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## Annual Report



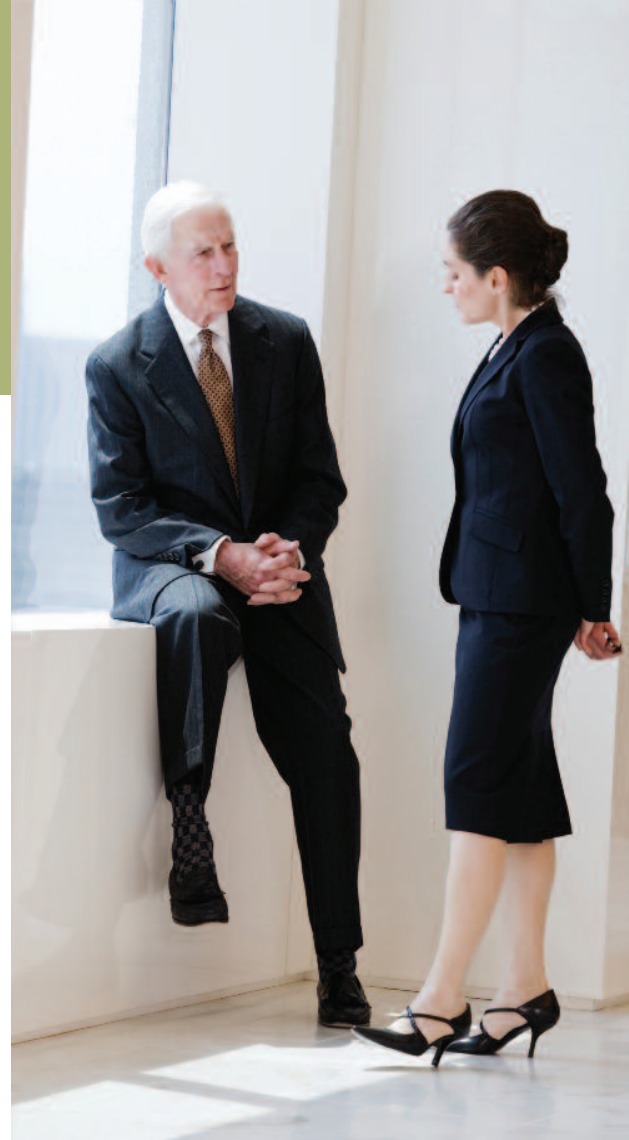
# 10

# A 21st century funeral service cooperative

There is no denying it. Times are changing and the economy is struggling. Consumers know what they want, and they are not ashamed of shopping around for it. They no longer want to mourn the loss of life, they want to celebrate it. Services are customized for each family. Merchandise is changing. Staying abreast of all these transformations has become the primary function of today's funeral home—leaving the human resource, financial services, insurance and marketing management details to fall by the wayside.

Created more than 10 years ago by funeral directors for funeral directors, Thanexus®, Inc. is a funeral service cooperative offering human resource, marketing, communications and financial services to New Jersey's independently-owned funeral homes. Member stockholders enjoy the benefits of a relationship where both Thanexus and the funeral home share employment-related responsibilities. Even funeral homes with dedicated human resources staff benefit from the valuable expertise and services offered by Thanexus, Inc.

Thanexus, Inc. and the funeral home contractually allocate and share traditional employer responsibilities, such as risk management, human resource guidance, employment law compliance, payroll and taxes, and development of funeral-home specific FTC and state regulatory board compliant marketing materials.



*Thanexus stockholders retain 100 percent ownership of their funeral homes and continue to manage the daily activities at their funeral home worksites.*

# Human Resources



*In 2010, Thanexus, Inc. shared employment-related responsibilities with 68 stockholders in 113 registered mortuaries at 102 worksites for a combined annual payroll of \$29 million. On a percentage level, that is 33.5 percent, or one third, of the total industry payroll in New Jersey.*

As members of Thanexus, stockholders can offer their funeral home employees human resource and employee benefit packages they could not on their own. Thanexus also offers the human resource training, payroll and accounting capabilities, and regulatory and compliance knowledge that usually only come from larger companies.

In 2010, member stockholders:

- Reduced employee turnover, enhanced morale and continued to attract quality employees through competitive payroll and benefit packages
- Saved time and reduced paperwork hassles
- Increased efficiency through human resource tools, including handbooks, policies and procedures, and standardized forms
- Received assistance with OSHA compliance and training
- Obtained guidance on worksite employee-related issues
- Gained much needed support and guidance through the complicated problems and mandates of health insurance reform

In 2010, Thanexus employees:

- Received competitive payroll and benefit packages, including 401(k) plan, health and dental benefits, and a flexible spending plan
- Accessed efficient and timely claims processing
- Gained guidance and assistance with employment-related issues
- Found employment through confidential online job postings
- Benefited from up-to-date information on regulations and employment practices

## 2010 Funeral Calls

### Average Call Volume

Total Calls	11,708
Stockholders Responding	57
Average Calls	205

### Breakdown by Stockholder

125 or Fewer Calls	33%
126–250 Calls	37%
Over 250 Calls	30%

# Insurance



Finding excellent coverage options and competitive pricing from someone who does not have a personal stake in the decision making is hard to come by these days. Funeral homes need guidance from someone who understands their business needs.

*In 2010, over 300 funeral homes placed more than \$2.6 million in insurance premiums with Thanexus Financial Services, LLC.*

Thanexus Financial Services, LLC, is a wholly-owned insurance subsidiary of Thanexus, Inc. that offers lines of insurance tailored to the funeral service industry. Staffed by salaried, noncommissioned professionals, the agency offers underwriting through top-rated carriers and is available to members and nonmembers alike.

Insurance lines offered include:

- Business Owners Protection
- Residential and flood
- Commercial and personal automotive
- Property and liability
- Workers' compensation
- Umbrella coverage
- Owner's dwelling
- ERISA
- Specialty Coverage
- Employment Practice Liability Insurance (EPLI)

## 2010 Compensation Study

The 2010 compensation study represents data for 264 licensees and 465 non-licensed employees—for a total of 729 funeral service professionals across New Jersey.

### Licensed Owner

Average \$134,500      Median \$110,400

### Licensed Non-Owner\*

Average \$76,200      Median \$70,100

### Clerical and Administrative

Average \$17.47/hr      Median \$15.19/hr

### Funeral Attendant

Average \$16.57/hr      Median \$17.00/hr

### Average Payment for:

Interns	\$14.72/hr	Local Direction	\$217
Arrangements	\$192	Door (two-hour visitation)	\$59
Celebrant Services	\$280	Pallbearer (local)	\$57
Embalming (non-posted remains)	\$211		

\*On average, a newly licensed non-owner salary begins at \$34,000, and varies accordingly from county to county.

# CONSOLIDATED BALANCE SHEET

(year ended December 31, 2010)

## Assets

### Current Assets

Cash and Cash Equivalents	\$1,439,890
Investments in Marketable Securities	150,842
Member Receivables <sup>1</sup>	536,051
Prepaid and Other Current Assets	61,213
Other Receivables	29,077
	<u>\$2,217,073</u>

Furniture and equipment, net of accumulated depreciation	<u>38,000</u>
Deferred Tax Assets	<u>\$6,935</u>

**TOTAL ASSETS** \$2,262,008

## Liabilities

### Current Liabilities

Accounts Payable and Accrued Expenses	\$35,384
Accrued Salaries and Related Payables	993,469
Income Taxes Payable	—
Alliance for Employee Benefit Cooperatives	102
Patronage Dividends Payable <sup>2</sup>	55,210
	<u>\$1,084,165</u>

**TOTAL LIABILITIES** \$1,084,165

## Stockholders' Equity

Common Stock, \$100 Par Value; 300 Shares Authorized, 68 Shares Issued and Outstanding	\$6,800
Additional Paid in Capital <sup>3</sup>	402,994
Accumulated Other Comprehensive Loss	3,084
Retained Earnings	764,965
	<u>\$1,177,843</u>

**TOTAL STOCKHOLDERS' EQUITY** \$1,177,843

**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** \$2,262,008

### notes:

- <sup>1</sup> These receivables reflect the financial reporting requirements to accrue all wages and benefits as of December 31 that are not yet booked and processed. The amount is considered fully collectible. Accordingly, no allowance for doubtful accounts is required.
- <sup>2</sup> The \$55,100 represents net income from the cooperative available for distribution to holders of common stock in 2010. Earnings from Thanexus Financial Services, LLC, are not patronage eligible. There were no patronage dividends declared in 2009.
- <sup>3</sup> This amount represents previous years' patronage dividends, less amounts paid out in cash distributions.

# CONSOLIDATED STATEMENT OF OPERATIONS

(year ended December 31, 2010)

## Revenue

Administrative Fees	\$1,195,635
Insurance Commissions <sup>4</sup>	391,397
Initiation Fees	4,900
Other Income	36,442
Employment Related Income	<u>35,565,910</u>

**TOTAL REVENUE** **\$37,194,284**

## Direct Costs

Salaries	\$28,813,044
Payroll Taxes	2,102,996
Pension Costs <sup>5</sup>	1,750,811
Other Benefits	<u>2,899,059</u>

**TOTAL DIRECT COSTS** **\$35,565,910**

## Expenses

General and Administrative <sup>6</sup>	\$1,515,809
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**Income from Operations** **\$112,565**

## Other Income (Expense)

Interest Income	\$3,758
Dividend Income	2,994
Realized Investment (loss) Income	876
Other	<u>—</u>
	<u><u>\$7,628</u></u>

Earnings Before Declaration of Patronage Dividends 120,193

Patronage Dividends Declared 55,210

**Earnings Before Provision for Income Taxes** **\$64,983**

Provision for Income Taxes (20,290)

**Net Income** **\$44,693**

**Retained Earnings, Beginning of Year** **\$720,272**

**Retained Earnings, End of Year** **\$764,965**

## notes:

<sup>4</sup> Gross commissions earned from the operations of Thanexus Financial Services, LLC, are combined for financial reporting purposes. The operations of Thanexus Financial Services, LLC, do not contribute to the patronage dividends and are taxed at the cooperative level.

<sup>5</sup> The Company maintains an employee retirement plan qualified under Section 401(k) of the Internal Revenue Code. The plan is available to all full-time employees who have completed one year of service. All of the stockholder funeral homes contribute at least three percent of eligible compensation. Firms may contribute additional discretionary funds. The 401(k) expense for the years ended December 31, 2010 and 2009 were approximately \$1,750,811 and \$1,749,738 respectively.

<sup>6</sup> The General and Administrative costs include office, marketing, personnel, professional and management fees and expenses. The Company has a management agreement with New Jersey Funeral Directors Services, Inc., to provide office space and related services for a fee which totaled \$203,250 in 2010 and \$201,250 in 2009.

# Marketing and Communications



Marketing materials are integral to the funeral home business. Not only do they need to outline the funeral homes' merchandise and service offerings, but also need to be compliant with strict federal and state regulations. Member stockholders can customize their materials to their liking and Thanexus' marketing representatives will always ensure that they remain compliant.

*In 2010, Thanexus stockholders received more than 35,000 customized marketing materials that adhered to Federal Trade Commission and New Jersey State Board of Mortuary Science regulations.*

Some of the customized marketing materials offered by Thanexus, including interactive forms, include:

- General Price Lists
- Statements of Funeral Goods and Services Selected
- Cremation Authorization Forms
- Promissory Notes
- Authorization of Services by Appropriate Parties Forms
- Cremation, Welfare (County) and Veterans Funeral Packages
- Eco Burial and Ethnic Funeral Packages



**In 2010, Thanexus welcomed Bailey Funeral Home in Mendham and Peapack.**

*Interested in becoming a Thanexus stockholder?*  
Call Chris Murphy, Thanexus business development manager,  
at 888.309.5137 for a confidential discussion.

**Wilson H. Beebe Jr., President**

A 25-year veteran of nonprofit association management, Wilson H. Beebe Jr. pioneered Thanexus, Inc. to meet the escalating needs of small businesses. Beebe also serves as executive director of the New Jersey State Funeral Directors Association, Inc.

**George R. Kelder Jr., CFSP, Executive Vice President**

A licensed funeral director since 1980 and insurance producer since 1989, George R. Kelder Jr., CFSP, brings more than 20 years of association experience to Thanexus. Kelder also serves as assistant executive director of the New Jersey State Funeral Directors Association, Inc.

**Kimberly M. Saul-Bowne, CFSP, Chair**

A licensed funeral director since 1993, Kimberly M. Saul-Bowne, CFSP, holds a bachelor's of science degree from Randolph-Macon College, and graduated from American Academy McAllister Institute. Bowne is manager of Saul Funeral Homes, Inc., a family owned and operated funeral home since 1899.

## BOARD OF DIRECTORS

**Kimberly M. Saul-Bowne, CFSP, Chair**

Saul Funeral Homes, Inc., Hamilton Square, NJ

**Joseph C. Parell III, CFSP, Co-Chair**

Poulson & Van Hise Funeral Directors, Lawrenceville, NJ

**James R. Tomasello, Secretary**

Gardner Funeral Home, Runnemede, NJ

**Thomas J. (Toby) Bizub Jr.**

Bizub-Parker Funeral Home, Little Falls, NJ

**Eugene H. Kain Jr.**

Kain-Murphy Funeral Services, Haddonfield, NJ

**Rosemary K. Mahoney**

Outside Director, CoopMetrics, Arrington, VA

**Steven N. Perlmutter**

Walter J. Johnson Funeral Home, Clark, NJ

**Glenda A. Stansbury, CFSP**

Outside Director, In-Sight Books, Inc., Oklahoma City, OK

**Louis J. Stellato Jr., CFSP**

Ippolito-Stellato Funeral Homes, Inc., Lyndhurst, NJ



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