

Financial Information Act Return
Financial Statements for the year ending March 31, 2020

Published in accordance with the Financial Information Act, Chapter 131, Statutes of British Columbia 1979

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A. Statement of Financial Information Approval

For the year ended March 31, 2020

The undersigned represents the Board of Directors of the Real Estate Council of BC and approves all statements and schedules included in the Statement of Financial Information, produced under the *Financial Information Act*.



Elain Duvall
Chair, Real Estate Council of BC
September 14, 2020

B. Management Report

For the year ended March 31, 2020

The Financial Statements contained in the Statement of Financial Information under the Financial Information Act have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

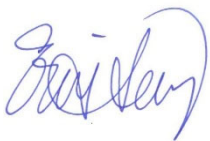
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance and Audit Committee. The committee meets with management at least four times per year and with the external auditors at least twice per year.

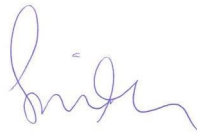
The RECBC's external auditor, Grant Thornton LLP, has the responsibility for assessing the management systems and practices of the RECBC.

Grant Thornton LLP conducts an independent examination, in accordance with generally accepted auditing standards, and expresses their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of RECBC's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Finance and Audit Committee of the Council and meet on a regular basis.

On behalf of the Real Estate Council of BC



Erin Seeley
Chief Executive Officer



Lisa Holst, CPA, CA
Senior Director, Accounting and Audit

September 14, 2020

C. Audited Financial Statements



Independent Auditor's Report

To the Real Estate Council of British Columbia To

Grant Thornton LLP
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Vancouver, BC
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the Ministry of Finance:

Opinion

We have audited the consolidated financial statements of Real Estate Council of British Columbia ("RECBC"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of RECBC as at March 31, 2020, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Consolidated 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 consolidated 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.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the RECBC's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within RECBC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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.

Grant Thornton LLP

Chartered Professional Accountants

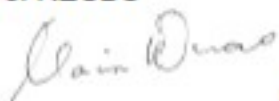
Vancouver, Canada
May 19, 2020

Real Estate Council of British Columbia
Consolidated Statement of Financial Position

March 31	2020	2019
Financial assets		
Cash and cash equivalents	\$ 5,719,516	\$ 6,304,420
Investments (Note 3)	1,246,876	1,246,876
Investment in government business enterprise (Note 4)	25,493,902	22,871,433
Accounts and accrued interest receivable	<u>336,937</u>	<u>286,625</u>
	<u>32,797,231</u>	<u>30,709,354</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	905,934	389,257
Deferred revenue	775,958	207,300
Deferred contributions - Education (Note 6)	<u>180,705</u>	<u>375,236</u>
	<u>1,862,597</u>	<u>971,793</u>
Net financial assets	<u>30,934,634</u>	<u>29,737,561</u>
Non-financial assets		
Prepaid expenses	322,270	233,946
Tangible capital assets (Note 7)	<u>2,431,720</u>	<u>1,394,575</u>
	<u>2,753,990</u>	<u>1,628,521</u>
Accumulated surplus	<u>\$ 33,688,624</u>	<u>\$ 31,366,082</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 34,416,230	\$ 30,667,420
Accumulated remeasurement (losses) gains	<u>(727,606)</u>	<u>698,662</u>
	<u>\$ 33,688,624</u>	<u>\$ 31,366,082</u>

Commitments and contingency (Note 9)
 Subsequent events (Note 15)

On behalf of RECBC



Chair



Chief Executive Officer

Real Estate Council of British Columbia
Consolidated Statement of Operations and Accumulated
Operating Surplus

	Budget	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Licensing	\$ 1,175,760	\$ 1,069,152	\$ 1,100,415
Assessments	10,115,395	9,576,586	9,809,048
Return of Surplus Funds from BCREA	-	537,642	-
Course fees	3,864,500	3,075,786	1,301,100
Discipline penalties (Note 6)	292,000	499,431	147,094
Investment income and other	<u>(213,400)</u>	<u>186,698</u>	<u>87,185</u>
	<u>15,234,255</u>	<u>14,945,295</u>	<u>12,444,842</u>
Expenses (Note 14)			
Administrative expenses	10,824,154	12,015,540	8,724,086
Investigation expenses	1,095,751	991,371	998,780
Other expenses	<u>3,314,350</u>	<u>2,238,311</u>	<u>907,071</u>
	<u>15,234,255</u>	<u>15,245,222</u>	<u>10,629,937</u>
(Deficiency) excess of revenue over expenses	<u>\$ -</u>	<u>(299,927)</u>	1,814,905
Income (loss) from government business enterprise (Note 4)		<u>4,048,737</u>	<u>(393,614)</u>
Operating surplus		3,748,810	1,421,291
Accumulated operating surplus, beginning of year			<u>30,667,420</u>
		<u>29,246,129</u>	<u>Accumulated operating surplus,</u>
end of year		\$ 34,416,230	\$ 30,667,420

Consolidated Statement of Remeasurement Gains

	Year ended March 31, 2020	Year ended March 31, 2019
Accumulated remeasurement (losses) gains, beginning of year	\$ 698,662	\$ (83,895)
Other comprehensive (loss) income from government business enterprise (Note 4)	<u>(1,426,268)</u>	<u>782,557</u>
Accumulated remeasurement (losses) gains, end of year	<u>\$ (727,606)</u>	<u>\$ 698,662</u>

Real Estate Council of British Columbia
Consolidated Statement of Changes in Net Financial Assets

	Budget	Year ended March 31, 2020	Year ended March 31, 2019
Operating surplus	\$ -	\$ 3,748,810	\$ 1,421,291
Additions to tangible capital assets	(375,000)	(1,555,678)	(1,338,949)
Amortization of tangible capital assets	306,000	518,533	236,024
Change in prepaid expenses	-	(88,324)	(17,641)
Net remeasurement (loss) gains	<u>-</u>	<u>(1,426,268)</u>	<u>782,557</u>
Increase in net financial assets	<u>\$ (69,000)</u>	<u>1,197,073</u>	<u>1,083,282</u>
Net financial assets, beginning of year		<u>29,737,561</u>	<u>28,654,279</u>
Net financial assets, end of year		<u>\$ 30,934,634</u>	<u>\$ 29,737,561</u>

Real Estate Council of British Columbia**Consolidated Statement of Cash Flows**

	Year ended March 31, 2020	Year ended March 31, 2019
Cash derived from (applied to)		
Operating activities		
Operating surplus	\$ 3,748,810	\$ 1,421,291
Adjustments for items not affecting cash		
Amortization of tangible capital assets	518,533	236,024
(Income) loss from government business enterprise	<u>(4,048,737)</u>	<u>393,614</u>
	218,606	2,050,929
Changes in non-cash working capital items		
Accounts and accrued interest receivable	(50,312)	(132,605)
Prepaid expenses	(88,324)	(17,641)
Accounts payable and accrued liabilities	516,677	171,612
Deferred revenue	568,658	(285,115)
Deferred contributions - Education	<u>(194,531)</u>	<u>204,532</u>
	<u>970,774</u>	<u>1,991,712</u>
Investing activities		
Purchase of investments	-	643,183
Purchase of tangible capital assets	<u>(1,555,678)</u>	<u>(1,338,949)</u>
	<u>(1,555,678)</u>	<u>(695,766)</u>
Net (decrease) increase in cash	(584,904)	1,295,946
Cash and cash equivalents, beginning of year	<u>6,304,420</u>	<u>5,008,474</u>
Cash and cash equivalents, end of year	<u>\$ 5,719,516</u>	<u>\$ 6,304,420</u>

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2020

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.

On November 12, 2019 Minister of Finance Carole James announced the Province’s intention to move towards a single regulator model for the financial services sector, including real estate.

The move to a single regulator will see the Office of the Superintendent of Real Estate (OSRE) and RECBC integrated within the BC Financial Services Authority (BCFSA). The roll out of an integrated real estate and financial services sector regulator will require legislative change and it is anticipated to be finalized for spring 2021.

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.

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.

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 March 31, 2020, the balance of trust net assets was \$17,598,289 (2019 - \$17,724,505). The RECFC’s transactions RECBC are disclosed in Note 12.

2. Summary of significant accounting policies (continued)

Investment in government business enterprise

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.

The investment in government business enterprise is accounted for by the modified equity method. Under this method, RECBC accounts for its investment using the equity method of accounting such that it is not modified to adjust the government business enterprise’s accounting policies to conform with those of the RECBC.

If the government business enterprise has other comprehensive income, it is accounted for within the consolidated statement of remeasurement gains. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions between entities on assets that remain within the entities controlled by the RECBC.

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 year 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 includes 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.

2. Summary of significant accounting policies (continued) 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

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.

Unrealized gains and losses from changes in the fair value of financial instruments held by the government business enterprises are recognized in the statement of remeasurement gains until such time as the financial instrument is derecognized due to disposal. At the time of derecognition, the related realized gains and losses are recognized in the consolidated statement of operations and accumulated operating surplus and are reversed from the consolidated statement of remeasurement gains.

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 consolidated statement of operations.

3. Investments	<u>2020</u>	<u>2019</u>
GICs at 1.90% and 2.91% (2019: 1.90% to 2.91%) maturing between October 5, 2020 and February 16, 2023	<u>\$ 1,246,876</u>	<u>\$ 1,246,876</u>

4. Investment in government business enterprise

Condensed financial information for the government business enterprise that is part of RECBC's reporting entity are as follows:

Statement of financial position	<u>2020</u>	<u>2019</u>
Total assets	\$ 64,674,311	\$ 60,369,857
Total liabilities	39,180,409	37,498,424
Equity	25,493,902	22,871,433
Statement of operations	Year ended <u>March 31, 2020</u>	Year ended <u>March 31, 2019</u>
Revenue	\$ 10,840,373	\$ 10,807,316
Expenses	(7,493,106)	(13,041,660)
Other income	<u>2,078,751</u>	<u>1,526,133</u>
Earnings before income taxes	5,426,018	(708,211)
Income tax expense (recovery)	<u>1,377,281</u>	<u>(314,597)</u>
Net earnings	4,048,737	(393,614)
Other comprehensive (loss) income	<u>(1,426,268)</u>	<u>782,557</u>
Net earnings and other comprehensive income	<u>\$ 2,622,469</u>	<u>\$ 388,943</u>

In fiscal 2020, RECBC charged a fee of \$83,045 (2019 - \$81,070) to REEOIC with respect to fees collected on REEOIC's behalf.

Total liabilities include \$5,965 (2020 - \$5,080) payable to the RECBC.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$1,376 (2019 - \$37,000).

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.

6. Deferred contribution – Education (continued)

The restricted contributions related to discipline penalties are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 375,236	\$ 170,704
Discipline penalties received	304,900	351,626
Expenditures	<u>(499,431)</u>	<u>(147,094)</u>
Balance, end of year	<u>\$ 180,705</u>	\$ 375,236

7. 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, 2019	\$ 559,637	\$ 642,724	\$ 639,648	\$ -	\$ -	\$ 1,842,009
Additions	423,076	196,484	121,863	269,703	544,552	1,555,678
Disposals	-	-	-	-	-	-
Balance, March 31, 2020	<u>982,713</u>	<u>839,208</u>	<u>761,511</u>	<u>269,703</u>	<u>544,552</u>	<u>3,397,687</u>
Accumulated depreciation						
Balance, March 31, 2019	238,391	122,502	86,541	-	-	447,434
Depreciation	166,531	141,896	51,921	67,426	90,759	518,533
Disposals	-	-	-	-	-	-
Balance, March 31, 2020	<u>404,922</u>	<u>264,398</u>	<u>138,462</u>	<u>67,426</u>	<u>90,759</u>	<u>965,967</u>
Carrying amount, March 31, 2019	<u>321,246</u>	<u>520,222</u>	<u>553,107</u>	<u>-</u>	<u>-</u>	<u>1,394,575</u>
Carrying amount, March 31, 2020	<u>\$ 577,791</u>	<u>\$ 574,810</u>	<u>\$ 623,049</u>	<u>\$ 202,277</u>	<u>\$ 453,793</u>	<u>\$ 2,431,720</u>

Real Estate Council of British Columbia
Notes to the Consolidated Financial Statements
March 31, 2020

8. Accumulated operating surplus

RECBC has set aside the following amounts in the accumulated operating surplus to be used for the purposes noted below:

	<u>Balance, beginning of year</u>	<u>Operating surplus</u>	<u>Transfers</u>	<u>Balance, end of year</u>
Internally restricted				
Technology fund (a)	\$ 453,395	\$ -	\$ 3,823	\$ 457,218
Legal defence fund (general) (b)	453,395	-	3,823	457,218
Legal defence fund (special compensation fund) (b)	150,994	-	1,116	152,110
Enforcement fund (c)	503,810	-	4,299	508,109
Education fund (d)	854,088	-	-	854,088
Unrestricted	6,078,967	(299,927)	(13,061)	5,765,979
Government business enterprise	<u>22,172,771</u>	<u>4,048,737</u>	<u>-</u>	<u>26,221,508</u>
Total accumulated operating surplus	<u>\$ 30,667,420</u>	<u>\$ 3,748,810</u>	<u>\$ -</u>	<u>\$ 34,416,230</u>

(a) Technology Fund

The Technology Fund is to be used for investing in new technology that would increase efficiency and improve services to real estate consumers and licensees.

(b) Legal Defence Funds

The Legal Defence Fund is to be used to pay, on behalf of RECBC, its members or employees (collectively, the "Party"), all sums which the Party becomes liable to pay as compensating damages arising out of a claim made against the Party by a member of the public, a member of RECBC, or an employee of RECBC alleging a Wrongful Act, or made against the Party because of the Party's status as a Council member or an employee thereof, provided that, in either situation, the claim relates solely to the performance by the Party of services as a member or employee of RECBC in their capacity with RECBC. The maximum amount to be paid by the Legal Defence Fund – General is \$100,000 for each claim regardless of the number of parties.

There is also a separate Legal Defence Fund – Special Compensation Fund for \$150,000 for the potential defence of claims related to the Real Estate Compensation Fund Corporation.

(c) Enforcement Fund

The Enforcement Fund is to be used to pay any unusual enforcement expenses such as receivers, special investigators, forensic accounting or other unforeseen costs that result from Orders in urgent circumstances, trust account defalcations, or other significant enforcement actions.

(d) Education Fund

The Education Fund was funded by a \$500,000 transfer of licensing course revenue surplus from the British Columbia Real Estate Association (BCREA) in fiscal 2017 and an allocation of relicensing education course fees, New Rules (UBC) for \$354,088 in fiscal 2019.

9. Commitments and contingency

(a) RECBC has lease commitments for its office premises it occupies. Base rent is estimated as follows:

2021	\$	498,883
2022		512,677
2023		526,471
2024		540,265
2025		554,059
Thereafter		<u>5,264,710</u>
	\$	<u>7,897,065</u>

In addition to base rent, RECBC is responsible for paying its portion of operating costs.

(b) RECBC may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes that adequate provisions have been made in the financial statements where required and the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of RECBC.

10. Financial instruments

At March 31, 2020, the financial assets measured at amortized cost totalled \$7,303,329 (2019 – \$7,837,921).

At March 31, 2020, the financial liabilities measured at amortized cost totalled \$905,934 (2019 - \$389,257).

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 March 31, 2020.

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 government bonds and Guaranteed Investment Certificates (GICs).

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2020

11. 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.

12. Related party transactions and balances

In fiscal 2020, RECBC charged a fee of \$10,975 (2019 - \$13,240) 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 2020, the RECFC has a payable to RECBC of \$1,515 (2019 - \$2,720).

During the year, RECBC collected licence fees of \$3,207,476 (2019 - \$3,247,994) 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.

13. Pension plan

To December 31, 2019, RECBC contributed to a defined contribution pension plan administered by Sun Life Financial for all staff that have been employed for more than 1 year. RECBC contributes 7% of regular staff salaries to the plan on a monthly basis. RECBC expense for the 2020 fiscal period was \$231,710 (2019-\$222,218). The final contributions to this plan were up to December 31, 2019.

Beginning January 1, 2020, RECBC and its employees started contributing 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, 2017 indicated a \$1,896 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 year RECBC paid \$164,870 (2019 - \$nil)

Real Estate Council of British Columbia
Notes to the Consolidated Financial Statements
March 31, 2020

14. Expenses by object

	Year ended <u>March 31, 2020</u>	Year ended <u>March 31, 2019</u>
Amortization of tangible capital assets	\$ 518,533	\$ 236,024
Council members honorariums/committee meeting fees	162,350	181,048
Conference	35,756	68,726
Court reporter services	-	13,528
Dues, subscriptions and publications	121,231	97,905
Education programs	1,235,906	-
Education/research grants awarded	99,175	147,478
Electronic communication	625,709	450,923
Equipment maintenance	73,928	49,593
Forensic investigation/receiverships	11,421	28,422
Insurance	13,869	10,503
Media and public relations	97,368	118,209
Office rent and operating costs, net	1,036,274	838,382
Postage, mailing and delivery	48,102	47,255
Printing and stationery	118,436	92,438
Professional services	1,571,032	1,354,992
Salaries	9,006,364	6,521,097
Spot audits	42,763	22,996
Telephone	86,567	59,685
Travel and accommodation	130,350	158,138
Travel and hearing recovery	(43,250)	(115,520)
Visa and bank charges	<u>253,338</u>	<u>248,115</u>
	\$ 15,245,222	\$ 10,629,937

15. Subsequent events

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our operations are not known at this time. These impacts could include potential future decreases in revenue and the value of investments held by RECBC's controlled government business enterprise. Management is closely monitoring the evolving situation and taking measures to mitigate potential negative impacts to RECBC.

16. Comparative figures

Certain of the comparative figures have been reclassified to conform to the classifications used in the current year.

D. Schedule of Debts

None

E. Statement of Guarantees and Indemnity Agreements

None

F. Schedule of Remuneration and Expenses

Schedule of Council Members Remuneration and Expenses

Report Name	Position	Remuneration	Expense
ALLEN, L	Member	9,745	1,611
AMEYAW, K	Member	9,245	1,601
AMLANI, Y	Member	16,558	4,734
BOND, M (Resigned July 2, 2019)	Member	2,224	1,940
CHAN, M	Member	10,745	3,613
CHISHOLM, B	Member	9,745	1,713
DUVALL, E	Chair	19,865	2,435
GIALLORETO, R	Vice Chair	13,556	2,883
HANSON, R	Member	11,495	1,014
HEATH, S	Member	13,683	3,582
HRYCAN, L	Member	26,120	14,406
LUDGATE, C	Member	8,995	3,744
MIGNOSA, E (Resigned July 5, 2019)	Member	5,850	895
NICHOLSON, N	Member	10,995	465
SIDHU, S	Member	14,933	4,804
WALKER, L	Member	8,995	-
Total Board Fees & Expenses		192,749	49,440
Meeting Expense Paid by RECBC (catering, room rental)			10,458
Total Board Costs			252,647

Prepared under the Financial Information Regulation, Schedule 1, section 6(2), (3), (4), (5) and (6).

Schedule of Employee Remuneration and Expenses

Reporting name	Total Remuneration	Expense
ALBRECHT, T	85,645	2,700
ALLEN, C	112,076	1,716
AVREN, D	215,032	1,086
BAIRD, S	75,952	782
BEAN, D	103,246	7,131
CHAI, M	90,780	8,658
CHAN, P	75,451	42
DAVIES, C	122,240	1,092
GREWAL, P	86,709	7,141
HOLST, L	171,995	13,955
HOWARD, D	86,163	42
JOHNSON, C	98,412	13,015
KALAN, M	110,328	2,839
KERN, L	80,426	1,636
LAM, A	80,953	77
LEFEBVRE, M	82,057	9,909
LIDDELL, N	197,706	21,736
LIN, R	84,177	3,200
LITTLE, I	83,389	-
LONGSON, A	91,242	1,623
MACTAGGART WRIGHT, K	128,654	2,427
MCLAUGHLIN, C	182,231	7,724
MOORE, J	134,129	1,773
MORREAU, D	104,680	3,200
MULLARKEY, M	89,239	1,696
NELSON, B	77,681	102
NORGREN, T	77,254	102
PETERS, M	128,533	2,374
PLOUFFE, J	144,452	14,193
POYNER, P	131,695	2,734
PUREWAL, P	78,352	102
SCOTT, M	160,377	1,595
SEELEY, E	219,726	21,018
SHARMA, M	106,910	4,454
SKINNER, P	200,213	7,973
SMITH, A	96,609	3,542
SPRACKLIN, K	89,613	3,481
STASKIEWICZ, P	83,487	5,612

Reporting name	Total Remuneration	Expense
WATKINS, A	143,877	10,519
WOO, A	122,459	1,041
WOO, L	114,007	3,257
Total for employees with remuneration exceeding \$75,000	4,748,157	197,299
Total for employees with remuneration \$75,000 or less	2,715,084	40,237
Total Employee:	7,463,241	237,536

SEELEY, E¹: Seconded from government, paid via invoice.

Explanation of Differences in Schedule of Remuneration and Expenses to Audited Statement

Taxable benefits are stipulated by the Canada Revenue Agency and included in remuneration. They may not necessarily be amounts that have been paid to employees. Expenses are components of administrative expenses on the Audited Consolidated Financial Statement.

Statement of Severance Agreements

For the year ended March 31, 2020

There was one severance agreement under which payment commenced between RECBC and its employees during fiscal year 2019/2020.

The agreement represents 1.5 months of compensation.

G. Schedule of Payment for Suppliers of Goods and Services

Suppliers	Total
Alexander Holburn Beaudin + Lang LLP	316,201
ARETE Safety and Protection Inc	26,297
Bell Canada Toronto	39,772
Blake, Cassels & Graydon LLP	41,873
Borden Ladner Gervais LLP	35,452
Bridge Communications	53,550
Brooks Corning Co Ltd	116,644
Camp Pacific	252,798
Canada Life Assurance Company	438,877
CDW Canada Corp.	269,480
Central West Project Management Inc.	113,463
Collective Step Services, Inc.	41,664
Elavon	29,222
Fraser Valley Real Estate Board	76,030
Friedrich & Friedrich Corp.	26,388
Grant Thornton LLP	39,266
Hunter West Legal Recruitment	71,663
Imperial Parking Canada Corp	91,752
Initial Printing Inc.	70,565
Iron Mountain Canada Operations ULC	30,986
Iron Mountain Intellectual Prop Mgt	28,664
Jennifer Clee	93,600
Latitude49 Technology Group	75,558
Lawson Lundell LLP	39,418
LSI Leadership Source Inc.	36,460
McNeill Nakamoto Recruitment Group Inc.	42,403
Mercer (Canada) Ltd	39,690
Microsoft	36,738
Minister of Finance - Revenue Services	25,862
Ministry of Jobs, Economic Development and Competitiveness	267,655
Ng Ariss Fong	38,978
Oasis Computing Inc	210,137
Pacific Centre Leaseholds	888,559
Patrick Gilligan-Hackett Law Corporation	226,314
Province of BC - Employer Health Tax	130,844
Rare Design Inc	42,158
Real Estate Board of Greater Vancouver	300,443
Receiver General of Canada	468,559

Suppliers	Total
Resolver Inc.	136,062
Ricoh Canada Inc	26,366
Softlanding Solutions Inc	38,756
Sugden, McFee & Roos LLP	231,896
Sun Life Financial	201,799
The Headhunters Recruitment Inc.	34,548
TPD Canada	65,011
UBC Robson Square	39,255
UBC Sauder School of Business	107,525
Woolley, Bruce	66,809
Total for over \$25,000 paid to suppliers	6,122,010
Total for under \$25,000 paid to suppliers	1,400,328
Total	7,522,338

Total of Payments to Suppliers for grants and contributions exceeding \$25,000:

Suppliers	Total
Minister of Finance - BCFSA	2,699,791
Minister of Finance - OSRE	266,367
Consolidated total of grants exceeding \$25,000	2,966,158
Consolidated total of contributions exceeding \$25,000	-
Consolidated total of grant and contributions exceeding \$25,000	2,966,158

Explanation of Differences in Schedule of Remuneration and Expenses to Audited Statement

RECBC prepares its Financial Statement on an accrual basis while the amounts reported in the Financial Information Act Return are based on cash payments in the year. This will result in timing differences between amounts recorded as expenses in the Financial Statement and amounts paid in the year.

Prepared under the Financial Information Regulation, Schedule 1, section 7 and the Financial Information Act, Section 2.

H. Reconciliation of Remuneration and Payments to the March 31, 2020 Financial Statements

Employees:

Employee Remuneration	7,463,241
Employee Expenses	237,536

Board Members:

Board Members Remuneration	192,749
Board Members Expenses	59,898

Suppliers:

Payments to suppliers for the provision of goods and service	7,522,338
Payments to suppliers for grant and contribution	2,966,158

Reconciling items:

Amortization, accruals, Taxable benefits and other timing differences between cash basis and accrual accounting.	<u>(3,196,698)</u>
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Total Operating Expenses per 2020 Audited Financial Statements

15,245,222