



Retirement
Homes
Regulatory
Authority

ANNUAL REPORT 2010 – 2011



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RETIREMENT HOMES REGULATORY AUTHORITY

GOAL

A strong and innovative retirement home sector which provides residents a safe environment where they can live with dignity and make informed choices about their care.



MESSAGE FROM THE CHAIR

It is a privilege to be the Chair of the first oversight body for retirement homes in Ontario. All of us want our parents and grandparents to live in safety and comfort.

The Retirement Homes Regulatory Authority (RHRA) was created under the Retirement Home Act, 2010. The RHRA is responsible for administering the Act, educating retirement homes and consumers about the Act, and providing information about retirement homes to the public. The RHRA will license retirement homes. It will also monitor care and safety standards applying to the services that licensed homes provide to residents.

I am pleased to report that we've come a long way in less than three months.

To bring RHRA to life, the Ontario Government appointed an interim Board of Directors. The Interim Board, which met for the first time on January 20, 2011, has five independent members. The composition of the Interim Board reflects a wide range of knowledge, skills and experience. The interim Board will develop procedures for the nomination and election of a Permanent Board. The government may appoint a minority of permanent board members.

The Interim Board met eight times between January and March to establish a memorandum of understanding (MOU) with the government, develop key RHRA policies on governance and finances, and set RHRA's strategic direction and priorities.

As part of its duties, the Interim Board appointed Mary Beth Valentine as RHRA's Interim CEO and Registrar. Mary Beth has a history of achievements in the health and social service sectors, and has worked extensively with regulatory bodies and vulnerable populations.

I wish to thank the board members for their hard work. In the coming year, we will continue to build a strong foundation for RHRA to safeguard resident care, safety and choice in retirement homes across Ontario.



Mary Catherine Lindberg

Board Chair, Retirement Homes Regulatory Authority



MESSAGE FROM THE REGISTRAR AND CEO

I am honoured to have been appointed by the interim Board of Directors as the Interim Chief Executive Officer and Registrar of the Retirement Homes Regulatory Authority (RHRA). It is a pleasure to work with such a dedicated Board and to build a dynamic senior management team that will lead the development and implementation work for the first 18 months or so.

As CEO, I welcome the exciting opportunity to lay the foundations for an effective and efficient corporation with the capacity and expertise to fulfill the RHRA mandate. I take the responsibility conferred upon the Registrar by the Act very seriously. I believe that, if the Authority is to be an effective regulator, we must work with the retirement home sector and representatives of residents, families, health professionals, and other stakeholders in an open, accessible, accountable and responsive manner.

Retirement homes are an important residential and care option for seniors. More than 40,000 Ontario seniors live in retirement homes currently and the industry is set for growth. Ontario's seniors' population is expected to double by 2036 when nearly one in four Ontarians will be over the age of 65. RHRA's activities will help seniors make informed choices about retirement living. Implementing common care and safety standards and maintaining compliance as set by the legislation and regulations through education and sharing of best practices, will help retirement home residents maintain their independence, lead full, enriching lives and obtain the support and care services they require.

In our first three months, the RHRA has taken significant steps forward with the support of the Ontario Seniors' Secretariat and the establishment of new working relationships with key stakeholders. We are well positioned to overcome the challenges that are inherent in start-up organizations with heavy mandates and tight timelines. We look forward to working more closely with retirement homes as we move closer to licensing and establishing a public Register of Ontario's Retirement Homes.



As CEO and Registrar, I look forward to leading our efforts to establish the first licensing and compliance system and first public registry of retirement homes in Ontario to help seniors and their families make informed choices about their care. These will enable RHRA to move toward its goal of fostering a strong and innovative retirement-home sector that assures the safety, security and dignity of residents. As Registrar and CEO, I look forward to working together with stakeholders to achieve this goal.

Mary Beth Valentine

Mary Beth Valentine
Registrar and CEO,
Retirement Homes Regulatory Authority



MEET THE BOARD



From left:
Madeline Edwards,
Carla Pepler,
Mary Catherine Lindberg,
Christopher Jodhan,
Mathilde Gravelle Bazinet

Mary Catherine Lindberg of Niagara Falls has a distinguished career in the leadership and management of major health operations, programs and support services including the oversight of complex and contentious healthcare initiatives. Most recently she was Executive Director of the Council of Academic Hospitals of Ontario, where she provided overall management of the organization. In her over 25 year career with the Ontario Ministry of Health she held a number of progressive roles including Assistant Deputy Minister, Health Insurance and Related Programs, and Head of the Drug Programs Reform Secretariat. Currently, she is Chair of the Patent Medicines Prices Review Board, a member of the boards of Green Shield Canada, Centennial College and the Cardiac Care Network. She holds a Bachelor of Science in Pharmacy from the University of Saskatchewan, and continues to maintain her pharmacist's licence in both Ontario and Saskatchewan.



Madeline Edwards of Mississauga was most recently the Hospital-Wide Manager and former Staff Development Coordinator at the Runnymede Healthcare Centre. She was the Manager of Geriatric Outreach clinics at the Centre for Addiction and Mental Health. Madeline is a founding member of the Peel Community Care Access Centre, Operation Black Vote Canada, and the Congress of Black Women, Mississauga and Area Chapter. Currently, she is the Chair of the Congress of Black Women of Canada Non-Profit Housing Inc. (Mississauga and Area Chapter). Madeline has served on many advisory boards. She was a member of the Ryerson School of Nursing Advisory Board, the Halton-Peel District Health Council and a medical member of the Canadian Pension Plan Disability Review Tribunal. She is a Registered Nurse with a Bachelor's in Sociology and a Certificate in Dispute Resolution from York University.



Mathilde Gravelle Bazinet of North Bay has enjoyed a varied career, including Dean of Health Sciences at Canadore College, Legal Counsel at Health Canada from 1993 to 1996 and Executive Director of the Office of Conflict Management and Federal Centre for Workplace Conflict Management at Justice Canada from 1996 to 2004. She has served on many local and provincial commissions, boards and councils, including the Evans Commission, Ontario Northland Transportation Commission and until 2009 was the founding Chair of the North East Local Health Integration Network. She is currently President of MGB & Associates-Conflict Resolution Professionals and provides mediation, coaching and training services in collaborative conflict resolution. She has a B.Sc. N.Ed, M.Ed. and an LLB degree from the University of Ottawa.



Christopher Jodhan of Richmond Hill is Vice-President, General Counsel and Corporate Secretary for the Electrical Safety Authority. His primary role at ESA is to ensure that the organization administers its regulatory mandate and carries out its legal function in a fair and transparent manner on behalf of the province. Chris has worked in the legal field for over ten years. He has worked at the Office of the Attorney General and as an associate with Blake Cassels & Graydon. A former litigator, he spent the early part of his career appearing before administrative tribunals and courts. He is often called as a subject matter expert to speak on various legal topics and governance matters in front of boards, management and other interest groups and as a guest presenter at various conferences. He publishes his insights in top-ranking legal publications. Chris volunteers for a number of charitable endeavours for which he has received many awards. He has a Bachelor of Laws from the University of Saskatchewan.



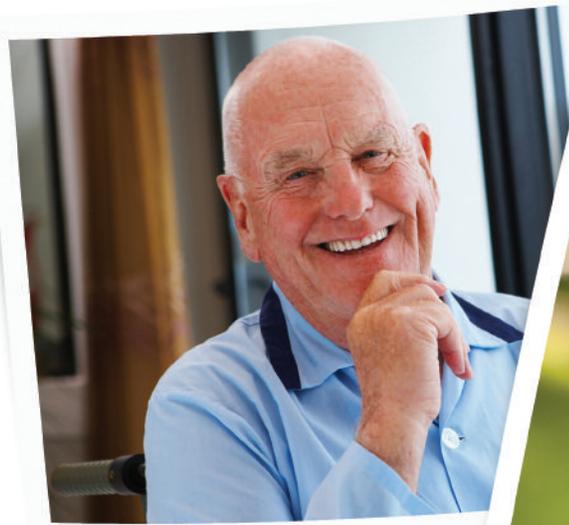
Carla Pepler of Hanover is a nurse practitioner who manages the NEX Health Centre in Hanover and delivers medical and nursing care to area residents, many of whom are seniors. She has extensive experience in health policy and long-term care, having worked as the Director of Policy and Resident Care with the Ontario Nursing Home Association for 14 years. In particular she worked on the development and implementation of the Compliance Management Program for Long-Term Care Facilities, the Advocacy Act, the Consent to Treatment Act, the Substitute Decisions Act, Placement Coordination Services/Community Care Access Centres, the Resident Classification System and the Psychogeriatric Care Initiative. She was a member of the Ministry of Health Enquiry on Mental Competence and the Mental Health/Long-Term Care Interface Working Group. She has served on many local and provincial Boards, councils and committees, including the Board of Governors of George Brown College, the Gerontological Nursing Association, the College of Nurses of Ontario and the Ontario Psychogeriatric Association. In addition to her Nurse Practitioner Diploma, Carla holds a Bachelor's of Nursing Science and a Master's in Public Administration.



MEET THE REGISTRAR

Mary Beth Valentine is Registrar and CEO of the Retirement Homes Regulatory Authority (RHRA). Her appointment follows a progressive career in the health and social policy sectors, in institutional, community-based and government settings. Before joining the Ontario Public Service (OPS), Mary Beth was Executive Director of the Canadian Mental Health Association, Windsor/Essex County and chaired an Advisory Committee to the Mayor on the regulation of retirement homes, leading to one of the first and few municipalities with such by-laws.

Mary Beth held several senior management positions within the Ontario Public Service including: Assistant Deputy Minister (ADM) of Health, Social, Education and Children's Policy, Cabinet Office; ADM, Strategic Policy, Planning and Corporate Services and Chief Administrative Officer (CAO), Ministry of Health Promotion; Provincial Chief Nursing Officer; and ADM, Ontario Seniors' Secretariat. She has served on several boards and committees and testified at housing hearings and coroners' inquests in the past. Mary Beth is a Registered Nurse and holds a Bachelor of Arts and a Master of Public Administration.



STRATEGIC DIRECTION & APPROACH

RHRA MANDATE

Under the Retirement Homes Act, 2010 (the "Act"), the Retirement Homes Regulatory Authority (RHRA) is responsible for:

- licensing and regulating retirement homes in Ontario;
- maintaining a public registry on retirement homes in Ontario;
- handling complaints about retirement homes;
- educating retirement homes, consumers and the public about the Act;

STRATEGIC PLANNING

A preliminary strategic plan was essential to guide the RHRA through its start up. RHRA needed a plan to set its priorities effectively, to establish the tone and approach for fulfilling the mandate, and to determine the best approach to working with the retirement home sector and other stakeholders. Within this plan are our basic guiding principles, strategic objectives, primary goal, and our values.

BASIC GUIDING PRINCIPLES

- Retirement homes are diverse and part of a broader "system" of supports and services for seniors. Retirement homes are an important option for an aging Ontario population.
- Seniors living in retirement homes are also diverse and they have different levels of core needs. They want to know their rights and to make informed choices about where they live and the care services they receive.

STRATEGIC OBJECTIVES

The RHRA's strategic objectives reflect our guiding principles and legislated responsibilities. We established these objectives to assist in fulfilling the mandate of the RHRA, and include responsibility to:

- **Inform:** provide easily accessible, accurate, and understandable information about retirement homes;
- **Educate:** enhance both the capability of the retirement home sector and resident knowledge of their rights and the standards to expect through education and training (or support such education and training by other organizations);
- **Improve:** raise standards in retirement homes across the province and, where necessary, ensure compliance with RHA and its related regulations;
- **Manage Risk:** identify and mitigate risks to retirement homes and to seniors living within those homes and for the RHRA;
- **Engage Stakeholders:** maintain regular communication with key stakeholders.

VALUES

The RHRA aims to be fair, collaborative, efficient and effective and to strive for organizational excellence. These values are critical to informing our decisions as we fulfill our mandate and develop the organization.

A firm foundation has been established for the RHRA staff and Board to move forward, working collaboratively with our stakeholders, to overcome the challenges ahead while building on established knowledge and best practices. The RHRA looks forward to creating and taking advantage of opportunities to develop not only an effective regulatory body but also to foster the growth of an innovative, dynamic retirement-home sector in Ontario.

PRIMARY GOAL OF THE RETIREMENT HOMES REGULATORY AUTHORITY

A strong and innovative retirement home sector which provides residents a safe environment where they can live with dignity and make informed choices about their care.



MILESTONES

IMPORTANT MILESTONES IN 2010 – 2011

January 2011:

- First meeting of Interim Board of Directors on January 20, 2011
- Mary Catherine Lindberg appointed as Chair of the Board
- Mary Beth Valentine appointed as Interim CEO/Registrar
- Commenced staff recruitment

February 2011:

- Established Memorandum of Understanding (MOU) with the government
- Approved Corporate By-Law, including Code of Conduct
- Set strategic direction and priorities for the RHRA
- Developed interim plans and strategies, including a business plan and implementation strategy
- Developed key governance, corporate and financial policies

March 2011:

- Began consultations with key stakeholders
- Initiated creation of licensing, compliance, and enforcement framework
- Continued consultations with Ontario Seniors' Secretariat regarding the development and enactment of regulations

LOOKING AHEAD

Sections of the Retirement Homes Act will come into force as the government moves forward with its legislative agenda. Principal among these are provisions to report to the Registrar any potential/actual risks to the safety of retirement home residents. The RHRA will continue to create the regulatory organizational structure necessary to fulfil its mandate under the RHA, as further sections of the Act are proclaimed. This will include such measures as licensing of retirement homes, educating the public and the retirement homes sector, inspection of individual homes and enforcement of provisions of the RHA as necessary.

FINANCIAL REPORT

The following financial review is based upon the audited financial statements of the Retirement Homes Regulatory Authority (“RHRA”) for the period since incorporation, by proclamation of certain sections of the Act, on July 1, 2010 to March 31, 2011.

OVERVIEW

The primary source of funding for the period was the Province of Ontario which provided \$ 450,000 in total to RHRA. The funding is governed by various Transfer Payment Agreements (“Agreements”) entered into by RHRA and the Province. The Agreements provide for various reporting requirements and specify the nature and extent of the expected disbursement of funds during the period to which the funding applies. Subsequent to March 31, 2011 a further Agreement was completed that provides for \$ 4,050,000 to be advanced to RHRA to continue investment and other expenditures.

REVENUE

Substantially all revenues are derived through grants from the Province of Ontario. Interest income is earned from cash balances in operating accounts.

EXPENSES

RHRA is considered to be in a “start up” phase and expenditures relate primarily to salary costs of staff, occupancy costs, governance matters, office expenses and professional fees.

The RHRA is expected to commence operations during its next fiscal year and investments will be made in building the infrastructure necessary to execute upon its mandate, hire and train staff, occupy new premises and develop education and awareness programs for the public and the retirement home sector. RHRA will continue to be diligent in its management of costs and investment in capital assets.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the integrity of the financial statements and operational information presented in this Annual Report. The financial statements have been presented in accordance with Canadian accounting standards for not-for-profit organizations and reflect management's best estimates and judgments. Financial information presented elsewhere in the Annual Report is consistent with these financial statements.

Management maintains a system of internal controls, to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

The external auditors have examined and reported on the annual financial statements.

The Audit Committee, consisting of non-executive directors, has reviewed these financial statements with management and the external auditors and has reported to the Board of Directors, which has approved the financial statements.



Mary Beth Valentine
Registrar and CEO



Kevin P. Lengyell
Chief Operating Officer

FINANCIAL STATEMENTS

RETIREMENT HOMES REGULATORY AUTHORITY

MARCH 31, 2011

Independent Auditor's Report

To the Board of Directors of
Retirement Homes Regulatory Authority

We have audited the accompanying financial statements of Retirement Homes Regulatory Authority, which comprise the balance sheet as at March 31, 2011, and the statements of operations, changes in net assets, and cash flows for the period July 1, 2010 to March 31, 2011, 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 Retirement Homes Regulatory Authority as at March 31, 2011 and the results of its operations and its cash flows for the period July 1, 2010 to March 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 23, 2011

Retirement Homes Regulatory Authority

Statement of financial position
as at March 31, 2011

\$

Assets

Current assets

Cash and cash equivalents	188,775
Prepaid expenses	21,667
	<hr/> 210,442

Capital assets (Note 2)

	3,985
	<hr/> 214,427

Liabilities

Current liabilities

Accounts payable and accrued liabilities	47,078
Government remittance payable	11,748
Deferred revenue (Note 3)	151,616
Deferred capital contribution	3,985
	<hr/> 214,427

Net assets

	-
	<hr/> 214,427

Commitments and contingencies (Note 4)
Subsequent events (Note 7)

Approved by the Board



Chair of the Board of Directors



Chair of the Audit and Risk Standing Committee

Retirement Homes Regulatory Authority

Statement of operations

for the period from July 1, 2010 to March 31, 2011

	\$
Revenue	
Province of Ontario grant	294,204
Interest income	57
Amortization of deferred capital contributions	97
	<hr/> 294,358 <hr/>
Expenses	
Salaries, wages and benefits	124,629
Operating	169,632
Amortization	97
	<hr/> 294,358 <hr/>
Excess of revenue over expenses	-
Net assets, beginning of period	-
Net assets, end of period	<hr/> - <hr/>

Retirement Homes Regulatory Authority

Statement of cash flows

for the period from July 1, 2010 to March 31, 2011

	\$
Operating activities	
Excess of revenue over expenses	-
Items not involving cash	
Amortization of capital assets	97
Amortization of deferred capital contributions	(97)
Change in non-cash operating working capital	<u>188,775</u>
	<u>188,775</u>
Investing activity	
Acquisition of capital assets	<u>(4,082)</u>
Financing activity	
Contributions for capital assets	<u>4,082</u>
Increase in cash	188,775
Cash, beginning of period	-
Cash, end of period	<u>188,775</u>

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2011

Retirement Homes Regulatory Authority ("RHRA") is the delegated administrative authority responsible for the administration of the Retirement Homes Act (the "Act") which received Royal Assent on June 8, 2010 and, in part came into force July 1, 2010. 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. RHRA is incorporated under the Corporations Act (Ontario) as a corporation without share capital and, as a non-for-profit organization under the Income Tax Act (Canada), is exempt from tax.

1. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles for Not-for-Profit Organizations under Part III of the Canadian Institute of Chartered Accountants ("CICA") Handbook.

a) *Cash and cash equivalents*

Cash and cash equivalents include cash and temporary investments with maturities of three months or less from the date of acquisition.

b) *Capital assets*

Purchased capital assets are recorded at cost. Leases that transfer substantially all the benefits and risks of ownership are capitalized. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

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

Amortization of a capital asset commences when it is brought into service.

c) *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.

d) *Revenue recognition*

Revenue received from the Province is recognized in the period in which the events giving rise to the grant occur, eligibility criteria are met, and a reasonable estimate of the amount can be made.

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

e) *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.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2011

1. Significant accounting policies (continued)

e) Financial Instruments (continued)

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

- a) Investments in unlisted shares are measured at cost, less any reduction for impairment;
- b) Investments in listed shares and derivative financial instruments that are not designated in a qualifying hedging relationship are measured at fair value at the balance sheet date. The fair value of listed shares is based on quoted bid prices while the fair value of the derivative financial instruments is based on fair value confirmation received from the banker with whom those instruments are negotiated. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

The fair value of RHRA's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these financial instruments.

2. Capital assets

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Equipment	1,004	-	1,004
Computer software	1,676	67	1,609
Computer hardware	1,402	30	1,372
	4,082	97	3,985

3. Deferred revenue

Funding arrangements between RHRA and the Province of Ontario provide for grants to be applied toward organizational development investments and costs. Any amounts not spent as of March 31, 2011 are recorded as deferred revenue.

4. Commitments and contingencies

Lease obligations

Subsequent to March 31, 2011, RHRA entered into a lease for office space. Future payments, by year and in the aggregate, are as follows:

	\$
2012	136,924
2013	234,726
2014	234,726
2015	234,726
2016	234,726
2017	156,484
Total minimum lease payments	1,232,312

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2011

5. 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.

6. Capital

RHRA was established without share capital. Capital is defined as the amounts included in its net assets balance.

7. Subsequent events

As described in Note 4, RHRA entered into a lease for office premises subsequent to March 31, 2011. In addition, subsequent to March 31, 2011, RHRA entered into an arrangement with the Province of Ontario under which the Province agreed to provide funding to RHRA of \$4.05 million to continue operations and investments.

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