

Real Estate Council of British Columbia

2021/22
Annual Service Plan Report



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Board Chair's Accountability Statement



The *Real Estate Council of BC 2021/22 Annual Service Plan Report* compares the corporation's actual results for the four months ending July 31, 2021 to the expected results identified in the *2021/22 Service Plan* published in April, 2021. As the Real Estate Council of BC ("RECBC") was integrated with BC Financial Services Authority ("BCFSA") on August 1, 2021, the BCFSA Board of Directors is accountable for those results, based on information as reported by RECBC on its activities up to the time of integration.

A handwritten signature in black ink that reads "Stanley Hamilton". The signature is written in a cursive, flowing style.

Stanley Hamilton
Chair, Board of Directors
BC Financial Services Authority
December 15, 2021

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Letter from the CEO

As the Chief Executive Officer of BCFSa, I am pleased to submit RECBC's final Annual Service Plan Report to the Minister of Finance. This report summarizes the progress made by RECBC towards meeting its service plan deliverables during the four-month period leading up to [RECBC's integration with BCFSa](#) on August 1, 2021. The results described in this report relate to the goals established in RECBC's 2021/22 [Service Plan](#) and align with RECBC's 2021 [Letter of Direction](#) from the Minister of Finance.

During the four months covered in this report, RECBC worked diligently to uphold its mandate commitments, maintaining service standards and continuing to protect real estate consumers through the enforcement of the *Real Estate Services Act*. Staff were also focused on collaborating with BCFSa and the Office of the Superintendent of Real Estate ("OSRE") to finalize the integration of the three organizations and make BCFSa the single regulator of the financial services sector, including real estate.

Continuing to deliver the services that British Columbians expect during the global COVID-19 pandemic has demanded that RECBC, like other Crown agencies, adapt to changing circumstances and follow the Provincial Health Officer's orders and guidelines to protect the health and safety of its employees and members of the public. Throughout the public health emergency, RECBC maintained its focus on the key strategies described in its Service Plan to protect consumers.

RECBC has honoured its commitment to follow government's foundational principles: putting people first; lasting and meaningful reconciliation; equity and anti-racism; a better future through fighting climate change; and a strong, sustainable economy that works for everyone.

In 2021/22, RECBC worked to reduce its existing inventory of real estate conduct complaints, to streamline its complaint disposition process, and to enhance its efficiency in processing new licensing applications.

In the months leading to integration, RECBC's senior leadership team engaged regularly on both strategic and operational levels with the Ministry of Finance, OSRE and BCFSa, maintaining close communication on regulatory matters including major enforcement actions and key process improvement initiatives.

With the integration now completed, BCFSa is better positioned to become the modern, efficient, effective regulator that is needed to oversee the financial services sector, including real estate, for British Columbians.

Blair Morrison



CEO, BC Financial Services Authority
December 15, 2021

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (“BTAA”), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown corporation’s Board is required to report on the actual results of the Crown’s performance related to the forecasted targets documented in the previous year’s Service Plan.

Purpose of the Organization

The Real Estate Council of British Columbia (“RECBC”) was a regulatory agency established by the provincial government in 1958. In 2016/17, RECBC transitioned from a self-regulatory organization to a Crown agency, and in 2017/18 moved its fiscal year end to March 31 to align with Government’s requirements for service plan reporting. In November 2019, the Minister of Finance announced that RECBC and the Office of the Superintendent of Real Estate (“OSRE”) would be integrated into BC Financial Services Authority (“BCFSA”), creating a single regulator of the financial services sector, including real estate.

The integration with BCFSA occurred on August 1, 2021.

RECBC’s mandate was to protect the public interest by enforcing the licensing and conduct requirements of the *Real Estate Services Act* (“RESA”). RECBC was governed by a Council comprised of up to 16 publicly appointed members responsible for governance as well as the administrative decision-making process for discipline of licensee misconduct. Day-to-day management and operations were carried out by a staff of approximately 110 at the time of integration.

RECBC’s areas of responsibility included:

- licensing individuals and brokerages engaged in real estate sales, rental property management, and strata management;
- enforcing licensing qualifications;
- developing and delivering mandatory regulatory education;
- investigating complaints against licensed real estate professionals; and
- imposing disciplinary sanctions under RESA.

RECBC received no taxpayer funding: its operations were fully funded through licensing assessment and education fees paid by real estate licensees.

Upon integration with BCFSA, the assets, liabilities, regulatory authorities, and related operational responsibilities of RECBC were transferred to BCFSA, and RECBC ceased to exist. All RECBC assets and liabilities were transferred to BCFSA at no cost. Costs related to the transition and restructuring were borne by BCFSA.

Strategic Direction

The strategic direction set by Government in 2017, and expanded upon in the Board Chair's 2021 [Letter of Direction](#) from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the 2021/22 Real Estate Council of BC [Service Plan](#) and actual results reported on in this annual report.

Operating Environment

Key factors impacting RECBC's operating environment over the previous fiscal year continued to influence operations and outcomes in the first four months of the 2021/22 fiscal year. These include:

- the significant investment of staff time required for planning and coordinating activities in order to implement the integration of RECBC and OSRE into BCFSA;
- the need to adapt operations to accommodate changing circumstances during the ongoing COVID-19 pandemic and to follow the Provincial Health Officer's orders and guidelines; and
- the continued high levels of real estate activity in many regions of the province that led to increases in the volumes of calls, inquiries and complaints to RECBC, along with increased demand for pre-licensing courses and corresponding increase in numbers of new licensing applications.

Planning for the integration of the three organizations on August 1, 2021 was a significant undertaking that required the participation of management and staff members in many working groups, with a focus on bringing together the services to harmonize best practices in regulation, including the sharing of data and knowledge allowing for a coordinated regulatory approach.

RECBC worked closely with BCFSA and OSRE to maintain strong employee engagement and to prepare and support team members for the transition to employment with BCFSA. Retaining key talent was an important goal of the integration in order to support a smooth transition for regulated entities and a continued focus on regulatory priorities. All RECBC team members received offers of employment to join BCFSA.

Despite the economic uncertainty of the COVID-19 pandemic, sustained increases in real estate activity in BC led to corresponding increases in the number of consumer complaints received by RECBC in the first four months of 2021/22. RECBC continued to implement strategies to increase the efficiency of its investigative processes, while also maintaining a strong focus on activities to reduce the inventory of aged complaint files.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: RECBC fosters a culture of service excellence

Objective 1.1: Enhance the efficiency and timeliness of compliance and licensing processes

Key Highlights

- Reduced the compliance case inventory to 125 files as at July 31, 2021, which represented a reduction of 34% from the level at April 1, 2021.
- Continued enhancements to case management system software and online complaint portal led to increased productivity and streamlined workflow processes in RECBC’s compliance department.
- Ongoing efforts to automate licensing processes, including the development of online licence transfer functionality for individuals changing brokerages, contributed to improved workflow in RECBC’s licensing department.
- Enhancements to RECBC’s licensing portal provided licensees with self-serve access to their continuing education history, enabling licensees to easily verify their completed course status online.

| Performance Measure(s) (PM) | 2017/18 Baseline | 2018/19 Actuals | 2019/20 Actuals | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals ¹ |
|--|---------------------|--------------------|--------------------|--------------------|--------------------------------------|---------------------------------|
| 1.1a Average number of calendar days to complete a complaint investigation ² | 310 | 296 | 218 | 498 ³ | Maintain or decrease from prior year | 438 |
| 1.1b Percentage of complete applications for new individual licences processed within three weeks ⁴ | N/A | 89% Baseline | 97% | 96% | Maintain or increase from prior year | 96% |
| 1.1c Reduction in 2018/19 inventory of compliance files ⁵ | N/A | 700 Baseline | 395 | 188 | Maintain or decrease from prior year | 125 |

¹ Note that 2021/22 results are for the four-month period ending July 31, 2021.

² Data Source: RECBC complaints tracking system.

³ Focus on resolving older files (PM 1.1c) resulted in an overall increase in the average number of days to complete an investigation in 2020/21.

⁴ Data Source: RECBC licensing tracking system.

⁵ Data Source: RECBC compliance department files.

Discussion of Results

RECBC demonstrated its ability to respond to reported licensee conduct issues in a timely manner, while continuing to ensure administrative fairness, by measuring the average length of time required to complete complaint investigations (PM 1.1a). In the first four months of 2021/22, RECBC experienced an overall reduction in the time to disposition by 60 days.

RECBC met its target for processing new licence applications within three weeks, maintaining its commitment to provide efficient licensing services to qualified new entrants to the real estate industry (see PM 1.1b). Addressing licensing service standards through technological enhancements to RECBC's online licensing portal, along with streamlined processes and increased self-service options have been key elements of RECBC's modernization efforts.

RECBC's progress at reducing its inventory of active investigation files that were opened prior to April 1, 2019 (PM 1.1c) was the result of strategies implemented by its legal and compliance department. These efforts included the ongoing recruitment and training of skilled investigators to expand the capacity of RECBC's compliance department, process improvements to streamline file review and increase the efficiency of investigations, focused legal reviews of aged files, and in certain cases referring investigative files to OSRE where contemplated under the *Real Estate Services Act*. As noted, the focus on closure of older files impacted the average number of days required to complete an investigation (see PM 1.1a). While the remaining inventory reflects the number of open compliance files, it does not provide insight into the relative complexity of the files that were closed or remained open.

Objective 1.2: RECBC employees are engaged and motivated

Key Highlights

- In 2021/22, RECBC was recognized as a 2021 Best Workplace in British Columbia by Great Place to Work Canada, based on its overall Trust Index score. The award is based on direct feedback from employees and demonstrated RECBC's level of workforce engagement and satisfaction.
- Through a shared focus on change management and workplace culture development with OSRE and BCFSa in the first four months of 2021/22, RECBC worked to ensure that team members were engaged and informed about the integration, received consistent and transparent communications, and were provided with opportunities to ask questions and give feedback.

| Performance Measure(s) | 2018/19 Baseline | 2019/20 Actuals | 2020/21 Actual | 2021/22 Target | 2021/22 Actual ¹ |
|---|---------------------|--------------------|-------------------|--------------------------------------|--------------------------------|
| 1.2 Level of employee engagement ² | 75% ³ | 84% ⁴ | 82% ⁵ | Maintain or increase from prior year | -- ⁶ |

¹ Note that 2021/22 results are for the four-month period ending July 31, 2021.

² Data Source: Great Place to Work™ survey results. Results are accurate within +/- 5%.

³ Great Place to Work™ survey result March 2019.

⁴ Results of the December 2019 “pulse check” survey using a sub-set of questions tied to biggest areas of opportunity from the full Great Place to Work™ survey.

⁵ Great Place to Work™ survey result July 2020.

⁶ Due to the impending integration with OSRE and BCFSA, no employee engagement survey was conducted in 2021/22.

Discussion of Results

While RECBC did not conduct an employee engagement survey in the first four months of 2021/22, RECBC continued to focus on measures to enhance employee engagement in order to ensure a smooth transition for its team members to BCFSA. By focusing on performance goal setting and management, providing opportunities for continuous learning and development, and a strong internal communications program in collaboration with BCFSA and OSRE, RECBC emphasized the opportunity to build a strong shared workplace culture and values.

Due to the remote work environment, RECBC, OSRE, and BCFSA paid particular attention to learning and engagement with tools to promote virtual collaboration, to ensure employees received the support they needed to continue implementing strategic priorities and increase their skills, expand their knowledge, and develop their careers following the transition to employment with BCFSA.

Goal 2: Consumers and real estate professionals have the information and resources they need to participate effectively in real estate transactions

Objective 2.1: Increase the availability of consumer resources to support informed real estate decisions

Key Highlights

- RECBC, in collaboration with OSRE, conducted a social media campaign targeted at first-time home buyers to increase awareness of risks associated with the highly active real estate market in BC, reaching over 398,000 unique users through social media platforms.
- RECBC developed and published updated subject clauses for use by licensees in contracts of purchase and sale to help ensure that the interests of real estate consumers are protected in real estate transactions.
- RECBC’s Professional Standards Advisors responded to more than 1,400 calls and inquiries from real estate consumers, providing information on the services to expect from licensees and real estate transactions.

| Performance Measure(s) | 2018/19 Baseline | 2019/20 Actuals | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals ¹ |
|---|------------------|------------------|-----------------|------------------|------------------------------|
| 2.1 Percentage of consumers who feel informed and knowledgeable to participate effectively in a real estate transaction. ² | 70% | N/A ³ | 75% | N/A ⁴ | N/A ⁴ |

¹ Note that 2021/22 results are for the four-month period ending July 31, 2021.

² Data Source: Biennial consumer survey conducted by Insights West. Results are accurate within +/- 5%.

³ As surveys are conducted in alternating years, there is no data to report for this period.

⁴ As surveys are conducted in alternating years, there is no target or data to report for this period.

Discussion of Results

RECBC gauged consumers’ self-reported levels of knowledge and confidence through a survey conducted every two years by a third-party market research firm. Surveying every second year allowed for sufficient time to analyze results and implement measures to improve future outcomes.

As the numbers of real estate transactions in BC rose significantly in the spring of 2021, RECBC took proactive steps to inform real estate consumers of risks and challenges associated with fast-paced and very active real estate markets, initiating a social media campaign in collaboration with OSRE targeted at potential home buyers and developing online consumer resource materials focused on “hot market” issues. RECBC monitored market trends to identify risks and knowledge gaps in order to develop resources that address the needs of real estate consumers and help ensure that they have access to independent, unbiased information about real estate transactions.

RECBC also continued to focus on providing one-on-one information and support to real estate consumers and professionals, through the services of its Professional Standards Advisors who responded to an average of approximately 300 inquiries each month from members of the public between April and July.

Objective 2.2: Increase the standard of education and resources provided to real estate professionals

Key Highlights

- Updates to the Residential Trading Services Applied Practice Course were developed, with enhanced content to ensure that new licensees enter the industry prepared to provide a high standard of services. Enhancements include new content on anti-money laundering, conflicts of interest, and consumer disclosures.
- Updates to guidelines and regulatory information for real estate professionals on 33 key aspects of real estate regulation were developed and published. Changes focused on enhancing the clarity of the information and consistency of format and approach in order to ensure real estate professionals are aware of their legislated requirements and have the

information they need in order to comply and to follow best practices in provision of real estate services.

- An online resource hub featuring a suite of tools, information materials and webinars for managing brokers was launched, and special sessions of continuing education courses exclusively for managing brokers were offered, to allow for more intensive and focused discussion on the key responsibilities of managing brokers.
- To accommodate increased numbers of new licensing candidates, an additional 13 offerings of the Trading Services Applied Practice course were provided over the summer, enabling more than 400 additional students to complete their required licensing education in 2021/22.
- Professional Standards Advisors responded to 2,503 inquiries between April 1 and July 31, an increase of almost 20% over the same period the previous year.

| Performance Measure(s) | 2018/19 Baseline | 2019/20 Actuals | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals ¹ |
|--|------------------|------------------|-----------------|------------------|------------------------------|
| 2.2 Percentage of managing brokers who agree that RECBC education prepares real estate professionals for competent and professional practice. ² | 87% | N/A ³ | 84% | N/A ⁴ | N/A ⁴ |

¹ Note that 2021/22 results are for the four-month period ending July 31, 2021.

² Data Source: Biennial survey of managing brokers conducted by Insights West. Results are accurate within +/- 5%.

³ As surveys are conducted in alternating years, there is no data to report for this period.

⁴ As surveys are conducted in alternating years, there is no target or data to report for this period.

Discussion of Results

RECBC measured the effectiveness of strategies to enhance regulatory education and raise standards of resources for real estate professionals by surveying managing brokers biennially. Managing brokers have attained a higher level of licensing, must be experienced practitioners, and are responsible for oversight of all real estate professionals at a real estate brokerage. They are thus well positioned to assess the competency of real estate professionals under their supervision. Conducting biennial surveys of managing brokers to measure the effectiveness of delivery and content of licensing education allowed sufficient time to analyze and address results.

Goal 3: Ensuring public confidence in real estate regulation

Objective 3.1: Raise awareness of RECBC’s mandate and strengthen relationships with stakeholders.

Key Highlights

- RECBC worked in collaboration with OSRE and BCFSA on external communications to build awareness of the integration and of BCFSA as the single regulator of the financial service sector, including real estate.
- In collaboration with BCFSA and OSRE, rebranding of all digital and physical content was completed in preparation for the integration, including website, public registry, licensing portal, social media channels, and all printed materials.
- Supported the Real Estate Compensation Fund Corporation (“RECFC”) to promote awareness of increases to amounts payable to claimants through the Special Compensation Fund, which provides financial protection for consumers who have lost money through fraud or misappropriation by a real estate licensee.

| Performance Measure(s) | 2018/19 Baseline | 2019/20 Actuals | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals ¹ |
|---|---------------------|--------------------|--------------------|-------------------|---------------------------------|
| 3.1 Percentage of recent real estate consumers who are aware of the regulatory mandate. ² | 65% | N/A ³ | 58% | N/A ⁴ | N/A ⁴ |

¹ Note that 2021/22 results are for the four-month period ending July 31, 2021.

² Data Source: Biennial consumer survey conducted by Insights West. Results are accurate within +/- 5%.

³ As surveys are conducted in alternating years, there is no data to report for this period.

⁴ As surveys are conducted in alternating years, there is no target or data to report for this period.

Discussion of Results

This performance measure is tracked through a survey of recent real estate consumers conducted by a third-party market research firm every two years. RECBC measured success through maintenance or increase in the percentage of respondents who are aware of the role of the regulator of licensed real estate professionals. Surveying consumers every second year allows for sufficient time to analyze results and implement measures to improve future survey responses.

In addition to announcements regarding the integration with BCFSA, external communications in 2021/22 included ongoing updates for consumers and licensees regarding safe real estate practices recommended during the COVID-19 pandemic. New resources for consumers were introduced and a social media campaign was launched to build awareness of risks related to competitive market conditions.

Objective 3.2: RECBC will work with OSRE, BCFSA and other partners to address market conduct and consumer risks

Key Highlights

- Following consultation with BCFSA and OSRE, RECBC released guidance for licensees and real estate consumers with pending transactions in areas impacted or threatened by wildfires.
- RECBC worked with OSRE to disseminate a new information brochure identifying risks that consumers should be aware of prior to signing a pre-sale contract, recommending that all licensees share the resource with pre-sale consumers.
- In collaboration with the Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”), disseminated information for real estate licensees about updates to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (“PCMLTFA”) that came into effect on June 1, 2021, along with tools and resources to support licensees to comply with new requirements, including Guidelines, Regulatory Information, FAQs, articles, webinars, and videos.
- Worked in cooperation with British Columbia Real Estate Association and OSRE on updates to guidance for real estate licensees regarding safe practices during the COVID-19 pandemic in order to protect the public and maintain confidence in the real estate industry.

| Performance Measure(s) | 2017/18 Baseline | 2019/20 Actuals | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals ¹ |
|--|------------------|-----------------|-----------------|-----------------------------------|------------------------------|
| 3.2 Number of users who access RECBC Advisory Notices online. ² | 4,676 | 6,172 | 43,000 | Maintain or increase from 2019/20 | 14,683 |

¹ Note that 2021/22 results are for the four-month period ending July 31, 2021.

² Data Source: RECBC website analytics.

Discussion of Results

RECBC measured the success of its activities to address market conduct and consumer risks through the number of visits to materials on its website alerting consumers and real estate professionals to emerging risks and providing guidance on ways to prevent or reduce the likelihood of harm.

In the first four months of 2021/22, the development of new consumer resources and a social media campaign to build awareness of the risks that consumers may face in very active and competitive real estate markets resulted in sustained high levels of online access to RECBC Advisory Notices.

The significant increase in online access to RECBC Advisory Notices that began in 2020/21 can mainly be attributed to two factors. Firstly, RECBC launched its new website in early 2020 that was designed to be more consumer-focused and intuitive to make access to materials easier. Secondly, RECBC published numerous resources in 2020/21 on safe real estate practices during

the COVID-19 pandemic. The initial publication and continued availability of these very topical and relevant resources was reinforced by social media campaigns undertaken throughout the year to help ensure that consumers knew how to access the resources online.

Objective 3.3: Implement measures to strengthen enforcement of conduct requirements for real estate professionals and increase consumer protection

Key Highlights

- Introduced new Anti-Money Laundering Guideline for real estate licensees, developed in collaboration with FINTRAC and the Land Title Survey Authority, to ensure licensees were able to comply with changes to the PCMLTFA effective June 1, 2021 and the launch of the Land Owner Transparency Registry.
- Collaborated with OSRE on the implementation of an expanded administrative penalty framework to promote timely resolution of cases
- Completion of RECBC’s mandatory Anti-Money Laundering course by 22,783 licensed real estate professionals since introduction in spring 2020.
- More than 100 updated subject clauses developed and published for use by licensees in contracts of purchase and sale to help ensure that the interests of real estate consumers are protected in real estate transactions

| Performance Measure(s) | 2019/20 Baseline | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals ¹ |
|---|------------------|------------------|--------------------------------------|------------------------------|
| 3.3 Percentage of audits that do not result in administrative penalties or disciplinary proceedings. ² | 92% | 98% ³ | Maintain or increase from prior year | 97% |

¹ Note that 2021/22 results are for the four-month period ending July 31, 2021.

² Data Source: RECBC audit tracking system.

³ Includes Audit Outreach Program and virtual audits.

Discussion of Results

RECBC measured the effectiveness of initiatives to increase compliance by brokerages through tracking the number of audits that did not result in administrative penalties or disciplinary proceedings against the brokerage. Following the conclusion in 2020/21 of the Audit Outreach Program, which was introduced while in-person audits were suspended during the first phases of the COVID-19 pandemic, RECBC resumed its regular audit program, conducting both virtual and in-person audits. Between April 1, 2021 and July 31, 2021, 35 brokerage audits were conducted. There were no Administrative Monetary Penalties issued, and one matter was forwarded to the legal department for further action as a result of these audits.

Financial Report

For the auditor's report and audited financial statements, [see Appendix B](#).

Discussion of Results

RECBC was a self-sustaining Crown agency and did not receive taxpayer funding. Key activities described in this 2021/22 Annual Service Plan Report were primarily funded through licensing assessment fees gathered biennially from the more than 27,000 real estate licensees and brokerages.

A small portion of RECBC's revenue in the four-month 2021/22 fiscal period was derived from enforcement sanctions and was directed to the internally restricted Education Fund, as required by the *Real Estate Services Act*, to support licensee and consumer engagement initiatives, including updates to regulatory practice guidance materials, course development costs, and instructor fees.

RECBC's budget included fees collected and remitted on behalf of the Superintendent of Real Estate, the Real Estate Errors and Omissions Insurance Corporation ("REEOIC"), and the RECFC. RECBC expenditures were divided between investigative functions (compliance department and a portion of audit and legal expenses, excluding salaries) and administrative and other costs (education, communications, legal, audit and professional advisory services).

Highlights

This discussion of financial position and results of operations of RECBC should be read in conjunction with the audited consolidated financial statements for the period ended July 31, 2021.

RECBC was the provincial Crown agency responsible for protecting consumers by licensing and regulating real estate licensees providing trading services, rental property management services, and strata management services.

Financial Summary

| (\$000) | 2020/21 Actual | 2021/22 Budget | 2021/22 Actual ² | 2021/22 Variance |
|---|-------------------|-------------------|--------------------------------|---------------------|
| Revenue | | | | |
| Licence Fees ³ | 1,078 | 1,156 | 410 | (746) |
| Assessment Fees ⁴ | 10,003 | 12,362 | 5,383 | (6,979) |
| Course Fees | 7,461 | 8,586 | 2,936 | (5,650) |
| Other Interest and Investment Income (net) ⁵ | 517 | 304 | 123 | (181) |
| Total Revenue | 19,059 | 22,408 | 8,852 | (13,556) |
| Expenses | | | | |
| Operational and Administration | 13,953 | 13,805 | 5,167 | (8,638) |
| Investigative | 798 | 1,347 | (75) | 1,422 |
| Other | 3,766 | 7,256 | 1,496 | (5,760) |
| Total Expenses | 18,517 | 22,408 | 6,588 | (15,820) |
| Net Surplus (Deficit) | 542 | 0 | 2,264 | 2,264 |
| Total Debt | 2,607 | 0 | 2,054 | 2,054 |
| Capital Expenditures | 765 | 200 | 70 | (130) |
| Accumulated Surplus (deficit) - RECBC | 8,737 | 8,495 | 11,001 | 2,506 |

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

² 2021/22 is a 4-month fiscal period.

³ Licence fees are collected for a 24-month licensing cycle based on individual renewal dates.

⁴ Assessment fee increase of \$100 (annualized) effective April 1, 2021.

⁵ Interest and investment income is net of credit card charges.

Variance and Trend Analysis

The majority of RECBC's revenue was derived from licensing fees, education fees, and enforcement sanctions issued against real estate licensees under the *Real Estate Services Act*.

RECBC collected licensing fees and assessment fees as outlined in its Bylaws under section 85 of the *Real Estate Services Act*. A licence fee of \$50 was collected to cover costs associated with licence issuance, while an additional licence fee of \$150 was collected on behalf of the Superintendent of Real Estate and remitted to that office. Assessment fees collected covered operational expenses and matters under the administration of RECBC. An assessment fee increase of \$200 (\$100 annualized) was introduced effective April 1, 2021 to ensure balanced budgets.

RECBC collected licensing fees for: first time licensing applications and relicensing applications for individuals, personal real estate corporations, brokerages, branches, and sole proprietors; licence transfers or reinstatement applications; changes of licence level or category; and name

changes. Licensing and assessment fee revenue varies according to real estate market conditions. Licensing fee revenue in 2021/22 was \$410,084.

RECBC received a portion of education fees paid to the University of British Columbia, Sauder School of Business, Real Estate Division for pre-licensing education courses, mandatory continuing education courses, and remedial education courses. RECBC also received education fees for the Applied Practice Course and mandatory continuing education courses. Education revenue varies according to real estate market conditions and the numbers of new entrants to the real estate industry. RECBC developed and administered regulatory education on a cost-recovery basis. Education revenue in 2021/22 was \$2,936,373.

RECBC collected sanctions relating to enforcement matters. Enforcement sanctions revenue includes administrative penalties and discipline penalties issued under the *Real Estate Services Act*. Sanction revenue may vary significantly between periods and is allocated to RECBC's Education Fund, to be spent for the purposes of educating real estate licensees and the general public about real estate transactions and the services to expect of real estate licensees.

Risks and Uncertainties

RECBC maintained a business continuity plan to restore critical functions promptly in the event of a disaster or business disruptions.

Preparations for the integration with OSRE and BCFSa in 2021 created additional demands on RECBC staff and required increased expenditures in consultancy fees. RECBC took steps to mitigate this by re-allocating staff resources and re-prioritizing initiatives in order to address requirements of the integration.

Fee revenue is inherently uncertain and volatility in real estate markets can cause licensing and education revenues to fluctuate. RECBC maintained approximately four months operating expenses as unrestricted surplus to fund operations and an operating surplus in internally restricted funds.

Revenue from enforcement sanctions cannot be predicted and budget forecast assumptions were based on the volume of discipline files in the legal department and previous year actuals.

Appendix A: Additional Information

Organizational Overview

Information about BCFSAs' operating environment can be found at: www.bcfsa.ca/about-us/what-we-do.

This includes links to information about:

- BCFSAs' mandate
- Core business areas
- Organizational goals
- Archived corporate publications for RECBC

The *Real Estate Services Act* is available here:

www.bclaws.ca/civix/document/id/complete/statreg/04042_01

Contact Information

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Appendix B: Auditor's Report and Audited Financial Statements



Financial Statements

Real Estate Council of British Columbia

July 31, 2021

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**BC Financial Services Authority
Management Report**

Management's responsibility for the financial statements

The financial statements have been prepared by management of the BC Financial Services Authority ("BCFSA") in accordance with the Canadian public sector accounting standards without using the modified equity basis to account for the investment in Real Estate Errors and Omissions Corporation. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The BCFSA is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercise this responsibility through the Finance and Audit Committee of the BCFSA.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the BCFSA and meet when required. The accompanying Independent auditor's report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the BCFSA:



Blair Morrison
Chief Executive Officer



David Sherwood
Chief Financial Officer

Vancouver, BC
September 29, 2021

Independent Auditor's Report

To the Real Estate Council of British Columbia

To the Ministry of Finance:

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4
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Opinion

We have audited the financial statements of Real Estate Council of British Columbia ("RECBC"), which comprise the statement of financial position as at July 31, 2021, and the statements of operations and accumulated operating surplus, remeasurement gains, changes in net financial assets and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RECBC as at July 31, 2021, and its results of operations, its changes in its net financial assets, and its cash flows for the period from April 1, 2021 to July 31, 2021 in accordance with the reporting requirements of the Province of BC and the British Columbia Financial Services Authority ("BCFSA").

Basis for opinion

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

Emphasis of matter

As at August 1, 2021, RECBC was combined with the BCFSA. We draw attention to note 2 to the financial statements, which describes the basis of accounting. These financial statements have been prepared without using the modified equity method to account for RECBC's investment in a wholly owned government business enterprise. The financial statements are prepared to assist RECBC to comply with the reporting requirements of the Province of BC and the BCFSA. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for RECBC, the Province of BC and the BCFSA, and should not be distributed to or used by parties other than RECBC, the Province of BC and the BCFSA.

On May 17, 2021, we issued an unqualified opinion on the consolidated financial statements for the year ended March 31, 2021. These general purpose financial statements were prepared in accordance with Canadian public sector accounting standards, which included the investment in a wholly owned government business enterprise on a modified equity basis.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting requirements of the Province of BC and the BCFSAs; this includes determining that the applicable financial reporting framework is acceptable for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Vancouver, Canada
September 29, 2021

Grant Thornton LLP

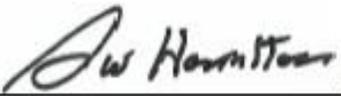
Chartered Professional Accountants

Real Estate Council of British Columbia

Statement of Financial Position

| | July 31, 2021 | March 31, 2021 |
|---|----------------------|---------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 9,416,469 | \$ 7,083,187 |
| Investments (Note 3) | 446,876 | 946,876 |
| Accounts and accrued interest receivable | <u>922,087</u> | <u>716,758</u> |
| | <u>10,785,432</u> | <u>8,746,821</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 4) | 1,103,064 | 1,320,200 |
| Deferred revenue | <u>951,065</u> | <u>1,286,425</u> |
| | <u>2,054,129</u> | <u>2,606,625</u> |
| Net financial assets | <u>8,731,303</u> | <u>6,140,196</u> |
| Non-financial assets | | |
| Prepaid expenses | 110,636 | 242,792 |
| Tangible capital assets (Note 5) | <u>2,158,854</u> | <u>2,354,043</u> |
| | <u>2,269,490</u> | <u>2,596,835</u> |
| Accumulated surplus | <u>\$ 11,000,793</u> | <u>\$ 8,737,031</u> |

On behalf of RECBC

 Chair

 Chief Executive Officer

Real Estate Council of British Columbia

Statement of Operations and Accumulated Operating Surplus

| | Budget | Four months ended July 31, 2021 | Year ended March 31, 2021 |
|--|------------------|------------------------------------|------------------------------|
| Revenue | | | |
| Licensing | \$ 336,793 | \$ 410,084 | \$ 1,078,304 |
| Assessments | 4,395,873 | 5,382,996 | 10,003,313 |
| Course fees | 2,300,667 | 2,936,373 | 7,460,554 |
| Discipline penalties (Note 6) | 150,000 | 108,828 | 465,245 |
| Investment income and other | <u>35,000</u> | <u>13,974</u> | <u>52,018</u> |
| | <u>7,218,333</u> | <u>8,852,255</u> | <u>19,059,434</u> |
| Expenses (Note 11) | | | |
| Administrative expenses | 5,299,700 | 5,166,670 | 13,953,227 |
| Investigation expenses (recoveries) | 362,833 | (74,611) | 797,994 |
| Other expenses | <u>1,555,800</u> | <u>1,496,434</u> | <u>3,765,904</u> |
| | <u>7,218,333</u> | <u>6,588,493</u> | <u>18,517,125</u> |
| Operating surplus | <u>\$ -</u> | 2,263,762 | 542,309 |
| Accumulated operating surplus, beginning of period | | <u>8,737,031</u> | <u>8,194,722</u> |
| Accumulated operating surplus, end of period | | <u>\$ 11,000,793</u> | <u>\$ 8,737,031</u> |

Real Estate Council of British Columbia

Statement of Changes in Net Financial Assets

| | Budget | Four months ended July 31, 2021 | Year ended March 31, 2021 |
|---|-------------------|------------------------------------|------------------------------|
| Operating surplus | \$ - | \$ 2,263,762 | \$ 542,309 |
| Additions to tangible capital assets | (168,333) | (70,316) | (765,051) |
| Amortization of tangible capital assets | 333,333 | 265,505 | 842,728 |
| Change in prepaid expenses | - | <u>132,156</u> | <u>79,478</u> |
| Increase in net financial assets | <u>\$ 165,000</u> | 2,591,107 | 699,464 |
| Net financial assets, beginning of period | | <u>6,140,196</u> | <u>5,440,732</u> |
| Net financial assets, end of period | | <u>\$ 8,731,303</u> | <u>\$ 6,140,196</u> |

Real Estate Council of British Columbia

Statement of Cash Flows

| | Four months ended July 31, 2021 | Year ended March 31, 2021 |
|--|------------------------------------|------------------------------|
| Cash derived from (applied to) | | |
| Operating activities | | |
| Operating surplus | \$ 2,263,762 | \$ 542,309 |
| Adjustments for items not affecting cash | | |
| Amortization of tangible capital assets | <u>265,505</u> | <u>842,728</u> |
| | 2,529,267 | 1,385,037 |
| Changes in non-cash working capital items | | |
| Accounts and accrued interest receivable | (205,329) | (379,821) |
| Prepaid expenses | 132,156 | 79,478 |
| Accounts payable and accrued liabilities | (217,136) | 414,266 |
| Deferred revenue | (335,360) | 510,467 |
| Deferred contributions - Education | <u>-</u> | <u>(180,705)</u> |
| | 1,903,598 | <u>1,828,722</u> |
| Investing activities | | |
| Redemption of investments | 500,000 | 300,000 |
| Purchase of tangible capital assets | <u>(70,316)</u> | <u>(765,051)</u> |
| | 429,684 | (465,051) |
| Net increase in cash | 2,333,282 | 1,363,671 |
| Cash and cash equivalents, beginning of period | <u>7,083,187</u> | <u>5,719,516</u> |
| Cash and cash equivalents, end of period | \$ 9,416,469 | \$ 7,083,187 |

Real Estate Council of British Columbia

Notes to the Financial Statements

July 31, 2021

1. Nature of operations

The Real Estate Council of British Columbia (“RECBC”) is a provincial Crown corporation established by the British Columbia provincial government. Its mandate is to protect the public interest by enforcing the licensing and licensee conduct requirements of the *Real Estate Services Act* (the “Act”).

RECBC is responsible for licensing individuals and brokerages engaged in real estate sales, rental and strata property management. RECBC also enforces entry qualifications, investigates complaints against licensees and imposes disciplinary sanctions under the Act.

Pursuant to section 149(1) (1) of the *Income Tax Act* (Canada), RECBC qualifies as a non-profit organization and is exempt from income taxes.

In November 2019, the Minister of Finance announced that RECBC and the Office of the Superintendent of Real Estate (“OSRE”) would be combined with the British Columbia Financial Services Authority (BCFSA). The date when RECBC and OSRE transition to BCFSA (the “Transition Date”) occurred on August 1, 2021. On the Transition Date, the assets, liabilities, regulatory authorities, and related operational responsibilities of RECBC and OSRE were transferred to BCFSA, and OSRE and RECBC, in their current forms, both ceased to exist. Lawsuits and legal proceedings for or against RECBC were transferred to BCFSA and all RECBC assets and liabilities were transferred to BCFSA at no cost. Costs related to the transition and restructuring were borne by BCFSA.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards (“PSAS”) established by the Canadian Public Sector Accounting Board without using the modified equity basis to account for the investment in Real Estate Errors and Omissions Corporation.

Real Estate Errors and Omissions Corporation (“REEOIC”) is a government business enterprise (“GBE”) controlled by RECBC. REEOIC is a special act corporation incorporated as a corporation without share capital under the Real Estate Services Act. REEOIC is taxable under the Income Tax Act (Canada). REEOIC pools the insurance premiums paid by real estate licensees in a fund that is used to pay the costs of defending and indemnifying licensees against professional liability claims.

These financial statements do not include RECBC’s investment in REEOIC and does not utilize the modified equity method to account for REEOIC’s income activity. Upon integration into the BCFSA, RECBC has divested of REEOIC.

Controlled entities

RECBC controls the Real Estate Compensation Fund Corporation (“RECFC”) since it has the ability to appoint the majority of its board members. RECFC provides protection for members of the public who have entrusted real estate licensees (or unlicensed individuals related to the brokerage) with money that was either misappropriated or wrongfully converted; intentionally not paid over or accounted for; or obtained by the fraud of a licensee or individual.

Real Estate Council of British Columbia

Notes to the Financial Statements

July 31, 2021

2. Summary of significant accounting policies (continued) Controlled entities (continued)

The funds administered by the RECFC under the Act meet the definition of a trust under administration and are not included in RECBC's financial statements. At July 31, 2021, the balance of trust net assets was \$20,296,997 (March 31, 2021 - \$19,666,010). The RECFC's transactions RECBC are disclosed in Note 9.

Revenue recognition

RECBC collects licence and assessment fees for a two-year period in advance. These fees are recognized as revenue in the period received because RECBC has no continuing obligations with respect to the fees and does not refund licence and assessment fees. Licence and assessment fees received in the current period that relate to the subsequent period are recorded as deferred revenue.

Course fees are recorded as revenue when the service is provided and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions and discipline penalties are recorded as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment and other income is recorded as revenue as it is earned.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all balances held at banks excluding any overdraft amounts, and all highly liquid financial instruments purchased with an original maturity of three months or less. Cash equivalents consist of money invested in a term deposit and are recorded at cost plus accrued interest, which approximates market value.

Tangible capital assets

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over their expected useful lives as follows:

| | |
|------------------------|--|
| Website development | 2 years |
| Education platform | 4 years |
| Computer equipment | 4 years |
| Office equipment | 5 years |
| Leasehold improvements | term of the lease plus one renewal period, being 15 years |

Real Estate Council of British Columbia

Notes to the Financial Statements

July 31, 2021

2. Summary of significant accounting policies (continued) Financial instruments

RECBC's financial instruments consist of cash and cash equivalents, investments, accounts and accrued interest receivable, and accounts payable and accrued liabilities. Financial assets and financial liabilities are initially measured at fair value and subsequently at amortized cost.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

3. Investments

| | <u>July 31, 2021</u> | <u>March 31, 2021</u> |
|--|----------------------|-----------------------|
| GICs at 2.72% to 2.91% (March 31, 2021: 1.90% to 2.91%) | | |
| maturing between December 14, 2022 and February 16, 2023 | \$ 446,876 | \$ 946,876 |

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$18,790 (March 31, 2021 - \$56,508).

5. Tangible capital assets

| | <u>Computer Equipment</u> | <u>Office Equipment</u> | <u>Leasehold Improvements</u> | <u>Website Development</u> | <u>Education Platform</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------|-----------------------------------|--------------------------------|-------------------------------|---------------------|
| Cost | | | | | | |
| Balance, March 31, 2021 | \$ 1,206,163 | \$ 834,679 | \$ 931,410 | \$ 274,848 | \$ 758,785 | \$ 4,005,885 |
| Additions | 44,411 | - | 3,758 | - | 22,147 | 70,316 |
| Disposals | (89,331) | - | - | - | - | (89,331) |
| Balance, July 31, 2021 | 1,161,243 | 834,679 | 935,168 | 274,848 | 780,932 | 3,986,870 |
| Accumulated depreciation | | | | | | |
| Balance, March 31, 2021 | 586,402 | 385,819 | 168,076 | 203,564 | 307,981 | 1,651,842 |
| Depreciation | 80,031 | 53,785 | 23,245 | 22,904 | 85,540 | 265,505 |
| Disposal | (89,331) | - | - | - | - | (89,331) |
| Balance, July 31, 2021 | 577,102 | 439,604 | 191,321 | 226,468 | 393,521 | 1,828,016 |
| Carrying amount, March 31, 2021 | 619,761 | 448,860 | 763,334 | 71,284 | 450,804 | 2,354,043 |
| Carrying amount, July 31, 2021 | \$ 584,141 | \$ 395,075 | \$ 743,847 | \$ 48,380 | \$ 387,411 | \$ 2,158,854 |

Real Estate Council of British Columbia

Notes to the Financial Statements

July 31, 2021

6. Deferred contribution – Education

In compliance with Section 43(2)(i) of the *Real Estate Services Act*, when the discipline committee determines that a licensee has committed professional misconduct or conduct unbecoming a licensee the discipline committee may require the licensee to pay a discipline penalty in an amount of (i) not more than \$500,000, in the case of a brokerage or former brokerage, or (ii) not more than \$250,000, in any other case. Under Section 44 of the *Real Estate Services Act*, money received by RECBC on account of a discipline penalty under Section 43 (2) (i) may be expended by RECBC only for the purpose of educating the public and licensees and other participants in the real estate industry in British Columbia about the operation and regulation of the industry and issues related to real estate and real estate services.

The restricted contributions related to discipline penalties are as follows:

| | <u>July 31, 2021</u> | <u>March 31, 2021</u> |
|-------------------------------|-------------------------|-----------------------|
| Balance, beginning of period | \$ - | \$ 180,705 |
| Discipline penalties received | 108,828 | 284,540 |
| Expenditures | <u>(108,828)</u> | <u>(465,245)</u> |
| Balance, end of period | <u>\$ -</u> | <u>\$ -</u> |

7. Financial instruments

At July 31, 2021, the financial assets measured at amortized cost totalled \$10,785,432 (March 31, 2021 – \$8,746,821).

At July 31, 2021, the financial liabilities measured at amortized cost totalled \$1,103,064 (March 31, 2021 - \$1,320,200).

Interest rate risk

RECBC manages any interest rate risk exposure of its fixed income investments by using a laddered portfolio with varying terms of maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations. RECBC did not hold any investments in equity securities at July 31, 2021.

Currency risk

RECBC does not hold any investments denominated in foreign currencies; therefore, it is not exposed to any currency risk.

Credit and market risk

RECBC has an investment policy that restricts the types and amounts of its eligible investments and requires dealing with highly rated counterparties. Risk and volatility of investment returns are mitigated through investing in only Guaranteed Investment Certificates (GICs).

Real Estate Council of British Columbia

Notes to the Financial Statements

July 31, 2021

8. Real Estate Foundation of BC

The mission of the Real Estate Foundation of BC (the "Foundation") is to transform land use attitudes and practices through innovation, stewardship and learning. RECBC is related to the Foundation by common control by the Province of BC and the ability to appoint 1 of the 7 members of the Board of the Foundation. There are no transactions between the RECBC and the Foundation.

9. Related party transactions and balances

In the period ended July 31, 2021, RECBC charged a fee of \$5,770 (March 31, 2021 - \$13,210) to the RECFC for revenue collected on their behalf with respect to the compensation fund. RECBC controls the RECFC since it has the ability to appoint the majority of its board members.

As of July 31, 2021, the RECFC has a payable to RECBC of \$3,412 (March 31, 2021 - \$4,785).

During the period ended July 31, 2021, RECBC collected licence fees of \$1,232,072 (March 31, 2021 - \$3,244,183) on behalf of the Office of Superintendent of Real Estate, a regulatory agency of the BC government. These amounts have not been included in the statement of operations.

During the period ended July 31, 2021, RECBC incurred \$211,168 (March 31, 2021 - \$498,210) of operating and capital expenditures for the integration project which was reimbursed by BCFSAs.

10. Pension plan

RECBC and its employees contribute to the Public Service Pension Plan, which is a multiemployer jointly trustee plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age of retirement, length of service and highest earnings averaged over five years. The board of trustees of the plan represents plan members and employers and is responsible for the management of the plan including investment of the assets and administration of the plan.

The most recent actuarial valuation for the Public Service Pension Plan as at March 31, 2020 indicated a \$2,667 million funding surplus for basic pension benefits.

The plan is accounted for as a defined contribution plan. RECBC contributes 9.85% of regular staff salaries to the plan. During the period ended July 31, 2021 RECBC paid \$289,705 (March 31, 2021 - \$773,104).

Real Estate Council of British Columbia

Notes to the Financial Statements

July 31, 2021

11. Expenses by object

| | Four months ended July 31, 2021 | Year ended March 31, 2021 |
|--|------------------------------------|------------------------------|
| Amortization of tangible capital assets | \$ 265,505 | \$ 842,728 |
| Conference | 9,477 | (1,804) |
| Contracted services | - | 33,622 |
| Council members honorariums/committee meeting fees | 41,622 | 142,934 |
| Court reporter services | 3,145 | 38,989 |
| Dues, subscriptions and publications | 63,054 | 103,325 |
| Education programs | 1,059,873 | 2,720,031 |
| Education/research grants awarded | 6,899 | 123,016 |
| Electronic communication | 300,227 | 686,429 |
| Equipment maintenance | 17,868 | 65,598 |
| Forensic investigation/receiverships | 15,579 | 18,065 |
| Insurance | 11,457 | 16,881 |
| Media and public relations | 55,839 | 82,392 |
| Office rent and operating costs, net | 282,144 | 1,012,912 |
| Postage, mailing and delivery | 8,326 | 59,993 |
| Printing and stationery | 6,936 | 52,515 |
| Professional services | 344,990 | 1,251,398 |
| Salaries | 4,121,444 | 10,938,990 |
| Spot audits | (1,429) | (5,876) |
| Telephone | 18,720 | 93,187 |
| Travel and accommodation | 22,017 | 37,260 |
| Travel and hearing recovery | (195,223) | (58,701) |
| Visa and bank charges | 130,023 | 263,241 |
| | <u>\$ 6,588,493</u> | <u>\$ 18,517,125</u> |

