



MISSION AND MANDATE

The mission of the Retirement Homes Regulatory Authority (RHRA) is to improve the lives of seniors living in retirement homes by administering the Ontario *Retirement Homes Act, 2010* (Act). Under the Act, the RHRA’s mandate is to:

- 1. inform and educate;
- 2. inspect and enforce;
- 3. license retirement homes;
- 4. maintain a public register; and
- 5. advise the Minister Responsible for Seniors Affairs.

WHAT IS A RETIREMENT HOME?

A retirement home is defined as a home that is occupied or intended to be occupied by six or more persons (unrelated to the operator), the majority of whom are 65 year of age or older and provides at least two care services, such as administering medication or serving meals. Some homes that meet these criteria may be exempt from the Act because they receive government funding.

In total, more than 55,000 Ontario seniors live in the province’s 716 licenced retirement homes, which range in capacity from 6 to more than 250 residents. Most retirement homes in Ontario are privately owned, for-profit facilities.

ORGANIZATIONAL STRUCTURE AND FUNDING

The RHRA is an independent, not-for-profit corporation created by the Act and funded through licensing and annual fees. The RHRA is not part of the Ontario government or a Crown Corporation. It is accountable to government through the Minister Responsible for Seniors Affairs and through a written Memorandum of Understanding (MOU) available at www.rhra.ca

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YEAR IN REVIEW

Regulatory Activity Highlights

75 licences granted, including new builds and transfers of ownership

59 retirement home licenses ended through termination, surrender or revocation

4,157 inquiries received by intake staff, including calls, emails and letters

Inspections completed on **11 COMPLAINTS**

ROUTINE INSPECTIONS OF ALL **716 RETIREMENT HOMES IN ONTARIO COMPLETED**

26 new complaints received, concerning a total of 86 separate issues

460 mandatory report inspections conducted at **252 homes**, further to reports of risk of harm to residents

26 ENFORCEMENT ORDERS ISSUED, INCLUDING

16 administrative monetary penalties (fines);
6 compliance orders;
3 orders to apply for a licence or cease to operate;
1 revocation order.

One prosecution concluded for operating without a licence, **resulting in conviction and sentence of 15 days of custody, \$2,500 fine and probation order**

MESSAGE FROM THE BOARD CHAIR



The RHRA entered a new stage in its evolution in 2014-15, completing its first year as a fully operational regulator. As a result of the efforts of the RHRA Board and a committed, capable staff led by our Registrar and Chief Executive Officer (CEO) Mary Beth Valentine, I am confident Ontarians living in retirement homes are safer today than they were before the Act was passed and the RHRA established.

A central focus of the Board over the past year was to build organizational capability to assess and control risks relating to resident safety and choice. This has been reflected in the RHRA's progressive, risk-based regulatory framework and the establishment of protocols and processes related to the Risk Officer, appointed by the Board in March of 2014.

Processes have also been established to support the Complaints Review Officer, who was appointed by the Board in 2014.

The RHRA has made significant strides in implementing enterprise risk management (ERM) practices and will continue with an implementation plan, which includes additional elements to be phased in throughout 2015-2016. The Board held an ERM planning day to support this work.

The Board continued to strengthen governance practices and oversight of the RHRA, and the evaluation and improvement of our governance policies is ongoing. We will continue efforts initiated last year to enable the Board to regularly report on the organization's regulatory impact. This will be greatly facilitated by the development of data analysis capabilities, and improved reporting capabilities relating to regulatory interventions.

Building awareness and enhancing understanding of the RHRA was a key focus for the Board over the past year. We engaged a variety of stakeholders in different sectors to further partnerships and collaboration. This will continue to be a priority for the Board in the year ahead.

Moving Forward

The first legislative review of the Act will begin later in the 2015-16 year. In keeping with our mandate, the Board has established a Legislative Review Committee to develop recommendations based on our experience administering the Act.

On behalf of the Board, my sincere thanks to the Minister Responsible for Seniors Affairs, the Honourable Mario Sergio, and the staff of the Ontario Seniors' Secretariat. I look forward to continued collaboration and mutual support as we go forward.

I would also like to recognize and thank RHRA's Stakeholder Advisory Council, led by Chair Debbie Doherty, which has continued to provide pertinent advice on a wide range of matters and has been of great help to the RHRA Board and staff over the past year.

The achievements of the past year would not have been possible without the commitment of Mary Beth and her staff. The Board extends its thanks for their dedication to protecting and improving the lives of seniors living in Ontario retirement homes.

I am proud of the Board's ongoing effort and commitment to effectively executing the RHRA's public accountability mandate and thank all current and past members of the Board for their time, energy and dedication. I encourage you to turn to Page 6 of this report, where you will find more detail on members of the Board, its committees and highlights of our activities over the past year.

A handwritten signature in black ink that reads "Mary Catherine Lindberg".

Mary Catherine Lindberg, Chair



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND REGISTRAR



The RHRA made excellent progress in the past year in meeting and exceeding our targets for the protection and safety of the more than 55,000 seniors living and receiving care in Ontario retirement homes. Three, multi-year strategic priorities have driven the focus of RHRA activities: *regulatory effectiveness, corporate alignment and stakeholder collaboration and outreach.*

In our first year as a fully operational regulator, we completed over 1,100 inspections including 460 mandatory report and the first 11 complaint inspections. By March 31, 2015, at least one routine inspection had been completed in all licenced retirement homes in the province, allowing us to develop baseline compliance data for the first time. We expect that our data and new analytical abilities will help us identify trends and pinpoint priority areas for new educational and compliance interventions and products to resolve problems.

We continue to implement a risk based regulatory strategy which focuses on identifying and addressing areas of non-compliance where it is most problematic. It is important for residents, family members and the public to know that inspections focusing on the high risk areas have occurred in all homes and the vast majority of homes are committed to the protections of the legislation. However, it is equally important to recognize that where non-compliance is blatant or persistent, the RHRA will take any and all action required to enforce the Act and protect residents of Ontario retirement homes. In the past year, 26 enforcement orders were issued including orders to apply for a licence, revocation orders, compliance orders and fines.

One of the key milestones for corporate alignment and increased efficiency was further implementation of our information systems. We have successfully upgraded our public register to increase transparency, reduced inspector recording and reporting time, enhanced our analytical ability, established a Board portal aiding governance oversight and most importantly, added a comprehensive case management system that will continue to evolve, improving services for licensees and operators over time.

We continue to work collaboratively with all our stakeholders for the safety and protection of residents across the province and to educate the public about the RHRA and the industry.

Awareness of the rights of retirement home residents and the RHRA's responsibility to protect residents is growing. Inquiries in the past fiscal year increased by 30 per cent over the previous year. Our outreach increased through various avenues and through further collaboration with other regulators such as the Electrical Safety Authority and the Technical Standards and Safety Authority, and with other community agencies such as Public Health and Community Care Access Centres.

We welcome the Ontario government's legislative review of the Act and regulations later this year. We will develop our recommendations and priorities from a perspective of public protection and administration of the Act.

There are many exciting challenges and opportunities ahead and we look forward to working with all our stakeholders including the retirement home industry to advance safety and protections for seniors across the province.

These positive partnerships have supported the approach we are taking in promoting effective regulation and delivering on our mandate and we are confident they will do so in the future.

I am confident the RHRA is improving the safety and protection of residents of Ontario's retirement homes. Fulfilling this mandate is not an easy task and I would like to thank Board members for their stewardship and everyone at RHRA for their commitment and dedication this past year and know that we are prepared to meet the challenges ahead.

A handwritten signature in cursive script that reads "M. Valentine".

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

STRATEGIC DIRECTIONS 2013-17

Vision:

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

Mission & Mandate:

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

Strategic Objectives:

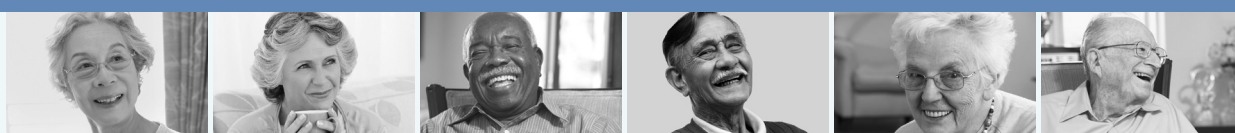
Inform and Educate

Inspect and Enforce

License Retirement Homes

Maintain a Public Register

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



Strategic Priorities

Regulatory Effectiveness

Improve resident safety and choice through regulation.

Protection:

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

Build capacity:

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

Licensing:

Refine and improve our licensing activities

Emergency Fund:

Fully implement the RHRA's Emergency Fund

Complaints handling:

Strengthen and implement complaints handling protocols

Corporate Alignment

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

Statutory oversight:

Continue to establish processes to support statutory oversight

Regulatory impact:

Board reporting on regulatory impact

Financial:

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

Human capital:

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

Stakeholder Collaboration and Outreach

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

Awareness:

Build awareness and enhance understanding of the RHRA

Partnerships:

Work with partners to support increased resident safety and choice

Fundamental Principle: A retirement home is to be operated so that it is a place where residents live with dignity, respect, privacy and autonomy, in security, safety and comfort and can make informed choices about their care options.

REPORT OF THE STAKEHOLDER ADVISORY COUNCIL

On behalf of Stakeholder Advisory Council (SAC), I would like to thank the RHRA Board of Directors for its ongoing commitment to building a positive relationship with SAC. Since the establishment of the Council in 2012, we have appreciated the opportunity to review and comment on a number of materials.

Appreciation is also extended to the Board for its consideration of SAC membership and composition. Over the past year we have moved to an eight-member Council (previously seven) by increasing the total number of resident representatives to two. By adding an additional resident to our Council we are able to keep discussion lively and now have increased viewpoints from the residents who reside in retirement homes. We are grateful for the contributions made by our resident members, Evelyn Bloom and Donald Eldon, and extend thanks for the time they give to our meetings.

SAC plays a vital role in providing varied perspectives on retirement home issues. Our other members represent operators, seniors' organizations and advocacy groups. In the past year we have considered a number of issues related to the RHRA's regulatory role, which have resulted in advice and recommendations. Some of these recommendations have related to operator educational materials including the Qualifications and Training Guideline and other guidelines to educate operators. Also of interest to the Council were discussions surrounding the RHRA's Annual Reporting Form, complaints process and policy development.

We have also been pleased to provide advice on communication approaches and to see the RHRA's initial outreach efforts to residents' councils and anticipate more discussion around how best to communicate to residents and their families.

Over the coming year we look forward to continuing to serve our mandate. The RHRA's legislative review activities will be of great interest to the Council as will review of additional guidelines and operator resources.



Debbie Doherty, *Chair*

Stakeholder Advisory Council Members:

- Debbie Doherty, *Chair*
- Evelyn Bloom
- Donald Eldon
- Esther Goldstein
- Donna Holwell
- Nazira Jaffer
- Ken Sweatman
- Judith Wahl





Members of the Board (from left to right) include:

Christopher Jodhan
(Vice Chair to
December 9, 2014)

Barbara Sullivan

Mathilde Gravelle Bazinet

Trevor Lee
(Vice Chair from
December 10, 2014)

Mary Catherine Lindberg,
Chair
(designated by the
Minister Responsible
for Seniors Affairs)

Millie Christie

Bob Kallonen

Carla Pepler

John J. Rossiter

RHRA BOARD OF DIRECTORS

Role of Board

The governance of the RHRA is established through the Act, its regulations, by-laws and an Memorandum of Understanding (MOU) with the government through the Ontario Seniors' Secretariat (OSS) to the Minister Responsible for Seniors Affairs. The Board of Directors is accountable to the Minister through the Chair of the Board.

The RHRA's Board of Directors is responsible for corporate governance, regulatory oversight and guiding the development of the RHRA's strategic plan and priorities. The Board and management are focused on the most progressive governance and regulatory oversight practices. The Board is committed to ongoing efforts that continually strengthen its governance practices and oversight of the organization and maintain its support of government's public accountability mandate. Key responsibilities include:

- Approval of the RHRA's strategic plan and priorities, business plan and budget, and ensuring the integrity of the organization's reported financial performance;
- Oversight of the appointment, development, monitoring and succession planning of the CEO/Registrar, Risk Officer and Complaints Review Officer;
- Ensuring appropriate enterprise risk management;
- Performance management and monitoring oversight;
- Monitoring external communication and stakeholder relationships; and
- Reviewing and strengthening quality of Board policies and practices to support governance excellence.

The RHRA Corporate by-laws and process for election of directors to the RHRA Board of Directors are available at www.rhra.ca (see Corporate By-Law No 1 and By-Law No 2 and Board of Directors Nominations Policy).

Board Appointment of Risk Officer and Complaints Review Officer

In March 2014 the Board appointed the Risk Officer (with approval of the Minister Responsible for Seniors Affairs) and the Complaints Review Officer.

During 2014-15, the Board and staff worked with the appointed Risk Officer, Deanna Williams, to establish the protocols and processes related to this office. This statutory role reports to the Board and is responsible for independently reviewing, monitoring and assessing the effectiveness of the RHRA's administration of the Act, including its activities directed at ensuring that licensees meet care and safety standards, and ensuring the rights of residents are respected. The Risk Officer is expected to issue the first annual report in 2015, and the Board will review and respond to the report at its Annual General Meeting in the 2015/16 fiscal year.

A second statutory role, the Complaints Review Officer, Rob Goodfellow, issued the first review from this office in 2014/15. Appointed by, and reporting to, the Board of Directors, the Complaints Review Officer is responsible for reviewing complaints in matters where a complainant is not satisfied by the conclusion of the Registrar to take no further action in relation to a complaint. The Complaints Review Officer will continue to conduct eligible reviews as requested by complainants.

Board Remuneration

Board members receive remuneration based on per diem rates of \$627 for the Chair of the Board and \$398 for Board members. Total remuneration for Board members in 2014-2015 was \$81,881.



Committee Activity

Board activities are supported by the work of committees. The committees and membership are indicated below. Each Board member must participate on at least one committee.

1. Governance and Regulatory Affairs Committee	
Purpose	To advise the Board on matters relating to: regulatory oversight; the Board's governance structure and processes; evaluation of the Board's effectiveness; recruitment/nomination, education/development and evaluation of Board members; stakeholder collaboration/outreach oversight; and management of risks in these areas.
Membership Q1-Q3	Mathilde Gravelle Bazinet, <i>Chair</i> , Christopher Jodhan, Millie Christie and Barbara Sullivan
Membership Q4	Mathilde Gravelle Bazinet, <i>Chair</i> , Christopher Jodhan, Trevor Lee and John J. Rossiter
Meetings	Committee met five times in fiscal year 2014-15
2. Finance and Audit Committee	
Purpose	To assist the Board in fulfilling its oversight responsibilities regarding financial reporting, audit, business ethics, enterprise risk management and the Emergency Fund.
Membership Q1-Q3	Trevor Lee, <i>Chair</i> , Bob Kallonen, Carla Peppler and John J. Rossiter
Membership Q4	Trevor Lee, <i>Chair</i> , Bob Kallonen, John J. Rossiter and Barbara Sullivan
Meetings	Committee met four times in fiscal year 2014-15
3. Human Resources and Compensation Committee	
Purpose	To assist the Board in fulfilling oversight responsibilities related to human resources and compensation and management of risks including: • Detailed review of human resources and compensation policies • Review and recommendations on management succession plans • Ensuring the RHRA is utilizing best practices in human resources for the purpose of creating a positive culture and the environment to attract and retain the talent required to meet the organization's mandate
Membership Q1-Q3	Carla Peppler, <i>Chair</i> , John J. Rossiter, Bob Kallonen and Millie Christie
Membership Q4	Millie Christie, <i>Chair</i> , Mathilde Gravelle Bazinet, Bob Kallonen and Carla Peppler
Meetings	Committee met three times in fiscal year 2014-15
4. Nominations Committee	
Purpose	To nominate individuals for election to the Board to fill vacancies with reference to Experience Matrix and Qualification Criteria and in accordance with Board by-laws and policies.
Membership Q1-Q3	Christopher Jodhan, <i>Chair</i> , Mathilde Gravelle Bazinet and Trevor Lee
Membership Q4	John J. Rossiter, <i>Chair</i> , Mathilde Gravelle Bazinet and Millie Christie
Meetings	Committee met three times in fiscal year 2014-15

In addition, in November 2014, the Board established the *Retirement Homes Act* Legislative Review Adhoc Committee to assist the Board in fulfilling oversight responsibilities related to the RHRA's mandate to facilitate the Minister's review of the Act (as per s. 120 of the Act) and to provide advice to the Minister. Committee membership includes: Carla Peppler, *Chair*, Barbara Sullivan, and Millie Christie. The Committee met three times in 2014-15.

REGULATORY ACTIVITIES

Public Register

RHRA maintains a Public Register at www.rhra.ca that allows seniors and their families to make informed decisions on retirement home residences by providing information including:

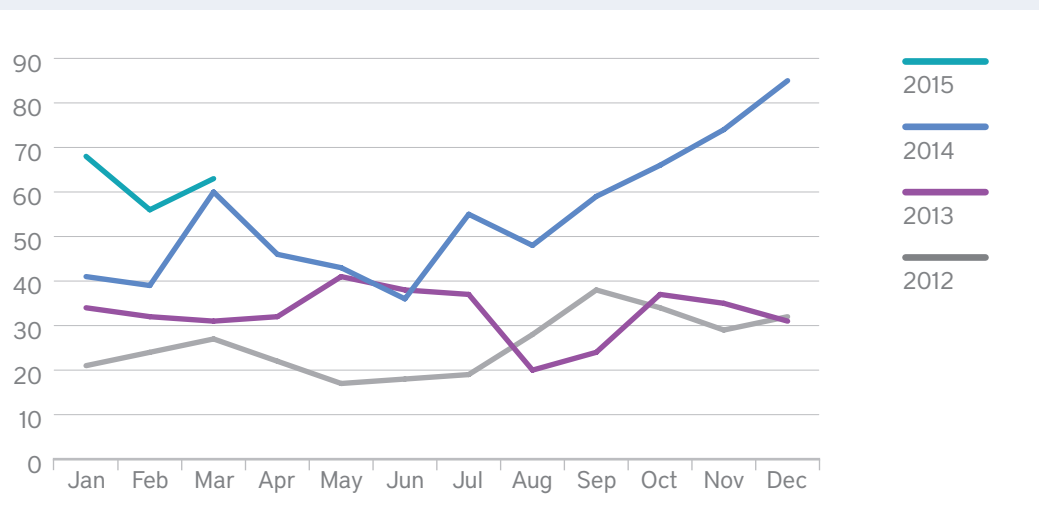
- Licensee name, address, phone and fax numbers, web address, email;
- Licensee primary contact and person who manages the home;
- Licence or application status;
- Licence number and date of issue;
- Care services offered;
- Number of suites and resident capacity;
- Availability of automatic sprinklers;
- Inspection reports;
- Information about conditions, orders, administrative monetary penalties (fines) and Licence Appeal Tribunal decisions;
- Licence termination, revocation or surrender; and
- Prosecutions and homes operating without a licence.

Intake

During the past fiscal year, intake staff fielded a total of 4,157 inquiries, including 1,993 general inquiries, 699 mandatory reports of suspected harm or risk of harm and 47 complaints or potential complaints. This represents an increase of nearly 30 per cent compared to the over 3,200 inquiries received in 2013-14. Since 2012, mandatory report numbers have also been increasing year-over-year (See graph below).

General inquiries and concerns from residents, operators and other members of the public regarding the conduct of retirement homes are received through the RHRA's website (www.rhra.ca), by phone or written correspondence. Calls requiring RHRA attention are provided to the appropriate area within the organization for follow up. Mandatory reports are forwarded directly to the RHRA compliance team.

Mandatory Reports 2012-2015



Complaints to the Registrar

The RHRA completed the first full year of a new formal complaints handling process in 2014-2015. The process was launched in January 2014, as required by the regulation.

Complaints reported to the Registrar must relate to alleged contraventions of the Act and must be received in writing (a Complaint Form is available through the RHRA's website at www.rhra.ca in the "Residents and Families" section).

To assess the merits of a complaint, the Registrar may make inquiries of the home or of the complainant, request information from the licensee and/or inspect the home. In response to the complaint, the Registrar may attempt to mediate, provide information/education to any person, issue a written warning letter to the licensee and/or take enforcement measures against the licensee.

If the Registrar has considered a complaint and informed the complainant of a decision to take no further action, the complainant under certain conditions may request a review by the Complaints Review Officer.

The RHRA received 26 new complaints to the Registrar in 2014-2015, relating to 86 separate issues. Of these, one complaint was submitted to the Complaints Review Officer for review and the Officer upheld the Registrar's decision. The RHRA closed 17 complaints in the past year and 11 remained active at year end.

Licensing

RHRA staff have received, evaluated and processed a steady stream of applications over the past year as indicated in the table below.

	Total Licences	Transfer of Ownership	New Build
2014 - 15	716	46	17
2013 - 14	700	74	19
2012 - 13	565	22	12



17 complaints were closed in the past year and 11 remained open at year end.

RHRA received, evaluated and processed a steady stream of applications over the past year.

Licence Conditions, Refusals and Revocations

The decision to refuse or revoke a licence is required under the Act if the Registrar believes that the applicant or licensee does not or no longer meets licensing criteria including competency, past conduct, or ability to provide care services; has breached the Act; or has made a false statement in a licence application or in any document or information required by RHRA. The Registrar may also impose conditions upon a licence that the Registrar considers appropriate, at or after the time of issuance.

Before taking any of these actions, the Act requires the Registrar to first issue a notice of intent, which sets out the grounds for the proposed refusal, conditions or revocation, and gives the applicant/licensee an opportunity to provide written submissions with respect to any matter set out in the notice.

Applicants and licensees have a right of appeal from decisions by the Registrar to refuse to issue a licence, issue a licence with conditions, or revoke a licence. Appeals are heard by the Licence Appeal Tribunal (LAT).

In 2014-15, the Registrar issued:

- 1 notice of intent to refuse a licence;
- 2 decisions to refuse a licence;
- 1 notice of intent to impose conditions upon a licence before issuance;
- 1 decision to impose conditions upon a licence before issuance;
- 2 notices of intent to revoke a licence; and
- 1 order to revoke a licence.

Inspections

RHRA inspectors have the authority to enter and inspect retirement homes.

There are three main types of inspections, routine, complaints and mandatory reports. Routine inspections are conducted in retirement homes at least once every three years. A complaint about a home may trigger a complaints inspection. The RHRA conducts mandatory report inspections when it receives reports of harm or risk of harm to residents in specified circumstances. All of these inspection reports are posted on the Public Register.

Prior to posting the report, licensees receive a copy of the draft inspection report and are given an opportunity to provide a written response. Licensees are encouraged to use this opportunity to describe the effort(s) they have taken, or are taking, to address the identified areas of non-compliance.



Routine Inspections

The RHRA completed at least one routine inspection in all 716 licenced retirement homes in the province by March 31, 2015. This is the first full round of routine inspections completed since licensing began in 2012.

During each routine inspection, home operators are notified by the inspector of any findings of non-compliance. Inspectors may also flag potential items to be reviewed or addressed for future inspections or cite the home for non-compliance of these items.

The most common forms of non-compliance found during routine inspections are related to staff training, resident information packages and emergency plans. The RHRA has found that the vast majority of licensees support licensing and inspections, and are working hard to ensure compliance.

The RHRA is using information obtained from the first round of routine inspections to establish baseline data. This data will be analyzed to learn more about non-compliance, with the goal of reducing it and enhancing resident protections and safety. The RHRA will track trends over time to identify problems and to inform the development of education materials, processes and resources to increase licensee compliance.

Complaints Inspections

The Registrar may conduct a complaints inspection to assess the merits of a complaint. In specified circumstances that closely mirror those for mandatory reports (see below), the Registrar must conduct an immediate inspection of a retirement home resulting from a complaint.

To date, the RHRA has conducted 11 complaints inspections.

Mandatory Report Inspections

Retirement home staff, licensees, volunteers, and care and service providers are required by law to report:

- Improper or incompetent treatment or care that resulted in harm or risk of harm to a resident;
- Abuse of a resident by anyone or neglect of a resident by the licensee or staff of the retirement home that resulted in harm or risk of harm to the resident;
- Unlawful conduct that resulted in harm or risk of harm to the resident; and
- Suspected misuse or misappropriation of a resident's money.

Mandatory reports may be made anonymously and the Act prohibits retaliation against those who do report. Enforcement action may be taken by the RHRA against licensees or others who do retaliate. Retirement home residents may report, but are not required to do so by law.

Last year, the RHRA completed 460 mandatory report inspections compared to just over 300 completed in 2013-2014. Inspectors found compliance with the Act in 56 per cent of these inspections.



Compliance and Enforcement

The RHRA oversees compliance and enforcement actions for the purpose of protecting residents and ensuring that retirement homes are operated in accordance with the Act and the regulations.

The RHRA follows a regime of progressive compliance and enforcement actions, from education to warning letters to enforcement orders, depending on the nature, severity and history of the licensee's non-compliance.

Registrar orders include orders to apply or to cease operating a retirement home, administrative monetary penalties (fines), compliance orders requiring a licensee to take or refrain from certain actions to be in compliance with the Act, and management orders requiring licensees to retain managers to administer their homes.

During 2014-2015 a total of 26 enforcement orders were issued as follows:

- 6 compliance orders;
- 16 administrative monetary penalties;
- 3 orders to apply for licence or cease operating; and
- 1 revocation.

The RHRA also commenced and concluded its first prosecution, for operating a retirement home without a licence, resulting in conviction and a sentence of 15 days of custody, a \$2,500 fine and a probation order.

Education and Outreach

Using a variety of communication strategies and tools, the RHRA engages individual homes, industry associations and representatives, community partners, and other stakeholders.

The RHRA shares information about its role and work as a regulator for the protection of retirement home residents, and provides education to promote awareness, understanding of, and compliance with, the Act and regulations.

RHRA **shares information** and **provides education** to promote awareness, understanding of, and compliance with, the Act and regulations.



460 **mandatory**
report inspections
were completed last year.

Highlights of our outreach in 2014-2015 include:

Licensee Outreach

- More than 20 presentations across the province about our regulatory role and the Act, including presentations at an industry association's spring and fall roadshows in several cities.
- Publication of educational materials for operators, including guidelines for infection prevention and control, as well as qualifications and training, which were posted to our website.
- Educational webinars for operators in the spring and fall.

Resident/Family Outreach

- Staff participation at several seniors' fairs and speaking engagements.
- RHRA-related content printed in three publications for seniors.
- Three articles about the Public Register, complaints, and mandatory reporting were picked up for publication by several editors in English and French language media across the province through a news distribution service.
- A revised resident brochure in English and French, which was distributed to all retirement home Residents' Councils or other residents' groups.

Stakeholder Outreach

- Nearly 1,000 RHRA resident brochures distributed by stakeholders during Seniors' Month.
- Staff presentations about the RHRA's role at several conferences and events hosted by stakeholder organizations.
- A letter of introduction sent to all Ontario MPPs following the 2014 provincial election.
- Partnership with Consumer Protection Ontario (CPO), with the RHRA's logo placed on CPO's website and CPO's logo used on our revised Resident Brochure.

20+ presentations
across the
province about our regulatory
role and the Act.



1,000 RHRA brochures distributed by
stakeholders during Seniors' Month.

35,331 different users visited our
website at least once.

1,385 views of our
YouTube videos.

OTHER ACTIVITIES

Licensing and Compliance Case Management Software System

The RHRA continues to enhance its central Information Technology (IT) system. The system supports the RHRA's core regulatory operational activities and provides a standardized tool for managing processes and information related to intake, licensing, compliance and enforcement functions. Phase 2 of the project, which focused mainly on inspections and complaints requirements, was completed throughout the past fiscal year.

Complaints Related to the Administration of the RHRA

Complaints or concerns that relate to the administration of the RHRA may be received directly by management, staff members or Intake Representatives. Such complaints are referred to the appropriate staff for review and resolution. Any such complaint and its resolution are reviewed by the RHRA management team to determine the impact or action required related to RHRA policies, processes or informational material and the board is advised of substantive concerns.

French Language Services

To support provisions within the Act and the RHRA's French Language Services Delivery Policy, the RHRA makes communications, information and notices available in French. A French version of this Annual Report is available at www.ormr.ca.



KEY ACHIEVEMENTS

Regulatory initiatives and goals for the reporting period have been provided below, along with the outcomes achieved during 2014-2015.

INITIATIVES	2014-2015 GOALS	2014-2015 OUTCOMES
Regulatory Effectiveness		
Establish consistent standard of resident safety and consumer protection throughout the retirement home sector.	Confirm the critical requirements of the Act relating to resident safety (protecting residents from harm or risk of harm) and resident choice, and focus educational and outreach activities on these requirements. Through inspection, identify and monitor the benchmark rate of compliance with these critical requirements, both in individual retirement homes and across the retirement home sector.	Conducted over 20 outreach and educational events or activities, including presentations at an industry association's spring and fall roadshows and two RHRA webinars. Developed and posted the <i>Qualifications and Training Guideline</i>. Conducted 696 routine inspections in 676 retirement homes. This means that the RHRA has conducted at least one routine inspection at each retirement home since routine inspections started in March 2014 for a total of 716 retirement homes. Conducted a preliminary assessment of initial baseline data regarding non-compliance.
Build the organizational capability to identify and control risks relating to resident safety and choice.	Complete the implementation of internal reporting (regular and on-demand) of the RHRA's activities in regulatory operations including education and outreach, collaborative partnerships, inspections, remediation and enforcement. Build data and information systems and develop the analytical capacity to support the identification and measurement of risks relating to non-compliance with the Act, particularly non-compliance with requirements that directly impact resident safety and choice. Implement operational structures and protocols to support the identification and control of specific compliance problems (and patterns of non-compliance) that may involve harm or risk of harm to retirement home residents.	Implemented a case management software system, centralizing data collection in key areas of operation, and facilitating activity reporting, performance measurement and data analysis. Identified priorities and resources required for new compliance monitoring and resolution and harm reduction functions, and included them in the RHRA's 2015-2016 Business Plan.
Refine and improve our licensing activities.	Enable improved interaction with the RHRA for licensees by deployment of online administration and processing capability.	Scoped project, and continued requirements collection for an online, self-administered licensee portal.
Fully implement RHRA's Emergency Fund.	Entrench and refine practices supporting claims to the fund including the application process for claimants, and the systematic review of files by the Registrar for payments. Define and commence activity reporting related to claims and payments related to the Emergency Fund. Define and execute appropriate communications to inform potential claimants and/or the public about the Fund.	Included the first annual report of Emergency Fund activity in this Annual Report. Developed educational material about the Emergency Fund, which was posted to the RHRA website. Included information about the Emergency Fund in the revised resident brochure.

INITIATIVES	2014-2015 GOALS	2014-2015 OUTCOMES
Strengthen our complaints handling protocols.	Using information gained from initial implementation; modify internal complaint handling processes as appropriate. Assess and review external communication requirements to residents, licensees, and the public, and develop a plan to address any opportunities for improvement. Refine processes to ensure that information gained on potential non-compliance through the complaints process is integrated with other compliance activity. Develop reporting and analysis protocols for activity related to complaints.	Finalized complaints process, and included the first annual report of complaints handling activity in this Annual Report. Presented on the complaints handling scope and processes in two webinars and presentations at an industry's association spring and fall roadshows. Included information about the RHRA's complaints handling scope and processes in educational material and the revised resident brochure.
Corporate Alignment		
Continue to establish processes to support statutory oversight.	Entrench Complaints Review Officer (CRO) role by establishing protocols and reporting parameters with the Board. Further establish the Risk Officer (RO) role by working with the incumbent on reporting and related processes. Continue to enhance our relationship with government through the OSS and the Minister by identifying and addressing opportunities for improving processes commensurate with the RHRA's maturity as an organization and regulator.	Established processes for interaction with CRO, as well as mechanisms for reporting. Supported the RO with establishing reporting and related processes. To be initiated by OSS, an interim review of the MOU started with a focus on specific components. Review is ongoing.
Board reporting on regulatory impact.	Develop plan to move toward regular reporting to Board on regulatory impact. Continue development and implementation of enterprise risk management practices into the management of the organization, and in the Board's ongoing oversight practices including regular reporting.	Developed a broad outline for a regulatory impact framework. Further development will be a focus in the coming year. Continued with implementation of enterprise risk management practices as planned. This included identification in several categories (strategic, external, and organizational) and monitoring and reporting practices.
Build an organization that is financially stable providing predictability to licensees, and demonstrates good value.	Define a financial plan establishing specific financials goals and reporting measures as part of the plan. As part of the financial plan, conduct the annual review of the RHRA's fee schedule as required by the RHRA <i>Fee Setting Policy</i>. Establish a multi-year corporate plan as a component of the financial plan to support forecasting.	3-year forecast and core plan developed for use in planning. Key components of corporate plan established, including an assessment of any major capital requirements. Completed the annual review of the Fee Schedule and communicated the 2015 Fee Schedule to licensees. Defined financial measures and initiated implementation, including a process for regular internal review and reporting on the goals.

INITIATIVES	2014-2015 GOALS	2014-2015 OUTCOMES
Continue to develop our human resources, building toward a highly effective organization characterized by an engaged, capable, and dedicated staff.	Continue to enhance predictability for the RHRA by stabilizing human capital needs using data and experience on the work requirements for administering the Act. Continue building organizational capacity by maintaining and enhancing a focus on staff training and development for short and mid-term needs. Review and enhance organizational development practices in the areas of recruitment, engagement, internal communications, and employment practices.	Established an internal reporting mechanism on select performance measures and conducted initial analyses. Refinement of the reporting tool is ongoing. Developed central tracking and coordinated several specific development initiatives, including priorities for the subsequent year. Developed and conducted a staff engagement survey, providing baseline information about leadership and manager/supervisor support, quality of life, rewards, and engagement.
Stakeholder Collaboration and Outreach		
Build awareness and enhance understanding of RHRA.	Develop communication strategy that includes increase use of a variety of communication channels such as: • media, webinars, newsletter, web, speaking engagements, other forums/events Continued development of education/tools/resources that are focused on critical requirements related to resident safety and choice and are targeted to specific stakeholder groups including: • government; residents/family; industry/licensees; other stakeholders, including advocacy groups, seniors organizations	Established a communication plan with measurable tactics. Developed a revised resident brochure in English and French and distributed to all retirement home Residents' Councils/other residents' groups, as well as at other speaking engagements and consumer events. Selected a provider for the third party survey of stakeholders, with work initiated on survey development.
Work with partners to support increased resident safety and choice.	Identify opportunities to collaborate with stakeholders to build on current partners and target new partnerships to maximize action that supports RHRA priorities.	Engaged a variety of stakeholders in different sectors to further partnerships and collaboration. Established an agreement with Consumer Protection Ontario (CPO) for the use of CPO branding on RHRA publications and educational material. CPO branding used on revised resident brochure. Included measures of partnerships in the third party survey of stakeholders.

2014/15 reached a new level of capability to capture baseline data related to the RHRA's core regulatory activities.

RHRA will continue working with partners to support increased resident safety and choice.



MOVING FORWARD

As it completed routine inspections of all licenced retirement homes over the past fiscal year, the RHRA reached a new level of capability to capture baseline data related to its core regulatory activities.

Over the coming year we will analyze the information we have collected from inspections, establish baseline data and look closely at compliance trends and problems against the requirements of the Act. We will augment these efforts with a new operational risk control strategy, based on best practices and the work of leading experts on regulation. After an initial pilot project related to unlicensed homes, we will work toward the full adoption and integration of these methods.

Our mandate is to improve compliance over time and our primary focus will continue to be on compliance where it is most problematic. Armed with improved data analysis and a new operational risk control strategy, we are confident we will be in a position for better risk-informed decision making over the coming year and beyond. We expect that our data will help us pinpoint priority areas for education and outreach, as well as approaches and tools for addressing problems. Data will also help us to monitor compliance trends in non-problematic areas so that we can see that homes continue to comply over time. In addition, we will conduct a Stakeholder Effectiveness Survey to continue to foster awareness and understanding of the RHRA with residents and licensees/operators and to promote collaboration with our partners, learn from their experience and help them better understand our regulatory role.

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

A sample of key activities planned for the coming year include:

Licensing Administration Improvements

In 2015/16, the RHRA will focus on the roll-out of capabilities developed in the previous year for an online licensee portal. In this initial roll-out, focus will be placed on allowing licensees to conduct routine transactions online in an effort to streamline interactions, and to determine future development of the portal's functionality.

Statutory Oversight

Discussions will continue into 2015/16 with OSS, with the intent of achieving an updated MOU that meets all oversight requirements and helps continually support the RHRA's relationship with the government.

We also expect that the required review of the Act will commence in the 2015/16 year. We will use our experience to date, data analysis, sector knowledge and results from the Stakeholder Effectiveness Survey to support the review and provide advice to the Minister.

Building Partnerships

The RHRA will continue working with partners to support increased resident safety and choice. Among its activities for the year ahead, the RHRA will prioritize establishing partnerships with other relevant agencies and regulatory organizations, with the goal of enhancing our regulatory impact through specific initiatives.

FINANCIAL REPORT

The following financial review is based upon the audited financial statements of the RHRA for the year ended March 31, 2015 with comparative amounts for the previous fiscal year.

Overview

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

A surplus of \$989,000 was recorded, \$750,000 of which has been allocated to an internally restricted operating reserve to provide for unexpected variation in operating revenues or expenses in the future. This generally accepted practice is particularly prudent for the RHRA given its relatively short history on which to predict changes in revenue or expenses, and in view of increased levels of activity in compliance and enforcement matters. The three year surplus/deficit trend demonstrates a decline in surplus every year starting from 2013, and the RHRA is projecting no significant surpluses in its mid-term forecasts as expenses are expected to increase more quickly than revenue bringing closer to break-even results.

The cash/investments and deferred revenue balances reflect the receipt of funds early in January 2015 while the period to which the fees relates includes the full calendar year. Comparative with the previous year, the financial position was impacted by a change in Cash/Investments balances resulting from changes in the RHRA's investment approach within current market conditions. Transfers of assets are detailed in the statement of change in net assets and reflect continued initial steps to establish the RHRA as self-sustaining while meeting its funding in accordance with the Act. Expenditures during the year reflect the operational activities of the RHRA and consist primarily of operating expenses and investments in capital assets to support its core activities. The Statement of Operations and the Statement of Cash Flows reflect these operational activities as at and for the year ended March 31, 2015.

Revenue

Revenue growth of 8 per cent was recorded this fiscal year. At \$6.8 million, RHRA's revenues were ahead of expectations due primarily to a higher than expected volume of applications and were comprised of annual licence fees (\$6.04 million), application fees (\$540,000) and other revenue (\$220,000). Annual licence fees represent the single-largest source of revenue accounting for 89 per cent of total revenue. Annual licence fees are billed on a calendar year basis and recognized for the year to which the fees relate. Annual licence fees for the fiscal year reflect those realized from April 1, 2014 through the end of the fiscal year. Revenue from application fees is based on activity during the year primarily resulting from ownership transactions and new builds.

Interest income is earned from financing deferred licence fee payments and on cash balances in operating accounts and short-term investments.

Expenses

Salaries, wages and benefits represent the largest expenditure of the RHRA. While the staff complement continues to stabilize closer to its expected level, management will continue to evolve the organization to ensure sufficient allocation of human resources in key areas of the organization to help the RHRA meet the many regulatory requirements of the Act.

Accommodation expenses are the largest component of ongoing operating expenses. Remaining amounts relate to legal and consulting costs, travel for the inspection force, governance related costs, and general office expenses. Amortization of capital assets and the deferred liability are recorded in accordance with the stated accounting policy.

Emergency Fund

RHRA is committed in meeting its requirements for the Emergency Fund, and all administrative monetary penalties were paid into the fund in addition to retaining any interest earned on the amounts held in the fund. There were no payments made from the Emergency Fund in the fiscal year. Subsequent to the fiscal year end, the Board approved an allocation in the amount of \$300,000 to the restricted Emergency Fund from operations in May 2015.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the RHRA is responsible for the integrity, consistency, objectivity and reliability of the Financial Statements of the RHRA and related financial information as presented. Canadian generally accepted accounting principles for not-for-profit organizations have been applied and management has exercised its judgment and made best estimates where appropriate.

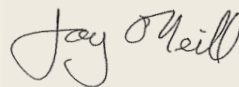
The RHRA's accounting system and related internal controls are designed, and supporting procedures maintained, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition.

The RHRA's Board of Directors, acting through the Finance and Audit Committee, which is composed entirely of independent directors, oversees management's responsibilities for financial reporting. The Finance and Audit Committee reviews the Financial Statements and recommends them to the Board for approval. Other responsibilities of the Finance and Audit Committee include monitoring the RHRA's system of internal controls over the financial reporting process and making recommendations to the Board regarding the appointment of the external auditor.

Deloitte LLP, the independent auditors appointed by the RHRA Board, audited the RHRA's Financial Statements as at March 31, 2015 and for the year then ended. Their report, which expressed an unmodified audit opinion, can be found on page 22. Deloitte LLP have full and free access to, and meet periodically with, the Finance and Audit Committee to discuss their audit and matters arising therefrom, such as comments they may have on the fairness of financial reporting and the adequacy of internal controls.



Mary Beth Valentine
CEO and Registrar



Jay O'Neill
Director, Corporate Services

Toronto, Canada
March 31, 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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To the Board of Directors of the Retirement Homes Regulatory Authority

We have audited the accompanying financial statements of the Retirement Homes Regulatory Authority, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Retirement Homes Regulatory Authority as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants

Licensed Public Accountants

May 20, 2015

Retirement Homes Regulatory Authority

STATEMENT OF FINANCIAL POSITION

As at March 31, 2015

	2015	2014
	\$	\$
Assets		
Current assets		
Cash	7,512,832	48,256
Short-term investments (Note 3)	315,254	8,115,151
Accounts receivable (Note 2)	859,204	757,227
Prepaid expenses	108,962	96,614
HST receivable	51,089	30,214
	8,847,341	9,047,462
Long-term investments (Note 3)	1,200,000	-
Emergency fund restricted cash (Note 8)	273,414	256,164
Capital assets (Note 4)	540,262	269,776
	10,861,017	9,573,402
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	579,453	383,556
Deferred revenue (Note 5)	4,615,200	4,564,350
	5,194,653	4,947,906
Deferred capital contributions	331,073	268,673
Deferred liability (Note 6)	17,740	28,420
	5,543,466	5,244,999
Net assets		
Unrestricted	994,137	772,239
Restricted - Emergency fund (Note 8)	273,414	256,164
Internally restricted (Note 7)	4,050,000	3,300,000
	5,317,551	4,328,403
	10,861,017	9,573,402

Commitments and contingencies (Note 9)

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

Approved by the Board



Chair of the Board of Directors



Chair of the Finance and Audit Committee

Retirement Homes Regulatory Authority

STATEMENT OF OPERATIONS

Year ended March 31, 2015

	2015			2014		
	Operating Fund	Emergency Fund (Note 8)	Total	Operating Fund	Emergency Fund (Note 8)	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Annual licence fees	6,042,260	-	6,042,260	5,864,919	-	5,864,919
Application fees	542,744	-	542,744	228,355	-	228,355
Administrative monetary penalties	-	14,290	14,290	-	5,500	5,500
Interest income	113,500	2,960	116,460	106,657	207	106,864
Amortization of deferred capital contributions	89,250	-	89,250	82,639	-	82,639
	6,787,754	17,250	6,805,004	6,282,570	5,707	6,288,277
Expenses						
Salaries, wages and benefits	4,304,914	-	4,304,914	3,824,746	-	3,824,746
Operating	1,382,362	-	1,382,362	1,094,864	-	1,094,864
Amortization of capital assets	117,900	-	117,900	83,194	-	83,194
Amortization of deferred liability	10,680	-	10,680	10,680	-	10,680
	5,815,856	-	5,815,856	5,013,484	-	5,013,484
Excess of revenue over expenses	971,898	17,250	989,148	1,269,086	5,707	1,274,793

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

Retirement Homes Regulatory Authority

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2015

	2015				2014			
	Unrestricted	Restricted - Emergency Fund (Note 8)	Internally Restricted	Total	Unrestricted	Restricted - Emergency Fund (Note 8)	Internally Restricted	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	772,239	256,164	3,300,000	4,328,403	543,153	10,457	2,500,000	3,053,610
Excess of revenue over expenses	971,898	17,250	-	989,148	1,269,086	5,707	-	1,274,793
Transfer to emergency fund (Note 8)	-	-	-	-	(240,000)	240,000	-	-
Transfer to internally restricted net assets (Note 7)	(750,000)	-	750,000	-	(800,000)	-	800,000	-
Net assets, end of year	994,137	273,414	4,050,000	5,317,551	772,239	256,164	3,300,000	4,328,403

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

Retirement Homes Regulatory Authority

STATEMENT OF CASH FLOWS

Year ended March 31, 2015

	2015	2014
	\$	\$
Operating activities		
Excess of revenue over expenses	989,148	1,274,793
Items not involving cash		
Amortization of capital assets	117,900	83,194
Amortization of deferred capital contributions	(89,250)	(82,639)
Amortization of deferred liability	(10,680)	(10,680)
	1,007,118	1,264,668
Change in non-cash operating working capital		
Accounts receivable	(101,977)	71,491
Prepaid expenses	(12,348)	(64,878)
HST receivable	(20,875)	(715,563)
Accounts payable and accrued liabilities	195,897	12,445
Deferred revenue	50,850	7,349
	1,118,665	575,512
Investing activities		
Acquisition of capital assets	(388,386)	(222,008)
Purchases of investments	(1,515,254)	(8,315,151)
Proceeds from redemption of investments	8,115,151	7,915,000
Increase in restricted cash	(17,250)	(245,707)
	6,194,261	(867,866)
Financing activity		
Increase in deferred capital contributions	151,650	220,350
Increase (decrease) in cash	7,464,576	(72,004)
Cash, beginning of year	48,256	120,260
Cash, end of year	7,512,832	48,256

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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

Investments are comprised of GICs with maturity dates ranging from two months to five years from March 31, 2015.

c) Capital assets

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

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

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

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

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

d) Foreign currency translation

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

1. Significant accounting policies (continued)

e) Revenue recognition

Contributions

RHRA uses the deferral method of accounting for contributions.

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

Annual licence fees

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

Application fees

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

Province of Ontario grants

RHRA has transitioned from initial funding from the Province of Ontario to being fully self-funded. Any grants received from the Province of Ontario in prior fiscal years are recognized in the period in which the events giving rise to the grant occurred.

Interest income

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

f) Financial instruments

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

Financial assets and financial liabilities are initially recognized at fair value when RHRA becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

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

g) Use of estimates

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2. Accounts receivable

Accounts receivable are net of an allowance for doubtful accounts of \$14,986 (2014 - \$12,854).

	2015	2014
	\$	\$
Accounts receivable	851,083	749,227
Interest receivable	8,121	8,000
	859,204	757,227

3. Investments

Investments consist of Guaranteed Income Certificates (GICs) with varying maturity dates, the latest of which is 2020. RHRA negotiated rates for its cash holdings in excess of available short term investment returns in the current market environment.

	2015	2014
	\$	\$
Short-term investments	315,254	8,115,151
Long-term investments	1,200,000	-
	1,515,254	8,115,151

4. Capital assets

	2015			2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Equipment	9,436	7,966	1,470	3,050
Computer software	67,608	62,792	4,815	4,386
Computer hardware	191,419	153,029	38,391	22,371
Furniture and fixtures	135,668	27,194	108,474	11,957
Leasehold improvements	67,985	22,468	45,517	7,662
Licensing system	396,607	55,012	341,595	220,350
	868,723	328,461	540,262	269,776

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

5. Deferred revenue

Annual licence fees received that relate to periods after the fiscal year end date are deferred. The final amount of the deferred funding from the Province of Ontario was applied toward system development costs. The balance in deferred revenue is as follows:

	2015	2014
	\$	\$
Deferred revenue, beginning of year	4,564,350	4,557,001
Add:		
Annual licence fee	6,148,523	6,116,776
	10,712,873	10,673,777
Less: amounts recognized as revenue during the year	5,946,023	5,889,077
Less: amount included in deferred capital contributions	151,650	220,350
Deferred revenue, end of year	4,615,200	4,564,350

	2015	2014
	\$	\$
Comprising		
Province of Ontario grant	-	151,650
Annual licence fee	4,615,200	4,412,700
	4,615,200	4,564,350

6. Deferred liability

The deferred liability relates to the benefit of a rent free period received as an inducement to the execution of the lease for office premises. The amount of the inducement was \$58,682 and is being amortized on the straight line basis to operating expenses over the term of the lease. Accumulated amortization amounts to \$40,942 (2014 - \$30,262).

7. Internally restricted net assets

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

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

8. Emergency Fund

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

	2015	2014
	\$	\$
Opening balance	256,164	10,457
Allocations from operations	-	240,000
Administrative monetary penalties	14,290	5,500
Interest income	2,960	207
	273,414	256,164
Less: claims/payments made	-	-
Closing balance	273,414	256,164

9. Commitments and contingencies**Lease obligations**

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

	\$
2016	234,726
2017	156,484
Total minimum lease payments	391,210

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

10. Risk management

Credit rate risk

RHRA's credit risk is primarily attributable to its accounts receivables. RHRA manages this risk through proactive collection policies.

Interest rate risk

RHRA is exposed to interest rate risk on its short term investments.

Liquidity risk

RHRA's objective is to have sufficient liquidity to meet its liabilities when due. RHRA monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2015, the most significant financial liabilities are accounts payable and accrued liabilities.

11. Indemnification of directors

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

12. Subsequent event

The Board of Directors approved a transfer of \$300,000 to the Restricted - Emergency Fund from Unrestricted funds on May 20, 2015. This transfer of assets will be reflected in the applicable statements for the year ended March 31, 2016.

TIMELINE

2010	• <i>Retirement Homes Act, 2010</i> receives Royal Assent
2010-2011	• Interim Board established • CEO appointed and staff recruitment initiated • RHRA begins to handle mandatory reports
2011-2012	• RHRA opens for licensing and begins accepting applications • Public Register of retirement homes established • Permanent Board established
2012-2013	• Decisions on licensing completed for nearly all homes • Enforcement activities increase • RHRA implements licensing fees as part of its mandate to become self-sustaining • Care and safety standards begin to come into force
2013-2014	• Routine home inspections launched • Emergency fund implemented • Police background checks by home operators required of staff and volunteers • Complaints handling process finalized • Complaints Review Officer and Risk Officer appointed
2014-2015	• Routine inspections of all 716 retirement homes completed • First full year of a new formal complaints handling process completed • First prosecution for operating a retirement home without a licence commenced and concluded, resulting in conviction and sentence of 15 days of custody, \$2,500 fine and a probation order



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