

BC Financial Services Authority
Financial Statements
As at March 31, 2022 and
for the year ended March 31, 2022

BC Financial Services Authority

Management Report

For the year ended March 31, 2022 ('000)

The financial statements of BC Financial Services Authority ("BCFSA") were prepared by management in accordance with the financial reporting framework disclosed in note 2 to the financial statements, and include amounts based upon management's best estimates and judgments. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 11, 2022.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel, and appropriate delegation of authority and segregation of responsibilities within BCFSA.

The Board of Directors has established an Audit and Finance Committee to provide oversight in the fulfillment by management of these responsibilities. The Audit and Finance Committee, comprising directors who are not employees, meets with management and external auditors regarding the proper discharge of management's responsibilities with respect to financial statement presentation, disclosure and recommendations on internal control.

The financial statements have been examined by BDO Canada LLP, BCFSA's independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, present fairly, in all material respects, BCFSA's financial position, results of operations, changes in net financial assets (debt) and cash flows in accordance with Canadian public sector accounting standards. Their Auditor's Report, which follows, outlines the scope of their examination and their opinion.



Blair Morrison
Chief Executive Officer



David Sherwood
Chief Financial Officer

Vancouver, BC
May 11, 2022



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Independent Auditor's Report

To the Board of Directors of the BC Financial Services Authority

And to the Minister of Finance, British Columbia

Opinion

We have audited the financial statements of BC Financial Services Authority ("BCFSA"), which comprise the Statement of Financial Position as at March 31, 2022, and the Statements of Operations, Changes in Net Assets and Cash Flows for the year ended March 31, 2022, 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 the BCFSA as at March 31, 2022, and its results of operations, its changes in net financial assets and cash flows for the year ended March 31, 2022 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 Financial Statements* section of our report. We are independent of the BCFSA 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.

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 Canadian public sector accounting standards, 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 the BCFSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BCFSA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BCFSA'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 the BCFSA'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 BCFSA'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 BCFSA 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

May 11, 2022

BC Financial Services Authority

Statement of Financial Position

For the year ended March 31, 2022 ('000)

	March 31, 2022	March 31, 2021
Financial Assets		
Cash and cash equivalents (note 3)	\$ 23,274	\$ 11,010
Investments (note 4)	447	-
Accounts receivable (note 5)	11,473	12,715
Due from government/other government organizations (note 6)	10,043	259
	<u>45,237</u>	<u>23,984</u>
Liabilities		
Accounts payable and accrued liabilities	6,067	2,177
Deferred revenue	1,240	-
Employee future benefits (note 7)	1,036	677
Due to government/other government organizations (note 6)	571	621
	<u>8,914</u>	<u>3,475</u>
Net financial assets	36,323	20,509
Non-financial assets		
Tangible capital assets (note 11)	17,840	7,176
Prepaid expenses	927	660
	<u>18,767</u>	<u>7,836</u>
Accumulated surplus	\$ 55,090	\$ 28,345

Approved by the Board of Directors



Chair



Director

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

BC Financial Services Authority

Statement of Operations

For the year ended March 31, 2022 ('000)

	Annual Budget (note 14)	March 31, 2022	March 31, 2021
Revenues			
Licensing, registration, and other fees	\$ 20,672	\$ 36,462	\$ 21,798
Education	-	6,386	-
Government grants	2,856	9,949	11,539
Recovery from government organizations (note 9)	11,711	9,493	9,091
Restructuring (note 16)	-	13,956	-
Other	277	611	242
	<u>35,516</u>	<u>76,857</u>	<u>42,670</u>
Expenses (note 13)			
Regulatory operations	24,086	41,056	20,445
CUDIC administration (note 9 and 14)	11,430	9,056	8,441
	<u>35,516</u>	<u>50,112</u>	<u>28,886</u>
Annual/period surplus	-	26,745	13,784
Accumulated surplus – Beginning of period	<u>28,345</u>	<u>28,345</u>	<u>14,561</u>
Accumulated surplus – End of period	<u>\$ 28,345</u>	<u>\$ 55,090</u>	<u>\$ 28,345</u>

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

BC Financial Services Authority
Statement of Changes in Net Financial Assets
For the year ended March 31, 2022 ('000)

	Annual Budget (Note 14)	March 31, 2022	March 31, 2021
Annual/period surplus	\$ -	\$ 26,745	\$ 13,784
Acquisition of tangible capital assets	(6,638)	(12,258)	(6,911)
Amortization of tangible capital assets	1,972	1,594	318
	<hr/>	<hr/>	<hr/>
	(4,666)	16,081	7,191
	<hr/>	<hr/>	<hr/>
Acquisition of prepaid expenses	(147)	(927)	(660)
Use of prepaid expenses	660	660	91
	<hr/>	<hr/>	<hr/>
	513	(267)	(569)
	<hr/>	<hr/>	<hr/>
Increase (decrease) in net financial assets	(4,153)	15,814	6,622
Net financial assets – Beginning of period	20,509	20,509	13,887
Net financial assets – End of period	\$ 16,356	\$ 36,323	\$ 20,509
	<hr/>	<hr/>	<hr/>

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

BC Financial Services Authority

Statement of Cash Flows

For the year ended March 31, 2022 ('000)

	March 31, 2022	March 31, 2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 26,745	\$ 13,784
Items not involving cash		
Amortization of tangible capital assets	1,594	318
Restructuring acquisition of tangible capital assets (note 16)	<u>(2,159)</u>	-
	26,180	14,102
Changes in non-cash assets and liabilities		
Accounts receivable	1,242	(2,065)
Prepaid expenses	<u>(267)</u>	(569)
Accounts payable, accrued liabilities, and future employee benefits	5,489	(422)
Due to/from government/other government organizations	<u>(9,834)</u>	(2,036)
	(3,370)	(5,092)
Capital Activities		
Acquisition of tangible capital assets	(10,099)	(6,911)
Increase in cash	12,711	2,099
Cash and cash equivalents – beginning of period/year	11,010	8,911
Cash and cash equivalents – end of period/year	\$ 23,721	\$ 11,010

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

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

1. Nature of operations

BC Financial Services Authority ("BCFSA") is a Vancouver-headquartered regulatory crown agency of the Province of British Columbia. As the regulator of British Columbia's financial services sector, BCFSA exercises the powers and performs duties under ten statutes. Its core regulatory accountabilities relate to credit unions, insurance and trust companies, mortgage brokers, pension plans, real estate services, real estate development marketing, and the administration of Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC").

BCFSA was created effective June 4, 2019, pursuant to the *Financial Services Authority Act*. On November 1, 2019, BCFSA assumed the regulatory accountabilities of Financial Institutions Commission ("FICOM") which was originally established as part of the Ministry of Finance in 1989 to contribute to the safety and stability of the British Columbia financial sector.

The assets, liabilities, and accountabilities of Real Estate Council of British Columbia ("RECBC") and the Office of the Superintendent of Real Estate ("OSRE") were transferred to BCFSA under a restructuring on August 1, 2021 (note 16).

BCFSA is exempt from income taxes under the *Income Tax Act*.

The COVID-19 pandemic ("COVID-19") has had a significant impact on the economy of Canada and globally. BCFSA has not, to date, experienced significant financial impacts as a result of the pandemic. However, as COVID-19 continues to impact the financial services sector and the economy in general, there could be specific impacts on BCFSA's operations and financial results. Given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. Potential impacts include reduced revenue from regulated entities.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"), as issued by the Canadian Public Sector Accounting Board ("PSAB").

Revenue recognition

BCFSA recognizes revenue in accordance with PS 3400 – Revenue ("PS 3400"). Revenue from exchange transactions, or revenue based on performance obligations, is recognized when the performance obligation is satisfied. Revenue from the issuance of a license or registration is recognized at the point in time when the license or registration is issued. Unilateral revenue, or revenue without performance obligations, is recognized when the authority to claim or retain an inflow of economic resources exists and collection is reasonably certain. Revenue from an annual filing fee, which is payable for a given operating period, is recognized at the commencement of the operating period to which the fee relates. Course fees are recorded as revenue when the service is provided, the amount to be received can be reasonably estimated, and collection is reasonably assured. Administrative penalties are initially deferred and recognized as revenue when they are expended in accordance with the requirements set out in relevant legislation.

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

2. Summary of significant accounting policies – continued

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Government transfers

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria have been met but is reduced by any stipulations that result in a liability. Amounts deferred as a result of stipulations are recognized in the period the stipulations are met.

Trusts

BCFSA administers the Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC"), a related party of BCFSA that guarantees 100 per cent of deposits and non-equity shares (issued before January 1, 2020) of BCFSA authorized credit unions. BCFSA appoints the majority of the board members for the Real Estate Compensation Fund Corporation ("RECFC"). 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. Both CUDIC and RECFC meet the definition of a trust under administration and are not included in BCFSA's financial statements.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years
Personal computer hardware	4 years
Computer servers and infrastructure hardware	5 years
Systems and software	2-10 years
Tenant improvements	lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to BCFSA's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Any write-downs are accounted for as expenses in the statement of operations as impairment losses. Impairments recorded are never reversed.

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

2. Summary of significant accounting policies – continued

Employee future benefits

a) Retirement allowance

Liabilities are recorded for employee retirement allowance benefits as employees render services to earn the benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated based on service.

The cumulative unrecognized actuarial gains and losses on retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The discount rate used to measure the obligations is based on the Municipal Finance Authority of British Columbia's cost of borrowing.

b) Defined contribution plans and multi-employer benefit plans

BCFSA and its employees contribute to the Public Service Pension Plan (the "Pension Plan"), a multi-employer defined benefit pension plan governed by the *BC Public Sector Pension Plans Act*. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions are expensed when they become payable.

Prepaid expenses

Prepaid expenses, which include rent and subscriptions for memberships, are expensed over the periods expected to benefit from them in the statement of operations.

Expenses

Expenses are recorded on an accrual basis. The cost of all goods consumed and services received during the year is expensed in the statement of operations.

Financial instruments

BCFSA's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts due from/due to government and other government organizations. Financial instruments are initially recorded at fair market value and subsequently measured at cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

The fair values of the BCFSA's financial instruments generally approximate their carrying amounts due to their short terms to maturity.

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

2. Summary of significant accounting policies – continued

Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of estimates include the valuation of accounts receivable, estimated useful lives of tangible capital assets, contingent liabilities, and future costs to settle employee benefit obligations.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

3. Cash and cash equivalents

	March 31, 2022	March 31, 2021
Cash	\$ 8,274	\$ 11,010
GIC – 1.2% - Redeemable maturing September 2022	5,000	-
GIC – 1.3% - Cashable maturing March 2023	5,000	-
GIC – 1.7% - Redeemable maturing March 2023	5,000	-
	<hr/>	<hr/>
	\$ 23,274	\$ 11,010

4. Investments

	March 31, 2022	March 31, 2021
GIC – 2.7% - Non-redeemable maturing December 2022	\$ 180	-
GIC – 2.9% - Non-redeemable maturing February 2023	267	-
	<hr/>	<hr/>
	\$ 447	\$ 11,010

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

5. Accounts receivable

	March 31, 2022	March 31, 2021
Recoveries from CUDIC	\$ 915	\$ 1,623
Regulated Entities/Individuals	10,100	10,993
Penalties and Enforcement	890	260
Other	18	28
	<hr/>	<hr/>
	11,923	12,904
Provision for losses (note 10)	<hr/>	<hr/>
	(450)	(189)
	<hr/>	<hr/>
	\$ 11,473	\$ 12,715

6. Due to/from government and other government organizations

Due From:

	March 31, 2022	March 31, 2021
Province of British Columbia	\$ 9,738	\$ -
Federal Government of Canada	305	259
	<hr/>	<hr/>
	\$ 10,043	\$ 259

Due To:

Province of British Columbia	\$ 141	\$ 337
Federal Government of Canada	430	284
	<hr/>	<hr/>
	\$ 571	\$ 621

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

7. Employee future benefits

a) Retirement allowance

Information about the BCFSA's retirement allowance is as follows:

	March 31, 2022	March 31, 2021
Accrued benefit obligation – Beginning of period	\$ 368	\$ 323
Transferred obligation (note 16)	334	-
Current period benefit cost	33	32
Interest cost	10	9
Loss (gain) on accrued benefit obligation	<u>(107)</u>	<u>4</u>
Accrued benefit obligation – End of period	638	368
Unamortized actuarial gain	<u>398</u>	<u>309</u>
Liability – End of period	<u>\$ 1,036</u>	<u>\$ 677</u>

The significant actuarial assumptions adopted in measuring BCFSA's retirement allowance were as follows:

	March 31, 2022	March 31, 2021
At beginning of period		
Discount rate	3.70%	2.50%
Rate of compensation increase	3.00%	2.00%
Expected Average Remaining Service Life (years)	18	18

The most recent full actuarial valuation was prepared as of March 31, 2022, with the next full valuation expected to be prepared as of March 31, 2024.

b) Employee Pension Benefits

Employer contributions to the Pension Plan of \$2,546,747 were expensed during the period. Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of Pension Plan funding. The most recent actuarial valuation for the Pension Plan at March 31, 2020, indicated a funding surplus of approximately \$2,667,000,000. The valuation does not attribute portions of the surplus to individual employers. The Pension Plan covers approximately 67,800 active members, of which approximately 340 were employees of BCFSA.

8. Inter-entity transactions

BCFSA provides administrative services to CUDIC and Credit Union Prudential Supervisors Association ("CUPSA"), both related parties, on a cost recovery basis. CUPSA facilitates communication amongst Credit Union regulatory authorities across Canada. Real Estate Errors and Omissions Insurance Corporation ("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.

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

9. Inter-entity transactions - continued

The following is a summary of revenue earned from inter-entity transactions:

	March 31, 2022	March 31, 2021
CUDIC	\$ 9,056	\$ 8,441
CUPSA	74	98
REEOIC	222	-
RECFC	28	-
Province of British Columbia	<u>113</u>	<u>552</u>
	\$ 9,493	\$ 9,091

In the period August 1, 2021, to March 31, 2022, BCFSA charged a fee of \$221,872 to the REEOIC for revenue collected on its behalf with respect to the REEOIC fund, and \$28,331 to the RECFC for revenue collected on its behalf with respect to the compensation fund. As at March 31, 2022, BCFSA had amounts receivable from REEOIC and RECFC in the amounts of \$43,223 and \$7,071, respectively.

The \$112,500 for the Province of British Columbia relates to a Service Level Agreement with OSRE that was in place prior to the restructuring that occurred on August 1, 2021 and ended on the restructuring date (note 16).

10. Risk management

As a result of its financial instruments, BCFSA is exposed to credit risk and liquidity risk. A qualitative and quantitative analysis of those risks is provided below.

Credit risk

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. BCFSA's accounts receivable are due primarily from credit unions, pension plans, related entities, and insurance companies. To mitigate this risk, BCFSA periodically reviews the collectability of its accounts receivable and establishes a provision based on its best estimate of potentially uncollectible amounts. As at March 31, 2022, the amount of provision for losses was \$450,000 (note 5). BCFSA's cash, which is held at Canadian financial institutions, was not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that BCFSA will not be able to meet its financial operating obligations as they become due. It is BCFSA's intention to meet its financial obligations through the collection of: current accounts receivable; cash on hand; and future licensing, registration, and other fee revenue.

BCFSA's principal source of revenue is from its licensing and registration accountabilities. All BCFSA's financial assets and liabilities mature within one year.

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

11. Tangible capital assets

March 31, 2022	Office Furniture	IT Hardware	Systems and Software	Tenant Improvements	Total Assets
Cost					
Opening balance	\$ -	\$ 507	\$ 6,404	\$ 715	\$ 7,626
Additions	395	762	8,763	2,338	12,258
Disposals	-	-	-	(715)	(715)
Closing balance	<u>395</u>	<u>1,269</u>	<u>15,167</u>	<u>2,338</u>	<u>19,169</u>
Accumulated amortization					
Opening balance	-	-	-	450	450
Amortization	116	329	845	304	1,594
Disposals	-	-	-	(715)	(715)
Closing balance	<u>116</u>	<u>329</u>	<u>845</u>	<u>39</u>	<u>1,329</u>
Net book value	\$ 279	\$ 940	\$ 14,322	\$ 2,299	\$ 17,840

Total asset additions of \$12,258,000 include \$2,159,000 in assets transferred through the restructuring transaction (note 16).

March 31, 2021	Office Furniture	IT Hardware	Systems and Software	Tenant Improvements	Total Assets
Cost					
Opening balance	\$ -	\$ -	\$ -	\$ 715	\$ 715
Additions	-	507	6,404	-	6,911
Disposals	-	-	-	-	-
Closing balance	<u>-</u>	<u>507</u>	<u>6,404</u>	<u>715</u>	<u>7,626</u>
Accumulated amortization					
Opening balance	-	-	-	132	132
Amortization	-	-	-	318	318
Disposals	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>450</u>
Net book value	\$ -	\$ 507	\$ 6,404	\$ 265	\$ 7,176

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

12. Commitment and contingencies

The aggregate minimum future annual rentals under operating leases and major contract commitments for the years ending March 31 were as follows:

	Rentals
2023	\$ 1,039
2024	1,072
2025	1,105
2026	1,143
2027 - 2035	<u>11,080</u>
	 <u>\$ 15,439</u>

13. Expenses by type

The following is a summary of expenses by object:

	Year ended March 31, 2022	Year ended March 31, 2021
Compensation and benefits	\$ 32,694	\$ 19,636
Professional services	8,508	4,709
Office and administrative	7,316	4,223
Amortization	<u>1,594</u>	<u>318</u>
	 <u>\$ 50,112</u>	 <u>\$ 28,886</u>

14. Trust Assets

BCFSA acts as the administrator of CUDIC. The assets, liabilities, and operating results of CUDIC have not been included in the statement of financial position or in the statement of operations. As at March 31, 2022, the balances of CUDIC were as follows:

	March 31, 2022	March 31, 2021
Assets	\$ 810,706	\$ 794,694
Liabilities	<u>1,428</u>	<u>2,987</u>
Equity	<u>\$ 809,278</u>	<u>\$ 791,707</u>

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

14. Trust Assets – continued

The funds administered by the RECFC under *Real Estate Services Act* meet the definition of a trust under administration and were not included in the BCFSA financial statements. As at March 31, 2022, the balances of RECFC were as follows:

	March 31, 2022
Assets	\$ 22,733
Liabilities	<u>919</u>
Equity	<u>\$ 21,814</u>

15. Budgeted figures

Budgeted figures have been provided for comparison purposes and are from the budgets approved by the Board of Directors of BCFSA on January 27, 2021. The approved budget does not include the effect of the restructuring that occurred on August 1, 2021 (note 16).

16. Restructuring Transaction

In November 2019, the Minister of Finance announced that RECBC and OSRE would be integrated within BCFSA. The purpose of the integration was to create a single integrated regulator for B.C.'s financial services sector, which includes: credit unions, trust companies, insurance companies, mortgage brokers, pension plans, real estate services, and real estate development marketing. One of the goals of the integration was to simplify accountabilities and enhance regulatory oversight through more effective and efficient business processes, investigations, and enforcements. RECBC and OSRE were integrated with BCFSA on August 1, 2021 (the "Restructuring Date").

Post Restructuring Date, BCFSA is focused on the financial services sector as a whole. As such, BCFSA is organized on a functional basis with departments with accountabilities which cover entire sector including the Supervision, Policy and Stakeholder Engagement, and Compliance and Market Conduct departments. Specifically, regarding real estate, BCFSA has the sole authority over real estate education and licensing as well as investigations and discipline responsibilities for licensed and unlicensed real estate activity, including real estate development marketing. It also has the authority to make rules governing the conduct of real estate licensees.

On the Restructuring Date, the assets, liabilities, regulatory authorities, and related operational responsibilities of RECBC and OSRE were transferred to BCFSA, and OSRE and RECBC 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. BCFSA has incurred a total of \$2,752,184 in restructuring related costs.

BC Financial Services Authority

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in '000)

16. Restructuring Transaction – continued

A summary of the restructuring costs is as follows:

	March 31, 2022	March 31, 2021
Compensation and benefits	\$ 2	\$ 10
Outsourced services	230	84
Legal services	95	181
Professional services	584	843
Information systems	114	108
Office and administrative	38	21
Other expenses	150	498
Recoveries	-	
	<hr/>	<hr/>
	(206)	
	<hr/>	<hr/>
	\$ 1,213	\$ 1,539

The net effect of the restructuring was recorded as revenue in the amount of \$13,955,959 on the statement of operations. There was no consideration paid and costs associated with the restructuring incurred by BCFSA have been expensed in the period they occurred. A summary of the assets and liabilities transferred to BCFSA were as follows:

	Transferred at August 1, 2021
Cash and cash equivalents	\$ 9,863
Accounts receivable	3,955
Accounts payable	(1,150)
Deferred revenue	(982)
Prepaid expenses	111
Tangible capital assets at net book value	<hr/>
	2,159
Net amount of assets in excess of liabilities	<hr/>
	\$ 13,956