Annual Report 2012

Board of Funeral Services

2810 - 777 Bay Street, Box 117
Toronto, ON M5G 2C8
Tel: (416) 979-5450
Toll Free: 1 (800) 387-4458
info@funeralboard.com
www.funeralboard.com

Annual Report

Board of Funeral Services - June 2013 for the period ending October 31, 2012

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

	2013		**2012**	
Chair	John Laframboise	*Ottawa*	Mumtaz Akhtar*	*Ottawa*
Vice-Chair	Gail Siskind*	*Toronto*	John Laframboise	*Ottawa*
Executive Member	Doug Kennedy	*Toronto*	Doug Kennedy	*Toronto*
	Mumtaz Akhtar*	*Ottawa*	Lalitha Ananth*	*Winona*
	Lalitha Ananth*	*Winona*	Yves Berthiaume	*Hawkesbury*
	(Mac) Bain	North Bay	Paula Davidson	*Stayner*
	Yves Berthiaume	Hawkesbury	Robert Hubbert	*St. Catharines*
	Paula Davidson	*Stayner*	Gilles Levasseur*	*Ottawa*
	Douglas Gilchrist	Guelph	Colette Lougheed	*Sudbury*
	Ken Hajays	Ancaster	Kevin Palin	*Toronto*
	Gilles Levasseur*	*Ottawa*	Gail Siskind*	*Toronto*
	Wayne Smith	*Peterborough*	Wayne Smith	*Peterborough*
	John Ward	*Toronto*		

*Denotes Public Member

BOARD OF FUNERAL SERVICES STAFF

Registrar
Joseph Richer

Manager, Inspections & Investigations
Peter M. Jordan

Inspectors
Randy Balon
Michelle Crognale / John Morrison
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

Table of Contents

❇ 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.

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, 2012. The BOFS administers the *Funeral, Burial and Cremation Services Act, 2002 (FBCSA)* and the *Board of Funeral Services Act,* which replaced the *Funeral Directors and Establishments Act* (as well as the *Cemeteries Act (Revised)* effective July 1, 2012. The BOFS oversees the regulation of funeral services to serve and protect the public interest.

The proclamation of the historic FBCSA on July 1 united the funeral services sector and the cemeteries sector under one act and one regulatory regime. Preparation for and implementation of the FBCSA dominated the BOFS activities throughout the year. Staff and board committees worked very hard to ensure the funeral sector was adequately prepared for the requirements under the new legislation.

The BOFS also saw a change in senior management with the resignation of Joseph Richer. After successfully leading the organization for 14 years as Registrar, Joseph Richer was a key participant in developing and implementing changes under the FBCSA. Many of the processes implemented to govern the profession are Richer's legacy with the BOFS. We are excited about the possibilities that lie ahead under the leadership of newly appointed Registrar, Doug Simpson.

Through a newly negotiated agreement with the Ministry of Consumer Services the BOFS was given the authority to set licence fees. This change allows the BOFS to develop new programs and initiatives that meet the needs of funeral professionals across the province.

In 2012 we reviewed the Board's performance. Our goal is to improve the Board's governance and ability to deliver service to licensees and the public. The long awaited strategic planning process will come to fruition in 2013. The FBCSA requires the Board to develop new licensing examinations for all four classes of licence, a totally revamped continuing education plan, new inspection processes and new internal and external policies. The bulk of this work was carried out in fiscal 2012, but most of its benefits will be realized in 2013 and beyond. Such is the legacy of the Board's efforts this year.

It was an extremely challenging, exciting and rewarding year for the BOFS' staff, the Board, and for myself. I am indebted to the BOFS' staff and my colleagues on the Board for their dedication and hard work. I extend sincere thanks to each and every one of them. I look forward to working with them, and with all our stakeholders, as we fulfill our mandate in the coming year.

Sincerely,

Mumtaz Akhtar

Chair

Message From the Registrar

July 1, 2012 saw the much anticipated *Funeral, Burial and Cremation Services Act, 2002* (FBCSA) come into force. Leading up to implementation, the BOFS staff developed support materials to answer questions and help licensees understand the new requirements. Thanks to their efforts, the transition was as smooth as possible.

It will take time for everyone to become comfortable with the FBCSA. During this adjustment period, the BOFS is committed to working with licensees and professional associations and address concerns raised. We remain dedicated to maintaining our mandate of consumer protection.

In an effort to be more effective and efficient, the regulatory compliance team developed a new approach to inspections. During the first year of FBCSA, the team will conduct high-level inspections that focus on key areas of change under the new legislation.

The FBCSA also ushered in new requirements for continuing education. *AIM, the Continual Competence Program* offers flexibility, opportunity, and choice. Designed to aspire, improve, and motivate, AIM requires all licensees to complete the Self-Defined Learning (SDL) and Regulator-Defined Learning (RDL) components on an annual basis.

A review of licensing procedures resulted in efficiencies in the renewal process. Rigorous procurement initiatives helped us focus on our fundamental needs and reduce our expenses. In 2012, Registrar Joseph Richer left the BOFS to take on the role of Registrar with the Real Estate Council of Ontario. Richer was an active participant in working groups seconded by the Ministry of Consumer Services to build the framework for the FBCSA, and he championed the development of the Consumer Information Guide designed to better inform the public regarding the bereavement sector in Ontario.

I thank the Board for its continued guidance and dedication, and also the BOFS staff for their dedication and support. Thank you for helping to ensure Ontario consumers are served by qualified, caring professionals.

We look forward to an exciting year in 2013.

Peter M. Jordan
Registrar, (Acting)

Business Achievements

Taking Care of Business, Protecting Consumers

The BOFS 2012 Operational Plan acknowledged the Board of Directors and staff would be heavily involved in implementing the FBCSA. While the BOFS is committed to excellence in service delivery, focus on the new legislation was paramount in 2012. The BOFS developed a separate implementation plan and budget for the FBCSA. The BOFS experienced major achievements in four key strategic areas: to maintain high levels of consumer protection; to advance service excellence through education and professional development; to increase public awareness; and 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, using a risk-based scheduling model.	Inspect locations presenting the greatest risk. Launch compliance inspections based on the FBCSA. Establish an inspection approach to ensure FBCSA compliance.	✔ The inspection team completed 158 inspections—a tremendous accomplishment considering the additional workload of preparing for and implementing the FBCSA.
	Review compliance program to optimize resources and address FBCSA.	Explore multi-level inspection program based on licensee compliance.	✔ A two-level inspection process was developed for the first year of FBCSA inspections.
		Revise inspection program to reflect FBCSA and assess compliance.	✔ Piloted multi-level inspection program with focus on the feasibility of attending at each licensed operator within the first year of implementation of the FBCSA.
		Implement new program for reports prepared by a public accountant.	✔ Based on recommendations from the Institute of Chartered Accountants, the BOFS reviewed the new program. Further development required.
		Maintain report of the public accountant on time filing rate above 90%.	✔ Maintained filing rate above 90%.

STRATEGIC OUTCOME 1 - *Maintain High Levels of Consumer Protection*

Goal	Action	Target & Timeline	Achievements
		Maintain high level of compliance with contracts and price lists at 90% or greater.	✔ The inspection team noted a slight reduction in compliance at 86.6%, largely due to new requirements under the FBCSA. The team continues to work with licensees and assist with requirements under the new Act.
	Investigate matters effectively and efficiently.	Investigate matters within 90 days (from date of initiating investigation to disposition of matter, e.g. close file, refer to discipline, issue proposal).	✔ The BOFS launched 23 investigations, of which 17 were closed The average time to investigate exceeded our 90-day target Every effort will be made to meet the 90-day target for 2013.
Handle consumer enquiries, concerns and complaints in an effective and timely manner.	Investigate complaints effectively and efficiently, seek appropriate resolutions wherever possible.	Average time to handle complaints within 80 days (from receipt to committee decision).	✔ Average time to handle complaints exceeded 80-day target however, 50% of all complaints were resolved before going to the Complaints Committee. ✔ The FBCSA saw the dissolution of the Complaints Committee, with all complaint matters now placed before the Registrar for disposition. ✔ New processes will reduce the time and resources required to address consumer concerns.
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 $ 2.3 Million.
		Review trustee performance annually.	✔ In March, the Committee reviewed the Trustee's performance against established Fund investment goals, which are being met.
		Manage and handle claims promptly and efficiently.	✔ One claim was received this year.
		Review Compensation Fund process to reflect FBCSA.	✔ The team determined no changes were required.
Transition effectively and efficiently to the FBCSA.	Carry out the FBCSA implementation project plan effectively and efficiently.	Meet project goals, timelines.	✔ The team determined no changes were required.
		Identify achievements and risks, and report weekly.	✔ Project reports were delivered regularly to Board of Directors.

STRATEGIC OUTCOME 1 - *Maintain High Levels of Consumer Protection*

Goal	Action	Target & Timeline	Achievements
		Meet obligations of Transfer Payment Agreement (TPA) and report as required to MCS.	✔ The BOFS negotiated transfer payment agreement with MCS for operational funding. ✔ Filed TPA reports as scheduled.
Maintain currency in enforcement issues.	Communicate with other regulators to share information and initiatives.	Meet with North American regulators annually.	✔ The BOFS participated in International Conference of Funeral Service Examining Boards annual convention (Q2).
		Canadian Regulators meeting & ICFSEB – and individually as opportunities and needs arise.	✔ The BOFS attended the Canadian Funeral Service Regulators meeting.
		Communicate with other Ontario Regulators to share information and initiatives.	✔ The BOFS participated in meetings of the Federation of Investigation and Hearings Managers/Directors and other consumer administrative authorities to share and discuss best practices around governance, enforcement and licensing.
Prepare and carry out BOFS FBCSA implementation plan.	Implement FBCSA as set out in FBCSA project charter and implementation project plan.	Develop standards for all aspects of education and training, both pre- and post-licensing.	✔ The Board approved competency profiles developed for education requirements (Q2). ✔ The BOFS Funeral Service Education Standards were approved by Licensing Committee and Board of Directors (Q2). ✔ The BOFS FSE Program Standards were approved by Ontario College Quality Assurance Service (OCQAS) (Q3).
		Develop internal systems, processes and policies to execute the FBCSA as set out in the project plan.	✔ Processes and policies were identified and developed as per the FBCSA project plan (Some will be completed in 2013).

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 2012 Toronto was developed based on participant input (those who attended in 2011 and those scheduled to attend in 2012). ✔ The Preceptor Training Program (PTP) was delivered twice. To date, 382 funeral directors have taken the program. ✔ Advanced Preceptor Training was well received and will be offered again.
		Develop and implement competence enhancement program for all personal licence types as set out in FBCSA implementation project plan, in keeping with leading practices.	✔ Continual Competence Enhancement Program (CCE Program) and Guide supported by Board (Q2). ✔ The BOFS held Focus Groups to get licensee feedback (Q4). ✔ CCE Program and the BOFS FSE Program presented to OFSA and OACFP (Q3).
	Deliver licensing examination program, in keeping with regulatory requirements and leading practices.	Deliver minimum two sittings for written examinations and timely practical examinations (FDEA).	✔ Completed successful sittings of licensing exams Fall 2011 (Q1) and Spring 2012 (Q3). ✔ Practical exams are ongoing.
		Provide detailed results to the FSE programs following each sitting.	✔ Summary of results issued to each FSE program (Q3).
		Train practical examiners to carry out effective examinations.	✔ Practical examiner training session delivered (Q2).
		Develop new licensing examinations as set out in FBCSA implementation project plan	✔ Developed FBCSA Examination Strategy (Q2). ✔ Hired Examination Development Consultants (Q3). ✔ Hired Vendor for Examination Development (Q4).

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

Goal	Action	Target & Timeline	Achievements
	Carry out internship program to encourage successful internships.	Review, revise and deliver internship support program to promote positive experiences for interns and preceptors.	✔ The BOFS Professional Competence Officer (PCO) carried out 14 intern workshop/support group sessions across the province. Surveys revealed the program was well received by participants (Q1/2). ✔ Six preceptors met with the PCO.
		Prepare and distribute articles to support internships.	✔ Current and relevant articles distributed to interns and preceptors every 60 days.
	Establish a formal communication plan for the roll out of the FBCSA, including training of licensees and sample documents.	Finalize communication plan Q1.	✔ Completed communication plan.
		Develop training program for licensees and registrants (transfer service operators and interns) using most effective and efficient means, considering costs.	✔ Delivered five training videos on the BOFS website: ✔ 1- Licensing & Ownership. ✔ 2-Physical Premises and Signs. ✔ 3-Contract Sales and Preneed Funding. ✔ 4-Sample Contract Outline Overview. ✔ 5-Sample Price List Outline Overview. ✔ Developed "FBCSA – Question and Answers" ✔ Memos to licensees and interns on new licence classes and registration requirements.
		Finalize and distribute sample documents to sector in Q1/2.	✔ Sample documents posted to the website (More will be added as they are developed) (Q4).

STRATEGIC OUTCOME 3 - *Increasing Public Awareness*

Goal	Action	Target & Timeline	Achievements
Implement effective public awareness campaign.	Increase public awareness of BOFS.	Make consumer brochures and Consumer Information Guide widely available (ongoing).	✔ Consumer brochures available electronically (at funeralboard.com) and in print. ✔ More than 38,000 brochures distributed. ✔ Attended consumer shows: Government Fair (Etobicoke); ORCA/OLTCA show. ✔ The BOFS was a partner in the 2012 Smart Consumer Calendar. ✔ Filled orders for 22,500 brochures from nursing and retirement residences, consumer associations and consumers. ✔ Distributed 15,500 Consumer Information Guides to licensees. ✔ Increased number of licensee requests was due to the new requirement that every consumer must receive a Consumer Information Guide.
	Advocate informed choice for consumers.	Develop Consumer Information Guide in cooperation with Ministry of Consumer Services (MCS) by Q2 ensuring it promotes informed consumer choice.	✔ Developed Consumer Information Guide in cooperation with MCS. ✔ Distributed Guides to all licensed establishments by July 1. ✔ The BOFS staff continues to advise consumers of their rights and obligations.
Enhance The BOFS website to optimize its value for consumers and licensees.	Implement changes to web site based on consumer and licensee input and the requirements of FBCSA.	Review, assess and update website to capture necessary FBCSA requirements and information to support licensees and consumers.	✔ Links on the BOFS website are reviewed regularly for currency and accuracy. ✔ Added new page for FBCSA Support for Licensees, five new videos, and extensive support material for licensees (FBCSA Mgr. Checklist, FBCSA Questions and Answers, Contract, Prepayment Funds Ledger, etc.).
		Activate the Public Register online, no later than July 1.	✔ The Public Register made available at funeralboard.com (Q3).

STRATEGIC OUTCOME 4 - *Managing Uncertainty*

Goal	Action	Target & Timeline	Achievements
Focus on current mandate and operational delivery.	Ensure strong stewardship, while maintaining service quality.	Manage resources effectively through proper budgeting, procurement practices and financial reporting.	✔ Every quarter, the BOFS financials are thoroughly reviewed to ensure spending is in keeping with the approved budget, and that investments comply with the BOFS investment policy statement.
		Review and renegotiate service level agreements with all providers to ensure compliance with the BOFS procurement policy (ongoing).	✔ New procurement documents were developed in keeping with the BOFS procurement policy (Key procurements included IT Service Level Agreement, RFPs related to FBCSA procurement such as Examination Consultants and Vendor, IT services for CCE Program tracking).
		Develop template documents to support the procurement policy.	
		Provide prompt service delivery, e.g. issuing of licences, inspection letters, complaints and other processes.	✔ The 2012 licensing process was completed by January 31. ✔ Personal renewal licences were issued (on average) within three business days of their receipt. ✔ On average, business renewal licences were issued within seven business days of receipt. ✔ Inspection letters were issued (on average) within eight days of the inspection. ✔ The 2013 personal and business applications were revised to comply with FBCSA, all forms converted to 8 ½ by 11.

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. Monitor financial situation, report to the Board of Directors regularly, and work with MCS to identify solution to financial deficit.	✔ The BOFS entered two transfer payment agreements with the MCS to ensure its solvency until the FBCSA fee structure can be implemented, and to support the implementation of the FBCSA. ✔ The BOFS worked with MCS to identify a long term solution to the financial challenges facing the BOFS, which are caused by revenues limited by legislated licensing fees that have not changed since 1992. ✔ The BOFS now has the authority to set its own fees.
	Ongoing management and development of Information Technology (IT) Systems.	Complete necessary maintenance, IT enhancements and updates related to implementation of FBCSA.	✔ The BOFS website was enhanced to support FBCSA links, videos, support material, Public Register. ✔ Identified and implemented changes to IT system to support FBCSA initiatives for Compliance, Staff Portal and Public Register. Final implementation (Feb Q2 2013).
		Investigate ways to make the inspection process paperless.	✔ Inspection report information is recorded and immediately entered electronically, eliminating the need for duplicate entry when producing the Inspection Report. ✔ Closed Inspection files are scanned for ease of remote retrieval. ✔ E-mail Communications with licensees is encouraged.
	Regularly review policies and processes to ensure effectiveness, and to reduce administrative burden for the Board and licensees.	Review policies and processes (every business cycle).	✔ Inspection team reviewed the inspection program moving forward under FBCSA. ✔ The BOFS reviewed complaint process due to changes in FBCSA. ✔ Management team implemented ongoing reviews of policies as result of changes to FBCSA.

STRATEGIC OUTCOME 4 - *Managing Uncertainty*

Goal	Action	Target & Timeline	Achievements
		Update and implement file structure and naming convention for hard copies and electronic files.	✔ Reviewed guidelines for naming conventions. ✔ Implementation to be assessed in 2013.
Establish clear strategic direction for the BOFS	Execute proper strategic and business planning processes.	Establish roadmap to develop a the BOFS strategic plan Q1.	✔ The BOFS approved its 2012 operational plan (Q1).
		Seek approval of Board of Directors, no later than Q2, with planning exercise to take place no later than Q4 and final strategic plan approved by the Board of Directors no later than January 2013.	✔ Request For Proposal (RFP) for Strategic Plan deferred to Q2 2013, due to implementation of FBCSA and management change.
Maintain strong governance.	Regularly review processes and oversight using best practices.	Survey Board of Directors annually and address needs based on results.	✔ Consultant engaged to support the development of a CEO succession plan. ✔ Consultant engaged to assess Board meeting (Q2).
		Assess need to undertake governance training or review (ongoing).	✔ The BOFS reviewed Consultant's recommendations.
Maintain regular communication with the profession	Keep licensees informed of ongoing initiatives and issues affecting the sector, particularly legislative changes.	Provide updates via newsletters, annual report, website and email.	✔ Three of the BOFS newsletters published in Q2, Q3 and Q4. ✔ The BOFS Annual Report 2011 published. ✔ Newsletters and Annual Report are posted online. ✔ FBCSA updates appeared in each newsletter.
		Attend district and annual association meetings wherever possible.	✔ A BOFS representative made presentations at 4 district and association meetings.

STRATEGIC OUTCOME 4 - *Managing Uncertainty*

Goal	Action	Target & Timeline	Achievements
	Seek input from licensees on key issues wherever possible.	Communicate with licensees directly and through associations.	✔ Regularly communicated with provincial association representatives (OFSA & OACFP). ✔ Presented CCE Program Guide and the BOFS FSE Program (Q3). ✔ Held focus groups related to CCE program to obtain licensee feedback.
Regular communications with staff.	Keep staff informed of events relating to the FBCSA and other significant issues.	Provide regular updates through staff meetings or written updates.	✔ Regular meetings provide staff with current information about events and initiatives at the Board level, including FBCSA. ✔ The Registrar delivers regular reports or updates to staff on events, issues and meetings, these include relevant documents whenever possible. ✔ Staff attended a special presentation on the CCE program.

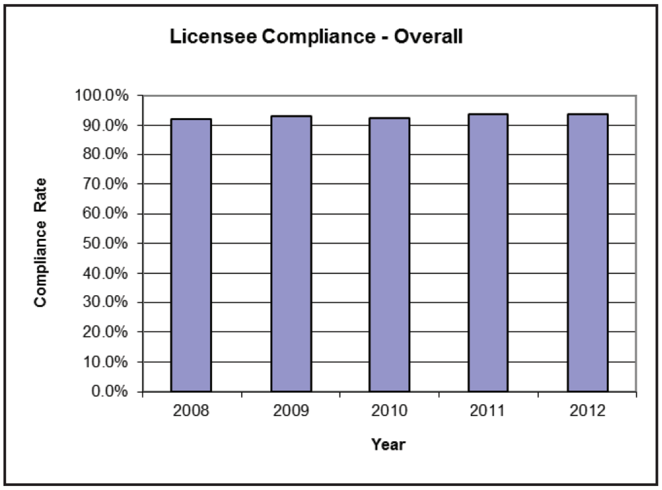
COMPLIANCE, COMPLAINTS AND DISCIPLINE

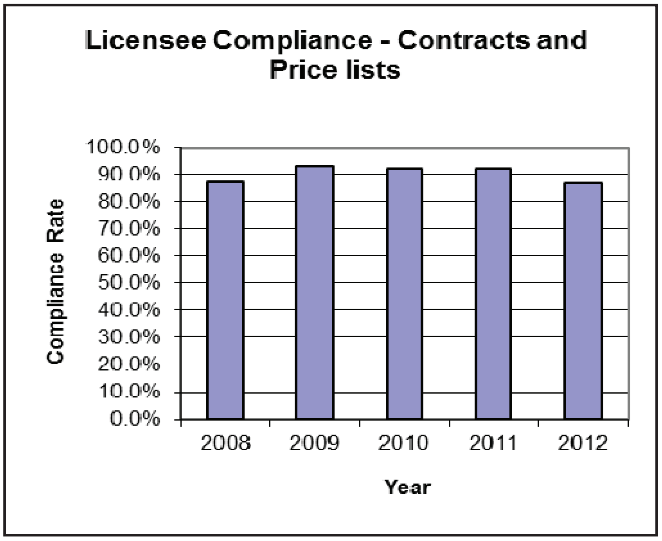
Optimizing our Compliance Resources

This was a busy year for the BOFS Regulatory Compliance Team! The Team focused on the implementation of the FBCSA, and helping licensees navigate the new legislation. The Team adopted a new inspection process designed to focus on a number of items specifically relating to the new legislation. Inspections carried out under this new process will take half the time of the old inspections. A goal to visit each licensed operator in the province within a 12 to 14 month period was set.

The Team developed a Managers Handbook, which allows each facility to conduct a thorough self-assessment. In response to licensee requests, establishments will often receive notice prior to inspections.

The team noticed a slight drop in the level of compliance relating to contracts and price lists. Implementation of new FBSCA requirements was identified as the primary reason for this decrease. The Team continues to work with licensees to assist with compliance.





Inspection Data Summary

	2012	2011	2010	2009	2008
Inspections	158	141	239	245	278
Routine	153	117	221	225	251
Tightened Inspections (completed)	10	57	47	26	28
Tightened Inspections (scheduled)	16	30	41	67	24
New Premises or Ownership and miscellaneous	5	22	8	21	18
Premises Closed	5	2	3	5	9
Refunds to Consumers	$209.	$23,990	$38,747	$31,807	$11,527
Average compliance items identified	4.6	4.6	5.8	5.3	6.1
Items relating to price lists/contracts	3.1	1.8	1.8	1.6	2.9

* Tightened inspections refer to inspections scheduled sooner than usual based on prior inspection deficiencies.

Update on Risk-Based Inspections

The Team completed 10 tightened inspections in 2012. Most of these focused on locations where discrepancies in prepaid contracts and prepayment funds were previously 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 allows the Team to pay particular attention to those licensees that struggle to maintain compliance and need additional support to reach their compliance goals.

Investigations

The BOFS Regulatory Compliance Team conducted 23 investigations, of which 17 were closed. The average closing time exceeded our 90-day target. While implementation of the FBCSA was the major factor in missing the target, the Team remains committed to achieving our 90-day goal.

	2012	2011	2010	2009	2008
Tightened Inspections (completed)	10	57	47	26	28
Tightened Inspections resulting in Tightened Inspections	8	23	18	6	4
Tightened Inspections resulting in Regular Inspections	2	30	20	16	4
Regular Inspections resulting in Tightened Inspections (excluding new business)	8	7	14	14	3

Stakeholder Education & Outreach

The Team participated in educational seminars around the province, and delivered educational sessions at the Professional Development Program in March. The Team worked very hard to develop instructional webinars and information sessions. These were available to licensees on the BOFS website.

Complaint Summary

Between November 1, 2011 and October 31, 2012, the BOFS received 25 consumer complaints. While this number is slightly above average, the numbers are remarkably low considering the challenging and inherently stressful circumstances under which funeral arrangements are carried out.

With a 10-year average of complaints remaining at 26, a funeral director can expect to receive only one complaint over a 50-year career. A business licensee can expect one complaint about every 23 years.

The FBCSA ushered in changes to the complaints process. All complaints are now referred to the Registrar for disposition.

In handling complaints, the Registrar may:

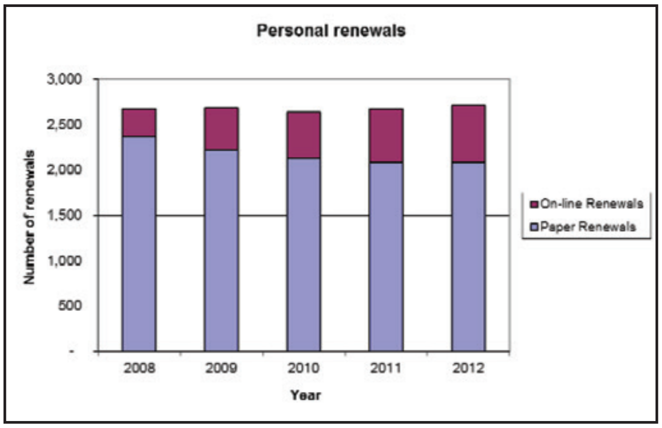
1. Attempt to mediate or resolve the complaint
2. Give the licensee a written warning
3. Require the licensee to attend a specified educational program
4. Refer the matter, in whole or in part, to the Discipline Committee
5. Refuse to issue or revoke a licensee's licence, or
6. Take further action as is appropriate in accordance with the Act.

LICENSING AND EDUCATION

In 2012, the Licensing and Administrative Team processed 3,223 personal and business licence renewals and monitored approximately 110 interns. In preparation for the implementation of the *Funeral Burial and Cremation Services Act, 2002* on July 1, the Team reviewed, revised and documented processes and forms required by licensees, while continuing to provide excellent service to all stakeholders. Updated information and forms were made available to licensees and consumers 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. In 2012, 24% of funeral directors took advantage of on-line renewals. The Licensing and Administration Team will explore ways to increase the percentage of on-line licence renewals.



Streamlining the business applications process had a positive impact. The Licensing and Administration Team made further revisions to the business and personal renewal forms to reflect the changes resulting from the implementation of the FCSA.

The new legislation resulted in more inquiries from former licensees looking to reinstate their licences.

Proposals / Orders / Conditions & LAT

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 five proposals in 2012.

One of the proposals involved conditions on a funeral director's licence. The other was the refusal of a business licence. This matter was settled before the hearing.

One licensee opted not to renew, and that proposal was withdrawn. The remaining two scheduled for appeal were settled before the hearing.

Education & Professional Development

Professional Development 2012 in Toronto (PD 2012) was very successful. The theme was "Making the Science of Cognitive Fitness Work for You!"

This was the last professional development offered by the BOFS in this format.

The BOFS continued to provide training for preceptors (those who train aspiring funeral directors) in a Preceptor Training Program, which is offered regularly in the fall and spring. The Preceptor Training Program – Advanced Program was successful and another session is scheduled for 2013. The two programs offer training and support to licensees training interns.

Labour Mobility and Agreement on Internal Trade

The standardized *Statement of Good Standing* form has eased the mobility of qualified candidates between Ontario and other provinces. Two candidates took advantage of the quick application process to come to Ontario.

Supporting Interns & Preceptors

The BOFS continues to offer the Internship Support Program. The program provides valuable information and support for a successful internship. The opportunity to share experiences in an open and supportive environment was beneficial to interns and preceptors. Intern participation in the program is close to 100%.

FBCSA – July 2012 Implementation

The BOFS staff updated, revised and developed the forms, database and business processes affected by the implementation of the FBCSA.

Throughout 2012, the Team actively researched best practices in continuing education and licensure examination. This research was used to develop new continuing education programs and strategies.

The BOFS staff proposed a new approach for continuing education to the Board. The Board supported the Continual Competency Enhancement Program known as AIM.

Education Standards were developed. On April 20, the Board of Directors supported the development of FSE Program Standards and the Management of Internship. The Ministry of Training Colleges and Universities (MTCU) and Ontario College Quality Assurance Service (OCQAS) approved the Program.

The Licensing and Administration team continues to support the Board, management team, and licensees as they work to implement the changes brought about by the new legislation

REGISTRATIONS AND LICENCES

Personal Licences	2012	2011	2010	2009	2008
Funeral director active	2002	1,960	1,914	1,913	1,909
Funeral director inactive	792	787	792	754	747
Funeral director conditional	16	16	15	15	16
Funeral director resigned	1	0	0	0	1
Funeral director revoked	1	0	1	0	2
Funeral director suspended	0	2	3	0	2
Funeral director emeritus	84	71	65	66	67
Funeral director re-instated	2	6	3	6	3
Registered Transfer Service Operators	12	9	10	8	8
Labour Mobility Transfer	2	3	3	3	5
Business Licences					
Funeral Establishments	568	563	563	562	564
Offering Services to the Public	563	558	558	558	560
Not Offering Services to the Public	5	5	5	4	4
Transfer Services	48	48	43	40	39
Conditional	4	0	0	0	0
Revoked	0	0	1	0	2
Refused	0	1	0	0	1
New funeral establishments	6	2	5	1	6
New transfer services	1	5	5	3	3
Changes of ownership	6	15	19	20	9
Closed funeral establishments	4	2	4	3	2
Closed transfer services	1	0	2	1	3
Exam attempts					
Licensing Exams: December	23	17	11	11	16
Licensing Exams: June	101	106	80	73	61
Active/Inactive Exam	0	2	2	4	2
Re-instatement Exam	3	1	6	2	2
Legislative Exam	2	4	7	3	5
Out of country candidate	1	0	0	0	0

FBCSA IMPLEMENTATION PROJECT

Implementation of the FBCSA was completed with an incredible effort from the Board and staff. This massive project spanned two years and resulted in many substantial accomplishments.

New competency profiles for all personal licence types were developed, serving as the basis for the education standards. The colleges will update programs to reflect the new competency profiles and the FBCSA.

With the assistance of Human Resource System Group (HRSG), new licensing and jurisprudence examinations were developed. The new examinations were introduced in 2013.

The Complaints Program was developed, and revisions to the Discipline, Inspection and Investigation programs were completed. The Inspections Team is visiting all licensed operators in Ontario within the first year to assist and speed up compliance with the new Act.

Our database was updated to incorporate new licence classes, forms, and legislative allowances. The database was also updated to allow the Public Register to be posted on the BOFS website.

The BOFS developed new Continuing Education requirements and standards for all personal licence classes (new and existing). In 2013, we will roll out the new Continuing Education program across the province. Our new Registrar took an active role in this process.

As part of the Continuing Education program, a new online tracking tool was developed and customized for the sector's needs. The tracking tool will be demonstrated to licensees during province-wide presentations.

Overall, a great deal of time, effort and commitment by many stakeholders contributed to the successful implementation of the FBCSA. While there are still a number of items to wrap up, the bulk of the project is now behind us.

Thanks to the BOFS, Board members, staff, consultant Rubin Jen for their hard work on the implementation of the new legislation. A heartfelt thank you is also extended to all licensees, stakeholders and consultants who worked with the BOFS on the Implementation Project.

PREPAID FUNERAL SERVICES COMPENSATION FUND

Purpose

The Prepaid Funeral Services Compensation Fund ("the Fund") was established in 1990. The Fund compensates consumers who have suffered a financial loss because a licensee mishandled their prepayment funds.

The Fund is managed by the Compensation Fund Committee, except for areas falling under the duties and responsibilities of the Trustee and the BOFS Board of Directors.

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

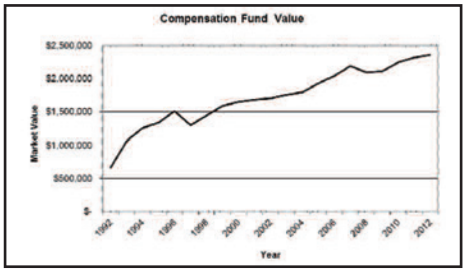
Claims

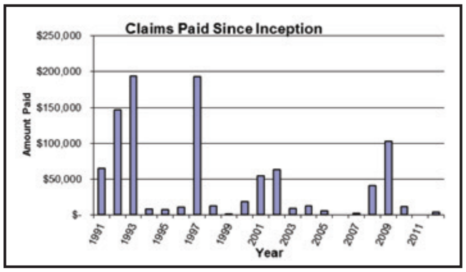
A claim of $3,490 was paid out in 2012. The payment was a result of circumstances arising in 1996. Restitution payments continue to be made to the Fund under a restitution order issued by the court surrounding a criminal conviction for theft of over $100,000 in prepayment funds.

Managing the Fund

The Compensation Fund Committee reviews the portfolio quarterly. The Committee meets with the Trustee semi-annually to review the Trustee's report. These reviews ensure the Fund's assets are secure and the investment strategy is meeting or exceeding 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. Full financial statements are available upon request.





GOVERNANCE

Eight of the BOFS committees provide necessary governance and oversight. Five of these committees are established by statute, and four are standing committees established by the Board. Effective July 1, 2012 the Complaints Committee is no longer a statutory committee. The Board of Directors has 13 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 is composed of three Board members, one of whom is 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, the Executive Committee may take action on matters requiring immediate attention between Board meetings.

Licensing Committee (Statutory)

The Licensing Committee is composed of three Board members, one of whom is a non-industry member. The Committee reviews training programs and funeral service education in Ontario to ensure the competency of industry professionals. The Licensing Committee oversees the internship program, examinations and professional development programming. The Committee was very busy with the implementation of the FBCSA. The Committee will continue to address the many education related changes arising from the new legislation.

Discipline Committee (Statutory)

The Discipline Committee is composed of four members of the Board, two of whom are non-industry members. The Discipline Committee hears cases involving allegations of professional misconduct or incompetence against funeral directors. Until June 30, 2012 the Discipline Committee considered matters referred to it by the Complaints Committee, the Executive Committee, or the Board itself. Effective July 1, 2012, the Discipline Committee considers matters referred to it by the Registrar, the Executive Committee, or the Board.

The Discipline Committee follows established procedures for hearings, and is advised by independent legal counsel. Legal counsel represents the BOFS during hearings, 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 (LAT), which is independent from the Discipline Committee and the BOFS. In turn, LAT decisions may be appealed to the Divisional Court of the Superior Court of Ontario.

Complaints Committee (Statutory until June 30, 2012))

The Complaints Committee consists of three Board members, one of whom is 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 receive a copy of the complaint and are requested to respond within two weeks. The Committee considers all evidence and then issues a written decision to the parties, who may appeal the decision to the LAT. In turn, LAT decisions may be appealed to the Divisional Court of the Superior Court of Ontario.

Effective July 1, 2013 all formal complaints considered by the Registrar as outlined in the *Funeral, Burial and Cremation Services Act, 2002*. The Registrar may:

- mediate or resolve the complaint
- issue a written warning
- require the licensee to attend a specified educational program
- refer the matter to Discipline
- refuse to issue or renew a licence, or
- revoke a licence.

Compensation Fund Committee (Statutory)

The Compensation Fund Committee is composed of three persons Board members, two of whom are non-industry members. The affairs of the Compensation Fund are managed by this Committee, except for the duties and responsibilities that fall under the jurisdiction of the Trustee and the Board. 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 established in 2004 to oversee the financial affairs of the BOFS. The Committee, in conjunction with management, ensures appropriate financial and operational controls. The Committee reviews financial statements and controls regularly, and meets 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 reviews current and proposed laws in order to make recommendations about the general policy direction and enforceability. They also advise the Minister of recommendations made by the Board.

The Committee was particularly busy with the implementation of the *Funeral, Burial and Cremation Services Act, 2002.*

Communications and Long Range Planning Committee

The Communications and Long Range Planning Committee oversees the 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

The BOFS finances continue to be well-managed. With the assistance of the three transfer payment agreements with the Ministry of Consumer Services and the ability to set licensing fees, The BOFS is moving forward in a financially responsible manner.

The new fees were established and a graduating scale was developed for the next two years. These initiatives allow the Board to determine a strategic plan for the future.

Policies for Good Stewardship

The long-term financial stability of the BOFS is paramount. To ensure its long-term financial health, the Board revised its target in 2012, and established a target reserve level of 60% of one year's operating expenses. The decision arose from a recommendation from the Audit, Finance and Risk Committee and the Registrar.

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, 2012. Complete financial statements are available from the Board of Funeral Services upon request.

HARRIS & WRIGHT LLP
CHARTERED ACCOUNTANTS
TELEPHONE: (416)924-1157 FAX: (416)924-2523

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

SUITE 408, 1300 YONGE STREET
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, 2012, 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 accounting standards for not-for-profit organizations, 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 financials 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 misstatement.

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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Harris & Wright

Toronto, Ontario
January 16, 2013

Chartered Accountants
Licensed Public Accountants

BOARD OF FUNERAL SERVICES

(Under the *Funeral, Burial and Cremation Services Act, 2002*)

STATEMENT OF FINANCIAL POSITION

October 31, 2012

	2012	Comparative 2011
ASSETS		
Current assets:		
Cash and bank	$ 76,887	$ 57,862
Contributions receivable - MCS Operations grant (Note 7)	175,000	-
Contributions receivable - MCS FBCSA grant (Notes 7 and 8)	190,290	-
Sundry receivables	7,863	26,142
Prepaid expense	13,773	16,086
	463,813	100,090
Investments (Note 3)	1,601,940	1,601,940
Capital assets (Note 2)		
Furniture, computers and equipment	$ 130,320	$ 146,854
Leasehold alterations	21,353	21,353
	151,673	168,207
Less - Accumulated amortization	93,131	104,245
	58,542	63,962
	$ 1,889,640	**$ 1,765,992**
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 213,023	$ 81,969
Deferred contribution (Notes 2, 7 and 8)	-	19,375
Deferred license fee revenue (Note 2)	222,989	223,255
	436,012	324,599
NET ASSETS	1,453,628	1,441,393
	$ 1,889,640	**$ 1,765,992**

BOARD OF FUNERAL SERVICES

STATEMENT OF OPERATIONS
Year ended October 31, 2012

	2012	Comparative 2011
Revenue:		
Funeral Directors' license fees	$ 421,350	$ 414,775
Funeral Establishments' license fees	865,135	851,785
Transfer Services' license fees	47,211	42,705
	1,333,696	1,309,265
Duplicate certificates	410	570
Student registration fees	4,575	5,500
Student examination fees	16,900	17,950
Professional development	134,091	135,297
Investment revenue	59,423	56,592
Unrealized loss on investments	(10,053)	(7,348)
Administration fees - Compensation Fund	7,055	7,095
Sale of Directories, Acts and miscellaneous revenue	15,579	14,744
Unrestricted contribution - MCS operating grant (Note 7)	400,000	406,000
Restricted contribution - MCS FBCSA implementation (Notes 7 and 8)	324,047	80,625
	2,285,723	2,026,362
Expense:		
Salaries, benefits and compensation	$ 1,131,689	$ 947,988
Transportation and communication	253,774	245,322
Services	626,223	381,845
Supplies and equipment	261,802	203,693
	2,273,488	1,778,848
EXCESS OF REVENUE OVER EXPENSE	**$ 12,235**	**$ 247,514**

BOARD OF FUNERAL SERVICES

STATEMENT OF NET ASSETS

Year ended October 31, 2012

				Comparative 2011
ASSETS				
Balance, beginning of year	$	63,962	$	58,223
Amortization		(13,032)		(14,685)
Capital asset - additions		7,612		20,424
Balance, end of year		58,542		63,962
UNRESTRICTED NET ASSETS				
Balance, beginning of year		181,491		1,135,656
Excess of revenue over expense - net of amortization		25,267		269,475
Capital asset additions		(7,612)		(20,424)
Transfer to internally restricted net assets		-		(1,195,940)
Balance, end of year		199,146		181,491
INTERNALLY RESTRICTED NET ASSETS (Note 2)				
Balance, beginning of year		1,195,940		-
Transfer from unrestricted net assets		-		1,195,940
Balance, end of year		1,195,940		1,195,940
TOTAL NET ASSETS	**$**	**1,453,628**	**$**	**1,441,393**

BOARD OF FUNERAL SERVICES

STATEMENT OF CASH FLOWS

Year ended October 31, 2012

	2012	Comparative 2011
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expense	$ 12,235	$ 247,514
Add items not affecting cash:		
Unrealized loss on investments	10,053	7,348
Reinvested distributions from investments	(8,296)	(4,421)
Amortization	13,032	14,685
	27,024	265,126
Changes in working capital items other than cash:		
Contributions receivable - MCS Operations grant	(175,000)	-
Contributions receivable - MCS FBCSA grant	(190,290)	-
Sundry receivables	18,279	(15,132)
Prepaid expense	2,313	(1,797)
Accounts payable and accrued liabilities	131,054	(30,611)
Deferred contribution	(19,375)	19,375
Deferred license fee revenue	(266)	3,405
	(233,285)	(24,760)
	(206,261)	240,366
INVESTING ACTIVITIES		
Purchase of investments	(1,677,540)	(900,610)
Proceeds on sale of investments	1,910,438	645,061
Capital asset additions	(7,612)	(20,424)
	225,286	(275,973)
Increase (decrease) in cash	19,025	(35,607)
Cash at beginning of year	57,862	93,469
CASH AT END OF YEAR	**$ 76,887**	**$ 57,862**

BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS
Year ended October 31, 2012

STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Board of Funeral Services ('the Board') was incorporated under the laws of the Province of Ontario December 16, 1976. The *Board of Funeral Services Act* established a self governing body to administer the *Board of Funeral Services Act* and the *Funeral, Burial and Cremation Services Act, 2002* and regulate the practices of funeral directors, transfer service operators, funeral service establishments and transfer services in accordance with the Act and the Regulations in order that the public interest may be served and protected. The Board is a not-for-profit organization, as described in Section 149(1)(l) of the Income Tax Act, and therefore is not subject to either federal or provincial income taxes.

Structure
The *Board of Funeral Services Act*, requires that the Board be composed of thirteen (13) members - eight individuals who hold a personal licence and five individuals who are not licensees. All members are appointed by the Lieutenant-Governor-in-Council. *The Board of Funeral Services Act* ('the Act') establishes four (4) standing committees - Executive Committee, Licensing Committee, Discipline Committee and Compensation Fund Committee.

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 Funeral Services Compensation Fund that was established under the *Board of Funeral Services Act*.

1. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements were prepared in accordance with Part III of the *CICA HANDBOOK - ACCOUNTING* ('Part III').

The Board's first reporting period using Part III is for the year ended October 31, 2012. As a result, the date of transition to Part III is November 1, 2010. The Board presented financial statements under its previous Canadian generally accounting principles annually to October 31st of each fiscal year up to, and including, October 31, 2011.

As these financial statements are the first financial statements for which the Board has applied Part III, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-Time Adoption by Not-For-Profit Organizations.

The Board is required to apply Part III effective for periods ending on October 31, 2012 in:

a) preparing and presenting it opening statement of financial position at November 1, 2010; and:
b) preparing and presenting its statement of financial position for October 31, 2012 (including comparative amounts for 2011), statement of operations, statement of changes in net assets, and statement of cash flows for the year ended October 31, 2012 (including comparative amounts for 2011) and disclosures (including comparative information for 2011).

NOTES TO FINANCIAL STATEMENTS CONT'D
Year ended October 31, 2012

1. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (cont.)

Section 1501 provides organizations with certain exemptions to the principle that an organization's opening statement of financial position shall comply with Part III. The Board has not elected on any such exemptions.

The estimates previously made under pre-changeover Canadian GAAP were not revised. As a result, the Board has not used hindsight to revise these estimates.

Reconciliation of assets, liabilities, net assets, net income and cash flows
In preparing its opening balance sheet at November 1, 2010 and its comparative information for the year ended October 31, 2011, the Board has determined that there are no required adjustments to amounts reported previously in financial statements prepared in accordance with pre-changeover GAAP for not-for-profit organizations. As such there are no reconciliations with respect to total assets, total liabilities, net assets, net income or cash flows required to be presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant account policies.

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 2013 fees or other revenue collected.

Management estimates
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include those used when accounting for 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.

Internally restricted net assets
The Board has a target operating reserve ratio of approximately 60% 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.

NOTES TO FINANCIAL STATEMENTS CONT'D
Year ended October 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 income.

The administrative reimbursement received from the 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.

3. INVESTMENTS

		Comparative 2011
Canada Trust GIC $212,000 @ 4.2%, maturing January 22, 2014	$ 214,459	$ 214,459
CIBC Deposit Note $260,000 @ 4.35%, matured November 1, 2011	-	265,382
GE Capital Funding Corporate Bond $500,000 @ 4.375%, matured September 28, 2012	-	500,623
TD Pacific GIC $213,000 @ 4.2%, maturing January 22, 2014	215,476	215,476
Royal Bank - Investment Savings Account - 27,641.20 units	276,412	406,000
TD - Investment Savings Account - 66,094 units	660,938	-
	$ 1,367,285	**$ 1,601,940**

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 lease consist of the following at October 31, 2012:

2013	$ 70,522
2014	72,247
2015	62,123
	$ 204,892

NOTES TO FINANCIAL STATEMENTS CONT'D
Year ended October 31, 2012

5. FINANCIAL INSTRUMENTS

The Board's financial instruments are cash and cash equivalents, contributions receivable, sundry receivables, investments and accounts payable and accrued liabilities.

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 October 31, 2012.

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 cash and investments. The Board manages its exposure to interest rate risk on its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Board's results of operations.

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 is comprised of 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 investm ents. 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.

6. RELATED PARTY

The Compensation Fund (the Fund) was established November 1, 1990 under the Funeral Directors and Establishm ent Act (Ontario) (FDEA) to compensate consumers whose prepayment funds have been misappropriated. The Fund continued under Regulation 468 of the Revised Regulations of Ontario, 1990 (Compensation Fund) made under the *Funeral Directors and Establishments Act*, as that regulation read immediately before revocation, and known as the Prepaid Funerals Services Compensation Fund is continued as the compensation fund for purposes 61 (1) of the Act under the name of the Funeral Services Compensation Fund. The purpose of the compensation fund is to compensate a person who suffers a financial loss due to a failure on the part of a licensee to comply with this Act or the regulations or with the terms of an agreement made under this Act. 2006, c. 34, Sched. D, s. 41.

NOTES TO FINANCIAL STATEMENTS CONT'D

Year ended October 31, 2012

7. The 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 $7,055.

During the year the Board was granted $400,000 from the Ontario Ministry of Consumer Services (MCS) to assist in operationalizing the implementation of the Funeral, Burial & Cremation Services Act, 2002 (FBCSA). In addition, $114,382 was received from the MCS to offset FBCSA implementation costs incurred with a further $190,290 recoverable as at year end.

8. DEFERRED CONTRIBUTIONS

Related to operating activities				**Comparative 2011**
Balance, beginning of year	$	19,375	$	-
Add: MCS FBCSA contribution received during the year		114,382		100,000
MCS FBCSA contribution receivable at year end		190,290		-
Less: amount recognized as revenue in the year		(324,047)		(80,625)
Balance, end of year	**$**	**-**	**$**	**19,375**

PREPAID FUNERAL SERVICES COMPENSATION FUND
(Under the *Funeral, Burial and Cremation Services Act, 2002*)

STATEMENT OF FINANCIAL POSITION
October 31, 2012

				Comparative 2011
ASSETS				
Current assets:				
Cash	$	26,039	$	18,935
Investments (Note 3)		2,393,228		2,325,669
	$	**2,419,267**	**$**	**2,344,604**
LIABILITIES				
Current liabilities:				
Accrued liabilities	$	5,867	$	5,867
Accrued compensation payments		3,491		-
Payable to Board of Funeral Services		7,589		7,651
		16,947		13,518
Voluntary payments (Note 5)		43,497		43,497
NET ASSETS		2,358,823		2,287,589
	$	**2,419,267**	**$**	**2,344,604**

PREPAID FUNERAL SERVICES COMPENSATION FUND
(Under the *Funeral, Burial and Cremation Services Act, 2002*)

STATEMENT OF OPERATIONS
Year ended October 31, 2012

				Comparative 2011
REVENUE				
Initial payments	$	3,160	$	2,700
Compensated funds recovered		1,400		50,100
Interest income		64,513		71,544
Dividend income		19,240		17,822
Foreign income		4,120		3,952
Sundry income		18		-
Realized gains on investments		6,318		44
Unrealized gain (loss) on investments		27,759		(4,024)
	$	**126,528**	**$**	**142,138**
EXPENSE				
Administration costs	$	7,055	$	7,095
Audit fees		3,644		3,571
Bank charges		38		49
Prepaid funds compensated		3,490		-
Trust administration fees		41,067		39,777
		55,294		50,492
EXCESS OF REVENUE OVER EXPENSE	**$**	**71,234**	**$**	**91,646**

PREPAID FUNERAL SERVICES COMPENSATION FUND
(Under the *Funeral, Burial and Cremation Services Act, 2002*)

STATEMENT OF CHANGES IN NET ASSETS
Year ended October 31, 2012

				Comparative 2011
UNRESTRICTED NET ASSETS				
Balance, beginning of year	$	2,287,589	$	2,195,943
Excess of revenue over expense		71,234		91,646
Balance, end of year	**$**	**2,358,823**	**$**	**2,287,589**

ONTARIO
Board of Funeral Services
Conseil des services funéraires
ONTARIO

www.funeralboard.com