



Annual Report

April 1, 2017—March 31, 2018

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Mission | Vision | Values

To protect consumers by regulating funeral, burial and cremation services.

Fair, safe and supportive funeral, burial and cremation services in Ontario.

- ♦ Honesty and Integrity
- ♦ Accountability
- ♦ Communication and Confidentiality
- ♦ Conflict of Interest
- ♦ Compliance
- ♦ Cooperation and Teamwork
- ♦ Healthy Coexistence with our Environment

Message from the Chair

Tom Wright



The recently completed fiscal year saw the continuation of good governance, accountability and transparency which strengthened the Bereavement Authority of Ontario's (BAO) role as the regulator of the bereavement sector.

In the two years following the consolidation of the regulation of the funeral, cemetery and crematorium sectors, the BAO has established a strong administrative foundation, built a committed and knowledgeable team of employees and developed a strategic plan that will shape its future direction.

In October 2017, the Board and senior management participated in the BAO's first strategic planning session. An ambitious three-year Strategic Plan was developed with a focus on ensuring the BAO fulfills its mandate and serves the public and licensees effectively. Through a consultative process, we engaged various groups in order to gain valuable input for the development of the strategic plan. These groups included BAO staff, bereavement-related associations, licensees representing each aspect of the bereavement sector, education partners, and consumers.

I am proud of this approach. The Strategic Plan, among other objectives, focuses on increasing public awareness, enhancing educational requirements, and increasing the effectiveness of inspections and complaint processing.

As part of good governance, the Board has established several new committees. The Risk and Audit Committee has been working with staff to begin the development of a risk mitigation strategy. The Governance and Nominations Committee has conducted a review of all existing policies and is drafting several new policies. The Finance Committee oversees financial planning, revenue and expenditure strategies, approval of budgets, financial monitoring and financial policies.

One significant new development relates to the Discipline and Appeal Committees regulation under the FBCSA. The Regulation was approved in spring 2018. Once the BAO is authorized to administer the Regulation, the BAO will begin the process of establishing the composition of committees and will be seeking members through an open recruitment process.

One of the BAO's most important relationships is with MGCS. I am pleased that a positive working relationship exists. We value this relationship and appreciate the productive manner in which we engage.

The staff, under the progressive leadership of Carey Smith, CEO/Registrar, have come together as a team – a team focused on protecting the public and providing fair and responsive regulation.

The BAO has made significant progress in its two years of existence. A clear strategic direction, sound financial practices and a collective commitment to consumer protection and the support of licensees place the BAO on a strong footing going forward. Continual improvement is an ongoing focus; a focus that will benefit both consumer protection and the bereavement sector as a whole.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Tom Wright'.

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



“Definiteness of purpose is the starting point of all achievement,” W. Clement

In completing its second year in operation following the unification of the funeral, cemetery and crematorium sectors under one regulator, the BAO is certain about its purpose as the regulator of the bereavement profession in the public interest.

Guided by our new Strategic Plan, the fundamental purpose of the BAO is consumer protection, using various strategies which include increasing public awareness, enhancing education for licensees, and increasing the effectiveness of our compliance activities.

Believing that a well-informed consumer is a better-protected consumer, the BAO embarked on a number of outreach activities to educate consumers about the existence of the BAO and their rights when dealing with funeral establishments, cemeteries and crematoriums. We have created and continuously improve our online presence to provide a one-stop information source for bereavement-related questions from the public. We have a vibrant social media presence on Facebook and Twitter to promote the BAO, while at the same time educating a younger demographic about bereavement issues.

Due to various bereavement-related news events within Ontario and elsewhere, the BAO was able to build on the media attention and gain recognition as a credible authority and a responsive regulator on topics such as: online obituary piracy, depletion of cemetery land in the Toronto area, green burials and funeral director misconduct, as captured on a “secret shopper” video by a network TV news show.

We have made significant changes in direction to the professional development of our funeral licensees. This year we expanded the availability and options for continuing education and allowed both Humber College, Collège Boréal and the professional associations to offer courses that met our requirements for continuing education. We further allowed the licensees to select courses that they felt were relevant to their professional needs, rather than being defined by the regulator, as in the past. In so doing, the BAO has been able to make continuing education more relevant, more accessible, and has at the same time enhanced the role of the associations and the professionalism of our licensees.

A cornerstone of any regulatory structure is an effective compliance program, and accordingly the BAO has demonstrated excellence in several examples over the past year. Our Trust Officers, charged with reviewing the care and maintenance funds collected by cemeteries to safeguard their perpetual care, identified instances of improper handling of more than \$1 million dollars in trust money, and subsequently ensured the proper reinvestment of those funds.

Our Inspections Team conducted 140 inspections of licensed premises and 10 investigations of serious issues. Fortunately, incidences of serious misconduct are relatively rare, as evidenced by 6 proposals to revoke a licence being issued, in a sector comprising over 6,000 licensees.

Our Complaints Team fielded 96 consumer complaints which, upon resolution, resulted in more than \$14,000 being refunded directly to consumers and over \$34,000 being supplied in services or in-kind, thereby avoiding a consumer claim to the compensation fund. (A consumer can make a claim to the compensation fund if they do not receive previously contracted goods or services.)

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Message from the CEO & Registrar

Carey Smith

The past year has also been one of learning for the BAO itself. By regulating all segments of the bereavement sector under one roof, staffed with proper resources, we have been able to identify areas of risk that were previously unknown. These include the inherent vulnerability of volunteer-run cemeteries in terms of their ability to manage their operations or their care and maintenance funds in perpetuity. On another front, the BAO took a leadership role in initiating a comprehensive study of this new technology to understand what steps may be necessary to safeguard public health, the environment, public safety, respectful handling of human remains and consumer protection.

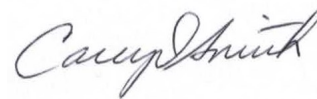
The operation of the BAO was supported behind the scenes by the installation of a completely new computer system that required the technically challenging “marriage” of two stand-alone computer systems and databases: the data held by the former Board of Funeral Services and the Government of Ontario – Cemetery Regulation Unit. This daunting project was completed on time and under budget and is perhaps our biggest – yet lowest profile – achievement of the year.

I would be remiss in not expressing my gratitude toward the members of the three statutory Advisory Committees: Funeral, Cemetery & Crematorium, and Faith-based. Their advice and counsel, and willingness to candidly share their insights and expertise has been very valuable to me personally and frankly I consider them to be the “secret sauce” in the BAO’s success in regulating the bereavement sector.

The Advisory Committees form part of what is a hallmark of the BAO: genuine consultation with stakeholders. It is standard practice that no directives or policies are issued from the registrar without bona fide consultation with the people that will be affected, whether they be professionals, consumers or our partners in government. Doing so fosters credibility as a regulator and results in high quality, well thought-through policies.

As Steve Jobs observed: “Great things in business are never done by one person. They’re done by a team.” Our accomplishments this past year could not have been realized without the dedication and commitment of the staff of the BAO who, with the support of our board of directors, share a passion for empathetic service to the public. Our dealings with the public are unlike the experiences of other regulators: our contacts are usually with people who have experienced a recent loss or otherwise need our assistance at a particularly difficult time. I am very appreciative of our staff’s efforts, and they have earned my thanks and my admiration.

Sincerely,



Carey Smith
Chief Executive Officer & Registrar
Bereavement Authority of Ontario



Organizational Overview | 2018

Mandate

The BAO is an independent, not-for-profit corporation that administers provisions of the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA). The BAO's mandate is to serve and protect public interest and govern the bereavement sector in the province of Ontario.

The BAO is responsible for:

- ♦ The licensing 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 Ontario's bereavement sector in Ontario through licensing, inspections, investigations, responding to complaints and public education activities.

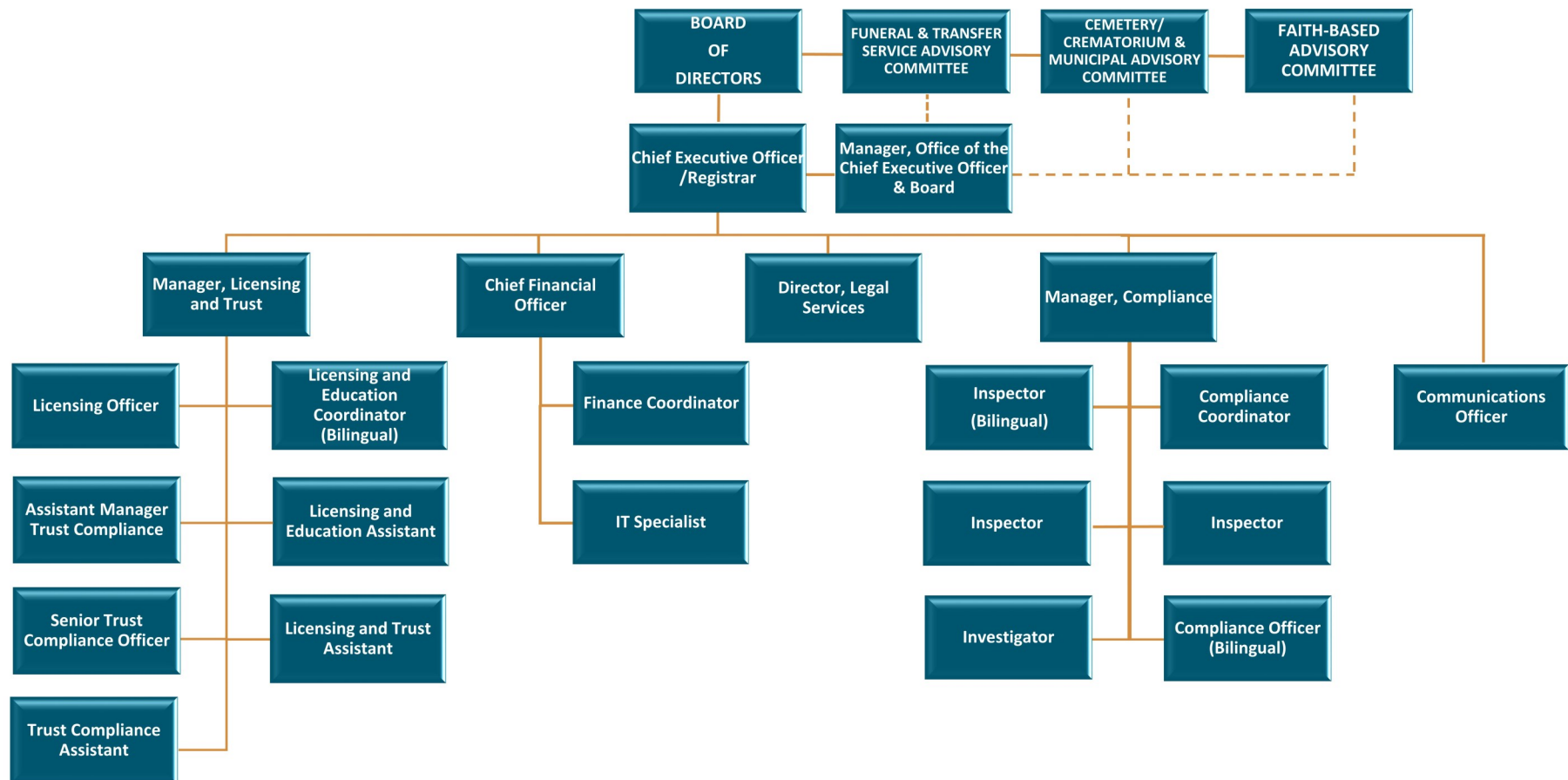
Objectives

The BAO's objectives include:

- ♦ Increasing consumer awareness of the BAO and access to useful and relevant regulatory information.
- ♦ Developing and maintaining effective communications with key stakeholders.
- ♦ Improving resolution of consumer complaints.
- ♦ Overseeing sector standards and requirements.
- ♦ Enhancing educational requirements and standards.
- ♦ Completing inspections and reviews, and resolving non-compliance findings.
- ♦ Increasing the effectiveness and efficiency of inspections and compliance methods.
- ♦ Coaching for compliance.
- ♦ Ensuring financial sustainability.
- ♦ Improving operational capabilities.
- ♦ Ensuring effective Board oversight of the BAO.

Organizational Chart

As at March 31, 2018



The BAO employed 17 full-time employees as at March 31, 2018, (5 contract). In total, 22 staff work at the BAO.

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. Six Board meetings were held during this fiscal year.

Director Qualifications

The BAO is governed by a nine-member Board of Directors. These Directors include representatives from industry, a religious organization, a consumer representative, and several individuals with extensive Delegated Administrative Authority 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 established by the Board of Directors. Combined, they are comprised of 29 committee members who have participated in 10 meetings held during this fiscal year.

- ◆ Funeral and Transfer Service Advisory Committee
- ◆ Cemetery, Crematorium and Municipal Advisory Committee
- ◆ Faith-based Advisory Committee
- ◆ Audit and Risk Committee
- ◆ Finance Committee
- ◆ Compensation Fund Committee
- ◆ Governance and Nominations Committee

Members of the Board of Directors

Tom Wright, Chair



Tom Wright was elected Chair of the initial Board of Directors of the Bereavement Authority of Ontario in September 2014 and was elected Chair of the permanent Board of Directors in August 2017. He is Chair of the initial Board of Directors of the Condominium Authority of Ontario and Vice-Chair of the Board

of Directors of the Resource Productivity & 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 the 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 LeBlanc 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.

John O'Brien, Secretary



John J. O'Brien was appointed Episcopal Delegate for Cemeteries and Insurance by the Most Reverend Douglas Crosby, OMI, D.D., Bishop of Hamilton on January 1, 2014. He served as the Business Administrator of The Roman Catholic Diocese of Hamilton 1999 to 2013 and Director of The Catholic Cem-

eteries of the Diocese of Hamilton from 1987 to 2013.

John served on the Board of the Catholic Cemetery Conference, Chicago, Illinois from 1993-2006, 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. He is the third generation of his family to be actively involved in Catholic cemetery management as they celebrate over 100 years of service to the Diocese of Hamilton.

Members of the Board of Directors

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 the Vice President Corporate Development for the Mount Pleasant Group of Cemeteries in Toronto. He has worked with in Ontario's bereavement industry for over 40 years.

Glen was an inaugural member of the Board of Directors of the Bereavement Authority of

Ontario and has twice served as President of the Ontario Association of Cemetery and Funeral Professionals as well as a member of the Board of Directors for 8 years. As chair of the OACFP legislation committee, Glen represented the association during government negotiations, culminating in the proclamation of the *Funeral, Burial and Cremation Services Act, 2002* in July 2012.

Glenda Brindle, Director



Glenda became a Realtor in 1987. She managed the largest office for Royal LePage Team Realty Brokerage, as well as training for the sales people and Brokers in the company. Glenda was elected to the Real Estate Council of Ontario (RECO) Board in 2018, and has served as a Director of RECO from

2006-2014, then as Chair of the Council 2009-2010, 2013-2014, 2014-2015.

Glenda was elected to the Ottawa Real Estate Board in 2000 as a Director and was elected as President in 2004.

Glenda was a director of the Realtor Care foundation 2006-2008 for the Ontario Real Estate Association (OREA). Glenda has served on almost all committees for RECO and many others with all levels or organized Real Estate, Canadian Real Estate Association (CREA), Ontario Real Estate Association (OREA) and Ottawa Real Estate Board (OREB).

Glenda currently sits on the fundraising committee for St Joseph's Woman Shelter in Ottawa.

Members of the Board of Directors

Jane van Alphen, Director



Jane van Alphen is the Program Director, Hospital Services at Baycrest Health Sciences and is responsible for developing and monitoring annual operating plans, quality and process improvement plans,

championing innovation and building relationships with key partners. Jane previously served as the Director, Programs and Operations at the Canadian Center for Aging and Brain Health based at Baycrest, and Vice-President, Operations at the Ontario Institute for Cancer Research based at MaRS.

Jane was instrumental in the creation of two new organizations from start-up in the Toronto area, with a national and provincial scope. Prior to that, she was a Clinical Health Services Director at Sick Kids and Perinatal Manager at the Toronto General Hospital and a Registered Nurse at Doctors Hospital. Jane completed a Bachelor of Science at the University of Windsor, a Master's of Science in Physiology and a Rotman MBA at the University of Toronto. She has lectured at the University of Toronto and Ryerson University and published in the fields of neurology and physiology. Jane has served as a volunteer board member for Humewood House.

Jay O'Neill, Director



Jay O'Neill was appointed CEO and Registrar at the Retirement Homes Regulatory Authority in June 2018. He joined the RHRA in 2001 and was instrumental in the launch of the organization. In his most recent role as Chief Operating Officer (COO), he oversaw finance, Human Resources, Information Technologies, enterprise risk, procurement, and facilities.

Jay holds an MBA from the Rotman School of Management, University of Toronto, and a BA from York University. Prior to joining the RHRA Jay held both consulting positions, as well as senior-level corporate positions and focused on strategy implementation and company profitability, as well as HR excellence. His client base included large national retail clients and small non-profit organizations including, manufacturing, distribution, pipeline and energy services sectors as well as professional services. As a consultant, Jay's primary focus was on human capital, change management, and supporting management through strategic and business planning processes.

Jay currently serves on the Board of Directors for the Bereavement Authority of Ontario.

Laurie Macdonald, Director



As the Chief Staff Officer at VQA Ontario, Laurie oversees the management and operations of Ontario's wine authority. VQA Ontario administers provincial regulations that govern wine composition and labelling for Ontario wines and ensure label integrity for consumers.

She has been with VQA Ontario since its establishment in 2000.

Before joining VQA Ontario, Laurie practiced as an engineer in the mining and explosives fields and later was the Director of Professional Affairs and Registrar at Professional Engineers Ontario, the licensing authority for Professional Engineers in the Province.



Performance Statistics | Licensing Measures

Providers of bereavement related supplies and services who are based in Ontario and offer these services to the public for a fee, are required to be licensed under the FBCSA. The total number of licensees licensed during this fiscal year under the FBCSA is 6,417.

The licensing process for new cemetery operators includes the establishment of a care and maintenance trust fund. Sales of licensed establishments; either asset sales (bricks & mortar) or transfers of shares must be reported within 15 days of the sale or transfer date. Transfers of cemetery sites (either sales or as a result of abandonments) from one licensed operator to another are also reported, documented and processed so that up-to-date information is available on the BAO website.

From April 1, 2017, to March 31, 2018:

28 new business licence applications (including those that were the result of asset or share purchases) relating to Funeral Establishments & Transfer Services, were processed and licenses were issued.

There are variations in the various licence renewal processes:

Funeral establishment operators and transfer service operators must file a Report on Prepaid Fund (RPF) before the end of the calendar year irrespective of their fiscal year. The filing of the RPF along with the payment of a fee, based on the number of death registrations done by each licensed operator, is considered the renewal of that operator's licence.

Filing of Annual Licensure Reports (ALRs) by cemetery and crematorium licensees is considered the renewal of that operator's licence. These ALRs are printed, prepopulated with existing information and mailed out each year on November 15th. The completed ALR along with the payment of a fee, based on the number of interments or scatterings performed, must be submitted within three months of the operator's fiscal year end. Cemetery operators whose care and maintenance trust fund is greater than \$500,000 must also file audited financial statements within six months of the operator's fiscal year end.

Any licensed operator whose prepaid trust fund exceeded \$100,000 during their fiscal year must also submit audited financial statements or Review Engagement Reports within six months of the operator's fiscal year end.

Personal licence renewal reminder letters for cemetery and crematorium sales representatives are sent out 60 days prior to the individuals licence expiry date.

The personal licence renewal reminder notice is sent by e-mail to all funeral directors (Class I & II), funeral pre-planners and transfer service sales representatives on October 31st. The renewal form is available on the BAO website and must be submitted by December 31st.

Performance Statistics | Licensing Statistics

Between April 1, 2017 and March 31, 2018 the BAO licensed a total of 6,414 individuals and establishment operators throughout the 12 categories listed below:

April 1, 2017 to March 31, 2018				
Licence Class (Individual)	New Applications	Renewed	Reinstated	Total
Funeral Director —Class 1 (Embalming)	9	2,559	13	2,581
Funeral Director—Class 2 (Non-embalming)	0	25	0	25
Transfer Service Sales Representative	6	17	0	23
Funeral Preplanner	23	262	1	286
Cemetery/Crematorium Sales Representative	33	237	1	271
Total	71	3,097	15	3,186

Licence Class (Establishment/Business)	Total as of March 31, 2018
Funeral Establishment Operator—Class 1 (must be managed by a Funeral Director—Class 1, if embalming)	579
Funeral Establishment Operator – Class 2 (may be managed by a Funeral Director—Class 1 or 2)	10
Transfer Service Operator – Class 1 (must be managed by a Funeral Director—Class 1)	48
Transfer Service Operator – Class 2 (may be managed by a Transfer Service Sales Representative or Funeral Director —Class 1 or 2)	24
Transfer Service Operator – Class 2 with conditions i.e. Non-public removal services	3 (9 Applications in progress)
Cemetery Operator	2,359
Crematorium Operator	53
Total	3,076

Report on Performance | Trust

Trust Oversight and Review

All licensed operators who sell bereavement related prepaid supplies and services are required to ensure the prepaid funds are either held in individual trust accounts (at an eligible depository etc.) or if the prepaid funds are pooled then they must be held by a trustee (as defined in the FBCSA). These operators are required to file a Report of Prepaid Funds (RPF) with the BAO on an annual basis. The RPF is reviewed and documented by the Trust Unit of the BAO. Identified discrepancies are addressed either by phone or letter and a follow-up will be conducted by a compliance inspector, if necessary.

Further, any cemetery operator who sells, transfers or assigns interment or scattering rights is required to establish a care and maintenance trust fund with a trustee. A new cemetery operator (as of 1992) must deposit \$100,000 into this fund (with possible exemptions). Existing cemetery operators who have less than \$50,000 in care and maintenance contributions may hold the money in a care and maintenance trust account at an eligible depository in a designated cemetery care and maintenance account.

The Trust Unit of the BAO is responsible to ensure that the care and maintenance trust money is properly secured via a review of the Trustee Agreement between the cemetery operator and the trustee. Also, as the legislation prohibits the release of the capital of the care and maintenance trust fund/account without the consent of the Registrar, FBCSA, BAO, each time the fund is to be transferred from one trustee to another the trustee agreement must be reviewed prior to consent being provided.

The review of the existing care and maintenance trust funds/accounts is conducted by the receipt of the ALR which must be submitted within three months of the cemetery operator's fiscal year end. Operators having more than \$500,000 in the care and maintenance trust fund must submit audited financial statements within six months of the fiscal year end.

Ensuring preservation and security of cemeteries:

In early 2018, the Registrar issued a Directive reminding and requiring cemetery operators to ensure that any invasive activity, either excavation or construction, within or at the boundaries of a cemetery for which no proper or available maps/plans exist etc., only to be carried out after an archaeological investigation has been conducted. Between April 1, 2017, to March 31, 2018, the Registrar issued 11 Investigation Orders for archaeological investigations within or at the undefined boundaries of various cemeteries.

The BAO continues to respond to and work with the Registrar, FBCSA, MGCS, in regard to the establishment of burial sites, licensed cemetery sites, partial cemetery closures and transfers of cemetery sites following the abandonment process.

As a result of review and oversight of the care and maintenance trust fund by the Trust Unit, approximately \$1,626,501 of care and maintenance money was addressed and redeposited into various funds.

Approximately \$998,000 of this amount was reimbursed from one non-compliant trustee of the fund.

Report on Performance | Compliance Measures

Compliance Summary

The BAO compliance unit had a very active and productive year, conducting a total of 140 inspections (80 funeral establishments, 11 transfer services, 37 cemeteries and 12 crematoriums). In addition, 10 investigations were commenced, relating to a variety of issues, including:

- ♦ misappropriation of prepayment funds;
- ♦ False advertising;
- ♦ licensees facing criminal charges;
- ♦ unauthorized practices; and,
- ♦ misrepresenting disbursement charges.

Some of the investigations resulted in Suspension Orders and Proposals for Revocation of personal and operator's licenses, while other licensees were cautioned about their conduct. Additionally, some licensees were referred to police and charged criminally. Approximately half of the investigations were initiated based on information received from other licensees, demonstrating a continued commitment by the profession to maintain high professional standards.

Approval for two additional Inspectors will see the inspection team increased to five employees, allowing the unit to continue to focus its efforts on risk-based initiatives.

In total, the BAO received 96 complaints, the most common being:

- ♦ overcharging for services or supplies;
- ♦ contract related issues;
- ♦ professional misconduct;
- ♦ cemetery maintenance; and,
- ♦ miscommunication between licensees and consumers.

Compliance Actions April 1, 2017—March 31, 2018	
Inspections	
Funeral Establishments	80
Transfer Services	11
Cemeteries	37
Crematoriums	12
Total Inspections	140
Registrar's Actions	
Proposal Issued for Revocation	4
Operator Licence Revoked	1
Personal Licence Revoked	1
Total Registrar's Actions	6
Complaints	
Funeral Homes	48
Transfer Services	4
Cemetery	41
Crematorium	3
Total Complaints Received	96

The compliance unit has been very effective in addressing consumer complaints and will continue to endeavor to resolve complaints in under 60-days. These efforts are undertaken to ensure Ontario consumers are always treated in a compassionate and professional manner during a vulnerable time in their lives.

Other Updates

Review of Regulation

The review of the FBCSA has been ongoing since the delegation of the BAO in 2016. While no specific changes have been requested to-date, staff are continuously tracking areas that may require future amendment.

Both the Code of Ethics and Discipline and Appeal Committee Regulations under the FBCSA were approved in spring 2018. A further amendment to the General Regulation under the Safety and Consumer Statutes Administration Act, 1996 is needed in order for the BAO to administer the new regulations. Once the BAO is authorized to administer the new regulations, the BAO will begin the process of establishing committee composition and will be soliciting stakeholders to find those interested in becoming members.

These committees will hear issues concerning licensee compliance with the BAO’s Code of Ethics.

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.

French Language Services

The bereavement sector employs many franco-phone licensees. Funeral service education is offered at Collège Boréal – a fully French-speaking college.

The BAO employs three bilingual individuals (an Inspector, Complaints Officer and Licensing and Education Assistant). These employees provide support to consumers, stakeholders and licensees via phone and written communication, as required. Most BAO publications are produced in both English and French.

Service Standards

The BAO upholds standards of business excellence to ensure that all inquires, applications and complaints are responded to or acknowledged within 48 hours.

Service	Average Turnaround Time
Personal Licence Application* processing time	10 business days
Business/Establishment Licence Application* processing time	10 business days
Inquiry acknowledgement	24 hours
Complaint processing time	60 days
Inspection results delivered to licensee	14 days

*Estimation based on applications that are submitted correctly, with appropriate documents provided.

Year Over Year Statistics

Complaint Handling Process

The BAO handles complaints by reviewing and attempting to resolve disputes pursuant to the FBCSA. The BAO encourages both parties to speak and attempt to resolve the dispute prior to engaging in the BAO complaints process. The complaints process is offered free of charge and can include the following, as appropriate:

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

If supplies and services have already been provided, the BAO cannot compel a licensee or operator to return funds, provide services or merchandise or award damages.

The BAO receives complaints verbally, written in emails faxes or through the online complaint form.

Each year the BAO tracks complaint data and uses this data to identify trends, repeat offenders and to reassess and identify educational opportunities for licensees.

Licensing 2016 vs. 2017

Licence Class	2016	2017
Funeral Establishment Operator (Class 1)	574	579
Funeral Establishment Operator (Class 2)	9	10
Funeral Director (Class 1—embalming)	2,752	2,581
Funeral Director (Class 2)	24	25
Funeral Preplanners	368	286
Transfer Service Operators (Class 1—Managed by FD)	41	48
Transfer Service Operators (Class 2)	21	24
Transfer Service Sales Representatives	19	23
Cemetery Operators	2,370	2,359
Crematorium Operators	53	76
Cemetery and Crematorium Sales Representatives	689	461

Inspections 2016 vs. 2017

Establishment	2016	2017
Funeral Home	23	80
Transfer Service	4	11
Cemetery	15	37
Crematorium	0	12

Report on Performance | Financial Review

Financial Summary FY2018

The following financial review is based on the audited financial statements for the BAO for the year ended March 31, 2018 (see Appendix A). The BAO uses its revenues to deliver consumer protection initiatives across the province and to ensure the organization's sustainability so the organization can fulfill its mandate.

As of March 31, 2018, the Net Assets of the BAO were \$5,021,571, compared to \$3,787,946 for the year ended March 31, 2017. In fiscal year 2018 (April 1, 2017 to March 31, 2018) the BAO achieved a net surplus of revenues over expenses of \$1,233,625 (compared to \$1,360,076 in FY2017), a favourable variance from the budgeted surplus of \$591,439. The strong financial performance was due to a concerted effort across the organization to manage costs and improve efficiencies.

Revenue

The BAO relies on two main revenue streams, funeral and cemetery licensing fees, which are set out in accordance with a fee structure under the Minister's Order made under the FBCSA. Overall revenues increased by \$149,113 due to higher funeral and cemetery operator fees. Non-operating revenue of \$48,324 was generated by the BAO's new investment program for FY2018. Investment of excess cash flows were limited to short-term, risk-free, term deposits and held with major Canadian financial institutions.

Expenses

The BAO's expenses in FY2018 were \$3,028,598 (including amortization), an increase of \$275,564 from the previous year. The year-over-year increase in expenses was driven primarily by a full staffing complement and partially offset with a reduction in outside consulting. Higher directors' remuneration was due to the appointment of a new, permanent Board and the introduction of advisory committees.

Capital Expenditures

Capital spending including intangible assets in FY2018 amounted to \$163,514 (compared to \$71,725 in FY2017), primarily related to IT infrastructure and the creation of a single data-base platform.

Liquidity

Based on cash flows provided by its operations and current investment holdings, the BAO has sufficient liquidity to fund its short and medium-term business plans and obligations.



APPENDIX A



BEREAVEMENT AUTHORITY OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2018

BEREAVEMENT AUTHORITY OF ONTARIO

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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

DEDICATED TO EXCELLENCE,
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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
	<u>5,649,940</u>	<u>4,452,895</u>
Capital assets (note 4)	296,883	341,814
Intangible asset	166,576	10,170
	<u>\$ 6,113,399</u>	<u>\$ 4,804,879</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 321,951	\$ 186,380
Deferred revenue (note 5)	448,423	455,775
	<u>770,374</u>	<u>642,155</u>
Rent inducement	60,950	62,235
Deferred contributions - capital assets (note 6)	260,504	312,543
	<u>1,091,828</u>	<u>1,016,933</u>
NET ASSETS		
Unrestricted net assets	4,818,616	3,748,505
Invested in capital assets (Note 7)	202,955	39,441
	<u>5,021,571</u>	<u>3,787,946</u>
	<u>\$ 6,113,399</u>	<u>\$ 4,804,879</u>

Approved by:

Director: 

Director: 

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

Year ended March 31	2018	2017
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
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)
Balance, end of year	202,955	39,441
NET ASSETS, ENDING	\$ 5,021,571	\$ 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

	2018	2017
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>

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

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
	478,605	181,722	296,883	341,814
Intangible asset	166,576	-	166,576	10,170
Total capital and intangible assets	\$ 645,181	\$ 181,722	\$ 463,459	\$ 351,984

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
	4,604,260	4,504,146
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)
Deferred revenue, ending	\$ 448,423	\$ 455,775

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

5. DEFERRED REVENUE (CONTINUED)

Deferred revenue consists of:

Deferred license revenue - funeral
Deferred license revenue - cemetery

2018	2017
\$ 392,626	\$ 400,133
55,797	55,642
<u>\$ 448,423</u>	<u>\$ 455,775</u>

6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

Balance, beginning of the year
Amounts received during the year
Amortization of deferred contributions

Balance, end of the year

2018	2017
\$ 312,543	\$ 350,644
-	26,638
(52,039)	(64,739)
<u>\$ 260,504</u>	<u>\$ 312,543</u>

7. INVESTED IN CAPITAL ASSETS

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

Capital and intangible assets, net (note 4)
Less unamortized deferred contributions - capital assets

Balance, end of the year

2018	2017
\$ 463,459	\$ 351,984
(260,504)	(312,543)
<u>\$ 202,955</u>	<u>\$ 39,441</u>

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

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
MARCH 31, 2018**

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><u>\$ 2,448,219</u></u>