

Saskatchewan REALTORS® Association Inc.
Financial Statements
December 31, 2021

Management's Responsibility

To the Members of Saskatchewan REALTORS® Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

March 1, 2022

Tom Liagridonis

Management

To the Members of Saskatchewan REALTORS® Association:

Opinion

We have audited the financial statements of Saskatchewan REALTORS® Association (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in members equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Association 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Regina, Saskatchewan

March 1, 2022

MNP LLP

Chartered Professional Accountants

Saskatchewan REALTORS® Association Inc.
Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	263,521	159,597
Accounts receivable	158,177	104,049
Investments (Note 3)	955,174	927,386
Prepaid expenses and deposits	31,530	21,538
Inventory (Note 4)	26,562	22,666
	1,434,964	1,235,236
Capital assets (Note 5)	3,800,253	3,745,015
Investments (Note 3)	1,967,704	1,465,664
	7,202,921	6,445,915
Liabilities		
Current		
Accounts payable and accruals (Note 6)	328,236	255,425
Deferred contributions	36,888	40,053
Current portion of long-term debt (Note 7)	1,371,215	1,417,649
	1,736,339	1,713,127
Members' Equity		
Equity in capital assets	2,429,038	2,327,366
Board reserve	5,000	5,000
Building reserve	200,000	100,000
Commercial reserve	100,152	65,535
Computer replacement reserve	66,107	36,353
Contingency reserve	1,704,340	1,381,535
Education fund reserve	39,000	39,000
Equipment reserve	24,786	37,351
Reserve for lockboxes	848,159	690,648
Service optimization reserve	50,000	50,000
	5,466,582	4,732,788
	7,202,921	6,445,915

Approved on behalf of the Board

Sheri Willick

Director

Avril Riefferscheid

Director

The accompanying notes are an integral part of these financial statements

Saskatchewan REALTORS® Association Inc.

Statement of Operations

For the year ended December 31, 2021

	2021	2020
Revenue		
Membership fees	2,878,678	2,690,194
MLS® listing fees	628,560	543,384
MLS® fees	559,223	538,975
Initiation fees	165,279	79,100
Tenant lease revenue	20,889	47,850
Investments	51,940	26,843
Other revenue	35,154	22,471
	4,339,723	3,948,817
Expenses		
Building costs	232,059	213,158
Conference travel	41,072	13,465
General meetings & events	12,554	14,091
Governance (BoD)	104,642	92,199
IT (Technology)	151,380	170,201
MLS® services	839,557	849,578
Operations	256,788	257,512
Professional fees	172,134	224,707
Regional travel	22,050	46,501
Salaries and benefits	1,631,285	1,582,923
Services	142,408	147,129
Total expenses	3,605,929	3,611,464
Net surplus from operations	733,794	337,353

The accompanying notes are an integral part of these financial statements

Saskatchewan REALTORS® Association Inc.
Statement of Changes in Members' Equity
For the year ended December 31, 2021

	Members' equity, beginning of year	Net revenue over expenditures	Allocation to reserves (Note 10)	Purchases of capital assets (net of disposals)	Members' equity, end of year
Unrestricted Surplus	-	733,794	(733,794)	-	-
Equity in capital assets <i>(Note 10)</i>	2,327,366	-	(70,970)	172,642	2,429,038
Board reserve <i>(Note 10)</i>	5,000	-	-	-	5,000
Building reserve <i>(Note 10)</i>	100,000	-	240,403	(140,403)	200,000
Commercial reserve <i>(Note 10)</i>	65,535	-	34,617	-	100,152
Computer replacement reserve <i>(Note 10)</i>	36,353	-	49,428	(19,674)	66,107
Contingency reserve <i>(Note 10)</i>	1,381,535	-	322,805	-	1,704,340
Education fund reserve <i>(Note 10)</i>	39,000	-	-	-	39,000
Equipment reserve <i>(Note 10)</i>	37,351	-	-	(12,565)	24,786
Reserve for lockboxes <i>(Note 10)</i>	690,648	-	157,511	-	848,159
Service optimization reserve <i>(Note 10)</i>	50,000	-	-	-	50,000
Total	4,732,788	733,794	-	-	5,466,582

The accompanying notes are an integral part of these financial statements

Saskatchewan REALTORS® Association Inc.

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Cash receipts from members	4,230,490	4,056,275
Interest received	51,940	26,843
Cash paid to suppliers	(1,767,169)	(1,903,336)
Cash paid for salaries and benefits	(1,631,285)	(1,582,923)
Cash paid for interest	(31,148)	(52,673)
	852,828	544,186
Financing		
Repayment of long-term debt	(46,434)	(39,071)
Investing		
Purchase of capital assets	(172,642)	(390,648)
Purchase of investments (includes short term)	(529,828)	(1,350,000)
Proceeds on disposal of investments	-	409,040
Decrease in cash resources	103,924	(826,493)
Cash resources, beginning of year	159,597	-
Transfer of cash on amalgamation	-	986,090
Cash resources, end of year	263,521	159,597
Cash resources are composed of:		
Cash	263,521	159,597

The accompanying notes are an integral part of these financial statements

Saskatchewan REALTORS® Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

1. Incorporation and nature of the organization

Saskatchewan REALTORS® Association (the "Association") was incorporated under the authority of Saskatchewan Corporations Act on January 1, 2020 and is registered as a not-for-profit organization and thus is exempt from income taxes under section 149 of the Income Tax Act.

The Association's mission is to provide members resources and services to conduct an ethical, professional, and profitable business, to foster cooperation among members, to be the advocate for the real estate in the community.

COVID-19 impact on operations

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with initial maturities of three months or less.

Investments

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory as well as warranty and after sales service costs. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Saskatchewan REALTORS® Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

2. Significant accounting policies *(continued from previous page)*

Capital assets

Capital assets are recorded at cost.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

In the year of acquisition, amortization is taken at one-half of the below rates.

	Rate
Buildings	3 %
Computer equipment	30 %
Furniture and fixtures	20 %

Revenue recognition

The Association follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Fee, lease and other revenue is recognized as revenue when earned and collection is reasonably assured.

Investment income is recognized when earned, amounts can be estimated and collection is reasonably assured.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Association subsequently measures cash and investments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Investments

Investments include, money market, GIC investments, notes and bonds with maturity dates ranging from May 2022 to July 2029 (2020 - March 2021 to July 2029). Interest rates on these investments range between 0.60% - 5.04% (2020 - 0.65% - 3.45%).

4. Inventory

	2021	2020
Lockbox	23,924	18,717
Merchandise	2,638	3,949
	26,562	22,666

The cost of inventories recognized as an expense and included in MLS® services amounted to \$27,143 (2020 - \$34,658).

Saskatchewan REALTORS® Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Land	1,392,889	-	1,392,889	1,392,889
Buildings	2,372,476	129,127	2,243,349	2,170,157
Computer equipment	83,028	38,057	44,971	47,299
Furniture and fixtures	177,229	58,185	119,044	134,670
	4,025,622	225,369	3,800,253	3,745,015

Amortization expense of \$117,403 (2020 - \$107,966) is included in the operations expense in the statement of operations.

6. Accounts payable and accruals

	<i>2021</i>	<i>2020</i>
Trade accounts payable	307,362	232,856
GST Payable	19,786	19,628
Provincial sales tax payable	1,088	2,942
	328,236	255,426

7. Long-term debt

	<i>2021</i>	<i>2020</i>
RBC fixed rate term loan (non-revolving) due for renewal on October 31, 2022, repayable in blended monthly instalments of \$6,652 (2020 - \$7,769) at a fixed rate of 2.29% (2020 - 3.82%), secured by registered mortgage	1,371,215	1,417,649
Less: Current portion	1,371,215	1,417,649
	-	-

Fixed rate term loan is subject to certain non-financial covenants as described in the offer to finance. As at December 31, 2021, the Association is in compliance with all such covenants. The Association has provided security of first registered mortgage on the Association's building located at 1705 McKercher Drive.

Saskatchewan REALTORS® Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

8. Commitments

The Association entered into agreements with UTC Fire & Security Canada Inc. (formally GE Security) for software and devices necessary for the operation of the lockbox system. It is paid quarterly in amounts of approximately \$70,000 and subsequently billed to the members of the Association. The agreement expires March 30, 2024.

The Association has also entered into an agreement with Catylist Real Estate Software Inc. for software subscription services related to a standalone commercial MLS® system. The contract is expected to commence on January 1, 2022 with monthly costs of \$50 per member account per month (with a minimum of 50 members), expiring on December 31, 2024.

The minimum annual lease and subscription commitments are estimated as follows:

2022	298,425
2023	298,425
2024	97,106

9. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on the sale of inventory, collection of accounts receivable, purchasing commitments and obligations or raising funds to meet commitments and sustain operations. The Association manages its liquidity risk by forecasting cash flows generated from operations ensuring the cash generated is sufficient to meet its short-term and long-term operating requirements, and also maintains a contingency reserve to fund unexpected obligations or deficiencies in earnings.

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss. The Association minimizes its credit risk by conducting transactions with a large number of members.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate price risk with respect to marketable securities, which have terms ranging from one to eight years, and which are subject to interest rates ranging from 0.60% - 5.04%. The Association manages its interest rate risk by investing in low-risk investments with varying dates of maturity.

The Association is exposed to interest rate price risk with respect to the term debt which bears interest at a fixed rate of 2.29%, maturing October 2022.

10. Internal transfers and internally restricted funds

Equity in capital assets

During the year, there was a transfer to equity in capital assets of \$172,642 (2020 - \$388,160) from the building reserve \$140,403 (2020 - \$288,217), computer replacement reserve \$19,674 (2020 - \$5,000), equipment reserve \$12,565 (2020 - \$9,000) and unrestricted surplus \$nil (2020 - \$85,943) to fund the purchases of capital assets. There was also a transfer of \$70,970 (2020 - \$68,972) out of the equity in capital assets into the unrestricted surplus to fund the amortization expense, net of the principle repayments on the building mortgage. The equity in capital assets balance for 2021 is \$2,429,038 (2020 - \$2,327,366).

Financial reserves policy

The Association has established a financial reserve policy, the purpose of which is to ensure funds will be available to meet specific needs. Allocations to or withdrawal from these funds is at the discretion of the Board of Directors. The approved funds are as follows:

a) Board reserve

The purpose of the board reserve is to support general operations as required.

There is no specified desired level of funding.

There were no transfers in or out of the reserve during the year. The board reserve for 2021 is \$5,000 (2020 - \$5,000).

b) Building reserve

The purpose of the building reserve is to set aside funds for significant future capital expenditures relating to building improvements.

The desired level of funding will be based on long-term future capital needs.

During the year, there was a transfer in to the reserve of \$240,403 (2020 - \$100,000) and transfer out of the reserve of \$140,403 (2020 - \$288,217). The building reserve balance for 2021 is \$200,000 (2020 - \$100,000).

c) Commercial reserve

The purpose of this fund is to provide an operating reserve to the Commercial Division of the Association. It is available exclusively to the Commercial Division Executive Committee for operating purposes in those years where Division expenditures may exceed its revenues. It will act as a stabilizer to avoid frequently adjusting fees charged to Commercial Division members.

There is no specified desired level of funding.

During the year, there was a transfer in to reserve of \$34,617 (2020 - \$18,934). The commercial reserve balance for 2021 is \$100,152 (2020 - \$65,535).

10. Internal transfers and internally restricted funds *(continued from previous page)*

d) Computer replacement reserve

The purpose of this reserve is to set aside funds for future expenditures related to computer purchases.

There is no specified desired level of funding.

During the year, there was a transfer to the computer replacement reserve of \$49,428 (2020 - \$30,353) and a transfer out of the reserve of \$19,674 (2020 - \$5,000). The computer replacement reserve balance for 2021 is \$66,107 (2020 - \$36,353).

e) Contingency reserve

The purpose of this fund is to provide access to funds to address unusual or unforeseen circumstances. It will act as the major buffer regarding financial risk for the Association. It will address possible unforeseen and significant expenditures such as those relating to legal costs, disruption to operations, organizational wind down and any other type of expenditure of this nature.

The desired level of funding is the equivalent of 6 months of operating expenditures calculated on a three-year rolling average.

During the year, a transfer was made to the contingency reserve of \$322,805 (2020 - \$731,992). The contingency reserve balance is \$1,704,340 (2020 - \$1,381,535) at the end of 2021.

f) Education fund reserve

The purpose of the Education reserve is to fund future projects related to education.

The desired level of funding will be based on short-term planned future needs.

There were no transfers in or out of the reserve during the year. The education fund reserve balance for 2021 is \$39,000 (2020 - \$39,000).

g) Equipment reserve

The purpose of this reserve is to set aside funds for future expenditures related to furniture and equipment purchases.

There is no specified desired level of funding.

During the year, there were no transfers to the equipment reserve (2020 - \$30,351). There was a transfer out of the reserve of \$12,565 (2020 - \$9,000). The equipment reserve balance for 2021 is \$24,788 (2020 - \$37,351).

h) Reserve for lockboxes

The purpose of the lockbox replenishment fund is to ensure that the Association has access to adequate funds to acquire new lockboxes for members.

The desired level of funding will be based on the Association's current lockbox replenishment fund policy.

The Association transferred \$157,511 (2020 - \$35,327) into the reserve in the current year. The equity in lockbox replenishment for 2021 is \$848,159 (2020 - \$690,648).

Saskatchewan REALTORS® Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

10. Internal transfers and internally restricted funds *(continued from previous page)*

i) Service optimization reserve

The purpose of the service optimization reserve is to fund special projects, planned or otherwise, that will not be funded from the current year's operating revenues. This would include items such as lockbox key deposit liabilities, expenditures related to conferences, or any other special operating expenditures that may arise. It will also act as a stabilizer to avoid frequently adjusting fees charged to members.

The desired level of funding will be based on short-term planned future needs.

There were no transfers in or out of the reserve during the year. The service optimization reserve balance for 2021 is \$50,000 (2020 - \$50,000).

11. Saskatchewan Realtors® Quality of Life Legacy Fund

The Association of Saskatchewan Realtors® Quality of Life Legacy ("the Fund") is a donor advised fund within the Saskatoon Community Foundation ("the Foundation") that was established in 2012 by the Association of Saskatchewan Realtors® with a one-time contribution to the fund of \$100,000. The foundation issues receipts for income tax purposes for any additional charitable donations received in the fund. The Foundation, with input from the Saskatchewan Realtors® Association, will distribute income from the Fund to qualified donees including registered charities in Saskatchewan.

The balance available for distribution in the Fund of \$199,967 is held and managed by the fund. As such, it is not reflected in the assets or liabilities of these financial statements.