

**CONSUMER PROTECTION FUND
FOR PREPAID FUNERAL
SERVICES**

Financial Statements

Year Ended March 31, 2021

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Minister of Digital Government and Service NL of Consumer Protection Fund for Prepaid Funeral Services

Opinion

We have audited the financial statements of the Consumer Protection Fund for Prepaid Funeral Services (the fund), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 fund in accordance with 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.

Other Matter

The financial statements for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 13, 2020.

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 ASNPO, 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 fund'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 organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the Members of Consumer Protection Fund for Prepaid Funeral Services
(continued)

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 fund'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 fund'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 fund 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.

Noseworthy Chapman

Chartered Professional Accountants
St. John's, NL
June 29, 2021

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

Statement of Financial Position

March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 285,809	\$ 338,321
Short term investments (Note 3)	280,000	180,000
Accounts receivable (net of allowance for doubtful accounts of \$448; 2020 - \$448)	4,920	12,757
Interest receivable	635	683
	\$ 571,364	\$ 531,761
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,549	\$ 3,772
Liabilities for claims arising from prepaid funeral service contracts (Note 6)	28,578	28,578
	32,127	32,350
NET ASSETS	539,237	499,411
	\$ 571,364	\$ 531,761

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUE		
Assessments	\$ 41,143	\$ 55,564
EXPENDITURES		
Interest and bank charges	18	27
Business taxes, licenses and memberships	429	-
Professional fees	2,883	3,500
	3,330	3,527
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	37,813	52,037
OTHER INCOME		
Interest income	2,013	1,027
EXCESS OF REVENUE OVER EXPENDITURES	\$ 39,826	\$ 53,064

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

Statement of Changes in Net Assets

Year Ended March 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 499,411	\$ 446,347
EXCESS OF REVENUE OVER EXPENDITURES	39,826	53,064
NET ASSETS - END OF YEAR	\$ 539,237	\$ 499,411

See notes to financial statements

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES**Statement of Cash Flows****Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from licensees	\$ 48,980	\$ 54,427
Cash paid to suppliers	(3,552)	(8,235)
Interest received	2,060	1,408
INCREASE IN CASH	47,488	47,600
Cash - beginning of year	518,321	470,721
CASH - END OF YEAR	\$ 565,809	\$ 518,321
CASH CONSISTS OF:		
Cash	\$ 285,809	\$ 338,321
Short term investments	280,000	180,000
	\$ 565,809	\$ 518,321

See notes to financial statements

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE FUND

Consumer Protection Fund for Prepaid Funeral Services (the "Fund") was established under the Prepaid Funeral Services Act (the "Act") for the purposes of paying in whole, or in part, claims arising out of a prepaid funeral contract against a person who holds or held a license under the Act, in accordance with Section 8 of the Prepaid Funeral Services Regulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

Consumer Protection Fund for Prepaid Funeral Services follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. SHORT TERM INVESTMENTS

Short term investments of \$280,000 (2020 - \$180,000) in guaranteed investment certificates are measured at cost. These investments have interest rates ranging from 0.10% to 1% and have maturity dates in 2021.

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

Notes to Financial Statements

Year Ended March 31, 2021

4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2021.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate credit facility.

5. CREDIT FACILITY

The Fund has a \$200,000 revolving demand credit facility guaranteed by the Province of Newfoundland and Labrador. Interest is charged at the bank's prime rate. As at March 31, 2021 \$200,000 (2020 - \$200,000) was available under this credit facility.

6. LIABILITIES FOR CLAIMS ARISING FROM PREPAID FUNERAL SERVICES CONTRACTS

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000, where 88 customers had purchased prepaid funerals totalling \$492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During 2021 - NIL (2020 - \$5,335) relating to these prepaid funeral service contracts were paid by the Assurance Fund. Details of the change in liability are as follows:

	2021	2020
Liability, beginning of the year	\$ 28,578	\$ 33,913
Payment of claims during the year	-	(5,335)
	\$ 28,578	\$ 28,578