



BEREAVEMENT AUTHORITY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2018

BEREAVEMENT AUTHORITY OF ONTARIO

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MARCH 31, 2018

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INDEPENDENT AUDITORS' REPORT

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, 2018, 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, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

June 18, 2018

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

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

As at March 31	2018	2017
ASSETS		
Current		
Cash	\$ 718,023	\$ 4,317,280
Short-term investments	4,800,000	-
Accounts receivable (note 3)	62,762	45,255
Prepaid expenses	69,155	90,360
	5,649,940	4,452,895
Capital assets (note 4)	296,883	341,814
Intangible asset	166,576	10,170
	\$ 6,113,399	\$ 4,804,879
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 321,951	\$ 186,380
Deferred revenue (note 5)	448,423	455,775
	770,374	642,155
Rent inducement	60,950	62,235
Deferred contributions - capital assets (note 6)	260,504	312,543
	1,091,828	1,016,933
NET ASSETS		
Unrestricted net assets	4,818,616	3,748,505
Invested in capital assets (Note 7)	202,955	39,441
	5,021,571	3,787,946
	\$ 6,113,399	\$ 4,804,879

Approved by:

Director: _____



Director: _____



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

<u>Year ended March 31</u>	<u>2018</u>	<u>2017</u>
NET ASSETS CONSIST OF:		
Unrestricted net assets		
Balance, beginning of year	\$ 3,748,505	\$ 2,427,870
Excess of revenue over expenses	1,245,213	1,365,722
Purchase of capital assets	(18,696)	(61,555)
Purchase of intangible asset	(156,406)	(10,170)
Funded by deferred contributions - capital assets	-	26,638
	<hr/>	<hr/>
Balance, end of year	4,818,616	3,748,505
Invested in capital assets (note 7)		
Balance, beginning of year	39,441	-
Excess of expenses over revenues	(11,588)	(5,646)
Purchase of capital assets	18,696	61,555
Purchase of intangible asset	156,406	10,170
Funded by deferred contributions - capital assets	-	(26,638)
	<hr/>	<hr/>
Balance, end of year	202,955	39,441
NET ASSETS, ENDING	<hr/> \$ 5,021,571	<hr/> \$ 3,787,946

**BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF OPERATIONS**

Year ended March 31	2018	2017
REVENUE		
Funeral - operator license fees	\$ 1,775,605	\$ 1,702,023
Cemetery - operator license fees	1,563,849	1,019,927
Funeral - personal license fees	645,282	776,898
Cemetery - individual license fees	115,959	103,968
Funeral - exam fees	55,142	82,175
Interest income	48,324	-
Other revenue	6,023	-
Grant revenue (note 9)	-	363,380
Amortization of deferred capital contribution	52,039	64,739
	<u>4,262,223</u>	<u>4,113,110</u>
EXPENSES		
Salaries and wages	1,854,643	1,672,556
Occupancy costs	307,616	205,260
Operations	271,796	228,118
Ministry oversight fee	100,000	100,000
Legal fees	96,829	80,599
Directors' remuneration	74,547	32,850
Information technology	66,964	126,735
Office and general	53,413	69,825
Consulting fees	43,519	55,386
Insurance	42,377	41,092
Interest and bank charges	35,635	37,063
Professional fees	17,632	33,165
Amortization of capital assets	63,627	70,385
	<u>3,028,598</u>	<u>2,753,034</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 1,233,625</u>	<u>\$ 1,360,076</u>

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

Year ended March 31	2018	2017
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 1,233,625	\$ 1,360,076
Item not affecting cash:		
Amortization of capital assets	63,627	70,385
Amortization of deferred capital contribution	(52,039)	(64,739)
Changes in non-cash working capital:		
Accounts receivable	(17,507)	450,853
HST recoverable	-	83,476
Prepaid expenses	21,205	(12,975)
Accounts payable and accrued liabilities	135,571	(83,875)
Deferred revenue	(7,352)	(253,086)
Rent inducement	(1,285)	22,085
	<u>1,375,845</u>	<u>1,572,200</u>
INVESTING		
Purchase of capital assets	(18,696)	(61,555)
Purchase of short term investments	(4,800,000)	-
Deferred contributions - capital assets	-	26,638
Purchase of intangible asset	(156,406)	(10,170)
	<u>(4,975,102)</u>	<u>(45,087)</u>
NET INCREASE IN CASH	(3,599,257)	1,527,113
CASH, BEGINNING OF YEAR	4,317,280	2,790,167
CASH, END OF YEAR	\$ 718,023	\$ 4,317,280

BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

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 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 prepaid expenses, book value of capital and intangible 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, 2018**

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	Term of Lease	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 grant revenue. Restricted contributions, if any, are recognized in revenue in the year in which the related expenditures are incurred. Unrestricted grant revenue is recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Grant revenue is 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 and funeral operator license fees

Cemetery, crematorium, and funeral operators pay an annual operator license fee, which consist of self-reported activities of the prior year plus a license renewal fee. The license fees are charged each fiscal year and are recognized as revenue when the operator submits their renewal application 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, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

iii) Cemetery sales representative and funeral personal license fees

Sales representatives of cemeteries or crematorium operators and funeral directors, transfer service sales representatives, and funeral preplanners pay annual license fees. These fees are recognized proportionately over the fiscal year to which they pertain. Unearned fees are recorded as deferred revenue.

iii) Funeral - exam fees

Examination fees are recognized at the time of registration.

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>2018</u>	<u>2017</u>
Tenant improvement allowance	\$ 26,638	\$ 26,638
Funeral Services Compensation Fund Administrative Revenue	17,348	18,617
Interest receivable on short-term investments	18,776	-
	<u>\$ 62,762</u>	<u>\$ 45,255</u>

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NOTES TO THE FINANCIAL STATEMENTS
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4. CAPITAL AND INTANGIBLE ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Leasehold improvements	\$ 289,443	\$ 83,812	\$ 205,631	\$ 230,043
Furniture and fixtures	105,157	39,000	66,157	71,680
Computer equipment	84,005	58,910	25,095	40,091
	<u>478,605</u>	<u>181,722</u>	<u>296,883</u>	<u>341,814</u>
Intangible asset	166,576	-	166,576	10,170
Total capital and intangible assets	<u>\$ 645,181</u>	<u>\$ 181,722</u>	<u>\$ 463,459</u>	<u>\$ 351,984</u>

5. DEFERRED REVENUE

	2018	2017
Continuity of deferred revenue:		
Deferred revenue, beginning	\$ 455,775	\$ 708,861
Grants received (note 8)	-	107,000
Funeral fees received	2,412,880	2,430,693
Cemetery revenue received	1,735,605	1,179,537
Less funding used for capital assets	-	78,055
	<u>4,604,260</u>	<u>4,504,146</u>
Less revenue recognized		
Grant revenue (note 9)	-	(363,380)
Funeral revenue	(2,476,029)	(2,561,096)
Cemetery revenue	(1,679,808)	(1,123,895)
	<u>\$ 448,423</u>	<u>\$ 455,775</u>

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
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5. DEFERRED REVENUE (CONTINUED)	2018	2017
Deferred revenue consists of:		
Deferred license revenue - funeral	\$ 392,626	\$ 400,133
Deferred license revenue - cemetery	55,797	55,642
	\$ 448,423	\$ 455,775

6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2018	2017
Balance, beginning of the year	\$ 312,543	\$ 350,644
Amounts received during the year	-	26,638
Amortization of deferred contributions	(52,039)	(64,739)
	\$ 260,504	\$ 312,543

7. INVESTED IN CAPITAL ASSETS

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

	2018	2017
Capital and intangible assets, net (note 4)	\$ 463,459	\$ 351,984
Less unamortized deferred contributions - capital assets	(260,504)	(312,543)
	\$ 202,955	\$ 39,441

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTED IN CAPITAL ASSETS (CONTINUED)

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

	<u>2018</u>	<u>2017</u>
Amortization of deferred contributions	\$ 52,039	\$ 64,739
Less amortization of capital assets	<u>(63,627)</u>	<u>(70,385)</u>
	<u>\$ (11,588)</u>	<u>\$ (5,646)</u>

8. GRANTS RECEIVED

	<u>2018</u>	<u>2017</u>
Ministry of Government and Consumer Services	<u>\$ -</u>	<u>\$ 107,000</u>

9. GRANT REVENUE

	<u>2018</u>	<u>2017</u>
Ministry of Government and Consumer Services	<u>\$ -</u>	<u>\$ 363,380</u>

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
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10. RELATED PARTY TRANSACTIONS

The Compensation Fund was established November 1, 1990 under the Funeral Directors and Establishments Act (Ontario) (FDEA) to compensate consumers whose prepayment funds have been misappropriated. The Fund continued under Regulation 468 of the Revised Regulations of Ontario, 1990 (Compensation Fund) made under the Funeral Directors and Establishments Act, as that regulation read immediately before its revocation, and known as the Prepaid Funeral Services Compensation Fund is continued as the compensation fund for purposes of subsection 61(1) of the Funeral, Burial and Cremation Services Act, 2002 (FBCSA) under the name of the Funeral Services Compensation Fund (the Fund). The purpose of the Fund is to compensate a person who suffers a financial loss due to a failure on the part of a licensee to comply with the FBCSA or the regulations or with the terms of an agreement made under the FBCSA.

Pursuant to section c. 33, s. 61(1), made under the Funeral, Burial and Cremation Services Act, 2002, except for the duties and responsibilities of the Trustee and the Organization, the affairs of the Fund are managed by the Compensation Fund committee whose members are appointed by the Board of the Organization.

The Fund employs the Organization to provide administrative services on a cost recovery basis. These services include paying the Compensation Committee's members' per diems, bookkeeping services, administrative costs related to staff attending committee meetings, and legal costs paid on its behalf. Total costs reimbursable to the Board for the current fiscal year is \$6,818 (2017 - \$18,617). These amounts are recorded as salaries and wages recoveries in the statement of operations and is netted against that number.

11. COMMITMENTS

The Organization is committed to lease its premises at 100 Sheppard Avenue East, Suite 500 and 505, Toronto, Ontario M2N 6N5 until May 31, 2026. The future minimum commitments are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2019	\$ 299,782
2020	299,782
2021	299,782
2022	299,782
2023 and thereafter	<u>1,249,091</u>
	<u>\$ 2,448,219</u>