

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH**

**HEBREW FREE BURIAL ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**and Additional Information**

**YEAR ENDED DECEMBER 31, 2016**

**With**

**Independent Auditors' Report**

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH  
HEBREW FREE BURIAL ASSOCIATION, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Contents**

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

## 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, 2016, 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, 2016, 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  
May 15, 2017

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH  
HEBREW FREE BURIAL ASSOCIATION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016**

Assets

Cash and Cash Equivalents	\$ 652,029
Investments (Note 1)	6,699,638
Accounts Receivable (Less Allowance for Doubtful Accounts of \$223,771)	545,352
Security Deposit	24,892
Property and Equipment, at Cost, Less Accumulated Depreciation (Note 2)	<u>642,860</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 8,564,771</u></u></b>

Liabilities and Net Assets

<b>Liabilities:</b>	
Accounts Payable	\$ 25,366
Security Deposit Payable	<u>850</u>
<b>TOTAL LIABILITIES</b>	<b><u>26,216</u></b>
<b>Net Assets:</b>	
Unrestricted	7,480,138
Temporarily Restricted	<u>1,058,417</u>
<b>TOTAL NET ASSETS</b>	<b><u>8,538,555</u></b>
<b>TOTAL LIABILITIES and NET ASSETS</b>	<b><u><u>\$ 8,564,771</u></u></b>

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, 2016**

<u>Support and Revenue</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Charitable Support:</b>				
Contributions	\$ 1,060,649	\$ -	\$ -	\$ 1,060,649
Bequests	265,773			265,773
Grants Received:				
General Purpose	17,000			17,000
Special Purpose	45,000			45,000
<b>TOTAL SUPPORT</b>	<u>1,388,422</u>	<u>-</u>	<u>-</u>	<u>1,388,422</u>
<b>Revenue:</b>				
Interment and Grave Care	444,030	157,829		601,859
Service Contract-Affiliated Company	276,333			276,333
Rental Income	57,524			57,524
Investment Income	147,837	27,123		174,960
Realized Gain (Loss) on Sale of Investments, Net	(8,272)	(9,633)		(17,905)
Unrealized Gain (Loss) on Investments, Net	256,170	42,022		298,192
<b>TOTAL REVENUE</b>	<u>1,173,622</u>	<u>217,341</u>	<u>-</u>	<u>1,390,963</u>
<b>Net Assets Released from Restrictions:</b>				
Restrictions Satisfied and Adjustments	36,289	(36,289)		-
<b>TOTAL SUPPORT and REVENUE</b>	<u>2,598,333</u>	<u>181,052</u>	<u>-</u>	<u>2,779,385</u>
<b>Expenses:</b>				
Operating	1,765,904			1,765,904
Administrative	210,540			210,540
Fundraising	176,990			176,990
<b>TOTAL EXPENSES</b>	<u>2,153,434</u>	<u>-</u>	<u>-</u>	<u>2,153,434</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	444,899	181,052	-	625,951
<b>Net Assets:</b>				
Beginning of Year	<u>7,035,239</u>	<u>877,365</u>	<u>-</u>	<u>7,912,604</u>
End of Year	<u>\$ 7,480,138</u>	<u>\$ 1,058,417</u>	<u>\$ -</u>	<u>\$ 8,538,555</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, 2016**

<b>Cash Flows From Operating Activities:</b>	
Increase (Decrease) in Net Assets	\$ 625,951
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	59,639
Accounts Receivable	15,511
Security Deposit	(2,769)
Accounts Payable and Liabilities	<u>8,239</u>
Total Adjustments	<u>80,620</u>
Net Cash Provided by Operating Activities	<u>706,571</u>
<b>Cash Flows From Investing Activities:</b>	
Property and Equipment	(60,742)
(Increase) Decrease in Investments	<u>(579,090)</u>
Net Cash Used in Investing Activities	<u>(639,832)</u>
Net Increase (Decrease) in Cash	66,739
<b>Cash:</b>	
Beginning of Year	<u>585,290</u>
End of Year	<u><u>\$ 652,029</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, 2016**

**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 May 15, 2017, 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, 2016**

**NOTE 2.      PROPERTY AND EQUIPMENT**

	<b><u>2016</u></b>
Cemetery Building and Improvements	\$ 686,834
Office Equipment	83,850
Silver Lake Restoration	322,793
Tahara Facility	<u>306,212</u>
<b>TOTAL PROPERTY and EQUIPMENT</b>	<b>1,399,689</b>
Less Accumulated Depreciation	<u>(756,829)</u>
<b>NET PROPERTY and EQUIPMENT</b>	<b>\$ <u>642,860</u></b>

Depreciation expense for the year ended December 31, 2016 was \$59,639.

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH  
HEBREW FREE BURIAL ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3. COMMITMENTS AND CONTINGENCIES**

**Lease Commitment**

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.

2017	\$ 145,418
2018	149,053
2019	152,779
2020	156,599
2021	173,347
Thereafter	<u>830,907</u>
<b>TOTAL</b>	<b>\$ <u>1,608,103</u></b>

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 2013, 2014 and 2015 are open for review.

**NOTE 4. SERVICE CONTRACT - AFFILIATED COMPANY**

The Association shares some expenses with another not for profit organization. These expenses are allocated based on a cost sharing agreement. The Association has a service contract through which it bills the affiliated company for its share of expenses.

**CHEBRA AGUDAS ACHIM CHESED SHEL EMETH  
HEBREW FREE BURIAL ASSOCIATION, INC.  
SCHEDULE OF EXPENSES  
YEAR ENDED DECEMBER 31, 2016**

	<u>Operating</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Rent	\$ 53,071	\$ 26,536	\$ 26,536	\$ 106,143
Burial Services	255,394			255,394
Cemetery Maintenance and Repair	403,392			403,392
Fundraising - Professional			43,895	43,895
Professional Fees	24,440	24,440		48,880
Printing, Mailing and Promotion	73,430	36,715	36,715	146,860
Telephone	10,202	5,101	5,101	20,404
Utilities	9,720	4,860	4,860	19,440
Insurance	24,865	8,288		33,153
Education and Outreach	34,380			34,380
Depreciation	59,639			59,639
Bad Debt	26,839			26,839
Administrative Expenses	30,331	15,165	15,165	60,661
Payroll and Benefits	<u>760,201</u>	<u>89,435</u>	<u>44,718</u>	<u>894,354</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,765,904</u>	<u>\$ 210,540</u>	<u>\$ 176,990</u>	<u>\$ 2,153,434</u>

See Independent Auditors' Report and  
Accompanying Notes to Financial Statements