



PROTECTION IN ACTION

The background features a teal gradient with a large, multi-banded rainbow arching across the top. Below the rainbow, the text is centered. At the bottom of the page, there is a white silhouette of a city skyline with various building styles, including classical structures with columns and modern buildings. There are also stylized white clouds and small birds scattered across the scene.

“As the RHRA continues to grow and mature in our role, it is gratifying to see our collective efforts resulting in positive changes that directly impact the 60,000-people living in over 750 licensed retirement homes. This protection in action is evident in the successes we highlight throughout this Report.”

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ABOUT THE RHRA

The Retirement Homes Regulatory Authority (RHRA) is responsible for the protection and safety of more than 60,000 residents living in 753 retirement homes across Ontario. The RHRA is an independent, self-funded, not-for-profit corporation established by the Ontario government to administer the Retirement Homes Act, 2010. The RHRA's mandate is to inform the public and educate the retirement home sector and residents about the Act, regulations and the role of the RHRA.

The guiding principle of the Act is that a retirement home should be 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. As part of its mandate to protect retirement home residents, the RHRA inspects homes, oversees compliance with the Act and regulation and enforces the Act on behalf of the provincial government. To assist potential residents and families in making informed decisions, the RHRA maintains a Public Register of all licensed retirement homes in Ontario, including the services they offer, and history of inspection findings.

The RHRA is accountable to the Minister for Seniors and Accessibility through a written Memorandum of Understanding (MOU) but is neither a Crown Corporation or part of the Ontario government. Revenue from fees supports the RHRA's regulatory activities related to the administration of the Act.

In Ontario a retirement home is defined as a building, group of buildings, or a part of a building (with one or more rental units):

- Occupied primarily by persons who are 65 years of age or older;
- Occupied or intended to be occupied by at least six persons who are not related to the operator of the home; and
- Where the operator of the home makes at least two care services available (directly or indirectly) to residents.

For more information visit: rhra.ca





“The RHRA employs the most effective means to encourage and achieve compliance, to reduce harm, to support residents and families in making informed choices, and to enable a strong and diverse sector.”

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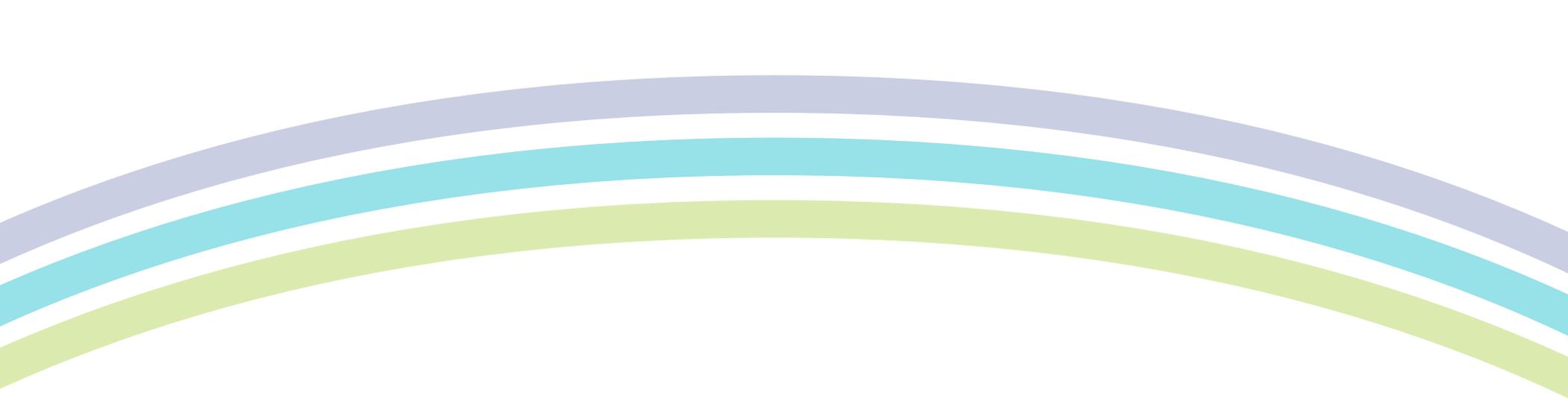


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MESSAGE FROM THE BOARD CHAIR

It's a great honour to serve as Chair of the Board of Directors for the Retirement Homes Regulatory Authority (RHRA). I am particularly proud of the work our board and the RHRA staff has carried out to protect the safety and well-being of more than 60,000 men and women living in more than 750 retirement homes across Ontario.

Our board would like to thank the Ministry for Seniors and Accessibility for its commitment to resident protection. The RHRA is committed to continuing to work with the Ministry. As well, we would like to thank our dedicated Stakeholder Advisory Council for which much of our work would not have been possible without their expertise.

This past year the board was focused on ensuring the implementation of the strategic plan proceeded on track and that efforts to advance the objectives of each of the plan's five pillars continues to build momentum. We are delighted with the significant work completed on our regulatory approach, data-driven decision-making, on our direction for enhancing transparency and informed decision-making and in preparing for the future.

Protection for seniors comes in many forms at the RHRA. For the Board of Directors, one example came in the form of strengthening the RHRA's regulatory powers through legislative amendments to the *Retirement Homes Act, 2010*. Throughout the government's consultation process, the RHRA shared its insights on how we could further improve resident and consumer protection through expanded regulatory oversight, and greater transparency and public accountability. The amendments, which include enhanced powers related to inquiries, investigations and inspections for the RHRA, improve the RHRA's ability to protect the welfare of Ontario's retirement home residents. Most importantly, these legislative changes will ensure seniors living in Ontario retirement homes enjoy more protections and security than ever before.

Our CEO and Registrar Bonnie Rose's tenure ended on April 3, 2018. She made many significant contributions to our organization and was the driving force behind the development of the strategic plan and refreshed vision and mission. Her skilled management has put the RHRA on the path to

setting the standard as a regulator, with strong sector partnerships, leading-edge processes, and an aspirational strategic plan.

The board moved quickly with a process to select a new CEO and Registrar. After an extensive search, Jay O'Neill was appointed as the new CEO and Registrar, effective June 11, 2018. Jay has been at the RHRA since 2011, most recently as Chief Operating Officer. He is a skilled leader who will ensure the RHRA continues to be a progressive regulator focused on our mandate and what is best for seniors across this province.

On behalf of the Board of Directors, we look forward to the coming year and to continuing to work with all of our stakeholders to make even more progress so that all residents across Ontario have choice and the protection they need to live with confidence and dignity.

John J. Rossiter, Board Chair



MESSAGE FROM THE CEO AND REGISTRAR

Last year we launched an ambitious five-year strategic plan and introduced a fundamental shift in our inspection, compliance and enforcement approach. Early indications of our efforts related to voluntary compliance – and using data to drive our decision processes, including inspection frequency, compliance, support, and enforcement – are showing positive trends. In this Annual Report I am pleased to share our performance against our strategic plan and key performance indicators.

Supporting voluntary compliance is a key initiative. And, we are excited about having launched the Compliance Assistance program and our first Compliance Assistance Module – or CAM – focused on the complaints standard. CAMs are voluntary, online learning modules that help homes understand what they need to do to comply with the Retirement Homes Act and standards. Customized versions for homes and for the RHRA inspectors enable us to deliver targeted information and help ensure our inspection process is consistent. In the short time since we introduced this approach, we are seeing positive uptake by the sector, which tells us there

is value in this new resource. We are well on our way to producing more learning modules – focused on assessments and plans of care, emergency plans and behaviour management.

Last May, the RHRA began to proactively reach out to homes needing targeted assistance in achieving and maintaining compliance in particular areas. The initial results from this new approach are extremely encouraging, and we will be looking to enhance and expand this compliance support initiative.

It is critical for the RHRA to exchange information on our mandate and hear questions and ideas firsthand. To help us connect in person with residents, stakeholders, provincial leaders and the public, we also embarked on a provincial tour, engaging with hundreds of people across the province. We plan to continue, and in fact expand, this successful outreach initiative in the coming year.

As the RHRA continues to grow and mature in our role, it is gratifying to see our collective efforts resulting in positive changes that directly impact the 60,000-people living in over 750 licensed

retirement homes. This protection in action is evident in the successes we highlight throughout this Report.

Our organization's network of partnerships is fundamental to what we do at the RHRA, helping us to build awareness and understanding of compliance, providing advice on best practices and supporting residential protection. It is my pleasure to acknowledge all of our government, public sector and community partners for their significant support over the past year.

Finally, I'd like to thank the Board of Directors and staff of the RHRA for their ongoing dedication to putting our regulatory protection into action in support of creating the safe, comfortable and enjoyable retirement homes that residents deserve. I have certainly left the RHRA in very capable hands.

Bonnie Rose
CEO and Registrar to April 3, 2018



OUR STRATEGIC PLAN



Vision

Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes.

Mission

The RHRA employs the most effective means to encourage and achieve compliance, to reduce harm, to support residents and families in making informed choices, and to enable a strong and diverse sector. Using an innovative and balanced approach, we:

- Use data, evidence and analysis to support a risk-based approach to decision-making
- Inform, educate and engage current and prospective residents, families, partners and other stakeholders
- Inform, guide, inspect and educate the retirement home sector
- Use all available tools to protect residents, including enforcement

Values

Excellence

Fairness

Accountability

Collaboration

Efficiency

Effectiveness

OUR STRATEGIC PLAN IN ACTION 2017-18

Strategic Pillar

1 Enhance Regulatory Approach to Encourage Compliance and Better Protect Residents



GOALS

- Enhance compliance standards and enforcement approach
- Establish relationships with other regulators
- Expand risk management activities to assist in harm reduction
- Expand regulatory model to include harm reduction



ACCOMPLISHMENTS
2017-2018

- ✓ Developed compliance standards
- ✓ Developed and launched CAMs (focus on complaints) to deliver staff and stakeholder compliance standards training.
- ✓ Revamped regulatory model to allow for best use of all available compliance and enforcement tools
- ✓ Refined criteria for fair and consistent enforcement decision-making
- ✓ Expanded risk management activities to assist in harm reduction
- ✓ Developed and piloted revamped enforcement decision-making criteria to drive effectiveness, and consistency

Strategic Pillar

2

Strategic Information Through Data and Analytics



GOALS

- Create and leverage sustainable data analytics infrastructure
- Develop and implement a risk management framework
- Implement internal licence report card
- Identify, access and integrate external data sources
- Collaborate with other regulators to share information



ACCOMPLISHMENTS
2017-2018

- ✓ Developed and implemented a risk framework
- ✓ Developed and began implementation of an evidence-based compliance management framework
- ✓ Developed reporting system to inform the RHRA of high risk homes
- ✓ Conducted a peer review of evidence-based compliance management frameworks to inform the new approach to inspection, compliance, enforcement
- ✓ Developed "risk metrics" to inform what triggers inspection, compliance and enforcement actions

Strategic Pillar

3

Promote Informed Decision-Making Through Outreach



GOALS

- Develop and execute a retirement home engagement strategy, including residents' councils
- Build and leverage social media capabilities
- Build effective partnerships with seniors' associations, and complementary healthcare and regulatory organizations



ACCOMPLISHMENTS
2017-2018

- ✓ Developed and began implementation of a communications strategy, including a provincial tour program; media relations; e-newsletters; to educate, inform and engage:
 - Residents' Councils
 - Current and prospective residents and their families
 - Operators
 - Community partners
- ✓ Created a comprehensive crisis communications plan
- ✓ Launched the RHRA's presence on social media to support transparency and consumer awareness
- ✓ Strengthened Francophone supports
- ✓ Developed improved online presence to meet information and user needs of the public, and retirement home operators/licensees

Strategic Pillar

4

Consumer Protection and Choice Through Transparency, Accountability and Public Reporting



GOALS

- Increase access to inspection outcome data
- Develop and implement public report card



ACCOMPLISHMENTS
2017-2018

- ✓ Created a more user-friendly online Public Register
- ✓ Established the RHRA social media channels to highlight changes made to the Public Register in real-time
- ✓ Completed consumer research to inform design of a public report card

Strategic Pillar

5 Prepare for the Future



GOALS

- Establish dedicated environmental monitoring resources
- Monitor developments in: dementia, alternate levels of care and harm prevention
- Reduce reliance on fee revenues



ACCOMPLISHMENTS
2017-2018



Conducted research on emerging issues with implications to the RHRA and its mission



SUCCESS STORIES: PROTECTION IN ACTION

The RHRA's programs in 2017-18 focus on improved inspection consistency, voluntary compliance, and increased awareness of who we are and what we do. In partnership with our stakeholders, the RHRA is ensuring that seniors in Ontario enjoy higher quality of life and more protections and safeguards than ever before, with better tools to make informed decisions and to be able to live with the dignity we all deserve.

We conduct routine inspections of all homes at minimum once every three years. New for this past year, and as part of our five-year strategy, the RHRA rolled out a data-driven decision-making approach and a data collection and analytics system to inform inspection frequency. In addition to routine inspections, previous areas of non-compliance were followed up during routine inspections.

We believe compliance is good for everyone, that is why we look for innovative ways to support operators, capturing data to tell us when a home may need additional support to become or stay compliant, and having our inspectors refer homes that would benefit from the RHRA's Compliance Support program.

All of these process improvements are helping the RHRA achieve its ultimate goal of protecting residents.

Protection comes in many forms including conducting an extensive review before granting a licence to a home. Once a home is licensed, the RHRA works with the operator to help the home become compliant. If a home is not compliant, the RHRA may issue a compliance or management order, monetary penalties, or issue an apply or cease to operate order.

The total number of enforcement actions decreased to 14 in 2017-18 – a 60 per cent reduction compared to the year before. Which means that, with support from the RHRA, more homes are meeting their obligations under the Act.

This positive result is due in part to the early and constructive interventions that are embedded into the new approaches the RHRA is taking, such as the automatic referrals of homes to Compliance Support following an enforcement review, and the use of evidence-based criteria.

We all have a role in keeping residents safe

Under the *Retirement Homes Act, 2010*, everyone, with the exception of residents, has the same responsibility to protect residents in retirement homes by reporting abuse, neglect, incompetent treatment or care, unlawful conduct or financial abuse. Find out more about mandatory reporting by visiting rhra.ca or call 1-855-275-7472.

Responding when a home is unlicensed

Last year, in a busy town in rural Ontario, a licensee sold his retirement home without notifying the RHRA (a requirement under the Act). The purchaser did not have a licence and had not applied for one. Concerned about the risks to resident safety, the RHRA quickly stepped in. Following an inspection, the Registrar issued an order to cease operations as a retirement home or apply for a licence, and issued an Administrative Monetary Penalty both the former owner and the purchaser to discourage similar violations of the Act. As the new owner takes steps to transition to a licensed retirement home, the RHRA continues to keep a close eye on the home to ensure residents remain well cared for and safe.

Swift action when there is any form of abuse

When the RHRA decides to revoke a home's licence it does so for the primary reason of protecting residents, and only after all other regulatory options have been considered. After receiving a tip that a licensee was misappropriating funds from residents at the home, the RHRA responded with a Mandatory Report Inspection and an investigation. Misappropriating residents' finances is a serious form of abuse of seniors. The Registrar quickly took steps to issue an Order to revoke the home's licence. Arrangements were put in place after the Licence Appeal Tribunal upheld the revocation. An experienced management company stepped in to ensure residents continued to receive care while the home was transitioned to a new licensee. The RHRA worked with several parties, including counsel for the creditors to support the management company. There was no disruption to the residents and the home continues to operate as a licensed retirement home under the new licensee.



Supporting Homes in Being Compliant

Working with homes to increase voluntary compliance and providing them with the necessary tools to meet standards was a key initiative for the RHRA in 2017-18.

We've taken significant steps forward with the development of a compliance standard focused on complaints, and we've launched the first of our CAMs – *Complaints to Licensees: How to Apply the RHRA Compliance Standard*. This is an online learning module that is free to all homes.

CAMs are focused on educating retirement homes on common compliance issues from the Act and its regulation. An embedded survey allows the RHRA to gather feedback on the tool's usefulness that is informing plans for future modules.

Another innovation designed to drive improved compliance, the RHRA's Compliance Support program, was also extremely well received this past year.

Introduced in April 2017, the initiative proactively reaches out to homes that need targeted assistance in achieving and maintaining compliance in particular areas. Homes are selected based on prior inspection outcomes and compliance history.

Supporting Informed Decisions and Consumer Protection and Choice

A significant part of the RHRA's work is informing, educating and engaging with residents, families, the public, community partners, and local government. This supports informed decision-making and consumer protection and choice through transparency, two pillars of our strategic plan.

Working directly with homes

This past year, the RHRA engaged with 48 retirement homes through Compliance Support. Homes engaged with the RHRA staff to address areas needing improvement. While the program is still in its early stages, initial success rates are encouraging and indicate an improvement in compliance rates when retirement homes work with the RHRA's compliance support team.



Improved Website and Public Register

Last year we redesigned our website to make it easier for visitors to navigate and find the information they need more quickly. The site is a key education tool for homes and the public, and for important notices and relevant news and facts. Our Public Register gives consumers the complete history of a retirement home's track record of compliance with the Act, the services available, and whether the home has sprinklers.

The RHRA's website is foundational to our efforts to reach out and to stay in touch with our stakeholders. Improving this valuable resource creates the robust platform we need to continue building on our communication and outreach efforts in future.

RHRA on Social Media

Increasing the visibility of the RHRA means that more people know about the protections, safeguards and supports available to them from our organization and under the Act. To advance this priority, last year we began to engage for the first time on social media.

We established a presence on Twitter and Facebook to help us build a larger, stronger community of people invested in protecting Ontario's retirement home residents. We also created a YouTube channel to share information, such as our "About the RHRA" video and a message from our Board Chair, as a start.

Ongoing, we will continue to promote our presence on social media to share timely information from the RHRA with residents, families, retirement homes, and community partners.

Consumer Research on Public Report Card

Increased public accountability and transparency is a priority for the RHRA. In 2017-18 we began our multi-year process of developing a public report card that will guide consumers with reliable information when selecting a retirement home.

With a "listen and learn" approach, we began our research with consumers to find out what kinds of information they felt would help them make a good decision about a home. We are using what we heard to inform the early development of the draft report card, as we now begin our extensive multi-year stakeholder engagement and validate against evidence and best practices.



COMMUNITY OUTREACH AND ENGAGEMENT

Along with ongoing engagement with Local Health Integration Networks (LHINs) and community partners to seek opportunities to collaborate, the RHRA undertook a provincial tour last year. We visited residents across the province to share information about how we protect and inform them, through our Public Register, complaints process and direct communication. We made presentations to groups in the community to explain what to look for when choosing a home. The two key messages we emphasize is to make sure people choose a licensed retirement home, and to always check the home's inspection status on the RHRA Public Register. The term retirement home can be used by anyone; however, this doesn't mean that a home is licensed.

THE CHANGING LANDSCAPE OF SENIORS' CARE

The role of retirement homes continues to evolve to meet the needs of seniors. Retirement homes provide a broad range of lifestyle options from fully independent living to those requiring complex care. The RHRA is aware of the issues emerging with respect to transitioning seniors from one setting to another, and is helping to educate homes and the LHINs to better understand their roles on transitions and the requirements of the Act.

MEASURING OUR COMMITMENT TO SAFETY, COMPLIANCE AND TRANSPARENCY

Our five-year strategic plan set the course for moving the RHRA towards an evidence-based, risk-managed approach to compliance. This includes making data-driven decisions, as well as putting more emphasis on education and other activities to enable operators to come into compliance with the Act. With the launch of our CAMs and an improved risk identification framework, we are seeing a positive shift towards compliance.

We have identified three key objectives that have the greatest impact to improve the protection of residents living in retirement homes – measured in terms of levels of risk (safety), compliance, and transparency. The following measures will evaluate the effectiveness of targeted activities and programs year-over-year as set out in our annual Business Plan. Fiscal 2017-18 represents the baseline. In future years we will include additional measures and initiatives.

LINKS TO STRATEGIC PILLAR
<p>Enhance Regulatory Approach to Encourage Compliance and Better Protect Residents</p>
<p>Strategic Information Through Data and Analytics</p>
<p>Consumer Protection and Choice Through Transparency, Accountability and Public Reporting</p>

OBJECTIVE	MEASURES	2017-18 PERFORMANCE RESULTS												
<p>SAFETY Increase impact of overall Retirement Homes Act (RHA) compliance measured by home performance.</p>	<p>Change in risk levels of homes (based on observed non-compliances) in relation to the RHA.</p>	<p>Overall home performance changes. YTD Risk Level Changes: High Risk – decreased by 47.5% Medium Risk – increased by 22.4% Low Risk – increased by 60.6%</p>												
<p>COMPLIANCE Reduce the percentage of homes with non-compliance related to specific areas, through Compliance Assistance Modules (CAMs) and compliance support initiatives.</p>	<p>Complaints: Number of citations</p>	<p>Baseline: 2017-18: 424 citations related to complaints procedures</p>												
<p>TRANSPARENCY Increase awareness of the RHRA’s mandate among residents and consumers as a trusted source for protection.</p>	<p>Province-wide omnibus public survey (n 800; 590 under 60 years of age and 211 over 60 years of age).</p> <p>Questions:</p> <ul style="list-style-type: none"> Is there a regulatory body that is responsible for licensing retirement homes in Ontario? Is licensing mandatory for retirement homes in Ontario? 	<p>Baseline: 2017-18: Response to survey questions:</p> <p>Answers:</p> <table border="0"> <tr> <td>46 %</td> <td>No</td> </tr> <tr> <td>44 %</td> <td>Yes</td> </tr> <tr> <td>10 %</td> <td>Don't know</td> </tr> </table> <table border="0"> <tr> <td>52%</td> <td>Yes</td> </tr> <tr> <td>38%</td> <td>No</td> </tr> <tr> <td>10%</td> <td>Don't know</td> </tr> </table>	46 %	No	44 %	Yes	10 %	Don't know	52%	Yes	38%	No	10%	Don't know
46 %	No													
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10 %	Don't know													
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38%	No													
10%	Don't know													

THREE YEARS IN NUMBERS

Fiscal year April 1 – March 31

LICENSING

Fiscal Year April 1st – March 31st

2018		2017		2016	
Homes	Suites	Homes	Suites	Homes	Suites
753	60,330	733	58,493	722	56,973

Note: Suites are a measure of capacity, not actual residents.

The number of retirement homes increased by 1.7 per cent per year on average, and the number of suites increased by 2.7 per cent per year on average.

LICENCES ISSUED

	2017-18	2016-17	2015-16
New constructions	25	16	17
Transfer of ownership	44	35	53
Operating without a licence	2	5	2
TOTAL	73	56	72

EMERGENCY FUND

	2017-18	2016-17	2015-16
Number of Registrar Payments	0	7	16
Total Value	0	\$4,774	\$25,839
Fund Balance	\$597,177	\$572,031	\$566,280

The Emergency Fund is established to allow Registrar payments and resident claims for support under certain circumstances. There have been zero resident claims in this three-year period.

INTAKE

Intake Contacts

	2017-18	2016-17	2015-16
Intake Contacts	4,745	4,511	4,076

INSPECTIONS

Routine
Mandatory Report Inspection
Complaint Inspection
Compliance Inspection
Report to Registrar
Licensing Inspection

	2017-18	2016-17	2015-16
Routine	659	487	483
Mandatory Report Inspection	641	545	544
Complaint Inspection	39	44	21
Compliance Inspection	9	175	175
Report to Registrar	35	32	23
Licensing Inspection	0	0	7
TOTAL	1,383	1,283	1,253

COMPLAINTS

Received

	2017-18	2016-17	2015-16
Received	96	75	55

COMPLAINTS REVIEW OFFICER

Referrals
Decisions rendered

	2017-18	2016-17	2015-16
Referrals	9	3	10
Decisions rendered	6	5	8

ENFORCEMENT ACTIONS

Impose conditions upon license
Refuse license
Order to apply or cease to operate
Compliance order
Management order
Administrative Monetary Penalty
Order to revoke

	2017-18	2016-17	2015-16
Impose conditions upon license	1	5	3
Refuse license	0	1	1
Order to apply or cease to operate	6	6	5
Compliance order	2	16	5
Management order	1	0	0
Administrative Monetary Penalty	4	6	9
Order to revoke	0	1	5
TOTAL	14	35	28

STAKEHOLDER ADVISORY COUNCIL REPORT

July 17, 2018

John J. Rossiter
Chair, Retirement Homes Regulatory Authority
160 Eglinton Avenue East, 5th Floor
Toronto, ON M4P 3B5

Dear John,

On behalf of the Stakeholder Advisory Council (SAC), I am pleased to submit the Council's report on activities and advice to the Board for the fiscal year 2017-18. I also would like to welcome the RHRA's new CEO and Registrar, Jay O'Neill and extend our support as we continue to provide advice on matters relating to the mandate of the RHRA.

The Council was pleased to provide advice and input on a number of key initiatives including:

- Development of Compliance Assistance Modules (Complaints and Assessments and Plans of Care) to support homes with understanding of the standards
- Inspection Modernization Project to help the RHRA continue to modernize its approaches
- Development of the Public Report Card including reviewing the overall approach, the consumer research and the stakeholder engagement strategy
- Assisting with ideas to enhance resident communications.

We also wanted to note our support for the RHRA's emphasis on external relations, through initiatives such as the provincial tour. The value of this type of profile and relationship building is of critical importance to the RHRA and we are committed to continuing to help support this strategy.

The Council was pleased to welcome two new members this year, Peter Dernick a retirement home resident and Nira Rittenberg a regulated health professional and writer.

The Council also extends its gratitude to Joyce Fearnside, who stepped down as resident member, for her valued contributions these past two years and to Debbie Doherty who completed her term as both member and then Chair for several years. I would like to thank all our members, both past and present, for their dedication to the important work of the Council.

We would also like to recognize Bonnie Rose, the outgoing CEO and Registrar for her support and involvement with SAC, ensuring we had a voice early in the decision-making process.

On behalf of the Council, I would like to thank the RHRA staff for its ongoing support to SAC, and for consistently meaningful engagement. Our members continue to be fully committed to advising the RHRA through our stakeholder lenses helping to ensure that residents and consumers are informed and protected.

Sincerely,



Esther Goldstein
Chair, Stakeholder Advisory Council

BOARD AND GOVERNANCE

The governance of the RHRA is established through the *Retirement Homes Act, 2010*, and its regulation, by-laws, as well as a Memorandum of Understanding with the government through the Minister for Seniors and Accessibility. The Board of Directors is accountable to the Minister through the Chair.

The board is responsible for corporate governance, regulatory oversight, and guiding the development of the RHRA's strategic plan and priorities. Along with the RHRA's management team, board members are focused on the most progressive governance and regulatory oversight practices. The board is committed to continually strengthening its governance practices and oversight of the organization and maintaining its support of government's public accountability mandate. Information on the code of conduct and terms of appointments for directors, can be found on RHRA.ca.

The board meets approximately four times per year. Board activities are supported by the work of two committees:

- **Governance, Regulatory Affairs and Nominations Committee:** Assists with oversight responsibilities and risk management function regarding: governance structure and processes; recruitment/nomination and board member education/development; board/individual director effectiveness evaluation; the Complaints Review Officer and Risk Officer; regulatory affairs; and stakeholder collaboration/outreach oversight.
- **Finance, Audit and Human Resources Committee:** Assists with oversight responsibilities and risk management function regarding: financial reporting, audit, enterprise risk management, the Emergency Fund and human resources and compensation.

Election/Appointment Process: The RHRA corporate by-laws and process for the election and appointment of directors to the RHRA Board of Directors are available at RHRA.ca (see Corporate By-Law No 1 and By-Law No 2 and Board of Directors Nominations Policy).

Board Remuneration

The Board Remuneration and Administration Policy sets in place the following:

- per diem rate for the Board Chair is \$730
- as of October 21, 2017, the Chair receives an annual retainer of \$10,000, and the Vice-Chair and Board Committee Chairs receive annually a \$5,000 retainer for work done outside board and committee meetings
- per diem rate for all other board members is \$500.

For fiscal year 2017-18 the total Board remuneration was \$94,852.

Activities of the Risk Officer and Complaints Review Officer

The Risk Officer, Deanna Williams, reports to the board and is responsible for independently reviewing, monitoring and assessing the effectiveness of the RHRA's administration of the Act. In 2017-18, she delivered her third Risk Officer Report. The board reviewed and provided a response, after which the Report was presented during the RHRA's Annual General Meeting in October 2017. It is available, together with the Board's response, at RHRA.ca.

Appointed by, and reporting to the board, the Complaints Review Officer, Elyse Sunshine, is responsible for reviewing matters where a complainant is not satisfied by the conclusion of the Registrar to take no further action in relation to a complaint. During 2017-18, Ms. Sunshine received nine review requests. The Registrar's decision was upheld in six reviews; two were referred for more information or action; one is still under review.

BOARD MEMBERS



JOHN J. ROSSITER – CHAIR

John is currently CEO of SEM-ENG International Limited. John provides strategic planning, public policy, advocacy and government relations services to clients and key industry stakeholders of private, public and not-for-profit organizations. He has worked with international organizations such as the Export Development Corporation, Commonwealth Secretariat, CIDA, World Bank and International Finance Corporation. He holds a Bachelor of Commerce degree from Carleton University.

Year 1 of Term 3



MATHILDE GRAVELLE BAZINET

Mathilde is President of MGB & Associates-Conflict Resolution Professionals. Her expertise was gained as Dean of Health Sciences at Canadore College, Legal Counsel at Health Canada, and as the Executive Director of the Office of Conflict Management and Federal Centre for Workplace Conflict Management at Justice Canada (1996-2004). She has B.Sc.N.Ed, M.Ed. and LL.B. degrees from the University of Ottawa as well as her Canadian Fellow designation from National Defence College.

Year 1 of Term 4



BARBARA SULLIVAN – VICE CHAIR

Barbara is President of The Cheltenham Group. She served as a Member of the Provincial Parliament for Halton Centre from 1987 to 1995, and chaired the government caucus and the Select Committee on Energy and was Opposition Critic for the Environment and for Health and Long-Term Care. Barbara is presently a member of the Board of Directors of the Bay Area Health Trust and the Hamilton Health Sciences Quality Committee.

Year 3 of Term 2



BOB KALLONEN

Bob is the President of Amica Mature Lifestyles. Bob served as the COO at Schlegel Villages of Kitchener, Ontario, Vice President Operations for Sunrise Senior Living of McLean, Virginia, Vice-President of Eastern Canadian Operations for Extendicare Canada and on the board of the Schlegel-University of Waterloo Research Institute for Aging. Bob holds an Honours Bachelor of Environmental Services from the University of Waterloo and an Executive MBA from the Ivey Business School, University of Western Ontario.

Year 2 of Term 3

BOARD MEMBERS CONTINUED



MILLIE CHRISTIE

Millie is Vice-President for a Canadian retirement home and long-term care home company. Millie served on the Technical Advisory Committee on Improving Fire Safety for Vulnerable Ontarians and as Chair and member on several industry committees including standards, education, e-health, and financial liaison. Millie holds a B.Sc. from the University of Western Ontario and an M.B.A. from McMaster University.

Year 3 of Term 2



RUBY TOOR

Ruby is Executive Director of a retirement home in Ontario. Ruby has worked with Operation Lift and on the planning committee for the development of "A Master Aging Plan" for community services for seniors. Ruby has a degree in Gerontology from McMaster University and a B.Sc. and an Honours Doctorate in Homeopathic Medicine from India.

Year 2 of Term 1, served until October 2017



TREVOR LEE

Trevor is Deputy CAO, Corporate Services, City of Guelph. He was formerly the CEO of The Elliott Community in Guelph, Ontario. Trevor has served as Chair of a regional group of long-term care and retirement facilities, with the Ontario Association of Non-Profit Homes and Services for Seniors, and more recently as Chair of the Stakeholder Advisory Council at the RHRA. Trevor is a Certified Professional Accountant and holds an Honours Bachelor of Arts in Chartered Accountancy and a minor in Economics.

Year 2 of Term 2



CARLA PEPLER

Carla is a nurse practitioner and manager of the Heartful Wellness Centre in Hanover. Carla has extensive experience, having worked as the Director of Policy and Resident Care with the Ontario Nursing Home Association/Ontario Long-Term Care Association. She has also worked on the implementation of the Compliance Management Program for Long-Term Care Facilities, the Advocacy Act and the Consent to Treatment Act.

Year 2 of Term 3



CHRIS JODHAN

Chris has worked in the legal field for 20 years. His expertise is in regulatory and administrative law at the Office of the Attorney General and as an associate with Blake, Cassels & Graydon as a litigator appearing before administrative tribunals and courts.

Year 1 of Term 4, served until October 2017



Complaints Related to the Administration of the RHRA

Complaints or concerns that relate to the administration of the RHRA may be received directly by management, staff members or intake representatives, and are referred to the appropriate staff for review and resolution. The RHRA management team reviews and determines the impact or action required based on the RHRA policies and processes. The board is advised of substantive concerns. As of March 31, 2018, five complaints were received.

French Language Services

To support provisions within the Act and the RHRA's French Language Services Delivery Policy, the RHRA makes communications, information, and notices available in French through a dedicated website: rhra.ca/fr – where a French version of this Annual Report is available. RHRA responds to all requests for French services.

STAFFING:

All RHRA job postings highlight that written and spoken bilingualism in French and English is considered a significant asset. On staff, we currently have:

- One designated bilingual position – Inspector (Ottawa area)
- Three positions filled by bilingual staff (including intake)

WEBSITE AND PUBLIC DOCUMENTS IN FRENCH

- All public documents, including information for operators and licensees, is available in French on the RHRA's French website – L'Office de réglementation des maisons de retraite (ORMR). Inspection reports are available in French upon request.
- RHRA Update, an e-newsletter for operators, is distributed in French and English
- Brochures and posters for residents and the public are produced in French.

FRENCH INQUIRIES

- In 2017-18, we responded to 4,745 inquiries; 54 were in French, representing one per cent of all inquiries.

FRENCH LICENSED RETIREMENT HOMES

- 21 homes are bilingual

Accessibility Policy

The RHRA is committed to fulfilling its obligations in accordance with the Accessibility for Ontarians with Disabilities Act, 2005 (AODA). As part of our commitment to meeting our obligations under the AODA, RHRA has developed a comprehensive training module for all staff and policies; processes to assist persons with disabilities and a plan to prevent and remove barriers to accessibility. The Accessibility Customer Service Policy can be found at rhra.ca.

FINANCIAL REPORT

The following financial review is based upon the audited financial statements of the Retirement Homes Regulatory Authority (RHRA) for the fiscal year ended March 31, 2018, with comparative amounts for the previous fiscal year.

Overview

The financial position and statement of operations reflect initiatives and development projects undertaken in year one of the RHRA's Five-Year Strategic Plan, along with the organization's day to day activities including licensing reviews, public register maintenance, inspection, compliance support and enforcement actions.

Overall, these results were better than planned primarily due to higher-than-expected growth in the number of suites during the year and select deferred expenses. These and other factors combined to result in a surplus for the year. Additional detail on revenue and expenses are highlighted below and shown in the financial statements, and in total these reflect stability in the RHRA's mandate to be financially self-sustaining. Compared to the previous year, the financial position was positively impacted by a new investment strategy. Cash and deferred revenue balances reflect the receipt of funds early in January 2018, while the period to which the fees relate includes the full calendar year.

Transfers made to the internally restricted operating reserve reflect important steps in continuing to strengthen the RHRA as financially autonomous while meeting its obligations for the Emergency Fund. In addition, the Emergency Fund remains stable at its current funding level, consistent with its applicable policy. Expenditures reflect regulatory and development project activities and the corresponding operating expenses and investments in capital assets to support the implementation of the RHRA's Strategic Plan. The Statement of Operations and the Statement of Cash Flows reflect these activities for the year ended March 31, 2018.

Operating Revenue and Expenses

Total revenue grew slightly to reach \$7.7 million. This was ahead of the RHRA's expectations by three per cent and reflects slightly higher-than-expected growth in retirement home suites, offset by lower-than-expected transaction applications. The RHRA's operating revenue is comprised of annual fees (\$6.9 million), application fees (\$560,000) and other revenue (\$19,000). Annual fees are the single largest source of revenue, accounting for 89 per cent of the total. Annual fees are billed on a calendar year basis and recognized for the year to which the fees relate. Annual fees for the fiscal year reflect those realized from April 1, 2017, to March 31, 2018. Revenue from application fees is based on activity during the year primarily resulting from ownership transactions and new homes. Application fees revenues of \$560,000 decreased by 26 per cent compared to the prior fiscal year, primarily due to a decline in the number of acquisitions during the year.

Salaries, wages and benefits are the RHRA's largest expenditure. While the staff complement has stabilized, through sufficient allocation of human resources in key departments management continues to build capacity to help the RHRA meet the many regulatory requirements of the Retirement Homes Act. Operating expenses have increased by 21 per cent over the previous year due to additional spending on projects specifically toward implementation of the Strategic plan such as the development of the complaints standards. Additional expenditures included outsourced legal services and other general expenses.

Amortization of capital assets and the deferred liability are recorded in accordance with the stated accounting policy.

Investments

As a result of a fundamental change in the RHRA's investing strategy – towards longer-term investments for its reserves and away from GIC's – the RHRA earned a substantial 77 per cent increase in investment income this fiscal year. The organization established an investment portfolio and refreshed its investment policies, which now include a target mix of investment types and

FINANCIAL REPORT CONTINUED

concentration limits designed to achieve the optimum return while maintaining an overall low level of risk exposure. The increased return from this change in approach has supplemented the RHRA's revenues for increased operating activities and will help to keep fee increases as low as possible for the retirement homes.

Surplus/Deficit & Reserve

The RHRA recorded an operating surplus of \$167,000, 75 per cent (\$125,000) of which was allocated to an internally restricted operating reserve. Maintenance of the restricted reserve will help absorb short-term declines in revenue and/or expenses fluctuations. This generally accepted practice is especially prudent for the RHRA, given the relatively short history by which to predict changes in revenue or expenses and in light of increased levels of compliance and enforcement activity. The RHRA's enterprise risk management practices include monitoring to identify potential risks and seize opportunities related to the achievement of not only its strategic objectives but also those that could impact its financial position.

Emergency Fund

The RHRA is committed to meeting its requirements for the Emergency Fund with the provisions for claims and payments that came into force in January 2014. All administrative penalties and any interest collected by the organization were paid into the fund. There were no payments made from the fund during this fiscal year.

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 accounting standards 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, Audit and Human Resources Committee, which is composed entirely of independent directors, oversees management's responsibilities for financial reporting. The Finance, Audit and Human Resources Committee reviews the Financial Statements and recommends them to the Board for approval. Other responsibilities of the Finance, Audit and Human Resources 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, 2018, and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found on page 29. Deloitte LLP has full and free access to, and meet periodically with, the Finance, Audit and Human Resources 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.

Nancy Webb
Interim CEO and Registrar

Jay O'Neill
Chief Operating Officer

Toronto, Canada
June 1, 2018



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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, 2018, 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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte S.E.N.C.R.L./s.r.l.

Chartered Professional Accountants
Licensed Public Accountants
June 1, 2018

Retirement Homes Regulatory Authority

Statement of financial position

as at March 31, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	5,999,432	9,916,162
Short-term investments (Note 3)	300,000	300,000
Accounts receivable (Note 2)	978,539	912,111
Prepaid expenses	247,400	182,412
HST receivable	73,613	36,766
	7,598,984	11,347,451
Long-term investments (Note 3)	4,820,328	638,094
Emergency fund restricted cash (Note 8)	597,177	572,031
Capital assets (Note 4)	348,948	415,036
	13,365,437	12,972,612
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	675,729	686,154
Deferred revenue (Note 6)	5,306,685	5,026,500
	5,982,414	5,712,654
Deferred capital contributions	109,925	179,294
	6,092,339	5,891,948
Net assets		
Unrestricted	1,185,921	1,143,633
Restricted – Emergency fund (Note 8)	597,177	572,031
Internally restricted (Note 7)	5,490,000	5,365,000
	7,273,098	7,080,664
	13,365,437	12,972,612

Commitments and contingencies (Note 9)

Approved by the Board



Chair of the Board of Directors



Chair of the Finance, Audit & Human Resources Committee

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Statement of operations
year ended March 31, 2018

	2018			2017		
	Operating fund	Emergency fund (Note 8)	Total	Operating fund	Emergency fund (Note 8)	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Annual fees	6,858,813	–	6,858,813	6,554,804	–	6,554,804
Application fees	556,625	–	556,625	752,225	–	752,225
Other fees	18,732	–	18,732	14,096	–	14,096
Administrative monetary penalties	–	17,500	17,500	–	4,844	4,844
Investment income (Note 3)	218,699	7,646	226,345	122,165	5,681	127,846
Amortization of deferred capital contributions	69,369	–	69,369	73,007	–	73,007
	7,722,238	25,146	7,747,384	7,516,297	10,525	7,526,822
Expenses						
Salaries, wages and benefits	5,308,260	–	5,308,260	5,065,595	–	5,065,595
Operating	2,068,610	–	2,068,610	1,628,011	–	1,628,011
Amortization of capital assets	178,080	–	178,080	172,869	–	172,869
Payments from the Emergency Fund	–	–	–	–	4,774	4,774
	7,554,950	–	7,554,950	6,866,475	4,774	6,871,249
Excess of revenue over expenses	167,288	25,146	192,434	649,822	5,751	655,573

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Statement of changes in net assets
year ended March 31, 2018

	2018				2017			
	Unrestricted	Restricted-Emergency fund (Note 8)	Internally restricted (Note 7)	Total	Unrestricted	Restricted-Emergency fund (Note 8)	Internally restricted (Note 7)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	1,143,633	572,031	5,365,000	7,080,664	978,811	566,280	4,880,000	6,425,091
Excess of revenue over expenses	167,288	25,146	–	192,434	649,822	5,751	–	655,573
Transfer to internally restricted net assets (Note 7)	(125,000)	–	125,000	–	(485,000)	–	485,000	–
Net assets, end of year	1,185,921	597,177	5,490,000	7,273,098	1,143,633	572,031	5,365,000	7,080,664

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Statement of cash flows
year ended March 31, 2018

	2018	2017
	\$	\$
Operating activities		
Excess of revenue over expenses	192,434	655,573
Items not involving cash		
Unrealized loss on investments	38,428	–
Amortization of capital assets	178,080	172,869
Amortization of deferred capital contributions	(69,369)	(73,007)
Amortization of deferred lease inducement	–	(7,060)
	339,573	748,375
Change in non-cash operating working capital		
Accounts receivable	(66,428)	79,281
Prepaid expenses	(64,988)	(10,393)
HST receivable	(36,847)	(10,055)
Accounts payable and accrued liabilities	(10,425)	101,772
Deferred revenue	280,185	172,800
	441,070	1,081,780
Investing activities		
Acquisition of capital assets	(111,992)	(155,742)
Purchases of investments	(4,520,662)	(17,094)
Proceeds from redemption of investments	300,000	300,000
Increase in restricted cash	(25,146)	(5,751)
	(4,357,800)	121,413
(Decrease) increase in cash	(3,916,730)	1,203,193
Cash, beginning of year	9,916,162	8,712,969
Cash, end of year	5,999,432	9,916,162

The accompanying notes to the financial statements are an integral part of this financial statement.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2018

The Retirement Homes Regulatory Authority (“RHRA”) is responsible for the administration and enforcement of the *Retirement Homes Act, 2010* (the “Act”). The RHRA was established as a corporation without share capital under the Act. It is subject to the Corporations Act (Ontario) and, as a not-for-profit organization under the Income Tax Act (Canada), is exempt from income tax.

The RHRA’s responsibilities include the licensing of retirement homes, enforcement of the care and safety standards for residents, and educating licensees, consumers and the public on legislative requirements and standards.

1. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations under Part III of the Chartered Professional Accountants of Canada Handbook and include the following significant accounting policies:

a. Fund accounting

The Operating Fund accounts for RHRA’s operating and administrative activities, and reports unrestricted revenues and expenses.

The Emergency Fund reports funds held in trust for the benefit of residents and former residents of retirement homes in respect of any claims relating to certain events that occur on or after January 1, 2014 if the criteria for making a claim and payment are met.

b. Investments

RHRA’s investments consist of fixed income and equity instruments. Investments are recorded at fair value on initial recognition. Subsequently, investments are valued at fair value, with unrealized gains and losses reported in the Statement of operations.

Transaction costs related to investments are expensed as incurred.

c. Capital assets

Purchased capital assets are recorded at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Leases that transfer substantially all the benefits and risks of ownership are capitalized.

Amortization is provided on the straight-line basis over the estimated useful lives of the assets at the following annual rates:

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

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

d. Foreign currency translation

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

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.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2018

Significant accounting policies (continued)

Revenue recognition (continued)

Annual fees

Annual fees are recognized as revenue proportionately over the year to which they relate, net of amounts for which collectability is uncertain. The annual fee is due on the first day of the calendar year. Annual fees that are remitted quarterly are subject to a finance fee that is deferred and recognized over the periods to which the deferral relates.

Application fees

Application fees are recognized upon receipt of a completed application and after a preliminary assessment of the application has been performed.

Investment income

Investment income is recognized as revenue when earned and is recorded on the accrual basis, and includes interest and dividend income as well as realized and unrealized gains and losses.

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, with the exception of investments which are measured at fair value.

The fair value of RHRA's cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values.

g. Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities as well as disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Accounts subject to estimation relate primarily to certain accrued liabilities, allowance for doubtful accounts, as well as the net book value of capital assets, as estimates are required for the useful lives of the various categories of capital assets. Actual results could differ from such estimates.

2. Accounts receivable

	2018	2017
	\$	\$
Accounts receivable	967,114	901,796
Interest receivable	11,425	10,315
	978,539	912,111

Accounts receivable are net of an allowance for doubtful accounts of \$Nil (2017 – \$Nil).

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2018

3. Investments

RHRA's investment decisions are made in line with an Investment Policy approved by the Board. Investments consist of cash held in the investment portfolio account, fixed income and equity instruments.

	2018	2017
	\$	\$
Cash in investment account	3,355	–
Fixed income	2,766,117	938,094
Preferred shares	214,133	–
Common shares	1,130,817	–
Mutual funds	817,548	–
Foreign securities	188,358	–
	5,120,328	938,094

The composition of investment income for the year is as follows:

	2018	2017
	\$	\$
Interest and dividends	264,773	127,846
Unrealized gains/(losses)	(38,428)	–
	226,345	127,846

4. Capital assets

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Equipment	9,600	8,697	903	7,791
Computer software	104,533	39,348	65,185	391
Computer hardware	190,996	180,329	10,667	41,282
Furniture and fixtures	138,188	102,334	35,854	59,239
Leasehold improvements	67,985	67,985	–	–
Licensing system	572,156	335,817	236,339	306,333
	1,083,458	734,510	348,948	415,036

5. Government remittances

As at March 31, 2018, RHRA had government remittances payable of \$19,645 (2017 – \$21,325) which is included in accounts payable and accrued liabilities.

6. Deferred revenue

Annual fees received that relate to periods after the fiscal year end date are deferred.

The balance in deferred revenue is as follows:

	2018	2017
	\$	\$
Deferred revenue, beginning of year	5,026,500	4,853,700
Add:		
Annual fees	7,138,998	6,727,604
	12,165,498	11,581,304
Less: amounts recognized as revenue during the year	6,858,813	6,554,804
Deferred revenue, end of year	5,306,685	5,026,500

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2018

7. Internally restricted net assets

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

The Board approved a policy for sustaining an operating reserve equal to twelve months of the annual operating budget, and a process for allocation from unrestricted net assets.

8. Emergency Fund

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

	2018	2017
	\$	\$
Opening balance	572,031	566,280
Administrative monetary penalties	17,500	4,844
Interest income	7,646	5,681
	597,177	576,805
Less: claims/payments made	–	4,774
Closing balance	597,177	572,031

9. Commitments and contingencies

Lease obligations

The RHRA has entered into a lease for a new office space. Future payments relating to leased office premises, for each of the next five years and thereafter, are as follows:

	\$
2019	296,496
2020	387,661
2021	387,661
2022	390,355
2023	395,744
2024 and thereafter	2,307,212
Total minimum lease payments	4,165,129

10. Risk management

The investments held by RHRA are exposed to a variety of financial risks. RHRA seeks to minimize the potential adverse effects of these risks by regularly monitoring the investment's position, market events and the diversity of the investment portfolio within the constraints of RHRA's Investment Policies. Due to the change in RHRA's investment portfolio additional risks such as market risk is new in the current year. In addition RHRA's exposure to interest rate risk has also changed in the current year.

Significant risks that are relevant to RHRA's investments are as follows:

Financial risk management

RHRA is subject to market and interest rate risks with respect to its long-term investments, and interest rate risk with respect to its short-term investments.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2018

10. Risk management (continued)

Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose RHRA to the risk of loss.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by RHRA. The short-term interest bearing investment held by RHRA has a limited exposure to interest rate risk due to its short-term maturity.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. RHRA is subject to credit risk with respect to its accounts receivable. The balance of accounts receivable on the statement of financial position represents RHRA's maximum exposure at March 31, 2018. RHRA manages this risk through proactive collection policies.

To manage its market and interest rate risks, RHRA has established investment policies which include target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances.

Financial liabilities

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, 2018, the most significant financial liability is accounts payable and accrued liabilities and it is management's opinion that RHRA is not in default of any terms of its financial liabilities.

11. 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.

“Increased public accountability and transparency is a priority for the RHRA. In 2017-18 we began our multi-year process of developing a public report card that will guide consumers with reliable information when selecting a retirement home in the future.” (page 18)





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