

FORM 3
ACCOUNTANT'S REPORT
CLOSING AUDIT

This report must be completed by a Chartered Professional Accountant, Chartered Accountant, Certified General Accountant or Certified Management Accountant. The accountant shall be guided by the Table of Recommended Minimum Examination Guidelines (page 4 of the Engagement Letter between Accountant and Client).

To: The Real Estate Council of Alberta, c/o Executive Director

At the request of _____ being the broker
for _____ (the brokerage)
we have conducted certain procedures on the books, records, and accounts maintained by the
brokerage for the period ended _____, _____. (date of licence termination)

To make this report, we have

- 1) read Sections 20 and 25 of the Real Estate Act and Part 3, *Accounting Records*, of the Rules and Regulations¹,
- 2) obtained a signed copy of the **Real Estate Brokerage's Representations to the Real Estate Council of Alberta**, and
- 3) signed an **Engagement Letter Between Accountant and Client**, dated _____,

Our examination was guided by the **Table of Recommended Minimum Examination Guidelines** (on page 5 of the Engagement Letter). In completing this report, certain procedures as set out below were carried out on a month selected by us. The month of _____ (hereinafter referred to in this report as the "selected month") was used for the purpose of completing procedures 2, 3, 4, 5, 7, 8, and 9, below. Based on the limited procedures carried out, and with respect to each particular procedure, we report as follows:

1. We reviewed the brokerage's trust depository statements, trust bank reconciliation and trust liability reconciliation (to determine whether there are sufficient funds in the depositories to meet the trust liabilities) for each of the months in the period ended _____, _____ (date of licence termination) and observed that:
 - a) each reconciliation showed there were sufficient funds to meet the liabilities,
 - b) a listing of the money held in trust (trust liability) for each transaction, owner, property or tenant has been included as part of the reconciliation and had been prepared for each month,
 - c) there were no debit balances greater than \$100,

¹ The Real Estate Act and Rules may be found at RECA's Website - www.reca.ab.ca

- d) there were no overdrafts,
 - e) there were no unreconciled differences, and
 - f) each trust bank reconciliation and trust liability reconciliation was dated within 30 days of the month being reconciled and bore the signature of the broker,
- with the following exceptions:***

2. For the selected month, we reviewed (*number of*) _____ Buy/Sell trades² in real estate. We determined that they were entered in the brokerage's trust ledger accounts and supporting records. We report that for each transaction there was a separate trust ledger account, which along with the supporting records, indicated:

- a) The nature of the trade,
- b) a description clearly identifying the real estate involved,
- c) the true consideration for the trade (in the case of lease or rental, expressed on an annual, monthly or other basis),
- d) the names of the parties to the trade,
- e) the amount of the deposit or other funds received and a record of the disbursement of them, and
- f) the amount of the brokerage's commission or other remuneration and the name of the party paying it, ***with the following exceptions:***

² TRADE includes a disposition, acquisition of or transaction in real estate by sale, purchase, agreement for sale, exchange, option, lease, rental or otherwise.

3. For the selected month, we reviewed (*number of*) _____ Property Management trades² in real estate. We determined that they were entered in the brokerage's trust ledger accounts and supporting records. We report that each trust ledger account, with supporting records, indicated:
- a) a description clearly identifying the rental or condominium property involved,
 - b) the amount of the rent, security deposit, condominium fee or other funds to be received was consistent with a signed lease agreement or other document,
 - c) the names of the parties to the trade,
 - d) the amount of the rent or other funds received and a record of the disbursement of them, and
 - e) the amount of the brokerage's management fee or other remuneration. the name of the party paying the fee or other remuneration and it was consistent with the signed management or other agreement, **with the following exceptions:**
4. We verified the information contained in the trust bank reconciliation as at the end of the selected month and found the information contained in the reconciliation to be correct, **with the following exceptions:**
5. We verified the information contained in the trust liability reconciliation (to determine whether there are sufficient funds in the depositories to meet the trust liabilities) as at the end of the selected month and found the information contained in that reconciliation to be correct, **with the following exceptions:**
6. We determined from the banking records with depositories as at _____, _____ (**date of real estate licence termination**), the amount of \$ _____ on deposit in all trust accounts disclosed in the **Real Estate Brokerage's Representations to the Real Estate Council of Alberta**. We agreed the amounts with the balances recorded in the brokerage's bank reconciliation and reviewed the reconciling items to arrive at a brokerage's reconciled bank balance of \$ _____.
- 7.. For the selected month, we traced (*number*) _____ deposits from the trust ledger to the bank deposit books, bank statements and supporting records, and found trust funds were deposited within (3) banking days after the date of receipt or acceptance of the offer to purchase or within any further period agreed to in writing by the parties to the trade, all trust money received in relation to the Residential Tenancies Act or Condominium Property Act were deposited within two (2) or three (3) banking days respectively after the date of receipt: **with the following exceptions:**

8. We examined (*number*) _____ disbursements in the selected month from the trust accounts and found the disbursements to be in accordance with the terms of trust governing the use of that money: ***with the following exceptions:***

9. We verified (*number*) _____ receipts and (*number*) _____ disbursements in the general account for the selected month and noted that they are not trust transactions, ***with the following exceptions:***

10. We have forwarded a copy of the report to the broker and have discussed the contents of the report with the broker.

Additional comments, if any, can be stated here or on an attached sheet.

This report is prepared solely for submission to Real Estate Council of Alberta and is not to be referred to or distributed to any person other than in accordance with the Real Estate Act. The procedures carried out did not constitute an audit and therefore we do not express an opinion about the accuracy or completeness of the trust books, records and financial information provided, or about whether or not there were any irregularities during the year which were not disclosed to us. However, we have reported on the results of the preceding procedures.

Accountant and Accounting Firm

Signature and Professional Designation

Address

Date: _____

**If you choose to prepare this form in any other format,
please ensure that there are no changes in the wording.**