



ANNUAL REPORT 2015-2016



Table of Contents

- 1 Year in Review
- 2 Message from the Board Chair
- 3 Message from the Chief Executive Officer and Registrar
- 4 Strategic Directions 2013-2017
- 5 Report of the Stakeholder Advisory Council
- 6 RHRA Board of Directors
- 9 Regulatory Activities
- 15 Other Activities
- 16 Key Achievements
- 21 Financial Overview
- 23 Management's Responsibility for Financial Reporting
- 24 Independent Auditor's Report
- 33 Timeline

MISSION AND MANDATE

The Retirement Homes Regulatory Authority's (RHRA) mission is to improve the lives of seniors living in retirement homes by administering the Ontario *Retirement Homes Act, 2010* (the Act).

Under the Act, the RHRA's mandate is to:

1. Inform and educate;
2. Inspect and enforce;
3. License retirement homes;
4. Maintain a public register; and
5. Advise the Minister Responsible for Seniors Affairs.

WHAT IS A RETIREMENT HOME?

A retirement home is defined as a home that is occupied or intended to be occupied by six or more residents, who are unrelated to the operator and primarily 65 years of age or older, in which at least two care services (such as administering medication or providing meals) are made available to residents. Institutions that receive certain government funding are not included in the definition.

In total, approximately 55,000 Ontario seniors live in the province's 722 licensed retirement homes, which range in capacity from six to more than 250 residents. Most retirement homes in Ontario are privately owned, for-profit facilities.

ORGANIZATIONAL STRUCTURE AND FUNDING

The RHRA is an independent, not-for-profit corporation funded primarily through annual fees. The RHRA is not part of the Ontario government or a Crown Corporation. It is accountable to government through the Ontario Seniors' Secretariat (OSS) to the Minister Responsible for Seniors Affairs and through a written Memorandum of Understanding (MOU) available at www.rhra.ca.

YEAR IN REVIEW

Highlights
of 2015-2016

As of March 31, 2016 there were
Licensed retirement homes **722**
in Ontario

72

Licences to operate a retirement home were issued including:

- **17** relating to new constructions;
- **53** relating to transfers of ownership;
- **2** facilities that had been operating a retirement home without a licence.

4,090 Inquiries

handled through RHRA's intake department
833 were Mandatory Reports

RHRA received
55 New Complaints

RHRA inspectors conducted
544 Mandatory Report Inspections at 297 homes

Completed
483 Routine Inspections of retirement homes

RHRA staff conducted
Over 55 stakeholder outreach initiatives

RHRA's
Enforcement Actions included:

- **1 decision** to refuse a licence;
- **1 decision** to issue a new licence with conditions;
- **2 decisions** to impose conditions upon existing licences;
- **5 orders** to revoke a licence; and
- **5 orders** to apply for a licence or cease to operate as a retirement home.



MESSAGE FROM THE BOARD CHAIR

I am honoured and privileged to be entrusted with the responsibility to serve as Chair of the Board of Directors for the Retirement Homes Regulatory Authority (RHRA). Appointed as Chair by the Minister Responsible for Seniors Affairs, the Honourable Mario Sergio in December 2015, I succeeded Mary Catherine Lindberg. I would like to thank the Minister for giving me the opportunity to guide the organization as the new Board Chair.

I would also like to thank and acknowledge my predecessor, Mary Catherine. During her tenure as the first Board Chair, she made significant contributions to the RHRA, enabling the strategic oversight and strong governance necessary for the organization to meet its commitments to its stakeholders.

With the competence and commitment of my fellow Board Members and the entire organization's staff, the RHRA through its enforcement powers under the Ontario's *Retirement Homes Act, 2010* (the Act) continues to be successful in advancing the protection and safety of Ontario seniors in retirement homes throughout all regions of the province.

The Board on a whole has elevated the RHRA's governance practices, increased strategic oversight, accountability and transparency which have collectively resulted in the RHRA's effectiveness to meet its commitments both under the Act and to its stakeholders and government. In addition to the Board's Governance, Finance and Audit, Human Resources and Compensation and Nominations Committees, the RHA Legislative Review Adhoc Committee continues to provide input to the government for consideration for improved measures under the Act.

The Annual Report contains a number of achievements, including, for example, providing support to seniors through disbursements from its Emergency Fund. These achievements would not be attainable without the unique and collective contributions of our RHRA Stakeholder Advisory Council, the Ontario Seniors' Secretariat and the government. On behalf of the RHRA Board, I would like to extend the Board's sincerest thanks and appreciation.

This year has also been one of '*transition*' for the RHRA. This is evident with the recruitment of a new Chief Executive Officer (CEO) and Registrar, Bonnie Rose. A seasoned senior executive with a background in public safety standards, Bonnie has the full confidence and support of the Board as we move into the next phase of strengthening the RHRA's capacity as the trusted authority in ensuring resident safety and consumer choice.

Looking ahead to the organization's initiatives next year, the Board and senior executive will work collaboratively with Bonnie on new priorities, activities and challenges such as developing a new strategic plan for the RHRA and building a stronger presence and communications capacity for the organization. These will further enhance and build upon an already sound foundation to safeguard resident care, safety and choice in retirement living for seniors across Ontario.

I wish to thank the Board Members for their hard work, commitment and dedication. Their collective leadership and achievements in keeping Ontarian seniors safe is admirable.

A handwritten signature in black ink, appearing to read "John J. Rossiter".

John J. Rossiter
Board Chair



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND REGISTRAR

It was my great pleasure this past year to join the Retirement Homes Regulatory Authority as the Chief Executive Officer and Registrar. I welcome the opportunity to lead the dedicated team at the RHRA protecting the safety and wellbeing of the approximately 55,000 seniors living in retirement homes.

I want to acknowledge the achievements of Mary Beth Valentine, who served diligently as the RHRA's first CEO and Registrar. Her work to establish a sound operational and regulatory foundation – in a previously unregulated sector – will enable the RHRA to continue driving further improvements for the safety and protection of retirement home residents.

This year's Annual Report highlights the RHRA's key achievements in 2015-2016, which was our second year of full regulatory operations. Aligned with our strategic priority to be an effective regulator, the RHRA capitalized on compliance data collection to inform our regulatory activities and give us a baseline for measuring improvements in resident safety and protection. We increased mandatory inspections, and enhanced monitoring for those retirement homes found to be non-compliant, improving overall quality in the sector.

We also conducted our first ever stakeholder effectiveness survey, reaching out to licensees and operators, key stakeholders and resident groups. One of the main findings from the survey was that all groups have positive impressions of the RHRA, which is a good place to start. The detailed results offer insight that the RHRA is using to improve and do an even better job in reaching out and making a positive difference in retirement homes. Survey highlights are posted on the RHRA website.

Looking ahead to next year's priorities, the senior team will work closely with the Board of

Directors and other key stakeholders to update our strategic plan to enable us to effectively carry out our mandate.

We will work to improve our risk identification framework based on best practices and the work of leading experts on regulation. We plan to augment our communications and engagement activities to connect with and educate more stakeholders on the Act and its requirements, and strengthen our many valued, collaborative relationships with the retirement homes sector, public advocacy groups, government and others. By increasing automation of a number of transactional processes, we also aim to make our operations continuously more efficient allowing for resources to be focused on the highest value added activities.

Ensuring the safety of one of our most vulnerable populations is not a simple task, and we could not do it alone. I want to acknowledge the operators and licensees of Ontario's more than 700 retirement homes for helping us to continuously find new and better ways to work together to safeguard residents. Thank you as well to the RHRA's many community partners for their support this past year.

My sincere thanks to the RHRA's Board of Directors for your active and engaged leadership, and to the RHRA team for your dedication, commitment and hard work on behalf of Ontario's seniors living in retirement homes. I look forward to working together with you, as we continue this important work.

Bonnie Rose

Chief Executive Officer and Registrar

STRATEGIC DIRECTIONS 2013-2017

VISION	MISSION & MANDATE	STRATEGIC OBJECTIVES	VALUES
<p>The RHRA's vision is that all retirement home residents in Ontario:</p> <p>Feel Right at Home</p>	To improve the lives of residents in Ontario retirement homes by effectively fulfilling its mandate to administer Ontario's <i>Retirement Homes Act, 2010</i>	<ul style="list-style-type: none">• Inform and Educate• Inspect and Enforce• License Retirement Homes• Maintain a Public Register• Advise the Minister Responsible for Seniors Affairs	Excellence, Fairness, Accountability, Collaboration, Efficiency and Effectiveness

STRATEGIC PRIORITIES

PRIORITY 1	PRIORITY 2	PRIORITY 3
<p>Regulatory Effectiveness</p> <p>Improve resident safety and choice through regulation</p> <p>Baseline Protection: Establish consistent standard of resident safety and consumer protection throughout the retirement home sector.</p> <p>Build Capacity: Build the organizational capability to identify and control risks relating to resident safety and choice.</p> <p>Licensing: Refine and improve licensing administration processes.</p> <p>Unlicensed Homes: Refine approach to dealing with unlicensed homes.</p> <p>Legislative Review: Provide advice to the Minister/Government in its review of the Act.</p>	<p>Corporate Alignment</p> <p>Develop the RHRA into a financially sustainable regulator that is seen as transparent, accountable and providing good value</p> <p>Statutory Oversight: Continue to establish processes to support statutory oversight.</p> <p>Regulatory Impact: Board reporting on regulatory impact.</p> <p>Financial: Build an organization that is financially stable providing predictability to licensees, and demonstrates good value.</p> <p>Human Capital: Continue to develop our human capital resources building toward a highly effective organization that is characterized by an engaged, capable and dedicated staff.</p>	<p>Stakeholder Collaboration and Outreach</p> <p>Engage stakeholders to support RHRA awareness and effective partner collaboration</p> <p>Awareness: Build awareness and enhance understanding of the RHRA.</p> <p>Partnerships: Work with partners to support increased resident safety and choice.</p>

FUNDAMENTAL PRINCIPLE

A retirement home is to be operated so that it is a place where residents live with dignity, respect, privacy and autonomy, in security and comfort and can make informed choices about their care options.

REPORT OF THE STAKEHOLDER ADVISORY COUNCIL

On behalf of the Stakeholder Advisory Council, I would like to congratulate John Rossiter on his appointment as Board Chair, and welcome the RHRA's new CEO and Registrar, Bonnie Rose. I look forward to working with you both to support the work of the Council and continue our positive relationship with the RHRA.

The Council extends its gratitude to former Board Chair, Mary Catherine Lindberg, and former CEO and Registrar, Mary Beth Valentine. Their commitment to developing the Council over the past four years has solidified its role as a meaningful voice for stakeholder perspectives.

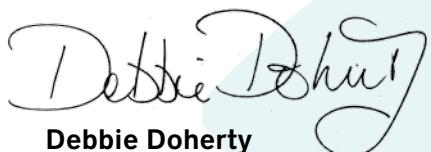
The Council has welcomed several new members this year, including the first to represent the perspective of a retirement home resident's family member. New members bring fresh perspectives to Council discussions, complementing the knowledge and expertise of experienced members. I would like to thank all our members, both past and present, for their dedication to the important work of the Council.

The Council has been engaged on a range of matters this year, including the government's five-year review of the *Retirement Homes Act, 2010* and the RHRA's inaugural Stakeholder Effectiveness Survey. Council members have been pleased to see their recommendations impacting directly on the development of RHRA policy and procedures. Most notably, member feedback was integral to the development and roll-out of the RHRA's first ever Stakeholder Effectiveness Survey. Council discussions also informed the development of important educational material about emergency plan requirements for retirement homes.

We have benefitted greatly this year from regular updates on the RHRA's regulatory operations. This background information assists the Council to provide feedback that is meaningful and useful to the RHRA. I note also that the Council is supportive of the RHRA's analytics and operational risk control strategies, which were included in these regular updates.

On behalf of the Council, I would like to thank the Board for its ongoing commitment to SAC, and to engagement that is effective and well-informed. As the Council enters its fifth year, we look forward to opportunities to provide input on the RHRA's strategic plan and communications plan. I am certain that our enthusiastic membership will have much to contribute as we continue our mandate.

Sincerely,



Debbie Doherty

Chair, Stakeholder Advisory Council

Stakeholder Advisory Council Members:

Debbie Doherty, Chair
Beryl Collingwood
Joyce Fearnside
Esther Goldstein
Donna Holwell
Frank Kajfes
Paul Ouellette
Judith Wahl

Thanks are extended to former Members:

Evelyn Bloom
Donald Eldon
Nazira Jaffer
Ken Sweatman

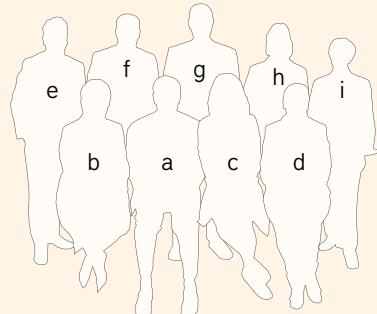
RHRA BOARD OF DIRECTORS



Members of the Board

- a) **John J. Rossiter**, Chair
(effective December 10, 2015)
- b) **Barbara Sullivan**
- c) **Carla Peppler**
- d) **Ravinder Toor**
(effective December 1, 2015)
- e) **Christopher Jodhan**
- f) **Trevor Lee**, Vice Chair
- g) **Bob Kallonen**
- h) **Millie Christie**
- i) **Mathilde Gravelle Bazinet**

Mary Catherine Lindberg, Chair
(end of term December 9, 2015)



Role of Board

The governance of the RHRA is established through the Act, and its regulations, by-laws and a Memorandum of Understanding with the government through the Ontario Seniors' Secretariat to the Minister Responsible for Seniors Affairs. 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 ongoing efforts that continually strengthen its governance practices, oversight of the organization and maintain its support of government's public accountability mandate.

KEY RESPONSIBILITIES:

- Approves the RHRA's strategic plan and priorities, business plan and budget, and ensures the integrity of the organization's reported financial performance;
- Oversees the appointment, development, monitoring and succession planning of the CEO and Registrar, Risk Officer and Complaints Review Officer;
- Ensures appropriate enterprise risk management;
- Manages performance and monitors oversight;
- Monitors external communication and stakeholder relationships; and
- Oversees quality of Board governance to support governance excellence.

The RHRA Board governance and process for election of RHRA Board of Directors are available at www.rhra.ca (see Corporate By-Law No 1 and By-Law No 2 and Board of Directors Nominations Policy).



Board Remuneration

Board members receive remuneration based on per diem rates of \$627 for the Chair of the Board and \$398 for Board members. Total remuneration for Board members in 2015-2016 was \$143,247.

Committee Activity

Board activities are supported by the work of committees. The committees and membership are indicated below. Each Board member must participate on at least one committee.

1. Governance and Regulatory Affairs Committee

Purpose	To advise the Board on matters relating to: regulatory oversight, the Board's governance structure and processes, evaluation of the Board's effectiveness, recruitment/nomination, education/development and evaluation of Board Members, stakeholder collaboration/outreach oversight, and management of risks in these areas.
Membership at the year-end	Barbara Sullivan, Chair, Mathilde Gravelle Bazinet, Trevor Lee, and Christopher Jodhan
Meetings	Committee met five times in 2015-2016

2. Finance and Audit Committee

Purpose	To assist the Board in fulfilling its oversight responsibilities regarding financial reporting, audit, business ethics, enterprise risk management and the Emergency Fund.
Membership at the year-end	Trevor Lee, Chair, Bob Kallonen, Barbara Sullivan, and Ravinder Toor
Meetings	Committee met four times in 2015-2016

3. Human Resources and Compensation Committee

Purpose	To assist the Board in fulfilling oversight responsibilities related to human resources and compensation including: <ul style="list-style-type: none">• Maintaining appropriate human resources and compensation policies; performance management practices; and• Ensuring the RHRA is utilizing best practices in human resources for the purpose of creating a positive culture and the environment to attract and retain the talent required to meet the organization's mandate.
Membership at the year-end	Millie Christie, Chair, Mathilde Gravelle Bazinet, Bob Kallonen, and Carla Peppler
Meetings	Committee met five times in 2015-2016

4. Nominations Committee

Purpose	To nominate individuals for election to Board to fill vacancies with reference to Experience Matrix and Qualification Criteria and in accordance with Board by-laws and policies.
Membership at the year-end	Carla Peppler, Chair, Trevor Lee, and Ravinder Toor
Meetings	Committee met four times in 2015-2016

Work of the RHA Legislative Review Adhoc Committee in 2015-2016 assisted the Board in fulfilling oversight responsibilities related to the RHRA's mandate to facilitate the Minister's review of the Act and to provide advice to the Minister. The committee met six times in 2015-2016.

In addition to its normal schedule of work, in 2015 the Board established an Executive Search Committee for the recruitment of a new CEO and Registrar.

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 2015-2016, Ms. Williams provided her first Risk Officer Report. The Board reviewed and provided a response to the report. It was presented during the RHRA Annual General Meeting in November 2015 and is available at www.rhra.ca.

Appointed by, and also reporting to the Board, the Complaints Review Officer, Rob Goodfellow, 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. Mr. Goodfellow had 10 review requests during 2015-2016. Additional information can be found on page 10.

REGULATORY ACTIVITIES

Public Register



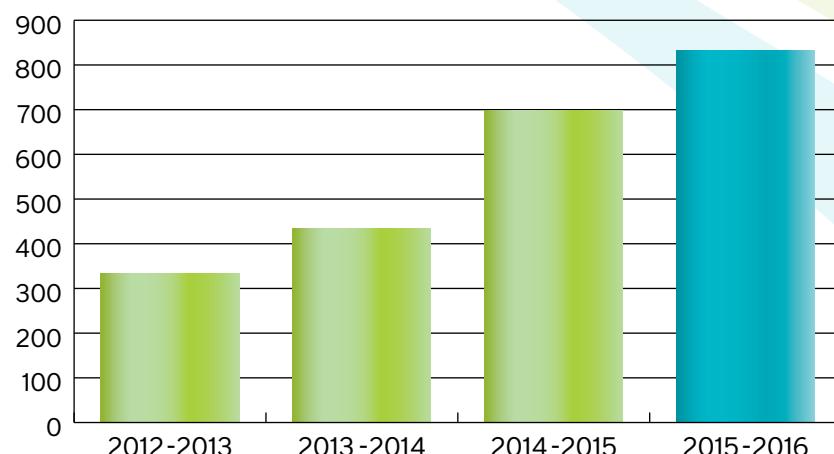
The RHRA maintains a Public Register at www.rhra.ca that allows seniors and their families to make informed decisions on retirement home residences by providing information including:

- Licensee name, address, phone and fax numbers, web address, email;
- Licensee primary contact and person who manages the home;
- Licence or application status;
- Licence number and date of issue;
- Care services offered;
- Number of suites and resident capacity;
- Presence of automatic sprinklers;
- Inspection reports;
- Information about conditions, orders, administrative penalties (fines) and Licence Appeal Tribunal decisions; and
- Licence termination, revocation or surrender.

Intake

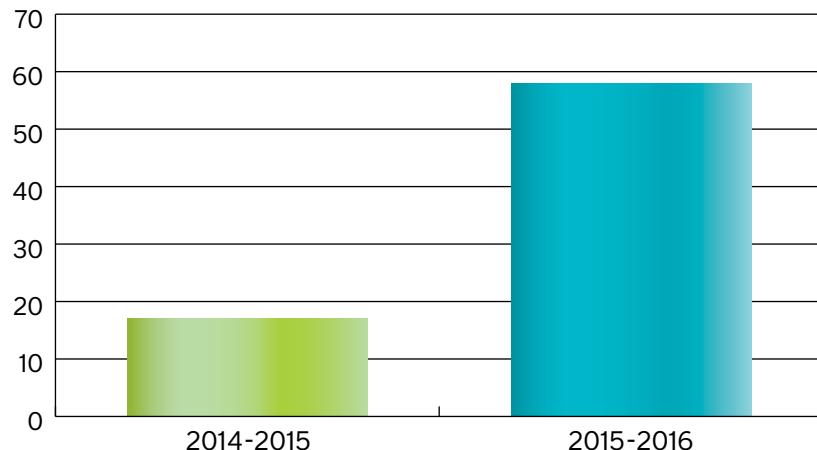
In 2015-2016, intake staff fielded a total of 4,090 inquiries. Of those, 47 per cent were general inquiries, 20 per cent were mandatory reports of suspected harm or risk of harm and 3 per cent were in regards to complaints or potential complaints.

Number of Mandatory Reports



General inquiries and concerns from residents, operators and other members of the public regarding the conduct of retirement homes are received through the RHRA's website (www.rhra.ca), by phone, or written correspondence. Calls requiring RHRA attention are provided to the appropriate area within the organization for follow-up.

Number of Complaints Closed by the Registrar



Complaints to the Registrar

Complaints reported to the Registrar must relate to alleged contraventions of the Act. The RHRA's website (www.rhra.ca) includes information about complaints, and a complaint form, in the "Residents and Families" section.

To assess the merits of a complaint, the Registrar may make inquiries relating to the complaint, and/or inspect the home. The Registrar may attempt to mediate or resolve the complaint, provide information or education to any person, issue a written warning letter to the licensee, and/or take enforcement measures against the licensee.

If the Registrar has considered a complaint and informed the complainant of a decision to take no further action, the complainant under certain conditions may request a review by the Complaints Review Officer.

As of March 31, 2015, there were eight open complaints. The RHRA received 55 new complaints during 2015-2016, and closed 58 complaints, leaving five active complaints at the end of the fiscal year. The number of complaints closed in 2015-2016 represents an increase from the prior year, when the Registrar closed 17 complaints.

Of the complaints closed in 2015-2016, there were 10 requests for review by the Complaints Review Officer. During the year, the Complaints Review Officer completed eight reviews, in which seven of the Registrar's decisions were confirmed.

58 complaints were closed in the past year
and **5** remained active at year end

Licensing, Licence Conditions, Refusals and Revocations

RHRA staff received, evaluated and processed many applications over the past year. In 2015-2016, the RHRA issued 72 licences, including: 17 new builds, 53 transfers of ownership and two licences granted after it was found that the facility was operating as a retirement home without a licence.

Under the Act, the Registrar must refuse to issue a licence if the applicant does not provide the required information; or if the applicant does not meet the licensing criteria set out in the Act.

The Registrar may also impose conditions that the Registrar considers appropriate upon a licence at or after the time a licence is issued.

Finally, the Registrar may revoke a licence if the licensee no longer meets the licensing criteria set out in the Act; if the licensee breaches the Act; if the licensee made a false statement in its application or in any required document or information.

Before taking any of these actions, the Act requires the Registrar to first issue a notice of intent, which sets out the grounds for the proposed refusal, conditions or revocation, and gives the applicant or licensee an opportunity to provide written submissions with respect to any matter set out in the notice.

Applicants and licensees have a right of appeal from decisions by the Registrar to refuse to issue a licence, to impose conditions upon a licence, or to revoke a licence. Appeals are heard by the Licence Appeal Tribunal.



Inspections

RHRA Inspectors have the authority to enter and inspect retirement homes.

There are four main types of inspections: routine, compliance, complaints and mandatory reports. Routine inspections are conducted in retirement homes at least once every three years. Complaints inspections may be triggered by a complaint about a home. The RHRA conducts mandatory report inspections when it receives reports of harm or risk of harm to residents in specific circumstances. All inspection reports are posted on the Public Register.

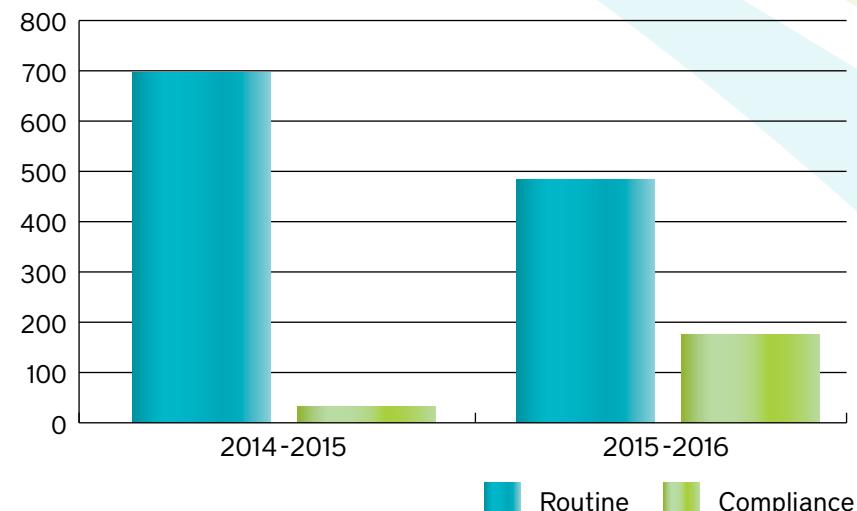
Prior to posting the report, licensees receive a copy of the draft inspection report and are given an opportunity to provide a written response. Licensees are encouraged to use this opportunity to describe the effort(s) they have taken, or are taking, to address the identified areas of non-compliance.

By the end of fiscal year 2014-2015, routine inspections had been completed on all licensed retirement homes. In 2015-2016, the RHRA focused more of its efforts on compliance inspections, as follow-ups to routine inspections completed in the previous year, as shown below.

483

Routine Inspections completed

Routine Inspections Compared to Compliance Inspections



ROUTINE INSPECTIONS

In 2015-2016, the RHRA completed 483 routine inspections.

During each routine inspection, home operators are notified by the inspector of any findings of non-compliance. Inspectors may also identify potential items to be reviewed or addressed for future inspections.

The most common forms of non-compliance found during routine inspections are related to staff training, policy of zero tolerance of abuse and neglect, and emergency plans.

The RHRA has found that most licensees support licensing and inspections processes, and are working hard to achieve and maintain compliance.



COMPLAINTS INSPECTIONS

The Registrar may conduct an inspection to assess the merits of a complaint. In certain circumstances that closely mirror those for mandatory reports, the Registrar must conduct an immediate inspection of a retirement home resulting from a complaint.

In 2015-2016, the RHRA conducted 21 complaints inspections.

MANDATORY REPORT INSPECTIONS

Retirement home staff, licensees, volunteers, and care and service providers are required by law to report:

- improper or incompetent treatment or care that resulted in harm or risk of harm to a resident;
- abuse of a resident by anyone or neglect of a resident by the licensee or staff of the retirement home that resulted in harm or risk of harm to the resident;
- unlawful conduct that resulted in harm or risk of harm to the resident;
- suspected misuse or misappropriation of a resident's money.

Mandatory reports may be made anonymously and the Act prohibits retaliation against those who do report. Enforcement action may be taken by the RHRA against licensees or others who do retaliate. Retirement home residents may report but are not required to do so by law.

Last year, the RHRA conducted 544 mandatory report inspections compared to just over 460 completed in 2014-2015. Inspectors found compliance with the Act in 56 per cent of these inspections.

21
complaints
inspections
conducted

Compliance and Enforcement

The RHRA oversees compliance and enforcement actions for the purpose of protecting residents and ensuring that retirement homes are operated in accordance with the Act and its regulations. The RHRA follows a regime of progressive compliance and enforcement actions, from education to warning letters to enforcement orders, depending on the nature, severity and history of the licensee's non-compliance.

Registrar orders include orders to apply or to cease operating a retirement home, administrative penalties (fines), compliance orders requiring a licensee to take or refrain from certain actions to be in compliance with the Act, and management orders requiring licensees to retain managers to administer their homes.

In 2015-2016, the Registrar issued:

- 1 decision to refuse a licence;
- 1 new licence issued with conditions;
- 2 decisions to impose conditions upon existing licences;
- 5 orders to revoke a licence;
- 5 orders to apply for a licence or cease to operate as a retirement home;
- 5 compliance orders; and
- 9 administrative penalties (fines).

Education and Outreach

Using a variety of communication strategies and tools, the RHRA engages individual homes, industry associations and representatives, community partners, and other stakeholders. The RHRA shares information about its role and work as a regulator for the protection of retirement home residents, and provides education to promote awareness, understanding of, and compliance with, the Act and regulations.

Highlights of our outreach in 2015-2016 include:

LICENSEE OUTREACH

- 
- More than 10 presentations to licensees across the province about our regulatory role and the Act, including presentations at an industry association's spring and fall roadshows in several cities.
 - Educational materials to operators, including an emergency plan guideline and planned evacuations information sheet, which were also posted to our website.
 - Educational webinars in the spring and fall for operators.

RESIDENT/FAMILY OUTREACH

- Staff participation at several seniors' fairs and speaking engagements.
- Presentations at various retirement home residences about our role and the Act.
- The RHRA was mentioned in 15 media articles, including online and print outlets.
- RHRA-related content printed in three publications for seniors.
- Three articles about the Public Register, complaints, and mandatory reporting were picked up for publication by several editors in English and French language media across the province through a news distribution service.

STAKEHOLDER OUTREACH

- Staff met with over 15 key stakeholders groups, to discuss various seniors' issues and regulatory topics.
- Staff presented to numerous stakeholder audiences across Ontario.
- The RHRA completed its first Stakeholder Effectiveness Survey. Under the MOU, the RHRA is required to have an independent third party conduct a survey of the RHRA's stakeholders at least once every three years. The survey explores stakeholders' knowledge of the RHRA and their views of the RHRA's effectiveness.
 - Overall the survey found that licensees and operators, Residents' Councils, other resident groups of retirement homes and key stakeholders were familiar with the RHRA and had a good impression of the organization.
 - Based on these encouraging results, the RHRA will continue to focus its efforts on improving communications and stakeholder outreach activities.
 - For more detailed results, view the survey at www.rhra.ca.

More than **10**

presentations to licensees
about RHRA regulatory role
and the Act

Staff met with
over **15**
stakeholder
groups

RHRA completed
its **first**

**Stakeholder
Effectiveness
Survey**

OTHER ACTIVITIES

Retirement Home Closures

In 2015-2016, the RHRA dealt with three abrupt retirement home closures. For family and residents, the uncertainty about living arrangements can be both challenging and stressful. The RHRA communicated and worked with community partners to monitor resident safety.

In certain situations, residents accessed the Emergency Fund to help them relocate to other homes.



Emergency Fund

The RHRA administers an Emergency Fund for the benefit of residents of retirement homes. In certain emergency situations (i.e., events where the retirement home incurs loss or damage, and the home is unable to safely provide care or accommodation) residents may make a claim for compensation. As of March 31, 2016, there were 16 Registrar Emergency Fund payments with a total value of more than \$25,000 paid to retirement home residents.

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. Such complaints are referred to the appropriate staff for review and resolution. Any such complaint and its resolution are reviewed by the RHRA management team to determine the impact or action required related to RHRA policies, processes or informational material and the Board is advised of substantive concerns. As of March 31, 2016, seven 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.

KEY ACHIEVEMENTS

Regulatory initiatives and goals for the reporting period have been provided below, along with the outcomes achieved during 2015-2016.

Regulatory Effectiveness

Regulatory Effectiveness Achievement 1

Initiative	Establish consistent standard of resident safety and consumer protection throughout the retirement home sector.
2015-2016 Goals	<p>Overall decrease in rate of non-compliance found on routine inspections.</p> <p>Conduct a minimum of 10 educational/outreach activities in areas of staff and volunteer training, written policies and strategies, emergency plans and licensee complaints processes.</p> <p>Material aggregate and individual decrease in non-compliance in areas of staff and volunteer training, and written policies and strategies.</p> <p>Implement centralized compliance monitoring function to develop best practices and improve follow-up and resolution relating to inspections and other regulatory activities.</p>
2015-2016 Outcomes	<p>Early results suggest that the rate of non-compliance on routine inspections is decreasing, although more analysis and monitoring of results is required.</p> <p>More than 10 educational/outreach activities in the priority areas were conducted during the year.</p> <p>The RHRA initiated centralized compliance monitoring during the year to support improvements in oversight and resolution of non-compliance issues.</p>

Regulatory Effectiveness Achievement 2

Initiative	Build the organizational capability to identify and control risks relating to resident safety and choice.
2015-2016 Goals	<p>Institute operational risk control model of regulatory activities, by:</p> <ul style="list-style-type: none">• Selecting executive sponsor and project team to oversee implementation of model;• Developing written protocols, including process and criteria for identifying critical regulatory problems; and• Starting one pilot project, including problem selection, project team selection, project plan and outcome measures to determine success of project strategies. <p>Institute RHRA analytics strategy by:</p> <ul style="list-style-type: none">• Selecting executive sponsor and project team to oversee implementation;• Reviewing and creating directory of all RHRA data holdings;

Regulatory Effectiveness Achievement 2

- Reviewing IT system capabilities;
- Identifying business experts and data stewards;
- Training staff in data governance; and
- Begin next phase of analysis of inspections data.

Identify a minimum of three key metrics to evaluate staff performance in each of:

- Inspections;
- Complaints;
- Intake; and
- Licensing.

2015-2016 Outcomes

During the year, the RHRA undertook a test project to pilot the operational risk control model. This project studied resident-to-resident violence, and yielded useful insights regarding both operational risk control methodology and the specific subject of resident-to-resident violence.

The RHRA conducted an internal review of its current analytics capabilities. The RHRA identified several opportunities and challenges relating to data management, including: its processes for data creation and recording, its data system, staff capabilities, and data management and oversight practices. The outcomes of this review are being used in continuous improvement efforts relating to data analysis.

The RHRA added dedicated data analysis resources to support its overall analytics strategy. Analysis of inspections outcomes data was initiated and will continue well into the subsequent fiscal year and beyond.

As of year-end, the RHRA identified key performance indicators for presentation to the Board with clear definitions and where data is available.

Regulatory Effectiveness Achievement 3

Initiative **Refine and improve our licensing activities.**

2015-2016 Goals

Pilot and launch of online portal for licensees with functionality that supports:

- Notices of change;
- Annual reporting requirements; and
- Fee administration.

2015-2016 Outcomes

Basic online portal technology was developed; however the RHRA elected to defer implementation in order to align it with other communications improvement initiatives.

Regulatory Effectiveness Achievement 4

Initiative **Refine organization's approach to unlicensed homes.**

2015-2016 Goals

Based on operational risk control model protocols, begin initiative by:

- Selecting project team;
- Developing project plan;
- Reviewing information relating to unlicensed homes;
- Identifying tactics and strategies for addressing unlicensed home issue; and
- Identifying outcome measures to determine success of strategies.

2015-2016 Outcomes

Progress was made in this area by defining and clarifying the problem of unlicensed homes, and the RHRA's approach to addressing it.

In 2015/16, the Registrar issued 5 orders to apply for a licence or to cease operating.

In the last year, the RHRA conducted 23 inspections in facilities to determine if they met the definition of a retirement home.

Regulatory Effectiveness Achievement 5

Initiative	Provide advice to the Minister/government in its review of the Act.
2015-2016 Goals	Complete comprehensive review, analysis, and submit recommendations to government regarding legislative change.
2015-2016 Outcomes	The RHRA provided its submission to government as part of the legislative review process.

Corporate Alignment

Corporate Alignment Achievement 1

Initiative	Continue to establish processes to support statutory oversight.
2015-2016 Goals	Respond to the Risk Officer's first annual report. Complete review in collaboration with OSS and the Minister to update the MOU as appropriate.
2015-2016 Outcomes	The RHRA received and responded to the Risk Officer's report as part of its annual general meeting. The report and response are posted on the RHRA's website.

Corporate Alignment Achievement 2

Initiative	Board reporting on regulatory impact.
2015-2016 Goals	Begin development of regulatory impact framework by: <ul style="list-style-type: none">• Identifying key RHRA inputs and activities necessary to cause desirable regulatory outcomes. Identifying key short-term outcomes relating to stakeholder learning or attitude changes. Continue Enterprise Risk Management (ERM) implementation including: <ul style="list-style-type: none">• Validating risks identified and completing prioritization;• Developing response plan for prioritized risks; and• Adopting documented risk review processes.
2015-2016 Outcomes	An initial regulatory impact framework was drafted and shared with the Board and Stakeholder Advisory Council. ERM implementation continued with risk validation, completion and review of prioritization along with applicable mitigation plans for the highest priority risks identified. The risk review process was incorporated into the agenda of regular management review practices.

Corporate Alignment Achievement 3

Initiative	Build an organization that is financially stable, providing predictability to licensees, and demonstrates good value.
2015-2016 Goals	Implement the 2016 Fee Schedule. Select vendor and complete negotiations on suitable lease that meet facilities requirements.
2015-2016 Outcomes	Completed the annual review of the fee schedule and communicated the 2016 Fee Schedule to licensees. Negotiations on final lease arrangements were ongoing as of year-end.

Corporate Alignment Achievement 4

Initiative	Continue to develop our human resources, building toward a highly effective organization characterized by an engaged, capable, and dedicated staff.
2015-2016 Goals	<p>Incorporate documented staff development goals into resource and work assignment practices to support longer-term career and succession planning.</p> <p>After completion of inaugural employee survey:</p> <ul style="list-style-type: none"> • Identify priority items for improvement; • Draft and implement plans for improvement; and • Define timing for follow-up measurement to assess improvement.
2015-2016 Outcomes	<p>Development of human resource management practices continues in the area of staff development and succession planning.</p> <p>Following very encouraging results from the inaugural staff survey, additional emphasis was placed on internal communication and education centered on organizational priorities and accomplishments.</p>

Stakeholder Collaboration and Outreach

Stakeholder Collaboration and Outreach Achievement 1

Initiative	Build awareness and enhance understanding of RHRA.
2015-2016 Goals	<p>Through third-party provider, complete survey design, delivery and analysis of the RHRA's stakeholder effectiveness survey.</p> <p>Use analysis of survey to identify communications priorities and measurement of improvements.</p> <p>Complete 20 education/outreach activities with retirement home operators and staff.</p> <p>Complete a minimum of 10 education/outreach activities targeting residents, families and public, including completion of resident video, participation in tradeshows, and publishing three to six articles/advertisements to support greater knowledge of the RHRA's role and activities.</p>
2015-2016 Outcomes	<p>The RHRA completed its stakeholder effectiveness survey with the support of Pollara. The results of this survey, along with other stakeholder feedback, form a key part of setting communications priorities. An executive summary of the results was posted to the RHRA's website.</p> <p>The RHRA met with over 15 key stakeholder groups, to discuss various seniors' issues and regulatory topics. The RHRA also conducted over 10 presentations to licensees and staff across Ontario.</p> <p>The RHRA developed educational materials for operators, including a guideline for emergency plans, and an information sheet for planned evacuations, which were made available on the RHRA website.</p>

Stakeholder Collaboration and Outreach Achievement 2

Initiative	Improve capacity for the RHRA to effectively and efficiently deal with external issues.
2015-2016 Goals	Develop and implement crisis management strategy and plan.
2015-2016 Outcomes	The RHRA undertook a simulation to test its capacity and resilience in a crisis situation. Further development of its plan and processes and future simulations will incorporate the learnings from this exercise.

Stakeholder Collaboration and Outreach Achievement 3

Initiative	Work with partners to support increased resident safety and choice.
2015-2016 Goals	Establish a minimum of three proactive partnership arrangements with other agencies and regulatory organizations.
2015-2016 Outcomes	<p>An RHRA staff member is now part of the Coroner's Geriatric and Long-Term Care Review Committee.</p> <p>The RHRA engaged in staff training by the Coroner's office, which is also undertaking training within its own staff on the RHRA's mandate and role.</p> <p>The RHRA established regular direct meetings with the Office of the Fire Marshal and Emergency Management, which has resulted in more direct contact between local fire services and the RHRA.</p> <p>The RHRA participated as an active member in the London Pilot Project – a joint pilot project among regulatory agencies involved in vulnerable occupancies, to develop a process and tool for information sharing.</p> <p>The RHRA presented to the Investigators Education Directors Council on the RHRA's mandate and role.</p>



FINANCIAL OVERVIEW

The following financial review is based upon the audited financial statements of the RHRA for the year ended March 31, 2016, with comparative amounts for the previous fiscal year.

Overview

The financial position and statement of operations of the RHRA reflect the third complete year of self-funding based only on annual fees and application fees levied to support core operational activities including ongoing licensing reviews and maintenance, inspection, compliance and enforcement actions.

Cash and deferred revenue balances reflect the receipt of funds early in January 2016, 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 an increase in application fees driven by ownership transactions and newly built homes. Transfers were made to an 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. A significant contribution was made from operations to augment the Emergency Fund and achieve stability in this fund. 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 as at and for the year ended March 31, 2016.

Revenue

Revenue grew this fiscal year to \$7.4 million. The RHRA's revenues were ahead of expectations and exceeded the prior year by 17 per cent which was driven by the number of licence application requests. The RHRA's revenue is comprised of annual fees (\$6.3 million), application fees (\$900,000) and other revenue (\$200,000). Annual fees account for 85 per cent of total revenue, representing the single largest source of revenue. Annual fees are billed on a calendar year basis and recognized for the year to which the fees relate. Annual licence fees for the fiscal year reflect those realized from April 1, 2015 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 \$873,000 increased by 61 per cent over the prior year due to an unexpectedly large volume of transfer activity.

A surplus of \$1.1 million was recorded, 75 per cent (\$830,000) 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 deferred licence fee payments and on cash balances in operating accounts and short-term investments.

Expenses

Salaries, wages and benefits represent the largest expenditure of the RHRA. While the staff complement continues to stabilize closer to its expected level, management will continue 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.

Accommodation expenses are the largest component of ongoing operating expenses. Remaining amounts relate to legal and consulting costs, 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.

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 the first ever payments from the Emergency Fund with 16 Registrar payments with total value of \$25,839 made out of the Emergency Fund during the year. The RHRA transferred \$300,000 from operations to the Emergency Fund.



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, 2016 and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found on page 24. 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 15, 2016

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, 2016, 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, 2016 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 15, 2016

Retirement Homes Regulatory Authority

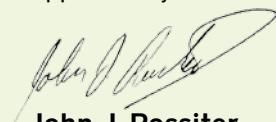
STATEMENT OF FINANCIAL POSITION

As at March 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	8,712,969	7,512,832
Short-term investments (Note 3)	300,000	315,254
Accounts receivable (Note 2)	991,392	859,204
Prepaid expenses	172,019	108,962
HST receivable	26,711	51,089
	10,203,091	8,847,341
Long-term investments (Note 3)	921,000	1,200,000
Emergency fund restricted cash (Note 9)	566,280	273,414
Capital assets (Note 4)	432,163	540,262
	12,122,534	10,861,017
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	584,382	579,453
Deferred revenue (Note 6)	4,853,700	4,615,200
	5,438,082	5,194,653
Deferred capital contributions	252,301	331,073
Deferred lease inducement (Note 7)	7,060	17,740
	5,697,443	5,543,466
Net assets		
Unrestricted	978,811	994,137
Restricted - Emergency fund (Note 9)	566,280	273,414
Internally restricted (Note 8)	4,880,000	4,050,000
	6,425,091	5,317,551
	12,122,534	10,861,017

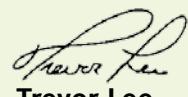
Commitments and contingencies (Note 10)

Approved by the Board



John J. Rossiter

Chair of the Board of Directors



Trevor Lee

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, 2016	2016			2015		
	Operating fund	Emergency fund (Note 9)	Total	Operating fund	Emergency fund (Note 9)	Total
Revenues						
Annual fees	6,288,596	-	6,288,596	6,023,732	-	6,023,732
Application fees	872,725	-	872,725	542,744	-	542,744
Other fees	9,356	-	9,356	18,528	-	18,528
Administrative monetary penalties	-	13,040	13,040	-	14,290	14,290
Interest income	114,486	5,665	120,151	113,500	2,960	116,460
Amortization of deferred capital contribution	78,772	-	78,772	89,250	-	89,250
	7,363,935	18,705	7,382,640	6,787,754	17,250	6,805,004
Expenses						
Salaries, wages and benefits	4,653,033	-	4,653,033	4,304,914	-	4,304,914
Operating	1,431,534	-	1,431,534	1,393,042	-	1,393,042
Amortization of capital assets	164,694	-	164,694	117,900	-	117,900
Payments from the Emergency Fund	-	25,839	25,839	-	-	-
	6,249,261	25,839	6,275,100	5,815,856	-	5,815,856
Excess (deficiency) of revenue over expenses	1,114,674	(7,134)	1,107,540	971,898	17,250	989,148

Retirement Homes Regulatory Authority

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2016	2016					2015		
	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	994,137	273,414	4,050,000	5,317,551	772,239	256,164	3,300,000	4,328,403
Excess of revenue over expenses	1,114,674	(7,134)	-	1,107,540	971,898	17,250	-	989,148
Transfer to emergency fund (Note 9)	(300,000)	300,000	-	-	-	-	-	-
Transfer to internally restricted net assets (Note 8)	(830,000)	-	830,000	-	(750,000)	-	750,000	-
Net assets, end of year	978,811	566,280	4,880,000	6,425,091	994,137	273,414	4,050,000	5,317,551

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, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of revenue over expenses	1,107,540	989,148
Items not involving cash		
Amortization of capital assets	164,694	117,900
Amortization of deferred capital contributions	(78,772)	(89,250)
Amortization of deferred lease inducement	(10,680)	(10,680)
	1,182,782	1,007,118
Change in non-cash operating working capital		
Accounts receivable	(132,188)	(101,977)
Prepaid expenses	(63,057)	(12,348)
HST receivable	24,378	(20,875)
Accounts payable and accrued liabilities	4,929	195,897
Deferred revenue	238,500	50,850
	1,255,344	1,118,665
Investing activities		
Acquisition of capital assets	(56,595)	(388,386)
Purchases of investments	(21,000)	(1,515,254)
Proceeds from redemption of investments	315,254	8,115,151
Increase in restricted cash	(292,866)	(17,250)
	(55,207)	6,194,261
Financing activity		
Increase in deferred capital contributions	-	151,650
Increase in cash	1,200,137	7,464,576
Cash, beginning of year	7,512,832	48,256
Cash, end of year	8,712,969	7,512,832

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, 2016

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.

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.

Retirement Homes Regulatory Authority

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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.

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

	2016	2015
	\$	\$
Accounts receivable	981,852	851,083
Interest receivable	9,540	8,121
	991,392	859,204

Accounts receivable are net of an allowance for doubtful accounts of \$Nil (2015 - \$14,986).

Retirement Homes Regulatory Authority

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

3. Investments

Investments consist of Guaranteed Income Certificate (GIC), portions of which vary in maturity dates, the latest of which is 2020. RHRA negotiated rates for its cash holdings in excess of available short term investment returns in the current market environment.

	2016	2015
	\$	\$
Short-term investments	300,000	315,254
Long-term investments	921,000	1,200,000
	1,221,000	1,515,254

4. Capital assets

	2016		2015	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Equipment	8,553	8,070	483	1,470
Computer software	49,048	44,184	4,864	4,815
Computer hardware	182,105	117,091	65,014	38,391
Furniture and fixtures	135,668	54,327	81,341	108,474
Leasehold improvements	67,985	49,798	18,187	45,517
Licensing system	396,607	134,333	262,274	341,595
	839,966	407,803	432,163	540,262

5. Government Remittances

As of March 31, 2016, RHRA had government remittances payable of \$18,961.

6. Deferred revenue

Annual fees received that relate to periods after the fiscal year end date are deferred. The final amount of the deferred funding from the Province of Ontario was applied toward system development costs. The balance in deferred revenue is as follows:

	2016	2015
	\$	\$
Deferred revenue, beginning of year	4,615,200	4,564,350
Add:		
Annual fee	6,527,096	6,226,232
	11,142,296	10,790,582
Less: amount recognized as revenue during the year	6,288,596	6,023,732
Less: amount included in deferred capital contributions	-	151,650
Deferred revenue, end of year	4,853,700	4,615,200

Retirement Homes Regulatory Authority

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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 and is being amortized on the straight line basis to operating expenses over the term of the lease. Accumulated amortization amounts to \$51,622 (2015 – \$40,942).

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.

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 is as follows:

	2016	2015
	\$	\$
Opening balance	273,414	256,164
Allocations from operations	300,000	–
Administrative monetary penalties	13,040	14,290
Interest income	5,665	2,960
	592,119	273,414
Less: claims/payments made	25,839	–
Closing balance	566,280	273,414

10. Commitments and contingencies

Lease obligations

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

	\$
2017	230,679
2018	241,471
2019	164,578
Total minimum lease payments	636,728

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

11. Risk management

Credit rate risk

RHRA's credit risk is primarily attributable to its accounts receivables. 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, 2016, the most significant financial liabilities are accounts payable and accrued liabilities.

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.

13. Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to the presentation in the current year.

TIMELINE

2010	<ul style="list-style-type: none">• <i>Retirement Homes Act, 2010 receives Royal Assent</i>
2010 – 2011	<ul style="list-style-type: none">• Interim RHRA Board established• CEO appointed and staff recruitment initiated
2011 – 2012	<ul style="list-style-type: none">• Mandatory investigations into reports of harm begin• Public register of retirement homes established• Permanent Board established
2012 – 2013	<ul style="list-style-type: none">• RHRA opens for licensing and begins accepting applications• Decisions on licensing completed for nearly all homes• Enforcement activities increase• RHRA implements licensing fees as part of its mandate to become self-sustaining
2013 – 2014	<ul style="list-style-type: none">• Routine home inspections launched• Emergency Fund implemented• Police background checks of home operators required• Complaints handling process finalized and initiated• Complaints Review Officer and Risk Officer appointed
2014 – 2015	<ul style="list-style-type: none">• Routine inspections of all 716 retirement homes completed• Completed first full year of a new formal complaints handling process• Commenced and concluded first prosecution for operating a retirement home without a licence, resulting in conviction and sentence of 15 days of custody, \$2,500 fine and a probation order
2015 – 2016	<ul style="list-style-type: none">• CEO and Registrar appointed following retirement of incumbent• New Board Chair appointed by Minister Responsible for Seniors Affairs• Introduction of first-ever RHRA Stakeholder Effectiveness Survey• Increased focus on compliance and follow-up inspections• Response to first Annual Risk Officer Report



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