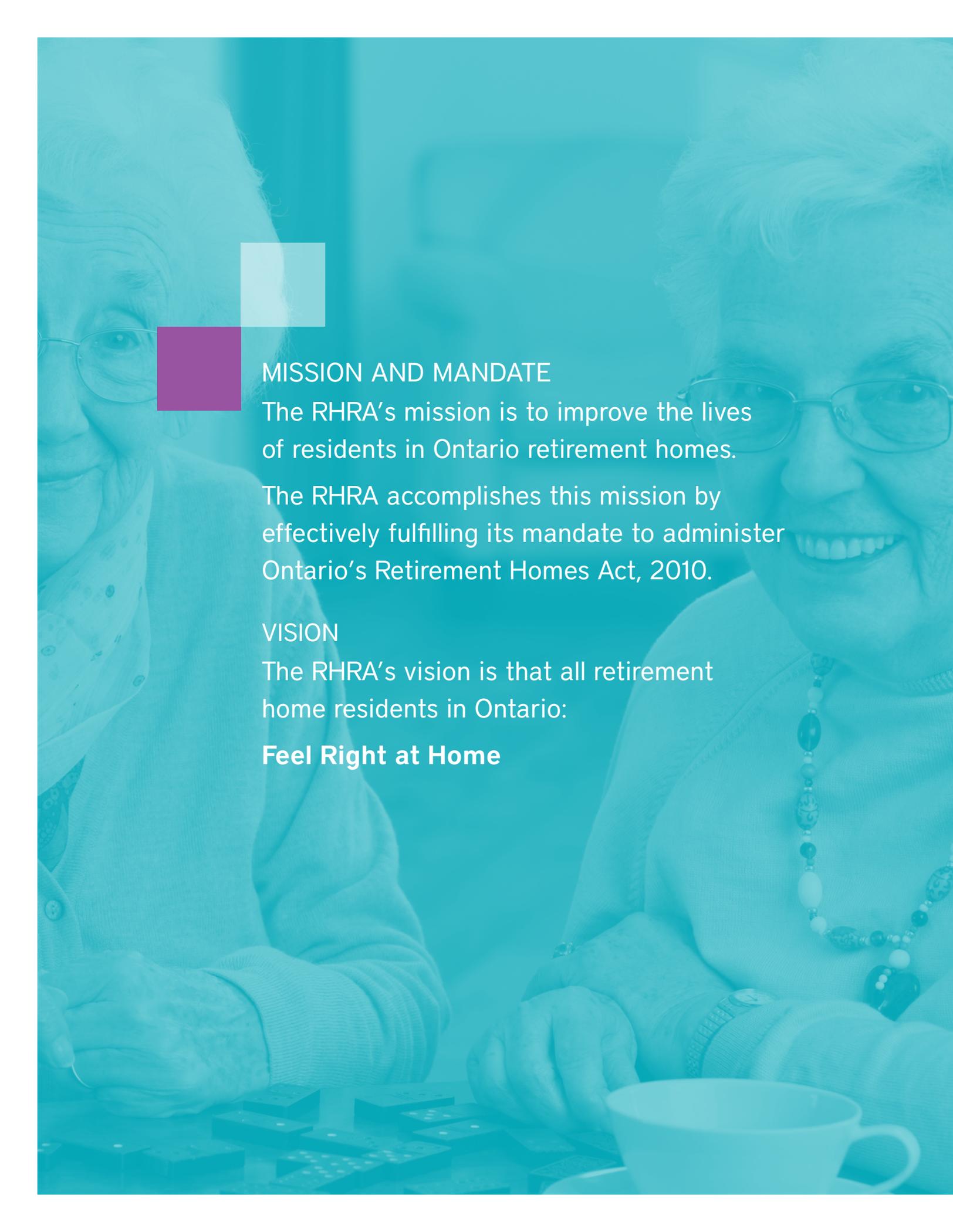




ANNUAL REPORT 2011 - 2012



MISSION AND MANDATE

The RHRA's mission is to improve the lives of residents in Ontario retirement homes.

The RHRA accomplishes this mission by effectively fulfilling its mandate to administer Ontario's Retirement Homes Act, 2010.

VISION

The RHRA's vision is that all retirement home residents in Ontario:

Feel Right at Home

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Message From the Chair

I CONTINUE TO BE PRIVILEGED TO SERVE AS CHAIR OF THE RETIREMENT HOMES REGULATORY AUTHORITY (RHRA) INTERIM BOARD OF DIRECTORS. OVER THE PAST YEAR, THE RHRA HAS MADE CONSIDERABLE PROGRESS.



As a Board, we have established sound governance principles, marked by an interim governance structure with an Audit and Risk Standing Committee and a Nominations Committee that put us in good standing to transition to the first “permanent” Board by the end of 2012.

We established values across the organization that will continue to guide the RHRA’s development, policies and activities: excellence, fairness, accountability, collaboration, efficiency and effectiveness.

The RHRA worked with stakeholders and government to gather meaningful regulatory and policy advice focusing on protections for retirement home residents. The establishment of the RHRA’s first Stakeholder Advisory Council provided one such critical forum to inform decisions. With new knowledge and insight, we clarified the RHRA’s vision that all retirement home residents in Ontario “Feel Right at Home” and sharpened its strategic direction. The Board provided guidance and oversight to enable the RHRA to fulfill its mandate of administering Ontario’s *Retirement Homes Act, 2010* (Act) efficiently and effectively.

The Board was also required to address challenges inherent in establishing a new organization. Retirement homes are not “self-regulated”. The government sets the standards and regulations, not the retirement home industry nor the RHRA. The RHRA mandate is to educate about the Act and regulations, and to license and regulate homes, including overseeing compliance and enforcement.

Part of this education includes clarification that the RHRA is not an accreditation body. The RHRA is established as the first regulator with specific legislative requirements. The Act guides development of policies and procedures and under these guidelines the RHRA ensures fair, consistent licensing and compliance decisions. At the same time, the Board has addressed ongoing needs to obtain and respect the perspectives of diverse retirement homes, residents and stakeholders while maintaining independence as an industry regulator.

A strong regulator is also supported by sound fiscal and human capital plans. The RHRA must be self-sustaining. Although the best available information and advice is considered, there is little baseline data at this time to forecast with certainty. In the absence of comprehensive data, the Board has strived to balance the cost of enforcement and organizational effectiveness with fiscal efficiency in establishing its 2012 fees. Fees will be re-evaluated once the exact number of homes and residential units is known.

In addition to fiscal considerations, the Board has also focused on recruitment, retention and development of highly knowledgeable and skilled human capital.

This has been supported by development of related human resource policies and performance criteria. By next year there will be baseline data for reporting, enterprise performance goals and performance indicators aligned with the RHRA’s strategic direction.



The Board is also committed to the development of excellence in governance practice: this necessitates a variety of knowledge and skills among Board members, including direct knowledge of retirement home operations. The RHRA continues to support best governance practices as it moves forward to the transition to a permanent Board.

In closing, I would like to thank Trevor Lee for his leadership as Chair of the Stakeholder Advisory Council and for receipt of the Council's first report which you will see referenced later in this Annual Report. Although the Stakeholder Advisory Council is newly established, the benefit of its advice has been felt.

I also wish to thank the many stakeholders who have worked collaboratively with staff and provided input to the Board through various means.

The RHRA acknowledges and appreciates the often challenging new administrative oversight role of Deputy Drew Fagan and the Ontario Seniors' Secretariat staff over the past year. Importantly, I want to thank Minister Linda Jeffrey for guiding the passage of the regulations through the government decision machinery. The RHRA is in a better position as a result of her interest in the Act, her understanding of pertinent issues and her commitment to seniors and ensuring the protections of the legislation are in force.

I wish to acknowledge the dedicated work of the CEO and Registrar, Mary Beth Valentine and other Board Officers: John Risk, General Counsel and Chief Privacy Officer; and Chief Operating Officer Kevin Lengyell, as well as all RHRA staff.

Last, but not least, I wish to thank all of my Board colleagues – Christopher Jodhan, Mathilde Gravelle Bazinet, Madeline Edwards and Carla Pepler – for their determination, expertise and dedication in the past year. Each has brought specific knowledge, expertise and skills to the table and has willingly contributed to arrive at difficult decisions.

The RHRA is prepared to face the challenges of the year ahead.

As the Interim Board transitions to a permanent Board it will aim to balance various needs for continuity with the need to oversee efficient operations, effective regulation and enhanced resident protections.

Mary Catherine Lindberg
 Board Chair
 Retirement Homes Regulatory Authority



Message from the CEO and Registrar

LAST YEAR, DURING OUR FIRST ANNUAL MEETING AFTER JUST A FEW SHORT MONTHS OF OPERATION, I TOLD YOU THAT I WELCOMED THE EXCITING OPPORTUNITY TO LAY THE FOUNDATION FOR AN EFFECTIVE AND EFFICIENT REGULATORY BODY.



The foundation is a corporation with the capacity and expertise to fulfill the RHRA mandate and establish the first retirement home licensing and compliance system and Public Register in Ontario – to help seniors and their families make informed choices about their care.

The RHRA has made significant progress.

By the end of the fiscal year, the core building blocks were firmly in place, setting the stage for the RHRA to commence licensing retirement homes.

I also said that I believed that if the RHRA was to be an effective regulator, it must work with the retirement home sector and others in an accessible, accountable and responsive manner. Part of the accountability framework included the development of several key policies, approved by the Minister. The policies in turn supported operational documents, such as licensing forms and educational resources for retirement home operators. Throughout the various developmental and implementation stages, stakeholders have been outstanding in providing advice and assistance and we look forward to continued collaboration.

I spoke of challenges ahead, and there were many – most anticipated and some unforeseen, but we created effective solutions and established paths for the future.

The fiscal year focused on building core organizational and regulatory capacities in preparation for government decisions regarding proclamation of various sections of the Act. The outcome, however, has meant time to work collaboratively with government, sector stakeholders and community partners to develop a deeper understanding of regulatory and implementation concerns. This understanding contributed to more effective government regulations and corresponding RHRA policies and procedures. Ultimately, it allowed the RHRA to move in a direction that will more effectively and efficiently implement the mandate of the Act for consumer protection.

There are five key areas that relate to governance and regulatory requirements that have strongly shaped the RHRA’s evolution that will be highlighted in the Annual Report.

These include:

- Mandatory reporting of harm and risk of harm to retirement home residents
- Risk-based approach to licensing and compliance
- Phased implementation of the regulations under the Act
- Stakeholder advice and engagement
- RHRA sustainability through core capacity and resource building

I want to extend personal thanks to the RHRA Board Chair, Mary Catherine Lindberg and other members of the Board of Directors for their diligence and integrity as we have addressed the many trials of the past year, to Deputy Drew Fagan and the Ontario Seniors' Secretariat for the productive working relationship and mutual respect commensurate with their administrative oversight role, to RHRA staff for their dedication and commitment in moving forward with implementation activities and to the various stakeholders, including the Ontario Retirement Communities Association, the Ontario Association of Non-Profit Homes and Services for Seniors, a host of owners and operators, the Advocacy Centre for the Elderly, and others, that have continued to provide constructive advice throughout this developmental period.

I also want to extend special thanks to the members of the Stakeholder Advisory Council who have recently committed their time and expertise to assist us in the coming year. The RHRA looks forward to working with you and setting the groundwork for another avenue of ongoing input that brings various perspectives around the table.

As the RHRA moves to requirements of financial sustainability, licensing and establishing the first Public Register of retirement homes in Ontario, as well as transitioning to an expanded and first permanent Board, I am confident that sharing our various perspectives and working collaboratively, we will remain driven by the fundamental principle to be applied in the interpretation of the Act – that all retirement homes are operated as places where residents live in safety, with respect and dignity.



Mary Beth Valentine

CEO and Registrar

Retirement Homes Regulatory Authority



Overview

THE RETIREMENT HOME SECTOR IN ONTARIO IS CHANGING RAPIDLY. THE ONTARIO GOVERNMENT'S POPULATION PROJECTIONS UPDATE INDICATES ONTARIO'S SENIORS POPULATION IS EXPECTED TO DOUBLE TO NEARLY 4.1 MILLION WITHIN 25 YEARS. BY 2017, FOR THE FIRST TIME IN ONTARIO, SENIORS WILL ACCOUNT FOR A LARGER SHARE OF THE POPULATION THAN CHILDREN 14 AND UNDER.

Context

In 2010, the government passed the *Retirement Homes Act, 2010* (Act) providing strong protections for seniors choosing to live in retirement homes. Under the Act, a retirement home is generally defined as a residential complex or part of a residential complex:

- Occupied primarily by persons 65 years of age or older;
- Occupied, or intended to be occupied, by at least six people not related to the operator; and
- Where at least two care services are made available to the residents by the operator.

When fully proclaimed, the Act provides protections for seniors living in these retirement homes through a number of ways, including the establishment of:

- A regulatory authority with the mandate to license homes and conduct inspections, investigations and enforcement, including issuing financial penalties or revoking licences if necessary.
- Mandatory care and safety standards, emergency plans, infection control and prevention programs, assessment of care needs and care planning, police background checks and training for staff.
- Residents' rights that include the right to establish a Residents' Council, know what care services are provided in the home and how much they cost, and the right to live in an environment that promotes zero tolerance of abuse or neglect.

Proclamation of the Act and regulations is expected to be phased, meaning new sections of the Act come into force at six-month intervals until 2014. This approach would allow retirement home operators time to implement new care and safety standards and provides an opportunity for targeted operator educational materials to be rolled out with each new phase.

THE RHRA IS AN INDEPENDENT, NOT-FOR-PROFIT CORPORATION GOVERNED BY A BOARD OF DIRECTORS AND ESTABLISHED UNDER THE ACT IN 2010 BY THE ONTARIO GOVERNMENT FOR THE PURPOSE OF REGULATING THE RETIREMENT HOME SECTOR. THE RHRA IS NOT PART OF THE ONTARIO GOVERNMENT, NOR IS IT A CROWN AGENCY.

Retirement Homes Regulatory Authority

Governance and Accountability

The RHRA is consistent with the concept of a Delegated Administrative Authority (DAA). DAAs are used by government to deliver regulatory services. Under the DAA model, legislation establishes the accountability and governance framework between a Ministry and a private not-for-profit corporation that administers legislation on behalf of the government. DAAs are funded by industry, not government. They are self-financing through fees collected from regulated businesses. The Commission on the Reform of Ontario's Public Services (Drummond Report) recently recommended expansion of the use of DAAs to deliver regulatory services in its February 2012 report, citing the RHRA as an example.



The RHRA is accountable to the government through written legal agreements, a Memorandum of Understanding and transfer payment agreements which govern start-up funding provided by government. The RHRA reports to the Minister Responsible for Seniors (Minister), as designated by the Crown. The Minister, currently the Honourable Linda Jeffrey, is responsible for the Act, including sections of the Act where the Minister has certain powers which bind the RHRA, e.g. related to Board of Director election process or to provide policy directions. The area in government that supports and oversees the government's relationship with the RHRA is the Ontario Seniors' Secretariat.

The RHRA is also financially accountable to its stakeholders and the public. The RHRA's financial statements are audited public documents available in RHRA Annual Reports. There is additional financial accountability regarding consultation with the sector built into the RHRA's Interim Fee Setting Policy.

RHRA Interim Board and Board Committees

The RHRA is currently governed by an Interim Board appointed by the Lieutenant Governor in Council. The five Board members met 15 times in 2011-12 in order to provide direction and decisions required to support the start-up and implementation activities.

Board members receive remuneration at the following per diem rates:

Chair of the Board	\$627
Board Member	\$398

The total remuneration of the Interim Board for 2011-12 was \$79,491.50.

The Interim Board is expected to transition to a permanent Board in the next fiscal year. The permanent Board will be a competency-based Board, larger than the current Board, and may consist of:

- Nine members (number may be increased/decreased by the Minister)
- A minority of members appointed by the Lieutenant Governor in Council and the majority of members elected through nomination process by the Interim Board
- A mix of licensees, consumers, business representatives, government and government organizations

Left to right:

Madeline Edwards
Mississauga, ON

Carla Pepler*
Hanover, ON

Mary Catherine Lindberg⁺
Chair
Niagara Falls, ON

Christopher Jodhan**
Vice-Chair
Richmond Hill, ON

Mathilde Gravelle Bazinet*
North Bay, ON

** Member of Audit and Risk Standing Committee*

** Member of Nominations Committee*

Since its creation in January 2011, the RHRA Board established two committees.



Carla Pepper,
Committee Chair

1. Audit and Risk Standing Committee

Purpose	To assist the Board in fulfilling its oversight responsibility regarding audit, finance and financial risk management. The Committee provides the linkage on behalf of the Board with external auditors including: <ul style="list-style-type: none">• Audit firm selection• Audit scope and fees• Review of draft audited financial statements and management’s discussion• Review of the RHRA’s financial condition and the results of its operations
Membership	Carla Pepler, Chair, and two additional members of the Interim Board, Mathilde Gravelle Bazinet and Christopher Jodhan.
Meetings	Committee met twice in fiscal year 2011-12.



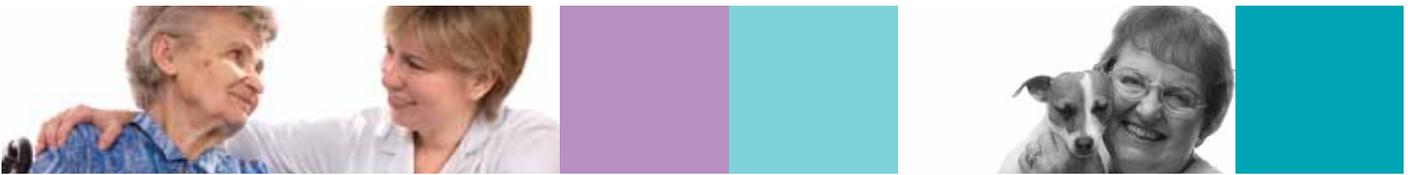
Mary Catherine Lindberg,
*Chair of the Board and
Committee Chair*

2. Nominations Committee

Purpose	Development of policies related to process and procedures for the nomination and election of the elected Board and related Minister review/approvals. The Committee oversees the recruitment of candidates for election.
Membership	Mary Catherine Lindberg, Chair, and Christopher Jodhan.
Meetings	Committee had its inaugural meeting in March 2012.



Christopher Jodhan,
Vice Chair of the Board



Strategic Directions

THROUGHOUT THE RHRA'S START-UP PHASE, THE PRELIMINARY STRATEGIC PLAN HAS CONTINUED TO EVOLVE WITH A RENEWED MISSION, MANDATE, VALUES, OBJECTS AND THE INTRODUCTION OF AN RHRA "VISION". ITS RENEWED STRATEGIC DIRECTIONS WILL CONTINUE TO INFORM HOW IT SETS PRIORITIES, ITS TONE AND APPROACH FOR FULFILLING ITS MANDATE AND WORKING WITH THE RETIREMENT HOME SECTOR AND OTHER STAKEHOLDERS.

Mission and Mandate

The RHRA's mission is to improve the lives of residents in Ontario retirement homes.

The RHRA accomplishes this mission by effectively fulfilling its mandate to administer Ontario's *Retirement Homes Act, 2010 (Act)*.

Vision

The RHRA's vision is that all retirement home residents in Ontario: **Feel Right at Home**

Values

The following values guide everything the RHRA does:

- **Excellence**
The RHRA strives for organizational and regulatory excellence by setting and attaining high standards and acting with integrity.
- **Fairness**
The RHRA will be fair and equitable in considering perspectives and will make decisions balanced in the interest of consumer protection.
- **Accountability**
The RHRA will be transparent and accountable in developing and administering policies, processes, communication, business and regulatory activities.
- **Collaboration**
The RHRA will work collaboratively with those who share a commitment to achieving goals of resident safety, respect and dignity within retirement homes.
- **Efficiency and Effectiveness**
The RHRA will make optimal use of resources to achieve its mandate and meet performance targets. The RHRA will use a risk-based approach to decision making and build on established knowledge and best practices.



Mandatory Reporting

Overview and Implementation

Some of the earliest sections of the Act to come into force relate to mandatory reporting of harm or risk of harm to a retirement home resident. The following requirements came into force in May 2011 to protect residents during the time before the Act was in full force.

Immediate reports to the RHRA are required regarding harm, or risk of harm, to a resident resulting from:

- Improper or incompetent treatment or care
- Abuse of a resident by anyone
- Neglect of a resident by the licensee or staff of the retirement home
- Unlawful conduct

The Act also requires immediate reports of misuse or misappropriation of a resident's money.

With the exception of residents, persons, including retirement home staff and retirement home operators, are obligated to report. Regulated professionals such as doctors, nurses and social workers must report situations of resident harm or risk of harm even if the information is confidential. Residents may make a report, but the Act does not require them to do so. Reports may be made anonymously. The Act provides protections for persons who report or provide information to the Registrar from any retaliation and provides measures for the RHRA to deal with persons that retaliate.

Throughout the spring of 2011, the RHRA hired and trained inspectors and implemented internal processes to support mandatory reporting. All known retirement homes were notified in May 2011 that mandatory reporting was in effect and each home was provided with a sign to post in the home providing contact information to make reports.

While the RHRA developed its infrastructure mandatory reports were handled by the existing provincially funded Complaints Response and Information Service operated by the Ontario Retirement Communities Association. On December 1, 2011 when the RHRA call centre was fully resourced, the mandatory reporting intake process transitioned to the RHRA to establish an RHRA service free of perceived conflict with industry to complement the existing general RHRA inquiry process.

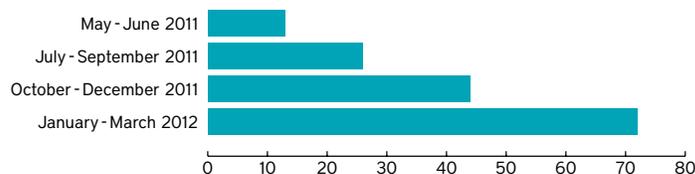
Mandatory Reporting Inspections

During the period covered by this Annual Report, RHRA inspectors conducted over 155 inspections in response to mandatory reports (see Figure 1 below). The inspections focused on the event leading to the report. Following the inspections, the RHRA sent the retirement home a letter summarizing the inspector's findings. The findings did not relate to contraventions of the Act because the care standards and licensing requirements under the Act were not yet in force.

In certain circumstances, RHRA inspectors notified other regulators or authorities (police, fire officials, public health) of their findings to ensure the safety of residents.

Figure 1: Reports of Harm, Risk of Harm or Abuse (May 2011 - March 2012)

Reporting began May 17, 2011.



Inquiries and Concerns about Retirement Homes

To support mandatory reporting, and in keeping with the mandate to educate and inform, the RHRA handled inquiries and concerns from residents, applicants and other members of the public regarding the conduct of operators of retirement homes in Ontario. Concerns were submitted online through the RHRA's website (www.rhra.ca), by phone or through written correspondence. Intake staff collected basic information initially, provided self-help guidance to the correspondent and may have escalated the file depending upon the nature of the concerns and the information provided by the correspondent. In many cases, the correspondent was able to resolve the difference by dealing with the retirement home directly. Where required, the RHRA intake staff worked with the correspondent and the operator to achieve a satisfactory resolution to concerns.

There is also a formal complaints process to the Registrar set out in the Act. The sections governing this process, which include the appointment of a Complaints Review Officer by the Board, are part of the phased implementation of the Act and are not yet in force.

Risk-Based Licensing and Compliance

Through discussion with government and industry, the RHRA developed a risk-based approach to licensing and compliance. The purpose of risk-based licensing is to focus RHRA resources where compliance concerns and resident protections require the most attention. Risk-based licensing and compliance recognizes that retirement homes applying for a licence will have differing levels of readiness to comply with the Act. The RHRA will focus more time and resources to license, educate, monitor and oversee homes that are at risk for not complying with the Act. Homes that demonstrate the competency to meet or exceed the requirements of the Act will require less focus from the RHRA.

Using a risk-based approach allows the RHRA to focus resources on homes that require support to achieve compliance with the Act, while reducing the burden on lower-risk homes that readily comply with the Act. A major principle of the risk-based approach is that homes with strong track records of compliance may be subject to a lighter burden with respect to demonstrating compliance with the Act, for example, through shorter and less frequent inspections.

The RHRA developed criteria to guide risk assessment for licensing. These criteria relate to the requirements for issuing a licence set out in the Act and the RHRA has translated these requirements into key areas for risk assessment.

To manage the risk associated with licensing higher-risk homes, the Act specifies that the RHRA may issue licences subject to conditions. Where there are significant concerns for resident safety, the Registrar may refuse to issue a licence or revoke a licence that has been issued.

Phased Implementation of the Act

The government chose to phase the Act and corresponding regulations into force gradually to give retirement homes time to prepare. Phasing is expected to begin on April 15, 2012 when the RHRA opens to receive licence applications. The Act will be in full force by January 1, 2014. Going forward the RHRA will continue to implement new processes to support the phased implementation of the remainder of the Act.

Stakeholder Advice and Engagement

ALONGSIDE THE DEVELOPMENT OF RHRA INFRASTRUCTURE, THE RHRA ACTIVELY ENGAGED WITH STAKEHOLDERS TO SEEK ADVICE AND INPUT ON A VARIETY OF ISSUES.

Input was received through formal and informal channels. Throughout 2011-12 the RHRA received valued program advice which informed program development, including:

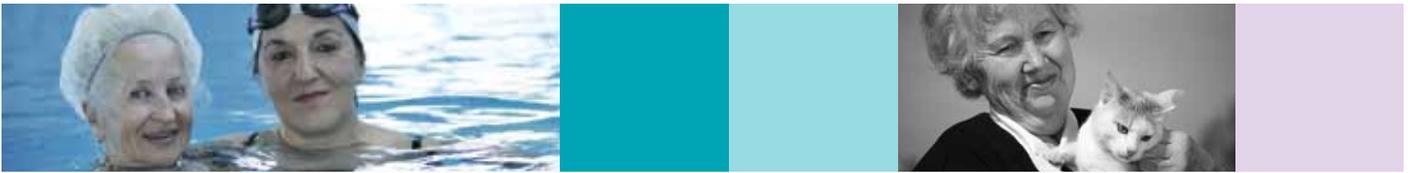
- A risk-based approach to licensing
- Mandatory reporting and compliance inspections
- Inspector training
- Licence applications

Stakeholder Community

The RHRA provides outreach and works with a variety of stakeholder groups. Stakeholders and associated RHRA engagement goals for 2012-13 are summarized in Table 2 below.

Table 2: Stakeholder Engagement for 2012-13

Stakeholder	Engagement Goal
Residents/ Family Members/Public	Increase awareness of their rights and responsibilities and those of the retirement home sector under the Act; provide information and resources regarding retirement homes through a Public Register.
Owners/Operators of Retirement Homes	Provide education to ensure operators understand the phased requirements of the Act and regulations, support consumer confidence in the retirement home sector through monitoring and measuring compliance with the Act, and supporting consistent care standards within the sector.
Industry Associations/ Advocacy Organizations	Work in collaboration, building on their expertise, seeking advice and input on issues and best practices.
Government	Engage and collaborate with government partners including ministries (such as the Ministry of Health and Long-Term Care, the Ministry of Aboriginal Affairs) and other delegated administrative authorities to support the RHRA mandate and administrative responsibilities.



Stakeholder Advisory Council

The first Stakeholder Advisory Council (Council) was established by the Board in February 2012 and held its first meeting in March 2012. The purpose of the Council, as set out in its Terms of Reference, is to provide advice to the RHRA on matters pertaining to the mandate of the RHRA and consistent with the principles of the Act.

The Council is not a committee of the Board. Members were appointed by the Board based on relevant knowledge and experience. Members were appointed for one or two-year terms (can be re-appointed) and include representation from residents, owner/operators in the retirement home sector, regulated health professionals, advocacy associations and others. Members do not participate as representatives of specific organizations.

The seven-member Council held its first meeting in March 2012 and includes the following members:

- Trevor Lee, *Chair*
- Donald Eldon
- Ken Sweatman
- Georgina White
- Debbie Doherty
- Donna Holwell
- Judith Wahl

Stakeholder Advisory Council Annual Report

UNDER ITS TERMS OF REFERENCE THE COUNCIL MUST PROVIDE A REPORT TO THE RHRA BOARD AT LEAST ANNUALLY ON ITS ADVICE AND ACTIVITIES.

A summary provided by the Council Chair stated the following:

Although formed as part of the implementation of the RHRA, the Stakeholder Advisory Council is serving its purpose in the development of regulations and accountability for the retirement sector of Ontario. We are “advisors” to the RHRA – a seven-member Council with representation from the operators, for-profit and not-for-profit; advocacy in the sector; and the residents for whom we serve.

At the heart of the issue, the main focus is on retirement residents, to ensure that they are safe, secure and being treated fairly with dignity and respect. The Stakeholder Advisory Council’s purpose is to provide advice to the RHRA on matters pertaining to the mandate of the Authority in administering the Act.

We are a relatively new Council, having only conducted a few meetings to date, but we are committed to building the success of the RHRA. We have appreciated the engagement to date on the licensing process, approach to fee structure, and look forward to collaboration within the sector to meet the needs of Ontario’s senior population living and being cared for in retirement settings. We are excited to continue serving our mandate with the RHRA in the coming months.

One of the Council’s members, Mr. Don Eldon, a retirement home resident in Ottawa, expressed it best when he said, “I look forward to serving on this Council to assist in the development of a regulatory body to oversee the care and services of such a diverse number of Ontario’s seniors.” I think his sentiments reflect the nature of our Council and that of the RHRA staff, and the Board as well. We are not here for ourselves; we are here to benefit our Ontarians living in the many retirement settings across the province.

Trevor Lee
Council Chair

French Language Services

THE RHRA ALSO RECOGNIZED THE IMPORTANCE OF FACILITATING ACCESS TO FRENCH LANGUAGE SERVICES FOR MEMBERS OF FRANCOPHONE COMMUNITIES ACROSS THE PROVINCE.

To support this, as well as compliance with provisions within the Act and the *French Language Services Act, 1986*, the RHRA developed a French Language Services Delivery Policy. The RHRA has, and will continue to ensure, that communications, information and notices with respect to RHRA dealings with licensees, residents and the public are made available in French.



Enterprise Performance

WORK IS UNDERWAY ON AN ENTERPRISE PERFORMANCE MANAGEMENT FRAMEWORK IN ORDER TO MONITOR AND EVALUATE THE SUCCESS OF THE RHRA IN MEETING ITS MANDATE AND CORPORATE ENTERPRISE PERFORMANCE GOALS.

Initial baseline data need to be established (e.g. number of homes and residential units). Initial reporting will address both quantitative and qualitative outcomes with a shift over time to outcome and results measures.

The framework will align the RHRA's operational performance to the strategic directions and goals. It will help the RHRA plan, monitor, analyze and manage its business in an effective and efficient manner by providing a comprehensive view of the organization. It will further allow the RHRA to gain insight, be proactive and support better and faster decision making through the alignment of operational procedures with strategic goals.

Key Achievements

THE RHRA BUSINESS STRATEGY IS SUPPORTED BY NUMEROUS FACTORS THAT INFORM ITS ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE.

Factors include:

- **Sustainability:** Create and maintain an efficient organization that is operationally and financially self-sustaining
- **Human Capital:** Establish the organizational capacity and competence to effectively execute our objects
- **Regulatory Operations:** Develop effective regulatory policies and procedures to guide fair and consistent practices
- **Forging Effective Partnerships:** Educate and inform the public, residents, community partners and the retirement home sector about the Act and the RHRA
- **Sound Business Practices:** Continuously develop sound business practices and processes that are efficient and effective

A summary of the achievements in the latest fiscal year in each area, together with the goals for 2012/2013, is provided in Table 3 below.

Table 3: Key Achievements

	2011/2012 Progress	2012/2013 Goals
Sustainability		
Funding	Negotiated funding agreements to complete start-up activities	Implement comprehensive planning model for sustainability
Cash Flow	Developed cash flow and planning model	Establish effective monitoring and dashboard functionality to measure progress toward objectives and risk mitigation
Fees	Developed and negotiated fee structure	Align fee structure to regulatory activities
Human Capital		
Management	Recruited for key front line and management positions	Provide staff development and training programs
Workforce	Developed job descriptions and workforce plan	Refine workforce plan based upon sector knowledge
Staff Compensation	Developed compensation program elements, including health benefits and retirement plans	Implement performance management program
Regulatory Operations		
Mandatory Reporting	Implemented policy and processes to perform inspections for reports of harm or abuse	Implement risk-based licensing assessment and inspection regime
Risk-Based Licensing	Developed risk-based licensing assessment program	Continue development of compliance and enforcement policies and processes
Registrar Decisions	Developed framework for execution of Registrar's responsibilities	Commence Registrar decisions regarding licensing and compliance
Forging Effective Partnerships		
Stakeholder Consultation	Refined program development (e.g. licensing process) through consultation with retirement home operators, the Stakeholder Advisory Committee and other stakeholders	Continue consultation with stakeholders throughout phased implementation of the Act
Operator Education	Created outreach/contact program with prospective retirement home operators	Enhance operator tools and resources
RHRA Policies	Developed policies such as French Language Services Delivery Policy and Information Access and Privacy Code to guide operations and inform partners	Monitor and refine policies and practices
Public Education	Created strategy for public education and outreach	Create and maintain Public Register of retirement homes in Ontario Create media outreach program to broaden awareness of the RHRA mandate
Sound Business Practices		
Call Centre	Migrated call center operations for reporting and consumer contact	Evaluate and refine RHRA intake and inquiry function
Organizational Design	Planned and implemented organizational design	Assess and evaluate organizational design
Infrastructure	Completed infrastructure elements, including leased premises, initial IT infrastructure, visual identity and website	Complete development of licensing and case management system implementation
Risk Management	Created risk management strategy	Develop phased enterprise risk management framework



Moving Forward

THE YEAR AHEAD WILL BE BOTH AN EXCITING AND CHALLENGING ONE. THE RHRA LOOKS FORWARD TO CONTINUED IMPLEMENTATION OF A LICENSING REGIME THAT SUPPORTS CONSUMER PROTECTION AND CONSISTENT CARE STANDARDS ACROSS THE RETIREMENT HOME SECTOR.

As the RHRA continues to implement additional phases of the Act activities will focus on:

- Education to support compliance as well as public awareness
- Continued development and implementation of policies, processes and systems to support licensing, compliance and enforcement
- Establishment of a Public Register to provide information and resources to retirement homes, residents, their families and the public
- Transition to the elected board and
- Ongoing implementation of other organizational and business requirements

The RHRA understands regulation is a significant change for the sector and works diligently to resolve any issues that may arise. Challenges include:

- The scope and range of implementation activities and testing of new policies/processes/systems to ensure smooth transition
- An unknown retirement home sector size and diversity may pose a financial challenge as the RHRA moves from government funding to a self-sustaining financial model
- Phasing requirements of regulations
- Factors such as requirements for new retirement home builds and complex corporate management structures

The RHRA strives for organizational and regulatory excellence and looks forward to the continued collaboration of all our partners as we work together to achieve our common goal of resident safety, respect and dignity within retirement homes.

Financial Report

THE FOLLOWING FINANCIAL REVIEW IS BASED UPON THE AUDITED FINANCIAL STATEMENTS OF THE RHRA FOR THE YEAR ENDED MARCH 31, 2012.

Overview

The sole source of funding for the year was the Province of Ontario (Province) which provided \$5,900,000 in total to the RHRA. The funding is governed by various Transfer Payment Agreements (Agreements) entered into by the 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. The most recent agreement with the Province provides for additional funding during the subsequent fiscal year of \$1,150,000 to complete remaining start-up activities. With the proclamation of certain remaining provisions of the Act subsequent to the fiscal year end, the RHRA will commence assessing fees to retirement homes and become self-sustaining, without further funding by the Province. Expenditures during the year reflect the operational activities of the RHRA and consist primarily of investments in capital assets and operating expenses to support program development. The Statement of Financial Position and the Statement of Cash Flows reflect these operational activities as at and for the year ended March 31, 2012.

Revenue

Substantially all revenues are derived through grants from the Province of Ontario. Generally accepted accounting principles for not-for-profit enterprises require that revenue be recognized in the financial statements to the extent that funding from the Province is used to invest in

capital assets or for operating expenditures. The remaining amount of funding from the Province that remains unexpended at the end of the fiscal year is recognized as deferred revenue on the Statement of Financial Position. Interest income is earned from cash balances in operating accounts and short-term investments.

Expenses

Salaries, wages and benefits represent the largest expenditure of the RHRA. The staff complement of the RHRA increased during the year to support the implementation of provisions of the Act both during and subsequent to the fiscal year. Inspection personnel were recruited early in the fiscal year to respond to reports of abuse or harm to residents of retirement homes. Additionally, program and administrative personnel were hired, both on a contract and permanent basis, to continue the development of regulatory, education, outreach and administrative operations.

The largest component of ongoing operating expenses is accommodation. Remaining amounts relate to general office expenses, non-recurring consulting costs, governance-related costs, and training and travel costs for the inspector force. Amortization of capital assets and the deferred liability are in accordance with the stated accounting policy.



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 Audit and Risk Standing Committee, which is composed entirely of independent directors, oversees management's responsibilities for financial reporting. The Audit and Risk Standing Committee reviews the Financial Statements and recommends them to the Board for approval. Other responsibilities of the Audit and Risk Standing 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 & Touche LLP, the independent auditors appointed by the RHRA Board, audited the RHRA's Financial Statements as at March 31, 2012 and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found on the following page. Deloitte & Touche LLP have full and free access to, and meet periodically with, the Audit and Risk Standing Committee to discuss their audit and matters arising there from, such as, comments they may have on the fairness of financial reporting and the adequacy of internal controls.

Mary Beth Valentine

CEO and Registrar

Kevin Lengyell

Chief Operating Officer

Toronto, Canada

May 23, 2012



Financial Statements

Retirement Homes Regulatory Authority

March 31, 2012

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 balance sheet as at March 31, 2012, and the statements of operation, 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The signature of Deloitte & Touche LLP, written in a cursive, handwritten style.

Chartered Accountants
Licensed Public Accountants
May 23, 2012
Toronto, Ontario

Statement of Financial Position

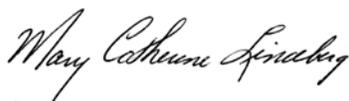
As at March 31, 2012

	2012	2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,255,943	188,775
Short term investments	10,000	-
Prepaid expenses	31,660	21,667
Government remittance receivable	68,951	-
	2,366,554	210,442
Capital assets (Note 2)	181,722	3,985
	2,548,276	214,427
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	311,497	47,078
Government remittance payable	-	11,748
Deferred revenue (Note 3)	2,005,277	151,616
	2,316,774	210,442
Deferred capital contributions	181,722	3,985
Deferred liability (Note 4)	49,780	-
	2,548,276	214,427
Net assets	-	-
	2,548,276	214,427

Commitments and contingencies (Note 5)

Subsequent event (Note 8)

Approved by the Board



Chair of the Board of Directors



Chair of the Audit and Risk Standing Committee

Statement of Operations

Year ended March 31, 2012

	2012	2011 (8 months)
	\$	\$
Revenue		
Province of Ontario grant	3,807,773	294,204
Interest income	12,385	57
Amortization of deferred capital contributions	60,828	97
	3,880,986	294,358
Expenses		
Salaries, wages and benefits	2,711,075	124,629
Operating	1,100,181	169,632
Amortization of capital assets (Note 2)	60,828	97
Amortization of deferred liability	8,902	-
	3,880,986	294,358
Excess of revenue over expenses	-	-
Net assets, beginning of year	-	-
Net assets, end of year	-	-

Statement of Cash Flows

Year ended March 31, 2012

	2012	2011 (8 months)
	\$	\$
Operating activities		
Excess of revenue over expenses	-	-
Items not involving cash		
Amortization of capital assets	60,828	97
Amortization of deferred capital contributions	(60,828)	(97)
Amortization of deferred liability	(8,902)	-
Change in non-cash operating working capital	-	-
Increase in prepaid expenses	(9,993)	(21,667)
Government remittances receivable	(68,951)	-
Accounts payable and accrued liabilities	264,419	47,078
Government remittances payable	(11,748)	11,748
Deferred revenue	1,853,661	151,616
Deferred liability	58,682	-
	2,077,168	188,775
Investing activities		
Acquisition of capital assets	(238,565)	(4,082)
Purchase of short term investment	(10,000)	-
	(248,565)	(4,082)
Financing activity		
Contributions for capital assets	238,565	4,082
Increase in cash	2,067,168	188,775
Cash, beginning of year	188,775	-
Cash, end of year	2,255,943	188,775

Notes to Financial Statements

Year ended March 31, 2012

The 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. 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 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) Short term investments

Short term investments are comprised of GICs with less than one year to maturity.

c) 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 and applications	50%
Computer hardware	33%
Leasehold improvements	Remaining term of lease

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

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.

Notes to Financial Statements (continued)

Year ended March 31, 2012

e) 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.

Contributions received for capital assets are deferred and are amortized into revenue on the same basis as the related asset is amortized.

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 except for the following instruments:

- i) Investments in unlisted shares are measured at cost, less any reduction for impairment;
- ii) 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, short term investments, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these financial instruments.

g) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted 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 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.

Notes to Financial Statements (continued)

Year ended March 31, 2012

2. Capital assets

	2012			2011
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Equipment	8,137	1,372	6,765	1,004
Computer software and applications	52,837	15,415	37,422	1,609
Computer hardware	141,066	29,865	111,201	1,372
Furniture and Fixtures	20,169	2,554	17,615	-
Leasehold improvements	10,044	1,325	8,719	-
	232,253	50,531	181,722	3,985

During the year RHRA abandoned a licensing and inspection database software resulting in a write off of \$10,394, which is included in amortization expense of capital assets on the statement of operations.

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 the end of the fiscal year are recorded as deferred revenue.

4. Deferred liability

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 and is being amortized on a straight line basis to operating expenses over the term of the lease. Accumulated amortization amounts to \$8,902.

5. Commitments and contingencies**Lease obligations**

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

	\$
2012	234,726
2013	234,726
2014	234,726
2015	234,726
2016	156,484
Total minimum lease payments	1,095,388

Notes to Financial Statements (continued)

Year ended March 31, 2012

6. 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.

7. Capital

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

8. Subsequent event

Subsequent to the end of the fiscal year, the Government of Ontario brought into force sections of the Act that provide for the RHRA to commence licensing retirement homes in Ontario and other regulatory activities. As a delegated administrative authority, the RHRA is empowered to assess fees upon the retirement homes that it regulates. It is required to set fees at a level that provides for the RHRA to be self-funding and grants from government sources will cease.



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