

Annual Report

2012 – 2013



RHRA
Retirement
Homes
Regulatory
Authority

**Resident's First
Retirement Home**
Rainy River, Ontario

ONTARIO RETIREMENT HOME LICENCE

Issued by the Registrar of the Retirement Homes Regulatory Authority to
Resident's First Retirement Home
to operate the retirement home at the address on this licence.

Licence # **160E** Issue Date: **November 2012**
This licence is issued under the Retirement Homes Act, 2010.

This licence is subject to any conditions that may be imposed by the Registrar.



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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Executive Summary

A Year of Transition

The RHRA is an independent, not-for-profit corporation governed by a board of directors and established under the *Retirement Homes Act, 2010* (Act) 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.



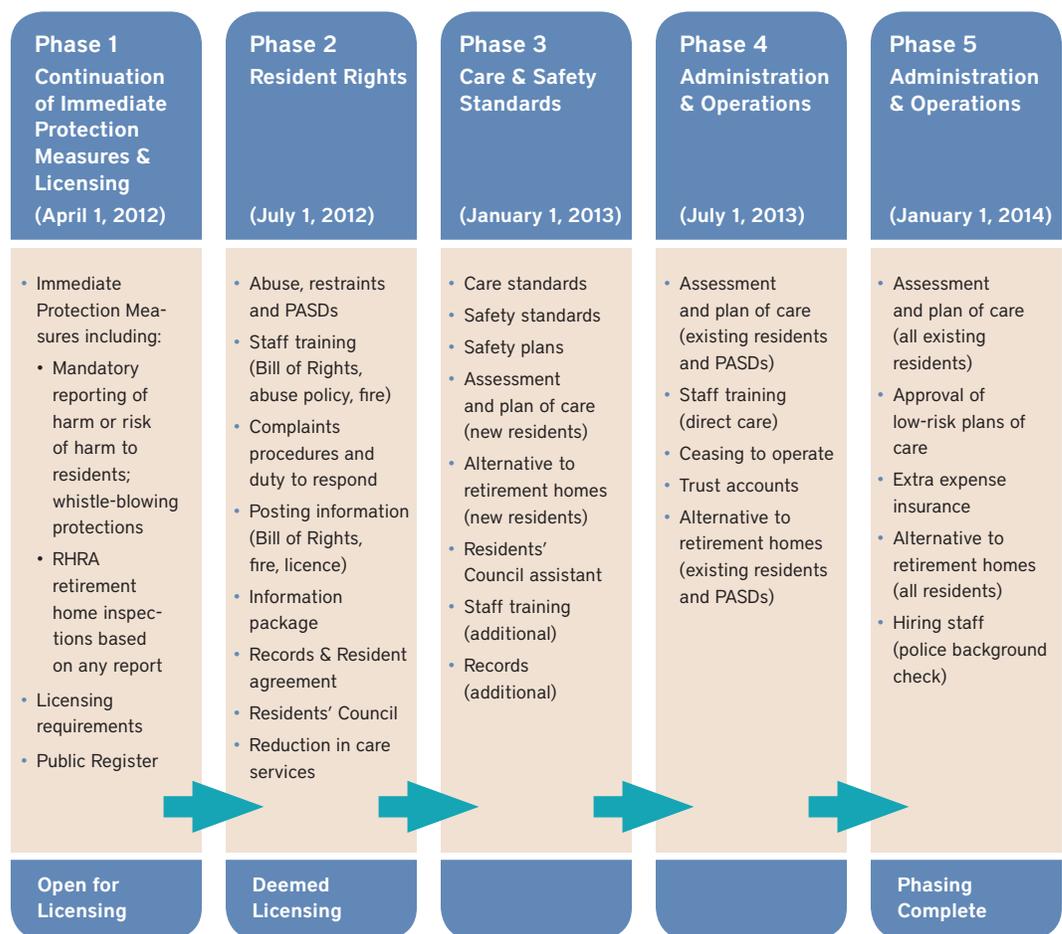
The RHRA administers the Act on behalf of the government of Ontario and is accountable through the Ontario Seniors' Secretariat. The Secretariat is currently overseen by the Honourable Mario Sergio, Minister Responsible for Seniors (Minister), effective February 2013. The RHRA has been accountable to government through transfer payment agreements, which governed start-up funding, and also through a written legal agreement – a Memorandum of Understanding – which is available on the RHRA website (www.rhra.ca). The RHRA must be sustainable through the collection of fees, which commenced in 2012. Its financial statements, which are audited public documents, are available in the RHRA's annual reports.

The Act is based on consumer protection and resident safety and sets out rights for retirement home residents so they can live with dignity and make choices about their care.

All retirement homes in Ontario must be licensed to operate should they meet the definition of a retirement home under the Act. The Act generally defines a retirement home as a residential complex or part of a residential complex that is:

- 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.

Some parts of the Act have been in force since 2010 to allow for the establishment and implementation of the RHRA. Additional parts of the Act came into force in May 2011 to protect retirement home residents from harm or risk of harm before further sections of the Act were in force. Phasing in of the remainder of the Act and corresponding regulations began in April 2012, and will continue through 2014. Phasing of the Act allows retirement homes to adjust to new regulatory requirements and implementation of new care and safety standards. During the fiscal year 2012-2013 three phases of the Act and regulations were implemented.





To accommodate phasing of the Act throughout 2012-2013 the RHRA was required to transition regulatory activities accordingly. Licensing activities shifted from initial outreach to homes to assessment of the licence applications received following the July 1, 2012 deadline and issuing licences. Compliance activities also continued with an educational approach to address resident rights and care standards. Activities shifted near year end as the RHRA began to increase its compliance and enforcement role.

The 2012-2013 fiscal year was also marked by transitions at the governance level. The RHRA's interim Board was replaced by a permanent Board following the election and nomination process late in 2012.

Regulatory and governance transitions throughout 2012-2013 have been highlighted below:

From April 1, 2012	To March 31, 2013
Interim Board of Directors: established governance foundation based on best practices	Permanent Board of Directors: enhanced mix of knowledge and skills committed to governance and regulatory excellence
Minimal regulatory authority regarding abuse and neglect with licensing and regulatory development underway	Regulatory authority enacted for licensing and increased rights and protection of residents
Engaged in educational approach regarding resident rights and requirements of Act	Licensing assessments completed for 98% of applications and compliance implemented
Gathered data and information about retirement homes in Ontario	Established a Public Register and posting of information and inspector reports began
Human resource and workforce planning and development	Workforce recruitment, retention, compensation and learning strategy implemented
Operational and information system requirements under development	Operational controls established and issued search for case management information system
Government transfer payments for development and start up	Required to be self-sustaining to fulfill mandate: implemented fees

RHRA Mission, Vision and Values

Vision

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

Feel Right at Home

Mission and Mandate

To improve the lives of residents in Ontario retirement homes by effectively fulfilling its mandate to administer Ontario's *Retirement Homes Act, 2010*.

Values

Excellence
Fairness
Accountability
Collaboration
Efficiency and Effectiveness

Inform the public and **educate** the retirement home sector and residents about the Act, regulations and role of the RHRA

Inspect retirement homes using a risk-based approach, oversee compliance and **enforce** the Act for the protection of residents

Strategic Objectives

License retirement homes in Ontario using a risk-based approach

Maintain a Public Register of information about applicants and licensees

People and Partnerships

Strategic and Business Planning

Retirement Homes Act, 2010 and Regulations

Message from the Chair

The past year has been one of significant challenges, achievements and transitions as the RHRA has successfully continued to make progress toward its vision that all retirement home residents in Ontario Feel Right at Home.



The RHRA's activities focused primarily on the three phases of the *Retirement Homes Act, 2010* regulations that were brought into force, by government, throughout the past fiscal year. They marked the beginning of licensing Ontario retirement homes and increased resident rights and care and safety standards for residents across the province. This transitioned the RHRA from its primarily developmental phase to a highly operational regulatory corporation. The RHRA would no longer receive government start-up funds and was required to collect fees and be self-sustaining by the end of the fiscal year.

At the Board level, 2012-2013 marked the establishment and ongoing pursuit of governance policies and best practices, continuous learning and development of Director governance strengths in a regulatory environment, enhanced knowledge and understanding of the retirement home sector, and most significantly, the transition from an interim to a permanent Board.

From April 2012 through November 2012, the interim Board addressed a number of challenges. Difficult decisions were made. Licensing began and regulatory fees were implemented. In December 2012, the legislated requirement to transition from the five-member, government-appointed interim Board to a permanent Board took place. I am pleased to have continued to serve as the Chair of the interim Board until that

time and extend sincere thanks to all the interim Board members. It was a pleasure to work with you and we should be proud of growing the RHRA to a viable entity that is doing important work to provide increased protections and standards for residents in all retirement homes across the province.

I am honored to have been designated, by the Minister, as the Chair of the first permanent Board in December 2012. To promote continuity, the nine-member competency-based Board consists of an important mix of elected and appointed, new and transitioning members and strengthened stakeholder knowledge. Members quickly demonstrated their commitment to work together to provide RHRA stewardship, guidance, strategic direction and oversight, to advance the RHRA mission and mandate. They worked diligently to quickly absorb a great deal of information and participated in fulsome discussion during a series of orientation sessions and Board meetings. The Board created three standing committees to address critical matters: Governance, Audit and Finance and Human Resources and Compensation. Their work is well underway.

I also want to acknowledge the important role, work and advice of the first RHRA Stakeholder Advisory Council over the past year. The Council considered and provided various perspectives and/or advice on a number of stakeholder, educational and operational issues. On behalf of all

Board members, I would like to thank Trevor Lee, former Chair, for his contributions and acknowledge incoming Chair, Debbie Doherty. The RHRA looks forward to ongoing advice from Council members.

Appreciation is extended to the former Minister Responsible for Seniors, Linda Jeffrey, and her staff for assistance during start-up and to Deputy Drew Fagan and staff of the Ontario Seniors' Secretariat for their time and attention in their oversight role. I look forward to my contact with the new Minister, the Honourable Mario Sergio.

Finally, Board members extend thanks to RHRA CEO and Registrar, Mary Beth Valentine and her staff, for their commitment and accomplishments over the last year.

Moving forward through the implementation of the remaining phases of the Act and regulations, I am confident the permanent Board, complemented by our dedicated staff and working in tandem with key stakeholders, will continue the commitment to improve the lives of Ontario residents in retirement homes.



Mary Catherine Lindberg, *Chair*



Message from the CEO and Registrar

The fundamental principle of the Retirement Homes Act, 2010, is that a retirement home is to be operated so that it is a place where residents live with dignity, respect, privacy and autonomy, in security, safety and comfort and can make informed choices about their care options.



The fundamental principle of the Act drives our regulatory and operational work. The 2012-2013 fiscal year was marked by compelling and challenging operational transition: enactment of first-time licensing requirements, establishment of a Public Register, new regulations for care and safety standards and the requirement for retirement homes to pay regulatory fees.

On April 15, 2012 the government proclaimed regulations that put the RHRA in motion; homes were notified that they must apply for a licence by July 1st if they met the definition of a retirement home in the Act. By early July, over 650 applications were received and “deemed” licensed until the assessment process was complete and a licensing determination was made. The assessment of nearly 700 applications, based on criteria established by the Act, was a major focus of our 2012-2013 operations. Staff also verified that some homes on our original list did not meet the criteria of a retirement home and began follow up with others where there was reasonable cause to believe they met the definition, but had not applied.

Throughout the reporting period, inspection staff continued to respond to reports of harm or risk of harm to residents and to provide information to help homes understand and come into compliance with resident rights and requirements for safety and protections. When new care and safety standards came into effect in July 2012, inspections shifted to include the ability to verify and document findings of non-compliance with specific provision(s) of the Act.

In June 2012, Ontario’s first Public Register of retirement homes was established. The Register is searchable by retirement home name, town or postal code and provides potential residents and their families with a snapshot of each retirement home. Information posted includes licence status (deemed, licensed, refused, revoked or terminated). It also includes contact information, care services provided by each home, existence of fire sprinklers, inspection reports and Registrar Orders or conditions placed on a licence.

The focus of our education mandate was primarily on new compliance requirements related to resident rights and protections that came into force throughout the year. Informed and supported by knowledgeable stakeholders, we were able to implement effective risk-informed approaches, processes and tools for licensing, inspection and compliance. An Applicant Guide and Plain-Language Guide to the Act served as introductory tools to help operators through the licensing process and provide an overview of the Act. Over time, various documents such as fact sheets, community and resident brochures and Frequently Asked Questions were added. The regulatory area has also implemented survey tools to gain feedback from both operators and those residents who have participated in discussion during inspections.

It has been important in the latter part of 2012-2013 to begin to clarify the purpose and functions of compliance and enforcement. Our purpose and focused risk-based approach to compliance is to educate licensees and monitor or verify compliance with the Act for the protection and safety of residents. Compliance may include activities such

as outreach, inspection, requiring declarations to confirm information, Action Plans to address non-compliance and Director or Registrar warning letters. Compliance actions may be generated by or acted on through the various regulatory activities of the organization.

Enforcement, on the other hand, specifically compels compliance with the Act. In the RHRA's regulatory approach, enforcement will generally follow where non-compliance is persistent, flagrant and/or in high risk situations. Enforcement provisions in the Act include Registrar Orders and conditions that require a licensee to take certain action, and impose significant sanctions on licensees and others that fail to do so. The first enforcement Order was issued in the reporting period. Enforcement also includes investigation and prosecution of certain offences under the Act. During 2013-2014 the RHRA's regulatory, educational and partnership efforts will focus on these regulatory activities, as well as new regulations to be phased in.

Fiscal year 2012-2013 also represented a transitional year for the RHRA as we moved from initial government funding for start-up activities to the requirement to be financially self-sustaining. A one-time infusion of revenue from initial licensing activities, combined with prudent expense planning and management, has allowed the RHRA to achieve an important step toward future sustainability. We have been able to establish an operating reserve that is in the range of what is expected for a not-for-profit corporation of comparable size. This reserve will allow the organization to absorb some of the uncertainties that persist as regulatory and organizational activities continue to be phased in during the coming year.

We anticipate increasing pressure on the organization's expenses, largely in human capital, in order to effectively implement new legislative and regulatory requirements and address increasing compliance and enforcement activity. However, limited investment decisions will be made incrementally, based on data related to regulatory activities and focused on highest risk needs for resident safety and protection. The experience of 2013-2014 will continue to inform ongoing requirements for financial sustainability.

I would like to thank RHRA Chair, Mary Catherine Lindberg, and members of the interim Board for their commitment and dedication. It was a pleasure to work with you as we built the foundation and laid the necessary framework for the RHRA to grow.

The permanent Board was established in December 2012. Members enthusiastically participated in orientation and capably undertook their important governance role. The nine-member Board brings diverse competencies, skills and strengths that will guide the RHRA through the next stages of regulatory and organizational development and to fiscal sustainability. I thank members for their contributions and leadership to date and look forward to working together to address the challenges ahead.

Thanks are also extended to the Ontario Seniors' Secretariat for the continued collaboration and to various stakeholders, including the Ontario Retirement Communities Association, the Ontario Association of Non-profit Homes and Services for Seniors, the Advocacy Centre for the Elderly, owners and operators and others that have continued to provide constructive advice. I look forward to exploring further partnership initiatives in the coming year.

I also want to extend special thanks to the members of the Stakeholder Advisory Council who continue to commit their time and expertise to advance the objectives of the RHRA and to acknowledge Trevor Lee and Debbie Doherty, the very capable past and current Council chairs.

Finally, my thanks to RHRA staff. Each has contributed to our achievements in the past year and helped pave the way for the next wave of both RHRA development and increased safety and protections for seniors in retirement homes.



Mary Beth Valentine
CEO and Registrar
Retirement Homes Regulatory Authority

Board of Directors

The RHRA Board of Directors is responsible for stewardship, oversight of the organization and strategic direction. The Board, together with management, monitors emerging governance best practices and adopts those that will strengthen the RHRA's governance regime.



The past year has been an important one in which to continue to focus on three conditions conducive to effective Board functioning: board quality, board role and board structure and processes.

Interim Board

The five-member interim Board successfully fulfilled the role laid out for it in the Act to make certain by-laws. The first was for the management, conduct and administration of the Authority's affairs. Although it was completed in the first few weeks of appointment, 2012-2013 saw the extensive work required to develop and implement policies, programs and processes effectively to meet regulatory and operational requirements. The interim Board continued to be accountable to government for the oversight of transfer payment funds and made difficult decisions regarding a fee structure to set the RHRA on the path to become self-financing and able to sustain its ability to address the mandate and objects over the longer term.

The interim Board also developed a second by-law for the election of members of a permanent Board. The by-law outlines who may sit as a director, the criteria, process and length of term of Board members and indicates that members can be re-elected for a maximum period. This by-law received the required Minister's approval along with approval of related policies and processes.

Both by-laws are available on the RHRA website.

Members of the interim Board:

- Mary Catherine Lindberg, Chair
- Mathilde Gravelle Bazinet
- Madeline Edwards
- Carla Pepler
- Christopher Jodhan

The interim Board held nine meetings during the reporting period. Committees included the Audit and Risk Standing Committee, Chaired by Carla Pepler, and the Nominations Committee chaired by Mary Catherine Lindberg. Interim members fulfilled their final responsibility and completed their term of office on December 10, 2012, with the election of five members of the first permanent Board.

Transition to Permanent Board

The RHRA permanent Board has continued to build on the foundation of “good governance” established by the interim Board, in order to effectively carry out its trust or fiduciary responsibility. The Board must ensure the RHRA is successful in addressing its mandate and is financially viable in order to continue doing so.

The Act provides for a permanent board of nine members (although the number may be changed by order of the Minister). Members may include licensees, consumers, representatives of business and others and only a minority of members may be appointed by government.

Members of permanent Board, established December 10, 2012:

- Mary Catherine Lindberg, Chair (designated by the Minister Responsible for Seniors)
- Mathilde Gravelle Bazinet
- Christopher Jodhan
- Carla Pepler
- Aileen Carroll
- Bob Kallonen
- John Rossiter
- Millie Christie
- Trevor Lee

Board members quickly engaged in orientation development opportunities and tackled the RHRA’s priority issues fervently. They met five times during the reporting period.

Following the establishment of the RHRA’s permanent Board, members addressed their role, functions and duties as directors including the need to gain stakeholder insight to plan and guide strategic and business performance to provide effective financial, human resource and risk oversight to see that progress continues to advance strategic objectives. The Board established an annual strategic and business planning and evaluation framework and policies and tools for enterprise risk oversight.

Board members receive remuneration at the following per diem rates:

Chair of the Board	\$625.00
Board Member	\$398.00

Total remuneration for Board members in 2012-2013 was \$74,432.70.



Standing from left to right:
Mathilde Gravelle Bazinet
Carla Pepler
Mary Catherine Lindberg
Millie Christie
Aileen Carroll
Christopher Jodhan
Seated from left to right:
Trevor Lee
Bob Kallonen
John Rossiter
Board biographies are available at www.rhra.ca

Members attended to the importance of Board structure and processes to aid them in their work and to enhance effective decision making. In December 2012, they appointed Mary Catherine Lindberg as the president of the corporation (as per By-law No. 1) and Mary Beth Valentine (to continue) as CEO and Registrar and as Secretary to the Board. Early in 2013 they approved Terms of Reference for three committees: *Governance, Finance and Audit* and *Human Resources and Compensation*. A summary of purpose and membership follows.

1. Governance Committee	
Purpose	To advise the Board on matters relating to: the Board's governance structure and processes; evaluation of the board effectiveness; and recruitment/nomination, education/development and evaluation of Board members.
Membership	Mary Catherine Lindberg, Chair, and Aileen Carroll, Millie Christie, Mathilde Gravelle Bazinet
Meetings	Committee met once in fiscal year 2012-2013.
2. Finance and Audit Committee	
Purpose	To assist the Board of Directors in fulfilling its oversight responsibilities regarding financial reporting, audit, risk management, business ethics and the Emergency Fund.
Membership	Trevor Lee, Chair, and Bob Kallonen, Carla Pepler, John Rossiter
Meetings	Committee met once in fiscal year 2012-2013.
3. Human Resources and Compensation	
Purpose	To assist Board of Directors in fulfilling oversight responsibilities related to human resources and compensation.
Membership	Carla Pepler, Chair, and Chris Jodhan, Bob Kallonen, Trevor Lee
Meetings	Committee met once in fiscal year 2012-2013.

Regulatory Affairs

Throughout 2012-2013 the RHRA transitioned activities to focus primarily on licensing. Over 650 licence applications were initially received and resources were directed to assessment and to licensing decisions. The development of the Public Register was also a priority early in the year, and the RHRA continued to respond to reports of harm or risk of harm to residents.



Regulatory activities transitioned to compliance and enforcement late in fiscal 2012-2013, and will be the focus of operations throughout 2013-2014.

A report on each of the RHRA's strategic objectives follows.

Strategic Objective: Inform the public and educate the retirement home sector and residents about the Act, regulations and role of the RHRA

The RHRA provides education and consults with individual homes, trade associations and other industry representatives to promote compliance and help homes understand and strive to comply with the Act and regulations.

Throughout 2012-2013 the RHRA's regulatory activities centred on the licensing of retirement homes. Due to licensing, operators and licensees required information about the application process and requirements of each new phase of regulation. To provide this education, communications activities and tactics were largely focused on outreach to home operators.

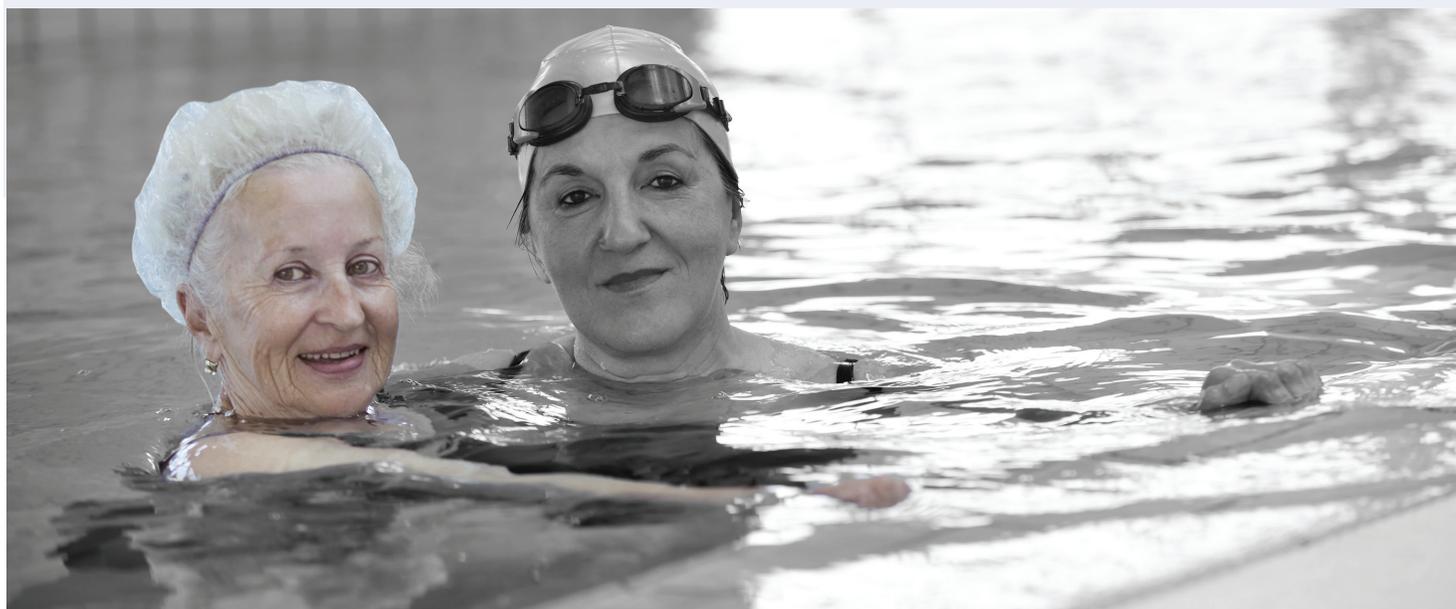
Some outreach to residents and families was achieved despite the demands of educating the sector. Communications objectives for residents and families included:

- Educating the public about retirement home licensing
- Informing residents (and their families or caregivers) about their rights and how to seek help
- Becoming a trusted source of information on retirement homes:

2012-2013 Communications Products

Licensees/Operators	Residents/Families
Introductory Licensing package sent to all homes that were suspected of meeting the definition of a retirement home under the Act. An Applicant Guide was developed to support applicants and was posted to the RHRA website.	Developed residents/families web page on www.rhra.ca
Produced an introduction to licensing video	Developed resident brochure
Frequently asked questions, fact sheets and Plain-Language Guide to the Act posted to RHRA website	Developed resident survey
Participated in speaking engagements throughout the province in advance of the introduction of Phases 2 and 3 of the Act	Attended Government Services fair and provided information to seniors and their families
Developed compliance checklists for Phases 2 and 3	Developed editorial content for industry publications
Hosted webinars and posted content to YouTube	Participation in interviews with over 15 media outlets
Developed operator survey	Letter of introduction sent to all MPPs
Provided ongoing communication with operators via Registrar's letters	Developed community information brochure

Collaboration with industry associations and advocacy organizations allowed the RHRA to build upon the expertise available and seek advice on a variety of issues including risk-based licensing and compliance, operator and resident outreach and the fee structure.



Stakeholder Advisory Council

Advice on a range of matters was provided to the RHRA through its Stakeholder Advisory Council:

Membership

- Trevor Lee, *Chair (until December 2012)*
- Debbie Doherty, *Chair (appointed as Chair December 2012)*
- Donald Eldon
- Georgina White
- Judith Wahl
- Ken Sweatman
- Donna Holwell

Report of the Stakeholder Advisory Council

The Memorandum of Understanding requires the Council to provide a report to the RHRA Board at least annually on its advice and activities.

A summary of the report submitted by the Council Chair is provided below:

To date the Council has appreciated the opportunity to participate in discussions around the development of the risk-based application and licensing process, the fee structure, Public Register and inspection report. A collaborative approach has been used to work through the interpretation of the Retirement Homes Act, options for achieving compliance and the potential impact of these options on operators offering a wide variety of service models.

As the RHRA shifted its focus to activities beyond licensing, the Council was called on to provide input into new applications (for new builds and acquisitions) and a template for use by the Registrar when issuing an order.

We remain very appreciative of Don Eldon, a retirement home resident in Ottawa, for his efforts to attend these meetings and provide valuable insight on behalf of seniors living in retirement homes in Ontario. Mr. Eldon expressed, on behalf of the Council, how very grateful we are for the willingness of Mary Beth Valentine and RHRA staff to keep in touch and provide regular updates on the activities of the RHRA to the Council.

The Council and I would also like to express thanks to past Chair, Trevor Lee, for his contributions to the Stakeholder Advisory Council.

Debbie Doherty

Council Chair

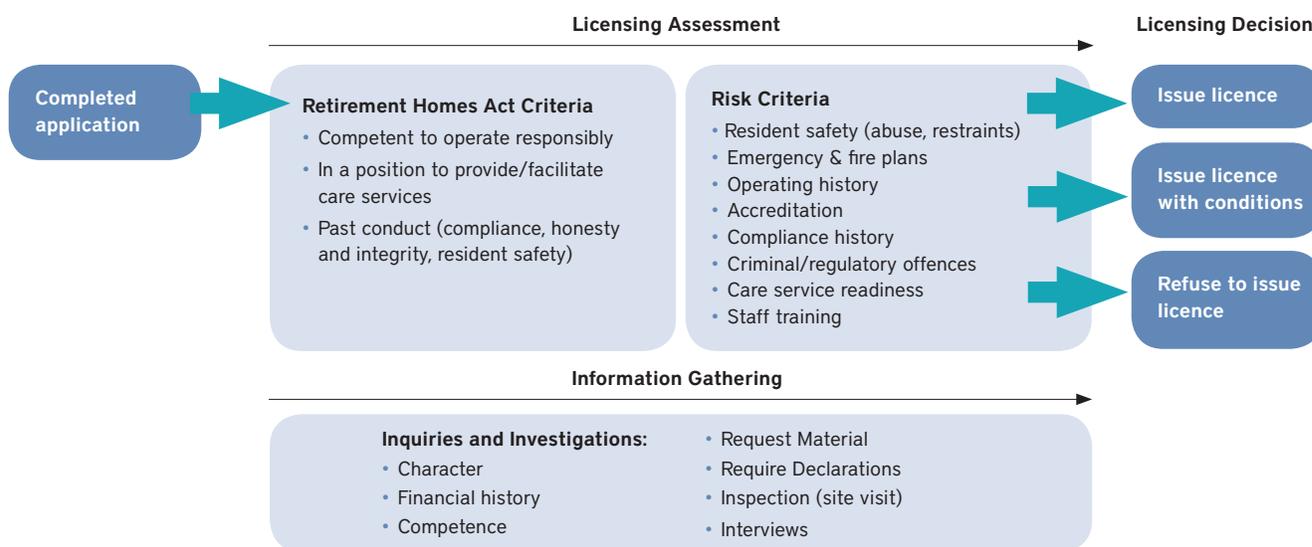
Strategic Objective: License retirement homes in Ontario using a risk-based approach

With the implementation of Phase 1 of the Retirement Homes Act and regulations, the RHRA opened for licensing and began accepting retirement home licence applications on April 15, 2012. Review and assessment of each was the focus of regulatory activities throughout the year.

All homes that met the definition of a retirement home as defined in the Act were required to apply for a licence from the RHRA. All homes that applied by July 1, 2012 were deemed licensed until a licensing decision was made.

The RHRA received 656 licence applications by the deeming date and reviewed 98% of them before the end of fiscal year 2012-2013. During the reporting period, 565 licences were issued. The RHRA also received 21 late applications and 13 applications for new builds.

The Registrar’s licensing decisions were based on assessment of the following legislative requirements, risk criteria and processes:



To assist with licensing assessment, the RHRA conducted licensing site visits throughout the province. These visits were used to verify information provided on licence applications before a licence was issued.

During the reporting period 192 licensing site visits were directed by the Registrar, which resulted in 74 Action Plans requested from homes.

Where there are significant concerns related to the Act’s licensing criteria (above), the Registrar may refuse to issue a licence, put conditions on a licence, revoke a licence that has been issued or issue an Order. These Registrar decisions may be appealed by a retirement home operator through the Licence Appeal Tribunal.

The licence status of a retirement home, along with other pertinent information required by the Act, is posted on the Public Register.

Strategic Objective: Maintain a Public Register of information about applicants and licensees

The Act requires the RHRA to establish and maintain a Public Register that provides information on retirement home applicants and licensees. The Public Register – the first to be established for retirement homes in Ontario – went live on June 28, 2012 via the RHRA’s website (www.rhra.ca). The Register serves as a tool for older Ontarians and their families to search for licensed homes and to determine a home’s compliance history. Users can search the Public Register by retirement home name, by city or town or by postal code.

The following data has been posted for each applicant and licensee listed in the Public Register (as required by the Act):

- Licensee name, address, phone and fax numbers, web address, email
- Primary contact and person who manages the home
- Licence or application status
- Licence number and date of issue
- Care services offered
- Number of residents
- Availability of automatic sprinklers
- Inspection reports
- Information about conditions, orders and convictions
- Information about licence termination, revocation or surrender

Through the licensing process and establishment of the Public Register in 2012-2013, the RHRA is now able to capture data on homes. Collection and publication of such data is a first for the province. As of March 31, 2013 the following data had been collected:

- **There are just over 650 retirement homes in Ontario.**
- **These homes provide approximately 51,500 units of residential living space for seniors.**
- **Homes vary in size, ranging in capacity from 6 - 250+ residents.**
- **About one-third of homes are licensed to the five largest chains.**
- **Ownership ranges from small business owners to large chains that own multiple properties.**
- **Nearly all retirement homes are privately funded for-profit facilities.**
- **Nearly 400 homes have fire sprinklers in all suites.**

Strategic Objective: Inspect retirement homes using a risk-based approach, oversee compliance and enforce the Act for the protection of residents

Mandatory Reporting Inspections

The mandatory reporting requirements in the Act require people to report to the RHRA if they suspect harm to retirement home residents resulting from:

- Improper or incompetent treatment or care
- Abuse of a resident by anyone or neglect of a resident by the licensee or staff of the retirement home
- Unlawful conduct
- Misuse or misappropriation of a resident's money

Those who must report include staff members of a retirement home, the licensee of a retirement home, volunteers and care and service providers. Retirement home residents may report, but the Act does not require it. Reports may be made anonymously and the Act provides protections for those who do report from any retaliation.

Mandatory reporting inspections are used to assess reports of harm and determine licensee compliance with the Act and regulations. After the inspection the licensee receives a copy of the draft inspection report and is given an opportunity to provide a written response. Licensees are encouraged to describe the effort(s) taken, or to be taken, to address the identified areas of non-compliance. A final inspection report is then prepared for posting on the RHRA website.

There are several potential outcomes of a mandatory reporting inspection. These include: no further action taken, Director warning letter, Registrar warning letter, remedial action, compliance order, management order, or an order requiring the home to pay an administrative penalty.

During the reporting period, the RHRA completed 186 mandatory reporting inspections. Forty of these inspections were completed between April 1, 2012 and June 30, 2012, prior to homes being licensed or deemed licensed on July 1, 2012 (Phase 2). Inspection reports are posted from July 1 onward.

The regulations also set out the requirement for the RHRA to inspect retirement homes at least once every three years for compliance. Throughout the reporting period, the RHRA began development of this inspection program including training for inspection staff and testing in retirement homes. Findings from these test inspections will be used to refine the inspection program before implementation across the province.

Inquiries and Concerns

To support mandatory reporting the RHRA handles inquiries and concerns from residents, operators and other members of the public regarding the conduct of retirement homes. Concerns are submitted through the RHRA's website (www.rhra.ca), by phone or through written correspondence.

Intake staff collect basic information, provide self-help guidance to the correspondent and may escalate the file depending upon the nature of the concerns and the information provided by the correspondent.

In many cases, the correspondent is able to resolve the difference by dealing with the retirement home directly. The RHRA may work with the correspondent and operator to achieve a satisfactory resolution to concerns in some situations.

Complaints relating to the administration of the RHRA are similarly managed and any such complaints and their resolution are reviewed by management.

Other Activities



- To support its development as a regulator, the RHRA developed a number of policies including:
 - Information Access & Privacy Code** (May 2012)
 - French Language Services Delivery Policy** (May 2012)
 - Interim Fee Setting Policy** (May 2012)
 - Nomination of Candidates for Election to the Board** (August 2012)
- The RHRA was pleased to be an active member of the Government of Ontario's Technical Advisory Committee on Vulnerable Occupancies, established to identify fire safety improvements in vulnerable occupancies including retirement homes. The Committee's report and recommendations were released by government in January 2013 for public consultation. The RHRA supported the need for the government to proceed with implementation of the recommendations, which would respond to Coroner's Jury recommendations and enhance fire safety for residents in retirement homes.
- During 2012-2013 the RHRA developed a framework for enterprise risk management.
- A planning and evaluation framework was established. Further development and phased implementation will occur in the next two fiscal years.
- A fee structure was developed and implemented to allow the RHRA to become self-sustaining.
- **French Language Services:** To support provisions within the *Retirement Homes Act, 2010*, the *French Language Services Act, 1986* 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

A summary of the objectives in the latest fiscal year, together with the achievements for 2012-2013 is provided below.

2012/2013 Goals		2012/2013 Outcomes
Regulatory		
Use risk assessment to guide regulation and RHRA operations	<p>Build risk-based programs for licensing, inspection, compliance and enforcement.</p> <p>Develop an enterprise-wide risk management (ERM) program.</p>	<p>A risk-based licensing regime was implemented and served as the focus of regulatory operations throughout the fiscal year.</p> <p>Substantially all 2012 licence applications were reviewed by fiscal year end.</p> <p>Non-compliance occurrences with operators were addressed.</p> <p>Phase 1 of the Enterprise Risk Management framework was implemented.</p>
Establish Public Register	<p>Maintain accurate information about retirement homes and make this information publicly available.</p>	<p>The Public Register went live on June 28, 2012 and is available at www.rhra.ca.</p>
Educate and inform the sector and the public about the Act and RHRA	<p>Develop operator educational materials about the Act, RHRA mission and operations.</p> <p>Develop consumer protection educational materials to build awareness of the Act and the RHRA.</p>	<p>A variety of operator education materials were produced and made available on the RHRA website. Products included fact sheets, webinars, compliance checklists and FAQs.</p> <p>Consumer protection educational materials included: editorial content for trade publications, participation in media interviews, web content, a resident brochure and the implementation of resident surveys.</p>
Human Capital		
Establish the organizational capacity and competence to effectively regulate retirement homes	<p>The RHRA will develop its organization through assembling and retaining a talented staff complement with a variety of relevant experience.</p> <p>It will establish a culture of performance through active management, and take a systemic approach to organizational learning.</p> <p>The RHRA will use its core mission to drive the allocation of its human capital and will provide a rewarding workplace for its staff.</p>	<p>A variety of staff were added to meet the needs of the first phase of regulations and to ready the organization for phase 2.</p> <p>Continued alignment with the phasing of the regulations will guide staffing resources.</p> <p>A performance management and development program was implemented. As part of this program, a comprehensive training plan was drafted and will be used as a basis for planning activities in the coming year.</p>
Partnerships		
Build effective partnerships with operators, residents, community partners and the public	<p>Implementation of strategic communications and stakeholder engagement strategy.</p> <p>Facilitate regular communication between the RHRA and operators.</p>	<p>A strategic communications plan for operators and licensees and residents and families was implemented.</p> <p>Communication between the RHRA and operators included an introductory licensing package, participation in spring and fall roadshows, webinars, Registrar's letters and an invitation to the RHRA Annual General Meeting.</p>
Organizational Sustainability		
Create and run an efficient organization that is operationally and financially stable	<p>The RHRA will be a modern regulator that utilizes all of its resources efficiently to fulfill its mandate.</p> <p>Excellence will be delivered through all operational processes by observing sound risk management principles.</p> <p>Performance management indicators will be developed to evaluate results.</p> <p>IT resources will be developed and used to allow effective measurement.</p>	<p>By taking a conservative approach to spending and timing of staffing, the RHRA was able to realize the establishment of a reserve for future fluctuations in its financial position.</p> <p>The first phase of an ERM framework was implemented and will form the basis for further development over the coming year.</p> <p>Additional research and planning was completed for tendering a Request for Proposal for an IT system to support the RHRA's regulatory functions. It was tendered in Q4, although final outcomes will not occur until the 2013-14 fiscal year.</p>

Moving Forward

Meeting the RHRA's goals throughout 2012-2013 was challenging, but ultimately proved to be very rewarding. Licensing decisions for nearly all retirement homes were made and the establishment of the Public Register will provide all Ontarians with a valuable resource tool.



Moving ahead, it is expected the next fiscal year will continue to be both challenging and exciting. Licensing activities will carry forward as applications for new builds and ownership changes are received. Regulatory activities will shift and the focus will rest with compliance and enforcement activities. Further policies and procedures will be developed to support enforcement duties and the RHRA will continue to pursue a graduated approach to compliance and enforcement. Conditions, fines, action plans, compliance orders and other tools will generally precede revocation or refusal to issue a licence.

Providing education to the sector will also remain a priority as phases of the Act are implemented in July 2013 and beyond. The RHRA will increasingly be understood as the regulator of the retirement home sector.

The RHRA looks forward to the anticipated challenges that lie ahead and will seek continued stakeholder engagement and collaboration so that all the province's retirement home residents are able to live with dignity, respect and in safety.

Financial Report

The following financial review is based upon the audited financial statements of the RHRA for the year ended March 31, 2013 with comparative amounts for the previous fiscal year.

Overview

The financial position and statement of operations of the RHRA reflect the commencement of licensing, compliance and other activities that have been funded through the assessment of fees levied under the powers of the Act. The financial results have also been impacted by receipt of the final tranche of funding from the Province of Ontario (the "Province") that was intended for and applied toward start-up activities, as provided for in the governing Transfer Payment Agreements.

Licensees are billed annually and the first full-year billing occurred in January 2013. Reflecting the phasing in of licensing requirements, this fiscal year also included partial-year licensing fees collected for the period from July through December 2012. The cash/investments and deferred revenue balances reflect the receipt of funds from retirement homes early in the 2013 calendar year, while the period to which the fees relates includes the full calendar year.

Expenditures during the year reflect the operational activities of the RHRA and consist primarily of investments in capital assets, operating expenses to support licensing and compliance activities and continued 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, 2013.

Revenue

A surplus of \$3.0 million was recorded, the majority of which has been appropriated to provide for unexpected variation in operating revenues or expenses in the future. This generally accepted practice is particularly prudent for the RHRA because of the uncertainty resulting from its limited history for estimating the required level of activity for operations related to compliance and

enforcement which have only recently begun, as well as anticipating the impact of phases of the Act to be proclaimed in the subsequent fiscal year. Furthermore, making a significant appropriation in the current year reflects the RHRA's expectations that there will not be significant surpluses in the future.

Annual licence fees are billed on a calendar year basis and recognized over the year to which the fees relate. The current year's licence fees are for the period from July 1, 2012 when the licensing requirement came into force. Revenues for the current year were positively impacted by the application fees generated from the initial processing of applications resulting from the licensing requirement coming into force within the year. Application fees are charged to assess an application and are not recurring unless a retirement home ownership changes or a new home makes an application for licensing. Grants from the Province are recognized as expenditures and made in accordance with the governing agreement, and will cease after this fiscal year. 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 RHRA. The staff complement is now stabilizing closer to its expected level to meet the regulatory requirements of the Act, although management will continue to evolve the organization as the focus of operations change during future phases of proclamation of the Act.

The largest component of ongoing operating expenses is accommodation. Remaining amounts relate to general office expenses, 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.

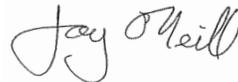
The RHRA's Board of Directors, acting through the Finance and Audit Standing Committee, which is composed entirely of independent directors, oversees management's responsibilities for financial reporting. The Finance and Audit Standing Committee reviews the Financial Statements and recommends them to the Board for approval. Other responsibilities of the Finance and Audit 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 LLP, the independent auditors appointed by the RHRA Board, audited the RHRA's Financial Statements as at March 31, 2013 and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found on the following page. Deloitte LLP have full and free access to, and meet periodically with, the Finance and Audit 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



Jay O'Neill

Director, Corporate Services

Toronto, Canada
March 31, 2013



Financial Statements
Retirement Homes Regulatory Authority
March 31, 2013

Independent Auditor's Report

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, 2013, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2013 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 20, 2013

Statement of Financial Position

As at March 31, 2013

	2013	2012
	\$	\$
Assets		
Current assets		
Cash	120,260	2,255,943
Short term investments	7,715,000	10,000
Accounts receivable (Note 2)	828,718	-
Prepaid expenses	31,736	31,660
Government remittances receivable	-	68,951
	8,695,714	2,366,554
Emergency Fund restricted cash (Note 3)	10,457	-
Capital assets (Note 4)	130,962	181,722
	8,837,133	2,548,276
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	371,111	311,497
Government remittances payable	685,349	-
Deferred revenue (Note 5)	4,557,001	2,005,277
	5,613,461	2,316,774
Funds held in Trust (Note 3)	10,457	-
Deferred capital contributions	130,962	181,722
Deferred liability (Note 6)	39,100	49,780
	5,793,980	2,548,276
Net assets		
Unrestricted	543,153	-
Internally restricted (Note 7)	2,500,000	-
	3,043,153	-
	8,837,133	2,548,276

Commitments and contingencies (Note 8)

Please see accompanying notes to financial statements.

Approved by the Board



Chair of the Board of Directors



Chair of the Finance and Audit Committee

Statement of Operations

Year ended March 31, 2013

	2013	2012
	\$	\$
Revenues		
Annual licence fees	4,048,440	-
Application fees	849,700	-
Province of Ontario grant	2,741,431	3,807,773
Interest income	57,785	12,385
Amortization of deferred capital contributions	92,607	60,828
	7,789,963	3,880,986
Expenses		
Salaries, wages and benefits	3,749,140	2,711,075
Operating	884,383	1,100,181
Amortization of capital assets	92,607	60,828
Amortization of deferred liability	10,680	8,902
Payments to the Emergency Fund (Note 3)	10,000	-
	4,746,810	3,880,986
Excess of revenue over expenses	3,043,153	-

Please see accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended March 31, 2013

	2013			2012
	Unrestricted	Internally restricted	Total	Total
	\$	\$	\$	\$
Net assets, beginning of year	-	-	-	-
Excess of revenue over expenses	3,043,153		3,043,153	-
Transfer to internally restricted net assets (Note 7)	(2,500,000)	2,500,000	-	-
Net assets, end of year	543,153	2,500,000	3,043,153	-

Please see accompanying notes to financial statements.

Statement of Cash Flows

Year ended March 31, 2013

	2013	2012
	\$	\$
Operating activities		
Excess of revenue over expenses	3,043,153	-
Items not involving cash		
Amortization of capital assets	92,607	60,828
Amortization of deferred capital contributions	(92,607)	(60,828)
Amortization of deferred liability	(10,680)	(8,902)
	3,032,473	(8,902)
Change in non-cash operating working capital		
Accounts receivable	(828,718)	-
Prepaid expenses	(76)	(9,993)
Government remittances receivable	68,951	(68,951)
Accounts payable and accrued liabilities	59,614	264,419
Government remittances payable	685,349	(11,748)
Deferred revenue	2,551,724	1,853,661
Deferred liability	-	58,682
	5,569,317	2,077,168
Investing activities		
Acquisition of capital assets	(41,847)	(238,565)
Funds held in trust	10,457	-
Purchase of short term investment	(7,715,000)	(10,000)
Maturity of short term investments	10,000	-
	(7,736,390)	(248,565)
Financing activity		
Contributions for capital assets	41,847	238,565
(Decrease) increase in cash	(2,125,226)	2,067,168
Cash, beginning of year	2,255,943	188,775
Cash, end of year	130,717	2,255,943
Comprised of:		
Cash	120,260	2,255,943
Emergency Fund restricted cash	10,457	-
	130,717	2,255,943

Please see accompanying notes to financial statements.

Notes to Financial Statements

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 Canadian Institute of Chartered Accountants (“CICA”) Handbook and include the following significant accounting policies:

a) Short term investments

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

b) 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 and applications	50%
Computer hardware	33%
Furniture and fixtures	20%
Leasehold improvements	Remaining term of lease

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

c) Foreign currency translation

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

Notes to Financial Statements (continued)

Year ended March 31, 2013

d) 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 licence fees

Annual licence fees are recognized as revenue proportionately over the year to which they relate, net of amounts for which collectability is uncertain. The licence fee is due on the first day of the calendar year. Annual licence 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.

Province of Ontario grants

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

Interest income

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

e) Financial instruments

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

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 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.

f) 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 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.

Notes to Financial Statements (continued)

Year ended March 31, 2013

2. Accounts receivable

Accounts receivable are net of an allowance for doubtful accounts of \$71,605 (2012 - \$Nil).

	2013	2012
	\$	\$
Accounts receivable	670,718	-
Interest receivable	8,000	-
Province of Ontario grant	150,000	-
	828,718	-

3. Emergency Fund restricted cash

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

	2013
	\$
Opening balance	-
Allocations from operations	10,000
Administrative monetary penalties	450
Interest income	7
	10,457

4. Capital assets

	2013			2012
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Equipment	8,745	3,507	5,238	6,765
Computer software and applications	75,476	48,975	26,501	37,422
Computer hardware	150,524	78,497	72,027	111,201
Furniture and fixtures	23,455	6,807	16,648	17,615
Leasehold improvements	14,157	3,609	10,548	8,719
	272,357	141,395	130,962	181,722

Notes to Financial Statements (continued)

Year ended March 31, 2013

5. Deferred revenue

Annual licence fees received that relate to periods after the fiscal year end date are deferred. Funding arrangements between RHRA and the Province of Ontario provide for grants to be applied toward organizational development investments and costs. Any unspent amounts at year end with stipulations are recorded as deferred revenue. The balance in deferred revenue is as follows:

	2013	2012
	\$	\$
Deferred revenue, beginning of year	2,005,277	151,616
Add:		
Province of Ontario grant	1,150,000	5,900,000
Annual licence fee	8,236,094	-
	11,391,371	6,051,616
Less: amount recognized as revenue during the year	6,792,524	3,807,774
Less: amounts included in deferred capital contributions	41,846	238,565
Deferred revenue, end of year	4,557,001	2,005,277
Comprising		
Province of Ontario grant	372,000	2,005,277
Annual licence fee	4,185,001	-
	4,557,001	2,005,277

6. 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 the straight line basis to operating expenses over the term of the lease. Accumulated amortization amounts to \$19,582 (2012 - \$8,902).

7. Internally restricted net assets

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

This reserve was created through an initial transfer of \$2,500,000 approved by the Board subsequent to year end. The reserve target balance was approved for approximately six months of operating expenses and the remainder will be transferred from unrestricted net assets when available.

Notes to Financial Statements (continued)

Year ended March 31, 2013

8. Commitments and contingencies**Lease obligations**

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

	\$
2014	234,726
2015	234,726
2016	234,726
2017	156,484
Total minimum lease payments	860,662

9. 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, 2013, the most significant financial liabilities are accounts payable and accrued liabilities and government remittances payable.

10. 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.



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