



BAO

Bereavement
Authority of
Ontario

APRIL 1, 2018 - MARCH 31, 2019

ANNUAL REPORT

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Mission

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

Vision

To provide fair, safe and supportive funeral, burial and cremation services in Ontario.

Values

- Honesty and Integrity
- Accountability
- Communication and Confidentiality
- Compliance
- Cooperation and Teamwork
- Healthy Co-existence with our Environment

MESSAGE FROM THE CHAIR

It is my pleasure to introduce this Annual Report for the Bereavement Authority of Ontario (BAO), which describes the organization's activities and accomplishments over the 12 months from April 1, 2018, to March 31, 2019. The BAO has an ambitious mandate to protect the interests of the public while ensuring compliance with the *Funeral, Burial and Cremation Services Act, 2002*, and as a result, enhancing market integrity and stability. We will continue to achieve this legislated mandate by maintaining a modernized, adaptive and innovative approach, balancing the regulatory trend toward compliance with an open and fair perspective.

The BAO is positioned at the intersection of changing times - a mosaic of diverse consumers are seeking a variety of services. The bereavement sector must adapt accordingly. Several alternative disposition options are entering the marketplace which will supplement the standard burial and cremation traditions. Going forward, there may be regulatory changes required for many of these new technologies to proceed. The BAO is committed to ongoing collaboration, consultation and transparency with stakeholders, the Ministry of Environment, Conservation and Parks, Technical Safety & Standards Authority, Canadian Nuclear Safety Commission and Public Health to determine the impacts on public safety, the environment and to protect consumers while expanding death care options.

While much work lies ahead in 2019, the BAO has made significant progress in laying a strong foundation to become an effective, efficient and forward-thinking organization with the systems, tools, skill and authority required to deliver on its mandate.

At the same time, we recognize that achieving transformation takes time and includes the continued development of our regulatory framework, processes and rules, investments in technologies and systems, and a high-performance culture with highly engaged employees.

The Board of Directors extends its deep appreciation to the Ministry of Government and Consumer Services and supporting Ministries for their commitment and support of bereavement service regulation across Ontario.

The Board acknowledges the important role that BAO staff play to ensure great service and stability as we build the future together.



Aubrey LeBlanc
Chair

MESSAGE FROM

THE CEO & REGISTRAR

The past year was one of success, stability and financial strength that should be expected of any organization into the third year of its existence. That said, we have also seen many changes; some from external factors, but many of which were driven by the desire to make compliance with the rules easier for licensees.

We have been challenged by the arrival of new disposition technologies such as alkaline hydrolysis, composting and green burial which are outpacing existing legislation, public policy and knowledge as related to funerary use. Although having options beyond burial and cremation is desirable for the consumer, the BAO is required to ensure that they are in the public interest and that the options are safe for the public. Trying to keep up with the implementation of new disposition techniques is taxing on resources, particularly financial resources, as we consult with subject matter experts and on occasion become involved in litigation.

While regulating the bereavement sector in the public interest, we are mindful that there is a balance between consumer protection and licensees' legitimate business interests. The two concepts are not necessarily in opposition; healthy and profitable businesses are not driven to cut corners or conduct themselves in ways that are harmful to consumers. But the bereavement sector is changing. The sector is experiencing pressures that challenge the viability of the traditional business model.

Consumer preference is changing from the traditional funeral and burial to more economical options such as direct cremations, celebrations of life and no burial ceremonies. Staffing within the profession is also changing. In the past, funeral directors were proudly bound to the profession for life; the new generation are open to multiple careers in their lifetime and the number of funeral directors licensed by the BAO annually appears to be trending downward. At the BAO, we are and will continue to do its part to support the bereavement sector by making changes that will reduce the regulatory stresses without compromising consumer protection or public safety. An example is the BAO's response to the staffing challenges of funeral homes. We no longer require a licensee to be tied to a specific establishment so that a licensed funeral director can work for various employers. We will continue to create and identify innovative solutions to ease the burden for licensees, even if in a small way.

I wish to recognize everyone that contributes to the success of the BAO. I often reflect on the words of the late Steve Jobs, who observed that "Great businesses are never done by an individual...they're done by a team." We have an excellent staff at the BAO who are dedicated to serving the public and licensees in an empathetic and supportive way. We are fortunate to have a conscientious and skilled Board of Directors who take their governance role very seriously and strive for continuous improvement. Our partner, the Ministry of Government and Consumer Services closely oversees the BAO in the administration of the *Funeral, Burial and Cremation Services Act, 2002*. Our staff, the Board and the Ministry are all responsible for and share in the success of this organization.



Carey Smith
CEO/Registrar

In closing, I must address our three advisory committees: Funeral & Transfer Service, Cemetery, Crematorium & Municipal and Faith-based. These committees share their expertise and provide invaluable advice to the BAO and I am always extremely appreciative of their accessibility and support. Simply put, we would not be an effective regulator without their counsel, and no directives or policies are issued without their input. They are truly the cornerstone of this regulatory model, and they have my complete gratitude.

ORGANIZATIONAL OVERVIEW

MANDATE

The Bereavement Authority of Ontario (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 establishments; funeral, transfer service, cemetery and crematorium.
- The licensing of individuals; funeral directors, funeral preplanners, transfer service, cemetery and crematorium sales representatives.
- The monitoring of cemetery care and maintenance trust funds and prepaid trust funds.
- Promoting confidence and awareness in Ontario's bereavement sector through licensing, inspections, investigations, responding to complaints and public education activities.
- Providing information and education to the public.

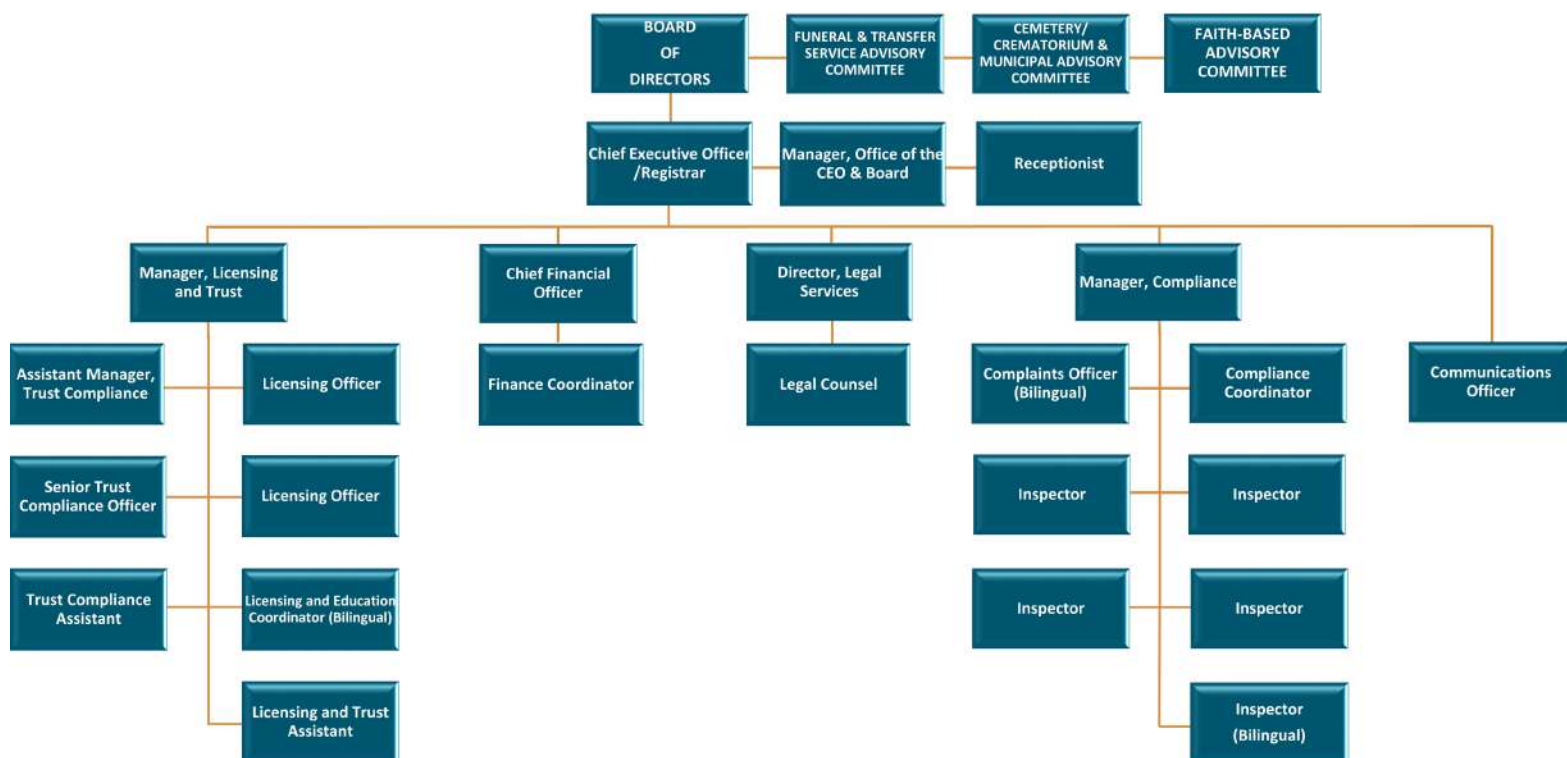
OBJECTIVES

The BAO's objectives include:

- 1) Increasing consumer awareness of the BAO and access to useful and relevant regulatory information.
- 2) Developing and maintaining effective communications with key stakeholders.
- 3) Improving resolution of consumer complaints.
- 4) Enhancing educational requirements.
- 5) Conducting inspections and reviews, and resolving matters of non-compliance.
- 6) Increasing the effectiveness and efficiency of inspections and compliance methods.
- 7) Coaching for compliance.
- 8) Ensuring financial sustainability.
- 9) Improving operational capabilities.
- 10) Ensuring effective Board oversight of the BAO.
- 11) Ensuring compliance with the FBCSA and regulations.

2018/19

ORGANIZATIONAL CHART



2018/2019

ORGANIZATIONAL ACCOMPLISHMENTS

- The BAO simplified annual licensing reports, applications and other forms. Online tools were also created to assist small cemetery operators in determining their calculations to the care and maintenance fund and the online renewal system for personal licences was streamlined.
- The BAO merged two legacy database systems from the former Board of Funeral Services and Ministry of Government and Consumer Services. This resulted in efficiencies in all internal processes from licensing to compliance and finance, and provides functionality for future data analytics.
- Changes were made to the online public register to offer improved ability to search for cemeteries using a variety of search criteria including their lot and concession numbers beyond traditional addresses.
- The BAO recovered almost a million dollars in inappropriately allocated trust money. As for prepaid trust money held by funeral homes, the BAO has developed an 'early warning' program to identify licensees that may be at risk financially. This allows the Trust and Compliance Officers to intervene and take necessary remedial action before the money is lost.
- Two Inspectors were added to the compliance department and an additional lawyer to the legal department. The past year saw a strategic shift to risk-based inspections which allows the Inspectors to spend quality time on licensees that have had serious consumer complaints, indications of financial insolvency, management issues or other compliance issues. A full menu of measures is available to address non-compliance, including mentorship/coaching, education, modifying management, placing the licensee on conditions, supervision, suspension and ultimately revocation.
- BAO Complaints Officers received 442 complaints and inquiries throughout the year.
- There were 80 complaints escalated for further investigation, and ultimately these complaints resulted in 41 regulatory actions imposing conditions, suspensions or revocation of licence.
- The BAO has streamlined Entry-to-Practice Examinations, which were reviewed extensively by subject matter experts. Many irrelevant questions were deleted and several questions were added to help address missing areas of competency.
- In response to requests from the BAO, Humber College re-tooled and condensed the Funeral Preplanner Course to improve its practicality and accessibility. Humber also created an abridged Safe Handling Course for non-public body removal services that the BAO brought into the licensing realm under a temporary grandfathering provision.
- The BAO encouraged the Ontario Association of Cemetery and Funeral Professionals to create educational products for cemetery operators, targeting the volunteer, part-time municipal administrators and boards. An on-line course for Cemetery Sales Representatives is now available. The BAO is pleased that the association is taking a leadership role in addressing the lack of formal educational opportunities in the cemetery sector.

2018/2019

ORGANIZATIONAL ACCOMPLISHMENTS

- The BAO continues to maintain exceptional relationships with its stakeholders, including various levels of government, professional associations, Humber College, Collège Boréal, and the Funeral Advisory and Memorial Society. New relationships have been forged with Community Deathcare Canada and Hospice Palliative Care Ontario.
- The BAO's outreach to the public has grown significantly, particularly through social media and electronic means. LinkedIn has been added to the existing Facebook and Twitter outlets. Last year saw 720 tweets, 144 Facebook posts and 10 LinkedIn updates posted with consumer protection/public information messaging, garnering over 10,000 impressions. The BAO conducted an advertising campaign on Google which resulted in 3,700 clicks through to the BAO website and over one million impressions overall.
- In a more traditional approach, the BAO participated in two public awareness campaigns through Cottage Life Magazine and the London Free Press/Windsor Star newspapers, alerting consumers to their options and responsibilities when planning funerals or scattering ashes from cremation.
- The BAO conducted 22 educational seminars and workshops for various religious sectors and municipal organizations (including the Association of Municipal Managers, Clerks and Treasurers of Ontario, Ontario Recreation Facilities Association Inc., and Ontario Monument Builders Association).
- BAO staff spoke with over 3,000 consumers at various trade shows: Ottawa Spring and Fall Lifestyle Shows, Zoomer Show and National Women's Show and distributed more than 5,500 copies of the BAO's "Guide to Death Care in Ontario" to palliative care organizations, retirement homes, hospices and hospitals.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Role of the Board

The Board of Directors has the authority to direct the BAO in accordance with its Administrative Agreement with the Ministry of Government and Consumer Services (MGCS) and all applicable statutes. The Board is accountable to the Minister for the performance of the BAO. Five (5) Board meetings were held during this fiscal year.

Board Composition and Director Qualifications

The BAO is governed by a ten-member Board of Directors (during the 2018/2019 fiscal year there was one vacancy). The Board is comprised of:

- Four (4) directors with regulatory and governance experience and who have no direct interest in the bereavement sector.
 - Three (3) directors who are selected and appointed by the Minister, MGCS.
 - Three (3) directors who are also the Chairs of the three (3) Advisory Committees. These individuals represent all sectors of the bereavement industry: faith, funeral and transfer services, cemetery and cremation.
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Members of the Board of Directors



Aubrey LeBlanc
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 Warranty 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.

Glen Timney is the Vice President Corporate Development for the Mount Pleasant Group in Toronto. He has worked within Ontario's bereavement industry for almost 50 years.

Twice he served as President of the Ontario Association of Cemetery and Funeral Professionals (OACFP), and served on their Board of Directors, conducted legislation and operations training seminars for licensees throughout the province for more than 3 decades, chaired the association's legislation committee for 13 years, and represented the OACFP membership's interests during government negotiations, culminating in the proclamation of the Funeral, Burial and Cremation Services Act in July 2012.

Glen is dedicated to spending time with his family and serving his community. A past president of the local Rotary Club, Glen was honoured with a Paul Harris Fellowship. He is a Knight Commander within the Order of St. Lazarus in Canada, a past Commander of the Toronto Commandery, and served as Vice Chancellor Commanderies for Canada.

Glen has served as treasurer for two charitable foundations, is a past member of the Humber College Health Sciences Funeral Education Advisory Committee, and chair of the BAO Cemetery Crematorium and Municipal Advisory Committee.



Glen Timney
Vice-Chair

John J. O'Brien was appointed Episcopal Delegate for Cemeteries and Insurance on January 1, 2014. He served as the Business Administrator of The Roman Catholic Diocese of Hamilton 1999 to 2013, Director of The Catholic Cemeteries of the Diocese of Hamilton from 1987 to 2013 and served on the Board of the Catholic Cemetery Conference, Chicago, Illinois from 1993-2006, and was President from 2002-2004.

Since 1999, he has served on the Insurance Management Board of the Assembly of Catholic Bishops of Ontario. He served as President of Catholic Umbrella Pool II (CUP II), a reinsurance investment pool forming part of the Catholic Mutual Group of Omaha, Nebraska from April 2014 to April 2016.

He served a three-year term as a member of the Board and Treasurer of Catholic Missions in Canada (2004), and ten years as a Trustee of St. Joseph's Villa (2003), a 428-bed Long Term Care Facility, located in Dundas, Ontario. In September of 2016, he was appointed to the Board of Carpenter Hospice and is currently the President of the Ontario Catholic Cemetery Conference.



John O'Brien
Secretary

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.

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, then 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), OREA and Ottawa Real Estate Board (OREB). Glenda currently sits on the fundraising committee for St Joseph's Woman Shelter in Ottawa.



Glenda Brindle
Director



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 at Baycrest, and Vice-President, Operations at the Ontario Institute for Cancer Research at MaRS, Child Health Services Director at Sick Kids and Perinatal Manager at Toronto General Hospital.

Members of the Board of Directors



Jay O'Neill
Director

Jay O'Neill was appointed CEO and Registrar at the Retirement Homes Regulatory Authority (RHRA) 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, 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. He also holds a Chartered Director (C.Dir) from the Director's College.

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.



Laurie Macdonald
Director

Tom Wright was Chair of the Board of Directors of the Bereavement Authority of Ontario from 2014 to 2018.

Tom is the current Chair of the Condominium Authority of Ontario and Vice-Chair of the Resource Recovery and Productivity Authority Boards of Directors. Previously, he served as Chair of the Ontario Film Authority. Tom was Chief Executive Officer and Registrar of the Real Estate Council of Ontario and from 1991 to 1997 he was Information and Privacy Commissioner for the Province of Ontario. A graduate of Queen's University Law School, he was called to the Ontario Bar in 1975.



Tom Wright
Director

CORPORATE GOVERNANCE

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 14 meetings this fiscal year.

Audit and Risk Committee

Chair: Jay O'Neill

The Audit and Risk Committee's mandate is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the organization's standards of integrity and behaviour, reporting of financial information, risk management oversight and management control practices.

CEO/Registrar Performance Evaluation Committee

Chair: Aubrey LeBlanc

The CEO/Registrar Performance Evaluation Committee's mandate is to assist with the evaluation of the CEO/Registrar on an annual basis and to make recommendations on alterations to the CEO/Registrar job description, incentives and salary.

Compensation Fund Committee

Chair: Brian Parent

The Compensation Fund Committee's mandate is to manage the affairs of the Funeral Services Compensation Fund, to ensure compliance with the FBCSA and its regulations and to determine eligibility of claims.

Finance Committee

Chair: Aubrey LeBlanc

The Finance Committee's mandate is to assist the Board in fulfilling its governance responsibilities with respect to financial planning, funding/revenue strategies, approval of budgets, financial monitoring and financial policies.

Governance and Nominations Committee

Chair: Glenda Brindle

The Governance and Nominations Committee has a double mandate; to provide the Board of Directors with recommendations for the membership of committees and the Board; and to assess the BAO's governance development, practices and policies.

BAO Volunteer Committees

The following three (3) volunteer committees are comprised of sector and consumer representatives who provide the Board and the Registrar with expert advice on matters affecting the bereavement sector.

- Cemetery, Crematorium and Municipal Advisory Committee (Chair: Glen Timney)
- Faith-based Advisory Committee (Chair: John O'Brien)
- Funeral and Transfer Service Advisory Committee (Chair: Brian Parent)

PERFORMANCE STATISTICS

LICENSING

Anyone in Ontario, who sells or offers to sell bereavement-related supplies (except caskets and monuments/markers) and services must be licensed with the BAO under the FBCSA and comply with relevant Ontario Regulations. The total number of licensees (cemetery, crematorium, funeral and transfer service establishment operators and funeral directors, preplanners, and transfer service, cemetery and crematorium sales representatives) during this fiscal year is 9,427.

Establishment Licensing

Establishments are required to renew their licences on an annual basis. They must submit the necessary documentation and payments to the BAO between November 1 - December 31, each year.

Documents and fees are processed by the Licensing Unit and any deficiencies found are communicated to the establishment to ensure compliance with the FBCSA.

Personal Licensing

Personal licences are required to be renewed on an annual basis. Licensees must submit the necessary documentation, proof of continuing education completion and fees through the online Licensee Portal between November 1 - December 31, each year.

Licences are processed by the Licensing Unit and personal licence identification cards are then mailed to licensees.

NEW LICENCES ISSUED

- 33 funeral, cemetery, crematorium and transfer service business licence applications were issued.
- 270 new personal licences were issued.

LICENCES RENEWED

- 663 funeral establishment and transfer service operator licences were renewed.
- 3,472 cemetery and crematorium sales representative licences, funeral preplanner, funeral director and transfer service licences were renewed.

PERFORMANCE STATISTICS

LICENSING QUICK FACTS

PERSONAL LICENCE STATISTICS	
Licence Classes	# Licensed
Funeral Director- Class 1	2554
Funeral Director- Class 2	29
Transfer Service Sales Representative	23
Funeral Preplanner	296
Cemetery/ Crematorium Sales Representative	570
Total	3472
ESTABLISHMENT LICENCE STATISTICS	
Licence Classes	# Licensed
Funeral Establishment Operator - Class 1	580
Funeral Establishment Operator - Class 2	10
Transfer Service Operator - Class 1	47
Transfer Service Operator - Class 2	26
Cemetery Operators (2374 organizations)	5215
Crematorium Operators (53 organizations)	77
Total	5955
Total Licensees	9427

- **Cemetery Operator:** Person (Corporation, Partnership, Sole Proprietor, Trustee/Volunteer Board – Religious or other) licensed to offer or sell cemetery supplies and services.
- **Cemetery Sales Representative:** Can sell or offer to sell cemetery supplies and services on behalf of a licensed cemetery operator.
- **Crematorium Operator:** Person (Corporation, Partnership, Sole Proprietor, Trustee/Volunteer Board – Religious or other) licensed to offer or sell crematorium supplies and services.
- **Crematorium Sales Representative:** Can sell or offer to sell crematorium supplies and services on behalf of a licensed crematorium operator.
- **Funeral Director – Class 1:** Can embalm and provide all related professional services associated with arranging and directing a funeral and memorial service on behalf of a licensed establishment.
- **Funeral Director – Class 2:** Can arrange and direct customized funeral rites and ceremonies on behalf of a licensed establishment. Cannot provide embalming services.
- **Funeral Preplanner:** Can enter into prepaid contracts funded by insurance plans for funeral supplies and services on behalf of a licensed funeral establishment.
- **Transfer Service Operator – Class 1:** Can sell and provide the service of placing a dead human body in a casket, washing and setting the features and transporting a dead human body from one location to another.
- **Transfer Service Operator – Class 2:** Can sell and provide the service of placing a dead human body in a casket, removing personal effects and transporting a dead human body from one location to another.
- **Transfer Service Sales Representative:** Can sell transfer services on behalf of a licensed transfer service operator.

PERFORMANCE STATISTICS **LICENSING**

Ensuring the Preservation and Security of Cemeteries

The BAO Registrar's Directive "Archaeological Assessments & Investigations on Cemetery Lands" dated April 11, 2018, was issued to remind cemetery operators that any invasive activity, either excavation or construction within or at the boundaries of a cemetery for which no credible maps/plans or records exist, may only be carried out after an archaeological investigation has been conducted. An Investigation Authorization must be received from the BAO before any invasive activity begins.

Between April 1, 2018, and March 31, 2019, the Registrar has issued 8 Investigation Authorizations for archaeological investigations within or at the undefined boundaries of various cemeteries.

PERFORMANCE STATISTICS EDUCATION

EXAM RESULTS

Total number of exams written in the fiscal year: 321

Entry-to-Practice Examination Licensing Examination			
	Total Tested		
	First Time	Repeat	Pass %
June 2018	89	1	100%
November 2018	5	0	60%
January 2019	1	0	100%
February 2019	7	0	100%
March 2019	25	2	93%
Total	130		

Jurisprudence Examinations			
	Total Tested		
	First Time	Repeat	Pass %
June 2018	103	5	97%
September 2018	1	1	100%
November 2018	37	2	90%
January 2019	2	0	100%
February 2019	9	1	80%
March 2019	27	3	97%
Total	191		

CONTINUING EDUCATION

The BAO believes that continuing education is a priority and an important component of any profession. In 2018, licensees who wished to renew their licences for 2019 were required to complete four (4) hours of continuing education and professional development before December 31, 2018.

Licensees were able to self-report their continuing education details while renewing their licence through the online Licensee Portal.

Any courses that are provided by Humber College, Collège Boréal, Ontario Association for Cemetery and Funeral Professionals, Ontario Funeral Service Association or that have been pre-approved by the Registrar will qualify for continuing education credits.

REPORT ON PERFORMANCE TRUST FUNDS

Care and Maintenance

A Care and Maintenance Fund (C&M) is a trust fund used to help ensure the long-term upkeep of a cemetery in perpetuity. All cemetery operators who sell, assign or transfer interment rights or scattering rights or who permit the interment/scattering of human remains must have a C&M. The C&M must be held by a trustee or a municipality as legislated.

The use of capital (including realized capital gains) in the C&M is strictly prohibited under the FBCSA.

Cemetery operators are required to submit details of their C&M annually, as well as their institutional trustee statements. These documents are reviewed by the Trust Unit to ensure compliance with the FBCSA.

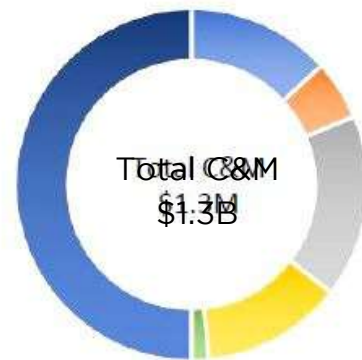
Cemetery operators who have a C&M greater than \$500,000 or have a funeral establishment on their cemetery lands must submit audited financial statements within six (6) months of their fiscal year end.

Cemetery operators whose prepaid funds exceed \$100,000 during the year must also submit audited financial statements.

Compliance Review

The Trust Unit ensures that contributions to the C&M are correct, and that licensees use the interest appropriately. All discrepancies identified are addressed by phone, e-mail or a deficiency letter. A failure to respond may lead to an inspection or further compliance action.

Care and Maintenance Funds Total by Category



■ Corporation	\$362,203,036
■ Municipal	\$150,009,475
■ Ontario Corporation Non-Share	\$460,646,919
■ Religious Organization	\$355,570,378
■ Sole Proprietorship	\$27,178
■ Trustee/Volunteer Board	\$42,865,536

REPORT ON PERFORMANCE

TRUST FUNDS

Report on Prepaid Funds

Licensed operators must ensure that money received in advance (for prepaid supplies or services) is either held in individual trust accounts and invested directly through the trustee or a fraternal society licensed under the Insurance Act, or in a pooled trust fund with an eligible trustee as defined in the FBCSA. The amount of each account and the interest earned must be tracked even if the prepaid money is being held in a pooled trust fund.

Funeral establishment/transfer service operators, and cemetery/crematorium operators that sell prepaid supplies and services are required to file a Report of Prepaid Funds (RPF) with the BAO annually. Based on the total amount of money held, the operator may also be required to submit a Review Engagement or Audit Report. Every RPF is reviewed and documented by the Trust Unit. Identified discrepancies are initially addressed by phone, e-mail or a deficiency letter. A failure to respond will lead to compliance actions including a compliance inspection.

Funeral Establishment & Transfer Service Operators Report of Prepaid Funds Submission Rate	
Year	Submission Rate
Jan 1 – Dec 1, 2017	94%
Jan 1 – Dec 1, 2018	99.5%

REPORT ON PERFORMANCE TOOLS FOR COMPLIANCE

The BAO has implemented measures to assist licensees in accurately completing their Annual Licensure Reports (ALR). The C&M calculator located on the BAO website assists licensees in calculating the appropriate contributions (a minimum contribution or percentage of the price) from the sale of each interment or scattering right. This has resulted in approximately 1,500 hits on the BAO website. The BAO has also amended the ALR form and related instructions to alleviate potential errors.

Care and Maintenance Calculator

Type	No. sold/ transferred/ assigned	Total Sales (\$)	Care and maintenance contributions (\$)			Total installment payments received (\$)	Care and maintenance contributions (\$)
In-ground graves - Adult lot (2.23m ² / 24 ft ² or larger)			0	0	0		0
In-ground graves - child lot (smaller than 2.23m ² / 24 ft ²)			0	0	0		0
Crypt			0	0	0		0
Niche			0	0	0		0
Scatterings (single)			0	0	0		0
Scatterings (multiple)			0	0	0		0
Scatterings (no rights)			0		0		0
			SUBTOTAL		0	SUBTOTAL	0
TOTAL CONTRIBUTIONS (\$)			0				

REPORT ON PERFORMANCE COMPLIANCE MEASURES

Compliance Approach/Inspections

The Compliance Unit was effective in identifying and reducing compliance issues throughout 2018 and early 2019. With the addition of two (2) Inspectors, the team has an enhanced range of skill sets and is better equipped to inspect all classes of licensees. Although fewer inspections occurred in FY 2018/2019, each inspection was far more involved and far from routine.

The Compliance Unit has implemented a risk-based approach, one that bases the need for inspections on identified risks as opposed to predetermined fixed time intervals.

Identified risks include:

- a history of reporting deficiencies;
- complaints;
- previous failed inspections;
- new or inexperienced management.

A total of 97 inspections were conducted this fiscal year.

Inspections by Licence Class	
Funeral Establishments	48
Transfer Services	8
Cemeteries	20
Crematoriums	9
Non-licensed Operators	12
Total Inspections	97

Registrar's Actions

The Registrar issues Proposals to Revoke licences for the most serious matters. Responding applicants and licensees have the option to challenge the Registrar's proposals before the Licence Appeal Tribunal (LAT). The Legal Department litigates these matters on behalf of the Registrar before LAT.

A total of 41 Registrar's Actions were undertaken this fiscal year.

Registrar's Actions	
Operator Licence Revoked	2
Personal Licence Revoked	3
Operator Licence Suspended	5
Personal Licence Suspended	5
Operator Conditions Imposed	9
Personal Conditions Imposed	10
Operator Licence Refused	2
Personal Licence Refused	3
Bank Account Freeze Orders	2
Total	41

REPORT ON PERFORMANCE COMPLAINTS

Complaints Handling Process

The Compliance Unit has been very effective in addressing consumer inquiries and complaints, fielding a total of 442 communications. Not all inquiries and complaints result in an escalated complaint. Those escalated will see the BAO continue to endeavor to conclude and close the matter 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.

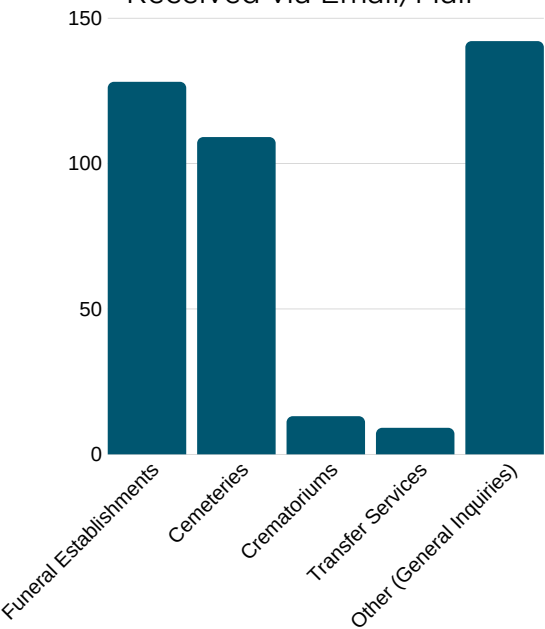
The BAO received 80 escalated complaints, the most common being:

- direction taken from wrong person;
- professional misconduct;
- contract related issues;
- miscommunication between licensees and consumers;
- interment rights issues.

Escalated Complaints Defined

Most complaints can be resolved through the clarification of legislation. “Escalated complaints” are those that require investigation and mediation between a licensee and the consumer.

Total Inquiries/Complaints
Received via Email/Mail



Complaint Statistics	
# Inquiries/Complaints received via email/mail	442
# Escalated Complaints	80

Escalated Complaints by Licence Class	
Funeral Establishments	39
Cemeteries	29
Crematoriums	4
Transfer Services	6
Other (Unlicensed)	2
Total Escalated Complaints	80

YEAR OVER YEAR

Licensing

Licensing			
Licence Class	2016/17	2017/18	2018/19
Funeral Establishment Operator (Class 1)	574	579	580
Funeral Establishment Operator (Class 2)	9	10	10
Funeral Director (Class 1)	2,752	2,582	2,554
Funeral Director (Class 2)	24	25	29
Funeral Preplanners	368	286	296
Transfer Service Operators (Class 1)	41	48	47
Transfer Service Operators (Class 2)	21	24	26
Transfer Service Sales Representatives	19	23	23
Cemetery and Crematorium Sales Representatives	689	530	570
Cemetery Operators	2,370	2,359	5,215
Crematorium Operators	53	53	77

Change in numbering structure: Previously only cemetery operators were licensed. Now all cemetery sites have a unique identification number. 2,374 cemetery operators were licensed in 2018/19.



Emeritus Status

A Funeral Director licensed in good standing for 50+ years.

Emeritus Status	
Year	# of Individuals
2016 and earlier	83
2017/18	7
2018/19	17

Inspections

Inspections			
Establishment	2016/17	2017/18	2018/19
Funeral Establishments	23	80	48
Transfer Services	4	11	8
Cemeteries	15	37	20
Crematoriums	0	12	9
Non-licensed Operators	-	-	12

Service Standards

Service	Average Turnaround Time
Personal Licence Application*	10 Business Days
Business/Establishment Licence Application* Processing Time	45 Business Days
Inquiry Acknowledgement	1 Business Day
Complaint Processing Time	60 Business Days
Inspection Results Delivered to Licensee	14 Business Days

*Based on applications that are submitted correctly, with appropriate supporting documentation.

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 continue to track 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 required 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 the Discipline and Appeals Committee and will be soliciting stakeholders to find those interested in becoming members.

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

While the bereavement sector employs francophone licensees, the BAO received fewer than 15 inquiries from French speaking callers throughout the fiscal year.

The BAO employs three (3) bilingual individuals (an Inspector, Complaints Officer and Licensing and Education Coordinator). These employees provide bilingual support to consumers, stakeholders and licensees via phone and written correspondence, upon request. The BAO also provides bilingual Funeral Service education - Collège Boréal, a fully French speaking college, offers the program in French. Most BAO publications are produced in both French and English.

REPORT ON PERFORMANCE

FINANCIAL REVIEW

The following financial review is based on the audited financial statements for the BAO for the year ended March 31, 2019 (see Appendix A). The BAO uses its revenues to deliver consumer protection initiatives across the province and to ensure the organization's sustainability so it can fulfill its mandate.

As of March 31, 2019, the net assets of the BAO were \$5,861,399 (\$5,021,571 – FY2018). In fiscal year 2019 (April 1, 2018 to March 31, 2019) BAO achieved a net surplus of revenues over expenses of \$839,828 (\$1,233,625 - FY2018), a favourable variance from the budgeted surplus of \$250,991. 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 made by Minister's Order under the *Funeral Burial and Cremation Services Act, 2002*. Overall revenue for fiscal year 2019 was \$4,580,683 (\$4,262,223 - FY2018), resulting in a year-over-year increase of \$318,460, attributed to application process timing of Funeral and Cemetery Operator licence renewals. Non-operating revenue of \$81,469 was generated by the BAO's investment program for FY2019 (\$48,324 - FY2018). Investment of excess cash flows were limited to short-term, risk-free, term deposits and held with major Canadian financial institutions.

Expenses

BAO's expenses in FY2019 were \$3,740,855 (\$3,028,598 - FY2018), an increase of \$712,257 from the previous year. The year-over-year increase in expenses was driven primarily by a full staffing complement and higher outside legal and consulting expenses related to Alkaline Hydrolysis matters.

Capital Expenditures

Capital spending including intangible assets in FY2019 amounted to \$87,635 (compared to \$175,102 - FY2018), primarily related to IT infrastructure and the completion of a single database platform.

Liquidity

Based on cash flows provided by its operations and current investment holdings, 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, 2019

BEREAVEMENT AUTHORITY OF ONTARIO

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MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bereavement Authority of Ontario

Report on the Audit of the Financial Statements

Opinion

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

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

Basis of Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

June 26, 2019

Sloan Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

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

As at March 31	2019	2018
ASSETS		
Current		
Cash	\$ 440,906	\$ 718,023
Short-term investments	5,772,014	4,800,000
Accounts receivable (note 3)	140,824	62,762
Prepaid expenses	73,649	69,155
	<u>6,427,393</u>	<u>5,649,940</u>
Capital assets (note 4)	309,210	296,883
Intangible asset (note 4)	158,637	166,576
	<u>\$ 6,895,240</u>	<u>\$ 6,113,399</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 318,611	\$ 321,951
Deferred revenue (note 5)	444,904	448,423
	<u>763,515</u>	<u>770,374</u>
Rent inducement	54,161	60,950
Deferred contributions - capital assets (note 6)	216,165	260,504
	<u>1,033,841</u>	<u>1,091,828</u>
NET ASSETS		
Restricted net assets (Note 7)	2,022,014	-
Unrestricted net assets	3,587,703	4,818,616
Invested in capital assets (Note 8)	251,682	202,955
	<u>5,861,399</u>	<u>5,021,571</u>
	<u>\$ 6,895,240</u>	<u>\$ 6,113,399</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	2019	2018
NET ASSETS CONSIST OF:		
Restricted net assets (note 7)		
Balance, beginning of the year	\$ -	\$ -
Allocation from unrestricted fund	2,022,014	-
Balance, end of the year	2,022,014	-
Unrestricted net assets		
Balance, beginning of year	\$ 4,818,616	\$ 3,748,505
Allocation to restricted fund	(2,022,014)	-
Excess of revenue over expenses	878,736	1,245,213
Purchase of capital assets	(77,973)	(18,696)
Purchase of intangible asset	(9,662)	(156,406)
Balance, end of year	3,587,703	4,818,616
Invested in capital assets (note 8)		
Balance, beginning of year	202,955	39,441
Excess of expenses over revenues	(38,908)	(11,588)
Purchase of capital assets	77,973	18,696
Purchase of intangible asset	9,662	156,406
Balance, end of year	251,682	202,955
NET ASSETS, ENDING	\$ 5,861,399	\$ 5,021,571

BEREAVEMENT AUTHORITY OF ONTARIO
STATEMENT OF OPERATIONS

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

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

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

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

PURPOSE OF THE ORGANIZATION

The Bereavement Authority of Ontario (the "Organization") was established to administer the Funeral, Burial and Cremation Services Act, 2002 and regulations made pursuant to it and any other legislation and regulations as may be designated and delegated to the Organization under the Safety and Consumer Statutes Administration Act, 1996 as amended from time to time and any other legislation or regulations under which responsibilities are designated to the Organization in the future. The Organization is the single regulator for the bereavement sector, in charge of licensing and enforcement functions of the industry.

The Organization was incorporated under the laws of the Province of Ontario on July 24, 2014. It is a corporation without share capital and is carried on without the purpose of gain for its members, and any profits or other accretions to the corporation shall be used in promoting its objects, and as such, is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant by the Organization.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement, and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of prepaid expenses, book value of capital and intangible assets, accruals for accounts payable and accrued liabilities, and deferral of revenues.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Leasehold improvements	Term of Lease	straight-line over term of lease
Furniture and fixtures	20%	declining balance
Computer equipment	45%	declining balance

The Organization regularly reviews its capital assets to eliminate obsolete items and fully amortize items no longer in service.

Intangible asset

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

Revenue recognition

(i) Grant revenue

The Organization follows the deferral method of accounting for grant revenue. Restricted contributions, if any, are recognized in revenue in the year in which the related expenditures are incurred. Unrestricted grant revenue is recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Grant revenue is allocated to the purpose to which they relate. If the contributor makes no designation, they are allocated to general purposes. Grants are recognized in the period to which the related project expenses are incurred. Grants are recorded in revenue when the corresponding conditions for receipt of the funds received are met, or the period for which the funds are designated has passed. Fundraising revenue, donations, and other income are recorded when received.

Grants received in excess of the amount to be recognized in revenue for the year are recorded as deferred revenue.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(ii) Cemetery and funeral operator license fees

Cemetery, crematorium, and funeral operators pay an annual operator license fee, which consist of self-reported activities of the prior year plus a license renewal fee. The license fees are charged each fiscal year and are recognized as revenue when the operator submits their renewal application each year and the license fees to be charged are known. As there is no recourse for the operator to receive a refund of these fees, the revenue is recognized when the renewal application is received, and the amounts are known.

(iii) Cemetery sales representative and funeral personal license fees

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

(iii) Funeral - exam fees

Examination fees are recognized at the time of registration.

2. CAPITAL MANAGEMENT

When managing capital, the Organization's objectives are to ensure that the entity continues as a going concern as well as to maintain optimal benefits to its stakeholders. Management adjusts the capital structure as necessary, in order to support the operational requirements of the organization. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain future development of the organization. The Organization defines capital to include its working capital position and the net assets of the organization.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Organization, is appropriate.

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

3. ACCOUNTS RECEIVABLE

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

4. CAPITAL AND INTANGIBLE ASSETS

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

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

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

6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

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

7. RESTRICTED NET ASSETS

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

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

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

8. INVESTED IN CAPITAL ASSETS

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

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

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

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

9. RELATED PARTY TRANSACTIONS

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

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

9. RELATED PARTY TRANSACTIONS (CONTINUED)

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

The Fund employs the Organization to provide administrative services on a cost recovery basis. These services include paying the Compensation Committee's members' per diems, bookkeeping services, administrative costs related to staff attending committee meetings, and legal costs paid on its behalf. Total costs reimbursable to the Board for the current fiscal year is \$nil (2018 - \$6,818). These amounts are recorded as salaries and wages recoveries in the statement of operations and is netted against that number.

10. COMMITMENTS

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

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