant		1,750
Matching Grant:		
HLMH Foundation		125,000
PBHP Foundation		125,000
SPECIAL PURPOSE:		
UJA Federation of Jewish Philanthropies of New York - Burial of Russian Immigrants		45,000
Leona Kern - Silver Lake Restoration Project		<u>20,000</u>
TOTAL GRANTS		<u><u>\$ 317,750</u></u>

Fees

INTERMENT and GRAVE:		
Permits and Fees	\$	6,499
Graves and Grave Openings		126,160
Grave Care		96,111
Foundations and Monuments		131,767
Perpetual Care		115,060
Reserved Graves		38,878
Outside Funeral Homes		<u>33,750</u>
TOTAL FEES		<u><u>\$ 548,225</u></u>

See Independent Auditors' Report and
Accompanying Notes to Financial Statements

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH
HEBREW FREE BURIAL ASSOCIATION, INC.
SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	<u>Operating</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Rent	\$ 30,285	\$ 30,285	\$ -	\$ 60,569
Burial Services	208,987			208,987
Cemetery Maintenance and Repair	406,299			406,299
Fundraising			175,280	175,280
Professional Fees	14,787	14,787		29,573
Telephone	6,415	3,208	3,208	12,830
Utilities	5,948	2,974	2,974	11,895
Insurance	18,026	6,009		24,035
Education and Outreach	23,596			23,596
Depreciation	64,332			64,332
Bad Debt	49,997			49,997
Administrative Expenses	20,757	10,379	10,379	41,514
Payroll and Benefits	551,483	64,880	32,440	648,804
	<u>\$ 1,400,911</u>	<u>\$ 132,520</u>	<u>\$ 224,280</u>	<u>\$ 1,757,711</u>

See Independent Auditors' Report and
Accompanying Notes to Financial Statements