



RHRA Retirement Homes
Regulatory Authority
Annual Report 2016/17

Safeguarding Ontario's Retirement Home Residents



TABLE OF CONTENTS

MESSAGE FROM THE BOARD CHAIR	1
MESSAGE FROM THE CEO AND REGISTRAR	2
YEAR IN NUMBERS	3
FIVE-YEAR STRATEGIC PLAN	4
FIVE-YEAR STRATEGIC GOALS	5
INSPECTION, COMPLIANCE AND ENFORCEMENT	6
2016/17 KEY ACCOMPLISHMENTS	7
SUCCESS STORIES	8
BOARD AND GOVERNANCE	11
STAKEHOLDER ADVISORY COUNCIL REPORT	14
FINANCIAL OVERVIEW	15
VISION AND MISSION	28

MESSAGE FROM THE BOARD CHAIR

It's a great honour to have completed my first full year as Chair of the Board of Directors for the Retirement Homes Regulatory Authority. I am proud of the work our board and RHRA staff have carried out to protect the safety and well-being of more than 50,000 men and women living in more than 700 retirement homes across Ontario.

One of our key focuses over the past year was providing feedback and support on next steps on the five-year legislative review of the *Retirement Homes Act, 2010* being carried out by the Ministry of Seniors Affairs. I commend Minister Dipika Damerla and Ministry staff for their ongoing work and commitment to enhance the already robust Act.



As part of the public consultation process, the RHRA made a submission to government that included advice and recommendations aimed at strengthening resident safety and consumer protection. We continue to assist the Ministry during the review process by providing advice and data to support informed decision-making.

We also worked with CEO Bonnie Rose, and senior staff, to develop a new Strategic Plan that promises to stand with the RHRA, Ontario seniors and their families in good stead for the next five years. Following a comprehensive and inclusive planning process, I am looking forward to seeing the new plan being rolled out over the coming years. Not only does the plan affirm our core business and approach, but it also sets out a framework for greater stakeholder engagement and preparation for the future.

We worked closely with our dedicated Stakeholder Advisory Council throughout the year. Our board is grateful to members of the council for their sage advice and input on a range of matters, which have greatly benefitted the RHRA, licensees and residents.

We've seen significant improvements in the living conditions for many seniors over the past several years since the sector became regulated. That's what drives each of us on the board.

We're committed to working with all of our stakeholders during the year ahead to make even more progress so that all residents of retirement homes across the province have choice and the protection they need to live with confidence and dignity.

A handwritten signature in black ink, reading "John J. Rossiter". The signature is fluid and cursive, with a large loop at the end.

John J. Rossiter
Board Chair

MESSAGE FROM CEO AND REGISTRAR

I am very proud of our accomplishments this past fiscal year, which marked my first full year as Chief Executive Officer and Registrar of the RHRA. With the input of our board, staff, residents, and families, we accomplished a great deal to ensure Ontarians have the choice and protection they need to live with confidence and dignity in retirement homes.

In particular, we can celebrate several highlights, such as:

- **Building our communications capacity and outreach.** We made progress on multiple fronts to fulfill our mission to inform, educate and engage residents, families, partners, and stakeholders. We developed a strategic communications plan to frame our outreach and added new staff to help execute the plan. In addition to regulatory collaboration with partners such as the Ministry of Labour, Office of the Fire Marshal and Emergency Management, and local fire departments, we provided counsel to the Government of Ontario as it moves forward with next steps coming out of the legislative review of the *Retirement Homes Act, 2010*, which was done in 2015.
- **Enhancing automation of key processes.** By increasing automation of key processes – such as extra expense insurance and invoicing – we aim to make our operations more efficient, allowing us to focus resources where they are needed most.
- **Creating a risk framework.** We improved our risk identification framework based on best practices and the work of leading experts on regulation.
- **Developing Strategic Plan 2022.** We conducted an extensive environmental scan and engagement process to inform our new five-year Strategic Plan. The plan moves the RHRA towards an evidence-based risk-managed approach to compliance. This includes making data-driven decisions, as well as putting more emphasis on education and other activities to support compliance and enable operators to meet standards.

Among priorities for the year ahead, we will continue putting a crucial piece of the Strategic Plan into action. Our new inspection, compliance and enforcement approach is a fundamental shift in how we are regulating and supporting homes. I am confident this new initiative will help directly support the maximization of voluntary compliance.

My sincere thanks to all who support the RHRA – our board, the Minister and Ministry of Seniors Affairs, staff, community partners, stakeholders and the operators of more than 700 retirement homes – as we work to safeguard residents and improve their lives.



Bonnie Rose
CEO and Registrar



YEAR IN NUMBERS

56

licences to operate a retirement home were issued, including:

16

relating to new construction

35

relating to transfers of ownership

5

relating to facilities that previously had been operating without a licence

733

licenced retirement homes in Ontario as of March 31, 2017

75

complaints received by staff

1,283

total inspections

44

Complaint Inspections

175

Compliance Inspections

32

inspections on unlicensed homes

545

Mandatory Report Inspections at 301 homes

487

Routine Inspections

4,511

inquiries handled through RHRA's intake department

RHRA's enforcement actions included:

1

decision to refuse a licence

6

decisions to issue new licences with conditions

5

decisions to impose conditions on a licence

1

order to revoke a licence

6

orders to apply for a licence or cease to operate as a retirement home

FIVE-YEAR STRATEGIC PLAN

The RHRA has developed a new roadmap to chart its course over the next five years as it continues to protect and support seniors living in Ontario retirement homes.

The newly launched Strategic Plan 2022 was developed following a comprehensive planning process in 2016. RHRA gathered input for the plan from numerous sources, including Ministry of Seniors Affairs, operators, family members of residents, community partners, our Stakeholder Advisory Council and other key stakeholders.

The plan establishes a new vision that ensures Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes.

It also strikes a new mission that will see the RHRA employ the most effective means to encourage and achieve compliance, to reduce harm, to support residents and families in making informed choices, and to enable a strong and diverse sector.

The plan is built on five key areas of strategic focus which will:

Enhance	our regulatory approach to encourage compliance and better protect residents
Provide	strategic information through data and analytics
Promote	informed decisions through communication, education and outreach
Optimize	consumer protection and choice through transparency, accountability, and public reporting
Prepare	for the future

The new Strategic Plan means a fundamental shift in our inspection, compliance and enforcement approach. Our emphasis has turned to activities that directly support the maximization of voluntary compliance. This includes using data to drive our decision processes including inspection frequency, compliance, support, and enforcement. Our progress will be measured through annual key performance indicators.

We are confident this plan will help us improve the safety and protection of our seniors, providing them stronger decision-making tools and enabling them to live with the dignity they deserve.

FIVE-YEAR STRATEGIC GOALS

Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes.

1 Enhance Regulatory Approach

- enhance compliance standards and enforcement approach
- establish relationships with other regulators
- expand risk management activities to assist in harm reduction
- expand regulatory model to include harm reduction

2 Provide Strategic Information Through Data & Analytics

- create and leverage sustainable data analytics infrastructure
- develop and implement a risk management framework
- implement internal licence report card
- identify, access and integrate external data sources
- collaborate with other regulators to share information

3 Promote Informed Decision Making Through Outreach

- develop and execute a retirement home engagement strategy, including residents' councils
- build and leverage social media capabilities
- build effective partnerships with seniors' associations, and complementary health care and regulatory organizations

4 Optimize Consumer Protection & Choice Through Transparency

- increase access to inspection outcome data
- develop and implement public report card

5 Prepare For The Future

- establish dedicated environmental monitoring resources
- monitor developments in: dementia, alternate levels of care and harm prevention
- reduce reliance on fees revenues

INSPECTION, COMPLIANCE, AND ENFORCEMENT

Seniors living in retirement homes across the province are now being safeguarded by new measures introduced by the RHRA to increase voluntary compliance by operators and licensees.

As part of its new five-year Strategic Plan 2022, the RHRA revised its approach to inspection, compliance, and enforcement. Representing a fundamental shift in how we have been regulating and supporting homes, the approach includes activities that directly support the maximization of voluntary compliance. This includes using data to drive our decision processes, including inspection frequency, compliance, support, and enforcement.

The full approach will be phased in over time, but new measures already put in place include:

- The frequency of Routine Inspections will now be determined by the level of compliance found on previous inspections, as well as other factors. Homes with fewer and less serious findings of non-compliance will be inspected less often. At minimum, Routine Inspections will be conducted once every three years. This means that we will be making data-driven decisions to direct our focus to the homes that need the most attention. MRI and complaint inspections will still occur as necessary.
- We have now introduced our new compliance support program and are proactively reaching out to homes that need targeted assistance in achieving and maintaining compliance in particular areas. This new approach supports our goal of increasing compliance. Homes will be selected based on their prior inspection outcomes and compliance history. Those identified as needing this assistance will be provided with guidance to help them come into compliance before their next inspection.
- Routine Inspections will be conducted at the conclusion of compliance support and enforcement action to verify the home is in compliance. Other types of inspections, for example, Complaint and Mandatory Report Inspections, may occur during the same visit to the home.

More initiatives will be introduced in the months ahead – all aimed at improving voluntary compliance with regulations under the Retirement Homes Act.

2016/17 KEY ACCOMPLISHMENTS

RHRA continues to look at opportunities to collaborate with other regulators to support and strengthen resident protection. Examples include:

- Over the past year we worked with the Electrical Safety Authority (ESA) to ensure we are notified in the event of potential disconnections due to electrical safety issues in a home. This is often an important indicator that a home is at risk of non-compliances.
- Retirement homes licensed under the *Retirement Homes Act, 2010*, are required to be equipped with automatic sprinklers by January 1, 2019. The RHRA is committed to supporting fire safety measures and continues to work with other partners, including the Office of the Fire Marshal and Emergency Management Ontario, to develop a formal notification process of fire risks in homes and to ensure there is appropriate monitoring and sharing of relevant information related to sprinkler retrofits.

Charting a course for the future

The board approved RHRA's new Strategic Plan 2022 in November 2016, which sets out a new vision and mission, as well as five-related streams of activity.

Supporting Government

The RHRA supported the Ontario Government's work to develop new strategies for supporting seniors needing alternative levels of care as they move from home or hospital. The RHRA will continue to work with the Ministry of Seniors Affairs, and the Ministry of Health and Long-Term Care to implement strategies.

The RHRA and Ministry of Seniors Affairs met with the City of Toronto in February 2017 to discuss new regulatory by-laws regarding rental apartment buildings. The RHRA provided an overview of retirement home requirements, and the information shared resulted in revisions to the by-law to eliminate overlap between the requirements for licensed retirement homes and long-term care homes.

Listening to Stakeholders

The Stakeholder Advisory Council met quarterly and provided advice on draft compliance standards regarding procedures for complaints to licensees.

Leading Discussions

RHRA's CEO and Registrar presented at the Innovative Regulatory Delivery Models Workshop, where international experts convened to discuss risk models.

SUCCESS STORIES

We Make Retirement Homes Safer

The guiding principle of the Retirement Homes Act is that a retirement home should be a place where residents live with dignity, respect, privacy, and autonomy, in security, safety, and comfort and can make informed choices about their care options. As part of its mandate to protect retirement home residents, the RHRA inspects more than 700 homes across the province, oversees compliance with the regulations and care standards and enforces the Act on behalf of the provincial government.

The following examples highlight the success we had over the past year, helping to ensure Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes.

AVOIDING DISRUPTION FOR RESIDENTS



In rare cases, the RHRA must protect the interests of residents by exercising its power to revoke a retirement home's licence to operate. This was the case with a retirement home in Southern Ontario after the owner pleaded guilty in court to defrauding investors, in previous years, to generate money to build the facility.

The RHRA worked with several parties, including counsel for the creditors and a new owner for the property, to navigate the sale and the transition so there was no disruption to the residents.

This required flexibility to orchestrate a smooth transition of ownership and licensing status for the residence.

PREVENTING RISK OF HARM



The RHRA carried out a Mandatory Report Inspection at a home after a resident with dementia was in an altercation with another resident, who also had dementia. RHRA staff determined the licensee had failed to establish protective protocols to address chronic aggressive behaviour by the resident.

RHRA action including a Compliance Order resulted in the retirement home taking steps to come into compliance.

ENFORCING LICENSING RULES



A retirement home is defined by the Retirement Homes Act as a home that is occupied or intended to be occupied by six or more persons (unrelated to the operator), the majority of whom are 65 years of age or older, and provides at least two care services, such as administering medication or serving meals.

More than 55,000 Ontario seniors live in the province's 733 licenced retirement homes, which range in capacity from six to more than 250 residents.

In its role as a regulator and consumer protector, one of the RHRA's key responsibilities is making sure that homes are properly licensed and following the rules.

Last year, RHRA staff became aware of a home that was operating as a retirement home without a licence.

The RHRA worked with the Local Health Integration Network (LHIN) and Community Care Access Centre (CCAC) to ensure that one of the residents, who was hospitalized, was discharged to a long-term care facility, which met the residents' needs, but also meant that the Home was no longer defined as a retirement home.

The RHRA and its community partners – the CCAC and LHIN – continue to monitor the situation to ensure the Home does not operate as a Retirement Home.

IMPROVING PROTECTION



The RHRA conducts Mandatory Report Inspections when it receives reports of harm or risk of harm to residents.

RHRA staff carried out a total of nine of these inspections at a retirement residence in Southwestern Ontario within six months. Several issues related to neglect, behavioural management and plans of care and assessment were cited in their findings. Following warning letters and compliance orders issued by the RHRA, the licensee hired additional expertise. The RHRA followed up with a series of conference calls with the licensee. The home advised of additional compliance measures it took relating to plans of care,

holding daily huddles to monitor resident behaviours, and implementing a tracking tool to allow for analysis of trends. The licensee also partnered with an external consultant to provide additional education to staff.

Intervention and close monitoring by the RHRA delivered results and improved protection for residents at the home. There were no findings of non-compliance during a series of follow-up inspections.

IMPROVING RESIDENT SAFETY



Protecting the safety of retirement home residents takes many forms, including ensuring their physical surroundings don't present any potential risks of injury or harm and making sure retirement home staff are prepared for emergencies.

The RHRA became concerned about two homes managed by the same operator which did not have adequate emergency plans or training procedures regarding evacuations and fire safety.

We issued Compliance Orders for both properties related to emergency plans and training, and also imposed conditions on both licences that require the operator to advise the RHRA of any fire service inspection orders or charges.

Our subsequent inspection determined both homes are now in compliance, meeting care standards and regulations for the protection of residents.

PROVIDING GUIDANCE AND EDUCATION



RHRA staff provide targeted assistance to help licensees achieve and maintain compliance in particular areas. Individualized guidance and education help ensure more homes are in compliance with regulations and safeguard more residents.

We used this approach to better protect seniors living at a retirement residence in Niagara Falls. Our inspectors found the home to be in non-compliance in various areas, including emergency and safety plans, dementia care and staff training. This was deemed to present a heightened risk because the home has many residents with dementia.

After issuing an initial Compliance Order and a warning letter regarding breach of the Compliance Order, RHRA enforcement staff began working with the residence on an individualized compliance plan. With our guidance and training, the residence was able to comply fully with all regulations during a follow-up inspection.

BOARD AND GOVERNANCE

The governance of the RHRA is established through the Retirement Homes Act, 2010, and its regulations, by-laws and a Memorandum of Understanding with the government through the Ministry of Seniors Affairs to the Minister. The Board of Directors is accountable to the Minister through the Chair of the Board.

The Board of Directors is responsible for corporate governance, regulatory oversight, and guiding the development of the RHRA's strategic plan and priorities. The board, along with management, are focused on the most progressive governance and regulatory oversight practices. The board is committed to continually strengthening its governance practices, oversight of the organization, and maintaining its support of government's public accountability mandate.



John J. Rossiter - Chair

John J. Rossiter is currently CEO of SEM-ENG International Limited. John provides strategic planning, public policy, advocacy and government relations services to clients and key industry stakeholders of private, public and not-for-profit organizations. He has worked in collaboration with international organizations such as the Export Development Corporation, Commonwealth Secretariat, CIDA, World Bank and International Finance Corporation. He holds a Bachelor of Commerce degree from Carleton University.



Mathilde Gravelle Bazinet

Mathilde Gravelle Bazinet is currently President of MGB & Associates-Conflict Resolution Professionals. Her expertise was gained as Dean of Health Sciences at Canadore College (1975-84), Legal Counsel at Health Canada (1993-96) and as the Executive Director of the Office of Conflict Management and Federal Centre for Workplace Conflict Management at Justice Canada (1996-2004). She has earned her B.Sc.N.Ed, M.Ed. and an LL.B. degrees from the University of Ottawa as well as her Canadian Fellow designation from National Defence College.



Millie Christie

Millie Christie is a member of the executive team and Vice-President for a Canadian retirement home and long-term care home company. Millie served on the Technical Advisory Committee on Improving Fire Safety for Vulnerable Ontarians and as Chair and member on many other industry committees over her career including standards, education, e-health, and financial liaison. Millie holds a B.Sc. from the University of Western Ontario and a M.B.A. from McMaster University.



Christopher M. Jodhan

Chris Jodhan has worked in the legal field for almost 20 years. He is considered an expert in regulatory and administrative law working within government at the Office of the Attorney General and as an associate with Blake, Cassels & Graydon as a litigator appearing before administrative tribunals and courts. In addition, you will find his insights in top-ranking legal publications and as a guest speaker at various conferences.



Bob Kallonen

Bob Kallonen is the President of Amica Mature Lifestyles. Bob served as the COO at Schlegel Villages of Kitchener, Ontario, Vice-President Operations for Sunrise Senior Living of McLean, Virginia, Vice-President of Eastern Canadian Operations for Extencicare Canada and served on the board of the Schlegel-University of Waterloo Research Institute for Aging. Bob holds an Honours Bachelor of Environmental Services degree with Honours at the University of Waterloo and has an Executive MBA from Ivey Business School, University of Western Ontario.



Trevor Lee- Vice Chair

Trevor Lee is the Chief Executive Officer of The Elliott Community located in Guelph, Ontario. Trevor has served as Chair of a regional group of Long-term Care and Retirement facilities, with the Ontario Association of Non-Profit Homes and Services for Seniors. More recently, having served as Chair of the Stakeholder Advisory Council for the Retirement Homes Regulatory Authority. Trevor is a Certified Professional Accountant and holds a Bachelor of Arts in Honours Chartered Accountancy and a minor in Economics.



Carla Pepler

Carla Pepler is a nurse practitioner who manages the Heartful Wellness Centre in Hanover. Carla has extensive experience, having worked as the Director of Policy and Resident Care with the Ontario Nursing Home Association/Ontario Long Term Care Association for 14 years. She worked on the implementation of the Compliance Management Program for Long-Term Care Facilities, the Advocacy Act and the Consent to Treatment Act, to name a few.



Barbara Sullivan

Barbara Sullivan is President of The Cheltenham Group. She served as a Member of the Provincial Parliament for Halton Centre from 1987 to 1995, during which time she chaired the government caucus and the Select Committee on Energy, and was Opposition Critic for the Environment and for Health and Long-Term Care. Barbara is presently a member of the Board of Directors of the Bay Area Health Trust and the Hamilton Health Sciences Quality Committee.



Ruby Toor

Ruby Toor has been the Executive Director of an Ontario retirement home for over 15 years. Ruby has worked with several not-for-profit organizations, including Operation Lift (Brantford Lift), which specializes in transit services for seniors. She was on the planning committee for the development of "A Master Aging Plan", a comprehensive "road map" of community services for seniors in need. Ruby received a degree in Gerontology from McMaster University, holds a B.Sc. and an Honours Doctorate in Homeopathic Medicine from India.

Activities of the Risk Officer and Complaints Review Officer

The Risk Officer, Deanna Williams, reports to the board and is responsible for independently reviewing, monitoring and assessing the effectiveness of the RHRA's administration of the Act. In 2016-2017, she provided her second Risk Officer Report. The board reviewed and provided a response to the report. It was presented during the RHRA Annual General Meeting in November 2016 and is available at www.rhra.ca.

Appointed by and also reporting to the board, the Complaints Review Officer (CRO), is responsible for reviewing complaints in matters where a complainant is not satisfied by the conclusion of the Registrar to take no further action in relation to a complaint. During 2016-17, Rob Goodfellow served as CRO until February 2017 and had three review requests. In February 2017, Elyse Sunshine was appointed CRO for a three-year term.

Complaints Related to the Administration of the RHRA

Complaints or concerns that relate to the administration of the RHRA may be received directly by management, staff members or intake representatives, and are referred to the appropriate staff for review and resolution. The RHRA management team reviews and determines the impact or action required based on the RHRA policies and processes. The board is advised of substantive concerns. As of March 31, 2017, three complaints were received.

French Language Services

To support provisions within the Act and the RHRA's French Language Services Delivery Policy, the RHRA makes communications, information, and notices available in French. A French version of this Annual Report is available at www.ormr.ca.

Board Remuneration

Board members received remuneration based on per diem rates of \$627 for the Chair of the Board and \$398 for board members. As part of a modernization of the Board Remuneration and Administration Policy, retainers were paid to chairs from January 1, 2017, in recognition of work done outside of meetings. The Board Chair rate was equivalent to \$10,000 per annum, and for the Vice-Chair, and Committee Chairs, \$5,000 per annum.

Total remuneration for all Board compensation in 2016-2017 was \$96,842.

STAKEHOLDER ADVISORY COUNCIL REPORT

The Stakeholder Advisory Council takes pride in providing advice to the RHRA and helping it to deliver on its vision of ensuring Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes.

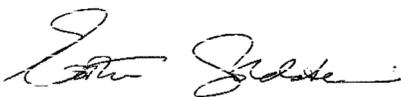
The RHRA's new five-year Strategic Plan, which will take the RHRA to a new level in protecting seniors, was a primary focus for council members over the past year. We salute the board for its thought leadership on this initiative and for considering the feedback of the council, which represents retirement home residents, home owners, and the general public. We were proud to see our contributions help shape the RHRA's new vision and mission.

We were also pleased to provide advice on issues including:

- RHRA's inspection, compliance and enforcement strategy
- RHRA's approach to the legislative requirements for licensee complaints procedures, resident assessments and plans of care
- a new information brochure for residents and families and
- regulatory issues such as the impact of sprinkler retrofit requirements on retirement home resident safety, protection and choice

The Council is also grateful to former member Judith Wahl, who stepped down after five years of service. As the former Executive Director of the Advocacy Centre for the Elderly (ACE), she brought an important perspective to our table as an advocate for seniors. We welcome new members Graham Webb, new Executive Director of ACE, Gail Walker, a not-for-profit retirement home operator, and Reverend Greg Blonde, a retirement home resident.

In the year ahead, we look forward to supporting the board as the new Strategic Plan is rolled out, placing stronger emphasis on greater stakeholder engagement and preparation for the future. We thank the board for its commitment to SAC and for enabling us to fulfill our mandate.



Esther Goldstein,
Chair



Debbie Doherty,
Past Chair

FINANCIAL OVERVIEW

The following financial review is based upon the audited financial statements of the RHRA for the year ended March 31, 2017, with comparative amounts for the previous fiscal year.

Overview

The financial position and statement of operations of the RHRA reflect the regulatory activities of the RHRA, including the ongoing licensing reviews and maintenance, inspection, compliance support and enforcement actions that comprise many of its core operations. The detailed revenue reflects the activity related to annual fees and application fees levied to support the RHRA's mandate to be financially self-sustaining.

Cash and deferred revenue balances reflect the receipt of funds early in January 2017, while the period to which the fees relates includes the full calendar year. Comparative with the previous year, the financial position was impacted by some investments reaching maturity and holding some assets in cash in advance of moving toward a longer-term investment strategy for its cash reserves. Transfers were made to the internally restricted operating reserve and reflect important steps in continuing to establish the RHRA as self-sustaining while meeting its funding obligations in accordance with the Act. The Emergency Fund remains stable at its current funding level, remaining consistent with its applicable policy. Expenditures during the year reflect the activities of the RHRA primarily operating expenses and investments in capital assets to support its core regulatory mandate. The Statement of Operations and the Statement of Cash Flows reflect these operational activities for the year ended March 31, 2017.

Revenue

Revenue grew slightly to reach \$7.5 million. This was ahead of the RHRA's expectations by nine per cent reflecting the outcome of slightly lower than expected growth in suites, offset by higher than expected applications from transactions. The RHRA's revenue is comprised of annual fees (\$6.6 million), application fees (\$750,000) and other revenue (\$14,000). Annual fees are the single largest source of revenue, accounting for 87 per cent of the total. Annual fees are billed on a calendar year basis and recognized for the year to which the fees relate. Annual fees for the fiscal year reflect those realized from April 1, 2016 through the end of the fiscal year. Revenue from application fees is based on activity during the year primarily resulting from ownership transactions and new homes. Application fees revenues of \$750,000 decreased by 16 per cent over the prior year.

Expenses

Salaries, wages, and benefits represent the largest expenditure of the RHRA. While the staff complement has stabilized, management continues to evolve the organization to ensure sufficient allocation of human resources in key areas of the organization to help the RHRA meet the many regulatory requirements of the Act. Facility expenses are included in ongoing operating expenses and represent the largest component of it. Remaining amounts relate to legal and consulting costs, communications activities that support the RHRA's awareness mandate, travel for the inspection force, governance-related costs, and general office expenses. Amortization of capital assets and the deferred liability are recorded in accordance with the stated accounting policy.

A surplus of \$660,000 was recorded, 75 per cent (\$485,000) of which has been allocated to an internally restricted operating reserve to provide for unexpected variation in operating revenues or expenses in the future. This generally accepted practice is particularly prudent for the RHRA given its relatively short history on which to predict changes in revenue or expenses especially in view of increased levels of activity in compliance and enforcement matters. Interest income is earned from financing on cash balances in operating accounts and short-term investments.

Emergency Fund

The RHRA is committed to meeting its requirements for the Emergency Fund with the provisions for claims and payments that came into force in January 2014. All administrative penalties and any interest collected by the RHRA were paid into the fund. This fiscal year saw payments from the Emergency Fund with seven Registrar payments with total value of \$4,774 made out of the Emergency Fund during the year.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the RHRA is responsible for the integrity, consistency, objectivity, and reliability of the Financial Statements of the RHRA and related financial information as presented. Canadian generally accepted accounting principles for not-for-profit organizations have been applied and management has exercised its judgment and made best estimates where appropriate. The RHRA's accounting system and related internal controls are designed, and supporting procedures maintained, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The RHRA's Board of Directors, acting through the Finance and Audit Committee, which is composed entirely of independent directors, oversees management's responsibilities for financial reporting. The Finance and Audit Committee reviews the Financial Statements and recommends them to the board for approval. Other responsibilities of the Finance and Audit Committee include monitoring the RHRA's system of internal controls over the financial reporting process and making recommendations to the board regarding the appointment of the external auditor.

Deloitte LLP, the independent auditors appointed by the RHRA Board, audited the RHRA's Financial Statements as at March 31, 2017, and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found on page 16. Deloitte LLP have full and free access to, and meet periodically with the Finance and Audit Committee to discuss their audit and matters arising therefrom, such as comments they may have on the fairness of financial reporting and the adequacy of internal controls.



Bonnie Rose
CEO and Registrar



Jay O'Neill
Chief Operating Officer

Toronto, Canada
June 1, 2017

INDEPENDENT AUDITOR'S REPORT



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To the Board of Directors of the Retirement Homes Regulatory Authority

We have audited the accompanying financial statements of the Retirement Homes Regulatory Authority, which comprise the statement of financial position as at March 31, 2017, 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.

Auditor's 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 auditor's 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 the Retirement Homes Regulatory Authority as at March 31, 2017, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 1, 2017

Retirement Homes Regulatory Authority

Statement Of Financial Position

As at March 31, 2017

Assets	\$	\$
Current assets		
Cash	9,916,162	8,712,969
Short-term investments (Note 3)	300,000	300,000
Accounts receivable (Note 2)	912,111	991,392
Prepaid expenses	182,412	172,019
HST receivable	36,766	26,711
	11,347,451	10,203,091
Long-term investments (Note 3)	638,094	921,000
Emergency Fund restricted cash (Note 9)	572,031	566,280
Capital assets (Note 4)	415,036	432,163
	12,972,612	12,122,534
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	686,154	584,382
Deferred revenue (Note 6)	5,026,500	4,853,700
	5,712,654	5,438,082
Deferred capital contributions	179,294	252,301
Deferred lease inducement (Note 7)	-	7,060
	5,891,948	5,697,443
Net assets		
Unrestricted	1,143,633	978,811
Restricted - Emergency Fund (Note 9)	572,031	566,280
Internally restricted (Note 8)	5,365,000	4,880,000
	7,080,664	6,425,091
	12,972,612	12,122,534

Commitments and contingencies (Note 10)

Approved by the board

, Chair of the Board of Directors

, Chair of the Finance and Audit Committee

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Statement Of Operations

Year ended March 31, 2017

	2017			2016		
	Operating Fund	Emergency Fund (note 9)	Total	Operating Fund	Emergency Fund (note 9)	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Annual fees	6,554,804	-	6,554,804	6,288,596	-	6,288,596
Application fees	752,225	-	752,225	872,725	-	872,725
Other fees	14,096	-	14,096	9,356	-	9,356
Administrative monetary penalties	-	4,844	4,844	-	13,040	13,040
Interest income	122,165	5,681	127,846	114,486	5,665	120,151
Amortization of deferred capital contributions	73,007	-	73,007	78,772	-	78,772
	7,516,297	10,525	7,526,822	7,363,935	18,705	7,382,640
Expenses						
Salaries, wages and benefits	5,065,595	-	5,065,595	4,653,033	-	4,653,033
Operating	1,628,011	-	1,628,011	1,431,534	-	1,431,534
Amortization of capital assets	172,869	-	172,869	164,694	-	164,694
Payments from the Emergency Fund	-	4,774	4,774	-	25,839	25,839
	6,866,475	4,774	6,871,249	6,249,261	25,839	6,275,100
Excess (deficiency) of revenue over expenses	649,822	5,751	655,573	1,114,674	(7,134)	1,107,540

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Statement Of Changes In Net Assets

Year ended March 31, 2017

	2017				2016			
	Unrestricted \$	Restricted- Emergency Fund (Note 9) \$	Internally Restricted (note 8) \$	Total \$	Unrestricted \$	Restricted- Emergency Fund (Note 9) \$	Internally Restricted (note 8) \$	Total \$
Net assets, beginning of year	978,811	566,280	4,880,000	6,425,091	994,137	273,414	4,050,000	5,317,551
Excess of revenue over expenses	649,822	5,751	-	655,573	1,114,674	(7,134)	-	1,107,540
Transfer to Emergency Fund (Note 9)	-	-	-	-	(300,000)	300,000	-	-
Transfer to internally restricted net assets (Note 8)	(485,000)	-	485,000	-	(830,000)	-	830,000	-
Net assets, end of year	1,143,633	572,031	5,365,000	7,080,664	978,811	566,280	4,880,000	6,425,091

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Statement Of Cash Flows

Year ended March 31, 2017

	\$	\$
Operating activities		
Excess of revenue over expenses	655,573	1,107,540
Items not involving cash		
Amortization of capital assets	172,869	164,694
Amortization of deferred capital contributions	(73,007)	(78,772)
Amortization of deferred lease inducement	(7,060)	(10,680)
	748,375	1,182,782
Change in non-cash operating working capital		
Accounts receivable	79,281	(132,188)
Prepaid expenses	(10,393)	(63,057)
HST receivable	(10,055)	24,378
Accounts payable and accrued liabilities	101,772	4,929
Deferred revenue	172,800	238,500
	1,081,780	1,255,344
Investing activities		
Acquisition of capital assets	(155,742)	(56,595)
Purchases of investments	(17,094)	(21,000)
Proceeds from redemption of investments	300,000	315,254
Increase in restricted cash	(5,751)	(292,866)
	121,413	(55,207)
Increase in cash	1,203,193	1,200,137
Cash, beginning of year	8,712,969	7,512,832
Cash, end of year	9,916,162	8,712,969

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2017

The Retirement Homes Regulatory Authority (“RHRA”) is responsible for the administration and enforcement of the *Retirement Homes Act, 2010* (the “Act”). The RHRA was established as a corporation without share capital under the Act. It is subject to the Corporations Act (Ontario) and, as a not-for-profit organization under the Income Tax Act (Canada), is exempt from income tax.

The RHRA’s responsibilities include the licensing of retirement homes, enforcement of the care and safety standards for residents, and educating licensees, consumers and the public on legislative requirements and standards.

1. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations under Part III of the Chartered Professional Accountants of Canada Handbook and include the following significant accounting policies:

a) *Fund accounting*

The Operating Fund accounts for RHRA’s operating and administrative activities, and reports unrestricted revenues and expenses.

The Emergency Fund reports funds held in trust for the benefit of residents and former residents of retirement homes in respect of any claims relating to certain events that occur on or after January 1, 2014 if the criteria for making a claim and payment are met.

b) *Investments*

Investments are recorded at amortized cost.

c) *Capital assets*

Purchased capital assets are recorded at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Leases that transfer substantially all the benefits and risks of ownership are capitalized.

Amortization is provided on the straight-line basis over the estimated useful lives of the assets at the following annual rates:

Equipment	25%
Computer software	50%
Computer hardware	33%
Furniture and fixtures	20%
Leasehold improvements	Remaining term of lease
Licensing system	20%

Amortization of a capital asset commences in the month after it is brought into service.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2017

1. Significant accounting policies (Continued)

d) *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rates of exchange at the year end date. Revenue and expenses are translated at the exchange rates prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the Statement of Operations.

e) *Revenue recognition*

Contributions

RHRA uses the deferral method of accounting for contributions. Contributions received for capital assets are deferred and are amortized into revenue on the same basis as the related asset is amortized.

Annual fees

Annual fees are recognized as revenue proportionately over the year to which they relate, net of amounts for which collectability is uncertain. The annual fee is due on the first day of the calendar year. Annual fees that are remitted quarterly are subject to a finance fee that is deferred and recognized over the periods to which the deferral relates.

Application fees

Application fees are recognized upon receipt of a completed application and after a preliminary assessment of the application has been performed.

Interest income

Interest income is recognized as revenue when earned and is recorded on the accrual basis.

f) *Financial instruments*

Financial instruments are financial assets or liabilities of RHRA which, in general, provide RHRA the right to receive cash or another financial asset from another party or require RHRA to pay another party cash or other financial assets.

Financial assets and financial liabilities are initially recognized at fair value when RHRA becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

The fair value of RHRA's cash, investments, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2017

1. Significant accounting policies (Continued)

g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities as well as disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Accounts subject to estimation relate primarily to certain accrued liabilities, allowance for doubtful accounts, as well as the net book value of capital assets, as estimates are required for the useful lives of the various categories of capital assets. Actual results could differ from such estimates.

2. Accounts receivable

	\$	\$
Accounts receivable	901,796	981,852
Interest receivable	10,315	9,540
	912,111	991,392

Accounts receivable are net of an allowance for doubtful accounts of \$Nil (2016 - \$Nil).

3. Investments

Investments consist of Guaranteed Income Certificate (GIC), portions of which vary in maturity dates, the latest of which matures in 2020. As at year end, RHRA was in the process of finalizing alternative investment arrangements for some of its cash holdings.

	\$	\$
Short-term investments	300,000	300,000
Long-term investments	638,094	921,000
	938,094	1,221,000

4. Capital assets

	2017		2016	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Equipment	16,085	8,294	7,791	483
Computer software	49,048	48,657	391	4,864
Computer hardware	190,996	149,714	41,282	65,014
Furniture and fixtures	138,188	78,949	59,239	81,341
Leasehold improvements	67,985	67,985	-	18,187
Licensing system	533,407	227,074	306,333	262,274
	995,709	580,673	415,036	432,163

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2017

5. Government remittances

As at March 31, 2017, RHRA had government remittances payable of \$21,325 (2016 - \$18,961) which is included in accounts payable and accrued liabilities.

6. Deferred revenue

Annual fees received that relate to periods after the fiscal year end date are deferred.

The balance in deferred revenue is as follows:

	\$	\$
Deferred revenue, beginning of year	4,853,700	4,615,200
Add: Annual fees	6,727,604	6,527,096
	11,581,304	11,142,296
Less: amounts recognized as revenue during the year	6,554,804	6,288,596
Deferred revenue, end of year	5,026,500	4,853,700

7. Deferred lease inducement

The deferred liability relates to the benefit of a rent free period received as an inducement to the execution of the lease for office premises. The amount of the inducement was \$58,682 amortized on the straight line basis to operating expenses over the term of the lease. Accumulated amortization amounts to \$58,682 (2016 - \$51,622).

8. Internally restricted net assets

RHRA created an operating reserve for operating expenses for the purposes of accumulating funds that are available when needed due to unforeseen operating shortfalls.

The board approved a policy for sustaining an operating reserve equal to twelve months of the annual operating budget, and a process for allocation from unrestricted net assets.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2017

9. Emergency Fund

The Emergency Fund was established in 2013 pursuant to the Act. Funds are held in trust for the benefit of residents and former residents of retirement homes in respect of any claims relating to certain events that occur on or after January 1, 2014, if the criteria for making a claim and payment are met. All administrative monetary penalties collected by RHRA must be paid into the Emergency Fund pursuant to the Act. The transactions and balance in the Emergency Fund are as follows:

	\$	\$
Opening balance	566,280	273,414
Allocations from operations	-	300,000
Administrative monetary penalties	4,844	13,040
Interest income	5,681	5,665
	576,805	592,119
Less: claims/payments made	4,774	25,839
Closing balance	572,031	566,280

10. Commitments and contingencies

Lease obligations

Future payments relating to leased office premises, by year and in the aggregate, are as follows:

	\$
2018	248,518
2019	167,276
Total minimum lease payments	415,794

11. Risk management

Credit rate risk

RHRA's credit risk is primarily attributable to its accounts receivable. RHRA manages this risk through proactive collection policies.

Interest rate risk

RHRA is exposed to interest rate risk on its short term investments.

Liquidity risk

RHRA's objective is to have sufficient liquidity to meet its liabilities when due. RHRA monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2017, the most significant financial liabilities are accounts payable and accrued liabilities.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2017

12. Indemnification of directors

RHRA has indemnified its past, present and future directors against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interest of RHRA. The nature of the indemnity prevents RHRA from reasonably estimating the maximum exposure. RHRA has purchased directors' liability insurance with respect to this indemnification. The directors of the RHRA are not aware of any threatened or actual proceedings.

VISION AND MISSION

Vision

Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes.

Mission

The RHRA employs the most effective means to encourage and achieve compliance, to reduce harm, to support residents and families in making informed choices, and to enable a strong and diverse sector. Using an innovative and balanced approach, we:



Use data, evidence and analysis to support a risk-based approach to decision-making



Inform, educate and engage current and prospective residents, families, partners and other stakeholders



Inform, guide, inspect and educate the retirement home sector



Use all available tools to protect residents including enforcement

Retirement Homes Regulatory Authority

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