



Annual Report

April 1, 2016 to March 31, 2017



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www.AndrewCollett.com

Message from the Chair

The Honourable Tracy MacCharles
Minister of Government and Consumer Services
Minister Responsible for Accessibility
Mowat Block, 6th Floor, 900 Bay Street,
Toronto, ON M7A 1L2



Dear Minister MacCharles,

On behalf of the inaugural Board of Directors ("the Board"), of the Bereavement Authority of Ontario (BAO) I have the privilege of presenting our first Annual Report. The Annual Report details our operational activities and our

financial standing for the fiscal year April 1, 2016 to March 31, 2017.

The BAO assumed responsibility for the bereavement sector in Ontario in two stages. On January 16, 2016, the BAO became responsible for licensing and enforcement of the cemetery and crematorium sectors. On April 1, 2016, the BAO took on full responsibility for the bereavement sector, including funeral and transfer services.

The responsibility of administering provisions of the *Funeral, Burial and Cremation Services Act, 2002* on behalf of the Ministry of Government and Consumer Services (MGCS) places the BAO in the role of the single regulator for the entire bereavement sector in Ontario. The BAO provides an effective one-window approach for both licensees and consumers. Consumers now have a single point of contact for any questions or complaints that they may have about funeral, transfer, cemetery and crematorium services.

The 8-member inaugural Board met nine times between April 2016 and March 2017. I am pleased to report that much was accomplished at both the operational and strategic level. An important milestone for the Board was the development of a nomination and election process for establishing a permanent Board.

The inaugural Board also established several committees that oversee the nomination of future Board and Committee members, the management of the

Compensation Fund, and that ensure the voices of the industry are heard via three advisory committees; Funeral and Transfer Services; Cemetery, Crematorium and Municipal; and Faith-based. There is a consumer representative on the Funeral and Transfer Services and Cemetery, Crematorium and Municipal Advisory Committees.

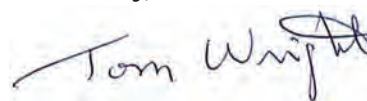
A further milestone was the development of the BAO's permanent Corporate By-law which sets out the structure for the operation of the BAO's permanent Board. The interim Board also approved several foundational policies to oversee processes for procurement, expense reimbursement, remuneration, investment and access and privacy.

I would like to thank the MGCS implementation unit, the Board of Funeral Services and Cemeteries Regulation Unit staff all of whom helped to facilitate the start-up of the BAO. The early successes of the BAO are very much due to the hard work, talent and commitment of BAO staff under the leadership of the CEO/Registrar. The CEO/Registrar has brought a new openness and transparency to the regulatory activities of the BAO and how they are conducted.

The BAO has benefitted greatly from the strong, collaborative working relationship that exists with MGCS. This positive relationship is integral to the future successes of the BAO as it strives to successfully fulfill its mandate.

Finally, I'd like to thank all Directors for their hard work, wisdom and guidance. A solid foundation exists for the BAO to be an effective and responsive regulatory organization and to never stand still in its drive for continuous improvement and protection of the public.

Yours truly,



Tom Wright
Chair of the Board of Directors
Bereavement Authority of Ontario

Message from the CEO & Registrar



I am honoured to have been appointed by the interim Board of Directors as the Bereavement Authority of Ontario's (BAO) first CEO and Registrar. I am privileged to work with such a dedicated and knowledgeable Board, and with a strong and dynamic team of employees.

Together we will ensure that the BAO addresses the challenges and opportunities ahead with a positive and productive approach for stakeholders, licensees and consumers – I assure you that each voice will be heard.

As the CEO, I am excited to be building the BAO from the ground up, and to be a part of the evolution of two sectors converging; cemetery/crematorium and funeral/transfer service. Although some aspects of the two worlds are very different, there are many alignments and efficiencies that the BAO can capitalize upon to provide smoother, simpler services for licensees, and more efficient resources for consumers.

The BAO is responsible for effective and efficient licensing and consumer protection for the bereavement industry in order to fulfill its obligations under its Administrative Agreement with the Ministry of Government and Consumer Services (MGCS). It is also responsible for ensuring licensee compliance with the *Funeral, Burial and Cremation Services Act, 2002*. As Registrar, I take the responsibilities conferred upon that position seriously and I look forward to working with the bereavement industry sector and with consumers in an open, accessible, accountable, and responsive manner.

The BAO staff and Board appreciate the planning and execution done by the MGCS implementation team prior to the BAO's delegation. Their thorough research and consultation resulted in a seamless transition from the Cemetery Regulations Unit (CRU) and the Board of Funeral Services (BOFS) organizations to the BAO, and revealed some inconsistencies that have been (and are still being) addressed. We were well positioned to overcome challenges that are inherent in a start-up organization,

be they technological, human resources, customer service or regulatory in nature.

In its first year of operations, the BAO has celebrated several accomplishments, among them:

- A strong financial momentum has been set and the BAO has maintained an early course of fiscal discipline.
- The transition from an outdated database, to a new system that will handle all of the BAOs operations. This project will continue throughout 2017 and we look forward to the efficiencies that this new system will bring to the BAO and its licensees.
- The new and improved online license renewal system is only the first step towards simplifying licensee interactions with the BAO. We will continue to expand our online services.
- Licensees and consumers alike will enjoy the new content and modern design of the Consumer Information Guide.
- The delivery of the internship program has been placed in the capable hands of the colleges.
- The development of three Advisory Committees, consisting of 23 committee members/industry experts, who will advise me on matters that impact the two sectors.

As we look ahead, we will continue to forge bonds with other established administrative authorities and collaborate with them for best practices, to find approaches that better engage our stakeholders and to provide accessible, informative and user-friendly information to consumers.

Above all, we look forward to exploring, expanding and implementing the BAO's mandate throughout 2017!

A handwritten signature in dark ink, appearing to read 'Carey Smith'.

Carey Smith
CEO and Registrar



Organizational Overview

The BAO is an independent, not-for-profit corporation which administers provisions of the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA), and which governs the bereavement sector in the province of Ontario.

Mandate

The BAO's mandate is to serve and protect the public interest by administering the FBCSA and the associated regulations.

The BAO is responsible for:

- Licencing of funeral establishments, transfer service operators, cemetery operators, crematorium operators, funeral directors, funeral preplanners, transfer service sales representatives, cemetery sales representatives, and crematorium sales representatives.
- Promoting and enhancing public information, education, confidence and awareness in the bereavement industry in Ontario through licensing, inspections, investigations, responding to complaints and public education activities.
- Engaging the public, stakeholders and government to enhance consumer protection and foster constructive dialogue.

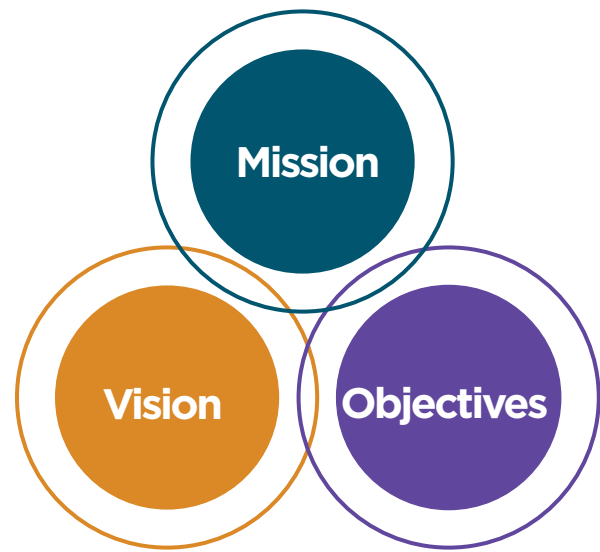
The BAO supports the Ministry of Government and Consumer Services' mission of protecting the public interest and advancing the principle of ensuring a fair, safe and informed sector as it relates to the FBCSA.

Mission

The BAO's mission is to ensure consumer protection by regulating funeral, transfer, cemetery and crematorium services in accordance with the FBCSA.

Vision

The BAO's vision is a safe, secure and professional bereavement sector.



Objectives

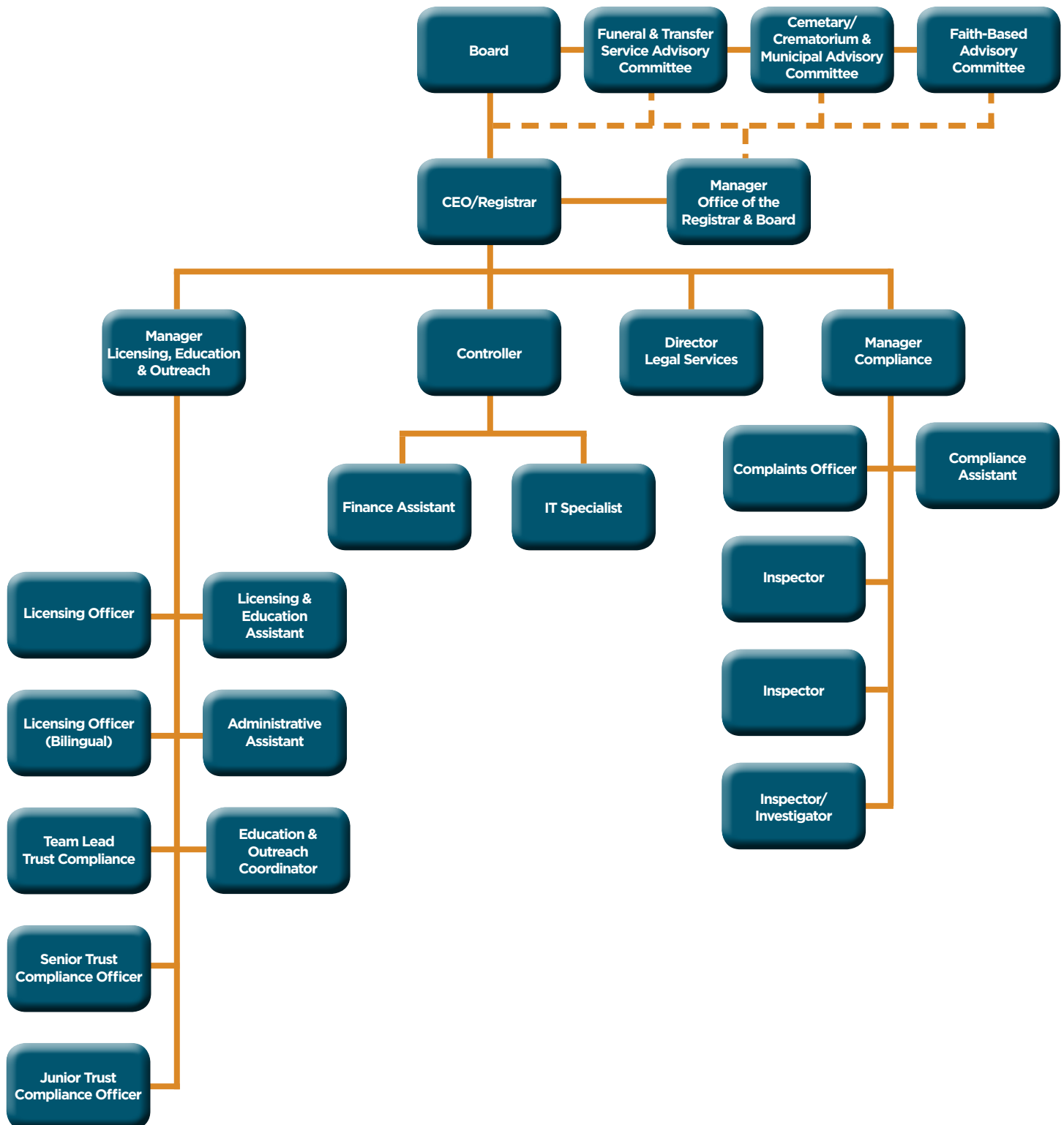
The BAO's objectives include:

- Ensuring licensee compliance with the FBCSA.
- Protecting the interests of the consumers of Ontario by establishing, implementing and maintaining high standards of practice, professional expertise and ethics in the provision of funeral, transfer, cemetery and crematorium services.
- Informing consumers about their rights, as related to bereavement.
- Maintaining a high level of educational standards/requirements for licensees.
- Consulting with stakeholders in order to ensure their needs and interests are recognized.
- Developing recommendations to Government on legislation, regulation, policy and practices.
- Developing, implementing and evaluating an ongoing plan to effectively accomplish the goals and objectives of the BAO.



Organization Chart

The BAO employed 21 full time equivalent employees (March 31, 2017):



The Role of the Board

The Board of Directors has the authority to direct the BAO in accordance with its Administrative Agreement with MGCS and all applicable statutes. The Board is accountable to the Minister through the Chair, for the performance of the BAO.

Director Qualifications

The Bereavement Authority of Ontario (BAO) has been governed (from September 2014 to March 2017), by an eight-member interim Board of Directors. These Directors include representatives from industry associations, a religious organization, a municipality, government, the former Board of Funeral Services, a consumer representative, and an individual with extensive DAA experience. The Board of Directors are required to possess the following skills, core competencies and attributes:

| Category | Skill/Competency |
|------------|---------------------------------------|
| Governance | Board and Governance Experience |
| | Financial Literacy |
| | Risk Management |
| | Strategic Direction and Planning |
| Regulatory | Government and Regulatory Environment |
| | Stakeholder Relations |

Committees

The following standing committees have been appointed by the Board of Directors. Combined, they are comprised of 28 committee members who participated in nine meetings, held between April 1, 2016 to March 31, 2017.

- Compensation Fund Committee
- Nominations Committee
- Funeral and Transfer Service Advisory Committee
- Cemetery, Crematorium and Municipal Advisory Committee
- Faith-based Advisory Committee

Board of Director Biographies



Tom Wright
Board Chair

Tom Wright was elected Chair of the Interim Board of Directors of the BAO in September 2014. He is also Chair of the initial Boards of Directors of the Ontario Film Authority and the Condominium Authority of Ontario and Vice-Chair of the initial Board of Directors of the Resource Productivity and Recovery Authority. In November 1997 Tom became

Registrar under the Real Estate and Business Brokers Act and in January 2002 became CEO at the Real Estate Council of Ontario until his retirement in September 2014. From 1991 to 1997 Tom was Information and Privacy Commissioner for the Province of Ontario. A graduate of Queen's Law School, Tom was called to the Ontario Bar in 1975 and practiced law for 10 years prior to joining the Ontario Public Service in 1985 where he held various legal positions.



Aubrey LeBlanc
Vice-Chair

Aubrey works as Chief Administrative Officer of the Ontario Building Officials Association, an industry association representing, training and certifying Ontario's municipal building officials. He is also Chair of the Condominium Management Regulatory Authority of Ontario. Aubrey is Past-President of the Consumers Council of Canada. For a decade, he was

President and Registrar of what is now the Taron Warrant Corporation, another consumer-protection delegated authority of the Ontario Government. He has also been a senior executive in several provincial government ministries, and was most recently the Chief Building Official for Ontario. He has a M.Sc. degree from the University of Wisconsin, and an MBA from York University's Schulich School of Business.



Renu Kulendran
Secretary-Treasurer

Renu Kulendran is the Assistant Deputy Minister of the Consumer Services Operations Division in the Ministry of Government and Consumer Services. Renu is responsible for delivering the ministry's consumer complaint, regulatory compliance and enforcement programs; implementing modernized data and risk-based awareness, prevention

and enhanced compliance and enforcement strategies for the ministry; transforming ministry program delivery; and, developing regulatory partnerships with other ministries, governments and enforcement entities to achieve consumer protection objectives. Renu has extensive experience in social and economic resource policy development; issues management; stakeholder relations; and, experience managing complex enforcement and compliance issues in an operational context. Renu has held senior leadership positions at the Ministry of Labour, Ministry of Community Safety and Correctional Services, the Ministry of Education, and Cabinet Office. She has worked in the Ontario Public Service for over 28 years.



Yves Berthiaume
Director

Yves Berthiaume is the President and CEO of Salon Funéraire Familial Berthiaume Family Funeral Home Inc., a family business established in 1896 with operations in both Ontario and Quebec. Yves was Chair of the Board of Funeral Service of Ontario, and Vice President of the group Professional en Rituals Funéraire. At the age of 40, Yves was the youngest President of Optimist International,

one of the four largest service club organizations in the world. He was President-elect of the Canadian Children's Optimist Foundation for 2015-2016. Yves was also the initiator of the "Loss, Grief, and Growth Program", which offers educational material to students starting from Kindergarten through grade 12 in schools across Canada.



Steve Helman
Director

A seasoned professional with almost 30 years of municipal government experience, Steve is currently the Director of Recreation and Facility Services for the Corporation of the City of Waterloo. Within this role, Steve has been responsible for overall facility operations, business services, programming and event management including manage-

ment of the City's Cemetery Services division. Steve is also proud to have served on the Board for the Ontario Association of Cemetery and Funeral Professionals for several years where he held the position of President in 2006.



John O'Brien
Director

John J. O'Brien has held the position of Episcopal Delegate for Cemeteries and Insurance for the Roman Catholic Diocese of Hamilton since January 1, 2014. He previously served as the Diocese's Business Administrator from 1999 to 2013 and Director of The Catholic Cemeteries of the Diocese of Hamilton from 1987 to 2013. Mr. O'Brien served on the Board of the Catholic

Cemetery Conference, Chicago, Illinois from 1993 to 2006 including a term as President from 2002-2004. He is currently President of the Ontario Catholic Cemetery Conference. In July of 2014, he became one of the incorporating Directors of the Bereavement Authority of Ontario. In September of 2016, he was appointed to the Board of Carpenter Hospice, a ten-bed hospice in Burlington, Ontario. Mr. O'Brien is the third generation of his family to be actively involved in Catholic cemetery management, and this year is celebrating the 100th anniversary of his family's service to the Diocese of Hamilton.



Brian Parent
Director

Brian Parent is a past President and for many years the Legislative Co-Chair for the Ontario Funeral Service Association, of which he has been a member since 1982. He is the President of Families First Funeral Home & Tribute Centre in Windsor, Ontario and has been a licensed funeral director for over 35 years.

Brian received the Entrepreneur of the Year Award in 2006 and Business of the Year Award in 2011 from the Windsor & Essex District Chamber of Commerce. Brian serves as a Director in a number of organizations. He is currently a Board Member and a past President of the Victim Services Board of Management, a current Board Member and past President of the Victorian Order of Nurses, and a Director for the Essex Regional Conservation Authority. Brian is also very active as a Member of the National Funeral Directors Association, and the Windsor & Essex District Chamber of Commerce.



Glen Timney
Director

Glen Timney is Vice President of Corporate Development at Mount Pleasant Group. Glen was appointed to the BAO's Interim Board of Directors in 2014 and was elected to continue on the 'permanent' BAO Board of Directors in 2016, currently serving as Cemetery, Crematorium and Municipal Advisory Committee Chair. Glen has worked in Ontario's bereavement industry for over 45 years and is past president of the Ontario Association of Cemetery and Funeral Professionals.



Report on Performance

Performance Statistics

Licensing Measures

Subject to some exemptions, Ontario based funeral establishments, transfer service operators, cemetery operators, crematorium operators, funeral directors, funeral preplanners, transfer service sales representatives, cemetery sales representatives, and crematorium sales representatives require a license under the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA).

Renewal letters for both personal and establishment licenses are sent out 60 days prior to a licensee's expiry date. Provided that all of the information on an application form is complete and correct, a license is issued within three business days. All phone and/or email inquiries are answered within one business day. Between April 1, 2016 – March 31, 2017 the BAO licensed a total of 6,920 individuals and establishments throughout 10 categories (Sales Representatives are considered one category, but have been separated by sector below):

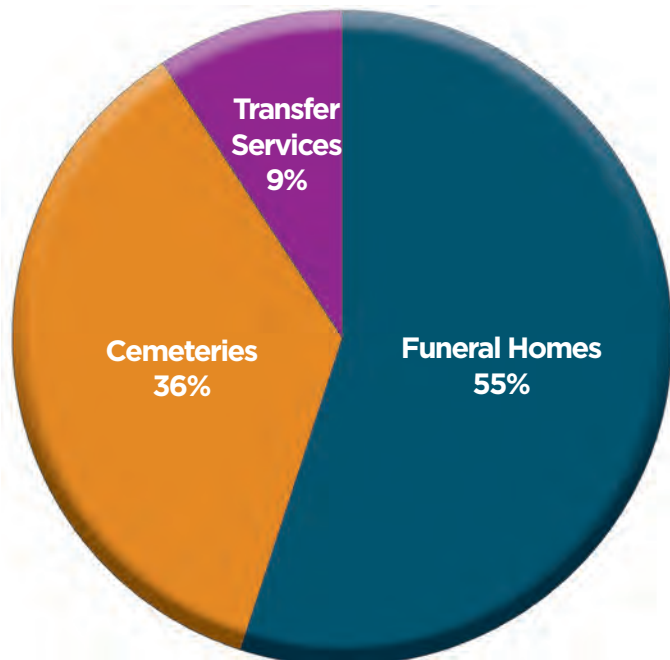
| Licence Categories | # Licencees April 1, 2016 to March 31, 2017 |
|--|--|
| Funeral Establishment Operators (Class 1 - embalming) | 574 |
| Funeral Establishment Operators (Class 2) | 9 |
| Funeral Directors (Class 1 - embalming) | 2,752 |
| Funeral Directors (Class 2) | 24 |
| Funeral Preplanners | 368 |
| Transfer Service Operators (Class 1 – managed by a Funeral Director) | 41 |
| Transfer Service Operators (Class 2) | 21 |
| • Transfer Service Sales Representatives | 19 |
| Cemetery Operators | 2,370 |
| Crematorium Operators | 53 |
| • Cemetery and Crematorium Sales Representatives | 689 |

Compliance Measures

The BAO strives to ensure licensee compliance by conducting inspections and investigations and by responding to complaints.

| Compliance Actions | April 1, 2016 to March 31, 2017 |
|---|---------------------------------|
| Inspections | |
| Funeral Establishments | 23 |
| Transfer Services | 4 |
| Cemeteries | 15 |
| Crematoriums | 0 |
| Total Inspections | 42 |
| Registrar's Actions | |
| Orders | 1 |
| Terms & conditions issued | 2 |
| Proposals carried out (includes immediate suspension order) | 2 |
| Total Registrar's Actions | 5 |
| Investigations | |
| Total Investigations Conducted | 14 |

Inspections Conducted



Note: Crematorium inspections were not conducted during this period.

Complaint Handling Process and Measures

Consumer protection, in a sector that is safe, secure and professional, is a priority for the BAO. Complaints are reviewed and adjudicated pursuant to the FBCSA. While the BAO attempts to resolve disputes wherever possible, the parties related to the complaint are encouraged to discuss their concerns first before proceeding through the BAO's complaint process. The complaint handling process is offered by the BAO free of charge to facilitate a resolution. In handling complaints, the Registrar may do any of the following, as appropriate:

- Attempt to mediate or resolve the complaint
- Give the licensee a written warning
- Require the licensee to attend a specified educational program
- Refer the matter to the discipline committee
- Take steps to suspend or revoke the licence

The BAO cannot compel a licensee or operator to return funds, provide services and/or offer compensation for services and merchandise already provided nor can it award damages. Complaints are actioned regardless of how they are received by the BAO;

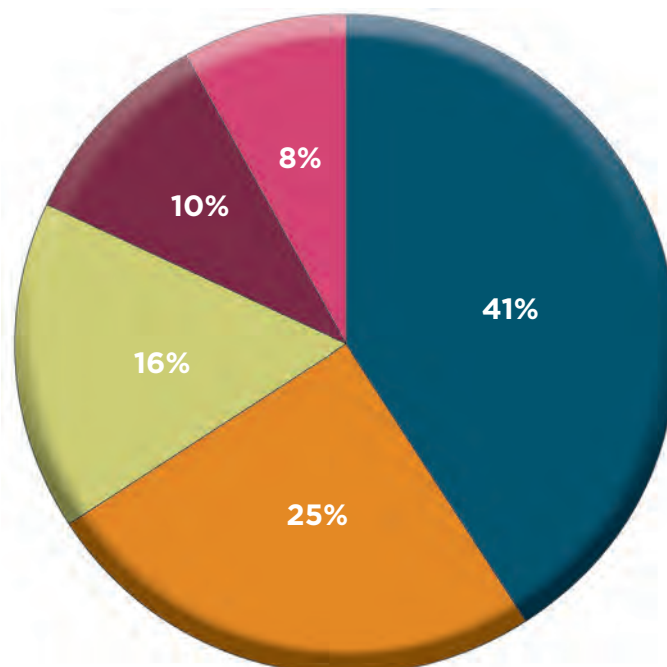
whether verbally or in writing by email, fax or online complaint form. The length of time taken to resolve the complaint varies greatly and is dependent upon its nature and complexity. Some complaints may be resolved in a matter of minutes while others may require a month or more.

An important part of the BAO's complaints handling process is tracking complaint data. Effective tracking helps to identify trends in the sector and habitual offenders and to identify educational opportunities for licencees.

The following table summarizes complaints made by consumers throughout the reporting period:

| Outcome of Complaints | April 1, 2016 to March 31, 2017 |
|---------------------------|---------------------------------|
| Complaints Received | 98 |
| Complaints Cleared/Closed | 81 |
| Complaints Outstanding | 17 |
| \$ Returned to Consumers | \$25,012 |

Top Complaint Issues



- Unprofessional Behaviour/Conduct
- Taking directions from the wrong person
- Contract related/Interment right issues
- Provided false or misleading information
- Charged for services not provided

Applicants and licencees are entitled to appeal the Registrar's administrative decisions to refuse, renew, suspend, revoke or apply conditions to a license (as applicable). The hearing of appeals are brought before the License Appeal Tribunal in accordance with the applicable rules.

There was 1 complaint against the BAO, made by a licensee (and therefore not included in the table above) which was related to the legislative authority/legal framework.

Review of Regulation

There has been an ongoing review of the FBCSA since the delegation of the BAO. Staff are tracking potential areas of ambiguity that may require future amendment but no major issues have been identified to-date. Throughout the April 2016 – March 2017 time frame no changes were proposed to the Ministry.

French Language Services

The BAO employs 3 bilingual individuals (an Inspector, Licensing Officer and Administrative Assistant). These employees provide support to consumers, stakeholders and licensees via phone and written communication as required. During this period, there were few requests for French language services (incoming calls = fewer than 10, incoming emails, fewer than 10). Exams, the Consumer Information Guide and the majority of the BAO's forms are available in both French and English.

Compliance with Accessibility for Ontarians with Disabilities Act (AODA)

Under the Accessibility for Ontarians with Disabilities Act, the BAO makes every reasonable effort to ensure that its policies, practices and procedures are consistent with the principles of dignity, independence, integration and equal opportunity.

Consumer Protection

Under the FBCSA, consumers have certain rights when planning a funeral, burial, cremation or scattering. The BAO strives to inform consumers about these rights through education and outreach.

The Consumer Information Guide is a publication provided by the BAO that is mandated for distribution to every prospective purchaser.

Financial Review

The BAO's financial statements are based on a fiscal year from April 1st, 2016 to March 31, 2017 (see Appendix I – Audited Financial Statements). The financials for the 2016/17 fiscal year consist of revenue and expenses relating to the BAO's post-delegation operations in addition to the finalization of pre-delegation activities. The organization's strong financial results at the end of the fiscal year is partially a result of timing of the development and execution of a sound, long-term strategic plan.

Final pre-delegation activities were funded by the Ministry of Government and Consumer Services. Expenses were commensurate with the start-up of the BAO as a new, not-for-profit corporation. The pre-delegation team implemented project deliverables against strict time lines to meet the BAO's delegation date of January 16, 2016. As part of the delegation efforts, various consultations took place aiming to inform key sector stakeholders about the delegation and organizational design. The implementation team worked diligently to recruit staff; procure the necessary information technology and office furniture and equipment.

Post-delegation, the BAO relied on two main revenue streams: (1) Licensing fees from Cemetery and Crematorium Operators and Sales Representatives (2) Licensing fees from Funeral Establishments, Transfer Service Operators, Transfer Service Sales Representatives and Funeral Preplanners. Fees for both streams of revenue are in accordance with the Minister's Order made under the FBCSA.

Post-delegation operational expenses were aligned with the administration of the FBCSA. Key post-delegation expenses included staff salaries and benefits, per diem for Board members, office lease costs, and outside legal and information technology costs.

APPENDIX I



BEREAVEMENT AUTHORITY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2017

BEREAVEMENT AUTHORITY OF ONTARIO

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MARCH 31, 2017

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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, 2017, 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, 2017, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


June 14, 2017

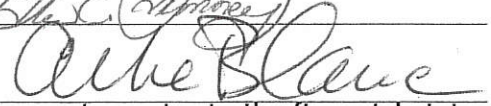
Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF FINANCIAL POSITION

| As at March 31 | 2017 | 2016 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 4,317,280 | \$ 2,790,167 |
| Accounts receivable (note 3) | 45,255 | 496,108 |
| HST recoverable | - | 83,476 |
| Prepaid expenses | 90,360 | 77,385 |
| | <u>4,452,895</u> | <u>3,447,136</u> |
| Capital assets (note 4) | 341,814 | 350,644 |
| Intangible asset | 10,170 | - |
| | <u>\$ 4,804,879</u> | <u>\$ 3,797,780</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 186,380 | \$ 270,255 |
| Deferred revenue (note 5) | 455,775 | 708,861 |
| | <u>642,155</u> | <u>979,116</u> |
| Rent inducement | 62,235 | 40,150 |
| Deferred contributions - capital assets (note 6) | 312,543 | 350,644 |
| | <u>1,016,933</u> | <u>1,369,910</u> |
| NET ASSETS | | |
| Unrestricted net assets | 3,748,505 | 2,427,870 |
| Invested in capital assets (Note 7) | 39,441 | - |
| | <u>3,787,946</u> | <u>2,427,870</u> |
| | <u>\$ 4,804,879</u> | <u>\$ 3,797,780</u> |

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 | 2017 | 2016 |
|--|---------------------------|---------------------------|
| NET ASSETS CONSIST OF: | | |
| Unrestricted net assets | | |
| Balance, beginning of year | \$ 2,427,870 | \$ - |
| Net assets transferred from Board of Funeral Services (note 8) | - | 1,605,202 |
| Excess of revenue over expenses | 1,365,722 | 822,668 |
| Purchase of capital assets | (61,555) | (398,354) |
| Purchase of intangible asset | (10,170) | - |
| Funded by deferred contributions - capital assets | 26,638 | 398,354 |
| | <hr/> | <hr/> |
| Balance, end of year | 3,748,505 | 2,427,870 |
| Invested in capital assets (note 7) | | |
| Balance, beginning of year | - | - |
| Excess of expenses over revenues | (5,646) | - |
| Purchase of capital assets | 61,555 | 398,354 |
| Purchase of intangible asset | 10,170 | - |
| Funded by deferred contributions - capital assets | (26,638) | (398,354) |
| | <hr/> | <hr/> |
| Balance, end of year | 39,441 | - |
| NET ASSETS, ENDING | <hr/> \$ 3,787,946 | <hr/> \$ 2,427,870 |

BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF OPERATIONS

| Year ended March 31 | 2017 | 2016 |
|---|---------------------|-------------------|
| REVENUE | | |
| Funeral - operator license fees | \$ 1,702,023 | \$ - |
| Cemetery - operator license fees | 1,019,927 | 1,015,604 |
| Funeral - personal license fees | 776,898 | - |
| Grant revenue (note 10) | 363,380 | 725,929 |
| Cemetery - individual license fees | 103,968 | 36,100 |
| Funeral - exam fees | 82,175 | - |
| Amortization of deferred capital contribution | 64,739 | 47,710 |
| | <u>4,113,110</u> | <u>1,825,343</u> |
| EXPENSES | | |
| Salaries and wages | 1,672,556 | 308,762 |
| Operations | 228,118 | 17,159 |
| Occupancy costs | 205,260 | 124,916 |
| Information technology | 126,735 | 24,715 |
| Ministry oversight fee | 100,000 | - |
| Legal fees | 80,599 | 200,915 |
| Office and general | 61,684 | 7,411 |
| Consulting fees | 55,386 | 146,759 |
| Interest and bank charges | 45,204 | 4,084 |
| Insurance | 41,092 | 14,608 |
| Professional fees | 33,165 | 16,420 |
| Directors' remuneration | 32,850 | 52,915 |
| Non recoverable HST | - | 36,301 |
| Amortization of capital assets | 70,385 | 47,710 |
| | <u>2,753,034</u> | <u>1,002,675</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 1,360,076</u> | <u>\$ 822,668</u> |

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

| Year ended March 31 | 2017 | 2016 |
|---|---------------------|---------------------|
| CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Excess of revenue over expenses | \$ 1,360,076 | \$ 822,668 |
| Item not affecting cash: | | |
| Amortization of capital assets | 70,385 | 47,710 |
| Amortization of deferred capital contribution | (64,739) | (47,710) |
| Changes in non-cash working capital: | | |
| Accounts receivable | 450,853 | (448,669) |
| HST recoverable | 83,476 | (75,323) |
| Prepaid expenses | (12,975) | (62,789) |
| Accounts payable and accrued liabilities | (83,875) | 213,319 |
| Deferred revenue | (253,086) | 321,814 |
| Rent inducement | 22,085 | 40,150 |
| | <u>1,572,200</u> | <u>811,170</u> |
| INVESTING | | |
| Purchase of capital assets | (61,555) | (398,354) |
| Deferred contributions - capital assets | 26,638 | 398,354 |
| Purchase of intangible asset | (10,170) | - |
| Transfer from Board of Funeral Services (Note 8) | - | 1,605,202 |
| | <u>(45,087)</u> | <u>1,605,202</u> |
| NET INCREASE IN CASH | 1,527,113 | 2,416,372 |
| CASH, BEGINNING OF YEAR | 2,790,167 | 373,795 |
| CASH, END OF YEAR | \$ 4,317,280 | \$ 2,790,167 |

BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

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, 2017

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 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 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, 2017

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

| | 2017 | 2016 |
|---|------------------|-------------------|
| Tenant improvement allowance | \$ 26,638 | \$ - |
| Funeral Services Compensation Fund Administrative Revenue | 18,617 | - |
| Board of Funeral Services (Note 8) | - | 3,738 |
| Cemetery - operator and license fees | - | 492,370 |
| | <u>\$ 45,255</u> | <u>\$ 496,108</u> |

BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

4. CAPITAL AND INTANGIBLE ASSETS

| | Cost | Accumulated Amortization | 2017 Net Book Value | 2016 Net Book Value |
|-------------------------------------|------------|-----------------------------|---------------------------|---------------------------|
| Leasehold improvements | \$ 284,478 | \$ 54,435 | \$ 230,043 | \$ 231,114 |
| Furniture and fixtures | 95,360 | 23,680 | 71,680 | 70,722 |
| Computer equipment | 80,071 | 39,980 | 40,091 | 48,808 |
| | 459,909 | 118,095 | 341,814 | 350,644 |
| Intangible asset | 10,170 | - | 10,170 | - |
| Total capital and intangible assets | \$ 470,079 | \$ 118,095 | \$ 351,984 | \$ 350,644 |

5. DEFERRED REVENUE

| | 2017 | 2016 |
|--|-------------|-------------|
| Continuity of deferred revenue: | | |
| Deferred revenue, beginning | \$ 708,861 | \$ 387,047 |
| Grants received (note 9) | 107,000 | 963,000 |
| BOFS transfer of deferred license revenue | - | 530,536 |
| Funeral fees received | 2,430,693 | - |
| Cemetery revenue received | 1,179,537 | 1,741,533 |
| Less funding used for capital assets | 78,055 | (398,354) |
| Less grant receivable holdback written off | - | (47,439) |
| | 4,504,146 | 3,176,323 |
| Less revenue recognized | | |
| Grant revenue (note 10) | (363,380) | (725,929) |
| Funeral revenue | (2,561,096) | - |
| Cemetery revenue | (1,123,895) | (1,741,533) |
| Deferred revenue, ending | \$ 455,775 | \$ 708,861 |

BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

5. DEFERRED REVENUE (CONTINUED)

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Deferred revenue consists of: | | |
| Deferred license revenue - funeral | \$ 400,133 | \$ - |
| Deferred license revenue - cemetery | 55,642 | - |
| BOFS deferred license fee revenue (note 8) | - | 530,536 |
| Grant revenue (note 10) | - | 178,325 |
| | <u>\$ 455,775</u> | <u>\$ 708,861</u> |

6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Balance, beginning of the year | \$ 350,644 | \$ - |
| Amounts received during the year | 26,638 | 398,354 |
| Amortization of deferred contributions | <u>(64,739)</u> | <u>(47,710)</u> |
| Balance, end of the year | <u>\$ 312,543</u> | <u>\$ 350,644</u> |

7. INVESTED IN CAPITAL ASSETS

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

| | 2017 | 2016 |
|--|------------------|------------------|
| Capital and intangible assets, net (note 4) | \$ 351,984 | \$ 350,644 |
| Less unamortized deferred contributions - capital assets | <u>(312,543)</u> | <u>(350,644)</u> |
| Balance, end of the year | <u>\$ 39,441</u> | <u>\$ -</u> |

**BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017**

7. INVESTED IN CAPITAL ASSETS (CONTINUED)

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

| | 2017 | 2016 |
|--|-------------------|-------------|
| Amortization of deferred contributions | \$ 64,739 | \$ 47,710 |
| Less amortization of capital assets | (70,385) | (47,710) |
| | <u>\$ (5,646)</u> | <u>\$ -</u> |

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 was 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 \$530,536 for license fees related to the fiscal 2017 year end. This amount was included in deferred revenue in fiscal 2016 (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

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Ministry of Government and Consumer Services | <u>\$ 107,000</u> | <u>\$ 963,000</u> |

10. GRANT REVENUE

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Ministry of Government and Consumer Services | <u>\$ 363,380</u> | <u>\$ 725,929</u> |

BEREAVEMENT AUTHORITY OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

11. 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 \$18,617 (2016 - \$nil). These amounts are recorded as salaries and wages recoveries in the statement of operations and is netted against that number.

12. 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 Organization is also committed to a contract related to software development for use in the organization. The software development contract commitment of approximately \$155,000 is included in fiscal 2018 as it is expected to be completed in the next year. The future minimum commitments are as follows:

| <u>Fiscal year</u> | <u>Amount</u> |
|---------------------|---------------------|
| 2018 | \$ 455,988 |
| 2019 | 300,901 |
| 2020 | 300,901 |
| 2021 | 300,901 |
| 2022 and thereafter | <u>1,554,655</u> |
| | <u>\$ 2,913,346</u> |



Email: info@thebao.ca

Telephone: (647) 483-2645 or toll free 1-844-493-6356

Fax: (647) 748-2645

Address: 100 Sheppard Ave East, Suite 505,
Toronto, ON M2N 6N5

Website: www.thebao.ca or
www.bereavementauthorityontario.ca