Audit Report Requirements for Care and Maintenance Funds

- **Webinar for Cemeteries**

Presented by
BAO and MNP

Bereavement Authority of Ontario

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Nov. 6, 2025

About the BAO

We’re all about **consumer protection**

– Protecting and informing grieving families

- The Bereavement Authority of Ontario (BAO) is a government delegated authority and not-for-profit corporation administering provisions of the Funeral, Burial and Cremation Services Act, 2002 (FBCSA).
- Accountable to the Minister of Public and Business Service Delivery and Procurement and the government, the BAO is responsible for the protection of the public interest.
- The BAO regulates, ensures compliance with the law, provides resources and services to licensed:
  - Funeral establishment operators, directors and preplanners;
  - Cemetery, crematorium and alternative disposition operators;
  - Transfer service operators; and
  - Bereavement sector sales representatives across Ontario.

The BAO is wholly funded by licensee fees (not tax dollars).

Webinar introduction

Hamza Majid, Manager, Financial Compliance

Background

- The audit reports have always been a requirement of the law – the Funeral Services, Burial and Cremation Services Act, 2002.
- The BAO's focus on this requirement started with its first of several notices to cemetery operators in March, 2024, to help everyone comply with the law.
- There's a lot to know, so we continue in our approach to guide licensees in compliance with the law.

Webinar introduction

Hamza Majid, Manager, Financial Compliance, BAO

Today is about guidance for you as cemetery operators who have:

- ❖ Accumulated $500,000 or more in your Care & Maintenance (C&M) Fund; and / or
- ❖ Have a funeral establishment on your cemetery site;

If this describes your cemetery operations, then you are **required to submit audit reports for C&M Funds** within six months of your fiscal year end.

Webinar introduction

Hamza Majid, Manager, Financial Compliance

- The BAO has partnered with **MNP**, a Canadian accounting firm, who will provide information on the reporting requirements of the:

  - C&M Fund;
  - Types of Audit Reports;
  - Compliance Reports vs. Financial Statement Audits;
  - Reasonable vs. Limited Assurance.

Bereavement Authority of Ontario

Audit Report Requirements for Cemeteries

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November 2025

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Annual Reporting Requirements

O. Reg. 30/11, Section 109

Care and Maintenance Funds

- Statement of account (Form 2 – Report on Care & Maintenance)
- Trust fund statement
- Audit report if:
  - Cumulative total of $500,000 or more money in a care and maintenance fund, or
  - There is a funeral establishment on a cemetery

Prepaid Trust

- Statement of account (RPF – Report on Prepaid Funds)
- Trust fund statement
- Option to submit a review or audit report unless:
  - The amount held in a pooled trust fund did not exceed $100,000 at any time in the year

Care and Maintenance Funds – Audit Report

O. Reg. 30/11, Section 109(5)

An audit report must be filed annually for each care and maintenance fund by cemetery operators with:

- Cumulative total of $500,000 or more money in a care and maintenance fund, or
- There is a funeral establishment on a cemetery

Audit Report

Engagement Type	**Compliance Report** (i.e., not a financial statement audit)
Report Type	**CSAE 3530 or CSAE 3531**
Assurance Level	**Reasonable Assurance** (i.e., audit level assurance)

Prepaid Trust – Review / Audit Report

O. Reg. 30/11, Section 109(1)

- If the amount held in trust in a pooled trust fund exceeded $100,000 at any time during the reporting year:
  - A review or audit report shall be filed annually by operators with an individual trust account or a pooled trust fund
- If the amount held in trust in a pooled trust fund did not exceed $100,000 at any time during the reporting year
  - A review or audit report is not required to be filed

Review / Audit Report

Engagement Type	**Compliance Report** (i.e., not a financial statement audit)
Report Type	**CSAE 3530 or CSAE 3531**
Assurance Level	**Reasonable or Limited Assurance** (i.e., audit level or review level assurance)

Audit Report Requirements

O. Reg. 30/11, Section 108(6)

Prepared By

A public accountant licensed under the *Public Accounting Act, 2004* who is independent of the operator

Include

The name, address, and license number of the public accountant who prepared the report

Address

Care and maintenance trusts

Accompanied By

The public accountant's written statement as to whether or not the trust money has been held and dealt with in accordance with the Funeral, Burial, and Cremation Services Act, 2002 (FBCSA).

Audit Report Requirements

Reporting Period

Fiscal Year (e.g., July 1, 2024 – June 30, 2025)

Care and Maintenance Fund

Compliance with Funeral, Burial and Cremation Services Act, 2022, Ontario Regulation 30/11 Sections 83, 84, 86, 87, 88, 89, 90, 91, 92, 93, 106, 108 and 109

Audit Report

Audit Report Due Date

Within 6 months of fiscal year end

Under $500,000 in the Care and Maintenance Fund

Audit report not required

Compliance Reporting

Compliance Report vs Financial Statement Audit

	Compliance Report	Financial Statement Audit
Objective	To determine adherence to rules and regulations	To determine if there is fair presentation of financial statements
Purpose	To provide an independent opinion on whether an entity is in compliance with specific laws, regulations, policies, or contractual obligations.	To provide an independent opinion on whether the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
Criteria	Regulations or compliance criteria (e.g., Ontario regulations)	Accounting standards (e.g., IFRS, ASPE, etc.)
Focus Area	Adherence to: • Regulations (e.g., Ontario regulations, tax laws, etc.) • Grant or funding requirements • Industry-specific rules (e.g., banking, investing, etc.) • Internal policies and procedures	• Accuracy of financial reporting • Completeness and validity of transactions • Internal controls over financial reporting • Risk of material misstatement of financial statements due to error or fraud
Performed By	External auditors (e.g., CPA firms)	External auditors (e.g., CPA firms)
Outcome	An opinion regarding whether management's statement on compliance is fairly stated or whether the entity has complied with the regulation (e.g., Ontario regulations, tax laws, etc.).	An opinion regarding whether the financial statements present fairly in accordance with accounting standards (e.g., IFRS, ASPE, GAAP).
Regulatory Relevance	May be required by regulators, funding agencies, or other internal frameworks.	Required for public companies under securities regulations.
Users	Regulators, funders, internal teams, etc.	Investors, regulators, management, etc.

Engagement Fees

Compliance Report (CSAE 3530 vs 3531) vs. Financial Statement Audit

Compliance Report vs Financial Statement Audit

In general, compliance reports may have lower fees compared to financial statement audits due to the narrower scope of compliance reports (e.g., focus on compliance with specific sections of the FBCSA).

CSAE 3530 (Attestation) vs CSAE 3531 (Direct)

In general, for engagements with the same scope, the cost for an attestation engagement may have lower fees than a direct engagement as the operator makes the evaluation in an attestation engagement.

Accounting Firm Dependant

The fee for each engagement may vary depending on the accounting firm. The fee may also vary depending on the risk level of the cemetery.

First Year

The first year of each engagement will typically involve more work from the accounting firm to understand the business and to identify areas of risk. As such, in general, the fee for the first year may be higher.

Types of Compliance Reports

CSAE 3530: Attestation Engagements to Report on Compliance	vs	CSAE 3531: Direct Engagements to Report on Compliance
Attestation	Type	Direct
To provide an independent conclusion on the responsible party's (i.e., cemetery operator) statement of compliance to the criteria.	Purpose	To independently measure and evaluate the subject matter against the criteria and provide a conclusion on the compliance to the criteria.
Responsible party (i.e., cemetery operator)	Evaluation By	Practitioner (i.e., external auditor)
Reasonable or limited assurance	Assurance Level	Reasonable or limited assurance
Compliance with regulations, laws, internal controls, or other non-financial information	Subject Matter	Compliance with regulations, laws, internal controls, or other non-financial information
The report provides assurance on the responsible party's evaluation.	Reporting	The report includes the practitioner's evaluation and conclusion.

Reasonable vs. Limited Assurance

	Reasonable Assurance	Limited Assurance
Assurance Level	**Reasonable** (i.e., audit level assurance)	**Limited** (i.e., review level assurance)
Opinion	**Expressed in a positive form** (e.g., In our opinion, the subject matter conforms…)	**Expressed in a negative form** (e.g., Nothing has come to our attention…)
Testing	**Extensive evidence gathering** (e.g., inspection, recalculations, controls testing etc.)	**Less detailed procedures** (e.g., analytics, inquiry, etc.)
General	**CSAE 3530 and CSAE 3531 apply** (i.e., can be conducted to provide reasonable / audit level assurance)	**CSAE 3530 and CSAE 3531 apply** (i.e., can be conducted to provide limited / review level assurance)

Compliance Report Stages

01 → 02 → 03 → 04

Acceptance and Continuance

Assess suitability of the engagement, evaluate independence and ethical requirements, verify engagement preconditions are met, confirm engagement terms.

Planning

Understand compliance requirements, assess risks of material non-compliance (reasonable assurance) or assess areas where material non-compliance is likely to arise (limited assurance), design procedures to obtain sufficient appropriate evidence

Testing

Perform inspection, observation, inquire, recalculation, analytical procedures, or control testing to evaluate the responsible party's assertion or evaluate the subject matter against the regulation

Conclusion and Reporting

Conclude on the engagement and prepare a written assurance report.

Sample Procedures

The following slides illustrates testing procedures auditors may perform.

Sample Procedure 1

FBCSA, O. Reg. 30/11, Section 84(5),5

Regulation

A care and maintenance account established under subsection (1) shall comply with the following requirements:

5. Money in the account shall be invested in and kept invested in one or more of the following types of investments:
(i) An interest-bearing account.
(ii) A guaranteed investment certificate, deposit receipt, deposit note, certificate of deposit, term deposit or other similar instrument that is issued by an eligible depositary.

Purpose of Test

To verify money in a care and maintenance account is invested in an appropriate type of investment.

01 Investment List

Obtain the trust account statement showing the types of investments made in the account(s).

02 Sample and Tie-Out

Select a sample of investments made/held in the period. Tie-out the total investments to the account total.

03 Documentation

For each sample selected, obtain documentation showing the type of investment.

04 Verification

Verify that the type of investment made is appropriate.

Sample Procedure 2

FBCSA, O. Reg. 30/11, Section 87(2)

Regulation

For the purposes of subsection 53(14) of the Act, a cemetery operator shall pay the amounts specified in section 168 into a care and maintenance fund or account for the cemetery within 60 days after the earlier of the day the operator sells or transfers interment rights or scattering rights and the day the interment or scattering is carried out.

Purpose of Test

To verify amounts paid by the cemetery operator into a care and maintenance fund for the cemetery are accurate and were paid within the appropriate time.

01 Interment or Scattering Right

Obtain a list of sales/transfers of interment or scattering rights and a list of interment or scattering carried out in the period.

02 Sample

Select a sample of sales or interment/scattering carried out in the period.

03 Documentation

For each sample selected, obtain the sale contract and/or documentation showing the date the internment/scattering occurred.

04 Verification

Verify that the amount paid and the timing of payment into a care and maintenance fund is appropriate.

Sample Procedure 3

FBCSA, O. Reg. 30/11, Section 92(1-3)

Regulation

(1) If a cemetery is exempt from property tax…the operator of the cemetery shall make a payment into the care and maintenance fund or account for the cemetery…

(2) …the amount of tax that would otherwise be payable for the preceding calendar year, but for the exemption under the Assessment Act.

(3) …shall be made by June 1 of the year following the year on which the calculation is based.

Purpose of Test

To verify that cemeteries exempt from property tax made the appropriate amount of payment within an appropriate time.

01 **Property List**

Obtain a list of properties and a property tax calculation for each property.

02 **Sample**

Select a sample of properties exempt from property tax.

03 **Documentation**

For each sample selected, obtain the expected property tax payable calculation and trust statement.

04 **Verification**

Verify that the amounts were appropriate and paid into the care and maintenance fund at an appropriate time.

Sample Procedure 4

FBCSA, O. Reg. 30/11, Section 93(1),1

Regulation

Income earned from the investment and reinvestment of money paid into the fund or account under subsection 53 (10) of the Act in respect of markers installed in the cemetery shall be used only:

(i) to stabilize, maintain, secure and preserve markers in the cemetery, and

(ii) if the work described in subparagraph (i) has been completed, to stabilize, maintain, secure and preserve markers in other cemeteries operated by the same operator.

Purpose of Test

To verify income earned from the care and maintenance fund/account is used for an appropriate purpose.

01 Trust Statement and Expense List

Obtain the trust account statement showing the income in the reporting period. Obtain the list of expenses incurred in the period.

02 Sample and Overall Verification

Select a sample of expenses in the period. Verify that total expenses is greater than or equal to total income.

03 Documentation

For each sample selected, obtain documentation showing the purpose of the expense.

04 Verification

Verify that the usage of expenses is appropriate.

Sample Procedure 5

FBCSA, O. Reg. 30/11, Section 106

Regulation

An operator shall ensure that the registrar has a current copy of all trust agreements that the operator has entered into with a trustee relating to prepaid trust money or care and maintenance trust money

Purpose of Test

To verify that prepaid or care and maintenance trust agreements are provided to the registrar.

01 Trust Agreement List

Obtain a list of trust agreements relating to prepaid and care and maintenance trust money.

02 Sample

Select a sample of trust agreements relating to prepaid or care and maintenance trusts.

03 Documentation

For each sample selected, obtain the trust agreement.

04 Verification

Verify that the agreement was provided to the registrar.

About MNP

About MNP

Integrated Value Enhancement Approach

1. Accounting & Tax
2. Enterprise Risk & Technology Solutions
3. Strategy & Human Capital
4. Value Creation & Succession Planning
5. Corporate Finance
6. Corporate Restructuring
7. Valuations & Litigation Support

Cemetery and Funeral Home Industry Experience

- Deep industry experience in Cemetery and Funeral Home services
- Trusted by clients across Ontario
- Serving communities throughout the province
- Decades of specialized expertise

Compliance Experience

- Experienced in both financial statement and compliance audit engagements

ABOUT MNP

Ontario

2800+

Team members

780+

CPAs

46+

Offices across Ontario

Wherever business takes you MNP.ca

Wherever business takes you

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Annual Reporting Obligations

All operators licensed under the FBCSA holding money in trust, be it in a C&M fund or prepaid fund, are required to submit annual reports related to Care and Maintenance, and Prepaid Funds, including:

- Form 2 – Report on Care & Maintenance
- Report on Prepaid Funds
- Financial Institution Report/Statements
- Audit Report
- Review Engagement Report

Timely submission is essential to ensure proper management of funds entrusted for perpetual care, maintain public confidence, and comply with regulatory requirements.

What options exist for cemetery operators who cannot meet their annual reporting requirements?

Announcement – Filing Extensions

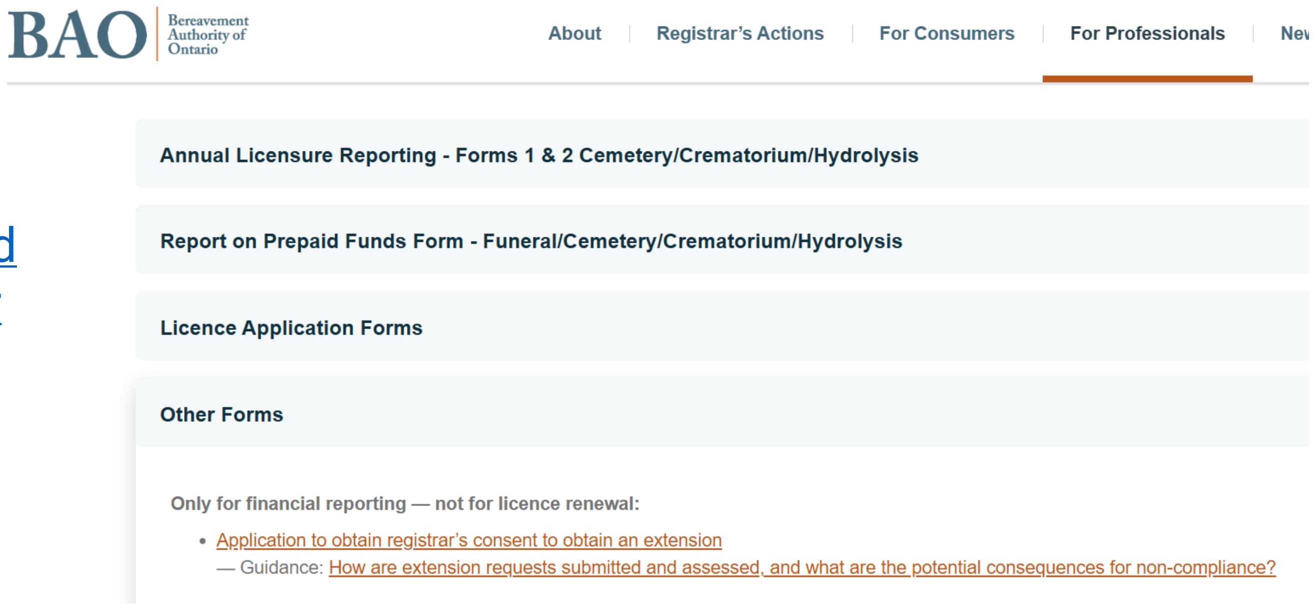
A new application process was launched in October 2025 to grant extensions for financial compliance related filings.

Eligibility: Operators may request an extension when they are unable to submit any required C&M Fund or prepaid fund report document by the deadline due to documented circumstances beyond their control

- Application to obtain registrar’s consent to obtain an extension

— Guidance: How are extension requests submitted and assessed, and what are the potential consequences for non-compliance?

Only for financial reporting — not for licence renewal:



Questions / BAO handy links

TheBAO.ca

Beyond online magazine
https://thebao.ca/beyond-bao-magazine/

Consumer Information Guide
https://thebao.ca/for-consumers/consumer-information-guide/

General Inquiries

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