



ANNUAL REPORT

2019/2020

Table of Contents

About the RHRA.....	3
Vision, Mission and Values.....	4
Message from the Chair.....	5
Message from the CEO and Registrar.....	6
Strategic Plan in Action.....	8
Success Stories.....	14
Key Performance Measures.....	17
Three Years in Numbers.....	19
Stakeholder Advisory Council Report.....	22
Board and Governance.....	24
Board Members.....	25
Organizational Chart.....	27
Activities of the Risk Officer and Complaints Review Officer.....	28
Key Corporate Policies.....	29
Financial Report.....	30
Financial Statements.....	34

About the RHRA

The Retirement Homes Regulatory Authority (RHRA) is mandated by the government to administer Ontario's [Retirement Homes Act, 2010](#) (the Act). The RHRA's core responsibility is to enhance the safety and consumer protection of residents in Ontario's retirement homes.

The RHRA is both a regulator and an advisor, with a singular focus on ensuring that retirement homes operate in a manner that supports residents in living with dignity, respect, privacy and autonomy, in security, safety and comfort, and that residents can make informed choices about their care options.

Scope

The RHRA fulfils its mandate by:

- Informing and educating the retirement home sector, residents and the public about the Act, regulations and role of the RHRA;
- Licensing Ontario's approximately 770 retirement homes and maintaining a Retirement Home Database available on the RHRA website;
- Inspecting retirement homes, overseeing compliance with the regulations and care standards and enforcing the Act for the protection of residents; and
- Advising the Minister for Seniors and Accessibility on policy matters related to retirement homes.

Organizational Structure and Accountability

The RHRA is a not-for-profit corporation established as an administrative authority of the Ontario government that administers the Act and its regulations.

The government retains responsibility for the Act and regulations. The RHRA is accountable for ensuring the legislation and regulations are implemented and enforced. Headquartered in Toronto with staff deployed across the province, the RHRA is self-financed primarily through annual fees paid by licensees and receives no taxpayer/government funding. The RHRA is not part of the Ontario government, nor is it a Crown Corporation; however, the Authority is accountable to government through the Minister for Seniors and Accessibility. A Memorandum of Understanding (MOU) sets out the roles and obligations of the RHRA and government.

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

Message from the Interim Chair

Having assumed the role of Interim Chair in December 2019 after serving for six years on the RHRA Board of Directors and as Vice-Chair, I have seen the RHRA mature as an organization. I am pleased to continue to help guide its vision that Ontario seniors have choice in where they want to live and the protections they need to live with confidence and dignity in retirement homes.

Given the extraordinary circumstances we currently face with the COVID-19 pandemic, this has become a singularly important time for the Board to focus on the RHRA's role in providing guidance and advice, not only to the retirement sector, but also to the Ministry in its response to the pandemic. Building upon the strong relationships we have established with government, residents and the retirement home sector and community agencies, I am confident that the RHRA will prove a trusted partner in the fight to keep our seniors safe from harm.

This year, the Board continued to engage with the Ministry for Seniors and Accessibility and work with the Stakeholder Advisory Council as well as the Auditor General of Ontario, who is now conducting an audit of the RHRA. The Board also undertook a review of key governance, finance and human resources policies, as well as Director recruitment and the re-appointment of the Complaints Review Officer. Further, like many other organizations, it supported the RHRA administration in early strategic decisions, changing priorities for action and budget management to respond to the COVID-19 crisis in an effective and efficient way. It encouraged the RHRA to concentrate on its advisory capacity to enable retirement homes to better cope with the exigencies of the pandemic and to expand its data-gathering capacity. I would like to thank past-Chair, John J. Rossiter, for his commitment to good governance and excellence in the boardroom over the past seven years, as well as Carla Pepler and Mathilde Bazinet for their nine years of dedicated service to the Board. I would also like to welcome our newest Director, Jonathan Boulakia, who joined the Board in December 2019, bringing with him significant legal and governance expertise in the retirement home sector.

At a time when there are many unknowns about what the weeks or months ahead may bring, the Board will call upon its various expertise in order to provide oversight and recommendations that have the greatest positive impact on retirement home residents and enable the organization to fulfill its important role as trusted advisor to government. I believe that along with the RHRA's capable and vigorous management team, we will weather this storm and apply what we've learned to strengthen our ability to best protect seniors moving forward.



Barbara Sullivan

Message from the Chief Executive Officer and Registrar

I am pleased to present the RHRA's Annual Report for the 2019/2020 fiscal year. While the majority of the past year was focused continued execution of our strategic plan, solidifying new processes and implementing updated approaches, the final eight weeks saw a swift and drastic shift of our priorities due to the COVID-19 pandemic.

Since assuming the role of Chief Executive Officer and Registrar last year, I am proud of the strides we've made both in how we do our work and how we work with stakeholders and industry. By allocating our resources to align with the most pressing issues facing retirement home residents, we are positioning the RHRA to better tackle the future needs of seniors and the demands of a growing sector.

One of the ways we've done this is by implementing an enhanced approach to routine inspections. There is now a greater focus on risk of harm to residents with our inspectors spending more time observing daily life in the home and less time reviewing policies. As a result, homes with a strong compliance record will experience a less burdensome oversight approach so that we can focus our resources in higher risk areas. In addition, we increased the proportion of unannounced inspections to give us a better sense of whether homes are complying with the Act and regulation and where there is still work to be done.

As part of our goal to promote informed decision-making, we undertook a digital communications campaign aimed at generating awareness of how RHRA can help prospective residents and their families when it comes to where they want to live and the care services they need. This resulted in digital engagement with more than 18,000 people and more than 28,000 visits to our website by Ontarians accessing RHRA's tools and resources.

We prepared for the future through a number of projects aimed at improving our operations to best protect retirement home residents, make things more efficient for operators and licensees, and address some of the developments within a changing sector. Our complaints process now includes a greater focus on mediation and paths to resolution with an emphasis on timeliness. We've also refined our licensing procedures to ensure they are clear, consistent and consumer friendly, and to enable greater risk-based due diligence. Additionally, recent upgrades to our cybersecurity infrastructure help ensure our data is even better protected.

I'm also proud of our growing digital library of tools to help operators and licensees better understand and comply with the Act and regulation. This year, we developed compliance standards along with complementary assistance modules available on our website to provide clarity on RHRA's expectations and retirement homes' obligations to ensure residents live in safety and with confidence and dignity.

In closing, I want to emphasize the RHRA team's steadfast commitment to the safety and protection of retirement home residents during the COVID-19 health crisis. The assistance of our community partners and government continues to prove invaluable, as does the trust and support of the RHRA Board of Directors as we navigate these challenging and uncertain times.

I have the utmost confidence in RHRA management and staff who have stepped up and are keeping pace despite the many challenges they face. While there may be uncertain times ahead, our sights are set on emerging stronger and smarter than before for the sake of the more than 60,000 seniors living in retirement homes across Ontario.

A handwritten signature in blue ink, appearing to read 'Jay O'Neill', with a stylized, cursive script.

Jay O'Neill

Strategic Plan in Action

RHRA’s [Strategic Plan 2017-2022](#) was developed in collaboration with the Ministry for Seniors and Accessibility, retirement home operators, family members of residents, community partners, our Stakeholder Advisory Council and other key stakeholders. Each year, the RHRA develops a business plan with goals that support the Strategic Plan. The plans are all about actions designed to improve the safety and protection of seniors, provide them with stronger decision-making tools and enable them to live with the dignity they deserve.

Pillar One: Enhance Regulatory Approach to Encourage Compliance and Better Protect Residents

- 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

Plan	Result
<p>Pilot aspects of our inspection process focused on outcomes and execution and solicit stakeholder input</p>	<p>Following the deployment of a pilot project last fiscal year with stakeholder input (see details on page 15), a new inspection model was implemented in July 2019.</p> <p>The new model focuses on areas of greatest risk of harm to residents, meaning that inspectors will spend more time observing daily life in the home and less time reviewing policies.</p> <p>The updated inspection model will see homes with a strong compliance record experience a less burdensome oversight approach and the RHRA can focus resources in higher risk areas.</p>
<p>Creating a multi-part compliance standard related to abuse and neglect and corresponding Compliance Assistance Modules for licensees and operators</p>	<p>The RHRA completed digital educational materials related to Assessments and Plans of Care and Emergency Planning, along with a compliance standard for Abuse and Neglect.</p>
<p>Implementing the recommendation of the Risk Officer to increase capacity in the compliance support program</p>	<p>The RHRA has expanded its criteria for participation in the compliance support program and increased its capacity through added staff resources. The RHRA also ensured staff have the necessary training and support to continue providing a high level of service to participants in the compliance support program.</p>
<p>Establish a standing survey to</p>	<p>The RHRA launched its Transactional Survey in</p>

<p>measure the satisfaction of those who regularly interact with our regulatory functions (i.e. licensing, inspection, compliance support, and complaints).</p>	<p>January 2020 which:</p> <ul style="list-style-type: none">• Surveyed retirement homes within a week of an inspection or issue/non-issue of a licence to gauge their satisfaction with the process. All responses were anonymous.• Surveyed complainants via telephone within a week of complaint resolution. <p>Both surveys were suspended in mid-March due to the COVID-19 pandemic. Once reinstated, survey feedback will be used for ongoing RHRA process improvements. Feasibility of compliance support surveys are to be determined at a later date.</p>
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Pillar Two: Strategic Information through Data and Analytics

- 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

Plan	Result
Pilot quality of life indicators and to understand data collection requirements and impact on the retirement home industry	The RHRA worked towards establishing a Quality of Life framework. The project is currently on hold due to COVID-19 priorities.
Enter into agreements with two additional organizations to enable access to external data sources that can inform our analysis and further enhance our identification of risk	<p>The RHRA established an ongoing working relationship with the Ministry of Finance to facilitate the sharing of data to better profile and identify risk in retirement homes with the goal of reducing harms and improving the quality of life of residents.</p> <p>The RHRA and Ministry of Finance signed an agreement in principal for data sharing. In order to formalize this agreement, a regulatory amendment a signed Memorandum of Understanding are required. Both were initiated during the fiscal year.</p> <p>In late March 2020, the RHRA began initial discussions with a second organization to explore data sharing opportunities.</p>
Conduct research on machine learning and artificial intelligence and determine how these could be integrated into our risk framework and regulatory model	The RHRA worked towards building a roadmap that prioritizes artificial intelligence and machine learning opportunities to achieve its strategic business objectives over the short and long term. The target completion date was set for Q1 of FY2020-2021.
Identifying and incorporating external data sources that can inform our analysis and further enhance our identification of risk	The RHRA established an ongoing working relationship with the Ministry of Finance to facilitate the sharing of data to better profile and identify risk in retirement homes with the goal of reducing harms and improving the quality of life of residents.

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Pillar Three: Promote Informed Decision-Making through Outreach

- 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

Plan	Result
Conduct research to identify and target key consumer audiences	The RHRA conducted a series of surveys and focus groups targeted at consumers whose family member is a resident in a retirement home and those considering a retirement home. Survey results informed our approach to the communications and awareness campaign.
Develop and begin implementation of a multi-year consumer education and awareness campaign that includes paid and earned media activities	<p>Launched the first phase of communications and awareness campaign. The campaign included a series of ads on Facebook and Google, along with upgraded online consumer resources and a rebrand of the Public Register (now the Retirement Home Database).</p> <p>The campaign was suspended in mid-March due to the COVID-19 pandemic but garnered strong early results which included:</p> <ul style="list-style-type: none"> • 170% year-over-year increase in website traffic • The click-through rate for advertising was between two and three times the industry average
Continue to engage with health care regulatory colleges, Local Health Integration Networks, emergency response organizations and targeted health care professionals (i.e. discharge planners) to increase awareness of RHRA’s role and identify collaboration opportunities	The RHRA engaged with stakeholders through a series of senior staff meetings, direct communications, and other forums. This included collaborative partnerships with: LHINs and other community partners e.g. police, local public health agencies, local fire services; Office of the Fire Marshal and Emergency Management; College of Nurses of Ontario and other health care professional organizations. The RHRA also presented at a number of consumer forums attended by a range of health care professionals including discharge planners. In the early days of the COVID-19 response RHRA quickly connected with organizations involved in the COVID-

	19 response including the Ministry of Health, Ministry of Long-Term Care, LHINs, regulatory colleges, health professional associations and more.
Expanding resident communication through the introduction of new channels	Developed a revamped resident communications strategy that was presented to RHRA’s stakeholder advisory council to solicit feedback before moving forward. The strategy included a resident participation component, and series of digital and print RHRA-related materials that can be leveraged by retirement homes and residents’ councils. Final implementation was paused due to the COVID-19 pandemic.
Building and leveraging social media capabilities to inform and engage with residents, their families and the general public	Created a company profile on LinkedIn as well as a social media playbook to help guide RHRA engagement on its social media platforms. This included incorporating lessons-learned from responding to positive and negative comments on Facebook ads for the communications campaign.
Developing a plan to efficiently respond to abrupt closures of retirement homes through communication to the stakeholders, residents and their families	Plan was completed and included a communications plan involving stakeholders and consumer alerts. A triage and notification process and operational response plan were also established.

Pillar Four: Consumer Protection and Choice through Transparency, Accountability and Public Reporting

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

Plan	Result
Create new sections and information on the Retirement Home Database to inform consumers of the status of a home	The RHRA developed a preliminary plan to incorporate a Special Advisories section as part of the Retirement Home Database. Final plans and implementation are pending.
Work with stakeholders to identify a format for a public report card	In coordination with a third-party contractor, developed report card framework concepts and held focus groups with retirement homes and other stakeholders to solicit feedback on the various options. Further steps to finalize format were paused due to the COVID-19 pandemic.

Pillar Five: Prepare for the Future

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

Plan	Result
Begin scoping and requirements gathering for information technology modernization	A committee of RHRA staff developed a comprehensive Request for Proposal to acquire an upgraded regulatory management software solution (RMSS) that was put out to tender and was in the process of being evaluated prior to the COVID-19 pandemic.
Conduct a survey of licensees and complaints to track performance and identify areas for process improvement	Survey was released in January 2020. Data will be provided to the RHRA every six months. The survey was suspended in mid-March due to the COVID-19 pandemic.
Create and facilitate a leaders' roundtable session	The RHRA continued on the success of its CEO Listening Tour into the 2019/20 fiscal year. Three engagements were completed however two additional planned engagements were postponed due to COVID-19.

Success Stories

Raising awareness of the RHRA in key demographics

In January 2020, the RHRA launched the first phase of a multi-year communications campaign aimed at raising awareness of the RHRA among prospective retirement homes residents and their loved ones. The RHRA used Facebook and Google as the primary means of communicating with this demographic via ads that would direct users to content on rhra.ca.

The campaign was informed by way of surveys and focus groups to understand what consumers wanted and how the RHRA could best communicate to them. As a result, the RHRA rebranded the Public Register as the [Retirement Home Database](#), securing a branded vanity URL (retirementhomedatabase.ca) and upgrading the functionality to allow users to search by care services offered as well as size of home.

In an effort to assist consumers in making informed decisions about retirement home options, new tools and resources were also added to rhra.ca, including a [how-to guide](#) on understanding the database, [questions to ask](#) potential retirement homes and a helpful [infographic](#) clarifying the differences between a retirement and long-term care home.

At the time the campaign was cut short on March 10 due to COVID-19, the advertisements on Facebook reached more than 160,000 Ontarians 55+. Traffic to rhra.ca increased by 170% from the same period in the previous year as people were directed to the RHRA's Retirement Home Database and the newly developed toolkit.

Promoting voluntary compliance by licensees and operators

The RHRA continues to increase its offerings of tools and resources for retirement home licensees and operators through its [compliance assistance modules](#) (CAMs). These modules are complementary, digital resources aimed at promoting voluntary compliance with the Retirement Homes Act and Regulation. The CAMs provide operators with a thorough understanding of the legal, regulatory and inspection framework for operating a retirement home using common scenarios and plain language.

In 2019/2020, RHRA launched two new modules: Assessments and Plans of Care, and Emergency Planning. The launch of a third module on Behaviour Management was postponed due to COVID-19. A compliance standard was also developed related to Abuse and Neglect, with the online module underway as of year-end.

The RHRA also reached out to key stakeholders to solicit input and feedback that would help minimize negative outcomes and increase potential opportunities for improvement, ultimately resulting in a more valuable end product. The RHRA will continue to engage stakeholders on the development of future CAMs.

Implementing a new inspection model

As part of a broader continuous improvement strategy within the RHRA's regulatory program aimed at enhancing our practices to improve resident safety, the RHRA launched its new approach to routine inspections in July 2019. This new approach is the first phase of a multi-year project that will modernize the inspections process by focusing on areas of greatest risk of harm to retirement home residents.

Inspectors will now spend more time observing daily life in the home and interacting with staff and residents, and less time reviewing policies. In addition, homes with a strong compliance record will experience a less burdensome oversight approach allowing the RHRA to focus its resources in higher risk areas.

The approach was piloted in April 2019 with the cooperation of 31 retirement homes across the province. Participating homes were supportive of the pilot, resulting in invaluable feedback that helped to guide the RHRA in refining its final model.

The RHRA informed stakeholders by way of its external e-newsletter, RHRA Update, and developed online [material](#) aimed at answering any questions from retirement home licensees and operators about the new approach to routine inspections.

Increasing RHRA's effectiveness in responding to crisis

In January 2020, the RHRA finalized its High-Profile Incident Alerts and Abrupt Closures protocol, designed to facilitate internal alignment so that the RHRA is prepared to efficiently respond to the needs of retirement home residents, their loved ones and stakeholders in times of crisis. This could include a fire, death, police investigation or the abrupt closure of a retirement home.

The new protocol was designed to make better use of the RHRA's resources without adversely impacting day-to-day operations. It further clarified what information is needed, how that information flows through the organization and determines how it is communicated externally.

Building RHRA's resilience to cyberattacks

In September 2019, the RHRA became aware of an email security incident which involved unauthorized access to certain RHRA emails dated between April 15, 2019 and June 13, 2019. The RHRA took immediate action by blocking any unauthorized access to RHRA emails and ensuring that its information was secure.

Third-party security experts were retained to conduct a forensic investigation and RHRA has further enhanced its security infrastructure and protocols to ensure this does not happen again. Staff were enrolled in a number of security training modules and are aware of the various types of cyberthreats and how to avoid them.

The RHRA informed all those affected in writing as well as by telephone and provided free credit monitoring for a period of twelve months. The RHRA implemented a plan to continually review and improve, as necessary, its security to prevent this from happening in the future.

Providing advice and support to government on regulatory burden reduction

As part of the government's Open for Business/Red Tape Burden Reduction strategy, the RHRA provided advice to the Ministry for Seniors and Accessibility on proposed burden reductions initiatives including changes to the Retirement Homes Act and regulation, as well as forms used by retirement home licensees.

While the RHRA is supportive and seeks opportunities to reduce administrative regulatory

burden on industry, we will caution against government consideration of any red tape initiative that would impact resident safety.

The RHRA will continue to work with the Ministry on burden-reduction initiatives, including implementing any legislative/regulatory changes that are passed and revising forms.

Key Performance Measures

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.

We have identified three key measurable objectives that have the greatest impact to improve the protection of residents living in retirement homes: 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. In future years, we will include additional measures and initiatives.

Strategic Pillar	Objective	Measures	2017/2018 Baseline	2018/2019 Performance	2019/2020 Performance
Encourage Compliance and Better Protect Residents	SAFETY Increase impact of overall compliance with the Act, measured by home performance.	Change in risk levels of homes (based on observed non-compliances) in relation to the Act and overall home performance changes.	Risk Level Changes: High Risk: decreased by 47.5% Medium Risk: increased by 27.4%* Low Risk: increased by 60.6%	Risk Level Changes: High Risk: decreased by 42.5% Medium Risk: decreased by 14.2% Low Risk: increased by 43.6%	Risk Level Changes: High Risk: decreased by 26.2% Medium Risk: decreased by 6.6% Low Risk: increased by 13.3%
Strategic Information Through Data and Analytics	COMPLIANCE Reduce the percentage of homes with non-compliance related to specific areas, through CAMs and compliance support initiatives.	Complaints: Number of citations.	424 citations related to complaints procedures	607 citations related to complaints procedures	382 citations related to complaints procedures

<p>Consumer Protection and Choice Through Transparency, Accountability and Public Reporting</p>	<p>TRANSPARENCY</p> <p>Increase awareness of the RHRA’s mandate among residents and consumers as a trusted source for protection.</p>	<p>Province-wide omnibus public survey</p> <p>Questions:</p> <p>Is there a regulatory body that is responsible for licensing retirement homes in Ontario?</p> <p>Is licensing mandatory for retirement homes in Ontario?</p>	<p>Province-wide omnibus public survey</p> <p>Results:</p> <p>44% Yes 10% No 46% Don’t know</p> <p>52% Yes 10% No 38% Don’t know</p>	<p>Province-wide omnibus public survey</p> <p>46% Yes 6% No 48% Don’t know</p> <p>53% Yes 8% No 39% Don’t know</p>	<p>In early 2020, due to the rapidly changing landscape caused by the COVID-19 pandemic, RHRA was forced to suspend its first awareness campaign and assessment of campaign results. This included the plan to pivot away from general omnibus questions and specifically target and measure awareness of RHRA.</p> <p>Pre-campaign surveys found unaided awareness of RHRA among those considering a retirement home is 2%.**</p> <p>Focus groups participants explained the need for a regulatory authority that could serve as a source of trustworthy information.</p>
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**Question: Which organization, if any, is responsible for protecting seniors living in retirement homes in Ontario?

Three Years in Numbers

Licensing

Licences	As of March 31, 2020		As of March 31, 2019		As of March 31, 2018		As of March 31, 2017	
	Homes	Suites	Homes	Suites	Homes	Suites	Homes	Suites
Issued	748	63,625	750	61,630	747	59,960	729	58,142
Issued with conditions	22	1,075	6	336	6	370	6	351
Total	770	64,700	756	61,966	753	60,330	733	58,493

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

Intake

Intake	FY 2019/2020	FY 2018/2019	FY 2017/2018	FY 2016/2017
Intake contacts	4,127	5,076	4,745	4,511

In 2019/2020 there was an overall decrease of 19% in the number of intake contacts with the RHRA over the previous year.

Inspections

Inspections	FY 2019/2020	FY 2018/2019	FY 2017/2018	FY 2016/2017
Routine	399	473	659	487
Mandatory report inspection (s. 75)	531	592	641	545
Complaint inspection (s. 84)	35	41	39	44
Compliance inspection (s. 77(1))	17	28	9	175
Report to Registrar (s. 77(2))	28	24	35	32
Licensing inspection (s. 37)	0	2	0	0
Total	1,010	1,160	1,383	1,283

Overall, the number of inspections was slightly lower in 2019/2020 compared with the prior year. The number of routine inspections reflects changes in risk profile implemented in 2017/2018, which in part drives inspection frequency. Mandatory report inspections were fairly consistent with prior years as were the number of compliance inspections. Note that RHRA also conducts inquiries for both mandatory report and compliance inspections to follow up on information that can be more efficiently collected using phone or electronic means.

Complaints

Complaints	FY 2019/2020	FY 2018/2019	FY 2017/2018	FY 2016/2017
Received during period	81	105	96	75
Closed during period	100	78	96	60
Open at end of period	28	47	20	20
Complaints Review Officer				
Referrals	11	9	9	3
Decisions rendered	7	12	6	5

The number of complaints decreased notably compared to previous years, while the number of closed complaints increased. This is in part due to efforts at early interventions by RHRA staff to resolve consumer issues before a formal complaint is made. As noted last fiscal, the RHRA had recently increased complaint handling capacity which is reflected in this year's number of closed complaints. Note that pending complaints from the previous fiscal year are carried forward and closed as appropriate in the current fiscal year.

Enforcement Actions

Type of Action	FY 2019/2020 Action	FY 2018/2019 Action	FY 2017/2018 Action	FY 2016/2017 Action
*Impose conditions upon licence (s. 39)	21	5	1	5
*Refuse licence (s. 36)	1	2	0	1
Order to apply or cease to operate (s. 89)	8	9	6	6
Compliance order (s. 90)	8	4	2	16
Management order (s. 91)	0	2	1	0
Administrative monetary penalty (AMP - s. 93)	5	4	4	6
Order to revoke (s. 95)	3	5	0	1
TOTAL ORDERS/DECISIONS	46	31	14	35

Enforcement activity increased in 2019/2020. Of the 21 conditions imposed upon a licence, 18 were related to the requirement for homes to have fire sprinklers installed. Homes with these conditions were required to report to the RHRA monthly on their progress toward becoming fully sprinklered.

Emergency Fund

The Emergency Fund is established to allow Registrar Payments and Resident Claims for support under certain circumstances.

Emergency Fund	FY2019/2020	FY 2018/2019	FY 2017/2018
Number of Registrar Payments	14	24	0
Total value	\$5,776	\$36,410	0
Fund balance at end of period (March 31 st)	\$614,574	\$597,271	\$597,177

In 2019/2020 payments were made from the Emergency fund in a limited number of circumstances where residents were in need of finding alternative care.

Licence Applications

Licence Applications	FY 2019/2020	FY 2018/2019	FY 2017/2018	FY 2016/2017
New (Build/Operations)	19	11	25	16
Transfer of ownership	21	30	44	35
Operating without a licence	0	4	2	5
Total	40	45	71	56

Stakeholder Advisory Council Report

May 21, 2020

Barbara Sullivan
Interim Chair, Retirement Homes Regulatory Authority
55 York Street, Suite 700
Toronto, ON M5J 1R7

Dear Barbara,

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 2019-20.

SAC Activities

The Council was pleased to provide advice and significantly insightful input on the development and implementation of a number of key initiatives including:

- 2020 Fee review
- Regulatory Program Modernization
- RHRA Action Plan in response to the Stakeholder Effectiveness Survey Report 2018
- Selection Committee for the Frank Kajfes Resident Champion Award which included review of nominees and selecting recipient for award presented at RHRA's 2019 Annual Celebration Event
- Compliance Assistance Modules including Emergency Plan and Behaviour Management
- Ongoing development of the Public Report Card
- Communications Campaign
- Resident Engagement and Communications Plan
- Proposed amendments to SAC Terms of Reference which were approved by the Board

SAC Advice to RHRA's Board of Directors

Increase RHRA visibility with the public and government. The Council has maintained throughout the course of the past year, that it is critical that RHRA increase its visibility and continue to build an understanding of RHRA's role and mandate in support of resident protections through initiatives such as its public awareness campaign. The Council encourages the Board to empower RHRA in strategic efforts to increase RHRA's profile with key government agencies responsible for seniors' wellbeing, such as the Ministries of Health and Long-term Care.

Provide meaningful guidance on RHRA's COVID-19 actions. We are now starkly reminded of RHRA's ability to impact the lives of Ontario's seniors. It is important that the Council emphasizes the tragic impact of the COVID-19 pandemic on residents and their families. The Council would like to acknowledge the tremendous effort RHRA has undertaken to fight COVID-19, through its actions supporting retirement homes, residents and their families. The Council appreciates RHRA's ongoing engagement with us during this challenging time. We are eager to provide meaningful guidance that will support RHRA as they consider the proactive measures required for the ongoing safety and protection of all residents and those who care for them.

Embed the resident perspective. The current pandemic highlights that residents have choice, autonomy and need human connection. It is critical to hear and understand the interplay of these factors from the resident perspective – often and at all levels of the organization. As such, we would like to reiterate our advice that the Board would benefit from having a resident perspective at the table and recommend the Board of Directors include one resident representative.

Finally, the Council would also like to acknowledge and thank Esther Goldstein for her six years of service. Esther concluded her term as SAC Chair in December 2019. Her expertise, candid feedback and professionalism have been integral to the effective functioning of the Council.

On behalf of the Council, I would like to thank the RHRA Board and staff for its ongoing support to SAC, and to express our appreciation for the value the board places on consistently meaningful engagement. During this unprecedented time, we look forward to providing RHRA with advice on how to protect and ensure the safety and wellbeing of seniors living in Ontario's retirement homes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Dernick', with a stylized flourish at the end.

Peter Dernick
Chair, Stakeholder Advisory Council

Board and Governance

The governance of the RHRA is established through the Act and its regulations, by-laws, policies, 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, as well as maintaining its support of government's public accountability mandate. Information on the Code of Ethics and terms of appointments for directors can be found on RHRA.ca.

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

- The 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
- The Finance, Audit and Human Resources Committee assists with oversight responsibilities and risk management function regarding:
 - Financial reporting, audit and enterprise risk management;
 - The Emergency Fund; and
 - Human resources and compensation

Election and 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
- 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 2019/2020, the total Board remuneration was \$120,121.74.

Board Members

JOHN J. ROSSITER — CHAIR (to December 2019) John is CEO of SEM-ENG International Limited. John provides a range of ‘smart sustainable’ services such as strategic planning, public policy, advocacy, public affairs and stakeholder relations to clients in the private, public and not-for-profit sectors on both the national and international scenes. He holds a Bachelor of Commerce degree from Carleton University. Year 3 of Term 3 (7 years) (Term ended December 2019)

BARBARA SULLIVAN — INTERIM CHAIR (from December 2019) and VICE-CHAIR Barbara is President of The Cheltenham Group, a company specializing in governance services and public policy development. She is currently a Governor of Mohawk College, Director of Bay Area Health Trust, and Treasurer and Director of the Ontario Association of Former Parliamentarians. Barbara was Principal Secretary to the Treasurer of Ontario from 1985 to 1987. She served as a Member of the Provincial Parliament for Halton Centre from 1987 to 1995. Active in community affairs, Barbara has served as Chair of Hamilton Health Sciences Corporation, Director of Country Heritage Park, Chair of the Oakville Centre for the Performing Arts, Vice-Chair of Ontario's Commission on Election Expenses, and Director of Oaklands Centre for developmentally disabled adults. She was also Chair of the Health Professions Regulatory Advisory Council from 2004 to 2010. Barbara is a frequent university guest lecturer speaking on the formulation of public policy. Year 2 of Term 3 (6 years)

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 3 of Term 4 (9 years) (Term ended December 2019)

JONATHAN BOULAKIA Jonathan is Chief Investment Officer and Chief Legal Officer of Chartwell Retirement Residences. He is responsible for all acquisitions, development and real estate financing, as well as legal and governance matters. Jonathan is also Chartwell's corporate secretary, has oversight of its privacy office, insurance department, internal audit and compliance department, and led the development of its new corporate headquarters. Prior to joining Chartwell in 2008, Jonathan practiced corporate law at Torys LLP. Jonathan attended McGill University for undergraduate studies in science, has an LL.B. from the University of Ottawa Common Law Program, has completed the Canadian Securities Course and holds an ICD.D designation from the Institute of Corporate Directors. Jonathan's community involvement includes serving on the board and as chair of the governance and nominating committee of the National Youth Orchestra of Canada. Jonathan is fluent in English and French. Year 1 of Term 1

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 MBA from McMaster University. Year 2 of Term 3 (7 years)

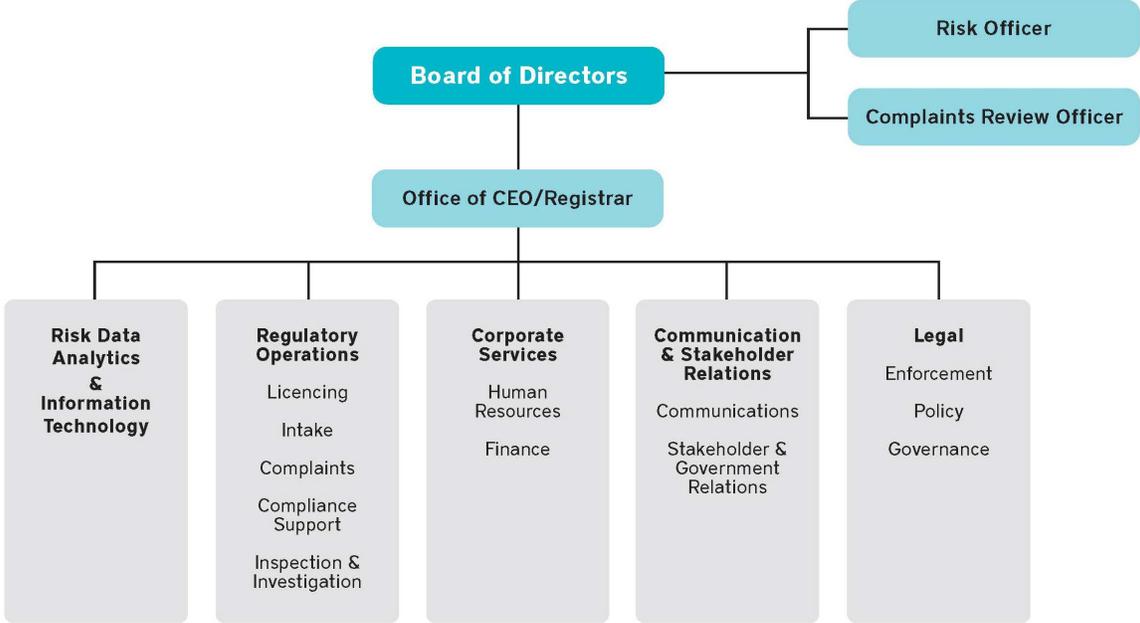
BOB KALLONEN Bob is President of Amica Senior Lifestyles. Bob served as the COO at Schlegel Villages of Kitchener, Ontario, Vice-President Operations for Sunrise Senior Living of McLean, Virginia, Vice-President of Eastern Canadian Operations for Extendicare Canada and on the Board of the Schlegel-University 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 1 of Term 4 (7 years)

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 (now AdvantAge Ontario), 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 1 of Term 3 (7 years)

DAVID OLIVER has worked in the investment management industry for more than 30 years in several executive leadership roles and currently serves as President and CEO of BRJO Investments Ltd. He has extensive experience in board governance. In addition to serving on the Board of Directors of the RHRA, David serves on the Board of Directors of Lawyers' Professional Indemnity Company, CDSPI and BRJO Investments Ltd. He graduated from the University of Toronto with a Bachelor of Commerce and a Master's degree in Economics. As well, he completed an Executive Program in Corporate Governance at Harvard Business School. David holds the Chartered Director, Chartered Financial Analyst, Chartered Investment Manager and Fellow of the Canadian Securities Institute designations. Year 2 of Term 1 (1.5 years)

CARLA PEPPLER 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 1 of Term 4 (9 years) (Term ended December 2019)

Organizational Chart



Activities of the Risk Officer and Complaints Review Officer

The Risk Officer reports to the Board and is responsible for independently reviewing, monitoring and assessing the effectiveness of the RHRA's administration of the Act. In May 2018, Nav Sandhawalia was appointed to the position of Risk Officer for a three-year term. The Risk Officer delivered his first Risk Officer Report which focused on the efficiency and effectiveness of the RHRA's Compliance Support Program. The Board reviewed and provided a response, after which the Report was presented during the RHRA's Annual General Meeting in September 2019. The Report 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 2019/2020, Ms. Sunshine rendered decisions on seven matters, all of which were received during the fiscal year. The Registrar's decision was upheld in five reviews and two were referred for more information or action. Ms. Sunshine was re-appointed by the Board for a second three-year term in February 2020.

Key Corporate Policies

Complaints

Complaints and concerns related to the administration of the RHRA may be received directly by management, staff members or client services representatives, and are referred to the appropriate staff for review and resolution. The Director, Human Resources 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, 2020, two complaints were received related to inspector conduct. The first complaint was closed after three months due to lack of complainant participation despite repeated attempts by the RHRA to engage. Notwithstanding the lack of participation, the RHRA addressed the matter through manager-employee coaching. The second complaint was received at the beginning of March and is currently open. This and other corporate policies, including the Code of Ethics, are posted at rhra.ca.

French Language Services

To support provisions within the Act, regulation 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. The 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)
- Eight positions filled by bilingual staff (including four in Client Services)

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 English and available in French upon request
- Brochures and posters for residents and the public are produced in French

French inquiries

In 2019/2020, the RHRA responded to 4,127 inquiries, of which 32 were in French, representing less than 1% of all inquiries.

French-licensed retirement homes

22 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, the RHRA has developed a comprehensive training module for all staff, with 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 RHRA for the fiscal year ended March 31, 2020, with comparative amounts for the previous fiscal year.

Overview

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

Overall, the 2019/2020 results did not achieve plan primarily as a result of investment performance in the final quarter of the fiscal year. In 2019/2020, RHRA recorded \$728,000 deficit compared to \$262,000 surplus during the prior year. This represented an increase of 652,000 over the planned deficit of \$76,000 for 2019/2020.

At the end of the third quarter of 2019/2020, the RHRA's revenues were tracking ahead of plan, and management, with the guidance and approval of the Board, undertook \$230,000 in additional activities in the fourth quarter. Additional detail on revenue and expenses are highlighted below and shown in the financial statements.

As a result of the recorded deficit, the organization saw a decrease in its reserves. In total, despite the significant challenges presented by COVID-19 in the final month of 2019/2020, the RHRA was able to respond quickly and fund its operational response through using its reserve and deferring other planned expenditures. The organization ended the fiscal year with eight months of operating reserve, as compared with nine months of operating reserve in the previous fiscal year. Given the magnitude of the impact of COVID-19 on RHRA's operations and the retirement home sector has yet to be determined, a significant further drawdown of those reserves in the coming years is likely.

The Emergency Fund remains stable and was maintained at its current funding level which is consistent with its applicable policy. In addition, RHRA maintains \$1 million in its restricted reserves to augment the Emergency Fund in the event of a catastrophic failure within the sector.

Expenditures reflect regulatory and development project activities, RHRA's response to the COVID-19 pandemic, as well as 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, 2020.

Operating Revenue and Expenses

Total operating revenue increased by 5% compared to previous year to reach \$8.1 million, which was ahead of plan and reflected growth of 4.4% in retirement home suites and a fee rate increase of 1%.

The RHRA's operating revenue is made up of annual fees (\$7.6 million), application fees (\$473,000) and other revenue (\$4,700). Annual fees are the single largest source of revenue, accounting for 94% of the total. Annual fees are billed on a calendar year basis and recognized

in the year to which the fees relate. Annual fees for the fiscal year reflect those realized from April 1, 2019, to March 31, 2020.

Revenue from application fees is based on activity during the year primarily resulting from ownership transactions and new homes. Salaries, wages and benefits are the RHRA's largest expenditure.

Operating expenses increased 11% (\$853,000) over 2019, though in-line with its annual budget as Management continued to build capacity to help the RHRA meet the many regulatory requirements of the Act, and additional expenditures included in its annual budget and increase in legal services related primarily to enforcement activity. Amortization of capital assets and the deferred liability are recorded in accordance with the stated accounting policy.

Investments

The investment portfolio is managed in accordance with the investment policy approved by the RHRA's Board of Directors which includes a target mix of investment types designed to achieve the optimum return while maintaining an overall low level of risk exposure. However, despite the portfolio's overperformance by the end of the third quarter of the year, a steep decline due to unprecedented adverse equity markets reaction to COVID-19 resulted in a substantial unrealized investment loss of \$469,000 compared to the previous fiscal year.

Surplus/Deficit & Reserve

The RHRA recorded an overall deficit of \$728,000 which was fully allocated to the unrestricted reserve. RHRA's reserves helped the organization absorb the initial additional expenses incurred as a result of RHRA's COVID-19 response. This generally accepted practice proved especially prudent for the RHRA, given the COVID-19 pandemic and its disproportionate impact on vulnerable seniors living in congregate care. With the magnitude and impact of COVID-19 on the sector and the RHRA still unknown at time of writing, the next fiscal year will likely be critical in assessing the organization's longer-term financial stability. The projected deficit of \$614,000 for the next fiscal year reflects expected changes in operations, though variance from this projection is likely as the course and implications of the COVID-19 become more clear.

The RHRA's enterprise risk management practices include monitoring to identify potential risks and seizing opportunities related to the achievement of its strategic objectives and any issues that could affect 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. With all Administrative Monetary Penalties (AMPs) and interest earned on the balance, the Emergency Fund balance has increased by 3% (\$17,000) and was fully funded at year end in accordance with the approved policy. The RHRA paid out \$5,776 from the Emergency Fund to support displaced residents as a result of enforcement efforts to stop the illegal operation of In-Touch Retirement Living in Toronto.

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 of March 31, 2020, and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found at the end of this Annual Report. 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.

Jay O'Neill
Chief Executive Officer and Registrar
Toronto, Canada
June 9, 2020



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Financial statements of
Retirement Homes
Regulatory Authority

March 31, 2020

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7-12

Independent Auditor's Report

To the Board of Directors of the
Retirement Homes Regulatory Authority

Opinion

We have audited the financial statements of Retirement Homes Regulatory Authority (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 9, 2020

Retirement Homes Regulatory Authority

Statement of financial position

As at March 31, 2020

		2020	2019
	Notes	\$	\$
Assets			
Current assets			
Cash		6,132,477	6,442,523
Short-term investments	3	—	360,344
Accounts receivable	2	1,369,983	1,161,753
Prepaid expenses		161,905	233,629
HST receivable		54,888	—
		7,719,253	8,198,249
Long-term investments	3	4,500,146	4,561,916
Emergency fund restricted cash	9	614,574	597,271
Capital assets	4	923,951	1,055,927
		13,757,924	14,413,363
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	792,988	938,926
HST payable		—	15,831
Deferred revenue	6	5,853,522	5,573,251
		6,646,510	6,528,008
Deferred capital contributions		27,077	40,996
Deferred lease inducement	7	276,838	308,781
		6,950,425	6,877,785
Commitments and contingencies	10		
Net assets			
Unrestricted		506,135	1,251,517
Restricted - Emergency fund	9	614,574	597,271
Internally restricted	8	5,686,790	5,686,790
		6,807,499	7,535,578
		13,757,924	14,413,363

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

Approved by the Board

_____ Chair of the Board of Directors

_____ Chair of the Finance, Audit & Human Resources Committee

Retirement Homes Regulatory Authority

Statement of operations

Year ended March 31, 2020

		2020			2019		
	Notes	Operating fund	Emergency fund (Note 9)	Total	Operating fund	Emergency fund (Note 9)	Total
		\$	\$	\$	\$	\$	\$
Revenue							
Annual fees	6	7,636,775	—	7,636,775	7,185,972	—	7,185,972
Application fees		473,175	—	473,175	534,600	—	534,600
Other fees		4,718	—	4,718	14,951	—	14,951
Administrative monetary penalties		—	9,500	9,500	—	24,500	24,500
Net investment (loss) income	3	(187,806)	13,579	(174,227)	260,588	12,004	272,592
Amortization of deferred capital contributions		13,919	—	13,919	68,929	—	68,929
		7,940,781	23,079	7,963,860	8,065,040	36,504	8,101,544
Expenses							
Salaries, wages and benefits		6,089,179	—	6,089,179	5,697,094	—	5,697,094
Operating		2,286,072	—	2,286,072	1,860,036	—	1,860,036
Amortization of capital assets		278,969	—	278,969	234,876	—	234,876
Amortization of deferred lease inducement		31,943	—	31,943	10,648	—	10,648
Payments from the Emergency Fund		—	5,776	5,776	—	36,410	36,410
		8,686,163	5,776	8,691,939	7,802,654	36,410	7,839,064
(Deficiency) excess of revenue over expenses		(745,382)	17,303	(728,079)	262,386	94	262,480

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

Retirement Homes Regulatory Authority

Statement of changes in net assets

Year ended March 31, 2020

	2020				2019			
	Unrestricted	Restricted- Emergency fund (Note 9)	Internally restricted (Note 8)	Total	Unrestricted	Restricted- Emergency fund (Note 9)	Internally restricted (Note 8)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	1,251,517	597,271	5,686,790	7,535,578	1,185,921	597,177	5,490,000	7,273,098
(Deficiency) excess of revenue over expenses	(745,382)	17,303	—	(728,079)	262,386	94	—	262,480
Transfer to internally restricted net assets	—	—	—	—	(196,790)	—	196,790	—
Net assets, end of year	506,135	614,574	5,686,790	6,807,499	1,251,517	597,271	5,686,790	7,535,578

Notes

8

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

Retirement Homes Regulatory Authority

Statement of cash flows

Year ended March 31, 2020

	2020	2019
	\$	\$
Operating activities		
(Deficiency) excess of revenue over expenses	(728,079)	262,480
Items not involving cash		
Unrealized losses (gains) on investments	469,296	(19,097)
Amortization of capital assets	278,969	234,876
Amortization of deferred capital contributions	(13,919)	(68,929)
Amortization of deferred lease inducement	(31,943)	(10,648)
	(25,676)	398,682
Change in non-cash operating working capital		
Accounts receivable	(208,230)	(183,214)
Prepaid expenses	71,724	13,771
HST receivable/payable	(70,719)	89,444
Accounts payable and accrued liabilities	(145,938)	263,197
Deferred revenue	280,271	266,566
Deferred lease inducement	—	319,429
	(98,568)	1,167,875
Investing activities		
Acquisition of capital assets	(146,993)	(941,855)
Purchases of investments	(412,571)	(82,835)
Proceeds from redemption of investments	365,389	300,000
Increase in restricted cash	(17,303)	(94)
	(211,478)	(724,784)
(Decrease) increase in cash	(310,046)	443,091
Cash, beginning of year	6,442,523	5,999,432
Cash, end of year	6,132,477	6,442,523

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

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2020

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.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2020

1. Significant accounting policies (continued)

(e) *Deferred lease inducement*

Deferred lease inducement relates to a leasehold improvement allowance and is amortized on the straight-line basis over the term of the lease.

(f) *Revenue recognition*

Contributions

RHRA uses the deferral method of accounting for contributions.

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

Annual fees

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

Application fees

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

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.

(g) *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.

(h) *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. Balances subject to estimation relate primarily to certain accrued liabilities, insurance receivable, allowance for doubtful accounts, deferred revenue, as well as the useful lives of the various categories of capital assets. Actual results could differ from such estimates.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2020

2. Accounts receivable

	2019	2018
	\$	\$
Accounts receivable	1,191,235	1,147,171
Insurance receivable	169,090	—
Interest receivable	9,658	14,582
	1,369,983	1,161,753

Accounts receivable are net of an allowance for doubtful accounts of nil (nil in 2019).

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.

	2020	2019
	\$	\$
Short-term investments		
Fixed income	—	360,344
Long-term investments		
Cash in investment account	4,989	3,587
Fixed income	2,093,230	1,916,546
Preferred shares	206,882	236,638
Common shares	1,120,725	1,206,747
Mutual funds	898,623	971,624
Foreign securities	175,697	226,774
	4,500,146	4,561,916
	4,500,146	4,922,260

The composition of net investment (loss) income for the year is as follows:

	2020	2019
	\$	\$
Interest and dividends	295,069	253,495
Unrealized (losses) gains during the year	(469,296)	19,097
	(174,227)	272,592

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2020

4. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Equipment	35,411	13,171	22,240	30,766
Computer Software	124,762	107,820	16,942	25,636
Computer Hardware	420,344	229,358	190,986	176,913
Furniture & Fixtures	134,295	118,983	15,312	31,166
Leasehold Improvements	681,536	90,872	590,664	658,819
Licensing System	603,142	515,335	87,807	132,627
	1,999,490	1,075,539	923,951	1,055,927

During the year, RHRA disposed of fully depreciated capital assets with an original cost of \$10,045 (\$162,771 in 2019).

5. Government remittances

As at March 31, 2020, RHRA had government remittances payable of \$13,004 (\$32,255 in 2019) 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:

	2020	2019
	\$	\$
Deferred revenue, beginning of year	5,573,251	5,306,685
Add:		
Annual fees received during the year	7,917,046	7,452,538
	13,490,297	12,759,223
Less: amounts recognized as revenue during the year	7,636,775	7,185,972
Deferred revenue, end of year	5,853,522	5,573,251

7. Deferred lease inducement

Deferred lease inducement relates to a leasehold improvement allowance received from the landlord for the renovation of the leased office premises. The original amount of the inducement was \$319,429 and is being amortized on the straight-line basis over the term of the lease. Accumulated amortization amounts to \$42,591 (\$10,648 in 2019).

8. Internally restricted net assets

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

The Board approved a policy for sustaining an operating reserve equal within a target range of six to twelve months of normal annual operating budget expenditures, and a process for allocation from unrestricted net assets.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2020

9. Emergency Fund

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

	2020	2019
	\$	\$
Opening balance	597,271	597,177
Administrative monetary penalties	9,500	24,500
Interest income	13,579	12,004
	620,350	633,681
Less: claims/payments made	5,776	36,410
Closing balance	614,574	597,271

10. Commitments and contingencies

Lease obligations

Future payments relating to leased office premises, for each of the next five years and thereafter, are as follows:

	\$
2021	414,415
2022	417,110
2023	422,498
2024	425,193
2025	430,581
Thereafter	1,603,048
Total minimum lease payments	<u>3,712,845</u>

11. 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.

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.

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.

Retirement Homes Regulatory Authority

Notes to the financial statements

March 31, 2020

11. Risk management (continued)

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.

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.

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, 2020. RHRA manages this risk through proactive collection policies.

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, 2020, 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.

12. Indemnification of directors

RHRA has indemnified its past, present and future directors against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interest of RHRA. The nature of the indemnity prevents RHRA from reasonably estimating the maximum exposure. RHRA has purchased directors' liability insurance with respect to this indemnification. The directors of the RHRA are not aware of any threatened or actual proceedings.

13. COVID-19 pandemic

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of RHRA in future periods.

14. Prior year classification

Certain prior year amounts have been reclassified to conform to current year financial statements presentation. Amounts reclassified include net investment (loss) income and operating expenses.