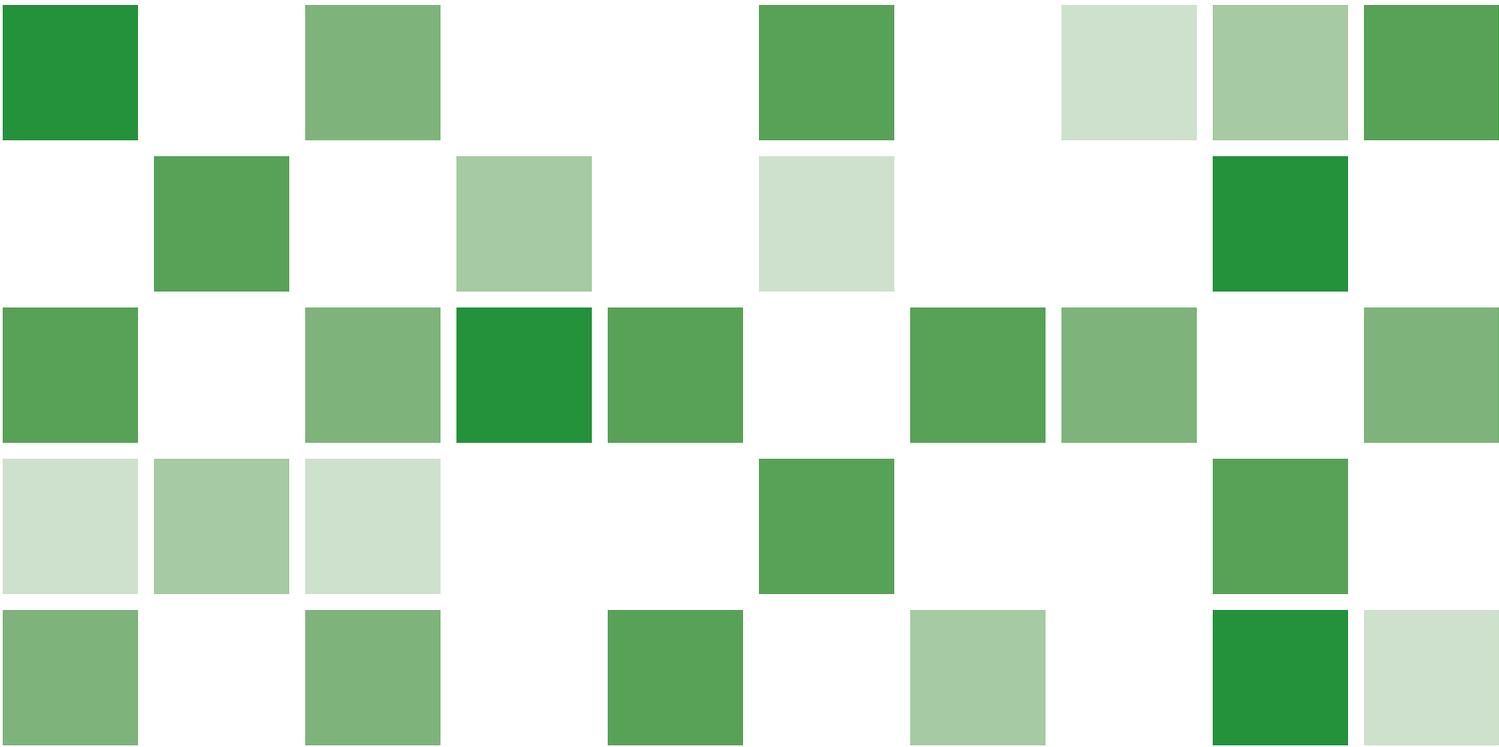


2015 ANNUAL REPORT



THANEXUS, INC.

BOARD MEMBERS

James R. Tomasello (Chair)
Runnemede & Bellmawr, NJ

Timothy W. Brock (Vice-Chair)
Wyckoff & Midland Park, NJ

Enrico T. Caruso Jr., CFSP
Pennsauken & Camden, NJ

Joseph C. Parell III, CFSP
Lawrenceville, NJ

R. Michael Gallaway
Basking Ridge & Bernardsville, NJ

Kimberly M. Saul-Bowne, CFSP
Hamilton Square, Cranbury,
Trenton & Hightstown, NJ

Thomas J. Givnish
Maple Shade & Cinnaminson, NJ

Glenda S. Stansbury, CFSP
Oklahoma City, OK

Rosemary K. Mahoney
Arrington, VA

MANAGEMENT TEAM

George R. Kelder Jr., CFSP
President

Jackie Kutch
Corporate Secretary

Barbara Guinta
Chief Operating and Financial Officer

Chris Murphy
Business Development Manager

A MESSAGE FROM THE CHAIR AND PRESIDENT

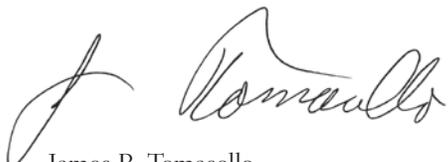
This annual report remains the primary document for presenting the past year's performance of Thanexus, Inc. as well as an outline of our objectives for the upcoming year.

As the nation's first and only funeral practice management cooperative, Thanexus seamlessly integrates human resources, benefits and financial services, and coordinates federal and state regulations into the marketing and communications of an ever-growing number of independently owned funeral homes. Because funeral homes own Thanexus, rather than the opposite, each firm is empowered with voting rights and representation by an elected board of directors.

From smaller firms employing only several close family members to larger multi-location funeral homes with more complex needs, Thanexus maintains and attracts stockholders that strive for higher standards.

For the past 18 months, Thanexus has been engaged in an executive transition as our founding president, who researched, created and championed Thanexus, retired. Our executive vice president, who has been an integral part of our vision since day one, assumed the role of president supported by his management team.

As we take the future in hand, we are extremely pleased with the collaboration between the board, management and stockholders. We look forward to the continuing evolution of Thanexus.



James R. Tomasello
Chair



George R. Kelder Jr., CFSP
President

HEALTH CARE

Our employee benefit offerings parallel those of large employers and provide a powerful tool when competing for and retaining funeral home talent.

Health Benefits

Health care regulations and reporting requirements continue to increase in complexity, and the demand for well-designed and affordable health care solutions is at an all-time high. Thanexus partners with Association Master Trust, a non-profit, self-funded health benefits organization, to provide excellent choices in employee health care at competitive rates.

As we research newer, cost-effective benefit options for our employees, Thanexus will assess alternatives to our current health care offerings, including a Health Savings Account (HSA) paired with a High Deductible Health Plan (HDHP), and the replacement of the dental reimbursement plan with an insured dental program option.

Thanexus manages health care costs through an integration of cafeteria plans, flexible spending accounts and direct reimbursement.



Affordable Care Act (ACA)

Thanexus continues to work with stockholder worksites to maintain compliance with the myriad obligations that have arisen since the passage of the Affordable Care Act.

This past year, Thanexus conducted worksite affordability tests to measure the reasonableness of employee-shared health care contributions, ensuring that employee contributions toward the cost of health care premiums do not exceed 9.5% of their gross wages, thereby avoiding the imposition of future “pay or play” penalties.

W-2 statements were issued reflecting the required published value of health care coverage, and IRS 1095-C forms were distributed for the first time to verify and document that affordable, minimum essential coverage was offered to all eligible employees.



Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c.

Part I Employee
1 Name of employee

Part II Employee Offer and Coverage
2 Social security number (SSN)
3 Street address (including apartment no.)
4 City or town
5 State or province
6 Country and ZIP or foreign postal code
7 Name of employer
8 Country and ZIP or foreign postal code
9 Street address (including room or suite no.)
10 City or town
11 State or province
12 Contact telephone number
13 Country and ZIP or foreign postal code

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

17 Name of covered individual	18 By SSN (is COB or SSN as not attaching)	19 Covered all 12 months	20 Months of Coverage												
			Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VOID
CORRECTED
OMB No. 1545-0047
6-00116
2015
Form 1095-C (2015)
Call No. 80070544

EMPLOYMENT BENEFITS

Thanexus provides access to skilled, professional human resource services staff and helpful support tools, including employee handbooks, forms, policies and procedures; wage and hour compliance assistance; job descriptions, hiring guidelines and compensation recommendations for recruitment; and more.

Leave Management Strategies

Thanexus administers workers' compensation, disability and family leave across all worksites, coordinating the leave in accordance with federal and state laws and regulations.



Retirement Plan

The Thanexus, Inc. Retirement Plan is a defined contribution plan with a profit-sharing component and 401(k) feature.

Our plan is designed to assist employees in reaching their retirement goals while simultaneously maximizing the stockholders' ability to defer current compensation on a non-discriminatory basis.

Thanexus partners with Alerus Retirement Solutions, a division of Alerus Financial, N.A., a nationally chartered bank headquartered in Grand Forks, North Dakota that has grown over the past 75 years through a common sense approach to business expansion.



The Thanexus, Inc. Retirement Plan currently has more than 335 active participants and had more than \$59.4 in plan assets as of December 31, 2015.

2015 ANNUAL COMPENSATION SURVEY

The 2015 Annual Compensation Survey represents data for 277 licensees and 546 non-licensed staff — for a total of 823 funeral service employees in New Jersey.

Because Thanexus, Inc. is the employer of record, the statistical accuracy of this study, which is based on actual W-2 wages, is 100%. Our annual survey remains the only true source of actual labor and wage benchmarking in both New Jersey and the industry.

	AVERAGE	MEDIAN
Licensed Owner*	\$144,483	\$109,012
Licensed Non-Owner**	\$77,011	\$71,490
Clerical and Administrative (<i>per hour</i>)	\$20.35	\$19.56
Funeral Attendant (<i>per hour</i>)	\$17.80	\$17.00
Interns (<i>per hour</i>)	\$15.52	\$15.00

* Owner compensation includes only that compensation taken in the form of W-2 wages and does not include other typical forms of owner compensation including dividends, rent and net profit distributions.

**The average newly licensed, non-owner salary begins at \$32,000 and varies by county and the number of years licensed.

Thanexus shares employment with
73 stockholders in 131 registered mortuaries at 117 worksites
for a combined gross annual payroll of more than \$32.7 million.

AVERAGE PAYMENTS†

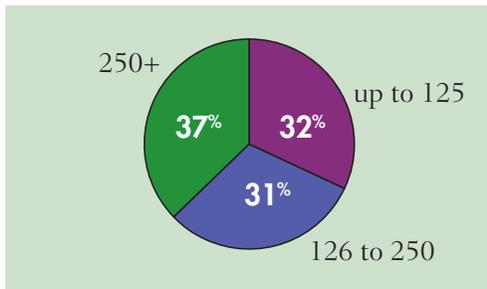
Making Funeral Arrangements	\$216
Conducting a Celebrant Service	\$232
Directing a Local Funeral	\$237
Tending Door (<i>two-hour visitation</i>)	\$62
Serving as a Pallbearer (<i>local</i>)	\$64
Embalming Services	
Non-posted Remains	\$272
Posted Remains	\$346
Full Donation	\$413

† Average flat rate payments illustrate estimates of total "per function" payments and do not reflect underlying wage and hour recordkeeping or compensation compliance.

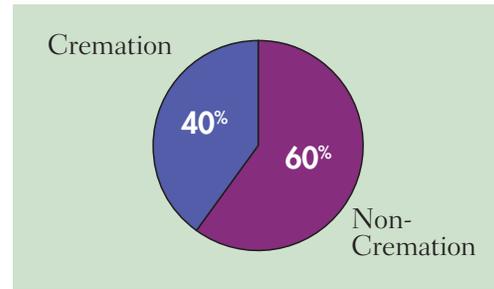
2015 Funeral Call Volume Breakdown

The following data is based on stockholder survey responses.

CALL VOLUME BY STOCKHOLDER

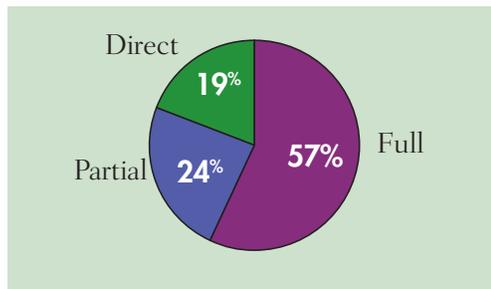


METHOD OF DISPOSITION

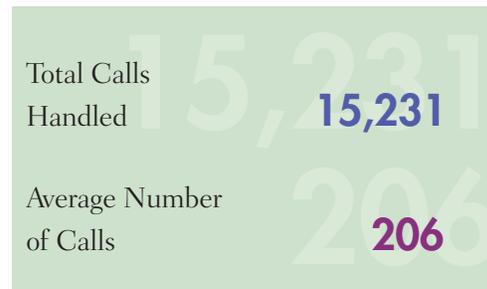


**Thanexus human resources staff combined
with supportive technology can improve and foster growth
within your business.**

SERVICES SELECTION



CALL VOLUME



Full Service is defined as an arrangement that includes basic services of funeral director and staff, embalming, dressing, casketing, cosmetics, two or more hours of visitation, funeral ceremony, transfer to funeral home and use of hearse (retention, care, preparation, 3+ hours and coordination).

Partial Service is defined as an arrangement that includes basic services of funeral director and staff, embalming or sanitary care, dressing, casketing, cosmetics, one hour of visitation, funeral ceremony, transfer to funeral home and use of hearse/service car (retention, care, preparation, less than 3 hours and coordination).

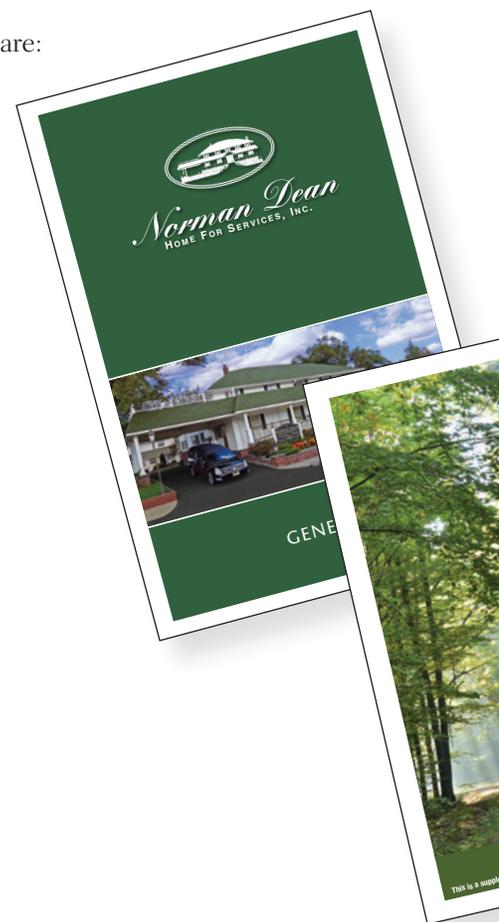
Direct Service is defined as an arrangement that includes basic services of funeral director and staff, no visitation or ceremony, transfer to funeral home and use of hearse/service car (retention only or direct cremation/immediate burial).

MARKETING AND COMMUNICATIONS

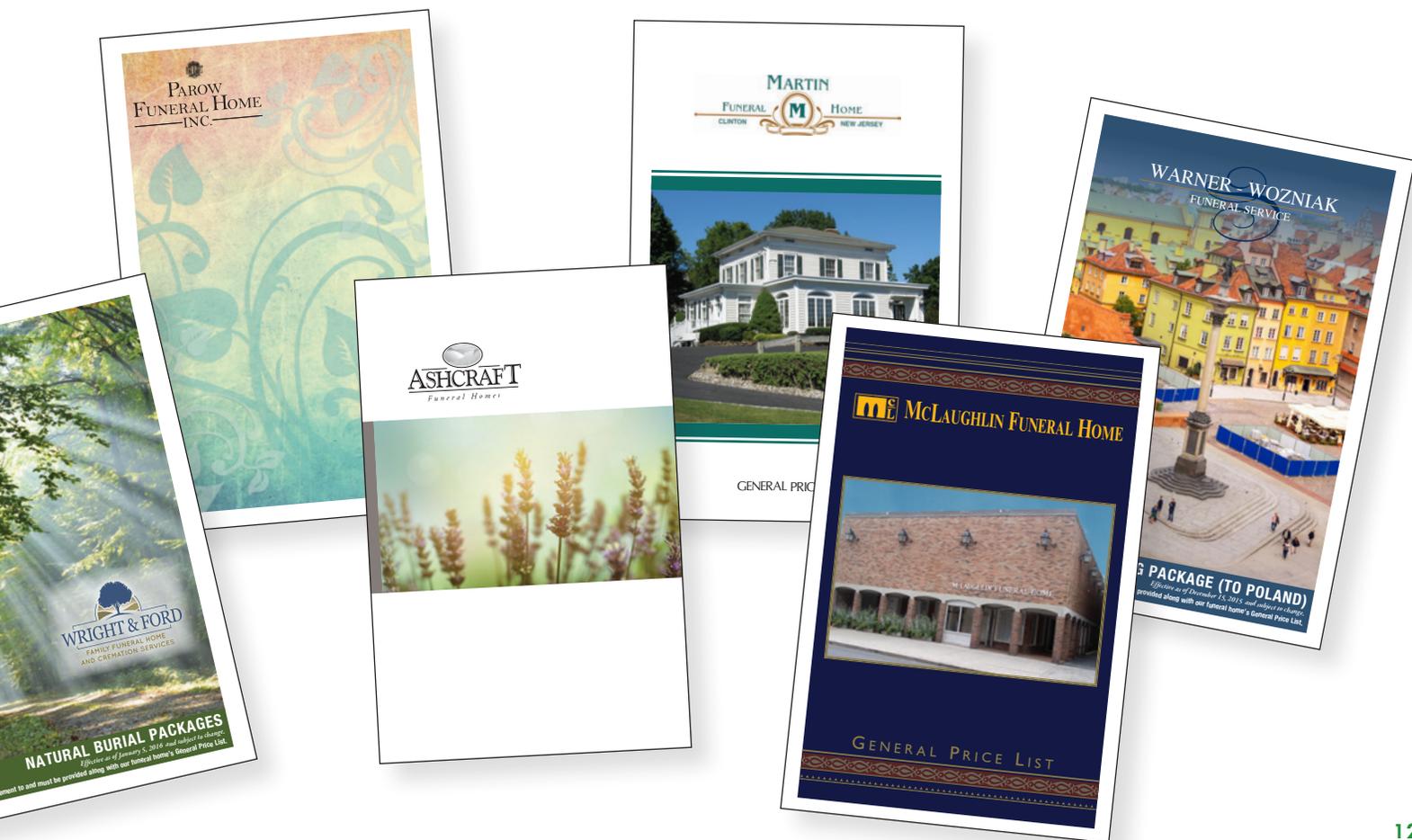
Thanexus believes that you never get a second chance to make a first impression, so our stockholders are offered contemporary and instructional marketing materials that effectively communicate merchandise and service offerings to consumers. Thanexus produces eye-catching designs and ensures compliance within strict federal and state rules and regulations, enabling stockholders to offer families marketing materials that are illustratively superior and promote local brands, reputations, relevance and care.

Typical print and digital pieces created and produced for stockholders are:

- General Price Lists
- Statements of Funeral Goods and Services Selected
- Authorization Forms
- Promissory Notes and Invoices
- Cremation, Welfare, Veterans, Eco Burial and Ethnic Packages



In 2015, Thanexus stockholders received approximately 34,725 customized marketing pieces that adhered to Federal Trade Commission and New Jersey State Board of Mortuary Science regulations.

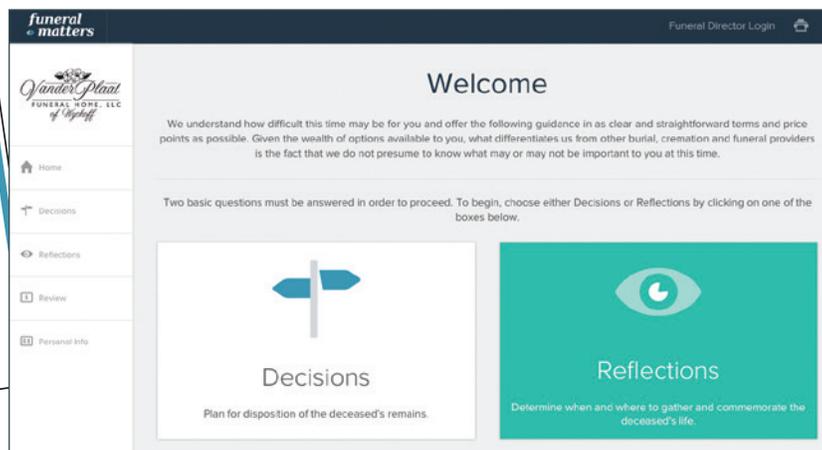


Digitally Moving Communication Forward

Knowledge Based Funerals, LLC has become a reality for a growing number of Thanexus stockholders that have also chosen to subscribe to Funeral MattersSM. This digital arrangement alternative offers a flexible and innovative pathway through each stockholder's Website that allows today's purchaser of funeral goods and services to receive price information in an honest, confidential and meaningful way.

Comparative metrics provide stockholders with a competitive analysis of worksites and staff as well as a better understanding of performance within specific markets.

This functional arrangement tool, accompanied by staff training and analytics, aids and educates funeral directors in communicating with our contemporary and digitally aware consumer.



Arrangement Strategies, Communication Solutions, Comparative Analytics

Reports are generated and accessible on a daily basis providing worksite owners and managers with a clear and logical snapshot of the consumer behaviors affecting their business.



funeral matterssm
Honest Answers. Real Solutions.

RISK AND COMPLIANCE SUPPORT

The Thanexus relationship evolves as your needs change and your business grows. We offer support services and offerings that are in your best interests.

Whether it be employment, safety, risk or industry-specific compliance, funeral homes have come to rely on access to a team of staff members that assist owners and managers in navigating our ever-changing legal and regulatory landscape.



Funeral homes often seek guidance from people who understand the business, but finding individuals who do not have a personal stake in the conversation is hard to come by. That is why Thanexus exists.

Going Beyond Compliance

Comprehensive written safety and health compliance plans and documents were updated, developed and distributed to all Thanexus stockholder worksites. These compliance plans are based on the upcoming changes in funeral home obligations to the Occupational Safety and Health Administration's formaldehyde and hazard communication standards.

In addition to group-based and field training, Thanexus purchased, distributed and oversaw the formaldehyde monitoring of worksite preparation rooms to ensure the continued maintenance of safe work environments for all employees.

Identifying good, better and best practices is a net result of our Thanexus safety and health advisory field presence.



Employment Practices Liability* and First Dollar Legal Defense†

Certain employment-related claims may be afforded coverage under a Thanexus employment practices liability policy. Current coverage provides defense and claims coverage up to \$1 million for each covered claim, subject to an aggregate of \$5 million.

This discretionary and limited coverage is not a substitute for individual worksite risk management that all stockholders are encouraged to purchase and maintain independently.

Additionally, if the stockholder consents to an investigation, administration or defense by Thanexus of any employment-related matter that names Thanexus and/or the stockholder, our first dollar defense fund currently covers up to the first \$12,500 of legal expenses billed by the counsel of Thanexus' choice.

** Coverage only applies to stockholders of record who are in compliance with the terms and conditions of the Thanexus membership documents. Deductibles and other conditions apply. An aggregate limit means that if there were several claims against several stockholders at the same time, policy limits could be exhausted prior to the \$1 million limit being reached for each claim submitted.*

† Stockholders must be in compliance with its obligations and responsibilities under the Thanexus membership documents, consenting in writing to the management of its employment matter by Thanexus in order to be eligible for first dollar defense. Expenses over the established amount are borne by the stockholder.



THANEXUS FINANCIAL SERVICES, LLC

Insurance and Risk Management

Thanexus Financial Services, LLC (the Agency) is our wholly-owned insurance subsidiary that provides optional risk management through AM Best “A” rated carriers. Insurance and risk management services are available to all funeral homes regardless of whether or not they are stockholders.

Since our inception, the Agency prides itself in being staffed by salaried, noncommissioned producers who provide knowledgeable, clear and responsive service.



In 2015, funeral directors placed more than \$3.2 million in insurance premiums with Thanexus Financial Services, LLC.

CONSOLIDATED BALANCE SHEET¹

for the year ended December 31, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,286,738
Investments in marketable securities	744,582
Member receivables ²	641,250
Deferred tax asset	6,400
Prepaid and other current assets	145,637

Investment in Knowledge Based Funerals, LLC ³	278,954
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TOTAL ASSETS \$3,103,561

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$ 12,432
Accrued salaries and related payables	1,518,690
Income taxes payable	—
Deferred revenue	10,200
Member capital payable ⁴	11,604
Patronage dividends payable ⁵	119,519

TOTAL LIABILITIES \$ 1,672,445

STOCKHOLDERS' EQUITY

Common stock, \$100 par value; 300 shares authorized, 73 shares issued and outstanding	\$ 7,300
Additional paid-in capital ⁶	347,154
Accumulated other comprehensive income (loss)	62
Retained earnings	1,076,600

TOTAL STOCKHOLDERS' EQUITY \$1,431,116

Total Liabilities and Stockholders' Equity \$3,103,561

NOTES:

¹ The operations of Thanexus, Inc. and its wholly-owned subsidiary, Thanexus Financial Services, LLC, are consolidated for financial reporting purposes. The earnings from Thanexus Financial Services, LLC do not contribute to patronage dividends and are taxed at the cooperative level.

² Member receivables reflect the financial reporting requirements to accrue all wages and benefits as of December 31, 2015 that are not yet booked and processed. The amount is considered fully collectible. Accordingly, no allowance for doubtful accounts is required.

³ Thanexus, Inc. is an equal partner with New Jersey Funeral Directors Services, Inc. (NJFDS) in Knowledge Based Funerals, LLC, (KBF) and serves as its Managing Member. KBF holds the property rights to Funeral MattersSM.

⁴ Member capital may be retained for a period of time to pay the outstanding liabilities of stockholders incurred after the date of termination. The accrual to pay stockholders who terminated membership was \$11,604 and \$6,453 for the years ended December 31, 2015 and December 31, 2014, respectively.

⁵ Stockholders are entitled to a patronage dividend distribution of eligible earnings. Investment income and earnings from Thanexus Financial Services, LLC are not patronage eligible. The company declared a patronage dividend of \$119,519 for the year ended December 31, 2015 and \$130,000 for the year ended December 31, 2014.

⁶ Additional paid-in capital represents prior years' patronage dividends, less amounts paid out in cash distributions.

CONSOLIDATED STATEMENT OF OPERATIONS¹

for the year ended December 31, 2015

REVENUE	2015	NOTES
Administrative fees	\$ 1,392,029	<p>⁷ Total direct costs are netted against employment related income in the audited financial statements. The total employee related costs for 2015 and 2014 were \$40,948,107 and \$39,103,139, respectively.</p> <p>⁸ Thanexus, Inc. maintains an employee retirement plan qualified under Section 401(k) of the Internal Revenue Code. The plan is available to employees who have worked 1,000 hours and completed one year of service. All stockholder firms make a safe harbor contribution of 3% of eligible compensation and may also make additional discretionary contributions. The 401(k) expense was \$1,658,394 in 2015 and \$1,678,669 in 2014.</p> <p>⁹ General and Administrative costs include office, marketing, personnel, professional and management fees. Thanexus, Inc. has a management agreement with New Jersey Funeral Directors Services, Inc. to provide office space and related services for a fee, which totaled \$223,750 in 2015 and \$217,251 in 2014.</p> <p>¹⁰ A net loss was anticipated, budgeted and presented as part of the KBF Business Plan for the first several years of operation.</p>
Insurance commissions	494,672	
Initiation fees	9,800	
Other income	3,260	
Employment related income ⁷	40,948,107	
TOTAL REVENUE	<u>\$42,847,868</u>	
DIRECT COSTS		
Salaries	\$ 32,694,029	
Payroll taxes	2,389,438	
Pension costs ⁸	1,658,394	
Other benefits	4,206,246	
TOTAL DIRECT COSTS⁷	<u>\$40,948,107</u>	
EXPENSES		
General and administrative ⁹	\$ 1,727,396	
TOTAL EXPENSES	<u>\$1,727,396</u>	
INCOME FROM OPERATIONS	\$ 172,365	
Other income	38,364	
EARNINGS BEFORE DECLARATION OF PATRONAGE DIVIDENDS	<u>\$ 210,729</u>	
Patronage dividends declared ⁵	(119,519)	
EARNINGS BEFORE PROVISION FOR INCOME TAXES	<u>\$ 91,210</u>	
Loss on Investment in Knowledge Based Funerals, LLC ¹⁰	(37,477)	
Provision for income taxes	(20,712)	
NET INCOME	<u>\$ 33,021</u>	
Retained earnings, beginning of year	\$1,043,579	
Retained earnings, end of year	\$1,076,600	

THANEXUS PRIMARY WORKSITES

(as of December 31, 2015)

In addition to the stockholders below, Thanexus successfully assisted two individual stockholders with an acquisition and retirement. Congratulations to the Woolley-Boglioli Funeral Home, Long Branch in its purchase of the Holmdel Funeral Home, Holmdel.

Ana Maria Zevallos/Skrocki Home for Funerals	Funeral Service of New Jersey, Inc.
Ashcraft Funeral Homes	G. Keenen O'Brien Funeral Home, Inc.
Bailey Funeral Home	Galante Funeral Home
Biondi Funeral Home	Gallaway & Crane Funeral Home, Inc.
Bizub-Quinlan Funeral Home	Gardner Funeral Home
Boucher Funeral Home, LLC	George H. Wimberg Funeral Home
Bradley & Stow Funeral Home	The Godfrey Funeral Homes
Bradley Funeral Home	Gosselin Funeral Home
Brunswick Memorial Home	Hagan-Chamberlain Funeral Home
Codey & Mackey Funeral Home	Higgins Home for Funerals, Inc.
Costantino Funeral Home	Hoffman Funeral Homes
Costello-Runyon Funeral Homes	Introcaso-Angelo Funeral Home
Creran Funeral Homes	John F. Pflieger Funeral Home, Inc.
Damiano Funeral Home	Kain-Murphy Funeral Services
Doyle Funeral Home, Inc.	Krowicki Gorny Memorial Home
Ely Funeral Home	LeRoy P. Wooster Funeral Home and Crematory, LLC
Evoy Funeral Homes, Inc.	M. John Scanlan Funeral Home
Festa Memorial Funeral Home, Inc.	M. William Murphy Funeral Directors
Freeman Funeral Homes	MacFadden Funeral Home

January 2016 Welcome

Bizub-Parker Funeral Home, Little Falls
Orender Family Home for Funerals, LLC, Manasquan
Perinchief Chapels, Mount Holly

Martin Funeral Home, LLC

McCriskin-Gustafson
Home for Funerals, LLC

McLaughlin Funeral Home

Memorial Funeral Home

Nazare Memorial Home

Norman Dean Home for Services, Inc.

Norton Funeral Home

Oakland Memorial Home

Pancoast Funeral Home

Parow Funeral Home, Inc.

Paul Ippolito Memorial

Peppler Funeral Home

Pettit-Davis Funeral Home

Pizzi Funeral Home, LLC

Poulson & VanHise Funeral Directors

Prout Funeral Home, Inc.

Radzieta Funeral Home

Riewerts Memorial Home, Inc.

Robert Spearing Funeral Home, Inc.

S.W. Brown & Son Funeral Home, Inc.

Saul Funeral Homes, Inc.

Shook Funeral Home, Inc.

Shook's Cedar Grove Funeral Home, Inc.

Smith-McCracken Funeral Home

Snover Givnish Funeral Home

South Jersey Funeral Associates, Inc.

Stephen J. Priola

Parsippany Funeral Service

Timothy E. Ryan Home for Funerals

Vander May Wayne

Colonial Funeral Home, Inc.

Vander Plaat Funeral Home, LLC

Walter J. Johnson Funeral Home

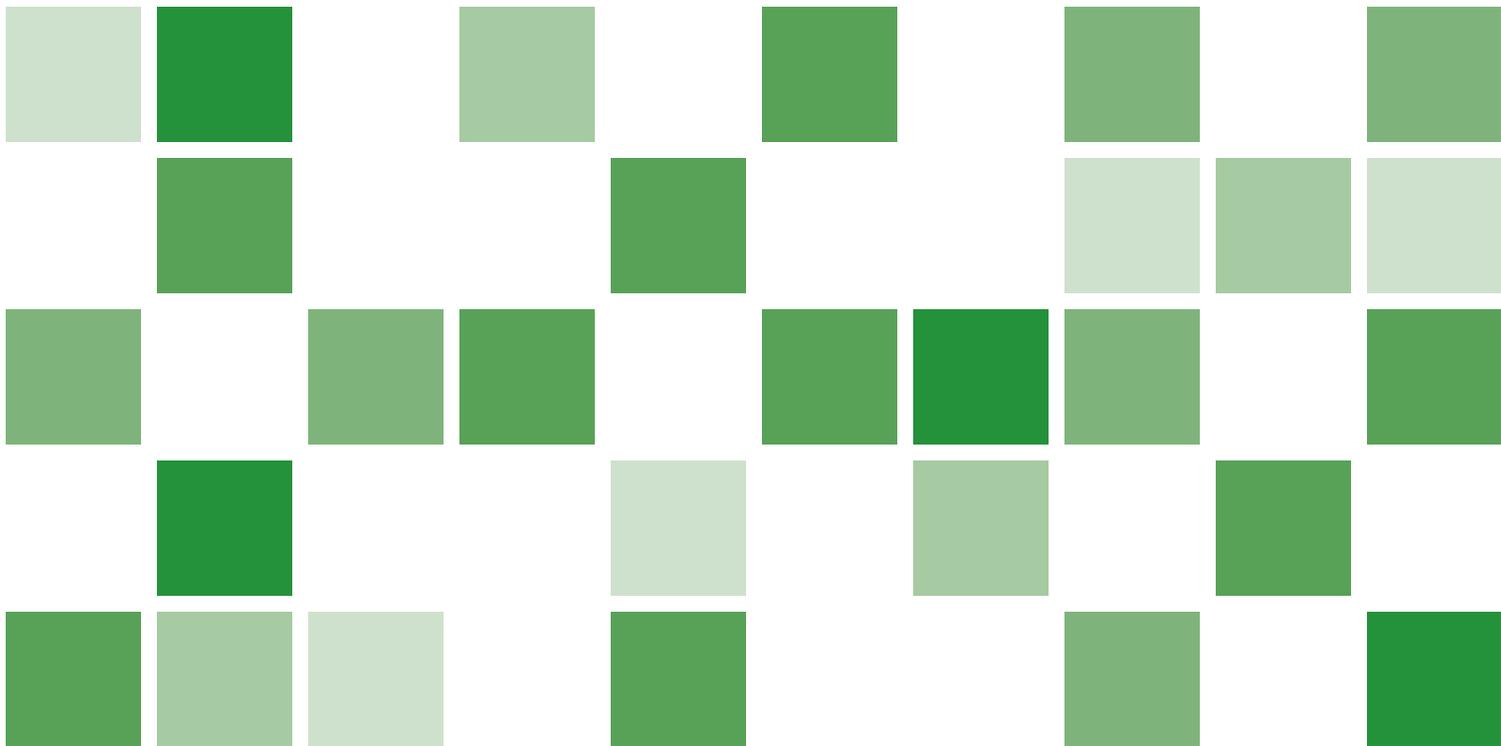
Warner-Wozniak Funeral Service

Wimberg Funeral Home

Woolley-Boglioli Funeral Home

**Wright and Ford Family Funeral Home
and Cremation Services**

Bold = New stockholders in 2015.



CONTACT US

Talk to us and learn how our offerings can give
your funeral home the detailed attention you deserve.



P.O. Box L

Manasquan NJ 08736-0642

888.309.5137

www.thanexus.coop

Thanexus is an economic development program of
New Jersey Funeral Directors Services, Inc.

