

# Independent Auditor's Report

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To the Members of  
Bereavement Authority of Ontario

## Opinion

We have audited the financial statements of Bereavement Authority of Ontario (the "Organization"), which comprise the statement of financial position as at March 31, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and its results of operations and its 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 Organization 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.

## Other Matter

The financial statements of the Bereavement Authority of Ontario for the year ended March 31, 2021, were audited by Sloan Partners LLP who expressed an unmodified opinion on those statements on June 23, 2021. The partners and staff of Sloan Partners LLP joined Grant Thornton LLP on January 4, 2022.

## 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 Organization'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.

# Independent Auditor's Report (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 Organization'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 Organization'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 Organization 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada  
June 22, 2022

Chartered Professional Accountants  
Licensed Public Accountants

# Bereavement Authority of Ontario

## Statement of Operations

Year ended March 31	2022	2021
<b>Revenues</b>		
Funeral - operator license fees	\$ 2,044,195	\$ 15,060
Cemetery - operator license fees	1,733,178	780,909
Funeral - personal license fees	659,409	46,704
Cemetery - individual license fees	65,121	67,288
Funeral - exam fees	46,800	49,925
Amortization of deferred capital contribution (Note 8)	34,390	36,439
Interest income	16,990	32,288
Other revenue	-	4,225
Grant revenue	-	3,883,183
	<u>4,600,083</u>	<u>4,916,021</u>
<b>Expenditures</b>		
Salaries and wages	3,630,499	2,591,707
Consulting fees	564,311	11,489
Operations	366,280	231,753
Occupancy costs	295,757	307,216
Information technology	233,976	252,194
Legal fees	184,087	220,024
Ministry oversight fee	180,000	-
Director's remuneration	96,897	76,290
Office and general	67,639	33,172
Insurance	56,243	39,833
Interest and bank charges	49,679	6,156
Professional fees	23,626	21,084
Amortization of capital assets	82,974	74,665
Amortization of intangible assets	17,600	17,600
	<u>5,849,568</u>	<u>3,883,183</u>
(Deficiency) excess of revenues over expenditures before other expenditures	<u>(1,249,485)</u>	<u>1,032,838</u>
<b>Other expenditures</b>		
Return of grant revenue to MGCS (Note 11)	<u>148,066</u>	<u>-</u>
(Deficiency) excess of revenues over expenditures	<u>\$ (1,397,551)</u>	<u>\$ 1,032,838</u>

# Bereavement Authority of Ontario

## Statement of Financial Position

Year ended March 31

2022

2021

### Assets

#### Current

Cash	\$ 260,144	\$ 598,049
Short-term investments (Note 3)	6,093,632	6,835,779
Accounts receivable (Note 4)	143,566	16,634
Prepaid expenses	<u>83,017</u>	<u>67,199</u>
	<u>6,580,359</u>	<u>7,517,661</u>

Capital assets (Note 5)	262,444	230,567
Intangible assets (Note 6)	<u>105,837</u>	<u>123,437</u>
	<u>368,281</u>	<u>354,004</u>
	<u>\$ 6,948,640</u>	<u>\$ 7,871,665</u>

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 774,384	\$ 206,015
Deferred revenues (Note 7)	<u>425,948</u>	<u>478,612</u>
	<u>1,200,332</u>	<u>684,627</u>

Rent inducement	33,794	40,583
Deferred contributions - capital assets (Note 8)	<u>105,807</u>	<u>140,197</u>
	<u>139,601</u>	<u>180,780</u>
	<u>1,339,933</u>	<u>865,407</u>

### Net assets

Unrestricted net assets	3,252,601	4,706,672
Internally restricted net assets (Note 9)	2,093,632	2,085,779
Invested in capital assets (Note 10)	<u>262,474</u>	<u>213,807</u>
	<u>5,608,707</u>	<u>7,006,258</u>
	<u>\$ 6,948,640</u>	<u>\$ 7,871,665</u>

On behalf of the board

\_\_\_\_\_ (- original signed -) \_\_\_\_\_ Director \_\_\_\_\_ (- original signed -) \_\_\_\_\_ Director

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## Bereavement Authority of Ontario Statement of Changes In Net Assets

Year ended March 31	Unrestricted net assets 2022	Internally restricted net assets 2022	Invested in capital assets 2022	<b>March 31 2022</b>	March 31 2021
Balance, beginning of year	\$ 4,706,672	\$ 2,085,779	\$ 213,807	<b>\$ 7,006,258</b>	\$ 5,973,420
(Deficiency) excess of revenues over expenditures	(1,339,220)	7,853	(66,184)	<b>(1,397,551)</b>	1,032,838
Purchase of capital assets	<u>(114,851)</u>	<u>-</u>	<u>114,851</u>	<u>-</u>	<u>-</u>
Balance, ending of year	<u>\$ 3,252,601</u>	<u>\$ 2,093,632</u>	<u>\$ 262,474</u>	<u><b>\$ 5,608,707</b></u>	<u>\$ 7,006,258</u>

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# Bereavement Authority of Ontario

## Statement of Cash Flows

Year ended March 31

2022

2021

### Operating

(Deficiency) excess of revenues over expenditures	\$ (1,397,551)	\$ 1,032,838
Items not affecting cash:		
Amortization of capital assets	82,974	74,665
Amortization of intangible assets	17,600	17,600
Amortization of deferred capital contribution	<u>(34,390)</u>	<u>(36,439)</u>
	(1,331,367)	1,088,664
Change in non-cash working capital items		
Accounts receivable	(126,932)	78,416
Prepaid expenses	(15,819)	(2,210)
Accounts payable and accrued liabilities	568,370	(66,254)
Deferred revenues	(52,664)	26,592
Rent inducement	<u>(6,789)</u>	<u>(6,789)</u>
Cash flow (used by) from operating activities	<u>(965,201)</u>	<u>1,118,419</u>
<b>Investing</b>		
Purchase of capital assets	(114,851)	(14,635)
Sale (purchase) of short-term investments	<u>742,147</u>	<u>(623,055)</u>
Cash flow from (used by) investing activities	<u>627,296</u>	<u>(637,690)</u>
(Decrease) increase in cash	(337,905)	480,729
Cash, beginning of year	<u>598,049</u>	<u>117,320</u>
Cash, end of year	<u>\$ 260,144</u>	<u>\$ 598,049</u>

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# Bereavement Authority of Ontario

## Notes to the Financial Statements

Year ended March 31, 2022

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### 1. Purpose of the organization

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 licensees, and any profits or other accretions to the corporation shall be used in promoting its objects, and as such, is exempt from income tax.

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### 2. 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

Management reviews the carrying amounts of items in the financial statements at each reporting date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically, and adjustments are made to excess (deficiency) of revenues over expenditures as appropriate in the year they become known.

Items subject to significant management estimates include the useful life and impairment of capital and intangible assets, accruals and deferral of revenues.

#### Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

	<u>Method</u>	<u>Rates</u>
Leasehold improvements	Straight-line	Term of lease
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	45%

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

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# **Bereavement Authority of Ontario**

## **Notes to the Financial Statements**

Year ended March 31, 2022

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### **2. Summary of significant accounting policies (continued)**

#### **Intangible assets**

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

#### **Impairment of long-lived assets**

The Organization tests long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### **Financial instruments in arm's length transactions**

The Organization initially measures its financial assets and financial liabilities at fair value except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities from arm's length transactions at amortized cost.

Financial assets measured at amortized cost represents cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenues over expenditures. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess (deficiency) of revenues over expenditures up to the amount of the previously recognized impairment.

#### **Financial instruments in related party transactions**

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in excess (deficiency) of revenues over expenditures when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Organization initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Organization has none, would be subsequently measured at amortized cost or fair value based on certain conditions.



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# **Bereavement Authority of Ontario**

## **Notes to the Financial Statements**

Year ended March 31, 2022

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### **2. Summary of significant accounting policies (continued)**

#### **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.

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

ii) Deferred contributions - capital assets are contributions for the purchases of capital assets and are deferred and amortized into revenue at rates corresponding with the amortization rates of the related capital assets.

##### **iii) Cemetery and funeral operator licence fees**

Cemetery, crematorium, and funeral operators pay an annual operator licence fee, which consist of self-reported activities of the prior year plus a licence renewal fee. The licence fees are charged each fiscal year and are recognized as revenue when the operator submits their renewal application each year and the licence 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.

##### **iv) Cemetery sales representative and funeral personal licence fees**

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

##### **v) Funeral - exam fees**

Examination fees are recognized at the time of registration.

vi) Interest income is recognized on an accrual basis.

vii) Other revenue is recorded when received.

#### **Short-term investments**

Short-term investments comprise of Guaranteed Investment Certificates ("GICs") with maturities of less than 12 months.

#### **Rent inducement**

Rent inducement includes rent free periods provided by the landlord. The rent inducement is deferred and amortized on a straight-line basis over the term of the lease.

# Bereavement Authority of Ontario

## Notes to the Financial Statements

Year ended March 31, 2022

### 3. Short-term investments

Short-term investments comprise of Guaranteed Investment Certificates ("GICs") of which maturity dates and interest rates are shown as follows:

	<u>2022</u>	<u>2021</u>
Interest at 0.44%, maturing at April 28, 2022	\$ 1,000,000	\$ -
Interest at 0.65%, maturing May 26, 2022	1,000,000	-
Interest at 0.74%, maturing at June 16, 2022	1,000,000	-
Interest at 1.14%, maturing at July 28, 2022	1,000,000	-
Interest at 1.14%, maturing at July 28, 2022 (Note 9)	2,093,632	-
Interest at 0.35%, matured at June 28, 2021	-	2,500,000
Interest at 0.40%, matured at July 22, 2021	-	2,250,000
Interest at 0.40%, matured at July 22, 2021 (Note 9)	-	2,085,779
	<u>\$ 6,093,632</u>	<u>\$ 6,835,779</u>

### 4. Accounts receivable

	<u>2022</u>	<u>2021</u>
Cemetery - operator license fees	\$ 117,203	\$ 3,749
Funeral Services Compensation Fund administrative revenue	15,835	11,819
Funeral - exam fees	4,750	-
Interest receivable	3,107	1,066
Cemetery - individual license fees	1,400	-
Funeral - personal license fees	875	-
Funeral - operator license fees	396	-
	<u>\$ 143,566</u>	<u>\$ 16,634</u>

### 5. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2022 Net Book Value</u>	<u>2021 Net Book Value</u>
Leasehold improvements	\$ 365,957	\$ 239,657	\$ 126,300	\$ 152,931
Furniture and fixtures	161,938	86,218	75,720	37,127
Computer equipment	211,113	150,689	60,424	40,509
	<u>\$ 739,008</u>	<u>\$ 476,564</u>	<u>\$ 262,444</u>	<u>\$ 230,567</u>

# Bereavement Authority of Ontario

## Notes to the Financial Statements

Year ended March 31, 2022

### 6. Intangible assets

	<u>2022</u>	<u>2021</u>
Intangible assets - costs	\$ 176,237	\$ 176,237
Accumulated amortization	<u>(70,400)</u>	<u>(52,800)</u>
	<u>\$ 105,837</u>	<u>\$ 123,437</u>

### 7. Deferred revenues

	<u>2022</u>	<u>2021</u>
<b>Continuity of deferred revenues:</b>		
Deferred revenues, beginning	\$ 478,612	\$ 452,020
Funeral fees received	2,727,946	113,336
Cemetery revenue received	1,834,228	807,007
Grant revenue (returned) received	<u>(66,135)</u>	<u>3,949,318</u>
	<u>4,974,651</u>	<u>5,321,681</u>
<b>Less: revenues recognized</b>		
Funeral revenue	(2,750,404)	(111,689)
Cemetery revenue	(1,798,299)	(848,197)
Grant revenue	<u>-</u>	<u>(3,883,183)</u>
	<u>(4,548,703)</u>	<u>(4,843,069)</u>
Deferred revenues, ending	<u>425,948</u>	<u>478,612</u>
<b>Deferred revenues consists of:</b>		
Deferred license revenue - funeral	378,469	400,928
Deferred license revenue - cemetery	47,479	11,550
Deferred revenue - grant revenue	<u>-</u>	<u>66,134</u>
	<u>\$ 425,948</u>	<u>\$ 478,612</u>

### 8. Deferred contributions - capital assets

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 140,197	\$ 176,636
Amortization of deferred contributions	<u>(34,390)</u>	<u>(36,439)</u>
Balance, end of the year	<u>\$ 105,807</u>	<u>\$ 140,197</u>

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# Bereavement Authority of Ontario

## Notes to the Financial Statements

Year ended March 31, 2022

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### 9. Internally restricted net assets

During the 2019 fiscal 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. Interest earned on the initial reserve is identified as in-reserve status and therefore not available for unrestricted purposes.

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### 10. Invested in capital assets

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

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 262,444	\$ 230,567
Intangible assets	105,837	123,437
Less: unamortized deferred contribution - capital assets	<u>(105,807)</u>	<u>(140,197)</u>
	<u>262,474</u>	<u>213,807</u>

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

Amortization of deferred capital contribution	34,390	36,439
Less: Amortization of intangible assets	(17,600)	(17,600)
Less: Amortization of capital assets	(82,974)	(74,665)
Add: Purchase of capital assets	<u>114,851</u>	<u>14,635</u>
	<u>\$ 48,667</u>	<u>\$ (41,191)</u>

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# **Bereavement Authority of Ontario**

## **Notes to the Financial Statements**

Year ended March 31, 2022

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### **11. Grant revenue**

In the 2021 fiscal year, the Organization received \$3,949,318 grant from the Minister of Government and Consumer Services ("MGCS") under a Transfer Payment Agreement ("TPA") for the purpose of providing temporary financial relief to licensees under the Funeral, Burial, and Cremation Services Act (2002) who were facing significant shortfalls in revenues due to COVID-19. The Organization provided a "fee holiday" to licensees by waving their annual renewal fees from April 1, 2020 to March 31, 2021. In the 2021 fiscal year, the Organization used \$3,883,183 of grant revenue to cover the operating expenses of the Organization as a result of offering "fee holiday" to the licensees.

Through reporting required under the TPA, the Organization realized that operating expenses of 2021 fiscal year were lower than originally forecasted in its budget by \$214,201. The variance was driven by significant reduction in operating expenses during the COVID-19 pandemic. As a result, the Organization received more funding than it required to carry out the project "fee holiday" described in the TPA. The MGCS required the excess funding of \$214,201 to be repaid. The total repayment was originally estimated to be \$66,135 and was captured in the 2021 fiscal year as deferred revenue with the balance of \$148,066 recorded as an expense in the statement of operations in the 2022 fiscal year once the exact amounts were known.

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

Pursuant to section c. 33, s. 61(1), made under the FBCSA, 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 \$15,835 (2021 - \$11,819). These amounts are recorded in salaries and wages in the statement of operations.

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# Bereavement Authority of Ontario

## Notes to the Financial Statements

Year ended March 31, 2022

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### 13. 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:

2023	\$	311,151
2024		311,151
2025		311,151
2026		311,151
2027		<u>51,858</u>
	\$	<u>1,296,462</u>

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### 14. Capital management

When managing capital, the Organization's objectives are to ensure that the Organization 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.

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### 15. 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, 2022. Unless otherwise noted, these risks have not changed significantly from prior year.

#### (a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk with respect to cash, short-term investments and accounts receivable. The credit risk for cash and short-term investments is insignificant since they are held by a large financial institution. For accounts receivable, the Organization monitors on a continuous basis its accounts receivable and provides provision for bad debts as necessary. No allowance for doubtful accounts was recognized as at year end. The Organization has a significant number of members which minimizes concentration of credit risk.

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# Bereavement Authority of Ontario

## Notes to the Financial Statements

Year ended March 31, 2022

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### 15. Financial instruments (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk primarily from its accounts payable. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares a budget to ensure it has sufficient funds to fulfil its obligations. Included in accounts payable and accrued liabilities are government remittances payable of \$193, 575 (2020 - \$ 8,100).

#### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk.

##### (i) Interest rate risk

Interest rate price risk is the risk that the fair value of a fixed interest bearing financial instrument will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate price risk on its short-term investments.

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### 16. Impact of COVID-19

During the year ended March 31, 2022, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Throughout the 2022 fiscal year, the pandemic had minimal impact on the Organization's operations and operations have continued as normal.

The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

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