



# **ANNUAL REPORT**

## **2020/2021**

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## 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 of the Board

The past year has seen its share of challenges, and I am proud of how the RHRA and its leadership team rose to the occasion and showed true determination in protecting residents despite the onslaught of new obstacles brought on by an unpredictable pandemic.

First and foremost, on behalf of the RHRA and its Board of Directors, we extend our condolences to those who have lost loved ones to COVID-19. The pandemic has taken an immense physical, mental and emotional toll on residents, frontline workers and the sector, the impacts of which will be with us for the foreseeable future. Please know that the RHRA recognizes this, and it will fuel our steadfast commitment to continuously improving how we operate and deliver on our mandate in a changed environment.

The Board had the critical task of guiding the RHRA through a transformative period that saw it meet a broader need as it looked beyond its role as strictly a regulator. Transparency is always important but never more so than in a crisis, and the Board supported RHRA management in its efforts to increase transparency, seek regulatory tools to better respond to the pandemic, and keep lines of communication open at all levels of the organization and with government. The Board provided insight and guidance to the RHRA management team's response in addressing unique problems brought on by the pandemic. RHRA's team of dedicated and capable staff shone through with strategic coordination among new and existing community partners when it had to react quickly, building collective capacity to proactively manage emerging issues in very difficult circumstances.

The Auditor General's report in December 2020 reinforced an existing view to evolving how the RHRA operates through the acknowledgement of systemic opportunities and the need for retirement homes to ensure the highest levels of protection and care for residents. The release of the Auditor General's recommendations during an ongoing health crisis meant that the Board had to be nimble in its approach to developing a response plan in collaboration with RHRA management, and I am pleased to report that its implementation is well underway.

In reviewing the financial implications the pandemic has had on the RHRA, we have worked closely with government and the sector to find ways to stabilize our financial position and will recommend a path forward as we look to the new fiscal year to ensure the RHRA is equipped with the right people and proper resources to fulfill its mandate.

I would like to recognize the contributions of previous Chair, Peter H. Harris, who departed in February 2021, and welcome two new members to the [Board of Directors](#), Steven Boychyn and Vala Monestime Belter. Sadly, we said goodbye to the Board's Vice-Chair, Barbara Sullivan, who passed away in January 2021. We will all remember Barbara for her dedication to public service, her meaningful contributions to good governance and thoughtful work guiding the RHRA over seven years in its mission.

The end of the 2020-21 fiscal year marks the beginning of a new chapter for the both the sector and the RHRA. The Board will continue its thorough oversight of the RHRA, particularly in its role as trusted advisor to government which included providing perspective and advice on the

legislative review that the Ministry for Seniors and Accessibility initiated in December 2020.

The Board will also ensure that its guidance focuses on the greatest positive outcomes for the quality of life of seniors in Ontario's retirement homes, while also taking into account any unnecessary burden on homes that are struggling as a result of COVID-19.

After a year of uncertainty and a time of transformation, I am confident that the RHRA is on a path to continue to effectively deliver on its mandate. The RHRA holds the expertise and capacity to balance its focus between the current situation that is still rapidly changing, while keeping an eye to the future as priorities are reframed, lessons are learned, and new beginnings occur.

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

Trevor Lee

## Message from the Chief Executive Officer and Registrar

The 2020-21 fiscal year was unlike any before, defined by new challenges, significant learning, and organizational transformation for the RHRA. The protection of retirement home residents has never been more critical than during a pandemic that disproportionately affected seniors by not only threatening their physical health, but also their mental wellbeing. COVID-19 underscored the importance and urgency of the RHRA's work in monitoring this balance.

The pandemic forced a sharp pivot in our focus and priorities in order to properly protect residents, and support licensees and operators of Ontario's more than 770 licensed retirement homes. One of the first steps we took was to adjust our operations and take a pragmatic and flexible approach to how we regulate. We focused on complaint, mandatory report and compliance inspections, and deferred routine inspections to ensure we were not a vector for infection. This allowed homes to focus on caring for residents and on the implementation of infection prevention and control protocols. We increased our support function by ensuring staff were available to respond to inquiries for more hours of the day, seven days a week, and our inspectors were available at all times to support homes in crisis. As the pandemic conditions began to normalize, RHRA resumed routine inspections in November 2020. Given the continuing risk presented by COVID-19, these unannounced inspections include a focus on the implementation of infection prevention and control protocols.

When we needed to take action to protect residents, we did. This included the [revocation](#) of several homes' licences in one region that could no longer operate in a manner that would guarantee the care and safety of residents. Additionally, we issued 39 management and compliance orders to various homes to ensure that they were operating in compliance with the law and following the necessary COVID-19 protocols.

In an effort to raise awareness about resident protection during the pandemic, we implemented a digital communications campaign that reached more than 800,000 Ontarians 50+ who may not have otherwise known about the RHRA. We also created a valuable information hub by centralizing all relevant COVID-19 information on our website, organizing resources, guidance and directives from the Chief Medical Officer of Health alongside comprehensive FAQs for licensees and operators, as well as residents and their loved ones. This dedicated information portal has been accessed more than 230,000 times and we ensured the sector remained informed of new developments by way of 90 e-newsletters and special advisories.

The RHRA recognized the importance of quickly collecting information on COVID-19 outbreaks, being transparent with it and understanding its implications. As a result of amendments to the Retirement Homes Act requiring homes to report COVID-19 outbreaks to us at the same time as public health, we created a [COVID-19 dashboard](#) containing daily statistics on active and resolved outbreaks in retirement homes, as well as cumulative cases and deaths. We also collaborated with McMaster University on a [study](#) examining the risk factors for COVID-19 outbreaks in Ontario's retirement homes, which further supported our commitment to both learning and keeping the public informed on how the pandemic has affected retirement homes.

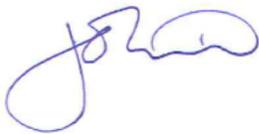
In December 2020, the RHRA welcomed the recommendations contained in the [Auditor](#)

[General's report](#) and developed an implementation plan that underlined our commitment to being a modern, valued regulator while strengthening our ability to keep Ontario's seniors safe. In the first four months since the release of the report, we have already started to act on these recommendations by strengthening our complaints process, reviewing our business model and fee structure to ensure sufficient resources to fulfill our mandate, and working with the Ministry for Seniors and Accessibility and other partners to address systemic gaps. Over the past year, we hired more frontline staff, including inspectors and complaints specialists, as well as enforcement and compliance staff and the addition of the Deputy Registrar position to our leadership team.

The past twelve months have demonstrated the significant value of our partnerships with government and in the community and has helped to strengthen existing relationships and build new ones. I am extremely grateful for the commitment and collaboration shown by our community partners who share in our mandate to protect seniors living in retirement homes. I would also like to recognize the RHRA Board of Directors for their trust and guidance throughout the pandemic as the RHRA swiftly adapted to new realities in a rapidly changing environment.

We are still in the midst of the pandemic, and face a long road ahead as the sector, and all of us, emerges from the most significant challenge to the health and wellbeing of people across the globe in recent memory. There is still much to do and much to learn before this is over, and once it is, we will not return to the way things were, but rather adjust to a new environment with new expectations and insights on how we protect seniors.

I am very proud of how RHRA staff have demonstrated their willingness and ability to respond to crisis and the increased demands placed on them. We have faced unprecedented challenges that have made us stronger as an organization, and I am confident that the RHRA has never been better positioned to tackle what lies ahead. No matter what the next year holds, every decision we make and action we take will be centered on our number one priority: protecting the safety and wellbeing of the more than 60,000 residents living in Ontario's retirement homes.



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. This year, situation required us to pause our pre-pandemic initiatives and adjust our plans to meet the needs of a much-changed environment. RHRA’s strategic foundation, however, served as a positive basis to restate plans and activities to a necessary central priority: dealing with a pandemic response.

***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
Develop risk management process to assist in monitoring COVID-19 developments	Created a COVID-19 risk framework in collaboration with compliance and inspections teams to best allocate resources to support homes in crisis and respond to resident safety concerns. This framework allowed RHRA to establish new and reinforce existing meaningful working relationships with local health integration networks (LHINs) and local public health units.
Improve aspects of our inspection process with a focus on outcomes and execution	After pausing due to COVID-19, routine inspections resumed in November 2020 with all taking place on an unannounced basis This approach was consistent with the RHRA’s regulatory modernization initiative to place emphasis on assessment of policy implementation, particularly as it relates to infection prevention and control protocols to protect residents during the pandemic.
Create a compliance standard related to infection prevention and control, along with compliance assistance modules on Behaviour Management and Infection Prevention and Control for licensees and operators	The RHRA completed digital educational materials related to Behaviour Management and Infection Prevention and Control, along with a compliance standard and guidelines for Infection Prevention and Control.

Implement the recommendation of the Risk Officer to continually improve the RHRA’s complaints process	The RHRA continued to improve its complaints process by increasing resources in this area through dedicated complaints specialist staff, as well as a refined complaints form that is easier for consumers to understand and complete.
Establish a standing survey to measure the satisfaction of those who regularly interact with our regulatory functions (i.e. licensing, inspection, compliance support, and complaints).	After pausing due to COVID-19, the RHRA reinstated its transactional survey in September 2020 which: <ul style="list-style-type: none"> <li>• 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.</li> <li>• Surveyed complainants via telephone within a week of complaint resolution.</li> </ul>

**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

<b>Plan</b>	<b>Result</b>
Collaborate and share information with other organizations to assist in their COVID-19 response initiatives.	RHRA partnered with the Ministry of Health and Andrew Costa, Associate Professor and Schlegel Chair in Clinical Epidemiology and Aging Department of Health Research Methods, Evidence, and Impact at McMaster University, to share information and perspective on how to improve their respective modelling to forecast the impact of COVID-19 on retirement homes.
Enter into agreements with two ministries to enable access to external data sources that can inform our analysis and further enhance our identification of risk.	RHRA entered into an agreement with the Ministry of Health to receive outbreak data once declared resolved in order to validate homes’ self-reported numbers. This ensured RHRA had accurate data and allowed us to reconcile any data discrepancies from homes’ self-reported numbers. RHRA also moved forward following an agreement with the Ministry of Finance to assess validity and usefulness of fiduciary information for incorporation into RHRA’s risk model and/or operational processes. This is aligned with the recommendations in the Auditor General’s report.

Conduct research on machine learning and artificial intelligence and determine how these could be integrated into our risk framework and regulatory model	The RHRA built a roadmap to guide how to achieve and improve the accuracy of our risk model. We anticipate implementation in the 2021-2022 fiscal year.
Identify and incorporate external data sources that can inform our analysis and further enhance our identification of risk	In January 2021, the Minister for Seniors and Accessibility approved RHRA's Request for Information Policy. This policy outlines the processes and criteria the RHRA will employ to determine its information needs and requests for information from licensees.

**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

<b>Plan</b>	<b>Result</b>
Conduct research to identify and target key consumer audiences	In March 2021, the RHRA conducted focus groups targeted at consumers who are considering a retirement home for themselves or a loved one. The results will inform our approach to the 2021-2022 communications and awareness campaign, which is currently in the planning stage.
Develop and implement a multi-year consumer education and awareness campaign that includes paid and earned media activities	RHRA implemented a communications campaign from September 2020 to March 2021 aimed at driving awareness of the RHRA's work among residents, prospective residents and their loved ones during the pandemic. The campaign included a series of ads on Facebook and Google, as well as articles distributed to community newspapers across the province. This aligned with the recommendation in the Auditor General's report.
Continue to engage with health care regulatory colleges, Local Health Integration Networks (LHINS), emergency response organizations	Throughout the pandemic, RHRA engaged with stakeholders through a series of senior staff meetings, direct communications, and other forums. This included collaborative partnerships with: LHINs and

and targeted health care professionals (i.e. discharge planners) to increase awareness of RHRA's role and identify collaboration opportunities	other community partners, including local police and public health units, the Ontario Personal Support Workers Association and other healthcare sector organizations.
Expand resident communication through the introduction of new channels	RHRA launched its Resident Network in December 2020 to provide retirement home residents with the opportunity to work directly with the RHRA to provide insight and counsel that is unique to them and their families. It also acts as a forum to exchange ideas with residents across the province and help RHRA protect and ensure the safety and well-being of seniors living in Ontario's retirement homes.
Build and leverage social media capabilities to inform and engage with residents, their families and the general public	Developed a comprehensive social media content calendar aimed at informing consumers about key RHRA initiatives and other important information related to resident protection and COVID-19 developments.

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

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

<b>Plan</b>	<b>Result</b>
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. This was put on hold due to COVID-19. In the interim, the RHRA created a COVID-19 dashboard as well as COVID-19 information portals for operators/licensees, as well as residents and their loved ones on RHRA.ca.
Work with stakeholders to identify a format for a public report card	Further steps to advance the public report card were paused due to the COVID-19 pandemic and are slated for a restart in the 2021-2022 fiscal year. However, RHRA did provide home-level information on COVID-19 publicly on its website as a means of transparency during the 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	The RHRA put its original Regulatory Management Software Solution project on hold due to urgent COVID-19 related priorities. During a brief break after the first wave of COVID-19, the RHRA re-evaluated its requirements and a revised Request for Proposals was placed on MERX. The RHRA is currently in the final stages of a process to select a vendor.
Conduct a survey of licensees and complaints to track performance and identify areas for process improvement	The survey was reinstated in September 2020 after a pause due to COVID-19, with data being provided to the RHRA every six months.

## **Success Stories**

### **RHRA's COVID-19 Dashboard**

In an effort to help keep the public, including licensees, residents, families, researchers and health care professionals, informed on how the pandemic is affecting retirement homes, in July 2020 the RHRA launched a [COVID-19 dashboard](#) on its website. The dashboard outlined the number of outbreaks in retirement homes along with a breakdown by region.

In September 2020, the dashboard was updated to include more detailed data on resident and staff cases of COVID-19, as well as associated deaths. In March 2021, RHRA began including the number of resident and staff COVID-19 cases and deaths in specific retirement homes, which aligned with the recommendations in the Auditor General's report.

The data contained in the dashboard was collected as part of homes' self-reporting obligations and helped to inform RHRA's ongoing efforts to support homes and residents during the pandemic by providing a sector-wide view of outbreaks. RHRA also provided provincial agencies with data to support their assessment of COVID-19's impact on retirement homes, and strengthen their support strategies, including access to additional staff and PPE along with other outreach for the retirement home community.

### **RHRA and McMaster University study wave one risk factors for COVID-19 outbreaks in homes**

In December 2020, RHRA partnered with McMaster University on a [research report](#) that examined the association between retirement home and community level characteristics and the risk of COVID-19 outbreaks in Ontario's retirement homes during the first wave of the pandemic.

The report included data collected by the RHRA, including self-reporting by homes, along with data obtained from the Ontario Ministry of Health. The majority of the retirement homes examined for this study had a capacity of more than 100 residents, had external care providers who visited the retirement homes daily, were corporate-owned chains, were located in communities with larger populations and lower ethnic concentration and provided more than six services to residents on-site.

The goal of this research was not only to support the identification of risk factors for COVID-19 outbreaks in retirement homes, but to also share this data broadly in order to collectively learn for the future to better protect Ontario seniors living in retirement homes.

### **Taking action to protect retirement home residents**

The RHRA was conscious of the heavy impact on retirement home residents as a result of COVID-19, while also recognizing the importance of taking action when needed to protect their safety despite the challenges caused by an ongoing pandemic.

One of the RHRA's most significant enforcement actions in 2020-2021 was the revocation of the licences of several homes in the Hamilton and Niagara regions. In June 2020, after careful review and consideration of the information collected through inspections, complaints and reports from staff and the public, the Registrar issued an order to revoke the licence of Rosslyn Retirement Residence. This decision was made as a result of the licensee's failure to protect

residents from neglect, breaches of infection prevention and control programs, failure to meet the requirements related to COVID-19 from the Chief Medical Officer of Health, as well as concerns regarding the competency of the licensee to operate.

Additionally, November 2020, the Registrar issued orders to [revoke the licences](#) of Cathmar Manor, Dundas Retirement Place, Greycliff Manor, Montgomery Retirement Home, Northview Seniors' Residence and Sheridan Lodge. The Registrar believed that the licensees of these homes no longer met the criteria to be licenced retirement home operators, taking into consideration compliance and financial issues that may affect the health, safety and welfare of residents.

Before ceasing to operate as licensed retirement homes, the Registrar issued management orders for certain of these homes due to their failure to comply with infection prevention and control and COVID-19 protocols. These orders were the result of a provincial emergency order granting the Registrar the authority to appoint a manager to manage a retirement home in the event of a COVID-19 outbreak and represents the first time the RHRA issued this type of order.

The RHRA successfully navigated the process of finding the right managers to go into the homes, resulting in significant improvements and alleviating concerns over the safety of residents. This highlighted that these orders do work to bring homes into compliance with the Retirement Homes Act, allowing residents to stay in their homes.

### **Raising awareness of RHRA's work during the pandemic**

Throughout the pandemic, RHRA worked to raise awareness among residents and their loved ones about resident rights, as well as the RHRA's role in protecting their safety and how we hold homes accountable when they do not comply with the Retirement Homes Act.

In order to reach those who would benefit the most, the RHRA launched a communications campaign using Facebook and Google search ads, as well as articles distributed to community newspapers across the province. The campaign targeted those living in retirement homes as well as their families and loved ones, driving them to important information about resident rights, how to submit a complaint to the RHRA, as well as the retirement home COVID-19 visiting policy housed on the RHRA's COVID-19 information portal. In the latter portion of the campaign, RHRA also promoted its newly launched Resident Network to support resident empowerment and show how they could impact those around them and contribute to their communities.

The campaign ran from September 2020 until March 2021, resulting in a reach of more than 800,000 on Facebook and over 190,000 through Google searches. Additionally, the RHRA's web page about how to submit a complaint was accessed over 18,500 times, and the Residents' Bill of Rights was accessed more than 14,000 times.

Planning for the 2021-2022 communications campaign began in March 2021 in order to continue to raise greater awareness of the RHRA's work among residents, prospective residents and their loved ones.

### **Expanding tools and resources to help homes comply with the law**

The RHRA continued to increase its offering of tools and resources for retirement home licensees and operators through its [compliance assistance modules](#) (CAMs). These modules are voluntary digital resources aimed at promoting compliance with the Retirement Homes Act

and Regulation and offered free of charge to all retirement homes. CAMs provide homes with a thorough understanding of the legal, regulatory and inspection framework for operating a retirement home using common scenarios and plain language.

In 2020-2021, RHRA launched two new modules: Behaviour Management and Infection Prevention and Control (IPAC). In addition to the IPAC module, RHRA also developed IPAC Compliance Guidelines to complement its digital equivalent.

The RHRA engaged 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 for the sector.

### **Increasing stakeholder engagement and collaboration**

The pandemic presented an opportunity for the RHRA to increase its presence alongside government representatives at various COVID-19 response meetings, including bi-weekly Provincial Stakeholders Communications Table meetings, the Retirement Homes Technical Table and the Ministry Emergency Operations Committee (MEOC) as well as several other forums. RHRA met frequently with the Ministry for Seniors and Accessibility as well as with the Ontario Retirement Communities Association (ORCA) to share advice and discuss responses to COVID-19 in retirement homes and its impact on seniors.

Importantly, the RHRA regularly collaborated with local public health units and LHINs when a home was in crisis in order to ensure a coordinated approach to supporting resident safety and to ensure they received the care they needed. These relationships will continue to prove invaluable as we move forward into the new fiscal year and ultimately the post-pandemic “new normal” in which we will operate.

The RHRA also launched its Resident Network in December 2020. This new initiative provides retirement home residents with a forum to exchange ideas with other residents across the province and work directly with the RHRA to communicate insight and counsel that is unique to residents and their families. As of March 31, 2021, the Resident Network consisted of a total of 15 residents, and the RHRA is continuing to promote it across the sector and through our social media channels in order to increase membership.

### **Working to implement the recommendations of the Auditor General of Ontario**

The RHRA takes extremely seriously our mandate to ensure Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes. In December 2020, the Office of the Auditor General of Ontario released its 2020 annual report. The report included the results of its [value-for-money audit](#) of retirement homes oversight in Ontario, and provided the RHRA with recommendations to strengthen RHRA’s ability to effectively fulfil our mandate.

The RHRA appreciated that the report recognized our considerable progress to date and encouraged continued and accelerated focus on existing project initiatives. As of March 31, 2021, the RHRA had worked to implement a number of these recommendations, including but not limited to:

- Publishing data on a frequent basis on the number of resident and staff COVID-19 cases and deaths in homes and collecting occupancy rates of homes to monitor and plan responses related to the pandemic.
- Developing an inspection process that addresses the complexities and levels of care required for residents and taking timely action against homes that do not provide adequate care services to residents.
- Establishing a resident data collection process to inform policy development and expanding factors considered for RHRA's risk model.
- Confirming homes have appropriate infection prevention and controls (IPAC) in place and establishing an action plan to target backlog of proactive routine inspections with an increased focus on IPAC.
- Updating licensing procedures and accelerating and completing the assessment of licensing classes.
- Working with the Ministry for Seniors and Accessibility to assess effectiveness of enforcement tools, particularly the maximum amount of administrative monetary penalties.

As part of its commitment to transparency, the RHRA has developed an implementation plan to address the Auditor General's recommendations, which will be posted on RHRA's website in April 2021.

## 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 Business Plan. In future years, we will include additional measures and initiatives.

Strategic Pillar	Objective	Measures	2018/2019 Performance	2019/2020 Performance	2020/2021 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 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%	Risk Level Changes: High Risk: increased by 96.8% Medium Risk: decreased by 18.6% Low Risk: decreased by 1.4%
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.	607 citations related to complaints procedures	382 citations related to complaints procedures	106 citations related to complaints procedures

<p>Consumer Protection and Choice Through Transparency, Accountability and Public Reporting</p>	<p><b>TRANSPARENCY</b></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>46% Yes 6% No 48% Don't know</p> <p>53% Yes 8% No 39% Don't know</p>	<p>Survey not conducted*</p>	<p>Province-wide omnibus public survey</p> <p>Results:</p> <p>38% yes 15% no 47% don't know</p> <p>41% yes 13% no 46% don't know</p>
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\* 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. Pre-campaign surveys found unaided awareness of RHRA among those considering a retirement home is 2%. (*Question = Which organization, if any, is responsible for protecting seniors living in retirement homes in Ontario?*). Focus groups participants explained the need for a regulatory authority that could serve as a source of trustworthy information.

## Three Years in Numbers

### Licensing

Licences	As of March 31, 2021		As of March 31, 2020		As of March 31, 2019	
	Homes	Suites	Homes	Suites	Homes	Suites
<b>Issued</b>	750	65,895	748	63,625	750	61,630
<b>Issued with conditions</b>	24	947	22	1,075	6	336
<b>Total</b>	<b>774</b>	<b>66,842</b>	<b>770</b>	<b>64,700</b>	<b>756</b>	<b>61,966</b>

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

### Intake

Intake	FY 2020/2021	FY 2019/2020	FY 2018/2019
Intake contacts	7,783	4,127	5,076

In 2020/2021 there was an overall increase of 89% in the number of intake contacts with the RHRA over the previous year which can be attributed to pandemic-related inquiries and issues

### Inspections

Inspections	FY 2020/2021	FY 2019/2020	FY 2018/2019
Routine	55	399	473
Mandatory report inspection (s. 75)	304	531	592
Complaint inspection (s. 84)	13	35	41
Compliance inspection (s. 77(1))	145	17	28
Report to Registrar (s. 77(2))	16	28	24
Licensing inspection (s. 37)	0	0	2
<b>Total</b>	<b>533</b>	<b>1,010</b>	<b>1,160</b>

While the number of routine inspections decreased in 2020/2021 because of temporary changes in RHRA operations as a result of COVID-19 precautions, compliance inspections increased by over 750% due to a strong focus on homes' compliance with IPAC protocols during the pandemic.

## Complaints

Complaints	FY 2020/2021	FY 2019/2020	FY 2018/2019
Received during period	40	81	105
Closed during period	29	100	78
Open at end of period	38	28	47
<b>Complaints Review Officer</b>			
Referrals	2	11	9
Decisions rendered	4	7	12

The number of complaints decreased in 2020/2021 due in part to ongoing efforts initiated in the previous fiscal years at early interventions by RHRA staff to resolve consumer issues before a formal complaint is made. As a result of having to redirect resources to other pandemic-related urgencies, such as ongoing risk-assessments, the number of closed complaints at the end of the fiscal year was notably lower than in previous years. For this same reason, the number of open complaints is higher than in 2019/2020. 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 2020/2021	FY 2019/2020	FY 2018/2019
*Impose conditions upon licence (s. 39)	12	21	5
*Refuse licence (s. 36)	0	1	2
Order to apply or cease to operate (s. 89)	6	8	9
Compliance order (s. 90)	28	8	4
Management order (s. 91)	11	0	2
Administrative monetary penalty (AMP - s. 93)	14	5	4
Order to revoke (s. 95)	8	3	5
<b>TOTAL ORDERS/DECISIONS</b>	<b>79</b>	<b>46</b>	<b>31</b>

Enforcement activity increased significantly in 2020/2021 as a result of greater action required to protect residents during the pandemic. Of the 28 Compliance Orders issued, 18 related solely to IPAC provisions, while five contained both IPAC requirements and other non-compliances and five were unrelated to COVID-19. Of the 11 Management Orders, five were made jointly

under section 91 RHA and O. Reg. 240/20, made under the *Reopening Ontario (A Flexible Response to COVID-19) Act, 2020*. All 11 Management Orders contained an element related to IPAC. Administrative Monetary Penalties varied from issues related to failure to adhere to the directives of the Chief Medical Officer of Health, neglect, failure to implement a dementia care program and one for operating a home without a licence.

## Emergency Fund

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

Emergency Fund	FY 2020/2021	FY 2019/2020	FY 2018/2019
Number of Registrar Payments	43	14	24
Total value	\$63,250	\$5,776	\$36,410
Fund balance at end of period (March 31 <sup>st</sup> )	\$582,000	\$614,574	\$597,271

Fiscal year 2020/2021 represented the largest payout from the Emergency Fund in RHRA history. These payments, which go directly to residents in need, were a direct result of COVID-19.

## Licence Applications

Licence Applications	FY 2020/2021	FY 2019/2020	FY 2018/2019
New (Build/Operations)	16	19	11
Transfer of ownership	24	21	30
Operating without a licence	0	0	4
<b>Total</b>	<b>40</b>	<b>40</b>	<b>45</b>

# Stakeholder Advisory Council Report

May 10, 2021

Trevor Lee  
Chair, Retirement Homes Regulatory Authority  
55 York Street, Suite 700  
Toronto, ON M5J 1R7

Dear Mr. Lee:

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 2020-21.

## **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:

- The RHRA response to COVID-19;
- The Office of the Auditor General's report on RHRA;
- The RHRA 2021 Fee Review;
- Rent controls and issues of affordability for residents;
- The RHRA Selection Committee for the Frank Kajfes Resident Champion Award, which included review of nominees and selecting recipient for the award;
- The 2021 RHRA Board nomination and candidate selection process;
- The SAC member-recruitment process, and the recruitment of two new SAC members;
- The RHRA communications campaign;
- The RHRA Resident Network recruitment strategy and opportunities for feedback;
- The RHRA early intervention strategy for complaint processes;
- The RHRA Unlicensed Homes Project; and, among other things,
- The RHRA Infection Prevention and Control (IPAC) Compliance Assistance Module (CAM)

## **SAC Advice to RHRA's Board of Directors**

**RHRA must consider the needs and rights of residents as well as the operational pressures of retirement home operators in response to COVID-19.**

A balance must be struck between keeping people safe and protecting residents' rights. Residents and family members are seeing the adverse effects that retirement home restrictions and isolation have on residents' mental health. Residents are autonomous, independent and full participants in making choices about how they live. RHRA must consider this when providing advice to government or making policy decisions.

At the same time, homes in outbreak have a number of pressures and issues they must deal with, such as increased reporting requirements, limited staff resources, new staff in place that are not as familiar with policies, or staff working seven days a week. RHRA always needs to understand and consider these pressures. Residents, families and operators have all been challenged to find and follow what the rules are for retirement homes.

**RHRA must collaborate with government partners.** SAC recommends that RHRA work closely with MSAA, the Ministry of Health and other government partners to provide centralized resources for retirement homes and residents.

**Increase the Resident Voice at RHRA.** The ability to connect with residents has been an ongoing issue with RHRA. RHRA should gain contact with Resident Councils to support with this. Consider other community groups and associations to recruit residents including Canadian Association of Retired Persons (CARP), Rotary Club, Kinsmen, LHINs, etc.

**Represent the resident perspective at the RHRA Board of Directors.** SAC would like to reiterate our advice that the Board would benefit from having a resident perspective at the table, and again recommends that the Board of Directors include one resident representative.

SAC also recommends that in the recruitment of new Board members, the RHRA should identify personal experience as a retirement home resident, and who reflects the diversity of Ontarians, as a “desirable attribute” to supplement a candidate with consumer/resident/tenancy knowledge.

### **Commendations**

SAC would like to acknowledge and thank Father Gregory Montreuil Blonde and Mr. Peter Dernick for their long-standing service on SAC. Both members concluded their terms in 2020. Their expertise, feedback, personal experience as retirement-home residents, and professionalism have been integral to the effective functioning of the Council.

SAC commends the RHRA Board, management and staff for taking a leadership role in triaging services to address COVID-19 and publishing data that might not otherwise be available in an easily accessible format. SAC also commends the RHRA Board and management for authorizing the use of financial reserves as needed to address staffing and program demands that were urgently needed during the COVID-19 pandemic.

Finally, on behalf of SAC, I would like to thank the RHRA Board, management and staff for its ongoing support to SAC, and for consistent and meaningful engagement. We look forward to providing advice to RHRA to help ensure that seniors live with dignity and respect in Ontario’s retirement homes.

Sincerely,



Graham Webb  
Chair, Stakeholder Advisory Council

## Board and Governance

The governance of the RHRA is established through the Act and its regulations, by-laws and policies, as well as a [Memorandum of Understanding](#) (MOU) 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 adopt best practices in governance and regulatory oversight. The Board is committed to continually strengthening its governance practices and oversight of the organization and ensuring its public accountability. Governance and accountability information can be found on RHRA.ca.

The Board has five regularly scheduled meetings per year. However, it met more frequently formally and on an ad-hoc basis in the past year to provide oversight of the RHRA's response to the COVID-19 pandemic and of the subsequent need for strategic and financial planning.

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 and 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, investments, 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:

- The per diem rate for the Board Chair is \$730.
- The per diem rate for all other Board Directors is \$500.
- The Chair receives an annual retainer of \$10,000, and the Vice-Chair and Board Committee Chairs receive an annual retainer of \$5,000 for work done outside Board and committee meetings.

For the fiscal year 2020/2021, the total Board remuneration was \$145,409.01. Board compensation is reviewed annually by the Governance, Regulatory Affairs and Nominations Committee and is considered regularly by the Board.

## **Board Members**

**TREVOR LEE – INTERIM CHAIR (from February 2021) and Chair, Finance, Human Resources and Audit Committee.** 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 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 3 of Term 3 (8 years completed).

**PETER H. HARRIS – CHAIR (from May 2020 to February 2021)** Peter has a varied legal background in tax matters and general corporate advice. He has provided tax and business counsel to some of Canada's major industrial and financial institutions. Peter was awarded the Queen's Jubilee Gold Medal in 2003 and the Queen's Jubilee Diamond Medal in 2012 for his contribution to business in Canada. Peter has served on the Ontario Premier's Council on Improving Healthcare and Ending Hallway Medicine, boards of directors of the Central West Local Health Integration Network, Atomic Energy of Canada Limited, Ontario Sports Centre (Chair), Toronto General and Headwaters Hospital (Chair), and he is currently Chair of the Canadian Chamber of Commerce Taxation Committee. Peter received his Honours Business Administration degree from the Ivey School of Business and his LLB from the University of Toronto.

**BARBARA SULLIVAN — INTERIM CHAIR (from December 2019 to May 2020) and VICE-CHAIR (2020)** Barbara was President of The Cheltenham Group, a company specializing in governance services and public policy development. She served as 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 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 was a frequent university guest lecturer speaking on the formulation of public policy. Year 3 of Term 3 (7 years completed).

**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 and insurance department, and he led the development of its new corporate headquarters. Jonathan chairs Chartwell's Diversity and Inclusion Leadership Council and is responsible for all Diversity and Inclusion initiatives at Chartwell. 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 2 of Term 1.

**STEVEN BOYCHYN** Steven completed a B.Engr. in Electrical Engineering and training as a Military Engineer. He has spent 25 years in the Reserve Force with the 2nd Field Engineer Regiment (now 32 Combat Engineer Regiment). Steven held a number of positions at Celestica Inc. in supply chain management, including Global Manager Supply Chain Environmental Engineering. He has served as a Military Career Counsellor and Acting Detachment Commander with the Canadian Forces Recruiting Group. As well, he has been the superintendent for Boychyn Excavating Ltd. and most recently transitioned to the position of National Program Coordinator with Wounded Warriors Canada. Steven has been awarded the NATO Non Article 5 Medal, Canadian Peacekeeping Service Medal, Queen's Diamond Jubilee Medal and Canadian Forces' Decoration with bar. He was promoted to his present rank of Lieutenant Colonel in September 2016 and has been appointed Deputy Director Engineers Primary Reserves for the Canadian Armed Forces. Year 1 of Term 1.

**MILLIE CHRISTIE - Chair, Governance, Regulatory Affairs and Nominations Committee.**

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 1 of Term 4 (8 years completed).

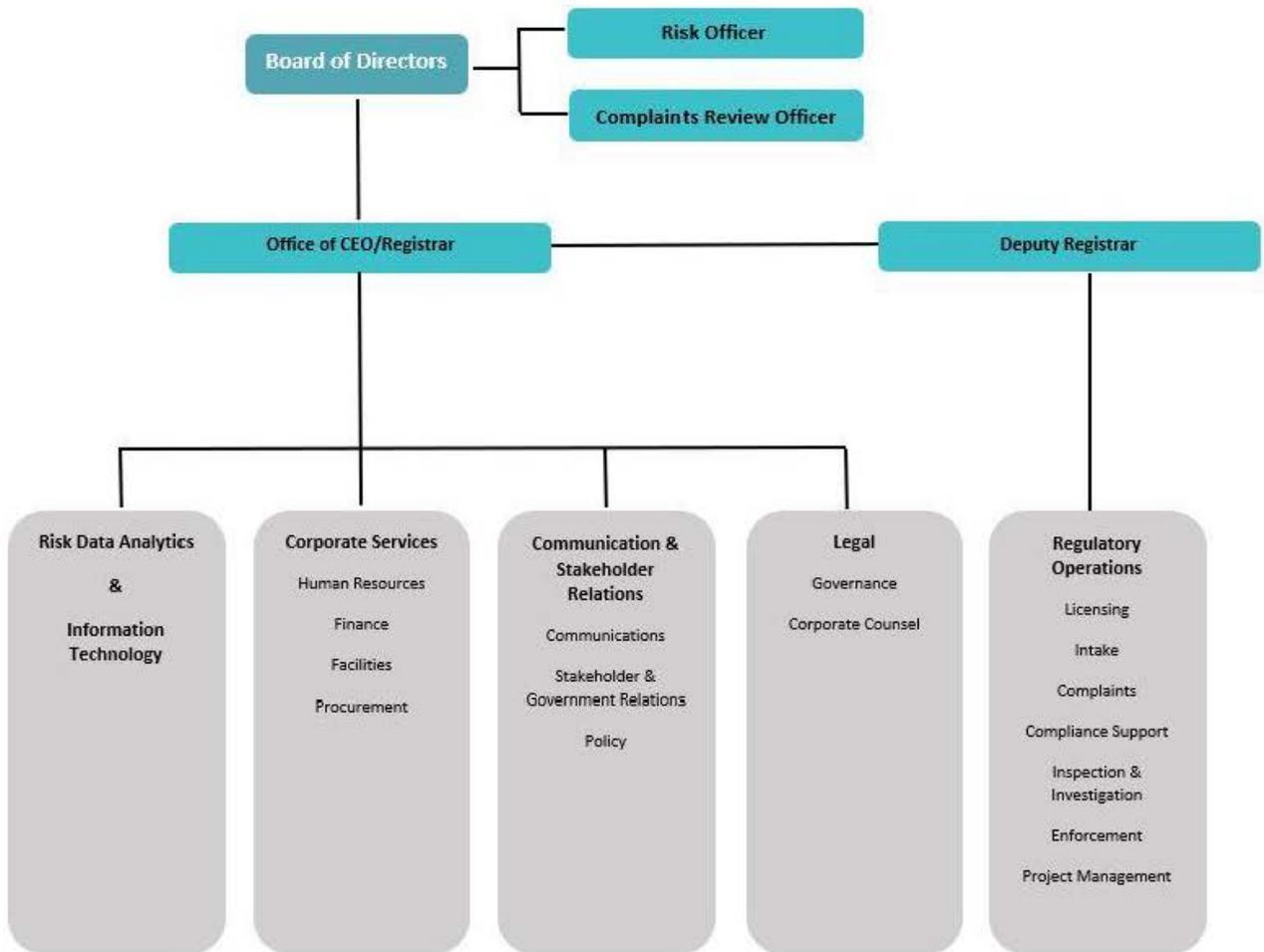
**BOB KALLONEN** Bob is President of Amica Senior Lifestyles. Bob served as the COO at Schlegel Villages of Kitchener, Ontario; Vice-President Operations for Sunrise Senior Living of McLean, Virginia; Vice-President of Eastern Canadian Operations for Extendicare Canada; and on the Board of the Schlegel-University 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 3 of Term 4 (8 years completed).

**VALA MONESTIME BELTER** Vala has diverse experience in Ontario's long-term care sector, having worked as Director of Resident Care, Administrator, LTC Homes Inspector and LTC Consultant. She holds a Bachelor of Science in Nursing, a Bachelor of Arts, and a Master of Science. She served in an executive capacity on numerous boards including the Ontario Long Term Care Association, Ontario Northland, TVOntario, Nipissing Timiskaming Parry Sound District Health Council, Hôpital Mattawa Hospital, Mattawa District Chamber of Commerce, and she co-founded the Mattawa Child Care Centre and Mattawa Area Youth Golf Association. Vala served as member for the North Bay Regional Health Centre Foundation MRI Campaign and One Kids Place. Presently, she is a Director with the Nipissing East Community Futures Development Corporation; and is Mattawa Wellness and Life Enrichment Chair, a non-profit organization supporting affordable nutrition and senior exercise programs. Vala was presented the Ontario Bicentennial Medal, the Queen's Golden Jubilee Medal, and the Queen's Diamond Jubilee Medal. Year 1 of Term 1.

**DAVID OLIVER** David has extensive leadership experience on corporate boards and in the investment management industry, currently serving as President and Chief Executive Officer at BRJO Investments Ltd. In addition to serving on the Board of Directors of the RHRA, David serves on the Boards of Lawyers' Professional Indemnity Company, CDSPI, BRJO Investments Ltd., and the Auto Sector Retiree Health Care Trust (asrTrust). He graduated from the

University of Toronto with a Bachelor of Commerce and a Master's degree in Economics. As well, he was awarded the Corporate Director Certificate from Harvard Business School. David holds the Chartered Director, Chartered Financial Analyst, Chartered Investment Manager and Fellow of the Canadian Securities Institute designations. Year 3 of Term 1.

## Organizational Chart



## **Activities of the Risk Officer and Complaints Review Officer**

The RHRA Risk Officer reports to the Board of Directors and is responsible for independently reviewing and assessing the effectiveness of the RHRA's administration of the Act. In his [2019/20 Risk Officer Report](#), Nav Sandhawalia focused on the efficiency and effectiveness of the RHRA's Complaints Process. Mr. Sandhawalia provided a number of insightful observations and recommendations, which were reviewed by the Board. Both the Risk Officer Report and the RHRA Response were presented during the RHRA's Annual General Meeting in September 2020, and they are available at [RHRA.ca](http://RHRA.ca). The RHRA is currently implementing the Risk Officer's recommendations, and an implementation status report is publicly available on the RHRA website.

Appointed by and reporting to the Board, the RHRA Complaints Review Officer (CRO), Elyse Sunshine, is responsible for reviewing matters where a complainant is not satisfied by the Registrar's conclusion to take no further action in relation to a complaint. During 2020/2021, Ms. Sunshine rendered decisions on four matters, all of which were received during the fiscal year. The Registrar's decision was upheld in one review. One matter was directed back to the Registrar because there was new significant information provided by the complainant. One matter was deemed to be outside the jurisdiction of the CRO and was not considered. One matter related to a retirement home that was no longer operational but was referred back to the Registrar for educational purposes and in the event the licensee opened another home. In addition to reviewing submitted complaints, Ms. Sunshine continues to develop and implement policies to guide the review process.

## **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, 2021:

- A total of six complaints have been received
- Four complaints have been successfully addressed and closed
- Two complaints –remain active and open
- Of the complaints received, five were related to employee conduct and one was related to application of procedures
- Investigations into majority of complaints highlighted frustrations and uncertainties due to the external environment (COVID-19) which heightened emotions. Mediated conversations typically led to positive resolution

This and other corporate policies, including the Code of Ethics, are posted at RHRA.ca.

### **French Language Services**

To support provisions within the Act, its 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](http://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. Our current positions include:

- One designated bilingual position — Inspector (Ottawa area)
- Six positions filled by bilingual staff (including three 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 2020/2021, the RHRA responded to 7,783 inquiries, of which 49 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](http://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, 2021, with comparative amounts for the previous fiscal year.

### Overview

The financial position and statement of operations reflect RHRA's crisis response to the COVID-19 pandemic including integration with the provincial emergency response, coordination of RHRA response activities including those undertaken in collaboration with community partners, inspections, enforcement actions, crisis communications and transition to fully remote operations. The vast majority of development projects planned for year four of the organizations five-year strategic plan were paused to focus resources on pandemic response. Similarly, some aspects of day-to-day operations were simplified or paused to further enable crisis-related activities.

Overall, in 2020/2021 the RHRA incurred a larger deficit than planned in the original budget approved by its Board prior to the pandemic, recording a deficit of \$1,023,000 against a planned deficit of \$614,000. RHRA had an operating deficit of \$1,980,000 compared to a \$518,000 deficit during the prior year. This represented an increase of \$1,004,000 over the planned deficit of \$934,000 for 2020/2021.

At the start of the fiscal year, the RHRA Board approved a plan to refocus the resources of the organization on pandemic response and approved a new forecast with an increased deficit of \$1,846,000 to enable additional operating expenses. The RHRA paused all discretionary activities and planned projects that were not focused on activities required to protect residents and assist retirement homes in their response to COVID-19, or in its participation in and response to the value-for-money audit by Ontario's Auditor General. Recognizing the full financial impact of the pandemic would not be known for some time, the Board elected to use reserves and approved a budget that included a zero increase in fees in order to provide additional time before reassessing the RHRA's financial needs and sustainability.

In previous years, the RHRA's financial sustainability approach had created a significant reserve intended to fund large one-time projects and to mitigate the impact of potential crisis events. As a result of the recorded deficit in 2020/2021 created by the pandemic, as well as absorbing the previous year's deficit, the organization has seen its unrestricted and internally restricted reserves decrease by 16 per cent since the previous fiscal year. The organization ended the fiscal year with six months of operating expenses in its internally restricted/operating reserve, as compared with eight months of operating reserve in the previous fiscal year. The RHRA's Board-approved reserve policy is to have a target range of six to 12 months of normal operating expenses to be allocated in its internally restricted/operating reserve. The RHRA's reserve at fiscal year-end is at the extreme low end of the range.

The impact of the COVID-19 pandemic on RHRA's operations and the retirement home sector has been unprecedented. The expansion of RHRA's mandate and activities resulted in increased expenses, mainly with respect to salaries and benefits to bring in additional staffing resources. This, combined with slower than expected growth in revenue, created significant financial strain on the organization. With the trajectory of regulatory activity expected to continue beyond the pandemic, a significant increase in revenue required to meet the organizational mandate in the coming year is expected given the depleted reserves.

As a result of the pandemic, RHRA made 43 Emergency Fund payments totaling \$63,250 in 2020/2021, the largest amount distributed in the organization's history. Administrative Monetary Penalties in the amount of \$26,000 were collected from 12 homes and added to the Emergency Fund. The Emergency Fund was fully funded according to the Emergency Fund Contribution Policy.

Expenditures reflect RHRA's response to the COVID-19 pandemic, as well as activities undertaken to participate in and respond to the Auditor General's value-for-money audit. The Statement of Operations and the Statement of Cash Flows reflect these activities for the year ended March 31, 2021.

### **Operating Revenue and Expenses**

Total operating revenue increased by 3% compared to previous year to finish the year at \$8,382,000, which was lower than projected and reflected slower than expected growth in retirement home suites (3%) and a zero fee rate increase.

The RHRA's operating revenue is made up of annual fees (\$7,941,000), application fees (\$416,000) and other revenue (\$25,000). Annual fees are the single largest source of revenue, accounting for 85% 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, 2020, to March 31, 2021.

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

Operating expenses increased 19% (\$1,676,000) over 2019/2020 reflecting the need to add resources to respond to the COVID-19 pandemic and an overall increase in regulatory and enforcement activity. This increase in expenses was partially offset by savings in other areas including governance, training, travel and the deferral of a project to replace the RHRA's case management system. 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. After suffering a substantial unrealized loss in the previous fiscal year, the portfolio's performance rebounded in 2020/2021 as a result of market performance. This resulted in a substantial unrealized investment gains of \$745,000 compared to the previous fiscal year.

### **Surplus/Deficit & Reserve**

The RHRA recorded an overall deficit of \$1,023,000 which completely depleted the unrestricted reserve and also partially depleted the internally restricted/operating reserve. RHRA's combined reserves helped the organization absorb the additional expenses incurred as a result of RHRA's COVID-19 response as well as the previous years' accumulated deficits. This generally accepted practice proved especially prudent for the RHRA, providing immediate access to

resources to enable it to respond quickly to the COVID-19 pandemic and its disproportionate impact on vulnerable seniors living in congregate care. The magnitude and impact of COVID-19 on the sector and the RHRA has been and continues to be significant. Steps were undertaken during the fiscal year to assess and plan for the organization's longer-term financial stability, including a request for a one-time contribution from the government of Ontario.

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. The RHRA paid out \$63,250 to 43 residents from the Emergency Fund, the largest in the organization's history, to support those displaced as a result of COVID-19 pandemic including an abrupt closure of a home in the Hamilton area. While the RHRA collected \$26,000 in Administrative Monetary Penalties (AMPs) collected and interest was earned on the balance, the Emergency Fund decreased by 5% (\$32,400). However, the Fund remained fully funded at year end in accordance with the approved policy.

### **Management's Responsibility for Financial Reporting**

The management of the RHRA is responsible for the integrity, consistency, objectivity and reliability of the Financial Statements of the RHRA and related financial information as presented. Canadian 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, 2021, 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 8, 2021





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Fax: 1-855-631-0170



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Financial statements of  
Retirement Homes  
Regulatory Authority

March 31, 2021

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## 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, 2021, 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, 2021, 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 8, 2021

**Retirement Homes Regulatory Authority****Statement of financial position**

As at March 31, 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
Current assets			
Cash		<b>6,110,868</b>	6,132,477
Accounts receivable	2	<b>1,467,229</b>	1,369,983
Prepaid expenses		<b>220,362</b>	161,905
Harmonized Sales Tax receivable		<b>71,321</b>	54,888
		<b>7,869,780</b>	7,719,253
Long-term investments			
Emergency fund restricted cash	3	<b>5,360,780</b>	4,500,146
Capital assets	9	<b>582,141</b>	614,574
	4	<b>738,156</b>	923,951
		<b>14,550,857</b>	13,757,924
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	5	<b>987,523</b>	792,988
Deferred revenue	6	<b>7,533,870</b>	5,853,522
		<b>8,521,393</b>	6,646,510
Deferred capital contributions			
Deferred lease inducement	7	<b>244,895</b>	27,077
		<b>8,766,288</b>	6,950,425
Commitments and contingencies			
	11		
<b>Net assets</b>			
Unrestricted		<b>—</b>	506,135
Restricted - emergency fund	9	<b>582,141</b>	614,574
Internally restricted	8	<b>5,202,428</b>	5,686,790
		<b>5,784,569</b>	6,807,499
		<b>14,550,857</b>	13,757,924

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, 2021

	Notes	Operating fund \$	Emergency fund (Note 9) \$	2021 Total \$	Operating fund \$	Emergency fund (Note 9) \$	2020 Total \$
<b>Revenue</b>							
Annual fees	6	7,941,144	—	7,941,144	7,636,775	—	7,636,775
Application fees		416,275	—	416,275	473,175	—	473,175
Other income	10	25,000	—	25,000	4,718	—	4,718
Administrative monetary penalties		—	26,000	26,000	—	9,500	9,500
Net investment income (loss)	3	962,238	4,817	967,055	(187,806)	13,579	(174,227)
Amortization of deferred capital contributions		27,077	—	27,077	13,919	—	13,919
		<b>9,371,734</b>	<b>30,817</b>	<b>9,402,551</b>	7,940,781	23,079	7,963,860
<b>Expenses</b>							
Salaries, wages and benefits		7,499,235	—	7,499,235	6,089,179	—	6,089,179
Operating		2,586,243	—	2,586,243	2,286,072	—	2,286,072
Amortization of capital assets		244,810	—	244,810	278,969	—	278,969
Amortization of deferred lease inducement		31,943	—	31,943	31,943	—	31,943
Payments from the Emergency fund		—	63,250	63,250	—	5,776	5,776
		<b>10,362,231</b>	<b>63,250</b>	<b>10,425,481</b>	8,686,163	5,776	8,691,939
<b>(Deficiency) excess of revenue over expenses</b>		<b>(990,497)</b>	<b>(32,433)</b>	<b>(1,022,930)</b>	(745,382)	17,303	(728,079)

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, 2021

		Restricted- Emergency fund (Note 9)	Internally restricted (Note 8)	2021 Total	Unrestricted	Restricted- Emergency fund (Note 9)	Internally restricted (Note 8)	2020 Total
Notes	Unrestricted \$	\$	\$	\$	\$	\$	\$	\$
	<b>506,135</b>	<b>614,574</b>	<b>5,686,790</b>	<b>6,807,499</b>	1,251,517	597,271	5,686,790	7,535,578
	(990,497)	(32,433)	—	(1,022,930)	(745,382)	17,303	—	(728,079)
8	484,362	—	(484,362)	—	—	—	—	—
	<b>—</b>	<b>582,141</b>	<b>5,202,428</b>	<b>5,784,569</b>	506,135	614,574	5,686,790	6,807,499

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

**Retirement Homes Regulatory Authority****Statement of cash flows**

Year ended March 31, 2021

	2021	2020
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over expenses	<b>(1,022,930)</b>	(728,079)
Items not involving cash		
Unrealized (gains) losses on investments	<b>(744,645)</b>	469,296
Amortization of capital assets	<b>244,810</b>	278,969
Amortization of deferred capital contributions	<b>(27,077)</b>	(13,919)
Amortization of deferred lease inducement	<b>(31,943)</b>	(31,943)
	<b>(1,581,785)</b>	(25,676)
Change in non-cash operating working capital		
Accounts receivable	<b>(97,246)</b>	(208,230)
Prepaid expenses	<b>(58,457)</b>	71,724
Harmonized Sales Tax receivable/payable	<b>(16,433)</b>	(70,719)
Accounts payable and accrued liabilities	<b>194,535</b>	(145,938)
Deferred revenue	<b>1,680,348</b>	280,271
	<b>120,962</b>	(98,568)
<b>Investing activities</b>		
Acquisition of capital assets	<b>(59,015)</b>	(146,993)
Purchases of investments	<b>(115,989)</b>	(412,571)
Proceeds from redemption of investments	—	365,389
Decrease (increase) in restricted cash	<b>32,433</b>	(17,303)
	<b>(142,571)</b>	(211,478)
Decrease in cash	<b>(21,609)</b>	(310,046)
Cash, beginning of year	<b>6,132,477</b>	6,442,523
<b>Cash, end of year</b>	<b>6,110,868</b>	6,132,477

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

# Retirement Homes Regulatory Authority

## Notes to the financial statements

March 31, 2021

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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 recorded 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.

**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.

*Province of Ontario Grants*

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

*Government assistance*

Government assistance is recorded in the financial statements when there is reasonable assurance that RHRA has complied with, and will continue to comply with, all conditions necessary to obtain the assistance. Government assistance is reflected as part of other income in the Statement of operations.

*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.

# Retirement Homes Regulatory Authority

## Notes to the financial statements

March 31, 2021

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### 1. Significant accounting policies (continued)

#### (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, 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.

### 2. Accounts receivable

	2020 \$	2019 \$
Accounts receivable	1,463,534	1,191,235
Insurance receivable	—	169,090
Interest receivable	3,695	9,658
	<b>1,467,229</b>	<b>1,369,983</b>

Accounts receivable are net of an allowance for doubtful accounts of nil (nil in 2020).

### 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.

	2021 \$	2020 \$
Long-term investments		
Cash in investment account	2,309	4,989
Fixed income	1,925,901	2,093,230
Preferred shares	260,413	206,882
Common shares	1,327,943	1,120,725
Mutual funds	1,677,305	898,623
Foreign securities	166,909	175,697
	<b>5,360,780</b>	<b>4,500,146</b>

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

	2021 \$	2020 \$
Interest and dividends	222,410	295,069
Unrealized gains (losses) during the year	744,645	(469,296)
	<b>967,055</b>	<b>(174,227)</b>

## Retirement Homes Regulatory Authority

### Notes to the financial statements

March 31, 2021

#### 4. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Equipment	35,411	21,461	13,950	22,240
Computer software	128,707	108,784	19,923	16,942
Computer hardware	365,431	244,880	120,551	190,986
Furniture & fixtures	134,295	123,400	10,895	15,312
Leasehold improvements	681,537	159,025	522,512	590,664
Licensing system	607,642	557,317	50,325	87,807
	<b>1,953,023</b>	<b>1,214,867</b>	<b>738,156</b>	<b>923,951</b>

During the year, RHRA disposed of fully depreciated capital assets with an original cost of \$105,483 (\$10,045 in 2020).

#### 5. Government remittances

As at March 31, 2021, RHRA had government remittances payable of \$16,086 (\$13,004 in 2020) which is included in accounts payable and accrued liabilities.

#### 6. Deferred revenue

Deferred revenue consists of annual fees received that relate to periods after the fiscal year end and unspent grant funding received from the Province of Ontario. Funding arrangements between the RHRA and the Province of Ontario provide for grants to be applied toward conducting enhanced inspections, implementation infection prevention and control compliance and support, and inter-agency support. Any unspent amounts at year end with stipulations are recorded as deferred revenue.

The balance in deferred revenue is as follows:

	2021	2020
	\$	\$
Deferred revenue from annual fees, beginning of year	5,853,522	5,573,251
Add:		
Annual fees received during the year	8,121,492	7,917,046
	<b>13,975,014</b>	13,490,297
Less: amounts recognized as revenue during the year	7,941,144	7,636,775
Deferred revenue from annual fees, end of year	<b>6,033,870</b>	5,853,522
Province of Ontario grant received during the year	1,500,000	—
Total deferred revenue, end of year	<b>7,533,870</b>	5,853,522

#### 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. As at year end, accumulated amortization amounts to \$74,534 (\$42,591 in 2020).

## Retirement Homes Regulatory Authority

### Notes to the financial statements

March 31, 2021

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#### 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.

#### 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:

	2021 \$	2020 \$
Opening balance	614,574	597,271
Administrative monetary penalties	26,000	9,500
Interest income	4,817	13,579
	<b>645,391</b>	620,350
Less: claims/payments made	63,250	5,776
Closing balance	<b>582,141</b>	614,574

#### 10. Other income

RHRA as an eligible employer has received \$25,000 under the 10% Temporary Wage Subsidy federal relief program. As at March 31, 2021, no contingent liability exists regarding repayment of relief received.

#### 11. Commitments and contingencies

##### *Lease obligations*

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

	\$
2022	422,767
2023	428,155
2024	430,850
2025	436,238
2026	438,933
Thereafter	1,260,217
Total minimum lease payments	<b>3,417,160</b>

## **12. 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. As of March 31, 2021, RHRA did not hold any 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.

### *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, 2021. 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, 2021, 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.

## **13. 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.

## **Retirement Homes Regulatory Authority**

### **Notes to the financial statements**

March 31, 2021

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#### **14. 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 short-term impact of COVID-19 has not been significant. The duration and long-term 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.