

Annual Report



Saskatchewan Real Estate Commission
2014-2015





Saskatchewan Real Estate Commission

The Saskatchewan Real Estate Commission is an independent, non-governmental agency, responsible for the regulation of the real estate industry in Saskatchewan.

The Commission is mandated to protect consumers and to provide services that enhance and improve the industry and the business of industry members.

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Contents

Introduction	2
Contents	3
Mission, Mandate, Vision	4
The Commission	5
Message From the Chair	6
Committees	7
Legislative Committee Report	8
Brokerage Audit Committee Report	9
Compliance Report	10
Education Committee Report	12
Communications Report	13
Registration Report	14
Registration Demographics	15
Assurance Fund Report	16
Interest Bearing Trust Fund Report	17
Financial Statements	19
Appendix 1	22

Mission, Mandate, Vision

Mission Statement

To protect the public interest by ensuring that registrants act within a professional framework that promotes ethical conduct and integrity and strengthens consumer trust and confidence.

Mandate

The Saskatchewan Real Estate Commission is responsible for the regulation of the real estate industry to ensure protection of the public interest.

Responsibilities of the Commission include:

- maintenance of a register of all persons registered to trade in real estate in Saskatchewan
- auditing of brokerage trust accounts
- conducting investigations and hearings with respect to the actions of registrants
- setting standards of conduct for industry members
- acting as a resource to consumers and registrants
- administration of the Interest Bearing Trust Account Fund and the Real Estate Assurance Fund.

The Commission approves all licensing and continuing education courses for registrants in all areas of real estate.

The Commission mandates a number of forms for use in real estate trades in order to facilitate a uniform level of service to the public.

Vision

For the overall enhancement of the industry, the Commission is empowered to develop specific projects for the educational benefit of all registrants within the province.

The Commission undertakes to ensure that real estate and property management courses are kept up-to-date, to study and implement continuing education, to develop relevant seminars for all registrants and to produce brochures, manuals, newsletters, etc., as appropriate.

Background

The Commission is established by, and derives its authority from, *The Real Estate Act*, and undertakes the day-to-day administration of all aspects of real estate legislation.

In conjunction with Saskatchewan Justice, the Commission co-regulates the real estate industry. The individual responsible within Saskatchewan Justice for the Commission is the Superintendent of Real Estate.

Commission staff report through the Executive Director/Registrar, to the Commission members on all operations. The administration of the regulatory requirements of the real estate industry is done through the *Act*, the *Regulations* and the Commission Bylaws.

The Commission

Members

Public Members:

David Chow	Moose Jaw
Paul Jaspar	Saskatoon
Murray Lang	Regina
Tim Ward	Saskatoon

Registrant Members:

Mike Duggleby	Regina	Royal LePage Regina Realty
Dave Hepburn	Saskatoon	Realty Executives Saskatoon
Trevor Koot	Swift Current	306 Real Estate Inc.
Jeff Markewich	Moose Jaw	Realty Executives MJ
Marion Piper	Lloydminster	Royal LePage Musgrave Agencies Ltd.
Al Myers	Saskatoon	Colliers McClocklin Real Estate Corp.
Bernie Weinbender	Regina	Century 21 Dome Realty Inc.

Staff

Al Jacobson	Executive Director/Registrar*
Aaron Tetu	Assistant Executive Director/Registrar*
Verna Olfert	Registration & Office Administrator
Reché McKeague	Legal & Compliance Manager
Nina Criddle	Compliance Officer
Gail Armstrong	Legal & Office Assistant
Susan McCrae	Education & Communications Coordinator
Jason Weiler	Systems Administrator

*Effective January 1, 2015, Aaron Tetu became Executive Director/Registrar



Message from the Chair

It was my privilege to act as Chair of the Saskatchewan Real Estate Commission for the fiscal year 2014/2015, during a time of significant transition operationally and the continuation of several major projects. This report highlights those activities that have been the focus of the Commission.

The Commission has seen some changes in staffing of several positions, including that of Registrar. Following careful due diligence by the Commission, Aaron Tetu vacated the role of Legal and Compliance Officer and accepted his new role of Executive Director/Registrar commencing January 1, 2015. Though familiar with the Commission, Mr. Tetu has had his plate full with continuing those projects already underway as well as hiring new staff to achieve a full complement in the office.

The significant undertaking of re-writing the legislation in an effort to provide a draft to government in 2016 continues to be the main focus of the Commission, Legislative Committee, and staff. A consultation package was provided to the industry along with the opportunity to attend several town hall meetings for feedback on the proposed changes.

I want to take this opportunity to thank all those on the Commission board, the Legislative Committee, the staff and the Legal and Compliance department, as well as our stakeholders and all those that took the time to give feedback, for your vested interest in this project and all the time you have dedicated. It has been an immense accomplishment to get this far and could not have been done without all those that contributed.

Education and examination remain at the forefront of the Commission's focus as well. With the addition of the Education Coordinator to the staff and close collaboration with the Association of Saskatchewan Realtors, our education provider, there have been significant strides made in this area with a lot of work yet to be done.

Those that have visited the SREC website recently will have noted that there have been some changes to our look. The organization has undergone some major rebranding to give it a fresh look and better identify what our role is in the industry. The website remains an important tool for keeping registrants and the public informed of changes, progress or trends in the industry as it relates to legislation, education and licensing. The addition of the Commission Twitter account has also helped in this regard. Follow [@SREC_Comm](#) to keep up to date.

I'd like to conclude by recognizing all of the registrants, the Associations, the various Boards we work closely with and, in general, all those in the industry that we are here to regulate. I believe we have built an excellent working relationship with all those involved. We meet regularly with representatives of the Provincial and Regional Associations and work very closely together on major issues. Dialogue is shared both ways when there are initiatives that benefit from feedback.

We are here to regulate the real estate industry in Saskatchewan. We are here to protect the public. We absolutely can accomplish this to the benefit of the industry, creating an environment of good business practice and successful enterprise, while still ensuring rules are followed, the public is protected and the industry is held to the highest standard.

I personally thank all those that have provided their input to me in the time that I have been Chair. I thank those that have been candid with their thoughts and those that have been less forward. All conversations intended to improve our role as a Commission or my role as Chair are sincerely appreciated.

Trevor Koot, Chair

Committees

Section 9 of the *Real Estate Act* allows for the establishment of committees as the Commission deems necessary, including a mandatory Selection Committee in charge of the selection process for Commission members.

Committees are made up of members of the Commission, Commission staff and other registrants as required. The Commission Chairperson and Executive Director/Registrar are ex-officio members of all committees.

The Commission may also establish ad-hoc committees or task forces to address specific issues usually within a specified time frame. Once the work of such a committee is complete or there is no further need of it, the committee is disbanded.

Legislative Committee

Chair: David Chow

Members: Mike Duggleby, Dave Hepburn, Trevor Koot, Anne Odishaw, George West, Al Myers

Mandate: To review and make recommendations to the Commission on changes to the *Act, Regulations*, bylaws and/or policies, and to aid in developing new legislation as necessary.

Investigation Committee

Members: Anne Odishaw, George West, Marlene Williamson, Bernie Weinbender

Mandate: To review and/or investigate complaints brought to the Commission.

Education Committee

Chair: Jeff Markewich

Members: Marion Piper, Stacy Svendsen, Bernie Weinbender, Wayne White

Mandate: To research, identify and make recommendations on issues having to do with the development and delivery of real estate registration education and continuing professional development.

Brokerage Audit Committee

Chair: Paul Jaspar

Members: Trevor Koot, Jeff Markewich, Tim Ward

Mandate: To ensure the audit of brokerage trust accounts are completed at minimum every five years, that new brokerages are audited within 18 months of registration, that the audit serves as an educational tool to brokers and to review audits for concerns, compliance, timing and procedures in order to achieve increasing compliance gains for the industry as well as the broker.

Management Committee

Chair: Trevor Koot

Members: Dave Chow, Dave Hepburn, Paul Jaspar

Mandate: To monitor the financial stewardship of the Commission, develop the annual budget, act as liaison with the provincial association and to perform management-level decision-making as needed.

Communications Committee

Chair: Paul Jaspar

Members: Dave Hepburn, Murray Lang, Tim Ward

Mandate: To develop and implement an effective strategy for Commission communications.

Disbanded: July 1, 2015

REIX Advisory Board

Representative: Larry Gingerich

Mandate: The Real Estate Insurance Exchange is the provider of a mandatory Errors & Omissions Insurance program for all registrants in Saskatchewan.

REIX Claims Committee

Representative: Dale Ripplinger

Mandate: To review and manage claims made against the program.

Future Facility ad-hoc Committee

Chair: Dave Hepburn

Members: Paul Jaspar, Tim Ward, George West, Al Myers

Mandate: To research and make recommendations to the Commission on real estate options to address the needs of the Commission.

Legislative Committee Report

Proposed Legislation Changes

The Legislative Committee has been engaged in a number of projects in the last year, the most involved being the continued work toward a self-regulated legislative model and updating the governing legislation. To that end, the Committee provided its recommendations to the Commission in late 2014 in the form of a newly proposed *Act, Regulations, Bylaws* and, for the first time, Rules governing registrants.

In February of 2015, the formal consultation process on legislative change began with distribution of the proposed *Act* and related documents to the industry for feedback. Town-hall style meetings were held in June of 2015 in Regina and Saskatoon and more consultation is being planned in the coming months.

The legislation changes are those proposed by the regulator; however, the Financial Consumer Affairs Authority (FCAA) and the Government of Saskatchewan are being kept abreast of our progress. Subject to government priorities in the upcoming election year, the aim of the Commission is to have revised legislation in place late in 2017.

Mandatory Forms

In the last year the Legislative Committee reviewed and proposed amendments to the Residential Contract of Purchase and Sale and amendments to Schedule “C” dealing with condominium transactions. After consultation with industry members and other experts, the newly amended forms were put into circulation in the spring of 2015.

New initiatives

The Legislative Committee advised and provided recommendations to the Commission on various topics that will continue to be on our agenda throughout the remainder of 2015 and into 2016, including:

- English language proficiency of registrants
- Photo ID
- Standard measurement guidelines
- Availability of hearing decisions on the Commission website
- Legislation exemptions for the Data Distribution Facility (DDF) and registrants selling their own property outside of their brokerages
- Electronic signatures and documents
- Succession planning for brokerages and brokers
- Cost awards in discipline consent orders.

On behalf of the Committee I want to extend our appreciation to several former members who have made significant contributions to the Legislative Committee in the past year including George West, Al Myers and long-time Committee member Anne Odishaw. Thank you also to those who continue to devote their time and effort to the Committee including Trevor Koot, Mike Duggleby, Dave Hepburn, Vern McClelland, Aaron Tetu, Reché McKeague, Nina Criddle and Gail Armstrong.

David Chow, Chair

Brokerage Audit Committee Report

It is evident that outsourcing of the audits through EPR Saskatoon continues to be a positive step to aid in public protection. Outsourcing has proven to be not only cost effective, but also sustainable while meeting the objective of having all brokerages audited within a five-year period.

The total number of audits conducted this year totalled fifty (50), which was our goal. To complement the financial audits completed by EPR Saskatoon, Commission staff carries out a compliance audit of the transaction files and documents obtained by EPR from each brokerage. Although several minor issues were discovered in the use of forms, none of the irregularities appear to have resulted in harm to the public. The information gathered is valuable in determining the direction of our mandated continuing education, and the articles to be published by the Commission in its newsletter and on Twitter.

A considerable amount of time is spent in completing a review of all brokerages' 2014 Annual Financial Reports. A comprehensive analysis was carried out through reviewing the audit files of the past years and comparing overlapping data that flows through the reports from one year to the next. Essentially, a mini audit is conducted on all brokerages every year.

In addition to the financial audits completed by EPR Saskatoon, Commission staff completes a review of all Annual Financial Reports filed by brokerages. On or around December 15, correspondence is sent to all brokers requesting that they complete their Annual Financial Report regarding their interest bearing trust accounts and property management operating accounts, and to submit the report to the Commission office on or before March 15. Commission staff requests follow-up and communicates with brokerages in regard to issues identified as requiring attention.

All brokerages are required to submit their Annual Financial Report prior to the March 15 filing deadline. In 2014, seven (7) brokerages failed to respond and were sent correspondence reminding them of their responsibility to submit the Annual Financial Report along with a \$300 late filing fee.

The Annual Financial Report includes the following information:

- Reporting of any legal action involving the brokerage or its registrants
- A listing of all trust accounts, the liabilities of those accounts, and a reconciliation as at December 31, 2014
- A statement of yearly activity for the accounts
- The number of transactions where trust funds were deposited
- The number of property management contracts
- The number of residential units managed
- The number of commercial units managed
- Copies of bank statements for the accounts
- Certification from the broker that the information is complete, true, and accurate.

Paul Jaspar, Chair

Compliance Report

Introduction

The Legal & Compliance Manager is responsible for leading and managing all legal and compliance functions of the Commission. This includes working with the public, external agencies, and registrants to ensure compliance with *The Real Estate Act*, its *Regulations*, and the Commission Bylaws. The Compliance Department includes the Legal & Compliance Manager, the Compliance Officer, and the Legal Assistant.

Complaint Information

Over the past year, 105 complaint files were opened by the Commission.

Complaints were made against:

PARTY	NUMBER #	PERCENT %
Salespeople	48	45
Brokers	24	23
Non-registrants	19	18
Brokerages	7	7
Associate Brokers	4	4
Branch Managers	3	3

As of June 30, 2015, there were 87 open complaint files.

DESCRIPTION	June 30, 2013	June 30, 2014	June 30, 2015
Files opened during fiscal year ending	98	64	105
Files closed during fiscal year ending	68	43	127
Files remaining open as at	92	113	87

Complaints were received from:

SOURCE	NUMBER #	PERCENT %
General public	60	57
Commission	26	25
Registrants	15	14
Anonymous	4	4
Boards	0	0

Ten matters were resolved by consent order and one matter was resolved by hearing this year. None were appealed to the Superintendent's Office or the Financial and Consumer Affairs Authority.

Eleven complainants requested a review by the Investigation Committee of the Review Officer's recommendation for no further action. Upon review, the Investigation Committee confirmed the Review Officer's recommendation in all but one instance.

Compliance Report

Information for the Public

The compliance information on the Commission's website (www.srec.ca), including the consumer information, frequently asked questions, online complaint form, and investigation process, was revised and updated to coincide with the new website launch on July 1, 2015.

The hearing decisions format was also revised and updated at that time. Hearing decisions are now listed by date, with the most recent at the top. The website indicates what type of hearing resulted in the decision, the violations considered, and the sanctions ordered, as well as the date of the decision. Hearing decisions appear on the Commission's website for three years following the date of the decision. Hearing decisions are now also being posted to CanLII.org, where they will remain indefinitely. Currently, CanLII has complete coverage from January 2014.

Compliance Department

A new Legal & Compliance Manager, Reché McKeague, began work with the Commission on August 1, 2014. The Compliance Officer, Nina Criddle, returned to the Commission after articling with a local law firm in September 2014. Beginning in September 2014, the Compliance Department was fully staffed, consisting of the Legal & Compliance Manager, Compliance Officer, and Legal Assistant (Gail Armstrong). The Legal & Compliance Manager and Compliance Officer are now both practicing lawyers.

The Compliance Department has continued to work to streamline the complaint process with templates for correspondence and implementing new file tracking systems to ensure timely case management. The staff meet weekly to review ongoing files and discuss file progress. The department is now also responsible for performing a compliance review of each of the brokerage audits, of which there were 50 this year. The department was also part of the legislative review process. Staff assisted in drafting the *Real Estate Industry Consultation Package* and attended and participated in the Town Hall consultation meetings.

Training and Education

The Legal & Compliance Manager and Compliance Officer, as members of the Law Society of Saskatchewan, are required to complete 36 hours of "Accredited CPD Activities" in a rolling three-year term. At least six of the required 36 hours must be "Ethics Hours". These requirements were met for each of the calendar years during this fiscal year.

The Legal & Compliance Manager attended Infonex's *Professional Regulation and Discipline* conference in Vancouver, BC, October 21/22, 2014. The Compliance Officer and Legal & Compliance Manager attended the Canadian Bar Association – Saskatchewan Branch *Mid-Winter Meeting* in Saskatoon February 5/6, 2015, and two webinars, *Dealing with Difficult People* presented by the Canadian Bar Association March 17, 2015, and *Purchase and Sale of a Revenue Property* presented by the Law Society of Saskatchewan April 8, 2015. The Legal Assistant attended *The Administrative Assistants Conference* sponsored by SkillPath March 23, 2015 in Saskatoon.

Reché McKeague, Legal & Compliance Manager

Education Committee Report

Education is the cornerstone of any profession. In order to deliver on the Commission's strategic goal to enhance the real estate profession through education, major initiatives were undertaken over the past registration year. This report briefly describes the advancements made with respect to professional education in the real estate industry in Saskatchewan.

The Commission continues to work with the Association of Saskatchewan REALTORS® (the Association), to enhance the design and delivery of the complete educational program for real estate in Saskatchewan. Several initiatives were continued, such as the rewriting of course examinations through the work of the Exam Task Force, reducing our carbon footprint and enhancing our sustainability as a profession by going paperless in the delivery of education, and enhancing professional learning and engagement through the use of e-learning in continuing education.

With the hiring of an Education & Communications Coordinator, the Commission's Education Committee has undertaken several other initiatives previously tabled. A full rejuvenation project is underway for all pre-licencing courses for entry to the real estate profession in Saskatchewan. This project is a joint endeavour with the Association as the designated education provider. Continuing professional development (CPD) is also being revitalized in the overall effort to increase professionalism and engagement within the industry. This includes an enhanced e-learning option and interactive, downloadable materials for all registrants.

The joint Exam Task Force has nearly completed its work re-inventing the entry level exams and will be revitalized as a joint Curriculum Task Force in order to facilitate the pre-licencing rejuvenation project. The Commission is committed to releasing all new enhanced entry-level exams early in the new year (2016) and the knowledge gained from working on these exams will be employed in the rejuvenation of all entry-level educational materials. More subject matter experts from the industry will participate in this endeavour in order to enhance relevance and appropriateness of content.

As a committee and a department, we continue to review and address issues arising with education, whether it be content, materials or delivery. The Education Coordinator works closely with the Association's Learning Director to discuss innovation opportunities and issues related to industry practices in education. Reciprocity, language proficiency, mentorship and compliance are all aspects of education as well as the industry as a whole. We are working continuously to increase professionalism in practice through education for the betterment of the industry.

Jeff Markewich, Chair

Communications Report

The Communications Committee was originally established to develop and implement a plan for internal and external communications between the Commission and all stakeholders, including revisiting the Commission's brand identity. With the hiring of a Communications Coordinator (February 2015), the Committee handed over responsibility for the rebranding initiative and the communications plan to the Coordinator and officially disbanded effective July 1, 2015.

The rebranding initiative for the Commission is designed to enhance our presence and influence in the industry through brand recognition and effective communications. While a significant time and effort commitment, we feel that our new brand reflects the work we have done toward all of our initiatives to enhance the industry as a whole. As a first step, a new logo, colour scheme and style were researched and approved and now serve to better identify the Commission's role as a professional regulatory body for the real estate industry in Saskatchewan. Our new brand is reflected in an updated, user-friendly and efficient website in addition to all of the accompanying rejuvenated registrant materials and organization identifiers, such as demonstrated in this year's Annual Report.

As part of the Commission's communications strategy, we recognize the significant role social media plays in the world today and so have established a Twitter account ([@SREC_comm](#)), which is designed to communicate bite-sized bits of important information to professionals in the industry as well as to those affected by the industry. In this way, we facilitate instant communication with registrants, foster virtual relationships with other influencers in the industry, and compliment the information distributed through our newsletter.

Our industry newsletter, *The Register*, published every 3 months, has a new look while the focus continues to be on recent decisions from our compliance department and articles of import to registrants. It also includes important reminders regarding registration and continuing education.

As an additional method for enhancing communications, our email system has been rejuvenated to include more engaging and interactive industry emails as well as a dedicated account for registration inquiries and concerns (registration@srec.ca).

More enhancements to communication can be found in the work on our pre- and post-licensing education the Education Coordinator and Committee, and the Exam Task Force are doing in conjunction with the Association.

The Commission is pleased that industry professionals, consumers and other stakeholders have embraced its recent communications activities and remains committed to continuous improvement. We hope to broaden our exposure to consumers and to increase engagement with registrants and the media in helpful and meaningful ways. We will continue to provide information that matters most to our industry professionals.

Susan McCrae, Education & Communications Coordinator

Registration Report

The Commission is responsible for maintaining a database of all people requiring registration to trade in real estate pursuant to *The Real Estate Act* in Saskatchewan. The Commission maintains this register through an Internet-based real time computer program called SREC On-Line. This register catalogues all registrants, their specialities and includes a breakdown of all brokerages, brokers, branch managers, associate brokers and salespeople.

The Commission is mandated, in part, to protect consumers and to provide services that enhance and improve the industry and the business of industry members. As such, the Commission's website at www.srec.ca provides information to both the public and its members.

Registrants

As of June 30, 2015, there were 43 new registrants added from last report bringing the total to 1,849 registrants.

For this reporting period the Commission has:

- 247 brokerages registered with 27 of them as new;
- 247 Brokers;
- 135 Associate Brokers;
- 22 Branch Managers;
- 1,446 Salespeople; and
- 1,044 Male registrants and 805 Female registrants.

Continuing Professional Development (CPD)

The Commission's records indicate that 98.6% or 1,823 registrants completed the CPD requirements by the June 30th deadline. The Executive Director/Registrar granted extensions to 32 registrants who paid the extension fee.

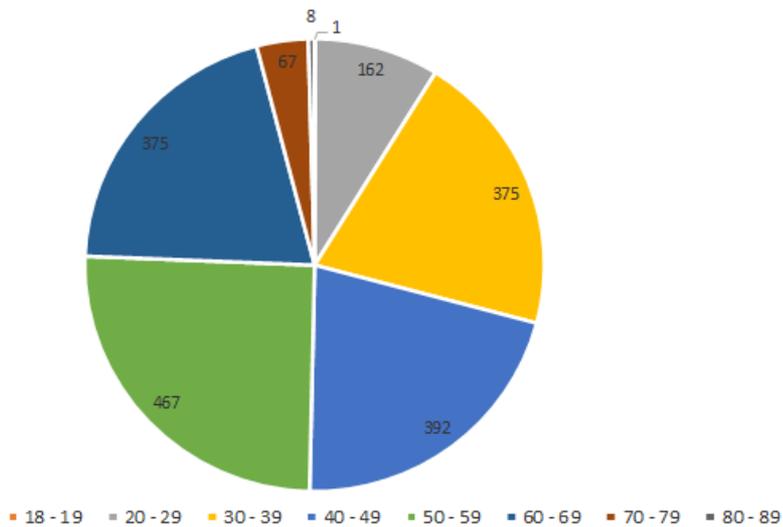
Professional Corporations

As at June 30, 2015, a total of 237 Professional Corporations were registered with the Commission. This is an increase of 27 from the same reporting time last year.

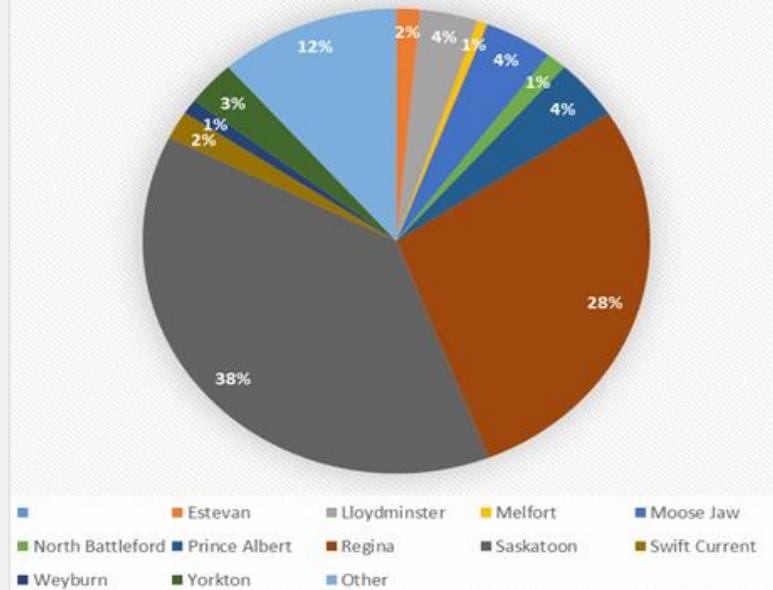
Gail Armstrong, Registration & Office Administrator

Registration Demographics

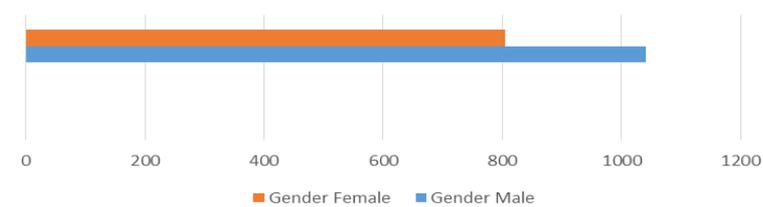
Age Count



Total Number of Registrants by Location



Gender



Assurance Fund Report

The Saskatchewan Real Estate Commission is responsible for the administration of the Real Estate Assurance Fund (REAF). The REAF was established to provide financial protection to consumers where they have suffered a loss as a result of a deficiency in the money held in trust by a brokerage in connection with a trade in real estate. The REAF is funded by the investment of money in the REAF account. The funds are gathered based on a levy per registrant at his/her time of initial application for registration with the Commission and upon renewal each year for each registrant.

The Commission may make payment to a consumer from the REAF for, in the opinion of the Commission, a valid claim. If a claim against a brokerage is disputed by the brokerage, the claimant must obtain a judgment against the brokerage. The maximum claim under the REAF is \$25,000. The maximum of the aggregate of claims for one brokerage is \$50,000. Where the aggregate of all valid claims against one brokerage exceeds \$50,000, the claims are paid on a pro-rata basis. A claimant has two years from the date of the deposit with the brokerage to make a claim with the Commission.

The Commission is of the opinion that it would be prudent to increase the balance in the REAF to \$350,000 over the next few years. This would ensure that there is enough money in the fund to enable payment to consumers for future potential claims, provide funding for the annual administrative fee and to keep the assessment of a levy on registrants at a lower rate over a longer period. This would avoid having a significant reassessment over one or two years. The financial report for the REAF is included in the financial statements section of this report.

There was a claim made in the 2014-2015 year which will result in a \$20,000.00 payment made out of the Real Estate Assurance Fund. The claim relates to Commission Complaint File #2014-27.

Interest Bearing Trust Account Report

The Saskatchewan Real Estate Commission established as one of its mandates, the improvement in professionalism and education of all registrants. In accomplishment of this long-term objective, during the 2014-2015 registration year, the Commission developed projects that fell within the parameters of Section 72 of *The Real Estate Act* utilizing the interest accumulated through interest bearing trust accounts (IBTAs), or accounts held in trust by brokerages on behalf of a client's real estate transactions. A summary of those projects is as follows:

Project #1 – Audit of Trust Accounts

In order to satisfy the Commission's mandate, we implemented a new Brokerage audit process. Altering the procedure to become partially outsourced, a two-step process was designed to add a higher level of efficiency to the process.

The first step of the process is to perform an audit of the brokerage's financial records. This initial audit function has been outsourced to an accounting firm, EPR Saskatoon (EPR). EPR makes direct contact with brokerages to arrange for an audit date. The audit is then completed by EPR who personally visits the brokerage to review files. EPR has the option to contact a brokerage and request that documentation be forwarded to EPR. EPR then carries out an initial short form audit and reserves the right to follow up with a complete audit. EPR prepares and provides a full report to the Commission together with electronic copies of randomly selected samples of real estate documentation.

The second step of the process involves the Commission's Compliance Department conducting an in-depth review and analysis of the completed real estate forms provided by EPR. The Compliance Department then presents the Commission's Executive Director with a report of its findings and results. A letter to the brokerage is prepared, which includes a copy of EPR and compliance audit reports, noting any necessary corrective action or any recommended future practices.

The request for funding the Audit of Trust Accounts project, pursuant to sections 72(a) and (d) of *The Real Estate Act*, is \$50,000 for the 2014 – 2015 fiscal year.

The total cost of project this year, which includes the audit and investigation of trust accounts as well as continuing education to the brokerages, is projected to be \$105,200.

Interest Bearing Trust Account Report

Project #2 – Continuing Professional Development & Education Development

The Commission has a five year contract with the Association of Saskatchewan REALTORS® (Association) to be the education provider on behalf of the Commission. Staff members of the Commission work closely with the Association to develop the annual continuing professional development (CPD) course and any changes that would affect other registration courses. The Commission researches issues and provides input to the Association for the course content of all registration courses in addition to the research done by the Association. The Association consults with the Commission staff members on all aspects of the development of the courses.

This project provides the ability for the Commission staff members to perpetually conduct research and provide timely, relevant continuing education to registrants on new and emerging issues, and assists in ensuring all courses remain current.

The request for funding the CPD & Education Development project, pursuant to sections 72(a) and (b) of *The Real Estate Act*, is \$15,000. This funding request is projected to cover all costs associated with the 2014 – 2015 fiscal year.

Project #3 – Education & Examination Development

In January 2014, the Commission established an Education Examination Task Force. This Task Force is responsible for the development of a format for mandatory Saskatchewan Real Estate Commission education course examinations and to develop the appropriate number of examination questions for the applicable courses. In addition, the Task Force will analyze the Commission's current mandatory courses to ensure the course material has sufficient content.

The Task Force is composed of six (6) subject matter experts (SMEs) from the industry and a representative from each of the administrations for the Association and the Commission. These people are trained by and work with staff from the examination provider, Yardstick Software Inc. (Yardstick). Yardstick provides training for members of the Task Force on an ongoing basis as well as provides a psychometric review and analysis of the examinations as they are built.

The request for funding for the Education & Examination Development project, pursuant to sections 72(a) and (b) of *The Real Estate Act*, is \$50,000 for the 2014 – 2015 fiscal year.

The total projected cost for this year's project is \$72,120.



Saskatchewan Real Estate Commission

Financial Statements

Year ending June 30, 2015



See **Appendix 1** for the complete audited financial statements of the Saskatchewan Real Estate Commission for the year ending June 30, 2014.





Appendix 1

Commission Financial Audit Report

SASKATCHEWAN REAL ESTATE COMMISSION
Financial Statements

June 30, 2015

INDEPENDENT AUDITORS' REPORT	
ROLES AND RESPONSIBILITIES	
STATEMENT OF FINANCIAL POSITION	STATEMENT 1
STATEMENT OF OPERATIONS	STATEMENT 2
STATEMENT OF NET ASSETS	STATEMENT 3
STATEMENT OF CASH FLOWS	STATEMENT 4
INTEREST BEARING TRUST ACCOUNT	
STATEMENT OF FINANCIAL POSITION	STATEMENT 1
STATEMENT OF OPERATIONS AND NET ASSETS	STATEMENT 2
STATEMENT OF CASH FLOWS	STATEMENT 3
REAL ESTATE ASSURANCE FUND	
STATEMENT OF FINANCIAL POSITION	STATEMENT 1
STATEMENT OF OPERATIONS AND NET ASSETS	STATEMENT 2
STATEMENT OF CASH FLOWS	STATEMENT 3
NOTES TO THE FINANCIAL STATEMENTS	



SASKATOON

CHARTERED
PROFESSIONAL
ACCOUNTANTS

MANAGEMENT
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BSA, PAg, CPA, CGA

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE
SASKATCHEWAN REAL ESTATE COMMISSION

We have audited the statement of financial position of the SASKATCHEWAN REAL ESTATE COMMISSION, General Fund, Interest Bearing Trust Account and Real Estate Assurance Fund as at June 30, 2015 and the statements of operations, net assets and cash flows for the year then ended, and 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 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, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Real Estate Commission as at June 30, 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.

EPR SASKATOON, CPA PROF CORP.
CHARTERED PROFESSIONAL ACCOUNTANTS
Saskatoon, Saskatchewan
September 24, 2015

EPR SASKATOON
EPR Saskatoon CPA Prof. Corp.

An Independent Member Firm of EPR Canada Group Inc. with International Affiliations.

SASKATCHEWAN REAL ESTATE COMMISSION
ROLES AND RESPONSIBILITIES
June 30, 2015

The Saskatchewan Real Estate Commission was formed under *The Real Estate Brokers Act, 1987* and was continued under *The Real Estate Act, 1995*.

The Commission administers *The Real Estate Act*, The Real Estate Regulations and the Commission Bylaws by maintaining registration of brokerages, brokers, branch managers, associate brokers and sales people, educating registrants, promoting high standards of professionalism, competence and integrity and acting as a liaison between the real estate industry and the general public. Due to the nature of its activities, the Commission is not subject to income taxes.

The Commission receives statutory registration fees from registrants and carries out all ongoing administrative and operating functions. Certain administrative services rendered to the Real Estate Assurance Fund and the Interest Bearing Trust Account are reimbursed through administration fees charged to those funds. Another component of the administrative fee revenue is derived from the Interest Bearing Trust Account through the completion of special projects. The project funding is subject to the approval of the Superintendent of Real Estate appointed by the Minister pursuant to Section 79 of the Real Estate Act.

The Interest Bearing Trust Account consists of interest received from brokerages' trust accounts held in various provincial financial institutions. Interest received is used to conduct research, promote continuing education for registrants and pay costs of conducting audits and investigations of trust accounts subject to prior approval by the Superintendent of Real Estate. The Interest Bearing Trust Account is not reflected on the Statement of Financial Position of the Commission as the account is only held in trust. The Commission's education provider, the Association of Saskatchewan REALTORS® [ASR] contracts with the Commission to complete certain education projects with ASR receiving funding from the Interest Bearing Trust Account. The Financial and Consumer Affairs Authority [FCAA] set the minimum balance to be maintained in the Interest Bearing Trust Account (IBTA) equal to \$300,000.

The Real Estate Assurance Fund consists of assets held to provide financial protection to the general public. Fees are collected by a levy assessed on every applicant for registration as a registrant and for renewal as a registrant. The Fund is required to maintain a balance of \$250,000 (subsection 48(4) of *The Real Estate Act*). The Real Estate Assurance Fund is not reflected on the Statement of Financial Position of the Commission as the account is only held in trust.

SASKATCHEWAN REAL ESTATE COMMISSION
STATEMENT OF FINANCIAL POSITION
June 30, 2015

STATEMENT 1

	2015	2014
ASSETS		
Current		
Cash	\$ 1,175,689	\$ 1,117,937
Accounts receivable	10,509	28,155
Accrued interest receivable	12,797	22,974
Due from Interest Bearing Trust Account	30,000	-
Prepaid expenses	31,224	36,159
	<u>1,260,219</u>	<u>1,205,225</u>
Investments - note 3	1,885,668	1,764,572
Capital assets - note 4	342,329	347,924
	<u>\$ 3,488,216</u>	<u>\$ 3,317,721</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 41,137	\$ 20,984
Accrued vacation pay	15,458	28,303
Deferred revenue	742,370	694,489
Due to Real Estate Assurance Fund	18,040	17,700
Due to Real Estate Insurance Exchange	484,500	448,845
	<u>1,301,505</u>	<u>1,210,321</u>
Net assets		
Unrestricted net assets	-	1,124,476
Net assets invested in capital assets	342,329	347,924
Internally restricted net assets - note 5	1,844,382	635,000
	<u>2,186,711</u>	<u>2,107,400</u>
	<u>\$ 3,488,216</u>	<u>\$ 3,317,721</u>

On behalf of the Commission

_____ Member _____ Member

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

SASKATCHEWAN REAL ESTATE COMMISSION
STATEMENT OF OPERATIONS
Year ended June 30, 2015

STATEMENT 2

	2015	2014
Revenue		
Administrative fees	\$ 267,035	\$ 184,195
IBTA projects - note 6	-	60,000
Interest & investment revenue	52,886	47,115
Internet hosting	13,650	5,400
Professional corporation	62,834	58,999
Registration	721,450	720,435
Sanction	22,525	34,304
Technology	3,109	7,529
	1,143,489	1,117,977
Expenditures		
Administration salaries	251,426	212,989
Advertising and promotion	2,940	5,031
Amortization	5,595	6,541
Audit fees	9,414	9,449
Bank charges and interest	39,325	37,781
Brokerges audits and salaries	138,098	143,417
Computer processing	17,986	12,260
Conferences	12,902	7,797
Education salaries	35,845	28,722
Hearings	9,260	56
Insurance	2,277	2,188
Interest and investment fees	12,066	-
Investigations salaries	159,965	135,674
Meetings	144,223	104,834
Membership fees	14,965	6,624
Office	19,881	20,800
Professional development	26,074	18,651
Professional fees	1,611	7,353
Property taxes	7,049	7,219
Registration salaries	93,584	79,251
Repairs and maintenance	9,500	9,711
Telephone	9,659	12,125
Utilities	5,639	6,687
	1,029,284	875,160
Net revenue over expenditures for the year	\$ 114,205	\$ 242,817

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

SASKATCHEWAN REAL ESTATE COMMISSION
STATEMENT OF NET ASSETS
Year ended June 30, 2015

STATEMENT 3

				2015	2014
	Unrestricted	Capital Assets	Internally Restricted - note 5		
Balance, beginning of year	\$1,124,476	\$347,924	\$635,000	\$2,107,400	\$1,864,583
Excess of revenue over expenditures	114,205			114,205	242,817
Amortization of capital assets	5,595	(5,595)			
Unrealized loss on investments			(34,894)	(34,894)	
Interfund transfers - note 5	(1,244,276)		1,244,276		
Balance, end of year	\$NIL	\$342,329	\$1,844,382	\$2,186,711	\$2,107,400

SASKATCHEWAN REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
Year ended June 30, 2015

STATEMENT 4

	2015	2014
Cash provided by (used in)		
Operations		
Revenues over expenditures from operations	\$ 114,205	\$ 242,817
Items not requiring an outlay of funds		
Amortization	5,594	6,541
	119,799	249,358
Changes in non-cash working capital		
Accounts receivable	17,646	(26,355)
Accrued interest receivable	10,177	19,687
Due from Interest Bearing Trust Account	(30,000)	-
Prepaid expenses	4,935	(30,687)
Accounts payable and accrued liabilities	20,154	(22,686)
Accrued vacation pay	(12,845)	-
Deferred revenue	47,881	5,068
Due to Real Estate Assurance Fund	340	390
Due to Real Estate Insurance Exchange	35,655	(26,180)
Cash provided by operating activities	213,742	168,595
Investments		
Investments	(121,096)	(357,120)
Unrealized loss on investments	(34,894)	-
Cash used in investing activities	(155,990)	(357,120)
Increase (decrease) in cash	57,752	(188,525)
Cash, beginning of year	1,117,937	1,306,462
Cash, end of year	\$ 1,175,689	\$ 1,117,937

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

**SASKATCHEWAN REAL ESTATE COMMISSION
INTEREST BEARING TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
June 30, 2015**

STATEMENT 1

	2015	2014
ASSETS		
Current		
Cash	\$ 123,405	\$ 63,097
Accounts receivable	15,628	-
Accrued interest receivable - note 3	859	5,090
Prepaid IBTA projects	-	10,000
	139,892	78,187
Investments - note 3	211,055	204,932
	\$ 350,947	\$ 283,119
LIABILITIES AND NET ASSETS		
Liabilities		
Due to Association of Saskatchewan REALTORS®	\$ 20,000	\$ 20,000
Due to Saskatchewan Real Estate Commission	30,000	-
	50,000	20,000
Restricted net assets - note 6	300,947	263,119
	\$ 350,947	\$ 283,119

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

SASKATCHEWAN REAL ESTATE COMMISSION
INTEREST BEARING TRUST ACCOUNT
STATEMENT OF OPERATIONS
AND STATEMENT OF NET ASSETS
Year ended June 30, 2015

STATEMENT 2

	2015	2014
Revenue		
Trust account interest received	\$ 84,759	\$ 65,684
Bank service charges - withheld	(8,823)	(9,804)
	75,936	55,880
Other revenue		
Investment revenue	4,611	5,428
	80,547	61,308
Expenditures		
Administration fee - note 6	30,000	40,000
Contract costs - SREC - note 6	-	60,000
Contract costs - ASR	-	50,000
Contract costs - Yardstick software	10,000	-
Interest and Investment fees	1,198	-
	41,198	150,000
Net revenue over expenditures (expenditures over revenue) for the year	\$ 39,349	\$ (88,692)
Restricted net assets, beginning of year	\$ 263,119	\$ 351,811
Excess of revenue over expenditures		
(expenditures over revenue) for the year	39,349	(88,692)
Unrealized loss on investments	(1,521)	-
Restricted net assets, end of year	\$ 300,947	\$ 263,119

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

**SASKATCHEWAN REAL ESTATE COMMISSION
INTEREST BEARING TRUST ACCOUNT
STATEMENT OF CASH FLOWS
Year ended June 30, 2015**

STATEMENT 3

	2015	2014
Cash provided by (used in)		
Operations		
Excess of expenditures over revenue	\$ 39,349	\$ (88,692)
Changes in non-cash working capital		
Accounts receivable	(15,628)	-
Accrued interest receivable	4,231	(3,497)
Prepaid IBTA projects	10,000	(10,000)
Due to Saskatchewan Real Estate Commission	30,000	-
Due to Association of Saskatchewan REALTORS®	-	10,000
Cash provided by (used in) operating activities	67,952	(92,189)
Investments		
Investments	(6,123)	113,070
Unrealized loss on investments	(1,521)	-
Cash (used in) provided by investing activities	(7,644)	113,070
Increase in cash	60,308	20,881
Cash, beginning of year	63,097	42,216
Cash, end of year	\$ 123,405	\$ 63,097

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

SASKATCHEWAN REAL ESTATE COMMISSION
REAL ESTATE ASSURANCE FUND
STATEMENT OF FINANCIAL POSITION
June 30, 2015

STATEMENT 1

	2015	2014
ASSETS		
Current		
Cash	\$ 10,878	\$ 11,130
Accounts receivable - SREC	18,040	17,700
Accrued interest receivable	5,168	20,485
	<u>34,086</u>	<u>49,315</u>
Investments -note 3	526,948	497,487
	<u>\$ 561,034</u>	<u>\$ 546,802</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Deferred revenue	\$ 18,310	\$ 18,180
Restitution payable	20,000	-
	<u>38,310</u>	<u>18,180</u>
Net assets		
Unrestricted net assets	272,724	278,622
Restricted net assets	250,000	250,000
	<u>522,724</u>	<u>528,622</u>
	<u>\$ 561,034</u>	<u>\$ 546,802</u>

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

SASKATCHEWAN REAL ESTATE COMMISSION
REAL ESTATE ASSURANCE FUND
STATEMENT OF OPERATIONS
AND NET ASSETS
Year ended June 30, 2015

STATEMENT 2

	2015	2014
Revenue		
Registration revenue	\$ 34,320	\$ 32,340
Investment revenue	11,817	13,478
	46,137	45,818
Expenditures		
Interest and investment fees	2,205	-
Restitution claims	20,000	-
SREC management fee	25,000	25,000
	47,205	25,000
Net (expenditures over revenue) revenue over expenditures for the year	\$ (1,068)	\$ 20,818

	Unrestricted Net Assets	Restricted Net Assets	2015	2014
Balance, beginning of year	\$278,622	\$250,000	\$528,622	\$507,804
Excess of (expenditures over revenue) revenue over expenditures	(1,068)	-	(1,068)	20,818
Unrealized loss on investments	(4,830)	-	(4,830)	-
Balance, end of year	\$272,724	\$250,000	\$522,724	\$528,622

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

**SASKATCHEWAN REAL ESTATE COMMISSION
REAL ESTATE ASSURANCE FUND
STATEMENT OF CASH FLOWS
Year ended June 30, 2015**

STATEMENT 3

	2015	2014
Cash provided by (used in)		
Operations		
(Expenditures over revenue) revenue over expenditures from operations	\$ (1,068)	\$ 20,818
Changes in non-cash working capital		
Accounts receivable - SREC	(340)	(390)
Accrued interest receivable	15,319	(5,385)
Deferred revenue	130	110
Restitution payable	20,000	-
Cash provided by operating activities	34,041	15,153
Investments		
Investments	(29,463)	(53,868)
Unrealized loss on investments	(4,830)	-
Cash used in investing activities	(34,293)	(53,868)
Decrease in cash	(252)	(38,715)
Cash, beginning of year	11,130	49,845
Cash, end of year	\$ 10,878	\$ 11,130

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

SASKATCHEWAN REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Commission are in accordance with Canadian accounting standards for not-for-profit organizations on a going-concern basis, which assumes that the organization will be able to realize its assets and discharge its liabilities in the normal course of operations. Outlined below are those policies considered particularly significant.

Investments

Investments other than bonds are recorded at fair market value, which approximates their cost. Bonds are recorded at their amortized cost over a 5 year period.

Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows except in the year of acquisition when one half of the rate is used. The Commission has established a policy to capitalize any items purchased of a capital nature with a value greater than or equal to \$2,000 and to expense any items purchased with a value of less than \$2,000.

Building	1%	Declining balance
Computer equipment	33.3%	Declining balance
Computer software	33.3%	Declining balance
Furniture and fixtures	20%	Declining balance
Office equipment and appliances	20%	Declining balance

Revenue recognition

The Commission follows the deferral method of accounting for revenue. Registration fees received in advance of the year of registration are deferred and recognized as revenue in the applicable period. Unrestricted revenue is recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Sanction revenue is recognized when received.

3. INVESTMENTS AND ACCRUED INTEREST RECEIVABLE

Investments consist of:

Deposit notes bearing interest rates between 2.17% and 3.95% with terms from July 2017 to December 2021;
Preferred shares with a fair market value of \$691,749 and a cost base of \$748,002;
Guaranteed Investment Certificates bearing interest rates between 1.90% and 2% with maturities from August 2015 to June 2017; and
Bonds bearing interest rates between 1.742% and 6.5% with call options from December 2015 to December 2019.

SASKATCHEWAN REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

4. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 41,694	\$ -	\$ 41,694	\$ 41,694
Building	362,245	70,168	292,077	295,028
Computer equipment	22,436	21,696	740	1,109
Computer software	8,478	7,189	1,289	1,932
Furniture and fixtures	20,028	18,185	1,843	2,304
Office equipment and appliances	45,151	40,465	4,686	5,857
	\$ 500,032	\$ 157,703	\$ 342,329	\$ 347,924

5. NET ASSETS INTERNALLY RESTRICTED

The Commission has established the following reserves:

	2015	2014
Building maintenance reserve	\$ -	\$ 125,000
Building replacement reserve	-	60,000
Equipment reserve	-	50,000
Operating reserve	-	400,000
One-Time Future Eligible Capital Expenditures reserve	1,672,835	-
Stabilization reserve	171,547	-
	\$ 1,844,382	\$ 635,000

In March 2015, the Commission approved two new reserves; the Stabilization and the One-Time Future Eligible Capital Expenditure reserves. These reserves were designed to supercede the reserve funds previously established.

The Stabilization Reserve Fund is for off-setting any operating deficits for the next fiscal period and is funded based on a proportion of the current year's revenue or the current year's operating expenses.

The One-Time Future Eligible Capital Expenditures Reserve Fund is for accumulating funds for eligible capital expenditures which will enhance the existing range and quality of services. This was funded in the current fiscal year by transferring the balances from the existing reserve funds and the remaining balance from unrestricted net assets. In future years, subject to maintenance of the Capital Asset and Stabilization Reserve Funds any net amounts from operations will be transferred from or to this new Fund.

6. RESTRICTED NET ASSETS

In order for the IBTA minimum balance to be maintained at \$300,000 as required by FCAA, for the current year the Commission did not receive revenue for its IBTA projects, which were funded from the Commission's operating account and the Commission only received \$30,000 of the \$40,000 authorized administration fee.



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