



FORM MB-3 (Mortgage Broker)  
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 Registrar

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 18 and 25 of the Real Estate Act and Part 3 Accounting Records & Reporting Requirements, Divisions 1 and 3 of the Rules pursuant to the Real Estate Act<sup>1</sup>,
- 2) obtained a signed copy of the Mortgage 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 4 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, 5, 6, 7, 8, 9, 10, 11 and 14, below. Based on the limited procedures carried out, and with respect to each particular procedure, we report as follows:

1. We reviewed the trust bank reconciliation and trust liability for each of the \_\_\_\_\_ months in the period ended \_\_\_\_\_, \_\_\_\_\_ (date of licence termination) and observed that:
  - a) there were sufficient funds in the depositories to meet the trust liabilities,
  - b) listings and reconciliation have been prepared monthly within 30 days of the date of the prior month's bank statement,
  - c) there were no unreconciled differences, and
  - d) each trust reconciliation was dated and bore the signature of the broker,

**with the following exceptions:**

<sup>1</sup> The Real Estate Act and Rules may be found at RECA's Website - [www.reca.ab.ca](http://www.reca.ab.ca)

2. For the selected month, we reviewed (*number of*) \_\_\_\_\_ trust transactions and determined that they were entered in the brokerage's trust ledger accounts with supporting records and that, for each mortgage transaction:
  - (a) there is a written agreement between the brokerage and any person providing the mortgage or other trust money, expressly acknowledging the trust arrangement between them, and setting forth the terms under which the money is to be received and disbursed, and
  - (b) a separate file has been maintained for each mortgage,  
*with the following exceptions:*
  
3. We verified by tracing to supporting documents the information contained in the trust bank account reconciliation as at the end of the selected month and found the information contained in the reconciliation to be correct, *with the following exceptions:*
  
4. We confirmed directly with depositories as at \_\_\_\_\_, \_\_\_\_\_ (*date of licence termination*) the amount of \$\_\_\_\_\_ on deposit in all trust accounts disclosed in the **Mortgage Brokerage's Representations to the Real Estate Council of Alberta**. We agreed the amounts confirmed with the balances recorded in the brokerage's trust bank reconciliation, and reviewed the reconciling items to arrive at the brokerage's reconciled bank balance of \$\_\_\_\_\_.
  
5. We compared trust ledger balances from (*number of*) \_\_\_\_\_ selected trust ledger accounts to the listing of trust liabilities and compared (*number of*) \_\_\_\_\_ balances from the listing to the trust ledger accounts, both as at the end of the selected month, and found them in agreement, *with the following exceptions:*
  
6. We traced the details of the last receipt of the selected month and the first receipt for the next month from the trust liability records to the trust bank records to ensure that the entries were recorded in the appropriate month, *with the following exceptions:*

7. We traced the last five disbursements of the selected month and the first five disbursements for the next month from the trust liability records to the trust bank records to ensure that entries were recorded in the appropriate month, *with the following exceptions:*
  
8. We traced the trust liability month-end balances of the accounts examined in procedures 6 and 7 above to the listing of trust liabilities applicable to that date and found them to be in agreement, *with the following exceptions:*
  
9. For the selected month, we traced (*number*) \_\_\_\_\_ deposits from the trust ledger to the bank deposit books, bank statements and supporting records, and found the deposits were made within two banking days after their receipt or within any further period agreed to in writing by the parties to the trade, *with the following exceptions:*
  
10. We examined (*number*) \_\_\_\_\_ disbursements in the selected month from the trust accounts to determine whether the disbursements were in accordance with the timing and other terms of trust governing the use of that money, *with the following exceptions:*
  
11. We scrutinized (*number*) \_\_\_\_\_ trust ledger liability accounts and reported any debit balances greater than \$100 that had arisen during the period, *with the following exceptions:*
  
12. We scrutinized the brokerage's trust depository statements and passbooks covering the period for depositories disclosed in the **Mortgage Brokerage's Representations to the Real Estate Council of Alberta** and found no overdrafts, *with the following exceptions:*
  
13. We determined, by inquiry and observation, that the brokerage (HAS) (DOES NOT HAVE) a general account for funds other than trust funds.

14. We verified (ALL) (A MINIMUM OF 15) receipts and (ALL) (A MINIMUM OF 15) disbursements in the general account for the selected month and noted that they are not trust transactions, *with the following exceptions:*

15. 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 period which were not disclosed to us. However, we have reported on the results of the preceding procedures.

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Accountant and Accounting Firm

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Signature and Professional Designation

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Address

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Date

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