

Annual Report 2011



Board of Funeral Services

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Annual Report

Board of Funeral Services - January 11, 2012 for the period ending October 31, 2011

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

	2012		2011	
Chair	Mumtaz Akhtar*	<i>Ottawa</i>	Kevin Palin	<i>Toronto</i>
Vice-Chair	John Laframboise	<i>Ottawa</i>	Mumtaz Akhtar*	<i>Ottawa</i>
Executive Member	Doug Kennedy	<i>Toronto</i>	John Laframboise	<i>Ottawa</i>
	Lalitha Ananth*	<i>Winona</i>	Cathy Taylor*	<i>Toronto</i>
	Yves Berthiaume	<i>Hawkesbury</i>	Lalitha Ananth*	<i>Winona</i>
	Paula Davidson	<i>Stayner</i>	Yves Berthiaume	<i>Hawkesbury</i>
	Robert Hubbert	<i>St. Catharines</i>	Paula Davidson	<i>Stayner</i>
	Gilles Levasseur*	<i>Ottawa</i>	Robert Hubbert	<i>St. Catharines</i>
	Colette Lougheed	<i>Sudbury</i>	Doug Kennedy	<i>Toronto</i>
	Kevin Palin	<i>Toronto</i>	Gilles Levasseur*	<i>Ottawa</i>
	Gail Siskind*	<i>Toronto</i>	Colette Lougheed	<i>Sudbury</i>
	Wayne Smith	<i>Peterborough</i>	Gail Siskind*	<i>Toronto</i>
			Wayne Smith	<i>Peterborough</i>

*Denotes Public Member

BOARD OF FUNERAL SERVICES STAFF

Registrar
Joseph Richer

Manager, Inspections & Investigations

Peter M. Jordan

Inspectors

Randy Balon
Michelle Crognale
Ken Singh



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

Sylvie Dasné

Coordinator Administrative Services

Liselotte Kidston

Professional Competence Officer

Vicki McCoy



Auditor
Harris and Wright



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❖ Pour obtenir une copie du Rapport annuel en français, visitez le site Web du Conseil à www.funeralboard.com ou communiquez avec le bureau du Conseil au 1 (800) 387-4458 ou (416) 979-5450.



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

On behalf of the Board of Funeral Services (BOFS) and its Board of Directors, I am pleased to present the BOFS Annual Report for the year ending October 31, 2011. The BOFS administers the *Funeral Directors and Establishments Act* on behalf of the Ontario government with a mandate to serve and protect the public interest. I know it has been written before by some of my predecessors, but it bears repeating that the BOFS' commitment to its mandate and the consumers of Ontario is above reproach.

The long-term financial health of the BOFS and its ability to fulfill its consumer protection mandate is paramount. Despite its best efforts to manage its expenditures, the BOFS cannot maintain effective consumer protection programs without a commensurate fee structure. It is imperative that the FBCSA fee structure provide a strong funding model for the BOFS to support the enhanced consumer protection initiatives intended. We hope that the Ontario Government's financial support to date is a signal that it believes in the BOFS and its strong consumer protection initiatives.

To ensure strong financial controls, the Board adopted new accounting standards for 2012, electing to implement Part III – Accounting Standards for Not-for-Profit Organizations. The changes will be reflected in the 2012 financial statements. The Board also amended its investment policy statement to broaden its suite of investment options, while maintaining a conservative approach to fiscal management.

With the new legislation now less than one year away, it will be important for the BOFS to not only support licensees in their transition, but also to look after its own transition to the new world. There are many changes for the BOFS itself and it will be important that the Board maintain its focus on dealing with the tasks at hand, and also to set the course for the BOFS in the medium to long term. The Board has waited a long time to see the impact the FBCSA will have on the BOFS and is now prepared to look at a longer-term vision. Following a governance self-assessment, the Board will seek governance expertise to help shape the Board and its thinking as it readies itself for some long-term strategic planning following the implementation of the FBCSA.

The adoption of a code of conduct for all BOFS representatives combined with procurement and expense policies and other financial controls provide confidence that we are carrying out our fiduciary duty to the best of our ability.

As we move toward May 2014, our 100th year anniversary, it's difficult not to think of those who have gone before and the challenges they may have faced. The images on the wall of past chairs and graduating classes from the 1920s, 30s and 40s show many of the individuals who were the pillars on which the BOFS and the profession have been built. We can only hope that our contributions continue to reinforce those foundations for many years to come.

It has been an honour to serve the BOFS as Chair and I thank my fellow Board Members, BOFS staff and my licensee colleagues for their support. In particular, I want to thank Tracy Seaton, Ronn Dodge, Alison Knight, Christopher Ferguson and Catherine Taylor who completed their time on the Board this past year. Though their experience will be missed, our new members Wayne Smith, Paula Davidson, Gilles Levasseur and Gail Siskind bring significant experience that will be invaluable as we move into 2012, which will be a significant one for the BOFS and the sector as a whole and I wish everyone success in their transition to the FBCSA.

Sincerely,

Kevin A. Palin

Chair



Message From the Registrar

This year and next have and will be among the busiest ever in the history of the BOFS, as the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA) comes into force on July 1, 2012. Our focus is on a smooth transition for both licensees and the BOFS.

The future of the funeral sector and the BOFS is being sculpted. The emersion of new business models and personal licence classes will change the landscape of the sector – for better or worse. Like any change, the transformation will take time and that time is needed to accurately assess the good, the bad and the unintended consequences. It's not perfect, but it is here and it's ready to go.

We are hard at work developing education standards based on previously developed competency profiles for each personal licence class. We are confident our approach to developing education standards are following a well established Ministry of Training, Colleges and Universities approach to program standards development.

Despite the fact that they don't like change, and who does, licensees are eager to get on with it so they can focus on what they do best – supporting families through grief and their own life transition. We are committed to supporting licensees through the transition and are working with the professional associations to assess licensee needs and the best way to help them get what they need.

Despite the magnitude of the FBCSA implementation project, we still have our regular operations to carry out. As we carry out those fundamental elements of our consumer protection mandate, we continue to search for ways to be more effective and efficient to optimize our limited resources. The inspection team has piloted a new approach to inspections to allow more time inspecting less compliant licensees and less time on those demonstrating high levels of compliance. A review of licensing practices and procedures are also producing returns, with the elimination of duplicated steps. Rigorous procurement initiatives have helped us to focus on our fundamental needs, allowing us to reduce our expenses. Our overall operational expenses were 8% below budget, which is a significant achievement. I would like to express my appreciation to the staff for their efforts to reduce our costs.

Our complaint program successfully mediated 41% of complaints with significant refunds or price reductions to consumers. The resolutions are good for both parties, as it allows them to shape the result.

The requirement for licensees to provide a copy of the regulator developed Consumer Information Guide is a very positive consumer protection measure that will greatly enhance an already very successful consumer outreach program. In 2011, we circulated over 18,000 consumer brochures through our partnerships with licensees and retirement homes.

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 Kevin Palin for his leadership and commitment as Chair of the Board in 2011.

We look forward to a busy and exciting 2012.

Joseph Richer
Registrar



Business Achievements

Taking Care of Business, Protecting Consumers

The Board of Funeral Services 2011 Business Plan was set with uncertainty of whether the Board and staff might be heavily involved in the process of implementing the *Funeral, Burial and Cremation Services Act*, 2002 (FBCSA). While the BOFS is committed to excellence in service delivery, the focus on the FBCSA became paramount in 2011 and certainly influenced its ability to achieve all of its goals. Because the implementation of the FBCSA is the single biggest project the BOFS has ever undertaken, we developed a separate implementation plan and budget for the FBCSA itself.

The following is the outline of the many BOFS achievements in 2011 following four key strategic outcomes, namely: to maintain high levels of consumer protection, to advance service excellence through education & professional development, to increase public awareness and finally to manage uncertainty surrounding the organization.

STRATEGIC OUTCOME 1 - Maintain High Levels of Consumer Protection

Goal	Action	Target & Timeline	Achievements
Maintain a very high level of compliance	Inspect business licensees regularly based on a risk based scheduling model	As a result of the FBCSA being proclaimed, inspections for Q3-Q4 will focus almost exclusively on establishments which have been placed on a tightened schedule, or are either new or closing. The original target of 220 inspections was revised to 140.	✓ Following the proclamation of the FBCSA, the annual inspection target was revised and the team was able to complete 141 inspections, achieving its target of 140 inspections, a tremendous accomplishment, considering the additional workload of preparing for implementation of the FBCSA. ✓ Inspections uncovered approximately \$23,990 in consumer refunds, for an average refund of approximately \$461.
		Additional focus to be placed on operators whose Reports of the Public Accountant (RPA) are habitually late – inspect within three months Operators whose RPAs have been habitually late will be assessed to establish whether an inspection is required.	✓ The majority of the 57 tightened inspections carried out in 2011 focused on a number of locations whose Reports of the Public Accountant were late or where there had previously been discrepancies in the prepaid contracts and prepayment funds reported to the BOFS.

STRATEGIC OUTCOME 1 - Maintain High Levels of Consumer Protection

Goal	Action	Target & Timeline	Achievements
	Review inspection requirements with a view towards reducing the average number of compliance items per inspection.	Reduce number of compliance items per inspection by 10% from previous year	✓ The number of compliance items per inspection dropped from 5.8 in 2010 to 4.6 in 2011, which represents a reduction of just over 20%, and a climb to a 93.8% licensee compliance rating.
	Explore alternative means of seeking compliance	Research what tools other regulatory agencies have implemented to promote high levels of compliance	✓ Research was carried out around administrative monetary penalties (AMP) and how they might assist the BOFS to carry out its mandate should the opportunity arise. ✓ BOFS hosted a training session with representatives from Florida's funeral and cemetery regulator to better understand their leading enforcement practices. Members of the Ontario Cemeteries Regulation Unit and the Manitoba funeral service regulator also participated in the session.
	Investigate matters effectively and efficiently	Investigate matters effectively within 60 days (from date of initiating investigation to disposition of matter, e.g. close file, refer to discipline, issue proposal)	✓ A total of 14 investigations were opened in 2011, of which 11 have been closed. The average closing time was 72 days, which is just above the original target of 60 days. While proclamation of the new Act was the major factor for taking longer than our target, we are committed to achieving our 60-day target in the future.
	Handle consumer enquiries, concerns and complaints in an effective and timely manner	Investigate complaints effectively and efficiently, seek appropriate resolutions wherever possible	✓ Several complex complaints, three of which resulted in licensees entering undertakings, along with the proclamation of the new Act meant an increase in complaint processing times – 131 days compared to our ambitious target of 80 days. While we are disappointed for missing the mark, we are very proud of the 41% of complaints we were able to mediate successfully. We will review our approach to improve our processing times for 2012, considering the revised complaint process the new Act will bring.
		Survey parties to complaints process for satisfaction within 60 days of decision being released	✓ While only two customer satisfaction surveys have been returned to us, both of which had positive ratings, there was no other indication that the parties to the process were dissatisfied with the complaint program.

STRATEGIC OUTCOME 1 - Maintain High Levels of Consumer Protection

Goal	Action	Target & Timeline	Achievements
Provide compensation to consumers as and when appropriate	Manage Compensation Fund and claims effectively	Ensure fund is managed in keeping with investment goals – review semi-annually	✓ Trustee report shows investment goals are being met, with the Compensation Fund's year end market value at \$ 2.32 Million. ✓ The Committee reviewed the Trustee's performance in March 2011, basing performance on the established Fund investment goals, which are being met.
Participate actively in the regulation development and implementation initiatives	Provide input on policy, regulations and implementation wherever possible	Manage and handle claims promptly and efficiently Make submissions to Ministry and participate in stakeholder discussions & meetings where appropriate – ongoing	✓ No claims were received this year. ✓ BOFS staff met regularly with MCS staff to share implementation initiatives and coordinate where possible. ✓ BOFS board members and staff met with the Minister of Consumer Services regarding BOFS's financial situation, current and future needs, and anticipated regulatory fee structure under the FBCSA (Q1) ✓ Interim BOFS revenue solutions were developed with the Ministry of Consumer Services based on BOFS financial projections for its operating and FBCSA implementation costs. The resulting transfer payment agreements are intended as a temporary solution until the BOFS's long-term solvency can be addressed through an appropriate licensing fee regime.
Maintain currency in enforcement issues arising in the sector and other	Communicate with other regulators to share information and initiatives	Meet with North American regulators annually – Canadian Regulators meeting & ICFSEB – and individually as opportunities and needs arise Communicate with other Ontario Regulators to share information and initiatives	✓ BOFS participated in International Conference of Funeral Service Examining Boards annual convention (Q2) ✓ BOFS participated in the Canadian Funeral Service Regulators meeting ✓ BOFS hosted meeting of Florida, Manitoba and Ontario funeral service and cemetery regulators meeting ✓ BOFS actively participated in meetings of the Federation of Investigation and Hearings Managers/Directors and other consumer administrative authorities to share and discuss leading practices around governance, enforcement and licensing.



STRATEGIC OUTCOME 1 - Maintain High Levels of Consumer Protection

Goal	Action	Target & Timeline	Achievements
<i>Prepare and carry out BOFS FBCSA implementation plan</i>	Implement FBCSA as set out in FBCSA project charter focusing on critical areas	Develop standards for all aspects of education and training – pre- and post-licensing	✓ Draft competency profiles were developed for each of the four personal FBCSA licence types for the purpose of consultation and the development of education standards. ✓ Education standards development has begun with focus groups to produce a Delphi survey around the education standards. ✓ A table of concordance of the FBCSA & FDEA was developed to assess the changes. The concordance document will form the basis for licensee transition support training. ✓ The BOFS has begun working with the provincial associations to identify licensee needs for transition support training and how the parties may work together to optimize resources. ✓ FBCSA session delivered at PD 2011 Toronto.
		Develop processes and policies to operationalize the FBCSA	✓ A detailed FBCSA project plan has been developed and is being implemented.
		Develop internal systems to operationalize FBCSA	✓ Various processes and policies have been identified and development has begun, to be completed in 2012. Programs most affected include the inspection, complaint, discipline and licensing.

STRATEGIC OUTCOME 2 - Advancing Service Excellence Through Education & Professional Development

Goal	Action	Target & Timeline	Achievements
Set and maintain high level of professional standards	Offer professional development programs that are current and relevant	Deliver professional development and preceptor training programs	✓ Professional Development 2011 Toronto (PD 2011 Toronto) was developed based on participant input (those who attended in 2010 and those scheduled to attend in 2011).
			✓ The Preceptor Training Program (PTP) was delivered twice for approximately 40 participants. To date 363 funeral directors have taken the program.
			✓ An advanced preceptor training program (PTP Advanced) was developed and the inaugural program delivered in May 2011 to very positive participant reviews. It is expected that the two programs – PTP and PTP Advanced – will form the basis for a preceptor certification program in the near future.
	Develop current licensing examinations regularly	Develop and implement staged integration of continuing education (CE) program in conjunction with FBCSA training post licensing	✓ BOFS staff and the Licensing Committee have considered various options and a program proposal will be available for consultation by March 2012.
			✓ Two successful sittings of the BOFS licensing exams were carried out in the Fall of 2010 and Spring of 2011.
			✓ Practical embalming examination program carried out throughout the year by experienced and trained funeral director examiners.
	Train practical examiners to carry out effective examinations	Provide detailed results to the Funeral Service Education (FSE) programs	✓ Summary of exam results issued to the approved FSE programs.
			✓ Updated practical examiner training delivered to qualify examiners.
			✓ Research into leading practices has begun and development is scheduled for 2012.
	Develop new licensing examinations in conjunction with FBCSA		

STRATEGIC OUTCOME 2 - Advancing Service Excellence Through Education & Professional Development

Goal	Action	Target & Timeline	Achievements
	Review, revise and deliver internship support program	Continue to enhance and promote internship support program for interns and preceptors	✓ The BOFS Professional Competence Officer (PCO) carried out 17 intern workshop/support group sessions around the province – surveys show the program was very well received and appreciated by participants, with over 95% of participants confirming that they would recommend the program to other interns. ✓ Seven preceptors participated in the Preceptor Outreach Program, meeting with the PCO one on one or in a group session.
		Prepare and distribute articles to support internships	✓ Current and relevant articles distributed to interns and preceptors every 60 days.
	Establish a formal BOFS communication plan for the roll out of the FBCSA, including training of licensees and sample documents	Develop plan and budget once regulations are finalized	✓ Communications plan is in development.
		Develop training program for licensees and registrants (transfer service operators and interns) using most effective and efficient means, considering costs	✓ Outline of licensee support training in development.
		Work with stakeholders to develop sample documents for sector	✓ Sample document development has begun in consultation with provincial professional associations.

STRATEGIC OUTCOME 3 - Increasing Public Awareness

Goal	Action	Target & Timeline	Achievements
<i>Implement effective public awareness approach to facilitate consumer access to the BOFS</i>	Increase public awareness of BOFS	Consumer brochures – make widely available – ongoing	✓ Consumer brochures available electronically at funeralboard.com and printed copies may be ordered. Over 18,000 brochures distributed. ✓ Orders for 15,900 brochures from nursing and retirement residences, consumer associations and consumers directly and 2,325 from licensees.
	Educate consumers on arranging and prearranging and advocate informed choice	Reach out to consumers using consumer shows and other means to distribute BOFS consumer message to advocate informed consumer choice.	✓ When information is requested, staff continues to make consumers aware of their rights and obligations. ✓ BOFS representatives attended consumer shows, including Government Fair (in Etobicoke) and the Ontario Retirement Community Association and Ontario Long Term Care Association show. ✓ BOFS was proud to be a partner in the 2011 Smart Consumer Calendar and is a committed partner for 2012.
	Implement incremental changes to web site based on consumer and licensee input	Review, assess and update website annually – incremental enhancements – ongoing	✓ Links on the BOFS website are reviewed regularly for currency and accuracy.
	Enhance BOFS website to optimize its value in promoting consumer awareness and communication with licensees	Investigate activating the Public Register electronically online	✓ Posted information for funeral directors licensed in other provinces looking to apply for an Ontario licence, including where to get a “Statement of Good Standing” as adopted by Canadian regulators.
			✓ The Public Register has been developed and will be made available at funeralboard.com no later than July 1, 2012.

STRATEGIC OUTCOME 4 - Managing Uncertainty

Goal	Action	Target & Timeline	Achievements
<i>Focus on current mandate and operational delivery</i>	Ensure strong stewardship, while maintaining service quality	Manage resources effectively through proper budgeting, procurement practices and financial reporting	✓ The BOFS financials are thoroughly reviewed quarterly to ensure spending is in keeping with the approved budget and that the investments comply with the BOFS investment policy statement, which was revised this year to provide clarity between BOFS operating and reserve funds and that the suite of permitted investments were in keeping with its investment goals. ✓ The BOFS also adopted a new accounting standard, electing to go with Part III of the CICA handbook – Accounting Standards for Not-for-profit Organizations for the 2011-2012 fiscal year.
		Develop template documents to support the procurement policy	✓ Several new procurement documents have been developed in keeping with the BOFS procurement policy and will serve the BOFS well in future procurements. [Key procurements included: project management services, new computer server, meeting facilities for PD 2012 Toronto and IT support services.]
	Provide prompt service delivery, e.g. issuing of licences, inspection letters, complaints and other processes		✓ The 2011 licensing process was completed by January 31, 2011 with personal renewal licences issued on average within 3 business days of their receipt and business renewal licences issued on average within 7 business days of receipt.
			✓ Inspection letters were issued on average within 6.5 days of the inspection.
			✓ The 2012 business application forms and supporting materials were revised to reduce the number of incomplete returns. The impact of the changes will be assessed after the renewal period.

STRATEGIC OUTCOME 4 - Managing Uncertainty

Goal	Action	Target & Timeline	Achievements
	Identify and assess principle business risks and develop corresponding mitigation strategies	Consider key risks regularly	✓ The BOFS entered two transfer payment agreements with the Ministry of Consumer Services (MCS) to ensure its solvency until the FBCSA fee structure can be implemented and to support the implementation of the FBCSA itself. ✓ BOFS will continue to work with MCS to identify a long term solution to the financial challenges facing the BOFS, which are caused by revenues limited by licensing fees that have not changed since 1992 and are set in regulation. ✓ Following leading practices, the BOFS adopted a new code of conduct for all board members and staff to ensure BOFS representatives adhere to a strict code of conduct.
	Ongoing management and development of Information Technology Systems	Complete necessary maintenance, IT enhancements and those related to implement FBCSA	✓ The BOFS website was enhanced to allow licensees to order their copy of the BOFS Business Directory as well as to include necessary links to the FBCSA. ✓ Further FBCSA related enhancements will be implemented in 2012.
		Investigate ways to move to make the inspection process less paper intensive	✓ Changes to the process reduced duplicated data entry when completing the inspection report and closed inspection files are now scanned for ease of remote retrieval. ✓ Communications with licensees via e-mail is encouraged, with licensee permission.

STRATEGIC OUTCOME 4 - Managing Uncertainty

Goal	Action	Target & Timeline	Achievements
<i>Establish clear strategic direction for BOFS</i>	Review policies and processes regularly to ensure effectiveness and reduce administrative burden for the Board and licensees	Review policies and processes regularly – every business cycle	✓ Inspection team reviewed the inspection program in Q4 and began to develop a multi level inspection strategy. A review of the policy around funeral establishments not open to the public to provide internship opportunities resulted in more internship opportunities.
		Update and implement file structure and naming convention for hard copies and electronic files	✓ Staff reviewed guidelines for naming conventions, but a full transition has not yet taken place.
		Investigate leading practices to archive electronic files and implement where possible	✓ Staff researched some options, but limited resources will make them cost prohibitive for the foreseeable future.
<i>Maintain strong governance</i>	Carry out proper strategic and business planning processes	Develop BOFS strategic and business plans in 2011	✓ BOFS approved its 2011 and 2012 business plans and established its approach to undertaking a more formal long range planning process in 2012, following the implementation of the FBCSA.
	Assess recommendations made in Delegated Administrative Authority Model Review (2009) and 2009 Annual Auditor General Report as they relate to BOFS	Review and assess recommendations and establish a plan to implement any changes Introduce governance review program in 2011	✓ CEO succession plan development is in progress. ✓ Board member survey undertaken and initial training session carried out. Further training needs are being assessed and anticipated to take place in 2012.
<i>Maintain regular communication with the profession</i>	Keep licensees informed of ongoing initiatives and issues affecting the sector, particularly legislative changes	Provide updates in newsletters, annual report, website and email to notify licensees (use most effective and efficient means)	✓ Three BOFS newsletters published – Fall 2010, Spring 2011, Summer 2011 along with the BOFS Annual Report 2010 all of which are posted at funeralboard.com. ✓ FBCSA updates appeared in each newsletter.

STRATEGIC OUTCOME 4 - Managing Uncertainty

Goal	Action	Target & Timeline	Achievements
<i>Regular communications with staff</i>		Attend district and annual association meetings to which the BOFS is invited, wherever possible	✓ A BOFS representative attended each of the meetings to which the BOFS was invited to make a presentation including: Municipal Funeral Service Network meeting (social service reps); Western Ontario Funeral Service Association, Georgian Bay Funeral Service Association, Bay of Quinte Funeral Service Association, Ontario Funeral Service Association, Ontario Association of Cemetery and Funeral Professionals FBCSA meeting and nine licensee training sessions.
	Seek input from licensees on key issues wherever possible	Communicate with licensees directly and through associations	✓ Regularly communicated with provincial association representatives (OFSA & OACFP).
	Keep staff informed of events relating to the FBCSA and other significant issues	Provide regular updates through staff meetings or written updates	✓ Regular staff meetings following Board meetings provide staff with current information about events and initiatives at the Board level, including FBCSA.
			✓ In addition to oral reports to the staff at regular staff and team meetings, the Registrar delivers regular reports or updates to staff on events, issues and meetings that have taken place – wherever possible including relevant documents.

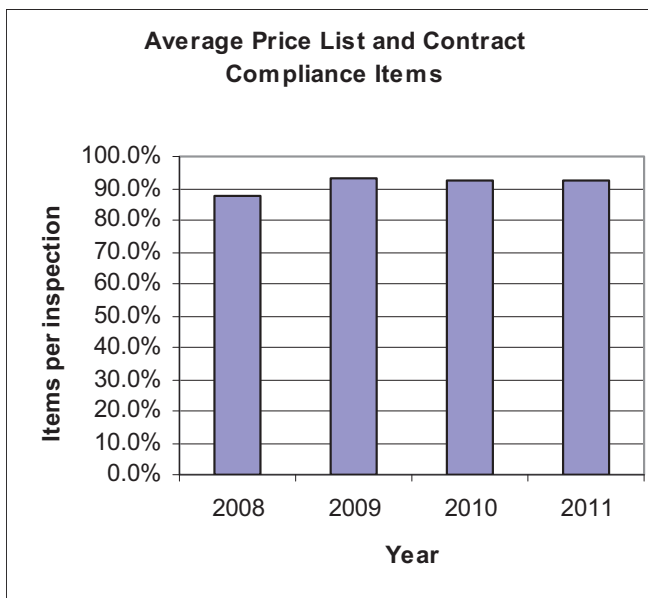
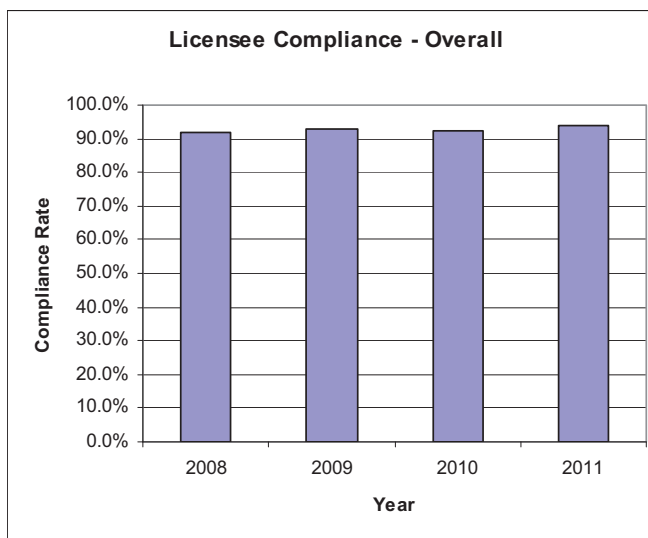
COMPLIANCE, COMPLAINTS AND DISCIPLINE

Optimizing our Compliance Resources

This was a particularly interesting year with the proclamation of the much-anticipated FBCSA. Along with proclamation came the need to realign some duties and to revise some of our goals and expectations, including the number of inspections to be carried out and our ability to meet our service level targets. Looking to 2012 and the implementation of the FBCSA, the team has investigated ways to optimize its resources to achieve high compliance quickly. A pilot of a multi-level inspection program was undertaken in 2011 and will be further refined in 2012. Our goal will be to inspect every establishment within the first year of implementation of the FBCSA. The program will give us a very good sense of who has achieved high levels of compliance and those who have not.

Inspection Details

In 2011, the inspection team carried out 141 inspections. While this number is significantly lower than previous years, the team did uncover approximately \$23,990 owing to consumers, with an average of \$461.35 per consumer. In comparison to 2010, the average return to consumers was \$192.86.



Inspection Data Summary

	2011	2010	2009	2008	2007	2006
Inspections	141	239	245	278	219	213
Routine	117	221	225	251	203	190
Tightened inspections carried out	57	47	26	28	38	20
Tightened inspections next scheduled	30	41	67	24	N/A	N/A
New premises or ownership and miscellaneous	22	8	21	18	10	15
Premises closed	2	3	5	9	6	8
Refunds to consumers	\$23,990	\$38,747	\$31,807	\$11,527	\$16,963	\$20,095
Average compliance items identified	4.6	5.8	5.3	6.1	6.1	5.6
Items relating to price lists/contracts	1.8	1.8	1.6	2.9	2.0	2.5

* 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

The team completed 57 tightened inspections in 2011, the majority of which focused on a number of locations where there had previously been discrepancies in the prepaid contracts and prepayment funds reported to the BOFS.

Licensees previously placed on a tightened schedule remain on a tightened schedule until a marked increase in compliance occurs during subsequent inspections. The program continues to allow the inspection team to pay particular attention to those licensees that appear to be struggling to maintain compliance and require additional assistance to reach their compliance goals.

In addition, 2012 will see the continuance of a newly implemented inspection program intended to facilitate an increase in the number of inspections conducted. The goal of the program is to streamline a regular inspection, reducing the impact on licensees without reducing the consumer protection.

	2011	2010	2009	2008	2007
Tightened Inspections carried out	57	47	26	28	38
Tightened Inspections resulting in Tightened Inspections	23	18	6	4	7
Tightened Inspections resulting in Regular Inspections	30	20	16	4	9
Regular Inspections resulting in Tightened Inspections (excludes new business)	7	14	14	3	11

Investigations

The BOFS inspection team conducted 14 investigations, of which 11 have been closed. The average closing time was 72 days, which is just above the original target of 60 days. While proclamation of the new Act was the major causal factor for missing the target, we are committed to achieving our 60-day target in the future. The investigations involved a variety of issues including, among others, misappropriation of prepayment funds, both lost and found cremated remains, advertising, unauthorized practice, and licensees misrepresenting disbursement charges. Some of the investigations resulted in Agreements and Undertakings entered by the licensee, while others were cautioned about their conduct.



Stakeholder Education & Outreach

In 2011, the team participated in educational seminars around the province as well as giving educational sessions at the Professional Development Program in March. The team has been working hard developing instructional Webinars and information sessions which will be rolled out to licensees in early 2012.

Customer Service – Balancing Consumer and Licensee Needs

Annually the team carries out a quality assurance survey of managers who have undergone an inspection in the year. The team reviews the inspection program quality assurance survey results to see if any changes are necessary based on any concerns or constructive comments made by licensees. Action is taken wherever possible to address the areas for development. The team addressed the two constructive comments in the 2010 survey during regular team meetings.

The 2010 survey for the first time was conducted using an online survey tool. Respondents were invited to participate in the confidential survey by way of an e-mail invitation. While a notable decrease in the response rate was observed compared to previous years, it is hoped that future surveys conducted in this manner will see a return to the levels experienced with the “hard copy” method.

The inspection team continues to seek ways to balance the licensee’s needs and consumer protection. Results from the survey showed high approval ratings in all categories. 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.

87.4% of licensees indicated that the inspector was easy to talk to and was prepared to answer their questions. Some of the written comments are listed below:

“Even though I’ve thanked [Inspector] in person for his/her professionalism, I would also like to express to the Board of Funeral Services that he/she was diligent, helpful and straight forward. It was clear what changes needed to be made. Even though we were going through a difficult period with the untimely and unfortunate passing of [a staff member], he/she made the inspection a positive learning experience.”

“The [Inspector] was very professional, courteous and helpful. He/she was able to suggest ways to remedy any items we needed to do for compliance.”

“Although the inspections never seem to be at a good time, it is always a source of information. Have always been fair and reasonable. Thanks.”

In Store for 2012

For 2012, the inspection team will be very busy supporting licensee transition to be carried out by the BOFS. The team’s program of documenting inspections electronically has been successful and will continue in an effort to move towards a less paper intensive process. Finally, as previously mentioned, the team will continue with the new inspections process in an attempt to inspect every establishment within the first year of implementation of the FBCSA.

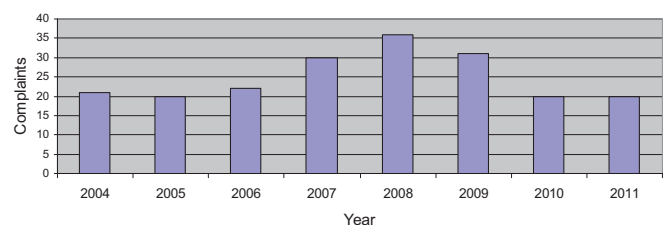
OUR COMPLAINTS PROGRAM

Complaint Summary

Between November 1, 2010 and October 31, 2011, the BOFS received 20 formal complaints from consumers. The Committee considered 22 matters in 2011, including four complaints from 2010. The remaining 2011 complaints will be considered in 2012.

The number of complaints filed in 2011 was once again slightly below average levels. Complaint levels such as these are quite remarkable, considering the challenging and inherently stressful circumstances under which the funeral arrangements are being carried out. Over the past ten years, the average number of complaints has been 26, which means that the average working funeral director can expect one complaint over a 50-year career and a business licensee can expect one approximately every 23 years.

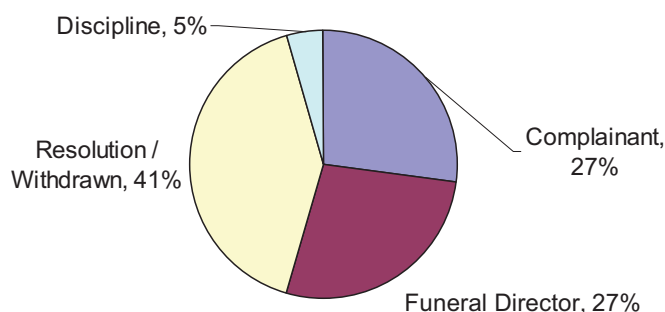
Annual Complaints Received



The following is a breakdown of the disposition of the 22 complaints considered this year, along with comparative figures from previous years.

Outcome	2011	2010	2009	2008	2007
In favour of funeral director (Fd)	6	4	5	15	7
In favour of complainant	6	5	7	13	10
Mediated by BOFS	9	9	14	8	8
Withdrawn	0	2	0	0	0
Referred to Discipline	1	2	2	0	2
	22	22	28	36	27

Complaint Decisions by Type 2011



Complaint Appeals

Parties to complaints may appeal the Committee's decision to the Licence Appeal Tribunal ("LAT") and in turn to the Divisional Court of the Superior Court of Ontario.

In 2010, we reported that a matter before the Divisional Court of the Superior Court of Ontario (the "Court") would likely be heard in 2011. The Court heard the matter and ordered that LAT had exceeded its jurisdiction both in the remedies it ordered and in making an order against a corporate licensee. Further, the Court concluded that the Complaints Committee achieved an appropriately balanced response to the complaint. The LAT Decision was set aside in its entirety and the Complaints Committee Decision was restored.

Two other matters are pending before LAT, with decisions anticipated in 2012.

About the Complaints

The Committee continues to see a frequency of complaints that revolve around the licensee taking direction from the wrong person (not the person with the legal authority to make decisions) and this year is no exception. It was nice to see, however, that in a few of the cases the licensee had in fact dealt with the correct person, giving no reason for further action.

Resolved Disputes

The Committee is pleased that the staff was able to resolve approximately 41% 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 2011. The resolutions resulted in the consumers receiving refunds or price reductions for a total value of \$5,450 or an average refund of \$908.

High Level of Service

While the Committee is disappointed that the average time needed to consider matters was 131 days, which greatly exceeds the goal of 80 days, the Committee recognizes that staff continues to investigate complaints in conjunction with required duties to prepare for the implementation of the FBCSA, an undertaking of such magnitude the BOFS has never seen. Moving forward towards 2012, the Committee and staff are sincere in their commitment to achieve the 80-day target for matters to come before the Committee.

By all indications, Ontario consumers needing funeral services are generally being treated fairly and in a professional manner.

DISCIPLINE AND RELATED MATTERS

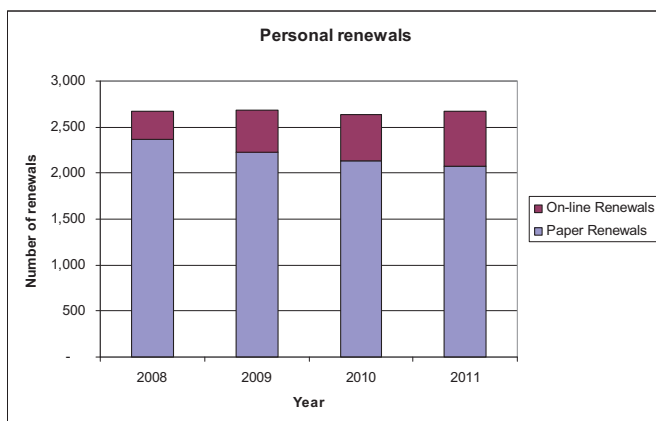
Between November 1, 2010 and October 31, 2011, the BOFS did not hold any discipline hearings, though one matter has been referred to the Committee and the matter will be heard in 2012.

LICENSING AND EDUCATION

In 2011, the Licensing and Administrative team processed 3,374 personal and business licence renewals and monitored approximately 113 interns. The team continues to provide excellent service to all stakeholders and is continually educating consumers and licensees of the information available at funeralboard.com.

Licensing / Registration

An ongoing effort to encourage and support on-line renewals has resulted in a steady increase in on-line renewals over the last few years. In 2011, 22% of funeral directors took advantage of on-line renewals.



In efforts to streamline the process for businesses, the licence application forms and internal processes were revised for 2012 renewals. The impact of the changes will be assessed following the renewal period.

We also noticed an increase in inquiries and former licensees looking to reinstate their licences. It is likely due to the pending FBCSA.

Proposals / Orders / Conditions & LAT

In order to protect the public interest, the Registrar has the authority to issue proposals and orders, which may be appealed to the Licence Appeal Tribunal (LAT). The Registrar issued two proposals in 2011. One of the proposals involved licence conditions on a funeral director's licence and the other was to refuse to issue a business licence, neither of which was appealed to LAT, allowing the proposals to be carried out.

Education & Professional Development

The BOFS delivers professional development for funeral

directors annually. Programming is built based on sector trends and licensee feedback from those who attended previously and those scheduled to attend an upcoming program. PD 2011 Toronto with its theme of "Making the Science of Cognitive Fitness Work for You!" was very successful. The two day program draws between 350 and 400 funeral directors annually and has been offered by the BOFS every year since 1938.

In a recent article in *Ignite Magazine*, a magazine for meeting planners, both Terry Small (PD 2011 Toronto Keynote speaker) and Vicki McCoy, BOFS Professional Competence Officer were quoted about the importance of turning knowledge gained at a conference into learnings. To this point, 70% of BOFS post program survey respondents indicated that they had changed their behaviour or thinking in some way as a result of PD 2011 Toronto. This is another way of demonstrating the success of the program.

The BOFS also provides training for preceptors (those who train aspiring funeral directors) in a Preceptor Training Program, which is offered regularly. Based on licensee interest, the BOFS developed and delivered the inaugural Preceptor Training Program – Advanced. The program is an advanced "train the trainer" program, which is useful not only for preceptors, but for anyone who trains or manages other people. The program was very successful and we hope the program, together with the Preceptor Training Program, will form the basis for a preceptor certification program.

Labour Mobility and Agreement on Internal Trade

The adoption of a standardized Statement of Good Standing form by most Canadian funeral sector regulators has facilitated the mobility of qualified candidates between Ontario and other provinces. Though there were only three applicants coming to Ontario this year, the process allowed for a quick application process.

Supporting Interns & Preceptors

The BOFS Internship Support Program provides opportunities for interns and preceptors to get valuable information and support for a successful internship. Intern participation in the BOFS Internship Support Program is close to 100% as attendees find the information and opportunity to meet an essential part of a successful internship. Preceptors are also beginning to take part in a similar preceptor program. The opportunity to share experiences in an open and supportive environment has proven beneficial to the interns and preceptors.

Supporting Licensees & Interns Through Technology

We continue to reach out to licensees through electronic notices of upcoming events, renewal deadlines, ordering of Business Directory, and to seek input through online licensee surveys. BOFS Business Directories may be ordered exclusively online. The BOFS website is updated regularly with current information, which will be imperative as the FBCSA draws nearer.

In preparation for FBCSA – July 2012

In preparation for the FBCSA, forms, database and

business processes are being reviewed and revised for compliance. The team is also actively researching leading practices in continuing education and licensure examination to help inform the many decisions that have to be made in these areas.

The BOFS Professional Competency Profile was updated to reflect all personal licence classes and will form the basis for new education standards for Funeral Director – Class 1, Funeral Director – Class 2, Transfer Service Sales Representative and Funeral Preplanner.

REGISTRATIONS AND LICENCES

Personal Licences	2011	2010	2009	2008	2007
Funeral director active	1,960	1,914	1,913	1,909	1,890
Funeral director inactive	787	792	754	747	732
Funeral director conditional	16	15	15	16	18
Funeral director resigned	0	0	0	1	0
Funeral director revoked	0	1	0	2	1
Funeral director suspended	2	3	0	2	3
Funeral director emeritus	71	65	66	67	63
Funeral director re-instated	6	3	6	3	2
Registered Transfer Service Operators	9	10	8	8	7
Labour Mobility Transfer	3	3	3	5	2
Business Licences					
Funeral Establishments	563	563	562	564	565
Offering Services to the Public	558	558	558	560	562
Not Offering Services to the Public	5	5	4	4	3
Transfer Services	48	43	40	39	39
Conditional	0	0	0	0	0
Revoked	0	1	0	2	2
Refused	1	0	0	1	0
New funeral establishments	2	5	1	6	6
New transfer services	5	5	3	3	2
Changes of ownership	N/A	19	20	9	32
Closed funeral establishments	2	4	3	2	5
Closed transfer services	0	2	1	3	2
Exam attempts					
Licensing Exams: Fall	17	11	11	16	12
Licensing Exams: Spring	106	80	73	61	104
Active/Inactive Exam	2	2	4	2	1
Re-instatement Exam	1	6	2	2	2
Legislative Exam	4	7	3	5	2
Out of country candidate	0	0	0	0	0

FBCSA IMPLEMENTATION PROJECT

The implementation of the FBCSA is the single largest project the BOFS has ever undertaken. The following are just some of the things the board and ten member team at the BOFS must undertake in the next 12 to 18 months.

- The development of new competency profiles for all personal licence types
- The development of new continuing education requirements and education standards for all personal licence classes (new and existing)
- The development of a new licensing examination program
- The development of Transition support for existing licensees
- The development of a new complaints program and revisions to the discipline, inspection and investigation programs
- The implementation of revisions to our database and numerous forms
- The development of new policies for provisions in the FBCSA that are left to the discretion of the Registrar, and
- Staff and board member training

A solid project plan is guiding our work, which will shape the future of funeral service and the Board of Funeral Services in Ontario for decades to come.

FBCSA Education, Training and Assessment

Quality education and training for licensees and aspiring licensees is the key to professionalism. The FBCSA will bring the need for new education standards and assessment programs for personal licensees and training for existing licensees who must now implement the FBCSA into their daily lives.

The Board was pleased to approve the competency profiles for all personal licence classes to serve as the basis for the education standards. The education standards development project began in late summer 2011 and is expected to conclude in the spring of 2012. The dedicated group of

licensees involved in the project is working very hard with Dr. Katharine Janzen to establish an outline for a Delphi survey to go out to every licensee. The results of the survey will be used to shape the standards for recommendation to the Registrar.

Without economies of scale in this relatively small sector, it is important to develop education programs that build on one another and are reasonably accessible to anyone in Ontario wishing to become a licensed professional.

We have also begun developing examination and continuing education standards, but the bulk of that work will take place in 2012.

Support for existing licensees will be imperative to ensure a successful transition to the FBCSA. We continue to work with the provincial associations to develop sample documents, webinars and other training materials to facilitate the transition.

BOFS Operational Initiatives

While supporting licensees is imperative, it is also most important for the BOFS to implement changes to its own operations to comply with the FBCSA.

The inspection team has begun to review its inspection program to optimize its resources and a new complaint program will be in development in 2012.

Revisions to forms and database are well underway, but still have a long way to go.

The development of numerous policies for provisions in the FBCSA that are left to the discretion of the Registrar, where they were formally set out in regulation will also be in development in the new year.

Every member of the BOFS – board members and staff alike – is involved in the project in some way. This project will require all hands on deck for a successful implementation.

PREPAID FUNERAL SERVICES COMPENSATION FUND

Purpose

The Prepaid Funeral Services Compensation Fund (“the Fund”) was established in 1990 to provide compensation to consumers when they have suffered a financial loss because their prepayment funds were mishandled by a licensee.

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 that are denied by the Compensation Fund Committee may be appealed to the Licence Appeal Tribunal.

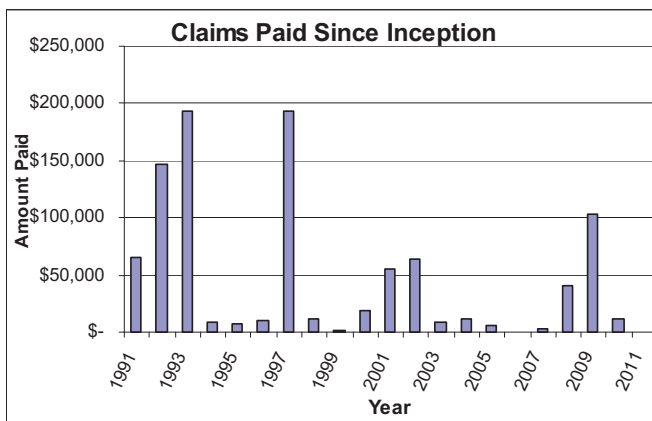
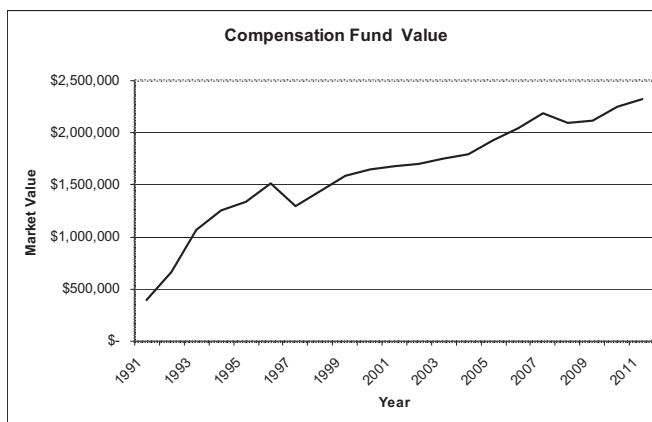
Claims

While there were no claims considered or paid out, a partial restitution of \$50,000 was made by a former licensee. The payment was made under a restitution order issued by the courts upon his criminal conviction for the theft of over \$100,000 in prepayment funds.

Managing the Fund

The Compensation Fund Committee reviews the portfolio quarterly and meets with the Trustee semi-annually to review the Trustee’s report to ensure its assets are secure and the investment strategy is meeting or exceeding the Fund’s long-term investment goals.

Despite the impact of the 2008 economic downturn and payouts in 2009 and 2010, the Fund is healthy and invested in a balanced portfolio. As always, the main elements of the Fund’s financial statements are included under the Financial Outlook and full financial statements are available upon request.



GOVERNANCE

To provide the necessary governance and oversight, eight committees have been established – five are established by statute and three others are standing committees established by the Board. The Board itself has thirteen members of which eight are industry members and five are non-industry (public members). Each Committee must include non-industry members.

Executive Committee (Statutory)

The Executive Committee shall be composed of three persons who are members of the Board, one of whom shall be a non-industry member. The Board may delegate to the Executive Committee the authority to exercise any power or perform any duty of the Board, other than to make, amend or revoke a by-law. Subject to ratification by the Board at its next ensuing meeting, the Executive Committee may take action upon any other matter that requires immediate attention between meetings of the Board, other than to make, amend or revoke a by-law.

Licensing Committee (Statutory)

The Licensing Committee shall be composed of three persons who are members of the Board, one of whom shall be a non-industry member. 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. It has been and will continue to be, very busy with the implementation of the *Funeral, Burial and Cremation Services Act, 2002* and the many education related changes it will bring.

Discipline Committee (Statutory)

The Discipline Committee shall be composed of four members of the Board, two of whom shall be non-industry members. 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. In turn, LAT decisions may be appealed to the Divisional Court of the Superior Court of Ontario.

Complaints Committee (Statutory)

The Complaints Committee shall be composed of three persons who are members of the Board, one of whom shall be a non-industry member. The Complaints Committee considers and investigates complaints regarding the conduct or actions of any licensee. The Committee may consider all or part of the matter, direct that all or part of the matter be referred to the Discipline Committee, or it may take or recommend such action that it considers appropriate in the circumstances. Licensees are provided a copy of the complaint and given at least two weeks to respond to the matter. The Committee considers all evidence and then issues its written decision with reasons to the parties, who may appeal the decision to the Licence Appeal Tribunal. In turn, LAT decisions may be appealed to the Divisional Court of the Superior Court of Ontario.

Compensation Fund Committee (Statutory)

The Compensation Fund Committee shall be composed of three persons who are members of the Board, two of whom shall be non-industry members. Except for the duties and responsibilities of the Trustee and the Board the affairs of the Compensation Fund are managed by the Committee. The Committee meets regularly to review the portfolio and the Trustee's performance, based on the Fund's long-term investment goals.

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee was first established in 2004 as a standing committee to oversee the financial affairs of the BOFS. The Committee, in conjunction with management, ensures appropriate financial and operational controls, by reviewing financial statements and controls regularly and by meeting with the external auditor to review audit findings. The Committee meets at least quarterly, but usually six times per year, to carry out its mandate.

Legislative Review Committee

As part of its broader mandate, the Board of Funeral Services is mandated to review the operation of the laws and make recommendations to the Minister. The Legislative Review Committee was established to focus on this portion of the BOFS mandate.

The Legislative Review Committee is charged with reviewing current and proposed laws in order to make recommendations about, among other things, the general policy direction and enforceability to inform the Board's recommendations to the Minister.

The Committee has been particularly busy with the implementation of the *Funeral, Burial and Cremation Services Act, 2002*, set to come into force on July 1, 2012.

Communications and Long Range Planning Committee

The Communications and Long Range Planning Committee oversees BOFS publications and its business and long range planning activities. The Committee provides guidance regarding the BOFS annual report, newsletters, its consumer brochure and any other special publications for licensees and consumers. It also guides the annual business planning and periodic long range planning activities.

FINANCIAL OVERVIEW

While the BOFS continues to be financially well-managed, the fact that the licensing fees have not changed since 1992 is of paramount concern. To support the BOFS with implementation costs related to the FBCSA and operational needs until the FBCSA comes into force and brings with it a revised fee schedule, the BOFS and the Ministry of Consumer Services entered two transfer payment agreements. The agreements are referenced in the financial statements.

Once the new fees revenue and ultimately the financial landscape are known, the Board will be able to make decisions and set its course.

Policies for Good Stewardship

In December 2010 the Accounting Standards Board released CICA Handbook - Accounting Part III which consists of standards for not-for-profit organizations. The accounting standards are effective for fiscal years beginning on or after January 1, 2012. The Board has chosen to adopt these standards for its fiscal year ending October 31, 2012. The Board is not anticipating a significant impact on the financial statements upon the adoption of these standards. Changes include the disappearance of the "available for sale" option for the Board's financial instruments as all changes in fair value will be recognized in the statement of operations rather than only realized gains and the requirement to disclose the Board's capital restrictions has been eliminated.

To broaden its suite of investment options, the Board amended its investment policy statement (IPS) to permit the use of investment savings accounts and also to establish parameters for its reserve funds and operating funds.

The long-term financial stability of the BOFS is paramount. To help to ensure its long-term financial health, the Board established a target reserve level of 90% of one year's operating expenses. The decision was made following an assessment of the risks that would affect its ability to fulfill its mandate. A formal reserve policy will be established.

While management believes the BOFS complies with the Ontario Government's Expense Directive, the BOFS will continue to review and revise its own expense policies to ensure they reflect the objectives of the Directive.

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, 2011. Complete financial statements are available from the Board of Funeral Services upon request.

HARRIS & WRIGHT LLP

JOHN R. MAYHUE, B. COMM., C.A.
FRED J. BRASS, B. COMM., C.A.

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TORONTO, ONTARIO M4T 1X3

AUDITORS' REPORT

To the Directors of
Board of Funeral Services

We have audited the accompanying financial statements of Board of Funeral Services which comprise the statement of financial position as at October 31, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

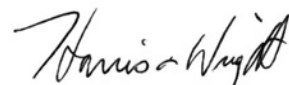
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Board of Funeral Services as at October 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
January 3, 2012



Chartered Accountants
Licensed Public Accountants

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

STATEMENT OF FINANCIAL POSITION

October 31, 2011

**Comparative
2010**

ASSETS

Current assets:

Cash and bank	\$ 57,862	\$ 93,469
Sundry receivables	26,142	11,010
Prepaid expense	16,086	14,289
	100,090	118,768

Investments - at amortized cost (Note 3)

	1,601,940	1,349,318
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Capital assets - at cost (Note 2)

Furniture, computers and equipment	\$ 146,854	\$ 150,010
Leasehold alterations	21,353	21,353
	168,207	171,363
Less - Accumulated amortization	10,952	22,443
	63,962	58,223

	\$ 1,765,992	\$ 1,526,309
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	\$ 81,969	\$ 112,580
Deferred contribution (Notes 2, 11 and 12)	19,375	-
Deferred license fee revenue (Note 2)	223,255	219,850
	324,599	332,430

NET ASSETS

	1,441,393	1,193,879
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	\$ 1,765,992	\$ 1,526,309
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BOARD OF FUNERAL SERVICES

STATEMENT OF OPERATIONS

Year ended October 31, 2011

Comparative
2010

Revenue:

Funeral Directors' license fees	\$ 414,775	\$ 411,900
Funeral Establishments' license fees	851,785	851,730
Transfer Services' license fees	42,705	36,580
	1,309,265	1,300,210
Duplicate certificates	570	300
Student registration fees	5,500	5,400
Student examination fees	17,950	15,250
Professional development	135,297	116,570
Investment revenue	56,592	57,325
Administration fees - Compensation Fund	7,095	9,788
Sale of Directories, Acts and miscellaneous revenue	14,744	8,484
Restricted contribution - MCS FBCSA implementation (Note 12)	80,625	-
	1,627,638	1,513,327

Expense:

Salaries, benefits and compensation	\$ 947,988	\$ 905,340
Transportation and communication	245,322	268,084
Services	381,845	415,223
Supplies and equipment	203,693	225,090
	1,778,848	1,813,737

EXCESS EXPENSE OVER REVENUE

(151,210) (-300,410)

UNRESTRICTED CONTRIBUTION - MCS operating grant (Note 11)

406,000 -

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE

\$ 254,790 \$ (-300,410)

BOARD OF FUNERAL SERVICES

STATEMENT OF NET ASSETS

Year ended October 31, 2011

		Comparative 2010
ASSETS		
Balance, beginning of year	\$ 58,223	\$ 62,249
Amortization	(14,685)	(15,177)
Capital asset - additions	20,424	11,151
Balance, end of year	63,962	58,223
UNRESTRICTED NET ASSETS		
Balance, beginning of year	1,118,326	1,414,710
Excess (deficiency) of revenue over expense - net of amortization	269,475	(285,233)
Capital asset - additions	(20,424)	(11,151)
Transfer to internally restricted net assets	(1,195,940)	-
Balance, end of year	171,437	1,118,326
INTERNALLY RESTRICTED NET ASSETS (Notes 2 and 8)		
Balance, beginning of year	-	-
Transfer from unrestricted net assets	1,195,940	-
Balance, end of year	1,195,940	-
UNREALIZED GAIN ON FINANCIAL STATEMENTS		
Balance, beginning of year	\$ 17,330	\$ 11,159
Unrealized gain (loss) on disposition of investments	(7,276)	8,662
Realized gain on disposition of investments	-	(2,491)
Balance, end of year	10,054	17,330
TOTAL NET ASSETS	\$ 1,441,393	\$ 1,193,879

BOARD OF FUNERAL SERVICES

STATEMENT OF CASH FLOWS

Year ended October 31, 2011

		Comparative 2010
CASH PROVIDED FROM (USED IN) OPERATIONS		
Excess (deficiency) of revenue over expense-net of investment income	\$ 198,198	\$ (357,735)
Add - investment income	56,592	57,325
Non-cash items:		
Amortization	14,685	15,177
	<u>269,475</u>	<u>(285,233)</u>
Net change in non-cash working capital (see below)	<u>(24,760)</u>	<u>(18,820)</u>
	<u>244,715</u>	<u>(304,053)</u>
CASH USED IN INVESTING ACTIVITIES		
Capital asset additions	(20,424)	(11,151)
Net assets adjustment-unrealized gains (losses) on financial instruments	<u>(7,276)</u>	<u>6,171</u>
	<u>(27,700)</u>	<u>(4,980)</u>
Increase (decrease) in cash	217,015	(309,033)
Cash and cash equivalents at beginning of year	<u>1,442,787</u>	<u>1,751,820</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,659,802	\$ 1,442,787
Cash and cash equivalents at end of year represented by:		
Cash	\$ 57,862	\$ 93,469
Investments	<u>1,601,940</u>	<u>1,349,318</u>
	\$ 1,659,802	\$ 1,442,787
NET CHANGE IN NON-CASH WORKING CAPITAL		
Increase (decrease) in:		
Current assets:		
Sundry receivables	\$ 15,132	\$ (1,633)
Prepaid expense	<u>1,797</u>	<u>(3,312)</u>
	<u>16,929</u>	<u>(4,945)</u>
Current liabilities:		
Accounts payable and accrued liabilities	(30,611)	(28,505)
Deferred contribution	19,375	-
Deferred licence fee revenue	<u>3,405</u>	<u>4,740</u>
	<u>(7,831)</u>	<u>(23,765)</u>
NET INCREASE IN NON-CASH WORKING CAPITAL	\$ 24,760	\$ 18,820

BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS

Year ended October 31, 2011

1. STATUS AND PURPOSE OF THE ORGANIZATION

Board of Funeral Services (the 'Board') 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 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*.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Board prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Capital assets

Capital assets are recorded at cost. Amortization is provided on the straight-line basis using a 10% annual rate. Leasehold alterations are written off over the term of the lease.

Deferred license fee revenue

Deferred license fee revenue represents the prepaid portion of fees that pertain to the last two months of the calendar year and any 2012 fees or other revenue collected.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations 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. Material items that require the use of estimates are as follows: amortization of capital assets, deferred license fee revenue, and accrued liabilities. These estimates are reviewed periodically and adjustments made, as appropriate, in the statement of operations in the year they become known.

BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS CONT'D

Year ended October 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Internally restricted net assets

During the year the Board adopted a target operating reserve ratio of approximately 90% of one year's operating expenses in order to provide continued funding of operations and ensure financial stability. These internally restricted net assets are not available for use without Board approval.

Revenue recognition

License and student registration fees are recognized proportionately over the fiscal year to which they pertain.

Board examination fees are recognized when examinations are held. Professional development fees are recognized when seminars are held.

Investment income includes interest and realized gains or losses from the Board's investments. They are recognized when they are earned. Unrealized gains or losses are included in net assets.

The administrative reimbursement received from the Prepaid Funeral Services Compensation Fund is recognized as revenue on an accrual basis.

Directory and Act sales are recognized when they are receivable and the amount to be received can be reasonably estimated and collection is reasonably assured.

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized in income in the year in which the related expenses are incurred. Unrestricted contributions are recognized in income as revenue when they are received.

Financial instruments

The presentation and disclosure of financial instruments is in accordance with CICA Handbook recommendations. 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 financial asset and is measured at cost.
- 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 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.
- Cash and cash equivalents include bank balances, investment cash account balances and investments.

BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS CONT'D

Year ended October 31, 2011

4. INVESTMENTS - at amortized cost:		Comparative 2010
Canada Treasury Bill \$146,103 @ .887%, maturing November 10, 2010	\$ -	\$ 146,070
Canada Trust GIC \$212,000 @ 4.2%, maturing January 22, 2014	214,459	214,461
CIBC Deposit Note \$260,000 @ 4.35%, maturing November 1, 2011	265,382	264,237
GE Capital Funding Corporate Bond \$500,000 @ 4.375%, maturing September 28, 2012	500,623	509,074
TD Pacific GIC \$213,000 @ 4.2%, maturing January 22, 2014	215,476	215,476
Royal Bank - Investment Savings Account - 40,600 units	406,000	-
	<u>\$ 1,601,940</u>	<u>\$ 1,349,318</u>

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

4. LEASE COMMITMENTS

Office space is leased under a long-term agreement expiring September 1, 2015. Future minimum rental payments under the leases with expiry dates of one year or more consisted of the following at October 31, 2011:

2012	\$ 71,509
2013	70,522
2014	72,247
2015	62,123
	<u>\$ 276,401</u>

5. 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.

6. FINANCIAL RISK MANAGEMENT POLICY

Risks and concentration

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposure and concentrations at the statement of financial position date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk on its bonds and GIC's. Fixed-rate instruments subject the Board to a fair value risk.



BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS CONT'D

Year ended October 31, 2011

6. FINANCIAL RISK MANAGEMENT POLICY (cont.)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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.

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 risk, interest rate risk and other price risk. The market risk associated with investments is reduced to a minimum since these assets are invested in guaranteed investment certificates and money market mutual funds.

Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash obligations as they come due. It stems from the possibility of a delay in realizing the fair value of investments. The Board manages its liquidity risk by constantly managing forecasted and actual cash flow and financial liabilities maturities, and by holding assets that can be readily converted into cash. Accounts payable and accrued liabilities are generally repaid within 30 days.

7. CAPITAL DISCLOSURES

The Board defines its capital as the amounts included in its 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 capital structure by preparing and monitoring its annual budgets to maintain a satisfactory level of capital.

8. INTERNAL RESTRICTIONS

As a result of the Board adopting a target operating reserve ratio during the year, \$1,195,940 was appropriated from unrestricted net assets to the internally restricted operating reserve.

9. FUTURE ACCOUNTING CHANGES

In December 2010 the Accounting Standards Board released CICA Handbook - Accounting Part III which consists of standards for not-for-profit organizations. The accounting standards are effective for fiscal years beginning on or after January 1, 2012. The Board has chosen to adopt these standards for its fiscal year ending October 31, 2012. The Board is not anticipating a significant impact on the financial statements upon the adoption of these standards. Changes include the disappearance of the "available for sale" option for the Board's financial instruments as all changes in fair value will be recognized in the statement of operations rather than only realized gains and the requirement to disclose the Board's capital restrictions has been eliminated.

BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS CONT'D

Year ended October 31, 2011

10. RELATED PARTY

The Prepaid Funeral Services Compensation Fund was established November 1, 1990 under the Funeral Directors & Establishment Act (Ontario) (FDEA) to compensate consumers whose prepayment funds have been misappropriated. Pursuant to section 3 of Ontario Regulation 468, made under the FDEA, except for the duties and responsibilities of the Trustee and the Board of Funeral Services, the affairs of the Fund are managed by the Compensation Fund Committee whose members are appointed by the Board of Funeral Services.

The Prepaid Funeral Services Compensation Fund employs the Board to provide administrative services. These services include bookkeeping, administrative costs related to staff attending committee meetings, and legal costs paid on the Fund's behalf. It also reimburses the Board for per diems paid to the Compensation Fund Committee's members. Total costs reimbursable to the Board for the current fiscal year is \$7,095.

11. During the year the Board received from the Ontario Ministry of Consumer Services (MCS) \$406,000 to support the Board's operating reserves. An additional \$100,000 was received to offset Funeral, Burial & Cremation Services Act (FBCSA) implementation costs incurred. FBCSA costs incurred in fiscal 2011 were \$80,625.

12. DEFERRED CONTRIBUTIONS

Related to operating activities

Comparative
2010

Balance, beginning of year	\$	-	\$	-
Add: MCS FBCSA contribution received during the year		100,000		-
Less: amount recognized as revenue in the year.		80,625		-
Balance, end of year	\$	19,375	\$	-

PREPAID FUNERAL SERVICES COMPENSATION FUND
(Under the *Funeral Directors and Establishments Act, 1989*)

STATEMENT OF FINANCIAL POSITION
October 31, 2011

Comparative
2010

ASSETS

Current assets:

Cash	\$	18,935	\$	10,952
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Investments - fair value (Note 3)		2,325,669		2,245,456
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	\$	2,344,604	\$	2,256,408
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LIABILITIES

Current liabilities:

Accrued liabilities	\$	5,867	\$	6,567
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Payable to Board of Funeral Services		7,651		10,401
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		13,518		16,968
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Voluntary payments (Note 7)		43,497		43,497
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NET ASSETS		2,287,589		2,195,943
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	\$	2,344,604	\$	2,256,408
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PREPAID FUNERAL SERVICES COMPENSATION FUND
(Under the *Funeral Directors and Establishments Act, 1989*)

STATEMENT OF OPERATIONS

Year ended October 31, 2011

		Comparative 2010
REVENUE		
Initial payments	\$ 2,700	\$ 4,500
Compensated funds recovered	50,100	-
Interest income	71,544	68,972
Dividend income	17,822	17,223
Foreign income	3,952	3,455
Realized gains on investments	44	11,804
Sundry	-	80
	\$ 146,162	\$ 106,034
EXPENSE		
Administration costs	\$ 7,095	\$ 9,788
Audit fees	3,571	3,250
Bank charges	49	28
Prepaid funds compensated	-	11,614
Trust administration fees	39,777	38,203
	50,492	62,883
EXCESS OF REVENUE OVER EXPENSE	\$ 95,670	\$ 43,151

PREPAID FUNERAL SERVICES COMPENSATION FUND
(Under the *Funeral Directors and Establishments Act, 1989*)

STATEMENT OF NET ASSETS

Year ended October 31, 2011

		Comparative 2010
Unrestricted net assets, opening balance	\$ 2,091,140	\$ 2,047,989
Excess of revenue over expense	95,670	43,151
Unrestricted net assets, closing balance	2,186,810	2,091,140
Unrealized gain on financial statements, opening balance	104,803	16,210
Unrealized gain (loss) on investments	(3,980)	100,397
Realized gain on disposition of investments	(44)	(11,804)
	100,779	104,803
Unrealized gain on financial statements, closing balance	100,779	104,803
TOTAL NET ASSETS	\$ 2,287,589	\$ 2,195,943



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