



## 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**

The logo for the Retirement Homes Act (RHRA) features a stylized white smiley face above the letters 'RHRA' in a large, bold, white sans-serif font.

Retirement Homes Act

Dignity

Consumer Protection

Respect

Compliance

Inquiries and Concerns

Governance

Inspect

Public Register

Stakeholders

Bill of Rights

Licensing

Enforce

Excellence

Seniors

Partners

Resident

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The Retirement Homes Regulatory Authority (RHRA) is an independent, not-for-profit corporation established under the *Retirement Homes Act, 2010* (the Act) by the Ontario government. The RHRA is governed by a nine-member Board of directors. The RHRA was established to administer the Act on behalf of the government. The RHRA is not part of the Ontario government, nor is it a crown agency.

The logo for the Retirement Homes Regulatory Authority (RHRA) features a stylized white arch above the letters 'RHRA' in a large, bold, white sans-serif font.A word cloud of various terms related to retirement homes and regulatory authority, including 'Bill of Rights', 'Resident', 'Licensing', 'Enforce', 'Seniors', 'Dignity', 'Public Register', 'Reduce Risk', 'Excellence', 'Partners', 'Retirement Homes Act', 'Reduce risk', 'Feel Right at Home', 'Accountability', 'Educate', 'Inform', and 'Retirement Home'. The words are in different colors and orientations, with 'Resident' and 'Bill of Rights' being the most prominent.

# Retirement Homes Regulatory Authority: An Overview

The RHRA is accountable to government through the Ontario Seniors' Secretariat and through a written Memorandum of Understanding – which is available on the RHRA website ([www.rhra.ca](http://www.rhra.ca)). Funding for the RHRA comes from fees collected from retirement homes primarily through licensing and annual fees. Its financial statements, which are audited public documents, are available in the RHRA's Annual Report and posted on the RHRA website.

The Act and its regulations, established by government, set out consumer protection and resident care and safety requirements and requires all retirement homes that operate in Ontario to be licensed and to comply with the legislation. As part of our mandate, we are responsible for administering the Act. There are five key areas stipulated by the Act:

- Informing and educating
- Inspecting and enforcing
- Licensing retirement homes
- Maintaining a Public Register
- Advising the Minister Responsible for Seniors Affairs

## Strategic Directions and Priorities

In 2013 the RHRA reviewed its strategic progress and confirmed its vision, mission, values and strategic objectives. With the input of key stakeholders it refined and established strategic directions and priorities for 2013-2017: Regulatory Effectiveness, Corporate Alignment and Stakeholder Collaboration and Outreach. The directions recognize the RHRA is still in its early regulatory mandate, and consequently many of the RHRA's activities conducted in 2013-2014 focused on the RHRA building its capacity and capability to most effectively meet its mandate over time.



It is a strategic priority to establish a consistent standard of resident safety and consumer protection throughout the retirement home sector.

# Strategic Directions 2013-17

## Vision:

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

## Mission & Mandate:

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

## Strategic Objectives:

**Inform and Educate**

**Inspect and Enforce**

**License Retirement Homes**

**Maintain a Public Register**

Values: Excellence, Fairness, Accountability, Collaboration, Efficiency and Effectiveness



## Strategic Priorities

### Regulatory Effectiveness

Improve resident safety and choice through regulation.

#### Protection:

Establish consistent standard of resident safety and consumer protection throughout the retirement home sector

#### Build capacity:

Build the organization capability to identify and control risks relating to resident safety and choice

#### Licensing:

Refine and improve our licensing activities

#### Emergency Fund:

Fully implement the RHRA's Emergency Fund

#### Complaints handling:

Strengthen and implement complaints handling protocols

### Corporate Alignment

Develop the RHRA into a financially sustainable regulator that is seen as transparent, accountable and providing good value.

#### Statutory oversight:

Continue to establish processes to support statutory oversight

#### Regulatory impact:

Board reporting on regulatory impact

#### Financial:

Build an organization that is financially stable providing predictability to licensees and demonstrates good value

#### Human Capital:

Continue to develop our human resources building toward a highly effective organization characterized by an engaged, capable and dedicated staff

### Stakeholder Collaboration and Outreach

Effective stakeholder engagement to support RHRA awareness and effective partner collaboration.

#### Awareness:

Build awareness and enhance understanding of the RHRA

#### Partnerships:

Work with partners to support increased resident safety and choice

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, safety and comfort and can make informed choices about their care options.

## Year in Review: Protecting Ontario's Retirement Home Residents

**At the start of 2013-2014 the vast majority of initial retirement home licensing assessments and decisions had been completed regarding those homes that were "deemed"; however, complex licensing issues still remained for some homes resulting in refusals to licence as well as conditions and orders including monetary penalties.**

Two additional phases of the Act and regulations came into force in July 2013 and January 2014. These new phases included provisions related to direct care staff training, the remaining assessment and plan of care requirements and police background checks for staff and some volunteers of retirement homes. These additional standards and requirements are intended to increase resident safety and protection throughout the province. The RHRA's key activities in the last year, supported by the implementation of the additional requirements of the Act, illustrate the RHRA's transition from a focus on licensing to a focus on becoming a more fully-operational regulator. This transition is demonstrated by increased compliance and enforcement activities. Key regulatory activities in 2013-2014 are highlighted:

### Launch of RHRA Complaints Handling Process

The RHRA introduced a new formal complaints handling process in January 2014. Complaints regarding alleged contraventions of the Act may now be submitted to the Registrar for review. Retirement homes are still required to have their internal complaints process in place.

### Implementation of Emergency Fund

Legislative requirements for the implementation of the RHRA's Emergency Fund were introduced in January 2014. The Fund may be used to benefit residents (and former residents) of retirement homes in certain emergency situations.

### Development and Launch of Routine Inspections

During 2013-2014 the RHRA developed and launched its risk-based routine inspection program. Routine inspections assess licensee compliance with critical requirements of the Act. All retirement homes are required to undergo a routine inspection at least once every three years. Homes continue to be subject to other types of inspections.

### Increased Compliance and Enforcement Activity

Throughout the year the RHRA emphasized compliance with the Act and regulations through a range of education, compliance and enforcement activities. Where necessary, Registrar's orders including compliance orders and administrative monetary penalties (fines) were issued.

The RHRA also appeared before the Licence Appeal Tribunal (LAT); the Registrar's first decision to refuse a retirement home licence was upheld and subsequent Registrar decisions that have been appealed have been supported by LAT.

### Statutory Appointments

As required by the Act, the RHRA Board of Directors appointed a Risk Officer and Complaints Review Officer. The Risk Officer, whose appointment was also approved by the Minister for Seniors Affairs, is responsible for independently reviewing, monitoring and assessing the effectiveness of the RHRA's activities. The Complaints Review Officer is responsible for reviewing the Registrar's actions (under certain conditions) with respect to complaints relating to alleged contraventions of the Act.

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<sup>1</sup> All homes that meet the definition of a retirement home as defined by the Act are 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.

## Timeline

2010	<ul style="list-style-type: none"><li>• <i>Retirement Homes Act, 2010</i> receives Royal Assent</li><li>• The Act requires retirement homes to be regulated for the first time in the province and establishes the RHRA</li></ul>
2010-2011	<ul style="list-style-type: none"><li>• RHRA interim Board established</li><li>• RHRA CEO appointed and staff recruitment initiated</li><li>• RHRA begins to handle mandatory reports of harm</li></ul>
2011-2012	<ul style="list-style-type: none"><li>• RHRA opens for licensing; retirement home licence applications accepted</li><li>• First public register of retirement homes established</li><li>• Permanent Board established</li></ul>
2012-2013	<ul style="list-style-type: none"><li>• Licensing decisions completed for nearly all homes</li><li>• Increased enforcement activity, including Registrar's orders and administrative monetary penalties</li><li>• RHRA required to be self-sustaining; fees implemented</li></ul>
2013-2014	<ul style="list-style-type: none"><li>• Most of the Act is now in force with the fifth phase increasing safety standards and protections for residents, including police background checks, the complaints handling process, implementation of the Emergency Fund and extra expense insurance requirements</li><li>• Retirement home routine inspections launched</li><li>• Complaints Review Officer and Risk Officer appointed</li></ul>

A photograph showing an elderly woman with short grey hair, wearing a blue sweater, seated in a wheelchair. She is looking towards a younger woman with long blonde hair, wearing a light-colored blazer over a white shirt. They are both smiling and appear to be in a conversation. The background is a plain, light-colored wall.

The RHRA's key activities in the last year illustrate the RHRA's transition from a focus on licensing to a focus on becoming a more fully-operational regulator.

## Industry Snapshot

- At the end of 2013-2014 there were approximately 700 licensed retirement homes in Ontario (this compares to 650 reported in 2012-2013 which included 565 licensees and 85 deemed licensees)
- Homes provide approximately 54,000 units of residential living space for seniors (51,500 reported in 2012-2013)
- Homes vary in size, ranging in capacity from 6 to 250+ residents
- Ownership ranges from small business owners to larger chains that own multiple properties with the 5 largest chains owning approximately 1/3 of all licensed homes
- Nearly all retirement homes are privately funded, for-profit facilities
- Over 400 homes have fire sprinklers in all suites



# Message from the Chair

On behalf of the RHRA's Board of Directors, I am pleased to present the 2013-2014 Annual Report. It provides an overview of the work and activities completed throughout the year to support the RHRA's mandate.



## *The Retirement Homes Act, 2010*

The last two phases of the *Retirement Homes Act, 2010* (the Act) came into force during 2013-2014. On July 1, 2013 Phase 4 introduced requirements related to ceasing operations as a retirement home, training for staff and volunteers and resident trust accounts. On January 1, 2014, Phase 5 came into force which included requirements such as police background checks for staff and volunteers, the RHRA's complaint handling process and the implementation of the RHRA's Emergency Fund. The Fund is used to benefit residents of retirement homes in certain emergency situations. More detail on the Fund –and other programs in place to protect residents – are provided within this report.

## Strategic Planning

With virtually all requirements that apply to retirement home licences now in force, Board activity throughout 2013-2014 focused on a number of activities including developing medium to long-term strategies to guide the RHRA's increasing regulatory responsibilities.

This year the Board updated the RHRA's strategic directions for 2013-2017. They were developed with participation of the Board, senior staff and key stakeholders representing residents, retirement home operators and industry leaders. Three strategic priorities were identified – regulatory effectiveness, corporate alignment and stakeholder collaboration and

outreach – and initiatives for each were established. These strategic priorities strive to make the RHRA an efficient and financially sustainable regulator while focusing on enforcing the key safety and consumer protection requirements of the Act.

Other Board activities included the recruitment of two additional statutory officers, the Risk Officer and Complaints Review Officer. These positions are established in the Act and more detail on the duties and roles of each is provided on page 15. The Board also approved funding for the RHRA's Emergency Fund, reviewed licence fees for 2014 and supported development of an internal information system build for managing licensing and compliance activities and data.

## Moving Forward

It has been my pleasure to serve as the Chair of the RHRA's Boards – both interim and permanent – and to oversee regulation of the retirement home sector. The experience for me has been rewarding and one that I have been pleased to share with my fellow Board members, RHRA staff and stakeholders. Our work continues to increase the safety of Ontario's retirement home residents.

I would like to thank the Board for their time, commitment and support throughout the last year. Although the RHRA is still relatively young, its foundations are strong thanks to the oversight and guidance provided by each member. With the majority of requirements of

the Act and regulations now in place the RHRA is well positioned to be an effective and efficient regulator.

Thanks are also extended to the Minister Responsible for Seniors Affairs and the staff of the Ontario Seniors' Secretariat. I appreciate the time you have afforded to the RHRA and look forward to continued collaboration.

The RHRA's Stakeholder Advisory Council, led by Chair Debbie Doherty, has continued to provide pertinent advice on a range of matters. My thanks to members for their ongoing interest in RHRA activities and for the submission of the Council's report, which can be found on page 17.

And finally, my sincere thanks to RHRA CEO and Registrar, Mary Beth Valentine, and her staff for their continued commitment. The work accomplished over the last year resulted in the successful launch of programs and activities related to the final phases of implementation of the Act and regulations.



Mary Catherine Lindberg, *Chair*

With requirements of the Act and regulations now in place the RHRA is well positioned to be an effective and efficient regulator.



# Message from the CEO and Registrar

Throughout 2013-2014 the RHRA continued to build its core regulatory operations with stakeholder input and a focus on the strategic direction and priorities identified by the Board for 2013-2017.



The three priorities established, *regulatory effectiveness, corporate alignment and stakeholder collaboration and outreach*, led to Board re-alignment of its committees for oversight and refocusing of staff activities to advance priorities and guide the RHRA to effectively fulfill its mandate to administer Ontario's *Retirement Homes Act, 2010*.

## Regulatory Effectiveness

The RHRA continued in its transition to implement an integrated, progressive regulatory strategy as regulatory operations and complexity increased significantly over the last year. At the same time, corporate consolidation and business alignment was undertaken to support the regulatory strategy and priorities. Licensing, intake services and new complaints and emergency fund requirements were aligned to increase service effectiveness and, similarly, inspections, investigations, compliance and enforcement were aligned to ensure consistency and fairness as requirements of the Act continued to be phased in.

Enforcement action began to emerge in late 2012-2013, and increased in 2013-2014 as decisions were required around more complex, repetitive, flagrant and higher-risk situations. Enforcement includes placing conditions on licences, licence refusals and revocations and issuing compliance orders, including administrative monetary penalties. Enforcement actions of the Registrar can be appealed by the licensee. Initial appearances at the Licence Appeal Tribunal were successful, with the Tribunal supporting Registrar's decisions.

There are 3 types of inspections that are now underway. Only one of those, routine inspections (which launched in March 2014), is required for every home at least once every three years. The purpose of routine inspections initially is to reduce non-compliance of critical requirements of the Act that relate to resident

protection, safety and choice. Prior to launching routine inspections, RHRA staff undertook education and training regarding regulatory best practices and effectiveness, assessed and refined the approach through two phases of pilot testing in various types of retirement homes, obtained input from the Stakeholder Advisory Council and others and assessed effectiveness of various factors such as compliance education with homes. Although too early to identify trends, routine inspection findings continue to be compiled to establish baseline metrics across the province.

In January of 2014 enactment of the RHRA's formal complaints requirements became effective and inspections specifically related to complaints were launched as one of the options available to the Registrar in complaints handling. The RHRA's Complaints Review Officer was also appointed. Although some complaints were received, we have too little experience to comment at the end of this reporting period.

Inspections also continue related to mandatory reporting of suspicion of abuse and risk of harm to residents. All three types of inspection reports are available on the RHRA's Public Register.

Various regulatory, governance and other policy documents were developed for both internal and external use to enhance regulatory operations and aid compliance.

## Corporate Alignment

Throughout the year, increased regulatory operations required the RHRA to assess and determine anticipated demands on its workforce. Some key roles were filled while others are under recruitment. Some areas were realigned following a review of business requirements. Targeted training programs were developed and introduced to support business areas.

A key development for the RHRA was the procurement and build of its case management software system. This initiative will allow the RHRA to centralize data collection in key areas

of operation for the purpose of developing baselines, monitoring, reporting, analyzing, problem solving and assessing year-over-year performance, risks and outcomes.

The RHRA remains a self-sustaining regulator funded by licensing, and other fees. Annual fees apply to all licensed homes based on the number of residential units. Other fees only apply in specific circumstances based on a home's requirements or actions. The Fee Schedule for 2014 was approved as required and communicated to licensees in September of 2013.

### Stakeholder Collaboration and Outreach

To promote awareness and compliance with new requirements of the Act, ongoing education for retirement home operators and licensees continued to be a priority for the RHRA throughout 2013-2014. Fact sheets, guidelines and compliance checklists to support the introduction of phases 4 and 5 of the Act were developed and introduced through numerous speaking engagements throughout the province and website postings.

The RHRA continued to foster collaboration with its stakeholders to increase understanding of regulatory requirements, the role of the regulator and regulatory operations. As RHRA enforcement activities increased, communication was established with a number of community partners to help increase resident safety and protection. Relationships with these community partners (including Community Care Access Centres, police, fire officials and public health) were particularly important where complex problems existed.

### Looking Ahead

During the next planning period the RHRA will continue to refine and develop its regulatory operations. Baseline data collected through inspections and other activities will be analyzed to track trends and identify systemic issues and areas of risk – which will help inform future licensee and operator education programs to resolve problems and RHRA approaches to increase compliance.

The RHRA's collection of data will also be beneficial as government undergoes its review of the Retirement Homes Act expected in 2015. I anticipate the experiences and learning of the RHRA, through its administration of the Act, will be a key element of the review process.

In closing I would like to thank a number of organizations for their interest in the RHRA's activities. We appreciate our retirement home industry and other stakeholders for the collaboration we have been able to develop over the last few years. These organizations include the Ontario Retirement Communities Association, the Ontario Association of Non-Profit Homes and Services for Seniors, the Advocacy Centre for the Elderly and the RHRA's Stakeholder Advisory Council, under the leadership of Chair, Debbie Doherty.

I would also like to thank the Minister Responsible for Seniors Affairs, the Honourable Mario Sergio, and his staff, and staff at the Ontario Seniors' Secretariat for continued interest. We have established a positive relationship over the years that helps keep the safety and protection of Ontario's retirement home residents a priority.

I want to acknowledge the importance of the guidance, governance oversight and support of RHRA Board Chair, Mary Catherine Lindberg, and all Board members. Members continually demonstrate commitment to good governance practices and support the continued growth of the RHRA as an effective regulator. The RHRA's strategic planning and governance deliberations have benefitted from the diverse knowledge, skills and perspectives represented on the Board.

And finally, my thanks to RHRA staff for their continued efforts. You have each played an important role in the achievements of the RHRA.

It has been a challenging and productive year and I look forward to moving ahead with the Board and staff in 2014-2015 for the continued enhancement of the safety and protection of Ontario's retirement home residents.



Mary Beth Valentine, *CEO and Registrar*  
*Retirement Homes Regulatory Authority*

The RHRA began 2013-2014 with a newly constituted permanent Board (established December 2012 to replace the interim Board). This nine-member Board is comprised of five elected members and four members appointed by the Lieutenant Governor in Council. Members may serve one, two or three year terms for a total of nine years. Board members may include licensees, consumers, representatives of business and others.



Board members  
from left to right:  
Christopher Jodhan  
Barbara Sullivan  
Mathilde Gravelle Bazinet  
Trevor Lee  
Mary Catherine Lindberg  
Millie Christie  
Bob Kallonen  
Carla Pepler  
John J. Rossiter

# RHRA

Retirement Homes Act

Dignity

Consumer  
Protection

Respect

Inspect

Inquiries and Concerns

Governance

Public Register

Reduce Risk

Bill of Rights

Res

# RHRA Board of Directors

The Board is responsible for overseeing the administration of the Act, the strategic direction, financial and risk oversight and general governance of the Authority and its regulatory affairs.

## RHRA Board of Directors

- Mary Catherine Lindberg, *Chair* (designated by the Minister Responsible for Seniors Affairs)
- Mathilde Gravelle Bazinet
- Millie Christie
- Christopher Jodhan
- Bob Kallonen
- Trevor Lee
- Carla Pepler
- John J. Rossiter
- Barbara Sullivan (effective December 10, 2013)
- Aileen Carroll (end of term December 9, 2013)

## Board Committees<sup>2</sup>

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. Terms of Reference for all committees were reviewed and updated in 2013-2014.

1. Governance and Regulatory Affairs Committee	
<b>Purpose</b>	To advise the Board on matters relating to: the Board's governance structure and processes; evaluation of the Board's effectiveness; and recruitment/nomination, education/development, evaluation of Board members and oversight of regulatory affairs.
<b>Membership 2013</b>	Mary Catherine Lindberg, <i>Chair</i> , Mathilde Bazinet, Aileen Carroll and Millie Christie
<b>Membership 2014</b>	Mathilde Gravelle Bazinet, <i>Chair</i> , Christopher Jodhan, Millie Christie and Barbara Sullivan
<b>Meetings</b>	Committee met five times in fiscal year 2013-2014.
2. Finance and Audit Committee	
<b>Purpose</b>	To assist the Board of Directors in fulfilling its oversight responsibilities regarding financial reporting, audit, risk management, business ethics and the Emergency Fund.
<b>Membership</b>	Trevor Lee, <i>Chair</i> , Bob Kallonen, Carla Pepler and John J. Rossiter
<b>Meetings</b>	Committee met five times in fiscal year 2013-2014.
3. Human Resources and Compensation Committee	
<b>Purpose</b>	To assist the Board of Directors in fulfilling oversight responsibilities related to human resources and compensation.
<b>Membership 2013</b>	Carla Pepler, <i>Chair</i> , John J. Rossiter, Bob Kallonen Trevor Lee and Christopher Jodhan
<b>Membership 2014</b>	Carla Pepler, <i>Chair</i> , John J. Rossiter, Bob Kallonen and Millie Christie
<b>Meetings</b>	Committee met five times in fiscal year 2013-2014.
4. Nominations Committee	
<b>Purpose</b>	Board designates committee to act as nominating committee for elected Directors. Nominations committee will nominate individuals for election to Board to fill vacancies with reference to Experience Matrix and Qualification Criteria and in accordance with by-law/policies.
<b>Membership 2013</b>	Millie Christie, <i>Chair</i> , Mathilde Gravelle Bazinet and Trevor Lee
<b>Membership 2014</b>	Christopher Jodhan, <i>Chair</i> , Mathilde Gravelle Bazinet and Trevor Lee
<b>Meetings</b>	Committee met three times in fiscal year 2013-2014.

Board members receive remuneration based on the following per diem rates:

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

Total remuneration for Board members in 2013-2014 was \$88,703.53.

<sup>2</sup>The Governance Committee terms were clarified, including a change in title, to more specifically address regulatory affairs to align with organizational transition and new phases of the Act. The terms were also modified to clearly reflect that the Board Chair may attend all committee meetings as an ex-officio voting member, with the exception of the Finance and Audit Committee. The Chair may attend the meeting, but is not a member and cannot vote.

## Board Activities

### Strategic Planning

As part of its commitment to good governance and oversight, the Board engaged in a strategic planning session in June 2013. The session was used to confirm the vision, mission, values and strategic direction and to identify strategic priorities for the 2013-2017 planning period. The strategic priorities are focused on three areas: Regulatory Effectiveness, Corporate Alignment and Stakeholder Collaboration and Outreach. The priorities were established with the input of senior staff, government representatives and key stakeholders representing residents, retirement home operators and industry leaders.

### Board Governance - By-laws and Policies including Board Evaluation and Education

In 2013-2014 the Board reviewed its corporate by-laws and approved changes to by-law number 1. It also developed and approved Board governance policies based on accepted good governance practices which included duties and expectations of individual directors, role descriptions for the Board chair and vice chair, and confidentiality. Board evaluation and Board education policies were also among those developed. The Board actively engaged in Board evaluation throughout the year including completing regular Board meeting evaluations, an annual Board survey and individual Board member evaluations conducted by the Chair. Information from the Board evaluation is used to identify areas for governance process improvements and guide education opportunities for the Board and for individual directors. In 2013-2014 the Board engaged in formal and informal education sessions including specific governance programs (i.e. financial, risk and human resources oversight) and inviting experts from key stakeholder groups to speak to the Board about their organization.

### Fee Setting

Fiscal year 2013-2014 marked the first full year in which the RHRA was required to finance its operations without government support by revenue collected through fees. Following notification of the Minister and consultation with members of the retirement home sector and other stakeholders, the Board approved the 2014 Fee Schedule. The Schedule had not been subject to increases since it was established in 2012 and marked only a slight increase in annual licence fees (1.4 per cent, based on the 2012 Statistics Canada Consumer Price Index for Ontario). Other changes made to the Fee Schedule included increases to one-time fees such as the application fee which had originally been offset through initial government start-up funding.



The strategic priorities are focused on three areas: Regulatory Effectiveness, Corporate Alignment and Stakeholder Collaboration and Outreach.

## Statutory Appointments

Legislative requirements that came into effect on January 1, 2014 required the appointment of two new statutory officers, the Complaints Review Officer and the Risk Officer. During the reporting period requirements for each role were established based on the accountabilities in the Act and an executive search was conducted to identify candidates. The selection process was completed by the Board and Board appointments were made. The appointment of the Risk Officer was also approved by the Minister Responsible for Seniors Affairs as required by the Act. Both the Risk Officer and the Complaints Review Officer report directly to the Board.

### **Risk Officer**

The Risk Officer (RO) is responsible for reviewing and assessing the effectiveness of the RHRA's administration of the Act and regulations, including the RHRA's activities related to ensuring that licensees meet the care and safety standards and respect the rights of residents set out in the Act and regulations. The RO is also responsible for preparing reports for the Board and the Minister including an annual report which will be made public.

### **Complaints Review Officer**

The Complaints Review Officer (CRO) is responsible (under certain conditions) for reviewing the reasonableness of the Registrar's consideration of the complaint and any action taken. Where the Registrar has considered a complaint and made a decision to take no further action, the complainant has a right to request a review by the CRO under certain conditions. If a review is requested, the Registrar must notify the retirement home.

The CRO reviews the reasonableness of the Registrar's consideration and decision in respect of the complaint. The CRO may confirm the Registrar's decision or refer the complaint back to the Registrar with a recommendation for further action. The CRO's decision is final and not subject to appeal. The CRO must notify the complainant and the retirement home of the decision.

## Emergency Fund

Effective January 2014 the RHRA was required to fully implement an Emergency Fund. The Fund is used to benefit residents (and former residents) of retirement homes in certain emergency situations. Residents may make a claim for compensation or the Registrar may approve payment to an individual from the Fund if certain criteria are met. Money cannot be withdrawn from the Fund for any other purpose. Administrative monetary penalties that are assessed and collected by the RHRA must be paid into the Emergency Fund. The Fund is also supported by contributions approved by the Board. Allocations were made to the Fund by the Board in 2013-2014. The Emergency Fund details are reported on in the financial statements.

## Stakeholder Advisory Council

The Board receives advice on matters pertaining to the operations of the RHRA from its Stakeholder Advisory Council (SAC).

Members of SAC are appointed for one or two year terms by the Board based on relevant knowledge and experience. Member representation is specified in SAC's Terms of Reference and includes residents, owners/operators in the retirement home sector, regulated health professionals, advocacy associations and others. Members do not participate as representatives of specific organizations.

SAC meets at least quarterly and the Chair is invited, at least annually, to meet with the RHRA's Board. The members provide valuable insight and perspectives on issues impacting the RHRA and their collective input is significant in supporting the RHRA to implement its mandate.

### Membership:

Debbie Doherty, <i>Chair</i>	Nazira Jaffer
Donald Eldon	Ken Sweatman
Esther Goldstein	Judith Wahl
Donna Holwell	

Members represent residents, owners/operators in the retirement home sector, regulated health professionals and advocacy associations.



## Report of the Stakeholder Advisory Council

The Memorandum of Understanding requires SAC to provide a report to the RHRA Board, at least annually, on its advice and activities. The report submitted by SAC's Chair for 2013-2014 is provided below:

Dear Mary Catherine Lindberg,

To start, I would like to thank the RHRA Board for approving revisions to SAC's Terms of Reference. The finalized Terms are available on the RHRA's website. Thanks are also extended to the Board for its timely appointment of our SAC members this past year, including two new members Esther Goldstein and Nazira Jaffer. SAC's current membership includes a retirement home resident, owners/operators in the retirement home sector, advocacy associations and others. The collective experiences and expertise of our seven members allows SAC to continue to provide the Board and senior staff with advice on matters pertaining to the mandate of the RHRA.

Since its establishment in 2012, SAC has appreciated the opportunity to provide input on the RHRA's program and policy development including RHRA fee setting for 2014. As parts of the *Retirement Homes Act, 2010* (the Act) have been phased in, there have been numerous opportunities to engage in discussion and provide advice on many issues. This last fiscal year, which saw the implementation of the last two phases of the Act, was no different.

Of particular interest to SAC members was the opportunity to participate in the Board's strategic planning activities. We encouraged the Board to increase outreach and communications with residents and families and were pleased to see stakeholder collaboration and outreach identified as a key objective for the RHRA during 2013-2017. SAC members are eager to participate in the RHRA's communications planning and look forward to upcoming discussions around resident outreach.

Also of interest to members were the discussions centred on key programs, namely the purpose and method of routine inspections and the RHRA's complaint handling process. SAC is supportive of the RHRA's risk-focused approach to routine inspections of retirement homes and feel the outcome will help promote the adoption of the Act's key safety and protection requirements and enable a baseline of protections to be established across the province. SAC also had the opportunity to review materials related to complaints handling. During the coming year we look forward to learning more about the types of complaints the RHRA fields and their outcomes.

Members also had the opportunity to provide input and advice on documents used in the administration of the Act including the development of forms to be used by homes for reports, such as the RHRA's Incident Report Form, Notice of Change Form and the Annual Reporting Form. SAC members were pleased to see that many recommendations were adopted by the RHRA.

On behalf of members I would like to thank Mary Beth Valentine and RHRA staff for this continued collaboration. I personally would also like to thank all members of SAC for their dedication and commitment and in particular our resident member, Donald Eldon, for his participation on SAC. Donald travels between Ottawa and Toronto to attend SAC meetings and provides a very valuable perspective. His views as a retirement home resident help guide many discussions and serve as a constant reminder about the purpose of SAC's work. In the coming year, we look forward to exploring the expansion of our resident membership to help ensure this valuable resident perspective continues to be heard.



Debbie Doherty, SAC Chair

During 2013-2014 the RHRA moved towards more fully implementing its progressive regulatory strategy. This strategy included revisions to the licence application form to distinguish between new operations and existing retirement homes, launch of the risk-based routine inspections and an increase in compliance and enforcement activities such as the issuing of orders, conditions and monetary penalties to licensees.

In addition, the RHRA focused on educating operators as the Act continued to be phased in, as well as developing new partnerships to support the implementation of the Act for improved resident protections, safety and choice.

The logo for the Retirement Homes Act (RHRA) features the letters 'RHRA' in a bold, sans-serif font. Above the 'H' is a stylized arch or bridge shape.

Retirement Homes Act

Dignity

Consumer Protection

Respect

Inspect

Inquiries and Concerns

Governance

Public register

Reduce Risk

Bill of Rights

Licensing

Resid

# Regulatory Affairs

A report on each of the RHRA's core regulatory areas follows.

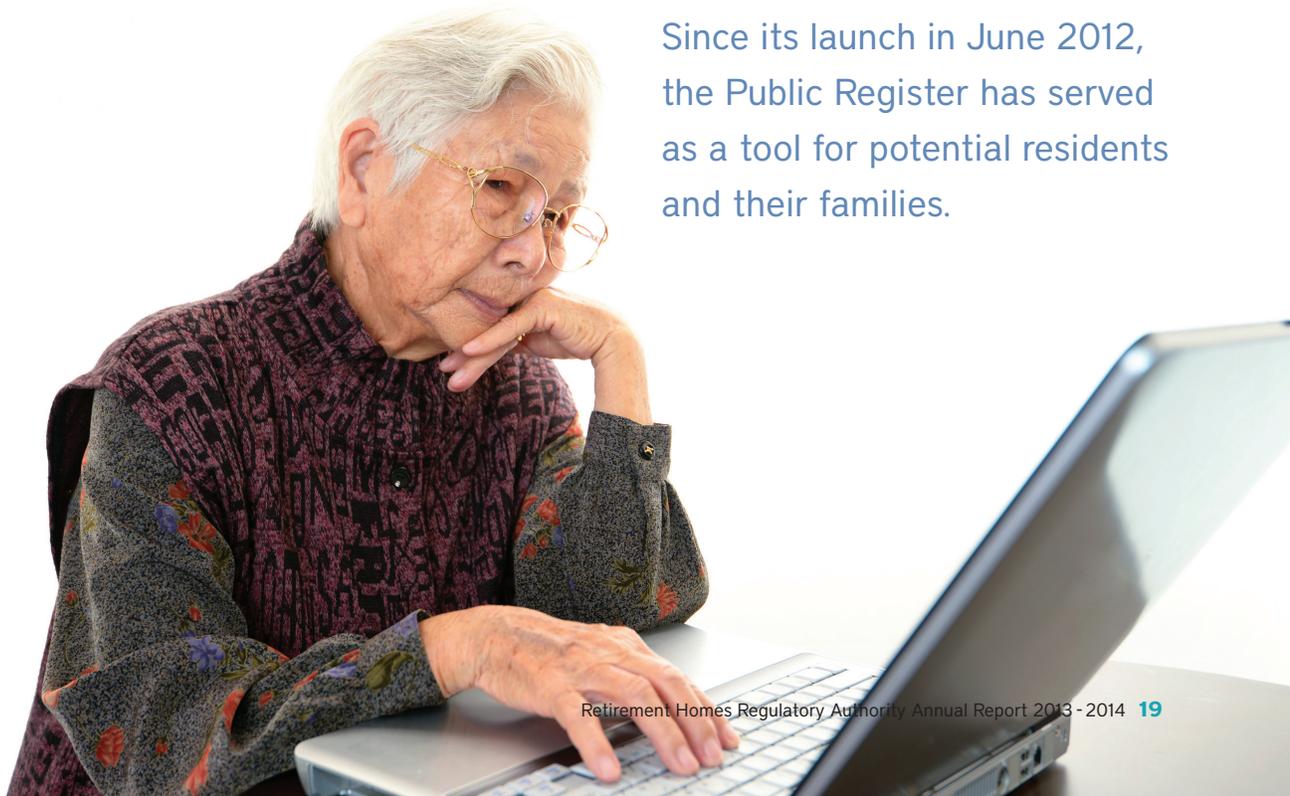
## Public Register

The Act requires the RHRA to establish and maintain a Public Register that provides information about retirement home applicants and licensees. Since its launch in June 2012 the Public Register has served as a tool for potential residents and their families to search for licensed homes and to determine a home's inspection and compliance history. Users can search the Public Register by retirement home name, by city or town or by postal code. The Public Register also identifies any conditions on a licence and other compliance and enforcement measures, including compliance orders and administrative monetary penalties (fines). As complex licensing decisions were made and compliance and enforcement activities increased in 2013-2014, links to refused licence applications and revoked licences were added to the Public Register to improve public accessibility.

The following data is 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
- 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
- Availability of automatic sprinklers
- Inspection reports
- Information about conditions, orders, administrative monetary penalties and Licence Appeal Tribunal decisions
- Information about licence termination, revocation or surrender

Since its launch in June 2012, the Public Register has served as a tool for potential residents and their families.



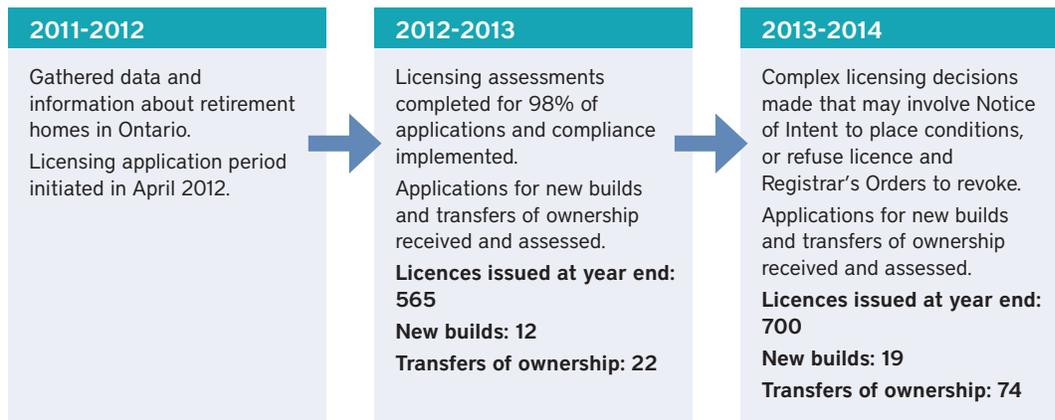
## Licensing

### Licensing Activity

Since July 2012 businesses that meet the legal definition of a retirement home under the Act require a licence to operate. Retirement homes that applied to the RHRA for a licence before July 1, 2012 received a deemed licence under the Act. Deemed status continued until the Registrar issued or refused to issue a licence to the retirement home.

Licensing decisions for the vast majority of deemed homes and late applications were completed in 2012-2013 including a number of homes with significant and complex licensing issues. A few homes with complex issues remained. These licensing issues included the need to provide education, engage in compliance activities and issue orders, conditions and refusals. Details related to licence refusals and revocations are discussed in the refusals, compliance and enforcement section on page 23.

Over the last year licensing staff have handled several applications for new retirement home operations (new builds) and numerous requests for information changes to licensee information. A substantial increase in the number of ownership transfers was also experienced in 2013-2014.



### Reporting Tools for Licensees

Throughout 2013-2014 the RHRA developed reporting tools to assist licensees meet specific requirements in the Act. An Incident Reporting Form was developed to assist operators with reporting harm or risk of harm. A revised Notice of Change Form was posted to the RHRA website to allow licensees to report changes to information provided in their licence application or Public Register profile (e.g., changes to care services provided). A new Notice of Change of a Controlling Interest in a Licensee Form was also posted.

### Extra Expense Insurance

As of January 1, 2014 all licensees are required to have extra expense insurance to cover the cost of providing alternate accommodation for all residents of a retirement home for no less than 120 days, as a direct result of a loss or damage to the home caused by a peril for which insurance is reasonably available. To support this requirement, licensees were asked to submit an original Certificate of Insurance to the RHRA which demonstrates they have extra expense insurance coverage from an authorized insurer which was in effect beginning no later than January 1, 2014. The RHRA will analyze the submissions and review its process in 2014-2015.

## Inquiries, Reports and Complaints

The RHRA handles general 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](http://www.rhra.ca)), by phone or through written correspondence.

Intake staff collect basic information, and depending upon the issue or concern, may direct callers to information provided on the RHRA website or provide contact information for other agencies if the concern is outside the scope of the RHRA's mandate.

Intake will forward calls requiring RHRA attention to the appropriate area for follow up. Reports or allegations of neglect or abuse will be forwarded directly to the RHRA compliance team.

**During 2013-2014 intake staff handled over 3,200 activities, which included over 2,700 general inquiries and nearly 500 reports of suspected harm or risk of harm.**

### Complaints to the Registrar

A new formal complaints handling process was launched in January 2014 as required by the Act.

Complaints reported to the Registrar must relate to alleged contraventions of the Act and must be received in writing (a Complaint Form is available on [www.rhra.ca](http://www.rhra.ca) in the "Residents and Families" section).

To assess the merits of a complaint, the Registrar may make inquiries of the home or of the complainant, request information from the licensee and/or inspect the home. In response to the complaint, the Registrar may attempt to mediate, provide information/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 (CRO).

**During the reporting period (from January 1, 2014), the Registrar received 3 complaints.**

The RHRA's new formal complaints handling process launched in January 2014.



## Inspections

To assist the RHRA in carrying out its duties, the Registrar has the authority to appoint inspectors and investigators under the Act who have powers to enter and inspect homes.

An inspection of a home may occur for different reasons. It may be in response to a report of harm or risk of harm to a resident. It may be in response to a complaint about a home or it may be a “routine inspection” to monitor compliance with the Act. The Act requires that all homes receive a routine inspection at least once every three years.

In February of 2014, the Minister Responsible for Seniors Affairs designated all RHRA investigators as Provincial Offences Officers with respect to offences under the Act. This designation will support efficient and effective investigations and prosecutions under the Act.

### Routine Inspections

The RHRA’s initial focus with routine inspections is to establish a baseline of protections for residents in order to develop a consistent, fair and transparent approach throughout the province. This will be done by identifying and reducing non-compliance on critical requirements of the Act that relate to resident safety and choice.

The RHRA conducted initial testing of a routine inspection approach in a range of homes (i.e., small, large, chain and non-chain). Feedback from these homes, combined with RHRA staff input and advice from industry stakeholders, resulted in further refinement and development of the compliance framework and the routine inspection program, which officially launched in March 2014.

During the routine inspection visit the inspector will inform the home of any findings of non-compliance and may educate the licensee and staff on any potential items to be reviewed or addressed for future inspections. Inspectors may also cite the home for non-compliance of these items. The RHRA will track trends over time to identify problems and inform the development of education materials, processes and resources to increase licensee compliance.

All inspection reports are posted on the RHRA’s Public Register. Compliance and/or enforcement actions may follow findings of significant or repeated non-compliance.

### **Routine inspections launched in March 2014.**

**At the end of 2013-2014, 63 routine inspections had been completed.**

### Mandatory Reporting Inspections

In addition to routine and complaints inspections, RHRA inspectors also conduct mandatory reporting inspections. These inspections, which have been conducted since 2011, are used to investigate reports of harm or risk of 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
- Suspected misuse or misappropriation of a resident’s money.

Those who must report harm or risk of harm or the suspected misuse or misappropriation of a resident’s money 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 prohibits retaliation against those who do report. Enforcement action may be taken by the RHRA against licensees or others who do retaliate.

Mandatory reporting inspections assess allegations made in reports of harm.

After any 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 use this opportunity to describe the effort(s) they have taken, or are taking, to address the identified areas of non-compliance. A final report is posted to the Public Register.

**During the reporting period the RHRA completed just over 300 mandatory reporting inspections. This compares to nearly 200 completed in 2012-2013.**

**Approximately 50% of these inspections found compliance with the Act, while the other 50% found issues of non-compliance.**

Results of a mandatory reporting inspection may involve education or a warning to promote compliance with the Act. In other cases enforcement may include orders, penalties to the licensee or conditions may be placed on the licence.

## Licence Refusals, Compliance and Enforcement

The RHRA oversees enforcement actions for the purpose of protecting residents and ensuring that retirement homes are operated in accordance with the Act and the regulations. Enforcement actions generally follow ongoing issues of non-compliance. The Registrar may make orders to respond to non-compliance with the Act. Registrar orders include administrative monetary penalties (fines) and compliance orders that require a licensee to take certain actions to be in compliance with the Act.

**During 2013-2014 the following compliance orders and administrative monetary penalties were served:**

- **Compliance Orders: 4**
- **Administrative Monetary Penalties: 4**

### Refusals and Revocations

The Act requires the Registrar to refuse a licence if in his or her opinion the applicant does not meet the licensing criteria in the Act. These criteria include the applicant's competency, past conduct and ability to provide care services. The Registrar may issue an order to revoke a licence if he or she believes that the licensee does not meet or no longer meets the licensing criteria in the Act, breaches the Act or makes a false statement in a licence application or in any document or information required to be provided under the Act.

A revocation is generally the last step in a long process whereby the RHRA attempts to engage with an applicant/licensee to resolve issues or concerns and promote compliance. Conditions on a licence, compliance orders and administrative monetary penalties may all occur in situations that subsequently lead to a revocation. Before revoking or refusing a licence, the Act requires the Registrar to first issue a Notice of Intent, which sets out the grounds for the proposed refusal/revocation, and gives the applicant/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 licence, issue a licence with conditions, or revoke a licence. Appeals are to the Licence Appeal Tribunal (LAT).

The first appeal of a Registrar's Notice of Decision to refuse a licence was heard in 2013. In a decision released on November 12, 2013, LAT upheld the Registrar's decision to refuse to issue a licence to the applicant.

**During the reporting period the Registrar issued:**

- **5 Notices of Decision to refuse an application**
- **1 Notice of Intent to revoke a licence**

## Education and Outreach

The RHRA consults with individual homes, trade associations and industry representatives and other stakeholders and community partners, providing education where necessary to promote understanding of, and compliance with, the Act and regulations.

### Communications Products

As Phases 4 and 5 of the Act were implemented in 2013-2014, operators and licensees were provided with information about the new regulatory requirements.

#### **Licensee outreach:**

- Phase 4 & 5 Compliance Checklists completed
- Phase 4 & 5 Webinars presented
- Routine Inspection Fact Sheet distributed to licensees and posted to the RHRA website
- Infection Prevention and Control Guideline posted to the RHRA website
- Registrar's Letters sent to licensees regarding:
  - 2014 Fees
  - Mandatory Extra Expense Insurance
  - Routine Inspections
- Over 25 presentations made about the RHRA and the Act throughout the province. These include regional presentations for the Ontario Retirement Communities Association's membership and non-members (with a reach of nearly 1,000 participants)

Although licensee education took priority in 2013-2014 to promote understanding of the new phases of the Act, opportunities for outreach to residents and families were also sought.

#### **Resident/family outreach:**

- Letters of introduction to nearly 200 elderly persons centres in Ontario
- Participation in several seniors' fairs
- Provision of resident brochures to stakeholders
- Updated content on the Residents and Families page of the RHRA's website regarding complaints handling
- RHRA-related content published in two key seniors' retirement home publications
- RHRA inspections involve discussions with retirement home residents

Increased communication with residents to promote understanding of the RHRA and the protections afforded to residents under the Act has been identified as a key objective for 2014-2015.

## Other Activities

### Licensing and Compliance Case Management Software System

The RHRA completed a lengthy requirements gathering and procurement process to secure a vendor to develop its central Information Technology (IT) system. The system supports the RHRA's core regulatory operational activities and provides a standardized tool for managing processes and information related to Intake, Licensing, Compliance and Enforcement functions. The project implementation was split into several phases with Phase 1 focused mainly on Licensing and Intake requirements. This phase of the project was completed by fiscal year end.

### Complaints Related to the Administration of the RHRA

Complaints or concerns that relate to the administration of the RHRA are received through Intake and referred to the appropriate staff for attention, resolution and recommendations. Any such complaint and its resolution are reviewed by the RHRA management team to determine impact or action required related to RHRA policies, processes or informational material and the board is advised of substantive concerns.

### 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](http://www.ormr.ca).

Building awareness and enhancing understanding of the RHRA has been identified as a key priority for 2014-2015.



# Key Achievements

Regulatory objectives and goals for the reporting period have been provided below, along with the outcomes achieved during 2013-2014.

Objectives	2013-2014 Goals	2013-2014 Outcomes
<b>Resident Protection</b>		
<b>Provide clear overview of regulatory practices to residents and operators.</b>	Ensure programs are planned and executed to the highest standards of consumer protection and operational transparency.	Developed an Incident Report Form to facilitate reporting of resident harm or risk of harm.  The licence application and guide were revised and posted to the website.
<b>Assist in the development of proposals to amend the Act and regulations that promote consumer protections.</b>	Implement framework for comprehensive data gathering and analysis to develop recommendations.	Framework under development.
<b>Reduce risk of harm or abuse to residents of retirement homes.</b>	Further develop a system of compliance, inspection and enforcement standards to achieve performance in retirement homes when non-compliance is demonstrated.	Full implementation of compliance and enforcement framework, including development of processes and protocols to support activities.  Developed and began implementation of a routine inspection process.
<b>Regulatory Operations</b>		
<b>Effectively communicate and educate licensees on the requirements of each phase of regulations proclaimed during the year.</b>	Complete effective interpretation documents that can be consulted by staff and operators in applying regulations that are complex or unclear.	Educational fact sheets and compliance checklists for Phases 4 and 5 were completed and made available on the RHRA website.  Provided education through participation at ORCA's spring and fall road shows and two RHRA webinars.  Developed complaints process and policies.
<b>Evolve internal operations to effectively manage required regulatory mandate.</b>	Execute a plan to retain the resources and expertise required to continue the development of regulatory programs.	Hired a Manager of Inspections and Investigations and two inspector/investigator roles were filled.  Other support roles were also filled.
<b>Identify and action homes that require additional measures to reach compliance. Ensure regulatory programs are consistent with phasing of Act.</b>	Develop an evidence-based risk assessment method that identifies and prioritizes homes for either additional intervention or inspection.  Review and revise, as necessary, compliance and inspection protocols that contemplate ongoing regulatory changes as further sections of the Act and regulations are proclaimed.	Risk assessments related to the licensing process were completed.  Developed routine inspection program using an evidence-based risk assessment approach. Routine inspections began in March 2014.  Ongoing revision and review of compliance and inspection protocols as phases of the Act were implemented.
<b>Stakeholder Engagement</b>		
<b>Maintain accurate information about retirement homes and make this information publicly available.</b>	Develop and adhere to standards for maintenance of the Public Register.  Define policies for relevancy of information, length of time for posting and other information on the Public Register.	Listings for refused applications and revoked licences were added to the Public Register.  Practices for maintaining the Public Register were established (e.g. refreshing data twice daily).
<b>Educate/inform sector and the public about the Act and RHRA.</b>	Develop operator educational materials that focus on the Act, the RHRA and its mission and operations.  Develop a strategic awareness strategy with an emphasis on public appearance of RHRA management and staff as new sections of the Act are proclaimed.	Education materials provided through the RHRA's website including updated fee information, fact sheets, compliance checklists and webinar recordings.  RHRA management and staff participated in various public forums and speaking engagements (including ORCA road shows, stakeholder presentations, seniors' fairs and consumer events).

Objectives	2013-2014 Goals	2013-2014 Outcomes
<b>Stakeholder Engagement (continued)</b>		
<b>Develop consumer protection educational materials to build awareness of Act and RHRA.</b>	Develop a program for engagement of the media and stakeholders to build awareness with the general public, residents and family members.	Completed numerous speaking engagements (e.g., presentations to Community Care Access Centres and public health). The RHRA also participated in media interviews and developed key messaging templates.
<b>Seek feedback on the RHRA.</b>	Establish metrics to determine effectiveness of digital properties. Introduce a program of regular surveys to collect feedback from retirement home residents, operators and members of the public.	Website measurement tools are in place to track traffic on the RHRA's websites and the RHRA's YouTube channel. Resident and operator surveys developed to collect feedback on the inspection process.
<b>Provide information that allows the public to measure compliance performance of retirement homes.</b>	Provide information to the public and consumers to allow understanding of the measurement of performance of retirement homes, including the posting of reports and activities.	Information posted to the Public Register includes a home's licence status, copies of inspection reports and any conditions or orders that may be associated with the licence.
<b>Governance Leadership</b>		
<b>Establish ongoing stability of governance oversight through effective transition to permanent Board.</b>	Develop a long-term strategic plan along with a robust governance work plan for the year.	Held Board strategic planning session in June 2013 that resulted in development of 2013-2017 RHRA Strategic Directions and Priorities. The planning session was supported by stakeholder input. Priorities in the strategic directions align with the RHRA's Board governance work plan.
<b>Meet the phasing in requirements of statutory oversight roles.</b>	Successfully define and recruit personnel for key statutory oversight roles of Risk Officer and Complaints Review Officer.	Officer roles defined and recruitment and selection for the Risk Officer and Complaints Review Officer completed.
<b>Ensure Board and Committee structure reflects evolution of the RHRA and the needs of its stakeholders</b>	Perform assessment of Board capabilities and align with ongoing statutory and operations responsibilities.	Board Committees and Terms of Reference for each Committee were established. Policy developed requiring annual review to assess effectiveness. Board evaluation governance policy developed and implemented to support assessment of governance practices.
<b>Human Capital Development</b>		
<b>Develop foundation of a learning organization model for the RHRA.</b>	Implement a comprehensive and rigorous training program for all staff focused on developing broad expertise in key operational areas.	Training plans drafted from needs identified in performance review process. Significant training has taken place during the year, including targeted internal sessions. Additional focus on building capacity through broader internal training agenda will continue to be a focus for the organization.
<b>Implement processes for ongoing measurement of performance results and continuous improvement.</b>	Entrench and refine performance management programs and practices through implementation of active management monitoring of key performance indicators.	Performance indicators following in part from strategic objectives are incorporated here. Significant development in 2014-15 indicators. Performance management program entrenched with annual review process following initial implementation. Additional focus on refining this program will continue to be a focus in the coming year.
<b>Prepare for current and future requirements of the Act as proclamation phases are implemented.</b>	Revise organizational structure and staffing plan to contemplate specialized knowledge and resources needed to support ongoing operations.	Reviewed several business processes including intake, licensing, inspections and compliance. This included benchmarking for operations hours/coverage, revisiting inspector workforce planning using data and skills analysis; and realigning some roles concurrent with staffing changes to meet needs, and targeted recruiting for different skillsets where required.

Objectives	2013-2014 Goals	2013-2014 Outcomes
<b>Organizational Sustainability</b>		
<b>Enhance operational performance management.</b>	Implement business reporting and analysis tailored to regulatory and operational priorities.	Adopted regular and standard financial reporting format. Developed standard activity reporting format for initial use in fiscal 2014-2015.
<b>Ensure financial stability beyond the period of government funding.</b>	Prepare a basis to develop enduring revisions to the Fee Schedule.	Established and communicated the 2014 Fee Schedule to licensees including adjustments to reflect process costs for transactions.
<b>Establish Emergency Fund.</b>	Create critical policies that define funding, investment and claims ability; communicate to stakeholder community.	Initial funding of the Emergency Fund was approved by the Board.  Developed initial policies and processes to support payments activity. Engaging in ongoing considerations and further policy refinement as the RHRA gathers experience and data related to the Fund.
<b>Refine enterprise risk management practices.</b>	Develop comprehensive and regular reporting that balances risk and resources for benefit of all stakeholders.	Enterprise risk management framework and policy developed and approved by Board.  Ongoing work continues regarding risk management implementation and reporting.

Moving forward outreach activities will include enhanced tactics to reach families and residents.



# Moving Forward

**The RHRA will continue to transition into a fully operational regulator over the next three years. The organization will focus on building capacity and capability to implement its strategic direction and priorities over the next year and will specifically focus on further development and refinement of key programs and activities that were launched throughout 2013-2014 such as the formal complaints handling process and routine inspections.**

In 2014-2015 the RHRA will reach a new level of capability to capture baseline data and information related to its core regulatory activities. Routine inspections will lead to a common set of risk, safety and protection data relative to all homes across the province. Through data gathering and analysis, trends will be tracked and compliance rates monitored to identify systemic issues. The RHRA will focus on the development of policies, processes and tools to address areas of non-compliance. In addition, the RHRA will seek opportunities for partnership and collaboration and will develop other resources and educational material to facilitate operators' compliance with the Act.

Through these activities the RHRA will enhance resident protections and compliance rates among licensees and be able to increasingly address identified issues at a broader level.

Focus of other activities throughout the coming year include:

## Resident/Family Education

The RHRA's communications efforts to date have primarily focused on licensee education to support each implementation phase of the Act. Moving forward outreach activities will include enhanced tactics to reach families and residents. Key messages will include the RHRA's new complaint handling process and the importance of the complaint handling and safety provisions within retirement homes.

## Statutory Appointments

The Risk Officer and the Complaints Review Officer will develop and establish their processes and reporting mechanisms in 2014-2015.

## Legislative Review

The government will determine the timeframe for legislative review as specified in the Act beginning in 2015. The RHRA has a mandate to advise the Minister on policy. Experience and data gained through regulatory activities will be invaluable in formulating RHRA consideration and recommendations for government.

# Financial Report

The following financial review is based upon the audited financial statements of the RHRA for the year ended March 31, 2014 with comparative amounts for the previous fiscal year.

## Overview

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

Licensees are billed annually in January of each calendar year. The cash/investments and deferred revenue balances reflect the receipt of funds early in January 2014 while the period to which the fees relates includes the full calendar year. Comparative with the previous year, the financial position was also impacted by a change in HST remittance timing affecting the balances of Government remittances as of year-end.

Allocations to the restricted Emergency Fund, and to an internally restricted operating fund during the year are detailed in the statement of change in net assets and reflect important steps in the continued initial steps of establishing the RHRA as self-sustaining while meeting its funding obligations in accordance with the Act.

Expenditures during the year reflect the operational activities of the RHRA and primarily of operating expenses and investments in capital assets to support its core activities. The Statement of Operations Position and the Statement of Cash Flows reflect these operational activities as at and for the year ended March 31, 2014.

## Revenue

A surplus of \$1.27 million was recorded, the majority of which has been appropriated to an internally restricted operating reserve which was established in the previous year 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, particularly with increased levels of activity in compliance and enforcement matters. Similarly, a significant appropriation of the surplus was made to the restricted Emergency Fund.

Annual licence fees are billed on a calendar year basis and recognized for the year to which the fees relate. Annual licence fees for the year reflect those recognized from April 1, 2013 through the end of the fiscal year. This represents the first complete year of annual fees recognition and compares with the previous year for which annual licence fees were only recognized for nine months of the year.

Revenue from application fees is based on activity during the year primarily resulting from ownership transactions and new homes. This compares with the previous year where applications were received broadly as part of the initial roll-out of licensing of all homes. No additional funds from the province were received during the year, however previous grants are recognized concurrent with the expenditures to which they relate. 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. 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 travel costs for the inspection force, governance related costs, and general office expenses. Amortization of capital assets and the deferred liability are in accordance with the stated accounting policy.

## Emergency Fund

The RHRA made allocations from operations to the restricted Emergency Fund during the year in the amount of \$240,000 which is in addition to any interest or administrative monetary penalty amounts collected.

This allocation reflects the RHRA's commitment to meeting its requirements with the provisions for claims and payments that came into force in January 2014.

There were no payments made from the Emergency Fund in the last quarter of the fiscal year for which these provisions applied.

# 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, 2014 and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found on page 33. Deloitte LLP have full and free access to, and meet periodically with, the Finance and Audit 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, 2014

## Financial Statements

Retirement Homes Regulatory Authority

March 31, 2014



# 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, 2014, 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, 2014 and the results of its operations, changes in its net assets 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, Chartered Accountants

Licensed Public Accountants

May 21, 2014

# Statement of Financial Position

As at March 31, 2014

	2014	2013
	\$	\$
<b>Assets</b>		
Current assets		
Cash	48,256	120,260
Short term investments	8,115,151	7,715,000
Accounts receivable (Note 2)	757,227	828,718
Prepaid expenses	96,614	31,736
Government remittances receivable	30,214	-
	<b>9,047,462</b>	8,695,714
Restricted cash (Note 7)	256,164	10,457
Capital assets (Note 3)	269,776	130,962
	<b>9,573,402</b>	8,837,133
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	383,556	371,111
Government remittances payable	-	685,349
Deferred revenue (Note 4)	4,564,350	4,557,001
	<b>4,947,906</b>	5,613,461
Deferred capital contributions	268,673	130,962
Deferred liability (Note 5)	28,420	39,100
	<b>5,244,999</b>	5,783,523
<b>Net assets</b>		
Unrestricted	772,239	543,153
Restricted - Emergency fund (Note 7)	256,164	10,457
Internally restricted (Note 6)	3,300,000	2,500,000
	<b>4,328,403</b>	3,053,610
	<b>9,573,402</b>	8,837,133

Commitments and contingencies (Note 8)

The accompanying notes are an integral part of these 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, 2014

	2014			2013		
	Operating Fund	Emergency Fund (Note 7)	Total	Operating Fund	Emergency Fund (Note 7)	Total
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Annual licence fees	5,864,919	-	5,864,919	4,048,440	-	4,048,440
Application fees	228,355	-	228,355	849,700	-	849,700
Administrative monetary penalties	-	5,500	5,500	-	450	450
Province of Ontario grant	-	-	-	2,741,431	-	2,741,431
Interest income	106,657	207	106,864	57,785	7	57,792
Amortization of deferred capital contributions	82,639	-	82,639	92,607	-	92,607
	<b>6,282,570</b>	<b>5,707</b>	<b>6,288,277</b>	<b>7,789,963</b>	<b>457</b>	<b>7,790,420</b>
<b>Expenses</b>						
Salaries, wages and benefits	3,824,746	-	3,824,746	3,749,140	-	3,749,140
Operating	1,094,864	-	1,094,864	884,383	-	884,383
Amortization of capital assets	83,194	-	83,194	92,607	-	92,607
Amortization of deferred liability	10,680	-	10,680	10,680	-	10,680
	<b>5,013,484</b>	<b>-</b>	<b>5,013,484</b>	<b>4,736,810</b>	<b>-</b>	<b>4,736,810</b>
<b>Excess of revenue over expenses</b>	<b>1,269,086</b>	<b>5,707</b>	<b>1,274,793</b>	<b>3,053,153</b>	<b>457</b>	<b>3,053,610</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Changes in Net Assets

Year ended March 31, 2014

	2014				2013			
	Unrestricted	Restricted - Emergency Fund (Note 7)	Internally Restricted	Total	Unrestricted	Restricted - Emergency Fund (Note 7)	Internally Restricted	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	543,153	10,457	2,500,000	3,053,610	-	-	-	-
Excess of revenue over expenses	1,269,086	5,707	-	1,274,793	3,053,153	457	-	3,053,610
Transfer to emergency fund (Note 7)	(240,000)	240,000	-	-	(10,000)	10,000	-	-
Transfer to internally restricted net assets (Note 6)	(800,000)	-	800,000	-	(2,500,000)	-	2,500,000	-
<b>Net assets, end of year</b>	<b>772,239</b>	<b>256,164</b>	<b>3,300,000</b>	<b>4,328,403</b>	543,153	10,457	2,500,000	3,053,610

The accompanying notes are an integral part of these financial statements.

## Statement of Cash Flows

Year ended March 31, 2014

	2014	2013
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	1,274,793	3,053,610
Items not involving cash		
Amortization of capital assets	83,194	92,607
Amortization of deferred capital contributions	(82,639)	(92,607)
Amortization of deferred liability	(10,680)	(10,680)
	<b>1,264,668</b>	3,042,930
Change in non-cash operating working capital		
Accounts receivable	71,491	(828,718)
Prepaid expenses	(64,878)	(76)
Government remittances receivable/payable	(715,563)	754,300
Accounts payable and accrued liabilities	12,445	59,614
Deferred revenue	7,349	2,551,724
	<b>575,512</b>	5,579,774
<b>Investing activities</b>		
Acquisition of capital assets	(222,008)	(41,847)
Purchase of short term investments	(8,315,151)	(7,715,000)
Maturity of short term investments	7,915,000	10,000
Increase in restricted cash	(245,707)	(10,457)
	<b>(867,866)</b>	(7,757,304)
<b>Financing activity</b>		
Increase in deferred capital contributions	220,350	41,847
Decrease in cash	(72,004)	(2,135,683)
Cash, beginning of year	120,260	2,255,943
<b>Cash, end of year</b>	<b>48,256</b>	120,260

The accompanying notes are an integral part of these 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 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) Short term investments

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

### c) Capital assets

Purchased capital assets are recorded at cost. 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.

### d) Foreign currency translation

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

# Notes to Financial Statements (continued)

Year ended March 31, 2014

## **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 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**

RHRA has transitioned from initial funding from the Province of Ontario to being fully self-funded. Any grants received from the Province of Ontario in prior fiscal years 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.

## **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 and short term investments, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these financial instruments.

## **g) Use of estimates**

The preparation of financial statements in accordance with Canadian 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.

## Notes to Financial Statements (continued)

Year ended March 31, 2014

### 2. Accounts receivable

Accounts receivable are net of an allowance for doubtful accounts of \$12,854 (2013 - \$71,605).

	2014	2013
	\$	\$
Accounts receivable	749,227	670,718
Interest receivable	8,000	8,000
Province of Ontario grant	-	150,000
	<b>757,227</b>	<b>828,718</b>

### 3. Capital assets

	2014			2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Equipment	8,744	5,694	3,050	5,238
Computer software	77,136	72,750	4,386	22,879
Computer hardware	150,524	128,153	22,371	72,027
Furniture and fixtures	23,455	11,498	11,957	16,648
Leasehold improvements	14,157	6,495	7,662	10,548
Licensing System in Process	220,350	-	220,350	3,622
	<b>494,366</b>	<b>224,590</b>	<b>269,776</b>	<b>130,962</b>

## Notes to Financial Statements (continued)

Year ended March 31, 2014

**4. 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:

	2014	2013
	\$	\$
Deferred revenue, beginning of year	4,557,001	2,005,277
Add:		
Province of Ontario grant	-	1,150,000
Annual licence fee	6,116,776	8,236,094
	<b>10,673,777</b>	11,391,371
Less: amount recognized as revenue during the year	5,889,077	6,792,524
Less: amounts included in deferred capital contributions	220,350	41,846
Deferred revenue, end of year	<b>4,564,350</b>	4,557,001

	2014	2013
	\$	\$
Comprising		
Province of Ontario grant	151,650	372,000
Annual licence fee	4,412,700	4,185,001
	<b>4,564,350</b>	4,557,001

**5. 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 \$30,262 (2013 - \$19,582).

## Notes to Financial Statements (continued)

Year ended March 31, 2014

### 6. 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.

The Board approved an operating reserve policy that includes a target balance of approximately six months of operating expenses, and a process for allocation from unrestricted net assets.

### 7. 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 balance in the Emergency Fund is as follows:

	2014	2013
	\$	\$
Opening balance	10,457	-
Allocations from operations	240,000	10,000
Administrative monetary penalties	5,500	450
Interest income	207	7
	<b>256,164</b>	10,457
Less: claims/payments made	-	-
Closing balance	<b>256,164</b>	10,457

### 8. Commitments and contingencies

#### Lease obligations

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

	\$
2015	234,726
2016	234,726
2017	156,484
Total minimum lease payments	625,936

# Notes to Financial Statements (continued)

Year ended March 31, 2014

## 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, 2014, the most significant financial liabilities are accounts payable and accrued liabilities.

## 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.



160 Eglinton Avenue East, 5th Floor

Toronto, ON M4P 3B5

Telephone: 1-855-ASK-RHRA (1-855-275-7472)

Email: [info@rhra.ca](mailto:info@rhra.ca)

Website: [www.rhra.ca](http://www.rhra.ca)