

THE FUNERAL BOARD OF MANITOBA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

THE FUNERAL BOARD OF MANITOBA

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Manitoba



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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and all the information in the annual report are the responsibility of the Funeral Board of Manitoba and have been prepared in accordance with Canadian Public Sector Accounting Standards. In the Board's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating Board's best judgment regarding all necessary estimates and all other data available to June 11, 2020.

As the Board is responsible for the integrity of the financial statements, the Board has established systems of internal control to provide assurance that assets are properly accounted for and safeguarded from loss and that revenues are complete.

The responsibility of the Office of the Auditor General of Manitoba is to express an independent, professional opinion on whether the financial statements of the Board are fairly presented in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management
Funeral Board of Manitoba

Original Document Signed
Alena Lukes, Chairperson

June 11, 2020



Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

To the Board of Directors of the Funeral Board of Manitoba

Opinion

We have audited the financial statements of the Funeral Board of Manitoba (the Board), which comprise the statement of financial position as at December 31, 2019, and the statement of operations, the statement of changes in net financial assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for 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 Board 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.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 9 in the financial statements, which indicates that the Board has been incurring deficits and drawing down on the accumulated surplus. As stated in Note 9, these events or conditions, along with other matters set forth in Note 9, indicate that a material uncertainty exists that may cast significant doubt on the Board's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board'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 an intention exists to liquidate the Board or to cease operations, or there is no realistic alternative but to do so.

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



Auditor's Responsibilities 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 Board'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 Board'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 Board 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.

A handwritten signature in blue ink, appearing to read "Office of the Auditor General".

Office of the Auditor General
Winnipeg, Manitoba
June 11, 2020

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash	\$ 103,779	\$ 133,160
Short Term Investments	61,898	81,409
Accounts Receivable	751	355
Total Financial Assets	<u>166,428</u>	<u>214,924</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	17,623	61,849
Deferred revenue	96,006	91,963
Total Liabilities	<u>113,629</u>	<u>153,812</u>
NET FINANCIAL ASSETS	<u>52,799</u>	<u>61,112</u>
NON-FINANCIAL ASSETS		
Deposits - parking	25	25
Supplies Inventory	899	387
Tangible Capital Assets (note 10)	1,110	1,718
	<u>2,034</u>	<u>2,130</u>
ACCUMULATED SURPLUS	<u>\$ 54,833</u>	<u>\$ 63,242</u>

The accompanying notes are an integral part of these financial statements.

Approved on behalf of The Funeral Board of Manitoba

Original Document Signed

Alena Lukes
Chairperson

Original Document Signed

Board Member

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		2018
	Budget	Actual	Actual
REVENUE			
Operations Revenue			
Funeral Home Licences	\$ 46,000	\$ 46,500	\$ 44,500
Funeral Director and Embalmer Licences	52,500	54,000	54,250
Cemeteries Act Licences	9,600	9,768	9,537
Prearranged Funeral Services Act	15,000	7,613	6,188
Miscellaneous Income	6,500	1,865	2,449
Interest Income		1,050	558
Total Revenue	129,600	120,796	117,482
EXPENSES			
Administration Charges (note 6)	87,000	21,750	87,000
Amortization	600	608	753
Audit	4,300	4,115	4,115
Board Meetings	13,000	2,745	3,543
Board Members - Honoraria	12,000	3,379	3,270
Communications	3,500	1,105	1,687
Conferences /Training	8,000	75	401
Consultation costs	6,800	4,183	-
Legal Fees	67,000	16,290	26,554
Miscellaneous	3,000	1,946	3,699
Office Supplies , Printing and Postage	7,000	2,580	2,505
Professional Services	20,000	-	-
Hearing Costs	4,000	923	1,625
Salaries and Benefits	67,000	65,923	66,439
Travel	10,900	3,583	3,724
Total Expenses	314,100	129,205	205,315
SURPLUS / (DEFICIT)	(184,500)	(8,409)	(87,833)
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	63,242	63,242	151,075
ACCUMULATED SURPLUS, END OF PERIOD	\$ (121,258)	\$ 54,833	\$ 63,242

The accompanying notes are an integral part of these financial statements.

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		2018
	Budget	Actual	Actual
SURPLUS /(DEFICIT)	\$ (184,500)	\$ (8,409)	\$ (87,833)
TANGIBLE CAPITAL ASSETS			
Acquisition of Capital Assets		-	(967)
Amortization of Capital Assets	600	608	753
	<u>600</u>	<u>608</u>	<u>(214)</u>
OTHER NON-FINANCIAL ASSETS			
Acquisitions of Supplies Inventory	-	(1,758)	-
Consumption of Supplies Inventory	1,530	1,246	500
Increase/ (Decrease) in Other non-financial assets	<u>1,530</u>	<u>(512)</u>	<u>500</u>
INCREASE (DECREASE) IN FINANCIAL ASSETS	<u>(182,370)</u>	<u>(8,313)</u>	<u>(87,547)</u>
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	61,112	61,112	148,659
NET FINANCIAL ASSETS (LIABILITIES), END OF PERIOD	<u>\$ (121,258)</u>	<u>\$ 52,799</u>	<u>\$ 61,112</u>

The accompanying notes are an integral part of these financial statements.

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOW PROVIDED BY (APPLIED TO):		
OPERATING		
Surplus / (Deficit), for the period	\$ (8,409)	\$ (87,833)
Amortization of tangible capital assets	608	753
	<u>(7,801)</u>	<u>(87,080)</u>
Change in:		
Investments	19,511	(609)
Accounts receivable	(396)	51
Supplies inventory	(512)	500
Accounts payable and accrued liabilities	(44,226)	1,234
Deferred revenues	4,043	1,628
	<u>(29,381)</u>	<u>(84,276)</u>
CAPITAL		
Acquisition of tangible capital assets	-	(967)
	<u>-</u>	<u>(967)</u>
NET INCREASE IN CASH	(29,381)	(85,243)
CASH, BEGINNING OF PERIOD	133,160	218,403
CASH, END OF PERIOD	<u>\$ 103,779</u>	<u>\$ 133,160</u>
Supplementary information:		
Interest paid	\$ -	\$ -
Interest received	\$ 684	\$ 609

The accompanying notes are an integral part of these financial statements.

**THE FUNERAL BOARD OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Nature of Operations

The Funeral Directors and Embalmers Act established The Funeral Board of Manitoba (the Board) to licence and regulate Funeral Homes, Funeral Directors and Embalmers and to prescribe the courses of training and instruction for articling students. As at December 5, 2013 the Board has been assigned the responsibility to licence and regulate under The Cemeteries Act.

As at September 1, 2017 the Board has been assigned the responsibility to licence and regulate under The Prearranged Funeral Services Act.

2. Significant Accounting Policies:

a. Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

b. Cash

Cash includes cash on hand and bank balances.

c. Investments

Investments consist of guaranteed investment certificate (GIC) with a national financial institution. The investment certificate is a flexible short term nature with a maturity of one year or less and cashable at any time.

d. Deferred Revenue and Revenue Recognition

The Board recognizes revenue under The Funeral Directors and Embalmers Act, The Cemeteries Act and The Prearranged Funeral Services Act on an accrual basis. Any license fees which are received prior to December 31 with respect to and are applicable to the subsequent fiscal year are recorded as deferred revenue. Grant revenue is recognized when it is authorized and any eligibility criteria have been met. Receivables are recognized by the Board for those grants authorized by the Province prior to the end of the accounting period but not received.

e. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

f. Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

g. Non-Financial Assets

Tangible capital assets and other non-financial assets do not normally provide resources to discharge liabilities of the Board. These assets are normally employed to provide future services.

Tangible capital assets are recorded at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets are amortized over their estimated useful lives as follows:

	<u>Rate</u>	<u>Method</u>
Computer equipment	20%	Straight line

One-half of the annual amortization is charged in the year of the acquisition and in the year of disposal.

3. Financial instruments and Financial Risk Management

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Funeral Board of Manitoba (the Board) records its financial assets at cost, which includes cash, short term investments and accounts receivable.

The Board also records its financial liabilities at cost, which includes accounts payable and accrued liabilities.

THE FUNERAL BOARD OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. Financial instruments and Financial Risk Management - continued

Gains and losses on financial instruments measured at fair value are recorded in accumulated deficit as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The Board did not incur any re-measurement gains and losses during the year (2018 - \$ nil).

Financial Risk Management - overviews

The Board has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Board to credit risk consist principally of cash, short term investments and accounts receivable.

	2019	2018
Cash	\$ 103,779	\$ 133,160
Short-Term Investments	61,898	81,409
Accounts Receivable	751	355
	\$ 166,428	\$ 214,924

Cash and Short Term Investments: the Board is not exposed to significant credit risk as these amounts are held by a Canadian Chartered Bank.

Accounts Receivable: the Board is not exposed to significant credit risk as accounts receivable are from the Vital Statistics Agency, a provincial government organization. Accounts receivable are neither past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Board's income or the fair value of its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash.

The interest rate risk on funds on cash is considered to be low because of their short-term nature.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Board is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4. The Public Sector Compensation Disclosure Act

In accordance with Section 2 of The Public Sector Compensation Disclosure Act, the following summarizes compensation paid:

	2019	2018
Employee paid \$ 75,000 or more	n/a	n/a
The aggregate amount paid to Board members was:		
(a) Honoraria, Board Members	\$ 3,379	\$ 3,270

**THE FUNERAL BOARD OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

5. Related Party Transactions

The Board is related in terms of common control to all Province of Manitoba created Departments, Agencies, Boards and Crown Corporations. The Board enters into in the normal course of operations and they are measured at the exchange rate amount agreed to by the transactions with these entities related parties, with the exception of the items noted below:

- The Funeral Board of Manitoba received administration services (Note 6) from related party Vital Statistics Agency at no cost.

6. Administration Charges - Vital Statistics Agency

Effective January 1, 2016 the administration charges are paid to the Vital Statistics Agency. The administration charges are based on staff time and overhead contributions provided by Vital Statistics Agency to the Board. The services are outlined in the administration agreement. During 2019 Treasury Board approved existing internal administrative services within Vital Statistic Agency at no cost to the Funeral Board of Manitoba on a temporary basis as described in the related party transaction Note 5 thus resulting in only one quarter being charged as part of Vital Statistics 2018/2019 fiscal year.

7. Accounts Payable and Accrued Liabilities

Accounts Payable and accrued liabilities consist of the following :

	2019	2018
General	\$ 8,262	\$ 9,280
Administration Charges	-	43,500
Salaries and Benefits	9,361	9,069
	\$ 17,623	\$ 61,849

8. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the annual budget approved by the Board.

9. Going Concern

The accompanying financial statements have been prepared on the going concern assumption that the Board will be able to realize its assets and discharge its liabilities in the normal course of business. The Board received a grant of \$140,000 from the Vital Statistics Agency in 2016 to support the Board's operations. For the years 2017 and 2018 the Funeral Board of Manitoba incurred deficits and drew down on the accumulated surplus. During 2019 the Treasury Board approved existing Internal administrative services within Vital Statistics Agency at no cost to the Funeral Board of Manitoba on a temporary basis to support the Boards operations. The Board continues to review their financial position and the long term viability of the Board and are reviewing all options.

10. Tangible Capital Assets

	2019			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer Equipment	\$ 4,247	\$ -	\$ -	\$ 4,247
Accumulated amortization				
Computer Equipment	2,529	608	-	3,137
Net book value	\$ 1,718	\$ 608	\$ -	\$ 1,110
	2018			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer Equipment	\$ 3,280	\$ 967	\$ -	\$ 4,247
Accumulated amortization				
Computer Equipment	1,776	753	-	2,529
Net book value	\$ 1,504	\$ 214	\$ -	\$ 1,718

11. Comparative Figures

Certain of the 2018 comparative figures have been reclassified to conform with the presentation adopted for 2019. In the Current Fiscal Year the comparative have changed as hearing costs are now separated from communications