

Financial Information Act Return
Financial Statements for the year ending March 31, 2021

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of British Columbia 1979

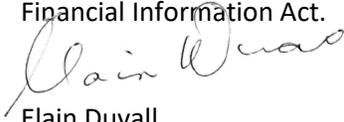
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A. Statement of Financial Information Approval

For the year ended March 31, 2021

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

July 19, 2021

B. Management Report

Management's responsibility for the financial statements

The financial statements have been prepared by management of the Real Estate Council of British Columbia (the "Council") in accordance with the Canadian public sector accounting standards and 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 Council 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 Council.

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 Council 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 Council:



Elain Duvall
Chair



Erin Seeley
Chief Executive Officer

C. Audited Financial Statement



Consolidated Financial Statements

Real Estate Council of British Columbia

March 31, 2021

Independent Auditor's Report

To the [Real Estate Council of British Columbia](#)

To the Ministry of Finance:

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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, 2021, 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, 2021, 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.

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 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 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 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.

Emphasis of matter

We draw attention to Note 1 of the consolidated financial statements, which describes the amalgamation of RECBC into the BC Financial Services Authority to occur subsequent to year-end, after the date of this audit report. Our opinion is not modified in respect of this matter.

Vancouver, Canada
May 17, 2021

Grant Thornton LLP

Chartered Professional Accountants

Real Estate Council of British Columbia Consolidated Statement of Financial Position

March 31

2021

2020

Financial assets

Cash and cash equivalents	\$ 7,083,187	\$ 5,719,516
Investments (Note 3)	946,876	1,246,876
Investment in government business enterprise (Note 4)	31,180,864	25,493,902
Accounts and accrued interest receivable	716,758	336,937
	<u>39,927,685</u>	<u>32,797,231</u>

Liabilities

Accounts payable and accrued liabilities (Note 5)	1,320,200	905,934
Deferred revenue	1,286,425	775,958
Deferred contributions - Education (Note 6)	-	180,705
	<u>2,606,625</u>	<u>1,862,597</u>

Net financial assets

	<u>37,321,060</u>	<u>30,934,634</u>
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Non-financial assets

Prepaid expenses	242,792	322,270
Tangible capital assets (Note 7)	2,354,043	2,431,720
	<u>2,596,835</u>	<u>2,753,990</u>

Accumulated surplus

	<u>\$ 39,917,895</u>	<u>\$ 33,688,624</u>
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Accumulated surplus is comprised of:

Accumulated operating surplus	\$ 38,108,505	\$ 34,416,230
Accumulated remeasurement gains (losses)	1,809,390	(727,606)
	<u>\$ 39,917,895</u>	<u>\$ 33,688,624</u>

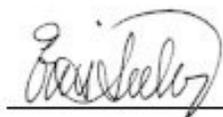
Commitments and contingency (Note 9)

Impact of COVID-19 (Note 15)

On behalf of RECBC



Chair



Chief Executive Officer

See accompanying notes to the financial statements

Real Estate Council of British Columbia

Consolidated Statement of Operations and Accumulated Operating Surplus

	2021 Budget	Year ended March 31, 2021	Year ended March 31, 2020
Revenue			
Licensing	\$ 1,156,202	\$ 1,078,304	\$ 1,069,152
Assessments	10,509,437	10,003,313	9,576,586
Return of Surplus Funds from BCREA	-	-	537,642
Course fees	8,586,275	7,460,554	3,075,786
Discipline penalties (Note 6)	400,000	465,245	499,431
Investment income and other	<u>(96,479)</u>	<u>52,018</u>	<u>186,698</u>
	<u>20,555,435</u>	<u>19,059,434</u>	<u>14,945,295</u>
Expenses (Note 14)			
Administrative expenses	13,529,325	13,953,227	12,015,540
Investigation expenses	1,147,000	797,994	991,371
Other expenses	<u>5,879,110</u>	<u>3,765,904</u>	<u>2,238,311</u>
	<u>20,555,435</u>	<u>18,517,125</u>	<u>15,245,222</u>
Excess (deficiency) of revenue over expenses	<u>\$ -</u>	<u>542,309</u>	<u>(299,927)</u>
Income from government business enterprise (Note 4)		<u>3,149,966</u>	<u>4,048,737</u>
Operating surplus		<u>3,692,275</u>	<u>3,748,810</u>
Accumulated operating surplus, beginning of year		<u>34,416,230</u>	<u>30,667,420</u>
Accumulated operating surplus, end of year		<u>\$ 38,108,505</u>	<u>\$ 34,416,230</u>

Real Estate Council of British Columbia Consolidated Statement of Remeasurement Gains

	Year ended March 31, 2021	Year ended March 31, 2020
Accumulated remeasurement (losses) gains, beginning of year	\$ (727,606)	\$ 698,662
Other comprehensive income (loss) from government business enterprise (Note 4)	<u>2,536,996</u>	<u>(1,426,268)</u>
Accumulated remeasurement gains (losses), end of year	<u>\$ 1,809,390</u>	<u>\$ (727,606)</u>

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

	2021 Budget	Year ended March 31, 2021	Year ended March 31, 2020
Operating surplus	\$ -	\$ 3,692,275	\$ 3,748,810
Additions to tangible capital assets	(2,169,000)	(765,051)	(1,555,678)
Amortization of tangible capital assets	574,000	842,728	518,533
Change in prepaid expenses	-	79,478	(88,324)
Net remeasurement gains (loss)	-	<u>2,536,996</u>	<u>(1,426,268)</u>
Increase in net financial assets	<u>\$ (1,595,000)</u>	<u>6,386,426</u>	1,197,073
Net financial assets, beginning of year		<u>30,934,634</u>	<u>29,737,561</u>
Net financial assets, end of year		<u>\$ 37,321,060</u>	<u>\$ 30,934,634</u>

Real Estate Council of British Columbia

Consolidated Statement of Cash Flows

	Year ended March 31, 2021	Year ended March 31, 2020
Cash derived from (applied to)		
Operating activities		
Operating surplus	\$ 3,692,275	\$ 3,748,810
Adjustments for items not affecting cash		
Amortization of tangible capital assets	842,728	518,533
Income from government business enterprise	<u>(3,149,966)</u>	<u>(4,048,737)</u>
	1,385,037	218,606
Changes in non-cash working capital items		
Accounts and accrued interest receivable	(379,821)	(50,312)
Prepaid expenses	79,478	(88,324)
Accounts payable and accrued liabilities	414,266	516,677
Deferred revenue	510,467	568,658
Deferred contributions - Education	<u>(180,705)</u>	<u>(194,531)</u>
	<u>1,828,722</u>	<u>970,774</u>
Investing activities		
Purchase of investments	300,000	-
Purchase of tangible capital assets	<u>(765,051)</u>	<u>(1,555,678)</u>
	<u>(465,051)</u>	<u>(1,555,678)</u>
Net increase (decrease) in cash	1,363,671	(584,904)
Cash and cash equivalents, beginning of year	<u>5,719,516</u>	<u>6,304,420</u>
Cash and cash equivalents, end of year	<u>\$ 7,083,187</u>	<u>\$ 5,719,516</u>

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 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 BC Financial Services Authority (BCFSA). The date when RECBC and OSRE transition to BCFSA (the “Transition Date”) will depend on when the required legislative amendments come into force, but it is anticipated to occur in the fiscal year ending March 31, 2022. On the Transition Date, the assets, liabilities, regulatory authorities, and related operational responsibilities of RECBC and OSRE will transfer to BCFSA, and OSRE and RECBC, in their current forms, will both cease to exist. Lawsuits and legal proceedings for or against RECBC will be transferred to BCFSA and all RECBC assets and liabilities will be transferred to BCFSA at no cost. Costs related to the transition and restructuring are being 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.

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, 2021, the balance of trust net assets was \$19,666,010 (2020 - \$17,598,289). The RECFC’s transactions RECBC are disclosed in Note 12.

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2021

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 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.

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2021

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>2021</u>	<u>2020</u>
GICs at 1.90% to 2.91% (2020: 1.90% to 2.91%) maturing between June 14, 2021 and February 16, 2023	<u>\$ 946,876</u>	<u>\$ 1,246,876</u>

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2021

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	2021	2020
Total assets	\$ 71,025,852	\$ 64,674,311
Total liabilities	39,844,988	39,180,409
Equity	31,180,864	25,493,902
Statement of operations	Year ended March 31, 2021	Year ended March 31, 2020
Revenue	\$ 11,217,037	\$ 10,840,373
Expenses	(8,745,165)	(7,493,106)
Other income	1,785,844	2,078,751
Earnings before income taxes	4,257,716	5,426,018
Income tax expense	1,107,750	1,377,281
Net earnings	3,149,966	4,048,737
Other comprehensive income (loss)	2,536,996	(1,426,268)
Net earnings and other comprehensive income	\$ 5,686,962	\$ 2,622,469

In fiscal 2021, RECBC charged a fee of \$84,345 (2020 - \$83,045) to REEOIC with respect to fees collected on REEOIC's behalf and cost recoveries of \$203,248 (2020 - \$194,712) to REEOIC with respect to credit card fees incurred.

Total liabilities include \$8,375 (2020 - \$5,965) payable to the RECBC.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$ 56,508 (2020 - \$1,376).

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 180,705	\$ 375,236
Discipline penalties received	284,540	304,900
Expenditures	<u>(465,245)</u>	<u>(499,431)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 180,705</u>

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, 2020	\$ 982,713	\$ 839,208	\$ 761,511	\$ 269,703	\$ 544,552	\$ 3,397,687
Additions	298,724	37,179	209,680	5,145	214,323	765,051
Balance, March 31, 2021	1,281,437	876,387	971,191	274,848	758,875	4,162,738
Accumulated depreciation						
Balance, March 31, 2020	404,922	264,398	138,462	67,426	90,759	965,967
Depreciation	256,756	163,218	69,394	136,138	217,222	842,728
Balance, March 31, 2021	661,678	427,616	207,856	203,564	307,981	1,808,695
Carrying amount, March 31, 2020	577,791	574,810	623,049	202,277	453,793	2,431,720
Carrying amount, March 31, 2021	\$ 619,759	\$ 448,771	\$ 763,335	\$ 71,284	\$ 450,894	\$ 2,354,043

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2021

8. Accumulated operating surplus

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

	Balance, beginning of year	Operating surplus	Transfers	Balance, end of year
Internally restricted				
Technology fund (a)	\$ 457,218	\$ -	\$ (457,218)	\$ -
Legal defence fund (general) (b)	457,218	-	(203,823)	253,395
Legal defence fund (special compensation fund) (b)	152,110	-	(1,116)	150,994
Enforcement fund (c)	508,109	-	(4,299)	503,810
Education fund (d)	854,088	-	(854,088)	-
Unrestricted	5,765,979	542,309	1,520,544	7,828,832
Government business enterprise	<u>26,221,508</u>	<u>3,149,966</u>	<u>-</u>	<u>29,371,474</u>
Total accumulated operating surplus	<u>\$ 34,416,230</u>	<u>\$ 3,692,275</u>	<u>\$ -</u>	<u>\$ 38,108,505</u>

During the year, the Council approved the drawdown of internally restricted funds to restore the unrestricted fund to a position of four months budgeted operating expenses.

(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.

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2021

9. Commitments and contingency

- (a) RECBC has lease commitments for the office premises it occupies and has entered into an office space agreement with BCFSA to be reimbursed for lease related costs incurred on their behalf. Base rent is estimated as follows:

	<u>Total costs</u>	<u>To be reimbursed</u>	<u>Net costs</u>
2022	\$ 1,024,769	\$ 512,092	\$ 512,677
2023	1,057,471	531,000	526,471
2024	1,090,173	549,908	540,265
2025	1,127,602	573,543	554,059
2026	1,170,546	602,693	567,853
Thereafter	<u>9,667,301</u>	<u>4,970,444</u>	<u>4,696,857</u>
	<u>\$ 15,137,862</u>	<u>\$ 7,739,680</u>	<u>\$ 7,398,182</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, 2021, the financial assets measured at amortized cost totalled \$8,746,821 (2020 – \$7,303,329).

At March 31, 2021, the financial liabilities measured at amortized cost totalled \$1,320,200 (2020 - \$905,934).

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, 2021.

Currency risk

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

Real Estate Council of British Columbia

Notes to the Consolidated Financial Statements

March 31, 2021

10. Financial instruments (continued)

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).

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 2021, RECBC charged a fee of \$13,210 (2020 - \$10,975) 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 2021, the RECFC has a payable to RECBC of \$4,785 (2020 - \$1,515).

During the year, RECBC collected licence fees of \$3,244,183 (2020 - \$3,207,476) 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 year, RECBC incurred \$498,210 (2020 - \$Nil) of operating and capital expenditures in anticipation of the transition date for the integration project which was reimbursed by BCFSA.

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 contributed 7% of regular staff salaries to the plan on a monthly basis. RECBC expense for the 2021 fiscal period was \$Nil (2020 - \$231,710). 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.

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13 Pension plan (continued)

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 year RECBC paid \$773,104 (2020 - \$164,870).

14. Expenses by object

	Year ended March 31, 2021	Year ended March 31, 2020
Amortization of tangible capital assets	\$ 842,728	\$ 518,533
Conference	(1,804)	35,756
Contracted services	33,622	-
Council members honorariums/committee meeting fees	142,934	162,350
Court reporter services	38,989	-
Dues, subscriptions and publications	103,325	121,231
Education programs	2,720,031	1,235,906
Education/research grants awarded	123,016	99,175
Electronic communication	686,429	625,709
Equipment maintenance	65,598	73,928
Forensic investigation/receiverships	18,065	11,421
Insurance	16,881	13,869
Media and public relations	82,392	97,368
Office rent and operating costs, net	1,012,912	943,151
Postage, mailing and delivery	59,993	48,102
Printing and stationery	52,515	118,436
Professional services	1,251,398	1,571,032
Salaries	10,938,990	9,099,487
Spot audits	(5,876)	42,763
Telephone	93,187	86,567
Travel and accommodation	37,260	130,350
Travel and hearing recovery	(58,701)	(43,250)
Visa and bank charges	263,241	253,338
	\$ 18,517,125	\$ 15,245,222

Real Estate Council of British Columbia

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15. Impact of COVID-19

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.

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	Total Expenses
ALLEN, L (Resigned November 11, 2020)	Council Member	5,069	-
AMEYAW, K	Council Member	9,245	-
AMLANI, Y	Council Member	28,270	912
CHAN, M	Council Member	19,084	94
CHISHOLM, B	Council Member	11,995	87
DUVALL, E	Chair	19,553	526
GIALLORETO, R	Vice Chair	16,466	209
HANSON, R	Council Member	14,190	-
HEATH, S	Council Member	27,004	121
HRYCAN, L	Council Member	21,558	1,580
LUDGATE, C	Council Member	9,745	-
NICHOLSON, N	Council Member	13,316	115
SIDHU, S	Council Member	18,093	-
WALKER, L	Council Member	8,245	-
Total Board Fees & Expenses		221,833	3,644
Meeting Expense Paid by RECBC (catering, room rental)			1,157
Total Board Costs			226,634

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	Total Expense
ALBRECHT, T	89,538	-
ALLEN, C	111,371	669
AVREN, D	219,939	3,047
BAIRD, S	78,856	-
BEAN, D	105,307	237
CAO, H	82,215	2,429
CHAI, M	84,120	1,032
CHAN, P	77,225	-
DAVIES, C	121,306	5,450
DEFOY, C	105,059	1,468
FERGUSON, K	116,306	2,613
FUGEL, S	94,437	998
FUKSA, M	97,977	873
GOWE, G	91,142	807
HEALD, C	99,811	-
HOLST, L	170,035	48
HOWARD, D	91,300	-
JAE, B	84,015	120
JOHNSON, C	100,498	1,234
KALAN, M	109,570	3,143
KERN, L	82,987	-
KIM, M	77,714	1,152
LAM, A	96,471	-
LEE, J	80,370	-
LIDDELL, N	196,440	1,561
LIN, R	89,312	762
LONGSON, A	92,278	-
MACGREGOR, M	109,931	2,613
MACTAGGART WRIGHT, K	128,961	1,364
MANN, C	79,742	666
MCCOUBREY, B	77,698	-
MCLAUGHLIN, C	182,906	2,965
MIRKO, W	75,935	382
MOORE, J	84,098	1,835
MORREAU, D	103,234	5,117
MOWRY, K	82,600	-
NELSON, B	80,935	-

Reporting name	Total Remuneration	Total Expense
NGUYEN, K	78,107	-
NORGREN, T	80,203	-
PETERS, M	134,667	929
PLOUFFE, J	143,141	2,288
POYNER, P	131,618	14,581
PUREWAL, P	79,550	-
SCHWEGLER, K	77,293	-
SCOTT, M	165,510	272
SKINNER, P	204,466	1,582
SEELEY, E ¹	221,402	11,001
SMITH, A	97,438	135
SPRACKLIN, K	97,536	-
STASKIEWICZ, P	84,414	1,224
WATKINS, A	147,101	998
WOO, A	117,651	3,108
Total for employees with remuneration exceeding \$75,000	5,711,736	78,703
Total for employees with remuneration \$75,000 or less	3,132,214	27,703
Total Employee:	8,843,950	106,406

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**

None

G. Schedule of Payment for Suppliers of Goods and Services

Suppliers	Total
Alexander Holburn Beaudin + Lang LLP	399,405
Allwest Reporting Ltd	39,652
Amplified Audio Visual Solutions	71,188
Avocette Technologies Inc.	63,000
Boston Construction Corp	249,384
BrandFreek Communications	26,291
Brian Taylor	25,200
Brooks Corning Co Ltd	34,220
Camp Pacific	307,501
Canada Life	594,872
CDW Canada Corp.	178,213
Deborah Spicer	38,670
Elavon	480,767
Fraser Valley Real Estate Board	85,006
Friedrich & Friedrich Corp.	62,045
Grant Thornton LLP	35,952
Harbinger Law Corporation	52,763
Jennifer Clee	228,758
Jeremy Sutton	27,224
Launch Management Consulting	29,243
Lex Pacifica Law Corporation	44,948
Microsoft	155,852
Minister of Finance - Jobs Skills Training	276,524
Murray Jamieson Barristers & Solicitors	129,409
Ng Ariss Fong	70,725
Oasis Computing Inc	237,999
Pacific Centre Leaseholds	993,138
Paladin Risk Solutions Inc.	29,340
Patrick Gilligan-Hackett Law Corporation	95,512
Philip J. Dougan	25,875
Province of BC - Employer Health Tax	174,294
Rare Design Inc	27,615
Real Estate Board of Greater Vancouver	367,954
Receiver General of Canada	394,652
Resolver Inc.	82,852
Rogers Wireless	35,278

Suppliers	Total
Ryan DeLuca	90,605
Shannon Larter	62,000
Sharon Wayman	51,519
Softlanding Solutions Inc	42,000
Sugden, McFee & Roos LLP	330,901
Susan Lynch	33,845
Tim Evans	33,889
TPD Canada	73,362
UBC Sauder School of Business	667,200
Wes Jamison	37,288
Woolley, Bruce	139,540
ZLC Financial	32,325
Total for over \$25,000 paid to suppliers	7,765,795
Total for under \$25,000 paid to suppliers	1,185,656
Total	8,951,451

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.

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

None

H. Reconciliation of Remuneration and Payments to the March 31, 2021 Financial Statements

Schedule H: Reconciliation to the Financial Statements

Employees:		
	Employee Remuneration	8,843,950
	Employee Expenses	106,406
Board Members:		
	Board Members Remuneration	221,833
	Board Members Expenses	4,801
Suppliers:		
	Payments to suppliers for the provision of goods and service	8,951,451
	Payments to suppliers for grant and contribution	-
Reconciling items:		
	Amortization, accruals, Taxable benefits and other timing differences between cash basis and accrual accounting.	388,684
		<u>18,517,125</u>
Total Operating Expenses per 2021 Audited Financial Statements		<u><u>18,517,125</u></u>