



BEREAVEMENT AUTHORITY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2016

BEREAVEMENT AUTHORITY OF ONTARIO

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MARCH 31, 2016

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To the Members of Bereavement Authority of Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of Bereavement Authority of Ontario, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 these financial statements present fairly, in all material respects, the financial position of the Bereavement Authority of Ontario as at March 31, 2016, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

August 23, 2016

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

**BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF FINANCIAL POSITION**

As at March 31	2016	2015
ASSETS		
Current		
Cash	\$ 2,790,167	\$ 373,795
Accounts receivable (Note 3)	496,108	47,439
HST recoverable	83,476	8,153
Prepaid expenses	77,385	14,596
	3,447,136	443,983
Capital assets (Note 4)	350,644	-
	\$ 3,797,780	\$ 443,983
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 270,255	\$ 56,936
Deferred revenue (Note 5)	708,861	387,047
	979,116	443,983
Rent inducement	40,150	-
Deferred contributions - capital assets (Note 6)	350,644	-
	1,369,910	443,983
 NET ASSETS		
Unrestricted net assets	2,427,870	-
	\$ 3,797,780	\$ 443,983

Approved by:

Director: _____

Director: _____

**BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS**

Year ended March 31	2016	2015
NET ASSETS CONSIST OF:		
Unrestricted net assets		
Balance, beginning of year	\$ -	\$ -
Net assets transferred from Board of Funeral Services (Note 8)	1,605,202	-
Excess of revenue over expenses	822,668	-
Purchase of capital assets	(398,354)	-
Funded by deferred contributions - capital assets	398,354	-
	<hr/>	
Balance, end of year	2,427,870	-
	<hr/>	
Invested in capital assets (Note 7)		
Balance, beginning of year	-	-
Excess of revenue over expenses	-	-
Purchase of capital assets	398,354	-
Funded by deferred contributions - capital assets	(398,354)	-
	<hr/>	
Balance, end of year	-	-
	<hr/>	
NET ASSETS, ENDING	\$ 2,427,870	\$ -
	<hr/> <hr/>	<hr/> <hr/>

**BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF OPERATIONS**

Year ended March 31	2016	2015
REVENUE		
Cemetery - operator license fees	\$ 1,015,604	\$ -
Grant revenue (Note 10)	725,929	87,338
Cemetery - individual license fees	36,100	-
Amortization of deferred contributions	47,710	-
	<u>1,825,343</u>	<u>87,338</u>
EXPENSES		
Salaries and wages	308,762	-
Legal fees	200,915	62,196
Consulting fees	146,759	-
Occupancy costs	124,915	-
Directors' remuneration	52,915	18,340
Operations	41,875	152
Non recoverable HST	36,301	-
Professional fees	16,420	5,000
Insurance	14,608	556
Office and general	7,411	81
Interest and bank charges	4,084	1,013
Amortization	47,710	-
	<u>1,002,675</u>	<u>87,338</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 822,668</u></u>	<u><u>\$ -</u></u>

**BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF CASH FLOWS**

Year ended March 31	2016	2015
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 822,668	\$ -
Item not affecting cash:		
Amortization	47,710	-
Amortization of deferred contributions	(47,710)	-
Changes in non-cash working capital:		
Accounts receivable	(448,669)	(47,439)
Prepaid expenses	(62,789)	(14,596)
Accounts payable and accrued liabilities	213,319	56,936
Deferred revenue	321,814	387,047
HST recoverable	(75,323)	(8,153)
Rent inducement	40,150	-
	<u>811,170</u>	<u>373,795</u>
INVESTING		
Purchase of capital assets	(398,354)	-
Deferred contributions - capital assets	398,354	-
Transfer from Board of Funeral Services (Note 8)	1,605,202	-
	<u>1,605,202</u>	<u>-</u>
NET INCREASE IN CASH	2,416,372	373,795
CASH, BEGINNING OF YEAR	373,795	-
CASH, END OF YEAR	\$ 2,790,167	\$ 373,795

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016**

PURPOSE OF THE ORGANIZATION

The Bereavement Authority of Ontario (the "Organization") was established to administer the Funeral, Burial and Cremation Services Act, 2002 and regulations made pursuant to it and any other legislation and regulations as may be designated and delegated to the Organization under the Safety and Consumer Statutes Administration Act, 1996 as amended from time to time and any other legislation or regulations under which responsibilities are designated to the Organization in the future. The Organization is the single regulator for the bereavement sector, in charge of licensing and enforcement functions of the industry.

The Organization was incorporated without share capital under the laws of the Province of Ontario on July 24, 2014. It is a corporation without share capital and is carried on without the purpose of gain for its members, and any profits or other accretions to the corporation shall be used in promoting its objects, and as such, is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant by the Organization.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement, and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of grants receivable, prepaid expenses, HST recoverable, book value of capital assets, accruals for accounts payable and accrued liabilities, and deferral of revenues.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Leasehold improvements	10 years	straight-line over term of lease
Furniture and fixtures	20%	declining balance
Computer equipment	45%	declining balance

The Organization regularly reviews its capital assets to eliminate obsolete items and fully amortize items no longer in service.

Revenue recognition

(i) Grant revenue

The Organization follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized in revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions are allocated to the purpose to which they relate. If the contributor makes no designation, they are allocated to general purposes. Grants are recognized in the period to which the related project expenses are incurred. Grants are recorded in revenue when the corresponding conditions for receipt of the funds received are met, or the period for which the funds are designated has passed. Fundraising revenue, donations, and other income are recorded when received.

Grants received in excess of the amount to be recognized in revenue for the year are recorded as deferred revenue.

(ii) Cemetery operator license fees

Cemeteries and crematoriums pay an annual operator license fee, which costs \$12 per number of self-reported interments, cremations, and scatterings processed per year plus a \$15 license renewal fee. The license fees are charged each fiscal year and are recognized as revenue when the operator submits their renewal application in January to March each year and the license fees to be charged are known. As there is no recourse for the operator to receive a refund of these fees, the revenue is recognized when the renewal application is received and the amounts are known.

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(iii) Cemetery individual license fees

Sales representatives of cemeteries or crematorium operators pay annual license fees. These fees are recognized proportionately over the fiscal year to which they pertain. Unearned fees are recorded as deferred revenue.

2. CAPITAL MANAGEMENT

When managing capital, the Organization's objectives are to ensure that the entity continues as a going concern as well as to maintain optimal benefits to its stakeholders. Management adjusts the capital structure as necessary, in order to support the operational requirements of the organization. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain future development of the organization. The Organization defines capital to include its working capital position and the net assets of the organization.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Organization, is appropriate.

3. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Board of Funeral Services (Note 8)	\$ 3,738	\$ -
Cemetery - operator and license fees	492,370	-
Ministry of Government and Consumer Services	-	47,439
	<u>\$ 496,108</u>	<u>\$ 47,439</u>

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
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4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Leasehold improvements	\$ 256,794	\$ 25,680	\$ 231,114	\$ -
Furniture and fixtures	78,582	7,860	70,722	-
Computer equipment	62,978	14,170	48,808	-
	<u>\$ 398,354</u>	<u>\$ 47,710</u>	<u>\$ 350,644</u>	<u>\$ -</u>

5. DEFERRED REVENUE

	2016	2015
Continuity of deferred revenue:		
Deferred revenue, beginning	\$ 387,047	\$ -
Grants received (note 9)	963,000	474,385
BOFS transfer of deferred license revenue	530,536	
Cemetery individual license fees received	36,100	
Less grant used for capital assets (note 6)	(398,354)	
Less grant receivable holdback written off	(47,439)	-
	<u>1,470,890</u>	<u>474,385</u>
Less revenue recognized		
Grant revenue (note 10)	(725,929)	(87,338)
Cemetery individual license fee revenue	(36,100)	-
	<u>\$ 708,861</u>	<u>\$ 387,047</u>
Deferred revenue consists of:		
Ministry of Government and Consumer Services	\$ 178,325	\$ 387,047
BOFS Deferred license fee revenue	530,536	-
	<u>\$ 708,861</u>	<u>\$ 387,047</u>

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
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6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2016	2015
Balance, beginning of the year	\$ -	\$ -
Amounts received during the year	398,354	-
Amortization of deferred contributions	(47,710)	-
	\$ 350,644	\$ -
Balance, end of the year	\$ 350,644	\$ -

7. INVESTED IN CAPITAL ASSETS

a) Net assets invested in capital assets, which represents internally financed capital assets, are calculated as follows:

	2016	2015
Capital assets, net	\$ 350,644	\$ -
Less unamortized deferred contributions - capital assets	(350,644)	-
	\$ -	\$ -
Balance, end of the year	\$ -	\$ -

b) The net change in net assets invested in capital assets is calculated as follows:

	2016	2015
Amortization of deferred contributions	\$ 47,710	\$ -
Less amortization of capital assets	(47,710)	-
	\$ -	\$ -
	\$ -	\$ -

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
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8. NET ASSET TRANSFER FROM BOARD OF FUNERAL SERVICES

The last day of operations for the Board of Funeral Services ("BOFS") was March 31, 2016, after which the corporation will be dissolved. All of BOFS' investments were liquidated, accounts receivable and payable cleared, and the remaining net balance of \$2,135,748 was transferred to the Organization. Included in the transferred balance were deferred BOFS revenues of \$530,546 for license fees related to the fiscal 2017 year end. This amount was included in deferred revenue (note 5) resulting in a net transfer directly to net assets of \$1,605,202. The Organization assumed the responsibilities of BOFS as of April 1, 2016.

9. GRANTS RECEIVED

	2016	2015
Ministry of Government and Consumer Services	\$ 963,000	\$ 474,385

10. GRANT REVENUE

	2016	2015
Ministry of Government and Consumer Services	\$ 725,929	\$ 87,338

11. COMMITMENTS

The Organization is committed to lease its premises at 100 Sheppard Avenue East, Suite 505, Toronto, Ontario M2N 6N5 until May 31, 2026. The future minimum annual lease payments are as follows:

Fiscal year	Amount
2017	\$ 80,304
2018	80,304
2019	80,304
2020	80,304
2021 and thereafter	468,440
	\$ 789,656

The Organization agreed to reimburse BOFS for any payments it is required to make pursuant to its lease for office space until June 30, 2016. The rental expense has been paid in full by BOFS on behalf of the Organization, with the net assets transferred to the Organization (Note 8).

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016**

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's method of presentation.