Annual Report 2013

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 - January 29, 2014 for the period ending October 31, 2013

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 ***Board of Funeral Services Act***, requires that the Board be composed of thirteen members, eight individuals that hold a personal licence and five public persons. All members are appointed by the Lieutenant-Governor-in-Council.

MEMBERS OF THE BOARD OF FUNERAL SERVICES

	2014		2013	
Chair	Yves Berthiaume	*Hawkesbury*	John Laframboise	*Ottawa*
Vice-Chair	Scott (Mac) Bain	*North Bay*	Gail Siskind*	*Toronto*
Executive Member	Gail Siskind*	*Toronto*	Doug Kennedy	*Toronto*
	Mumtaz Akhtar*	*Ottawa*	Mumtaz Akhtar*	*Ottawa*
	Lalitha Ananth*	*Winona*	Lalitha Ananth*	*Winona*
	Paula Davidson	*Stayner*	Scott (Mac) Bain	*North Bay*
	James Fletcher	*Mississauga*	Yves Berthiaume	*Hawkesbury*
	Douglas Gilchrist	*Guelph*	Paula Davidson	*Stayner*
	Ken Hajas*	*Ancaster*	Douglas Gilchrist	*Guelph*
	Gilles Levasseur*	*Ottawa*	Ken Hajas*	*Ancaster*
	Wayne Smith	*Peterborough*	Gilles Levasseur*	*Ottawa*
	Andrew Swan	*Hamilton*	Wayne Smith	*Peterborough*
	John Ward	*Toronto*	John Ward	*Toronto*

*Denotes Public Member

BOARD OF FUNERAL SERVICES STAFF

Registrar
Douglas Simpson

Manager, Regulatory Compliance
Peter Jordan

Inspectors
Randy Balon
Michelle Crognale
Ken Singh

Regulatory Compliance (Contract)
Karie Draper

General Legal Counsel
Steinecke Maciura LeBlanc

Discipline Committee
Independent Legal Counsel
Alan Bromstein – Barrister & Solicitor

Manager, Licensing
Susan Beck

Administrative Bookkeeper
Marlen Weiler

Bilingual Administrative Assistant
Hilary Prue

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.

Message From the Chair

It is my pleasure on behalf of the Board of Funeral Services (BOFS) and its Board of Directors to present the BOFS Annual Report for the year ending October 31, 2013. BOFS administers the *Board of Funeral Services Act* and the *Funeral, Burial and Cremation Services Act, 2002 (FBCSA)* and regulates the practices of funeral directors, funeral preplanners, transfer service sales representatives, funeral service establishments and transfer services operators in accordance with the Act and the Regulations in order that the public interest may be served and protected.

In January the Board of Directors and Staff welcomed a new Registrar, Mr. Douglas Simpson. He has very quickly become familiar with BOFS history, policies as well as the issues and concerns of the bereavement sector.

One outcome of new legislation was the need to develop a new strategic plan that would serve the needs of the BOFS and all our stakeholders in particular the licensees and continue to represent the public interest. This effort was made possible through the leadership of Vice-Chair Doug Kennedy who chaired the BOFS Communications Committee that gave oversight to the Strategic Planning process.

Following a review in 2012 of the Boards own performance, this year we initiated a number of improved governance practices and meeting efficiencies. This year has seen the development of new licensing examinations for all four classes of licence under the Act, the roll out a totally revamped continuing education plan know as *AIM - the Continual Competence Enhancement Program* (AIM) as well as continuing to review and redevelop internal and external policies. The inspection and investigations team has worked hard toward the target of inspecting every licensed operator, operating an establishment to ensure they are in compliance of the FBCSA 2002. This was a challenge as one investigation required a significant amount of staff attention. For more information visit www.funeralboard.com

Sincerely,

John Laframboise
Chair

Message From the Registrar

Consumer protection has been at the core of the Board of Funeral Service's mandate for almost 100 years. 2013 marked a reaffirmation of the values that have driven the Board's dedication to Ontarians as well as a commitment to find better ways to assist funeral professionals in serving and protecting the public. It also marked my introduction to the bereavement sector when I joined the Board in January in a period of enormous change, ongoing challenges, great accomplishments and exciting possibilities.

The proclamation of the *Funeral, Burial and Cremation Services Act, 2002* (FBCSA) in July 2012, with its introduction of two new licence classes, changes to the responsibilities of the Board and the Registrar, the imposition of many new consumer protection requirements and the need for new licencing examinations and continuing education programs has challenged both the board and the profession. It is a measure of the resiliency of both that they met these many changes as well as they have over the ensuing months.

Since the beginning of 2012 and throughout most of 2013 the Board was overwhelmingly preoccupied with preparing for and implementing the FBCSA. Thousands of hours of work by staff and volunteers and hundreds of thousands of dollars have been invested in this enterprise and the job is still ongoing. As if it was not already challenging enough, it came at a time when the Registrar of 14 years left the organization to pursue a career opportunity at another regulatory agency. By the second quarter of 2013 the formal implementation plan had been all but completed within the timelines agreed to with the Ministry and much had been accomplished.

The creation of two new licence classes required a complete overhaul of the existing competency profiles for the two funeral director licence classes and creation of complementary competency profiles for the two new ones. Much time was spent with the two colleges collaborating on the development of program standards. New examinations were designed for all four licence classes with the help of subject matter experts from within the profession. This involved a complex process of exam question writing, review and testing, with the first new examinations taking place on June 19th 2013.

The creation of the two new licence classes meant that the Board had to consider the need for internships as part of the educational programs for those licence classes. The decision was made early on that all internships would be managed in the same way regardless of licence class. Numerous meetings with stakeholders and the Ministry took place throughout 2013 and as a result a number of changes were made to the programs. BOFS is committed to monitoring the results of the educational programs as implemented and will make further changes where appropriate.

The new act also did away with the old five year professional development regime and opened up the possibility of developing a much more flexible program to be completed annually by every licensee. That led to a two month province-wide, 12 cities, 16 presentations, introductory tour, which provided me with a unique opportunity to meet over 1,400 members of the profession. The implementation of *AIM – the Continual Competence Enhancement Program* continues. Acceptance levels have been high and problems have been few. Overall I am extremely pleased with results obtained.

Implementation of the new Act has also meant that the Board had to replace all its old policies under the previous Act. Over 25 new policies were developed by the end of fiscal 2013.

One of the commitments that the Board made to the Ministry was that each licensed operator would be inspected once within the first year of FBCSA's proclamation. To achieve this the Board's inspection team instituted a new risk based inspection model that allowed a much simplified inspection of low risk establishments that focussed on compliance with the new requirements of the FBCSA. The goal of this review was to enable the inspectors to offer advice to assist funeral establishments and transfer services in complying with the act. This program has been highly successful and for the most part, well received. All the inspection were completed by the end of fiscal 2013.

One of the most significant accomplishments of 2013 was the development of a new three year strategic plan for the Board. Completed with the input of the profession through a sector-wide survey and targeted interviews in support of a two day planning session, the new plan will carry the Board through to the implementation of the new Bereavement Sector DAA now under development. While the Board spent a great deal of time examining ways that it can better serve the profession, it also reaffirmed the importance of its core mandate and core deliverables – licencing, educational standards and compliance enforcement. These core services not only serve the public but strengthen the profession. The goal is to ensure that the Board is well positioned to make the operational transition to the new DAA as seamlessly as possible. The Strategic Plan will also ensure that the Board continues to move ahead with the development of new programs pending creation of the new DAA.

Financially, 2013 was a better year than expected for the Board. Despite all the additional activity, higher than expected revenues and lower than budgeted expenses - particularly in the area of legal costs – resulted in the Board's operating deficit coming in well below budget. Fortunately much of the increased activity around implementation of the FBCSA was funded by special payments by the Ministry of Consumer Services. The Board continues to hold a healthy operating reserve and despite substantial payouts relating to the Watts case in Wasaga Beach, the Compensation Fund still stands at over $2.1 Million.

2013 has been a successful year, despite its many challenges. I would like to thank the Board's dedicated staff for service above and beyond the call. Everyone worked flat out to make it happen. I would also like to acknowledge BOFS' hard working board of directors, without whose support and commitment not only assisted me in my transition into the sector, but also made it possible for the BOFS to out-perform expectations.

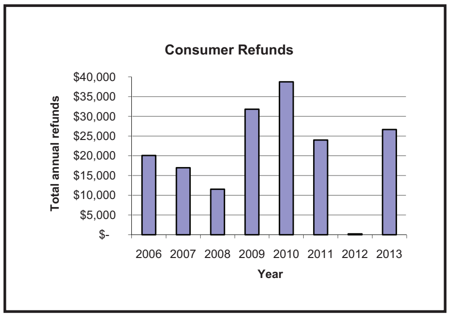
Douglas H. Simpson
Registrar

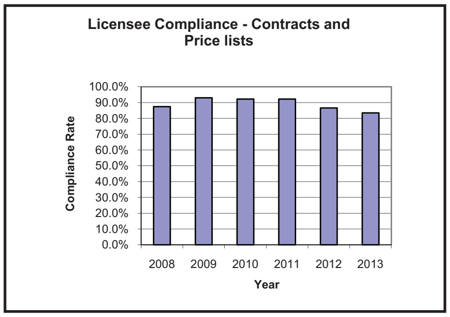
COMPLIANCE, COMPLAINTS AND DISCIPLINE

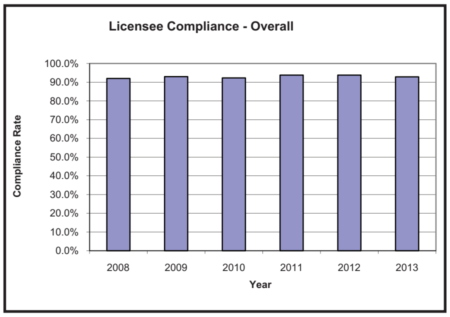
Optimizing our Compliance Resources

For 2013, the inspection team set a goal to visit each licensed operator in the province within a 12 to 14 month period of implementation of the FBCSA. An abridged two-tiered inspection process, designed to focus on key areas relating to the new legislation, was introduced which allowed the team to successfully attain its goal. The abridged process revealed that most operators embraced the new legislation and implemented recommended changes on their pricelists and contracts. The team noticed that most operators used the examples posted on the BOFS website or templates provided by their associations to ensure compliance.

In circumstances where discrepancies in the interpretation of the FBCSA exist, BOFS is working with stakeholders as well as the Cemeteries Regulations Unit and the Ministry of Consumer Services, to discuss the issues in an effort to reach a common interpretation and ensure the interests of Ontario consumers are protected.







Inspection Data Summary

The inspections carried out revealed the need to place a greater number of establishments on a tightened schedule until greater compliance occurs in subsequent inspections. Where licensees are struggling to maintain compliance and need additional support to reach their compliance goals, the team will continue to work with the licensee to bring them into compliance. A goal for 2014 includes the development of a mentorship program designed to employ the services of experienced licensees offering assistance on a peer to peer basis.

Routine inspections regularly see a sampling of 10 preneed and 10 at-need consumer files by the Inspector. Files reviewed during this period saw a total of $26,666.00 in refunds to 641 consumers, or an average of $42.00 per consumer.

	2013	2012	2011	2010	2009
Inspections	376	158	141	239	245
Routine	356	153	117	221	225
Tightened Inspections (completed)	20	10	57	47	26
Tightened Inspections (scheduled)	59	16	30	41	67
New Premises or Ownership and miscellaneous	4	5	22	8	21
Premises Closed	6	5	2	3	5
Refunds to Consumers	$26,666	$209.	$23,990	$38,747	$31,807
Average compliance items identified	5.2	4.6	4.6	5.8	5.3
Items relating to price lists/contracts	3.8	3.1	1.8	1.8	1.6

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

Complaint Summary

Between November 1, 2012 and October 31, 2013, the BOFS received 20 complaints. This number is significantly below the 10-year average of 27, despite the new requirement of licensees to provide copies of the *Consumer Information Guide to Funerals, Burials, and Cremation Services*.

Under the FBCSA 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

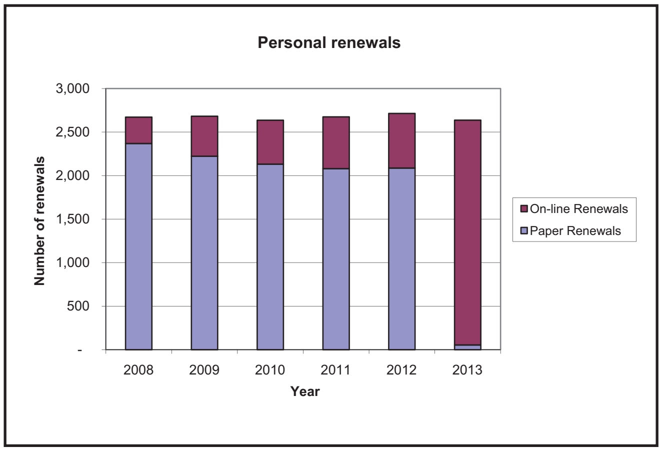
In 2013, the Licensing and Administration Team processed 3,438 personal and business licence renewals. This included the licensing of the transfer service sales representative and two new business classes, the Funeral Establishment Operators –Class 2 and Transfer Service Operator – Class 1

Licensing / Registration

In the Fall of 2013 the BOFS staff began preparations for all personal licensees to renew online. Licensed funeral directors have had the opportunity to renew online since 2007 and so in 2014 we will have all individuals renew online The BOFS staff will be supporting licensees during this transition.

The addition of new business classes has resulted in more new establishments and some new transfer services. The number of Transfer Service Operators licensed has increases slightly with the majority of Transfer Service Operators managed by a funeral director moving from Transfer Service Operator - Class 2 to a Transfer Service Operator - Class-1.

The FBCSA allows a licensee to manage more than one business with the approval of the Registrar. Each licensee making such a request must complete a request form and this information along with inspection history and other related criteria is reviewed before a decision is made. The BOFS staff has processed a number of requests and granted permission for the majority of requests.



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 2 proposals in 2013. One matter was appealed to LAT and the Tribunal directed the Registrar not to carry out the proposal and the other matter was settled before the hearing.

Examinations

2013 saw the development and administration of the new BOFS Entry-to-Practice Examinations based on the BOFS *Funeral Sector Professional Competency Profile – Second Edition.*

The BOFS Entry-to-Practice Examinations are composed of two examinations the Licensing Examination and the Jurisprudence Examination. To assist the candidates the BOFS developed an *BOFS Licensing and Jurisprudence Exams Candidate Guide 2013 (Candidate Guide 2013*) which includes information about eligibility, Examination Blueprints for both examinations and other related information to assist candidatess as they prepare for the examinations.

The BOFS Entry-to-Practice Licensing Examinations were held June 19, 2013 in Toronto and Sudbury. Both examinations were written in one day.

The success rate for the BOFS Entry-to-Practice Examinations was 95% success rate in the Licensing Examination and 97% in the Jurisprudence Examination.

The BOFS would like to thank the licensees who participated in the Item Writing Session as Subject Matter Experts. Three Item Writing Sessions were held in 2013. Two sessions were held in November 2012 and one in June 2013.

The following licensees participated in the Item Writing Sessions as Subject Matter Experts (SME);Susan Brown, (FD-Class 1),Veronique Brunet, (FD-Class 1), Jennifer Bush, (FD-Class 1), Mark Hartshorn (Transfer Service Sales Representative, TSSR), Laura Hill, (FD-Class 1), Sasha Hill, (FD-Class 1), Theresa Lewis, (Transfer Service Sales Representative, TSSR), Nathan McKinlay, (FD-Class 1), Sandi McMillan, (FD-Class 1), Lisa (Armstrong)Murphy, (FD-Class 1), Carrie Rempel, (FD-Class 1), Meghan Weber, (FD-Class 1), Karl Wenzel, (FD-Class 1).

The BOFS would also like to thank the Examination Committee for all their assistance. Examination Committee is composed of the following licensees; Kate Laub, Chair, Neil Verburg , Vice-Chair, Norm Blanchard, David Perry, Kyle Cuthbert, Marc Benjamin.

All of this would not have been possible without the direction and expertise of Human Resource Systems Group Ltd. (HRSG) to guide and train the SMEs, Exam Committee members and then develop and administer the Entry-to-Practice Examinations.

In 2014 the BOFS staff will continue to work with HRSG, Exam Committee and Subject Matter Experts to continue the ongoing work of examination development.

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. The BOFS staff has received a number of requests from Ontario Licensees moving to other provinces.

During 2013 the BOFS worked on a number of policies, procedures related to the implementation of the FBCSA and those items will be prepared for publication in 2014.

Goals for 2014

- Investigate moving the 2015 Business Renewals online.
- Offer BOFS Entry-to-Practice Examinations three times per year
- Offer Entry-to-Practice Examination for Funeral Preplanners
- Assist with development of operational plan for Strategic Plan

REGISTRATIONS AND LICENCES

Personal Licences	2013	2012	2011	2010	2009
Funeral director active	2067	2002	1,960	1,914	1,913
Funeral director inactive	714	792	787	792	754
Funeral director conditional	13	16	16	15	15
Funeral director resigned	1	1	0	0	0
Funeral director revoked	0	1	0	1	0
Funeral director suspended	0	0	2	3	0
Funeral director emeritus	83	84	71	65	66
Funeral director re-instated	2	2	6	3	6
Transfer Service Sales Representative	11	12	9	10	8
Labour Mobility Transfer	1	2	3	3	3
Business Licences					
Funeral Establishments	575	568	563	563	562
Offering Services to the Public	570	563	558	558	558
Not Offering Services to the Public	5	5	5	5	4
Transfer Services	52	48	48	43	40
Conditional	3	4	0	0	0
Revoked	0	0	0	1	0
Refused	0	0	1	0	0
New funeral establishments	17	6	2	5	1
New transfer services	5	1	5	5	3
Changes of ownership	7	6	15	19	20
Closed funeral establishments	6	4	2	4	3
Closed transfer services	0	1	0	2	1
Exam attempts					
Licensing Exams: December	21	23	17	11	11
Licensing Exams: June	86	101	106	80	73
Active/Inactive Exam	0	0	2	2	4
Re-instatement Exam	1	3	1	6	2
Legislative Exam	1	2	4	7	3
Out of country candidate	1	1	0	0	0

EDUCATION

From an education perspective many exciting changes came about in 2013!

AIM – the Continual Competence Enhancement Program

During April and May more than half of licensees across the province attended one of the 16 optional training sessions to learn more about *AIM, the Continual Competence Enhancement Program*. While it will take some time for the profession to adjust and reap the benefits of the program, the initial response from licensees has been very positive.

Preceptor Training Program and Preceptor Training Program Advanced

After more than 10 years of being offered as optional training, the *Preceptor Training Program* became a mandatory requirement on September 1, 2013 for licensees wishing to take responsibility for training aspiring funeral professionals. This decision was made in response to feedback from licenses which suggested there is a need for standardized training practices. Once again the *Preceptor Training Program* was offered in the spring and fall. The *Preceptor Training Program – Advanced* which remains optional, was also offered at the beginning the year.

Funeral Service Education Program Standards and Internship

In response to the addition of two new licence classes, funeral preplanner and transfer service sales representative interns joined funeral director interns in establishments across the province.

In September 2013, Humber College launched the Funeral Preplanner Program online. Throughout the coming months, the BOFS will continue to work with Humber College and Collège Boréal to prepare for the introduction of new programming for the remaining three licence classes.

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.

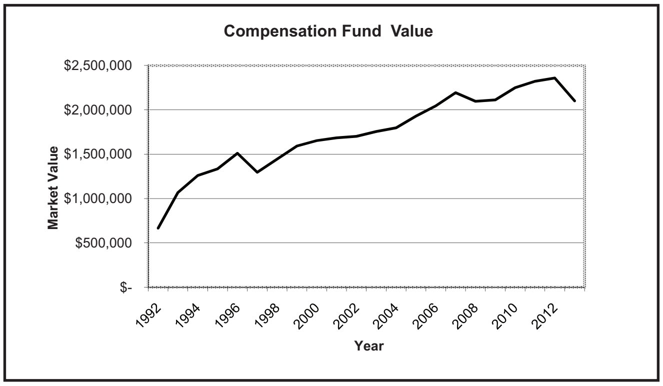
Claims

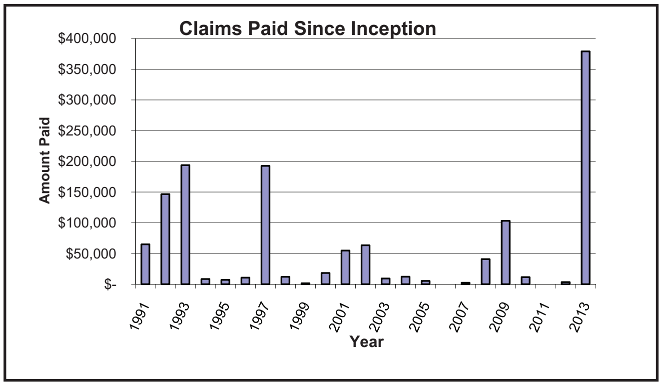
There were 84 claims paid out in 2013, totalling $371,131 in payments from the fund. The payments were the result of the closure of three funeral establishments in Wasaga Beach, Penetanguishene and Midland.

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.

The main elements of the Fund's financial statements are included under the Financial Outlook. Full financial statements are available upon request.





GOVERNANCE

The governance and oversight of the BOFS is provided by eight committees. Five of these committees are established by statute, and three are standing committees established by the Board.The Board of Directors has 13 members, of which eight are industry members and five are 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 continuing education 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. 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.

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.

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.

Communications Committee

In late March of 2013 the Communications and Long Range Planning Committee became known as the Communication Committee. The committee oversees the BOFS publications, 100 Year Anniversary of BOFS and related communication business. The Committee also provides guidance regarding the BOFS annual report, newsletters, its consumer brochure and any other special publications for licensees and consumers. It also guides the strategic business planning, annual operation plan to implement the strategic plan.

Legislative Review Committee

In late March of 2013 this committee was amalgamated with the Communication Committee since a great deal of its work was completed now that the *Funeral, Burial and Cremation Services Act, 2002*, has been implemented and working over a year. The activities of this committee to reviews current and proposed laws in order to make recommendations about the general policy direction and enforceability and to advise the Minister of recommendations made by the Board will continue under the direction of the Communications Committee.

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, 2013. 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, 2013, 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 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 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 in our audit 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 the Board of Funeral Services as at October 31, 2013 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.

Toronto, Ontario
January 9, 2014

Harris & Wright
Chartered Accountants
Licensed Public Accountants

BOARD OF FUNERAL SERVICES

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

STATEMENT OF FINANCIAL POSITION

October 31, 2013

		Comparative 2012
ASSETS		
Current assets:		
Cash and bank	$ 144,122	$ 76,887
Contributions receivable - MCS Operations grant	-	175,000
Contributions receivable - MCS FBCSA grant (Notes 7 and 8)	100,303	190,290
Sundry receivables	30,456	7,863
Prepaid expense	31,250	13,773
	306,131	463,813
Investments (Note 2)	1,272,172	1,367,285
Capital assets (Note 1)		
Furniture, computers and equipment	$ 143,351	$ 130,320
Less - Accumulated amortization	74,142	71,778
	69,209	58,542
	$ 1,647,512	**$ 1,889,640**
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 155,485	$ 213,023
Deferred license fee revenue (Note 1)	295,729	222,989
	451,214	436,012
NET ASSETS		
Internally restricted net assets	1,195,940	1,195,940
Unrestricted net assets	358	257,688
	1,196,298	1,453,628
	$ 1,647,512	**$ 1,889,640**

BOARD OF FUNERAL SERVICES

STATEMENT OF OPERATIONS
Year ended October 31, 2013

		Comparative 2012
Revenue:		
Funeral Directors' license fees	$ 542,133	$ 421,350
Funeral Establishments' license fees	1,103,497	865,135
Transfer Services' license fees	63,000	47,211
	1,708,630	1,333,696
Duplicate certificates	190	410
Student registration fees	21,350	4,575
Student examination fees	33,050	16,900
Professional development	157,934	134,091
Investment revenue	31,985	49,370
Administration fees - Funeral Services Compensation Fund (Note 5)	29,046	7,055
Sale of Directories, Acts and miscellaneous revenue	12,703	15,579
MCS operating grant	-	400,000
Restricted contribution - MCS FBCSA implementation costs (Notes 6 and 7)	266,710	324,047
	2,261,598	2,285,723
Expense:		
Salaries, benefits and compensation	$ 1,191,736	$ 1,131,689
Transportation and communication	358,109	253,774
Services	721,972	626,223
Supplies and equipment (includes amortization of capital assets 2013 - $14,495; 2012 - $13,032)	247,111	261,802
	2,518,928	2,273,488
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	**$ (257,330)**	**$ 12,235**

BOARD OF FUNERAL SERVICES

STATEMENT OF CHANGES IN NET ASSETS
Year ended October 31, 2013

	Internally Restricted	Unrestricted	Total 2013	Comparative Total 2012
NET ASSETS, BEGINNING OF YEAR	$ 1,195,940	$ 257,688	$ 1,453,628	$ 1,441,393
Excess (deficiency) of revenue over expenditures	-	(257,330)	(257,330)	12,235
NET ASSETS, END OF YEAR	**$ 1,195,940**	**$ 358**	**$ 1,196,298**	**$ 1,453,628**

BOARD OF FUNERAL SERVICES

STATEMENT OF CASH FLOWS
Year ended October 31, 2013

	2013	Comparative 2012
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expense	$ (257,330)	$ 12,235
Add items not affecting cash:		
Amortization	14,495	13,032
	(242,835)	25,267
Changes in working capital items other than cash:		
Contributions receivable - MCS Operations grant	175,000	(175,000)
Contributions receivable - MCS FBCSA grant	89,987	(190,290)
Sundry receivables	(22,593)	18,279
Prepaid expense	(17,477)	2,313
Accounts payable and accrued liabilities	(57,538)	131,054
Deferred contribution	-	(19,375)
Deferred license fee revenue	72,740	(266)
	(2,716)	(208,018)
INVESTING ACTIVITIES		
Purchase of investments	(29,887)	(1,675,783)
Proceeds on sale of investments	125,000	1,910,438
Capital asset additions	(25,162)	(7,612)
	69,951	227,043
Increase in cash	67,235	19,025
Cash at beginning of year	76,887	57,862
CASH AT END OF YEAR	**$ 144,122**	**$ 76,887**

BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS

Year ended October 31, 2013

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 the Board to administer the *Board of Funeral Services Act* (the 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 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 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.

1. 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 accounting policies.

Capital assets

Capital assets are recorded at cost. Amortization is provided on the straight-line basis using a 10% annual rate.

Deferred license fee revenue

Deferred license fee revenue represents the prepaid portion of fees that pertain to November and December 2013 and any prepaid 2014 fees.

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.

NOTES TO FINANCIAL STATEMENTS CONT'D

Year ended October 31, 2013

Unrestricted net assets

Unrestricted funds reflect amounts remaining after internally restricted funds and are available to fund operations of current and future years as required.

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 at the time examinations are held. Professional development fees are recognized at the time seminars are held.

Investment income includes interest and realized gains or losses from the Board's investments. They are recognized when earned.

The administrative reimbursement received from the Funeral Services Compensation Fund is recognized as revenue when the associated allowable administrative costs are recognized and expensed. Such amounts are not recorded until ultimate collection is reasonably assured.

Directory and Act sales are recognized upon delivery of goods 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 on an accrual basis.

Financial instruments measurement

The Board initially measures its financial assets and financial liabilities at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All financial liabilities and other financial assets are reported at amortized cost, and tested for impairment annually.

Financial assets measured at amortized cost include cash, contributions receivable, sundry receivables and interest bearing investments at a total carrying value of **$703,920 at October 31, 2013**; (October 31, 2012 - $879,975). Financial assets measured at fair value include equity investments at a total carrying value of **$841,297 at October 31, 2013**; (October 31, 2012 - $937,351).

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities at a **total carrying value of $154,590 at October 31, 2013**; (October 31, 2012 - $213,023).

NOTES TO FINANCIAL STATEMENTS CONT'D

Year ended October 31, 2013

2. INVESTMENTS

				Comparative 2012
Interest-bearing investments:				
Canada Trust GIC $212,000 @ 4.2%, maturing January 22, 2014	$	214,458	$	214,458
TD Pacific GIC $213,000 @ 4.2%, maturing January 22, 2014		215,476		215,476
Equity investments:				
Royal Bank - Investment Savings Account - 15,439 units		154,386		276,413
TD - Investment Savings Account - 68,785 units		687,852		660,938
	$	**1,272,172**	**$**	**1,367,285**

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

3. 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, 2013:

2014	$	72,247
2015		62,123
	$	**134,370**

4. 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, 2013.

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.

Currency risk
Currency risk is the risk that fair value of a financial instrument, or the related future cash flows, will fluctuate due to changes in foreign exchange rates. The Fund is not exposed to currency risk.

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 necesary 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.

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.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar financial instruments traded in the market. The entity is exposed to other price risk through its investments in quoted shares.

There have been no changes in risk exposures from the prior year.

5. RELATED PARTY

The Compensation Fund was established November 1, 1990 under the *Funeral Directors and Establishments Act* (Ontario) (FDEA) to compensate consumers whose prepayment funds have been misappropriated. The 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 its revocation, and known as the Prepaid Funeral Services Compensation Fund is continued as the compensation fund for purposes of subsection 61(1) of the *Funeral, Burial and Cremation Services Act*, 2002 (FBCSA) under the name of the Funeral Services Compensation Fund (the Fund). The purpose of the Fund is to compensate a person who suffers a financial loss due to a failure on the part of a licensee to comply with the FBCSA or the regulations or with the terms of an agreement made under the FBCSA.

Pursuant to section c. 33, s. 61(1), made under the *Funeral, Burial and Cremation Services Act*, 2002, 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 Fund employs the Board to provide administrative services on a cost recovery basis. These services include paying the Compensation Committee's members' per diems, bookkeeping services, administrative costs related to staff attending committee meetings, and legal costs paid on its behalf. Total costs reimbursable to the Board for the current fiscal year is **$29,046** (2012 - $7,055). These amounts are recorded as administration fees in the statement of operations.

BOARD OF FUNERAL SERVICES

NOTES TO FINANCIAL STATEMENTS CONT'D
Year ended October 31, 2013

6. During the year the Board was granted $166,407 in restricted contributions from the MCS to offset FBCSA implementation costs incurred, with a further $100,303 recoverable as at year end.

7. DEFERRED CONTRIBUTIONS

Related to implementation costs				**Comparative 2012**
Balance, beginning of year	$	-	$	19,375
Add: MCS FBCSA contribution received during the year		166,407		114,382
MCS FBCSA contribution receivable at year end		100,303		190,290
Less: amount recognized as revenue in the year		(266,710)		(324,047)
Balance, end of year	**$**	**-**	**$**	**-**

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

STATEMENT OF FINANCIAL POSITION
October 31, 2013

	Comparative	**2012**
ASSETS		
Current assets:		
Cash	$ 42,998	$ 26,039
Investments (Note 2)	2,101,554	2,393,228
	$ 2,144,552	**$ 2,419,267**
LIABILITIES		
Current liabilities:		
Accrued liabilities	$ 5,704	$ 5,867
Accrued compensation payments	-	3,491
Administration fee payable to Board of Funeral Services (Note 5)	29,798	7,589
	35,502	16,947
Voluntary payments (Note 4)	43,497	43,497
NET ASSETS	2,065,553	2,358,823
	$ 2,144,552	**$ 2,419,267**

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

STATEMENT OF OPERATIONS
Year ended October 31, 2013

		Comparative 2012
Revenue:		
Initial payments	$ 6,110	$ 3,160
Compensated funds recovered	1,000	1,400
Interest income	60,631	64,513
Dividend income	19,980	19,240
Foreign income	4,260	4,120
Sundry income	-	18
Realized gain (loss) on investments	(2,180)	6,318
Unrealized gain on investments	71,526	27,759
	161,327	126,528
Expense:		
Administration costs - Board of Funeral Services (Note 5)	$ 29,046	$ 7,055
Audit fees	5,562	3,644
Bank charges	27	38
Prepaid funds compensated	379,131	3,490
Trust administration fees	40,831	41,067
	454,597	55,294
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	**$ (293,270)**	**$ 71,234**

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

STATEMENT OF CHANGES IN NET ASSETS
Year ended October 31, 2013

		Comparative 2012
UNRESTRICTED NET ASSETS		
Balance, beginning of year	$ 2,358,823	$ 2,287,589
Excess of deficiency revenue over expense	(293,270)	71,234
Balance, end of year	**$ 2,065,553**	**$ 2,358,823**

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