



BEREAVEMENT AUTHORITY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2019

BEREAVEMENT AUTHORITY OF ONTARIO

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bereavement Authority of Ontario

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bereavement Authority of Ontario as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 26, 2019

Sloan Partners LLP

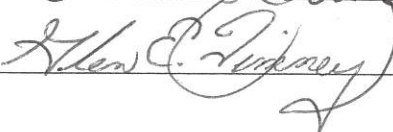
Chartered Professional Accountants
Licensed Public Accountants

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

As at March 31	2019	2018
ASSETS		
Current		
Cash	\$ 440,906	\$ 718,023
Short-term investments	5,772,014	4,800,000
Accounts receivable (note 3)	140,824	62,762
Prepaid expenses	73,649	69,155
	6,427,393	5,649,940
Capital assets (note 4)	309,210	296,883
Intangible asset (note 4)	158,637	166,576
	\$ 6,895,240	\$ 6,113,399
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 318,611	\$ 321,951
Deferred revenue (note 5)	444,904	448,423
	763,515	770,374
Rent inducement	54,161	60,950
Deferred contributions - capital assets (note 6)	216,165	260,504
	1,033,841	1,091,828
NET ASSETS		
Restricted net assets (Note 7)	2,022,014	-
Unrestricted net assets	3,587,703	4,818,616
Invested in capital assets (Note 8)	251,682	202,955
	5,861,399	5,021,571
	\$ 6,895,240	\$ 6,113,399

Approved by:

Director: 

Director: 

See the accompanying notes to the financial statements

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

Year ended March 31	2019	2018
NET ASSETS CONSIST OF:		
Restricted net assets (note 7)		
Balance, beginning of the year	\$ -	\$ -
Allocation from unrestricted fund	2,022,014	-
Balance, end of the year	2,022,014	-
Unrestricted net assets		
Balance, beginning of year	\$ 4,818,616	\$ 3,748,505
Allocation to restricted fund	(2,022,014)	-
Excess of revenue over expenses	878,736	1,245,213
Purchase of capital assets	(77,973)	(18,696)
Purchase of intangible asset	(9,662)	(156,406)
Balance, end of year	3,587,703	4,818,616
Invested in capital assets (note 8)		
Balance, beginning of year	202,955	39,441
Excess of expenses over revenues	(38,908)	(11,588)
Purchase of capital assets	77,973	18,696
Purchase of intangible asset	9,662	156,406
Balance, end of year	251,682	202,955
NET ASSETS, ENDING	\$ 5,861,399	\$ 5,021,571

**BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF OPERATIONS**

Year ended March 31	2019	2018
REVENUE		
Funeral - operator license fees	\$ 1,870,158	\$ 1,775,605
Cemetery - operator license fees	1,758,442	1,563,849
Funeral - personal license fees	632,938	645,282
Cemetery - individual license fees	132,823	115,959
Interest income	81,469	48,324
Funeral - exam fees	48,300	55,142
Other revenue	12,214	6,023
Amortization of deferred capital contribution	44,339	52,039
	<u>4,580,683</u>	<u>4,262,223</u>
EXPENSES		
Salaries and wages	2,207,127	1,854,643
Occupancy costs	296,839	307,616
Legal fees	274,995	96,829
Operations	230,667	271,796
Information technology	160,805	66,964
Directors' remuneration	132,552	74,547
Consulting fees	102,743	43,519
Ministry oversight fee	100,000	100,000
Office and general	53,664	53,413
Insurance	41,888	42,377
Interest and bank charges	38,836	35,635
Professional fees	17,492	17,632
Amortization of intangible asset	17,600	-
Amortization of capital assets	65,647	63,627
	<u>3,740,855</u>	<u>3,028,598</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 839,828</u>	<u>\$ 1,233,625</u>

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

Year ended March 31	2019	2018
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 839,828	\$ 1,233,625
Item not affecting cash:		
Amortization of capital assets	65,647	63,627
Amortization of intangible asset	17,600	-
Amortization of deferred capital contribution	(44,339)	(52,039)
Changes in non-cash working capital:		
Accounts receivable	(78,062)	(17,507)
Prepaid expenses	(4,494)	21,205
Accounts payable and accrued liabilities	(3,340)	135,571
Deferred revenue	(3,519)	(7,352)
Rent inducement	(6,789)	(1,285)
	<u>782,532</u>	<u>1,375,845</u>
INVESTING		
Purchase of capital assets	(77,974)	(18,696)
Purchase of short term investments	(972,014)	(4,800,000)
Purchase of intangible asset	(9,661)	(156,406)
	<u>(1,059,649)</u>	<u>(4,975,102)</u>
NET DECREASE IN CASH	(277,117)	(3,599,257)
CASH, BEGINNING OF YEAR	718,023	4,317,280
CASH, END OF YEAR	\$ 440,906	\$ 718,023

BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

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, 2019

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.

Intangible asset

The intangible asset is stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over 10 years which represents the estimated productive life of the intangible asset. The amortization method and the estimate of the useful life of the asset is reviewed annually.

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.

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(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.

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.

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

3. ACCOUNTS RECEIVABLE

	2019	2018
Tenant improvement allowance	\$ -	\$ 26,638
Funeral Services Compensation Fund Administrative Revenue	22,846	17,348
Interest receivable on short-term investments	25,731	18,776
Cemetery - operator and license fees	92,247	-
	\$ 140,824	\$ 62,762

4. CAPITAL AND INTANGIBLE ASSETS

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Leasehold improvements	\$ 351,451	\$ 122,049	\$ 229,402	\$ 205,631
Furniture and fixtures	110,805	52,800	58,005	66,157
Computer equipment	94,323	72,520	21,803	25,095
	556,579	247,369	309,210	296,883
Intangible asset	176,237	17,600	158,637	166,576
Total capital and intangible assets	\$ 732,816	\$ 264,969	\$ 467,847	\$ 463,459

BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
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5. DEFERRED REVENUE	<u>2019</u>	<u>2018</u>
Continuity of deferred revenue:		
Deferred revenue, beginning	\$ 448,423	\$ 455,775
Funeral fees received	2,485,360	2,412,880
Cemetery revenue received	<u>1,953,782</u>	<u>1,735,605</u>
	4,887,565	4,604,260
Less revenue recognized		
Funeral revenue	(2,551,396)	(2,476,029)
Cemetery revenue	<u>(1,891,265)</u>	<u>(1,679,808)</u>
Deferred revenue, ending	<u>\$ 444,904</u>	<u>\$ 448,423</u>
 Deferred revenue consists of:		
Deferred license revenue - funeral	\$ 382,387	\$ 392,626
Deferred license revenue - cemetery	<u>62,517</u>	<u>55,797</u>
	<u>\$ 444,904</u>	<u>\$ 448,423</u>

6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Balance, beginning of the year	\$ 260,504	\$ 312,543
Amortization of deferred contributions	<u>(44,339)</u>	<u>(52,039)</u>
Balance, end of the year	<u>\$ 216,165</u>	<u>\$ 260,504</u>

7. RESTRICTED NET ASSETS

During the year, the Organization created an operating reserve for maintaining and accumulating funds that are available when needed due to unforeseen operating shortfalls.

An initial reserve of \$2,000,000 was established. On April 11, 2018, the Board approved the reserve effective immediately upon transfer funds.

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

8. INVESTED IN CAPITAL ASSETS

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

	2019	2018
Capital and intangible assets, net (note 4)	\$ 467,847	\$ 463,459
Less unamortized deferred contributions - capital assets	(216,165)	(260,504)
Balance, end of the year	\$ 251,682	\$ 202,955

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

	2019	2018
Amortization of deferred contributions	\$ 44,339	\$ 52,039
Less amortization of intangible asset	(17,600)	-
Less amortization of capital assets	(65,647)	(63,627)
	\$ (38,908)	\$ (11,588)

9. 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.

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

9. RELATED PARTY TRANSACTIONS (CONTINUED)

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 \$nil (2018 - \$6,818). These amounts are recorded as salaries and wages recoveries in the statement of operations and is netted against that number.

10. 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>
2020	\$ 317,708
2021	317,708
2022	317,708
2023	317,708
2024 and thereafter	<u>1,006,078</u>
	<u>\$ 2,276,910</u>