



# Consolidated Financial Statements

Real Estate Council of British Columbia

March 31, 2019

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## **Management's 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**  
**Executive Officer**

# 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, 2019, 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, 2019, 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 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.

Vancouver, Canada  
May 13, 2019

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

# Real Estate Council of British Columbia

## Consolidated Statement of Financial Position

March 31

2019

2018

### Financial assets

Cash and cash equivalents	\$ 6,304,420	\$ 5,008,474
Investments (Note 3)	1,246,876	1,890,059
Investment in government business enterprise (Note 4)	22,871,433	22,482,490
Accounts and accrued interest receivable	286,625	154,020
	<u>30,709,354</u>	<u>29,535,043</u>

### Liabilities

Accounts payable and accrued liabilities (Note 5)	389,257	217,645
Deferred revenue	207,300	492,415
Deferred contributions - Education (Note 6)	375,236	170,704
	<u>971,793</u>	<u>880,764</u>

### Net financial assets

29,737,561      28,654,279

### Non-financial assets

Prepaid expenses	233,946	216,305
Tangible capital assets (Note 7)	1,394,575	291,650
	<u>1,628,521</u>	<u>507,955</u>

### Accumulated surplus

\$ 31,366,082      \$ 29,162,234

### Accumulated surplus is comprised of:

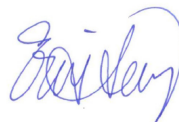
Accumulated operating surplus	\$ 30,667,420	\$ 29,246,129
Accumulated remeasurement gains (losses)	698,662	(83,895)
	<u>\$ 31,366,082</u>	<u>\$ 29,162,234</u>

Commitments and contingency (Note 9)

On behalf of RECBC



Chair



Executive Officer

# Real Estate Council of British Columbia

## Consolidated Statement of Operations and Accumulated Operating Surplus

	Budget	Year ended March 31, 2019	Nine months ended March 31, 2018
Revenue			
Licensing	\$ 1,141,000	\$ 1,100,415	\$ 776,207
Assessments	10,002,000	9,809,048	5,464,610
Course fees	902,000	1,301,100	259,100
Discipline penalties	-	147,094	119,789
Investment income and other	(179,000)	87,185	46,975
	<u>11,866,000</u>	<u>12,444,842</u>	<u>6,666,681</u>
Expenses (Note 15)			
Administrative expenses	5,149,500	5,699,086	3,247,065
Investigation expenses	4,029,500	4,023,780	2,948,573
Other expenses	1,312,000	907,071	495,586
	<u>10,491,000</u>	<u>10,629,937</u>	<u>6,691,224</u>
Excess (deficiency) of revenue over expenses	<u>\$ 1,375,000</u>	1,814,905	(24,543)
(Loss) income from government business enterprise (Note 4)		<u>(393,614)</u>	<u>1,279,060</u>
Operating surplus		1,421,291	1,254,517
Accumulated operating surplus, beginning of year		<u>29,246,129</u>	<u>27,991,612</u>
Accumulated operating surplus, end of year		<u>\$ 30,667,420</u>	<u>\$ 29,246,129</u>

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## Real Estate Council of British Columbia Consolidated Statement of Remeasurement Gains

	Year ended March 31, 2019	Nine months ended March 31, 2018
Accumulated remeasurement (losses) gains, beginning of year	\$ (83,895)	\$ 523,667
Other comprehensive income (loss) from government business enterprise (Note 4)	<u>782,557</u>	<u>(607,562)</u>
Accumulated remeasurement gains (losses), end of year	<u>\$ 698,662</u>	<u>\$ (83,895)</u>

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## Real Estate Council of British Columbia

### Consolidated Statement of Changes in Net Financial Assets

	Budget	Year ended March 31, 2019	Nine months ended March 31, 2018
Operating surplus	\$ 1,375,000	\$ 1,421,291	\$ 1,254,517
Additions to tangible capital assets	(1,083,000)	(1,338,949)	(201,150)
Amortization of tangible capital assets	255,012	236,024	146,875
Change in prepaid expenses	-	(17,641)	(67,265)
Net remeasurement gains (loss)	-	<u>782,557</u>	<u>(607,562)</u>
Increase in net financial assets	<u>\$ 547,012</u>	1,083,282	525,415
Net financial assets, beginning of year		<u>28,654,279</u>	<u>28,128,864</u>
Net financial assets, end of year		<u>\$ 29,737,561</u>	<u>\$ 28,654,279</u>

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# Real Estate Council of British Columbia

## Consolidated Statement of Cash Flows

	Year ended March 31, 2019	Nine months ended March 31, 2018
Cash derived from (applied to)		
<b>Operating activities</b>		
Operating surplus	\$ 1,421,291	\$ 1,254,517
Adjustments for items not affecting cash		
Amortization of tangible capital assets	236,024	146,875
Loss (income) from government business enterprise	393,614	(1,279,060)
	<u>2,050,929</u>	<u>122,332</u>
Changes in non-cash working capital items		
Accounts and accrued interest receivable	(132,605)	23,116
Prepaid expenses	(17,641)	(67,265)
Accounts payable and accrued liabilities	171,612	(270,037)
Deferred revenue	(285,115)	158,515
Deferred contributions - Education	204,532	(21,539)
	<u>1,991,712</u>	<u>(54,878)</u>
<b>Investing activities</b>		
Purchase of investments	643,183	698,855
Purchase of tangible capital assets	(1,338,949)	(201,150)
	<u>(695,766)</u>	<u>497,705</u>
Net increase in cash	1,295,946	442,827
Cash and cash equivalents, beginning of year	5,008,474	4,565,647
Cash and cash equivalents, end of year	<u>\$ 6,304,420</u>	<u>\$ 5,008,474</u>

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 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 September 30, 2016, the Province of British Columbia made legislative amendments to the Real Estate Services Act and the Real Estate Services Regulation which empowered the Province of British Columbia to appoint all 16 members of RECBC. Those changes resulted in the Province acquiring control of RECBC on that date. As a result in fiscal 2018, RECBC aligned its financial reporting with government service plan requirements and a March 31 fiscal year end.

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### 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, 2019, the balance of trust net assets was \$17,724,505 (2018 - \$16,428,171). The RECFC's transactions RECBC are disclosed in Note 12.

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

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March 31, 2019

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### 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.

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

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March 31, 2019

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### 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:

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.

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### 3. Investments

	<u>2019</u>	<u>2018</u>
GICs at 1.90% and 2.91% (2018: 1.40% to 2.91%) maturing between October 5, 2020 and February 16, 2023	<u>\$ 1,246,876</u>	<u>\$ 1,890,059</u>

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

March 31, 2019

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#### 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:

<b>Statement of financial position</b>	<u>2019</u>	<u>2018</u>
Total assets	\$ 60,369,857	\$ 54,961,113
Total liabilities	37,498,424	32,478,623
Equity	22,871,433	22,482,490

<b>Statement of operations</b>	<u>Year ended March 31, 2019</u>	<u>Nine months ended March 31, 2018</u>
Revenue	\$ 10,807,316	\$ 8,176,895
Expenses	(13,041,660)	(7,480,076)
Other income	1,526,133	1,075,362
Earnings before income taxes	(708,211)	1,772,181
Income tax expense	314,597	(493,121)
Net earnings	(393,614)	1,279,060
Other comprehensive income (loss)	782,557	(607,562)
Net earnings and other comprehensive income	\$ 388,943	\$ 671,498

In fiscal 2019, RECBC charged a fee of \$81,070 (2018 - \$60,940) to REEOIC with respect to fees collected on REEOIC's behalf.

Total liabilities include \$5,080 (2018 - \$7,575) payable to the RECBC.

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#### 5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$37,000 (2018 - \$Nil).

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#### 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.

# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

March 31, 2019

### 6. Deferred contribution – Education (continued)

The restricted contributions related to discipline penalties are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 170,704	\$ 192,243
Discipline penalties received	351,626	98,250
Expenditures	<u>(147,094)</u>	<u>(119,789)</u>
Balance, end of year	<u>\$ 375,236</u>	<u>\$ 170,704</u>

### 7. Tangible capital assets

	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
Cost				
Balance, March 31, 2018	\$ 1,342,745	\$ 583,429	\$ 504,287	\$ 2,430,461
Additions	260,311	541,983	536,655	1,338,949
Disposals	<u>(1,043,419)</u>	<u>(482,688)</u>	<u>(401,294)</u>	<u>(1,927,401)</u>
<b>Balance, March 31, 2019</b>	<u><b>559,637</b></u>	<u><b>642,724</b></u>	<u><b>639,648</b></u>	<u><b>1,842,009</b></u>
Accumulated depreciation				
Balance, March 31, 2018	1,173,268	533,186	432,357	2,138,811
Depreciation	108,541	72,005	55,478	236,024
Disposals	<u>(1,043,418)</u>	<u>(482,689)</u>	<u>(401,294)</u>	<u>(1,927,401)</u>
<b>Balance, March 31, 2019</b>	<u><b>238,391</b></u>	<u><b>122,502</b></u>	<u><b>86,541</b></u>	<u><b>447,434</b></u>
Carrying amount, March 31, 2018	<u>169,477</u>	<u>50,243</u>	<u>71,930</u>	<u>291,650</u>
<b>Carrying amount, March 31, 2019</b>	<u><b>\$ 321,246</b></u>	<u><b>\$ 520,222</b></u>	<u><b>\$ 553,107</b></u>	<u><b>\$ 1,394,575</b></u>

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 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>2019</u>	<u>2018</u>
Technology Fund (a)	\$ 453,395	\$ 450,000
Legal Defence Fund - General (b)	453,395	450,000
Legal Defence Fund - Special Compensation Fund (b)	150,994	150,000
Enforcement Fund-Accounting and Legal (c)	503,810	500,000
Education Fund (d)	<u>854,088</u>	<u>500,000</u>
Total funds	<u>\$ 2,415,682</u>	<u>\$ 2,050,000</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. This fund is used to pay for expenses related to the development and delivery of licensing education programs.

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 9. Commitments and contingency

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

2020	\$	492,000
2021		499,000
2022		513,000
2023		527,000
2024		541,000
Thereafter		<u>6,532,000</u>
	\$	<u>9,104,000</u>

In addition to base rent, RECBC is responsible for paying their 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.

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### 10. Financial instruments

At March 31, 2019, the financial assets measured at amortized cost totalled \$7,837,921 (2018 – \$7,052,553).

At March 31, 2019, the financial liabilities measured at amortized cost totalled \$389,257 (2018 - \$217,645).

#### *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, 2019.

#### *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).

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 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.

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### 12. Related party transactions and balances

In fiscal 2019, RECBC charged a fee of \$13,240 (2018 - \$11,085) 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 2019, the RECFC has a payable to RECBC of \$2,720 (2018 - \$1,420).

During the year, RECBC collected licence fees of \$3,247,994 (2018 - \$776,207) 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.

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### 13. Pension plan

RECBC contributes 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 2019 fiscal period was \$222,218 (2018 - \$158,182).

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### 14. Comparative figures

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

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# Real Estate Council of British Columbia

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 15. Expenses by object

	Year ended March 31, 2019	Nine months ended March 31, 2018
Amortization of tangible capital assets	\$ 236,024	\$ 146,875
Council members honorariums/committee meeting fees	181,048	130,002
Conference	68,726	26,805
Court reporter services	13,528	16,818
Dues, subscriptions and publications	97,905	50,571
Education/research grants awarded	147,478	119,913
Electronic communication	450,923	254,026
Equipment maintenance	49,593	28,778
Forensic investigation/receiverships	28,422	-
Insurance	10,503	6,547
Media and public relations	118,209	22,534
Office rent and operating costs, net	838,382	479,141
Postage, mailing and delivery	47,255	56,795
Printing and stationery	92,438	64,283
Professional services	1,354,992	997,427
Salaries	6,521,097	3,992,031
Spot audits	22,996	31,065
Telephone	59,685	29,716
Travel and accommodation	158,138	112,025
Travel and hearing (recovery)	(115,520)	(24,370)
Visa and bank charges	248,115	150,242
	<b>\$ 10,629,937</b>	<b>\$ 6,691,224</b>

Salaries have been allocated as follows by functional area:

- Administrative expenses 53%
- Investigation expenses 47%
- Other expenses Nil%