# Annual Report
# 2009

## Board of Funeral Services

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# Annual Report

*Board of Funeral Services - January 14, 2010 for the period ending October 31, 2009*

The Board of Funeral Services was established by the *Funeral Services Act* in 1976 to succeed the Board of Administration, which had a history dating back to 1914.

The current legislation, the ***Funeral Directors and Establishments Act***, requires that the Board be composed of thirteen members, eight funeral directors and five public persons. All members are appointed by the Lieutenant-Governor-in-Council.

## MEMBERS OF THE BOARD OF FUNERAL SERVICES

| | 2010 | | 2009 | |
|---|---|---|---|---|
| **Chair** | Ronn Dodge | *Ingersoll* | Cathy Taylor* | *Toronto* |
| **Vice-Chair** | Kevin Palin | *Toronto* | Ronn Dodge | *Ingersoll* |
| **Treasurer** | Cathy Taylor* | *Toronto* | Kevin Palin | *Toronto* |
| | Mumtaz Akhtar* | *Ottawa* | Mumtaz Akhtar* | *Ottawa* |
| | Lalitha Ananth* | *Winona* | Chris Ferguson* | *Toronto* |
| | Yves Berthiaume | *Hawkesbury* | Robert Hubbert | *St. Catharines* |
| | Chris Ferguson* | *Toronto* | Doug Kennedy | *Toronto* |
| | Robert Hubbert | *St. Catharines* | William Kiteley | *Sault Ste. Marie* |
| | Doug Kennedy | *Toronto* | Alison Knight* | *Toronto* |
| | Alison Knight* | *Toronto* | John Laframboise | *Ottawa* |
| | John Laframboise | *Ottawa* | Harry Rath | *Belleville* |
| | Colette Lougheed | *Sudbury* | Tracy Seaton | *Ottawa* |
| | Tracy Seaton | *Ottawa* | | |

*Denotes Public Member

## BOARD OF FUNERAL SERVICES STAFF

**Registrar**
Joseph Richer

**Manager, Inspections & Investigations**
René Brakel

**Inspectors**
Randy Balon
Michelle Crognale
Ken Singh

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**General Legal Counsel**
Steinecke Maciura LeBlanc

**Discipline Committee**
**Independent Legal Counsel**
Alan Bromstein – Barrister & Solicitor

**Manager, Licensing & Administration**
Susan Beck

**Administrative Bookkeeper**
Marlen Weiler

**Bilingual Administrative Assistant**
Claude Civil

**Coordinator Administrative Services**
Liselotte Kidston

**Professional Competence Officer**
Vicki McCoy

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**Auditor**
Harris and Wright

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# Our Mission

The Mission of the Board of Funeral Services (the Board) is to regulate the provision of funeral services and transfer services in accordance with the *Funeral Directors and Establishments Act* (the 'Act') in order that the public interest may be served and protected.

### *Our Corporate Goals and Values*

- Protecting the interests of the consumers of Ontario by establishing, implementing, and maintaining high standards of practice, professional expertise and ethics in the provision of funeral services and transfer services in accordance with the Act
- Supplying information to consumers about their rights
- Developing, implementing and evaluating an ongoing plan to effectively accomplish the goals and objectives of the Board
- Developing and implementing educational programs for funeral service and transfer service providers
- Consulting with stakeholders in order to ensure their needs and interests are identified
- Developing recommendations to the Government on legislation, regulation, policy and practices

The Minister of Consumer Services retains responsibility for Ontario's consumer protection legislation and regulations and monitors the overall performance and reporting obligations of the Board.

# Message From the Chair

During 2009, the Board of Funeral Services (BOFS) staff and members of the Board of Directors continued to honour our commitment to the protection of Ontario consumers purchasing funeral services and towards reducing barriers to licensing for individuals and businesses in the funeral sector. BOFS activities including education and professional development programs in conjunction with traditional regulatory enforcement through inspections, investigations and discipline activities are key to ensuring that the public is well served by Ontario funeral service professionals. This 2009 BOFS annual report will demonstrate our success in these areas.

As an industry funded regulator, it is crucial for the BOFS to demonstrate prudent fiscal responsibility. We take this obligation very seriously. We continue to review and update our financial controls so the BOFS can operate efficiently and effectively, despite the fact that licence fees remain unchanged since 1992. New controls implemented during the year include an investment policy and investment procedures as well as new trustee reporting requirements that will assist the Board of Directors in confirming that our consumer compensation fund is soundly managed. An updated procurement policy, which mirrors new Ontario Government procurement directives, will allow the BOFS to continue to demonstrate best practices in its procurement of services and supplies.

In keeping with rules implemented by many other regulatory bodies, including the Licence Appeal Tribunal, the BOFS Discipline Committee will now have the authority to order legal costs be paid when the conduct or course of conduct of a party to a proceeding has been unreasonable, frivolous or vexatious, or that a party has acted in bad faith in relation to the proceeding. This will go a long way towards ensuring a more professional discipline process.

We are proud of our role as a benefactor to the Loss, Grief and Growth Education Project that will soon be rolling out for educators, students and our licensees. The program, which is designed to help teach students from grades one to 12 about death, the grief process and the resulting personal growth opportunities, is expected to roll out in 2010, starting in Ontario and then to other provinces.

During the year, the Ministry of Consumer Services conducted a review of the various administrative authorities under the Ministry. While there were some recommendations for each authority and the Ministry to consider, the overall report was very positive about the good work the BOFS is carrying out and the level of consumer protection provided to Ontarians.

In 2010, we will work diligently to prepare for the implementation of the FBCSA by following a disciplined project plan developed in 2009. In addition to fulfilling our consumer protection mandate, we will continue to demonstrate proper governance and fiscal responsibility in all of our dealings, and ensure access for new operators and licensees including those coming to Ontario from other jurisdictions.

It has been an honour serving this past year as Chair and I thank my fellow Board Members, BOFS staff and all of our sector stakeholders for their support.

Sincerely,

*Catherine Taylor*
**Chair**

# Message From the Registrar

There is no doubt that the pending *Funeral, Burial and Cremation Services Act, 2002* (FBCSA) has been the single largest issue on my agenda for many years. As proclamation draws nearer, I have had many people ask me if I am looking forward to it being finished. The fact is that for the BOFS and its licensees, proclamation will only mean the beginning of the implementation of the new world. While there may have been many challenges to date, the FBCSA will present a completely new set of operational benefits and challenges.

A key element with the FBCSA implementation will be the development of education requirements and policies for new and existing classes of licence. To this end, we have begun developing the competency profiles for the funeral director, transfer service sales representative and funeral preplanner classes of licence. The competency profiles serve as the basis for all aspects of education, including academic training, examinations and continuing education.

We were also successful in achieving licensee undertakings to resolve certain cases without having to escalate matters to more formal processes, such as hearings.

Distributing over 17,000 consumer brochures to nursing homes and licensees for delivery to consumers was a huge accomplishment this year. It is the largest number ever distributed. This, coupled with our success with the 2009 Smart Consumer Calendar, has made 2009 one of our most successful years for reaching out to consumers and raising consumer awareness of their rights, obligations and the existence of the BOFS.

The introduction of a new BOFS logo has given us a new image and we look forward to building our brand in the coming years.

New investment and procurement policies will provide a sound foundation for us to fulfill our fiduciary duty, though there remains a need to amend licensing fees or we will face significant financial challenges in the very near future.

Despite the disappointment of having to fulfill claims on the Compensation Fund valued at approximately $100,000, the 67 consumers who were able to retrieve their funds and the Board are pleased that the Fund was available to compensate those affected by the theft of prepayment funds by one licensee, whose licence had previously been revoked.

We are also committed to facilitating licensing for qualified licensees from other provinces and countries. Qualified licensees from other Canadian provinces need only apply and complete the legislative examination in order to be eligible for licensure.

Over the past few years, we have celebrated the longtime commitment of Susan Beck, Randy Balon, Ken Singh, Marlen Weiler and René Brakel who have all celebrated their tenth anniversary with the BOFS. Their commitment to the BOFS is remarkable and greatly appreciated. Unfortunately, 2009 also saw René Brakel retire from the BOFS. We wish him well.

In addition to the FBCSA, we will look forward to working to comply with the *Accessibility for Ontarians with Disabilities Act* in 2010 and have already provided initial training to all BOFS staff. We will also work with the Ministry of Consumer Services to address various recommendations made in the Todres and Auditor General Reports.

I would like to thank the Board for its guidance and dedication and the staff for its continued dedication and support. In particular, I would like to thank Cathy Taylor for her leadership and commitment as Chair of the Board in 2009.

*Joseph Richer*

**Registrar**

# 2009 Business Plan Achievements

The Board believes that in order to carry out its mandate and achieve its goals and vision, it must focus on the four following "Strategic Outcomes."

- Maintaining High Levels of Consumer Protection
- Advancing Service Excellence Through Professional Development
- Increasing Public Awareness
- Managing Uncertainty

Each of the Strategic Outcomes drives the Board's activities for the year and provides a framework for setting annual targets. Highlighted below are some key achievements this year.

## STRATEGIC OUTCOME 1 - *Maintaining High Levels of Consumer Protection*

Maintaining high levels of consumer protection requires the BOFS to continue to efficiently carry out site inspections and ensure high levels of compliance. In addition, it must handle consumer enquiries, and complaints in an effective and timely manner. Effective management of the Compensation Fund is important for continuing to provide financial protection for consumers in the event of the mishandling of prepayment funds.

### *Inspections Keep in Step*

The inspection team carried out 246 inspections, through which over $31,000 in consumer refunds were identified. The team also reorganized the workflow to achieve better turnaround times in processing business licence applications, while still maintaining the number of inspections.

### *Complaint Process Continues to Improve*

We successfully mediated an astonishing 50% of the complaints considered by the Complaints Committee. On average a decision or resolution was achieved within 95 days of the receipt of the complaint, which included the licensee average response time of 26 days.

The complaint process quality assurance program survey results demonstrate the program is working well and that staff members are knowledgeable and helpful when carrying out their duties.

### *Healthy Compensation Fund*

67 claims were paid by the Compensation Fund in 2009, for a total of approximately $100,000. The claims are the result of misappropriation by one funeral director. The Fund continues to maintain a healthy diversified portfolio, with a market value of $2.1 Million at October 31, 2009.

The Committee also implemented new trustee reporting on the Fund's long term investment goals. The Fund continues to meet its goals.

### *Involvement in Development of New Legislation*

The Board remained vigilant on the legislative front, submitting comments to the Ministry of Consumer Services regarding proposed regulation changes. The BOFS's focus remains on proper training to appropriate competencies for all personal licensees, particularly those advising consumers. The BOFS also submitted its business case for licence fee amendments to the Ministry of Consumer Services.

## STRATEGIC OUTCOME 2 - *Advancing Service Excellence Through Professional Development*

The Board believes that consumer protection is best provided when supported by a professional development program that continually raises industry professionalism and knowledge. The Board has reviewed funeral service education in Ontario and has developed an implementation plan based on the recommendations in the report.

### *Preceptor Training Program & Internship Support Program*

The Preceptor Training Program continues to receive positive support as it trains those training interns. Approximately 300 funeral directors have now completed the program since 2003. The program was delivered three times in 2009.

In its third year, the Intern Outreach Program, which provides tools to assist interns to successfully manage internship challenges, was very well received by the many participants in the 17 workshops. The program allows interns the opportunity to meet with their peers and delivers six topical articles, one every other month. A sample employment agreement was made available this year to assist the parties to better understand their respective expectations and obligations.

All of the internship related forms were renovated and streamlined for ease of completion and burden reduction. A new internship extension form was also implemented to ensure interns were registered while awaiting licensure.

### *Successful Professional Development*

PD 2009 Toronto received very positive comments from the over 350 funeral director participants. The program participants build their own program by selecting five seminars from among the nine available. Post program surveys and surveys of PD 2010 Toronto participants will be used to develop the next program.

### *Proactive Communications with the Profession*

The BOFS published three newsletters, which included special updates on the *Funeral, Burial and Cremation Services Act, 2002* and other issues facing licensees. BOFS representatives also attended several meetings of provincial and local professional associations, including a tradeshow where BOFS staff attended to allow licensees to ask questions in a more comfortable atmosphere.

### *Active Participation in Education Development*

The BOFS remains committed to the development of appropriate education standards for existing and prospective new licensees under the *Funeral, Burial and Cremation Services Act, 2002*. The BOFS will continue the development of competency profiles for all personal licences, which will be used as the basis for education programs.

## STRATEGIC OUTCOME 3 - *Increasing Public Awareness*

The Board believes that increased public awareness and education will ultimately lead to increased levels of consumer protection. Increasing the profile of the BOFS, and educating consumers about the need to deal with duly licensed funeral establishments or transfer services will continue to be a key area of focus.

### *Consumer Outreach*

Outreach initiatives included consumer shows to promote awareness of the BOFS and its consumer protection mandate. With an attractive booth display and knowledgeable staff, the BOFS attended consumer shows and presentations this year.

We again reached out to operators of facilities tailored for the elderly and retired community. BOFS representatives attended the Ontario Retirement Community Association and Ontario Long Term Care Association annual trade show, where we received orders for 11,000 consumer brochures. We are pleased to be partnering with the retirement and long term care community to distribute the BOFS message.

### *Consumer Access to Information & the BOFS Made Easy*

The BOFS brochure, and other consumer information, continues to be available through its Web site, from the BOFS office and at various consumer shows and presentations. The brochures are available free of charge to licensees to distribute to consumers. Licensee orders totaled approximately 6,000 brochures this year, which is the most ever.

### *Web site Enhancements Improve Communications*

The BOFS continues to enhance its Web site, recently focusing on information about how to open a new business in the sector. We encourage licensees and consumers to visit www.funeralboard.com.

### *French Language Services*

The BOFS is committed to providing services in French. In addition to attending to both consumer and licensee inquiries in French, the BOFS Web site, annual report, newsletters and various forms are all available in French.

## STRATEGIC OUTCOME 4 - *Managing Uncertainty*

Pending legislative reform and the possibility of the creation of a single Delegated Administrative Authority for the entire Bereavement Sector, the Board believes the key to its ongoing success will be maintaining a focus on its mandate and operational delivery. The Board is periodically revisiting and if necessary, adjusting its goals to ensure that it is on track in achieving its Strategic Outcomes. The Board is also committed to maintaining ongoing communications with staff and the profession at large.

### *Maintaining Focus on Current Mandate and Operational Delivery*

The Compensation Fund Committee developed a new trustee report to assess the portfolio's performance based on its investment goals.

Completing 246 inspections, renewing all licences in a timely manner, processing applications for new licensees with very few delays and timely handling of complaints and compensation claims all made for a very successful year.

### *Ongoing Communication with the Profession*

The BOFS kept the profession informed of ongoing initiatives through regular newsletters and electronic updates, and attendance at various professional association meetings.

### *Making it Easier for Applicants*

Revised internship forms and new information sheets for new business applicants are making it easier to register internships and apply for a business licence.

# Committee Updates

The Board of Funeral Services Committees and Teams enable the Board to carry out its mandate and strive towards achieving the Strategic Outcomes of its business plan:

- Discipline Committee
- Compensation Fund Committee
- Complaints Committee
- Licensing Committee
- Audit, Finance and Risk Committee
- Communications and Long Range Planning Committee
- Legislative Review Committee
- Compliance
- Licensing and Administration

While the activities of each Committee may contribute more directly to one or two specific Strategic Outcomes in our Annual Business Plan, it is the combined efforts and cooperation of the Committees and the Board that has enabled the organization to achieve its greatest success. The following are the reports of each Committee's findings, activities and accomplishments in the year.

## DISCIPLINE COMMITTEE - *Ensuring Rights of Consumers*

*Mandate*

The Board of Funeral Services is committed to ensuring its licensees act professionally at all times to ensure that consumers' rights are protected and that their needs are met. The Discipline Committee hears and determines any allegations of professional misconduct or incompetence against funeral directors. The Discipline Committee considers matters referred to it by the Complaints Committee, the Executive Committee, or the Board itself.

The Discipline Committee follows established procedures for hearings and is advised by independent legal counsel. The Board of Funeral Services is represented by legal counsel and the funeral director has the right to be represented by legal counsel as well. The Discipline Committee's decisions may be appealed to the Licence Appeal Tribunal ("the Tribunal"), which is independent from the Discipline Committee and the Board of Funeral Services.

The Committee oversaw revisions made to the established procedures for hearings, which included changes that would allow the Committee to award costs under very specific circumstances.

*Cases Heard in 2009*

In the only case heard in 2009, the Discipline Committee found the funeral director guilty of professional misconduct, as a result of the funeral director preparing and submitting to the Registrar falsified embalming reports. The individual was previously licensed as a funeral director not authorized to embalm and was completing the embalming training that would permit embalming. The Committee ordered, among other things, that the funeral director pay a fine of $2,000, that her licence be suspended for ten months and that she be reprimanded.

I would like to acknowledge and thank my colleagues on the Discipline Committee for their diligence and commitment to the discipline process.

*John Laframboise*

**Chair**

## COMPENSATION, IT'S A MATTER OF PRINCIPLE - *Compensation Fund Committee*

*Mandate*

The Prepaid Funeral Services Compensation Fund ("the Fund") was established to provide compensation to consumers when they have suffered a financial loss because their prepayment funds were mishandled. Except for the duties and responsibilities of the Trustee and the BOFS Board of Directors, the affairs of the Fund are managed by the Compensation Fund Committee.

*Claims*

In 2009, the Committee considered 67 compensation claims against the Fund. The claims were the result of the misappropriation of prepayment funds by one licensee, whose licence had previously been revoked following a discipline hearing into related matters. The Committee approved all of the 67 claims it considered for a total of approximately $100,000. Two additional claims relating to the same licensee will be considered in 2010, once the claimants have provided all of the necessary documentation.

*Managing the Fund*

The Committee has developed a new report in which the Trustee is to provide to the Committee its assessment of how the performance of the portfolio is meeting the investment goals set by the Compensation Fund Committee. The report is reviewed by the Committee twice annually.

The Committee meets regularly to review the Fund's portfolio and the Trustee's report to ensure its assets are secure and the investment strategy is meeting the Fund's long-term investment goals. While the Fund was not immune to the worldwide economic downturn, the impact was minimal. Despite the claims on the Fund in 2009, the Fund value rose from $2,096,493 at October 31, 2008, to $2,115,117, at October 31, 2009. The Fund is healthy and invested in a balanced portfolio. Key parts of the financial statements of the Fund are included under the Financial Outlook and full financial statements are always available upon request.

The Committee would like to thank the Board and the staff for their support and guidance in managing the affairs of the Fund.

*Robert Hubbert*

**Chair**

## COMPLAINTS COMMITTEE

*Mandate*

The mandate of the Complaints Committee is to consider and adjudicate consumer complaints regarding a licensee's conduct.

*About the Complaints*

While the number of complaints rose from last year, and the trend over four years is upward, complaint volumes remain very low, particularly considering the inherently stressful circumstances under which the transaction is being carried out. Based on current levels, the average funeral director can expect one complaint over a 50 year career and a business licensee can expect one every 17 years.

The Committee continues to be concerned about the number of complaints alleging that the licensee took direction from the wrong person. This type of complaint represented almost one in five complaints considered by the Committee in 2009. While the majority of this type of complaint was believed to be unfounded, it was nevertheless clear that many licensees need to do a better job of explaining who has the authority to make arrangements to the parties involved.

Two other complaints of concern involved allegations that the licensee had been under the influence of alcohol. Such incidents will have to be monitored closely.

The last notable issue is that 10% of the complaints considered involved issues that arose when prepaid contracts were fulfilled. Since the purchasers of prepaid contracts often prepay for themselves, it is imperative that the wishes of the deceased be well documented in the contract to avoid any disputes at the time of need.

*Learning from Complaints*

The BOFS newsletter is an important means of both notifying and educating licensees about the issues that have come before the Complaints Committee. Because the issue of taking direction from the right person continues to be of concern, the BOFS has prepared a piece explaining who has the right to make decisions about the disposition of a body that can be used by licensees and shared with consumers. The piece will be published in the Fall 2009 newsletter and posted to the BOFS Web site in English and French.

*Complaint Summary*

The BOFS received 31 complaints between November 1, 2008 and October 31, 2009. Of these, the Committee considered 23 in 2009 and the remaining eight will be considered in 2010. The Committee also dealt with five complaints from 2008. The following is a breakdown of the disposition of the 28 complaints considered this year, along with comparative figures from previous years.

| **Outcome** | **2009** | **2008** | **2007** |
|---|---|---|---|
| In favour of licensee | 5 | 15 | 7 |
| In favour of complainant | 7 | 13 | 10 |
| Mediated by Board staff | 14 | 8 | 8 |
| Withdrawn | 0 | 0 | 0 |
| Referred to discipline | 2 | 0 | 2 |
| **Total complaints** | 28 | 36 | 27 |

Parties to complaints may appeal the decision of the Complaints Committee to the Licence Appeal Tribunal ("LAT"). Two of the three complaint decisions that were appealed were resolved between the parties avoiding the need for a hearing. While in the third appeal LAT overturned the decision of the Complaints Committee, the BOFS has appealed the decision to the Divisional Court and the matter should be heard in 2010.

*Resolved Disputes*

The Committee is pleased that the staff was able to resolve approximately 50% of the complaints the Committee considered this year. The Committee reviews every resolution to ensure that it is appropriate given the circumstances; it accepted all resolutions presented in 2009. The resolutions resulted in the consumers receiving refunds or price reductions for a total value of $6,071 or an average refund of $759.

*High Level of Service*

While the Committee is disappointed that the average time needed to consider matters was 95 days, which exceeds our goal of 80 days, three complaints in particular were very complex and required an average of 205 days to resolve. It should also be noted that the time includes the average licensee response time of 26 days.

Results of the complaint process quality assurance survey for the parties to complaints regarding the service provided by the BOFS and its staff were again very positive. The program, which began in 2008, has returned very positive results from both consumers and licensees, with 100% of respondents believing that the staff was professional and courteous and that the overall experience of the complaint process was positive with one consumer commenting that they were, “glad to have this service, it protects the consumer, when we could have been taken advantage of. Many thanks. Investigator listened to my side of the story before asking me any questions.”

The Committee believes that Ontario’s consumers needing funeral and transfer services are generally being treated fairly and in a professional manner and the noted examples are the exceptions, not the rule.

*Christopher A. Ferguson*

**Chair**

## LICENSING COMMITTEE

*Mandate*

The Licensing Committee comprises three board members – one public member and two funeral directors. The work of the committee includes reviewing training programs and funeral service education in Ontario to ensure the competency of industry professionals. In addition, the Licensing Committee oversees the internship program, examinations and professional development programming. Matters referred by the Registrar with respect to candidate licensing eligibility also appear on the Committee's agenda from time to time.

*Enhancing Professionalism through Education, Training and Assessment*

The BOFS is committed to quality education and training for licensees and aspiring licensees. Professional Development 2009 Toronto was very well received by the almost 400 attendees. We continue to work with speakers to ensure their messages are both appropriate and meaningful for participants.

The Preceptor Training Program, which is designed to train those who mentor aspiring funeral directors, was delivered three times in 2009. With approximately 300 funeral directors having taken the program, there continues to be tremendous interest and support for the program.

The BOFS Internship Support Program was delivered for the third time, with very positive feedback from interns and preceptors. The program, which was designed to provide interns and preceptors the opportunity to discuss common issues and learn proven techniques to foster a successful internship, is voluntary and continues to garner positive comments from participants.

Our Practical Examiner Training & Qualification Program continues to evolve to provide better training to those assessing candidate competency in embalming. Going forward, the Committee will consider other ways of assessing embalming competence, in addition to practical examinations.

*We're Listening*

The Committee is very interested in soliciting input from licensees and interns to enhance BOFS programs. While the participants are surveyed during the program, for the first time in 2009, we surveyed the participants 30 days after the program when they had returned to work. This provided us with a better sense of what types of information or learnings from the program had been implemented into the daily lives of licensees. We also surveyed licensees scheduled to attend PD 2010 Toronto. We have used all of the survey results to guide us to enhance the experience and value for future participants. We were also pleased to hear that the enhancements we have already implemented were well received by participants.

Participant feedback has also guided the continual improvement of the preceptor training program, by refining the content to what preceptors are looking for and to make it increasingly interactive with tools they can use immediately to make positive change in the way they train interns.

Based on intern feedback, we have focused on communicating electronically with interns and posted many of the training tools and support materials on the BOFS Web site for interns and preceptors to access. Internship forms have also been revised and registration procedures simplified.

*FBCSA Education*

The Committee and staff are looking forward to developing the education requirements under the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA) and effective tools to assess prospective individual licensees to ensure they meet the expected minimum competence.

The first step in this significant task is to develop the competency profile for various individual personal licence types. The staff has carried out workshops with funeral directors and more are scheduled for transfer service operators and funeral preplanners. The competency profile is the foundation of all education and assessment, so it is imperative that we take the time to develop accurate profiles for each personal licence type.

### *Looking Forward to 2010*

While much of the Committee's time in 2010 will be spent on the development and implementation of education requirements, it will also have to manage its ongoing responsibilities.

My thanks to the committee members, Rob Hubbert and Tracy Seaton and staff, Vicki McCoy, Sue Beck, Liselotte Kidston and Joseph Richer for their stellar efforts during the year. I look forward to working with each of you again on the Committee in 2010.

*Catherine Taylor*

**Chair**

## AUDIT, FINANCE AND RISK COMMITTEE

The Audit, Finance and Risk Committee met six times in 2009. The Committee continues to identify and assess risks facing the Board of Funeral Services (BOFS).

The most significant risk to the BOFS remains the fact that the licensing fees have not changed in over 17 years and the existing fee level will not support the necessary expenses related to the proclamation of the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA). While the BOFS continues to be vigilant in its cost management, it has reached the point where the Board may need to consider a reduced consumer protection regime in order to cope with the financial demands that the BOFS faces. While such a notion is abhorrent to an organization committed to proactive consumer protection, the revenues are effectively capped at 1992 levels and beyond the control of the BOFS. Without a significant licence fee increase in 2010, the solvency of BOFS and the current levels of consumer protection are not sustainable.

The Committee and the Registrar worked to prepare a submission to the Minister of Consumer Services regarding necessary revisions to licensing fees under the authority of the FBCSA. The Committee balanced the need to replenish BOFS reserves and the impact on licensees and consumers. The Committee urges a long-term strategy to rebuilding BOFS reserves, which will require regular incremental changes to fees to cover both operational cost increases and the replenishing of BOFS reserves, which are necessary for its long-term health.

The Committee also worked diligently in 2009 to review both policy and procedures as they relate to the financial affairs of the BOFS. The Committee worked on developing a new BOFS procurement policy that complies with the Ontario Government's Procurement Directive, which the Government implemented for the Government and all agencies, boards and commissions to ensure transparency and accountability in all areas of procurement, but in particular as it relates to consultants. The Board supported the initiative and with only minor adjustments to its current practice was able to move quickly to implement its new policy.

The Committee also worked to revise its policies concerning Board member remuneration and expenses, now that the per diem rate has been amended for the first time since 1990. The new policy will continue to comply with the Ontario Government's Corporate Management Directive for Government Appointees. The Committee anticipates the revised policy to be adopted by the Board of Directors early in its 2009/10 fiscal year, along with the new forms necessary to operationalize the changes.

The Committee also worked to develop new investment procedures and reports for the Board of Directors as they relate to the BOFS investment policy adopted in 2008.

The Committee was also diligent in overseeing the ongoing financial affairs of the BOFS, including the regular review of its financial position and revenue and expense controls, the preparation of the BOFS financial statements and budget, and the management of BOFS investments in compliance with its investment policy.

Anticipating the proclamation of the FBCSA in 2010, the Committee will work with the Registrar to ensure cost management of expenses as they relate to implementation of the FBCSA and to develop a long-term financial outlook for the BOFS to ensure its financial health and sustainability. The Committee will also work to oversee the implementation of the new Board member remuneration policy.

*Alison J. Knight, FCA*

**Chair**

## COMMUNICATION AND LONG RANGE PLANNING COMMITTEE

In addition to its regular business, the Communications and Long Range Planning Committee completed a number of initiatives in 2009, including the implementation of the new BOFS logo, the review of the marketing plan for the Loss, Grief and Growth Education Project, Inc. (LGGEP) and the introduction of a large print brochure.

The Committee oversaw the development and implementation of the new BOFS logo and the necessary amendments to the BOFS newsletter, Web site, annual report, signs and other regular publications.

The LGGEP continues to move toward the launch of its program, which will provide teachers and students alike with tools to better understand loss, grief and the growth that can result. The program, which is aimed at students from grades one to 12, has been long awaited by many licensees and educators. The Funeral Service Association of Canada (FSAC) will take on the management of the LGGEP program and work with the LGGEP board of directors to launch the program. The Committee believes that the introduction of the FSAC's long history of program delivery coupled with the LGGEP's initiative and resolve will see the program flourish in Ontario and other parts of Canada. The development of a solid marketing plan has given the Committee and the BOFS the confidence to release the final payment of its significant financial commitment to the project. The Committee will continue to work with the LGGEP and looks forward to a successful launch in 2010.

With respect to business and strategic planning – short and long term – the Committee worked with staff to set goals for 2009 and anticipates overseeing a formal strategic planning session, following the proclamation of the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA).

The Committee's goal to increase the distribution of the BOFS consumer brochures to raise consumer awareness of their rights and obligations and of the BOFS was achieved. The creation of a large print consumer brochure, the staff attending four consumer shows, the BOFS's commitment to the 2009 Smart Consumer Calendar and the inclusion of a brochure order form for licensees in every BOFS newsletter have all contributed to orders for a record 17,000 consumer brochures in 2009.

In 2010, the Committee expects to work closely with the Legislative Review Committee and staff to prepare communication materials for licensees regarding the FBCSA as well as leading a formal strategic planning session.

The Committee is pleased with its success on many fronts in 2009 and looks forward to the many challenges of 2010.

*Doug Kennedy*

**Chair**

## LEGISLATIVE REVIEW COMMITTEE

As part of its broader mandate, the Board of Funeral Services reviews the operation of the laws and makes recommendations to the Minister. The Board of Directors has established the Legislative Review Committee to focus on this portion of is mandate.

The Legislative Review Committee is charged with reviewing current and proposed laws in order to comment about, among other things, their direction and enforceability, and to make recommendations to the BOFS Board of Directors. The Committee has been quite active in 2009, with the impending proclamation of the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA).

With the Ministry's decision to simplify the regulations under the FBCSA, the Committee worked on a BOFS submission on the revised draft regulations. The Committee also developed a project charter for the implementation of the FBCSA and the many tasks the BOFS will have to accomplish both to ensure its own compliance and to support licensees to achieve compliance.

The Committee also reached out to key licensee stakeholders to ensure a good understanding of their needs when the FBCSA is implemented.

If the FBCSA is in fact proclaimed in 2010, it will be a very busy year for the Board and staff.

*Bill Kiteley*

**Chair**

## COMPLIANCE – *The BOFS Inspection Team*

### *The Inspection Team*

2009 was another productive year for the inspection team, which focused on licensees with lower levels of compliance in keeping with its risk-based inspection scheduling program. Following a review of the schedule, an additional 43 funeral homes and transfer services were identified for more frequent inspection.

### *Inspection Details*

In 2009, the inspection team carried out 245 inspections, which exceeded the goal of 235. The inspections uncovered approximately $31,807 owing to consumers, which is almost three times greater than last year.

The number of compliance items identified during inspections saw a decrease from 6.1, to 5.3. The inspection team has focused on documents (contracts and price lists) to ensure that they were current, consumer friendly and easy to understand. The average number of contract and price list issues decreased from 2.9 to 1.6 items over 2009.

### *Inspection Data Summary*

| | 2009 | 2008 | 2007 |
|---|---|---|---|
| Inspections | 245 | 278 | 219 |
| Routine | 225 | 251 | 203 |
| Tightened inspections* carried out | 26 | 28 | 38 |
| Tightened inspections next scheduled | 67 | 24 | N/A |
| New premises or ownership and miscellaneous | 21 | 18 | 10 |
| Premises closed | 5 | 9 | 6 |
| Refunds to consumers | $31,807 | $11,527 | $16,963 |
| Average compliance items identified | 5.3 | 6.1 | 6.1 |
| Items relating to price lists/contracts | 1.6 | 2.9 | 2.0 |

* Tightened inspection refers to an inspection scheduled to be carried out sooner than usual. Routine inspections occur at approximately three year intervals; tightened may be carried out at intervals of six months to two years.

### *Update on Risk-Based Inspections*

While the bulk of tightened inspections tend to be the result of new businesses, closures and changes of ownership, the team reassessed a number of businesses based on new criteria, adding 43 additional locations to the tightened schedule bringing the total number of 2010 tightened inspections to 67. The team anticipates the average time between routine inspections may increase in the next few years. During 2009, the inspection team conducted 26 tightened inspections with the following results:

| | 2009 | 2008 | 2007 |
|---|---|---|---|
| Tightened inspections (includes new business/owner) | 26 | 28 | 38 |
| Tightened remained tightened inspections | 6 | 4 | 7 |
| Tightened changed to regular inspections | 16 | 4 | 9 |
| Regular to tightened inspections (excludes new business) | 14 | 3 | 11 |

Licensees placed on a tightened schedule have demonstrated a marked increase in compliance at the following inspection. The number of scheduled tightened inspections has remained relatively steady from 2008 to 2009.

The program has allowed the inspection team to pay particular attention to those licensees that appear to be struggling to maintain compliance and require additional assistance to reach those goals. 2010 will see inspections focus on those licensees that reported discrepancies in the reporting of their prepaid contracts.

*Investigations*

The BOFS inspection team conducted 27 investigations in 2009, of which 19 have been closed. The investigations involved a variety of issues including the misappropriation of prepayment funds, advertising, funeral directors facing criminal charges, licensees misrepresenting disbursement charges, burial of human remains in a pet cemetery and allegations of funeral director falsifying embalming reports.

Some of the investigations resulted in action being taken against the licensee, while others were cautioned about their conduct. Some were criminally charged and some entered into an Acknowledgement & Undertaking, which resulted in refunds of approximately $30,000 to consumers. Approximately half of the investigations were initiated based on information received from licensees, demonstrating licensees' commitment to self-regulation.

*Stakeholder Education & Outreach*

In 2009, the inspection team wrote two articles for the BOFS newsletter. The first addressed the issue of using credit cards for purchasing prepaid contracts and explained the necessary steps to stay in compliance.

The second article was about transferring prepaid contracts funded by trust and insurance and the timing expectations in having the funding transferred.

In 2009, the inspection team attended a number of association meetings and tradeshows and lent its expertise to those inquiring about the BOFS, the current laws or the much anticipated FBCSA.

*Customer Service – Balancing Consumer and Licensee Needs*

While maintaining a constructive relationship with licensees, the inspection team provides quality service through its balanced approach to inspections. Annually the team reviews the inspection program quality assurance survey results to see if any changes are necessary based on any constructive comments made by licensees. Action is taken wherever possible to address the areas for development and the team is pleased to report that for 2008 the team received only two constructive comments in the survey. The inspection team has taken action to address the concerns. The inspection team continues to seek ways to balance the licensees' needs and consumer protection.

Overall, the survey showed high approval ratings in all categories and the inspection team will continue to review and assess all suggestions made by licensees. Based on the survey results, it is apparent that the members of the inspection team are highly regarded by the profession, which is demonstrated by the responses received. Some of the comments are listed below;

> *"The [inspector] made the experience a learning one and [inspector's] easy going approach alleviated any stress the staff and management may have had."*

> *"I am very happy to work with the staff of the Board. The [inspector] would point out the deficiencies in a polite way and would recommend potential remedies in a professional manner. Keep up the good work."*

> *"I appreciated [inspector] as a resource to me. I found [inspector's] candid nature and depth of knowledge to be helpful with any questions or concerns that I have shared with [inspector]. I truly appreciate [inspector's] attitude, we are colleagues, not superior and subordinate."*

*In Store for 2010*

For 2010, the inspection team will continue its risk-based approach to scheduling inspections, which may become even more focused if the FBCSA is proclaimed. With a new Manager joining the team, there will no doubt be other changes; with new individuals, come new ideas to build on the good work already done.

*René Brakel*

**Manager, Inspections & Investigations**

## LICENSING AND ADMINISTRATION

*Introduction*

The licensing and administration team processes approximately 3,250 personal and business renewals along with the registration of approximately 80 internships annually. The team strives to deliver good service to all stakeholders. The more we can assist and educate licensees of the benefits of on-line renewal, the more it will assist the licensee.

*Licensing / Registration*

On-line renewals continue to gain acceptance as noted by the steady increase in the number of licences renewed on-line year over year. The team's efforts to promote and support callers in their efforts to renew on-line have paid dividends. The next step is to develop a process that allows an employer to pay for employee renewals on-line. The team is looking to implement this for 2010.

*Proposals / Orders / Conditions & LAT*

The Registrar issued four proposals for 2009. All of the proposals involved licence conditions and these were accepted voluntarily by the licensee, thereby eliminating the need for a hearing before the Licence Appeal Tribunal.

*Education & Professional Development*

The team strives to offer new and interesting programs to support and engage the profession and this year's professional development (PD 2009 Toronto) was no exception. The theme for PD 2009 Toronto was, "**Making the Science of Cognitive Fitness Work for You!**" The team will continue to communicate with the profession to find ways to deliver meaningful programming. Preceptor Training and Practical Examiner Training Programs also continue to be offered to licensees.

*Labour Mobility and AIT*

The BOFS is committed to facilitating the mobility of qualified candidates to become licensed in Ontario. To this end, the BOFS reviewed and revised its procedures making it easier for qualified candidates to apply for a licence. Information for all new applicants will be available on the BOFS Web site in November 2009.

*Supporting Interns*

The BOFS Internship Support Program is tailored to support interns and preceptors to achieve a successful internship. The continuation of the BOFS Embalming Report Quality Assurance program is another way BOFS is helping to ensure interns and preceptors are completing the reports accurately. Where there are issues, the BOFS staff is taking appropriate action to educate and inform interns and preceptors of the importance of the reports.

*Supporting Licensees & Interns Through Technology*

In 2009, we sent electronic notices to licensees on various issues, including HINI Influenza and licence renewal reminders. This allows BOFS to send out information efficiently and economically.

Individuals interested in opening or purchasing a business can now get all the information they require from our Web site. A checklist and all the required forms can be found at funeralboard.com. The new consolidated forms, checklist and sample contracts make it easy for potential purchasers or buyers to find out what they need to know to obtain a business licence.

We continue to make incremental enhancements to the BOFS Web site, including an electronic version of the BOFS Business Directory and several articles to support licensees.

*Goals and Objectives 2010 – Future Considerations*

In 2010, we plan to develop and implement a process that allows an employer to pay for employee renewals on-line. Creating a system for posting employment opportunities for interns and funeral directors or those looking for employment is still of interest to licensees and finding the right system is part of the work for 2010.

Major changes are expected with the proclamation and ultimate implementation of FBCSA and the Licensing and Administration team looks forward to the challenges.

*Susan Beck*

**Manager, Licensing and Administration**

## REGISTRATIONS AND LICENCES ISSUED IN 2009

| Personal Licences | 2009 | 2008 | 2007 |
|---|---|---|---|
| Funeral director active | 1,913 | 1,909 | 1,890 |
| Funeral director inactive | 754 | 747 | 732 |
| Funeral director conditional | 15 | 16 | 18 |
| Funeral director resigned | 0 | 1 | 0 |
| Funeral director revoked | 0 | 2 | 1 |
| Funeral director suspended | 0 | 2 | 3 |
| Funeral director emeritus | 66 | 67 | 63 |
| Funeral director re-instated | 6 | 3 | 2 |
| Registered transfer service operators | 8 | 8 | 7 |
| Labour mobility transfer | 3 | 5 | 2 |
| **Business Licences** | | | |
| Funeral establishments | 562 | 564 | 565 |
| Offering services to the public | 558 | 560 | 562 |
| Not offering services to the public | 4 | 4 | 3 |
| Transfer services | 40 | 39 | 39 |
| Conditional | 0 | 0 | 0 |
| Revoked | 0 | 2 | 2 |
| Refused | 0 | 1 | 0 |
| New funeral establishments | 1 | 6 | 6 |
| New transfer services | 3 | 3 | 2 |
| Changes of ownership | 20 | 9 | 32 |
| Closed funeral establishments | 3 | 2 | 5 |
| Closed transfer services | 1 | 3 | 2 |
| **Exam attempts** | | | |
| Licensing Exams: Fall | 11 | 16 | 12 |
| Licensing Exams: Spring | 73 | 61 | 104 |
| Active/Inactive Exam | 4 | 2 | 1 |
| Re-instatement Exam | 2 | 2 | 2 |
| Legislative Exam | 3 | 5 | 2 |
| Out of country candidate | 0 | 0 | 0 |

# *Financial Outlook*

Harris & Wright audited the Board of Funeral Services and the Prepaid Funeral Services Compensation Fund. They reported that the financial statements present fairly, in all material respects, the financial position of the Board as at October 31, 2009. Complete financial statements are available from the Board of Funeral Services upon request.


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TORONTO, ONTARIO M4T 1X3


**AUDITORS' REPORT**

To the Directors of
**Board of Funeral Services**

We have audited the statement of financial position of Board of Funeral Services as at October 31, 2009 and the statement of operations & special initiatives, net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation of the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at October 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Harris & Wright

Toronto, Ontario
December 2, 2009

Chartered Accountants
Licensed Public Accountants

**BOARD OF FUNERAL SERVICES**
(Under the *Funeral Directors and Establishments Act, 1989*)

## STATEMENT OF FINANCIAL POSITION
**October 31, 2009**

| | 2009 | Comparative 2008 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and bank | $ 90,877 | $ 103,720 |
| Sundry receivables (Note 4) | 12,643 | 18,259 |
| Prepaid expense | 17,601 | 17,329 |
| | 121,121 | 139,308 |
| **Investments** - (Note 3) | 1,652,781 | 1,757,092 |
| **Furniture and Equipment -** at cost: (Note 2) | | |
| Office furniture, computers and equipment | 161,208 | 163,709 |
| Leasehold alterations | 21,353 | 21,353 |
| | 182,561 | 185,062 |
| **Less - Accumulated amortization** | 120,312 | 117,089 |
| | 62,249 | 67,973 |
| | **$ 1,836,151** | **$ 1,964,373** |
| **LIABILITIES** | | |
| **Current liabilities:** | | |
| Accounts payable and accrued liabilities | $ 141,085 | $ 58,590 |
| Deferred licence fee revenue (Note 2) | 215,110 | 217,261 |
| | 356,195 | 275,851 |
| **NET ASSETS** | 1,479,956 | 1,688,522 |
| | **$ 1,836,151** | **$ 1,964,373** |

## BOARD OF FUNERAL SERVICES

### STATEMENT OF OPERATIONS & SPECIAL INITIATIVES

Year ended October 31, 2009

| | 2009 | Comparative 2008 |
|---|---|---|
| **REVENUE** | | |
| Funeral Directors' licence fees | $ 403,150 | $ 398,706 |
| Funeral Establishments' licence fees | 850,183 | 835,580 |
| Transfer Services' licence fees | 31,692 | 30,304 |
| | 1,285,025 | 1,264,590 |
| Duplicate certificates | 160 | 350 |
| Student registration fees | 4,600 | 4,050 |
| Student examination fees | 12,850 | 11,650 |
| Professional development | 132,789 | 109,921 |
| Investment revenue | 98,339 | 88,551 |
| Administration fees - Compensation Fund | 12,068 | 11,134 |
| Sale of Directories, Acts and Miscellaneous revenue | 5,637 | 8,917 |
| Reimbursement - Ministry of Consumer Services | 12,171 | 11,567 |
| | 1,563,639 | 1,510,730 |
| **EXPENSE** | | |
| Salaries, benefits and compensation | $ 850,258 | $ 832,021 |
| Transportation and communication | 287,014 | 257,967 |
| Services | 257,193 | 170,041 |
| Supplies and equipment | 245,301 | 221,039 |
| | 1,639,766 | 1,481,068 |
| **EXCESS OF (EXPENSE OVER REVENUE) REVENUE OVER EXPENSE** | (76,127) | 29,662 |
| **SPECIAL INITIATIVES (NOTE 6)** | 146,563 | 78,407 |
| **EXCESS OF EXPENSE OVER REVENUE AFTER SPECIAL INITIATIVES** | **$ (222,690)** | **$ (48,745)** |

## BOARD OF FUNERAL SERVICES

### STATEMENT OF NET ASSETS

Year ended October 31, 2009

| | | Comparative 2008 |
|---|---|---|
| **Invested in capital assets, opening balance** | $ 67,973 | $ 77,481 |
| Excess of Expense Over Revenue - Amortization | (15,602) | (14,931) |
| Additions | (9,878) | 5,423 |
| **Invested in capital assets, closing balance** | 42,493 | 67,973 |
| **Unrestricted net assets, opening balance** | 1,631,676 | 1,670,913 |
| Excess of Expense Over Revenue - net of amortization | (207,088) | (33,814) |
| Furniture and equipment additions | 9,878 | (5,423) |
| **Unrestricted net assets, closing balance** | 1,434,466 | 1,631,676 |
| **Unrealized Gain (Loss) on Financial Statements, opening balance** | (11,127) | - |
| Unrealized Gain (Loss) on disposition of investments | 26,108 | (11,127) |
| Realized Loss on disposition of investments | (11,984) | - |
| **Unrealized Gain (Loss) on Financial Statements, closing balance** | 2,997 | (11,127) |
| **TOTAL NET ASSETS** | **$ 1,479,956** | **$ 1,688,522** |

**BOARD OF FUNERAL SERVICES**

**STATEMENT OF CASH FLOWS**
Year ended October 31, 2008

| | | | | **Comparative** |
|---|---|---|---|---|
| | | | | **2008** |
| **CASH PROVIDED FROM OPERATIONS** | | | | |
| Excess of expense over revenue after special initatives | $ | (222,690) | $ | (48,745) |
| Items not affecting working capital: | | | | |
| Amortization | | 15,602 | | 14,931 |
| | | (207,088) | | (33,814) |
| Net change in non-cash working capital (see below) | | 85,688 | | (1,315) |
| **Cash provided by (used in) operations** | | (121,400) | | (35,129) |
| **CASH USED IN INVESTING ACTIVITIES** | | | | |
| Capital asset additions | | (9,878) | | (5,423) |
| Net asset adjustments | | 14,124 | | (11,127) |
| | | 4,246 | | (16,550) |
| Decrease in cash | | (117,154) | | (51,679) |
| Cash at beginning of year | | 1,860,812 | | 1,912,491 |
| **CASH AT END OF YEAR** | **$** | **1,743,658** | **$** | **1,860,812** |
| **NET CHANGE IN NON-CASH WORKING CAPITAL** | | | | |
| Increase (decrease) in: | | | | |
| Current assets: | | | | |
| Sundry receivables | $ | (5,616) | $ | 7,891 |
| Prepaid expense | | 272 | | ( 8,697) |
| | | (5,344) | | ( 806) |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | | 82,495 | | ( 7,887) |
| Deferred licence fee revenue | | (2,151) | | 5,766 |
| | | 80,344 | | (2,121) |
| **NET INCREASE IN NON-CASH WORKING CAPITAL** | **$** | **(85,688)** | **$** | **1,315** |

# NOTES TO FINANCIAL STATEMENTS

Year ended October 31, 2009

## 1. STATUS AND PURPOSE OF THE ORGANIZATION

Board of Funeral Services was incorporated under the laws of the Province of Ontario December 16, 1976. Under the Federal and Ontario Income Tax Acts, it is a not-for-profit organization and is exempt from income taxes.

.

The mission of Board of Funeral Services (the 'Board') is to regulate the provision of funeral services and transfer services in accordance with the *Funeral Directors and Establishments Act* (the 'Act') in order that the public interest may be served and protected.

**Corporate Goals and Values:**

- Protecting the interests of the consumers of Ontario by establishing, implementing, and maintaining high standards of practice, professional expertise and ethics in the provision of funeral services and transfer services in accordance with the Act;
- Supplying information to consumers about their rights;
- Developing, implementing and evaluating an ongoing plan to effectively accomplish the goals and objectives of the Board;
- Developing and implementing educational programs for funeral service and transfer service providers;
- Consulting with stakeholders in order to ensure their needs and interests are identified;
- Developing recommendations to the Government on legislation, regulation, policy and practices.

The Ministry of Consumer Services retains responsibility for Ontario's consumer protection legislation and regulation and oversees the quality of services provided by the Board.

The Compensation Fund Committee manages the affairs of the Prepaid Funeral Services Compensation Fund that was established under the *Funeral Directors and Establishments Act, 1989.*

## 2. SIGNIFICANT ACCOUNTING POLICIES

**Amortization**

Amortization on furniture and equipment is provided on the straight-line basis using a 10% annual rate. Leasehold alterations are written off over the term of the lease.

**Deferred licence fee revenue**

Deferred licence fee revenue represents the prepaid portion of fees that pertain to the last two months of the calendar year and any 2010 fees or other revenue collected.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Revenue recognition**

Fee revenue is recognized when received.

**Financial instruments**

The presentation and disclosure of financial instruments is in accordance with the CICA Handbook. The Board has revalued certain of its financial assets and liabilities at fair value on the initial date of implementation and at each subsequent financial reporting date. In addition, the Board has classified financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurement. Subsequent measurement of these assets and liabilities is based on either fair value or amortized cost using the effective interest method depending on their classification.

**The Board's financial instruments are classified and measured as follows:**

- Cash and cash equivalents are classified as held-for-trading financial assets, and are measured at fair value, with changes in fair value recognized as they occur in the statement of operations.
- Sundry receivable is classified as a loan and receivable.
- Investments are classified as held-to-maturity financial assets, and are measured at amortized cost on the statement of financial position. Unrealized gains and losses during the year are recognized in the statement of changes in net assets. Realized gains and losses on disposition are transferred from net assets and recognized in the statement of operations at the time of disposition.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at cost.

**BOARD OF FUNERAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS CONT'D**
Year ended October 31, 2009

## 3. INVESTMENTS - at amortized cost:

| | | | | Comparative 2008 |
|---|---|---|---|---|
| CIBC Deposit Note $294,945 @ 4.35%, maturing November 1, 2011 | $ | 297,354 | $ | - |
| CIBC Deposit Note $491,575 @ 4.35%, maturing November 1, 2011 | | - | | 493,535 |
| GE Capital Funding Corporate Bond $500,000 @ 4.375%, maturing September 28, 2012 | | 501,815 | | 496,728 |
| Government of Canada Strip Bond $398,051 @ 3.958%, maturing March 15, 2009 | | - | | 392,829 |
| Toronto Dominion Bank GIC $200,000 @ 5%, maturing February 14, 2009 | | - | | 202,118 |
| Enbridge Inc. Corporate Bond - 3.95%, maturing February 15, 2010 | | - | | 171,882 |
| TD Mortgage GIC $389,000 @ 4.5%, maturing December 23, 2013 | | 395,235 | | - |
| Canada Trust GIC $212,000 @ 4.2%, maturing January 14, 2014 | | 214,463 | | - |
| TD Pacific GIC $213,000 @ 4.2%, maturing January 14, 2014 | | 215,476 | | |
| RBC Premium Money Market Fund - 2,843.811 units | | 28,438 | | - |
| | **$** | **1,652,781** | **$** | **1,757,092** |

All investment transactions were made within the scope of the Board's by-laws.

## 4. SUNDRY RECEIVABLE

| | | | | Comparative 2008 |
|---|---|---|---|---|
| Ministry of Consumer Services - reimbursement | $ | - | $ | 6,895 |
| Compensation Fund and miscellaneous | | 12,643 | | 11,364 |
| | **$** | **12.643** | **$** | **18,259** |

## 5. LEASE COMMITMENTS

Office space is leased under a long-term agreement expiring September 1, 2011. Autos, which are leased for the inspectors, have lease expiry dates of April 2010. Future minimum rental payments under the leases with expiry dates of one year or more consisted of the following at October 31, 2009:

| | | |
|---|---|---|
| 2010 | $ | 66,977 |
| 2011 | | 55,597 |
| 2012 and thereafter | | 1,144 |
| | **$** | **123,718** |

## NOTES TO FINANCIAL STATEMENTS CONT'D
Year ended October 31, 2009

### 6. SPECIAL INITIATIVES

| | | | | **Comparative 2008** |
|---|---|---|---|---|
| Computer - Database Technology and Software Development | $ | 8,978 | $ | 42,502 |
| Computer equipment | | 4,251 | | 4,171 |
| Education Review | | 7,067 | | 6,572 |
| Labour Mobility Forum expense - Competency Profile | | - | | 395 |
| Long Range Planning | | 19,589 | | - |
| Loss, Grief and Growth Project | | 74,000 | | - |
| Office furniture | | 186 | | 565 |
| Public relations | | 32,492 | | 24,202 |
| | **$** | **146,563** | **$** | **78,407** |

The Excess of Expense over Revenue of $222,690 (2008: $48,745) is a direct result of the Board's decision to draw on its net assets for these planned budgeted initiatives.

### 7. FINANCIAL INSTRUMENTS

Cash consists of cash on hand with major Canadian financial institutions.

The fair value of the Board's sundry receivable, accounts payable and accrued liabilities approximate their carrying value due to the relatively short term to maturity of those instruments.

Investments, which consist of high quality government and corporate bonds, unit trusts and major financial institution guaranteed investment certificates are stated at amortized cost.

The Board is exposed to interest rate risk for its bonds and GIC's. There is no exposure to market risk.

The Board is exposed to credit risk for the amount of its investments held in the event of non-performance by other parties to the investment transactions. To date, the Board has not incurred such losses related to these investments and does not anticipate non-performance by other parties.

### 8. CAPITAL DISCLOSURES

The Board defines its capital as the amounts included in its unrestricted net assets.

The Board's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to meet its corporate goals and values. The Board manages its net assets to ensure minimal risk.

### 9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's financial statement presentation.

**PREPAID FUNERAL SERVICES COMPENSATION FUND**

(Under the *Funeral Directors and Establishments Act*, 1989)

## STATEMENT OF FINANCIAL POSITION

October 31, 2009

| | 2009 | Comparative 2008 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash | $ 16,809 | $ 32,278 |
| Investment income receivable | 5,634 | 5,853 |
| | 22,443 | 38,131 |
| **Investments - at cost (Note 3)** | 2,106,219 | 2,078,605 |
| | **$ 2,128,662** | **$ 2,116,736** |
| **LIABILITIES** | | |
| **Current liabilities:** | | |
| Accrued liabilities | $ 8,566 | $ 5,392 |
| Payable to Board of Funeral Services | 12,399 | 11,350 |
| | 20,965 | 16,742 |
| **Voluntary payments (Note 7)** | 43,497 | 43,497 |
| **NET ASSETS** | 2,064,200 | 2,056,497 |
| | **$ 2,128,662** | **$ 2,116,736** |

## STATEMENT OF OPERATIONS

Year ended October 31, 2009

| | 2009 | Comparative 2008 |
|---|---|---|
| **Revenue:** | | |
| Initial payments | $ 4,320 | $ 2,700 |
| Interest income | 69,547 | 87,219 |
| Dividend income | 17,369 | 13,981 |
| Foreign income | 4,123 | 135 |
| Capital gains distributions | - | 5,716 |
| Realized gains (losses) on investments | (47,268) | 149,963 |
| Compensation claims recovered | - | 8,991 |
| | 48,091 | 268,705 |
| **Expense:** | | |
| Administration costs | 12,068 | 8,634 |
| Audit fees | 3,250 | 2,889 |
| Bank charges | 64 | 53 |
| Legal fees | - | 2,500 |
| Prepaid funds compensated | 103,159 | 48,429 |
| Trust administration fees | 38,722 | 21,421 |
| | 157,263 | 83,926 |
| **EXCESS OF (EXPENSE OVER REVENUE) REVENUE OVER EXPENSE** | **$ (109,172)** | **$ 184,779** |

ONTARIO

Board of Funeral Services

Conseil des services funéraires

ONTARIO

www.funeralboard.com