

PURSUANT TO THE REAL ESTATE ACT

Since July 1996, when the *Real Estate Act* became law, the Real Estate Council of Alberta (RECA) has been responsible for regulation of the real estate and mortgage broker industries in Alberta. For more information, please contact the Real Estate Council of Alberta, Suite 202, 1506 - 11 Avenue SW, Calgary AB T3C 0M9.

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Website: www.reca.ca

THIS REPORT IS ONLY TO BE USED FOR ENGAGEMENT LETTERS SIGNED AFTER
OCTOBER 1, 2024

The brokerage to be reported on is:

<i>Brokerage</i>		
<i>Address</i>		
<i>City</i>	<i>Province</i>	<i>Postal Code</i>
<i>Phone</i>	<i>Fax</i>	<i>E-mail</i>
<i>Name of Broker</i>		

To Whom It May Concern:

This letter sets the terms of our engagement as accountants for the purpose of reporting under Section 91 of the *Real Estate Act* Rules.

You have requested that we perform an agreed-upon procedures engagement on the Accountant's Report to the Real Estate Council of Alberta. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide. Our engagement will be conducted in accordance with the Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagements. In performing the agreed-upon procedures engagement, we will comply with Chartered Professional Accountants of Alberta's Rules of Professional Conduct.

An agreed-upon procedures engagement performed under CSRS 4400 involves our performing the procedures agreed with you and communicating the findings in the agreed-upon procedures report. Findings are the factual results of the agreed-upon procedures performed. You acknowledge that the procedures are appropriate for the purpose of the

engagement. We make no representation regarding the appropriateness of the procedures. This agreed-upon procedures engagement will be conducted on the basis that _____ ("brokerage") is responsible for the subject matter on which the agreed-upon procedures are performed. Further, this agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Furthermore, our engagement cannot be relied upon to prevent or detect defalcations or disclose irregularities, which may have occurred during the Reporting Period. However, we will report on the results of applying the specific procedures.

This engagement, for the fiscal year ended _____ will be limited to the procedures outlined below, except where those procedures are extended as directed by you in writing. Any such additional procedures shall be attached to this letter and become part of the engagement.

The Table of Recommended Minimum Examination Guidelines, on the last page of this document (page 5), will be used in our examination. In completing the Accountant's Report, we will select a month of our choice within the fiscal year. The month selected (hereinafter referred to in this report as the "selected month") will be reported to the Real Estate Council of Alberta and used for the purpose of completing procedures 2, 3, 4, 6, and 7 of the Accountant's Report. The procedures we will carry out are as follows *if applicable*:

1. Inspect the brokerage's trust depository statements, the 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 fiscal year ended _____ and observed that:
 - a) each reconciliation showed there were sufficient funds to meet the liabilities,
 - b) there were no debit balances greater than \$100,
 - c) there were no overdrafts,
 - d) there were no unreconciled differences, and
 - e) each trust bank reconciliation was dated within 30 days of the month being reconciled and bore the signature of the broker.
2. For the selected month, review a number of condominium management services agreements. Together with the brokerage's trust ledger accounts and supporting records, confirm that they indicate:
 - a) a description clearly identifying the condominium corporation involved,
 - b) the amount of the condominium fee or other funds received was consistent with the contribution schedule to the budget or other document (where there is more than one receipt for any of the condo corporation selected in the sample month, all receipts to a maximum of three should be tested),
 - c) the amount of the brokerage's management fee or other remuneration, the name of the party paying the fee or other remuneration and that it was consistent with the signed management or other agreement, and
 - d) any affiliated individuals or companies providing services is disclosed to the condominium corporation.

3. Trace the information in the trust bank reconciliation at the end of the selected month.
4. Inspect the information in the trust liability reconciliation to determine whether there are sufficient funds in the depositories to meet the trust liabilities at the end of the selected month.
5. Trace the amount of all trust accounts with depositories in relation to Condominium Management Services activity disclosed in the Real Estate Brokerage's Representations to RECA as at _____ (*fiscal year end date*). Trace the recorded amounts on the brokerage's trust bank reconciliations and review the reconciling items to arrive at the brokerage's reconciled balance.
6. For the selected month, trace a number of deposits from the trust ledger to the bank deposit books, bank statements and supporting records, to determine if trust money received in relation to the Condominium Property Act were deposited within three (3) banking days after the date of receipt (up to a maximum of three (3) deposits per condo corporation should be tested).
7. For the selected month, examine disbursements from the trust accounts and trace the disbursements to the condominium management services agreement and supporting documentations (up to a maximum of three (3) disbursements per condo corporation should be tested).
8. Forward a copy of the Accountant's Report to the brokerage and discuss the contents with the broker.

These procedures do not constitute an audit and therefore we will 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 that were not disclosed to us. However, we will report on the results of the preceding procedures.

So that we may carry out this engagement, you will make available to us all books, correspondence with the Real Estate Council of Alberta and its Registrar, records and accounts pertaining to the real estate firm for the fiscal year ended _____. Your firm will also provide us with the following:

1) Real Estate Brokerage's Representations to the Real Estate Council of Alberta, in the approved form, duly completed and signed for the fiscal year ended _____

2) Accountant's Report, in the approved form, for our completion.

We will discuss the details of the completed Accountant's Report with you and provide you a copy of the report for forwarding to the Real Estate Council of Alberta.

Our fees for services rendered will be based on the time spent by us, plus any out-of-pocket expenses that we incur.

Please review this letter carefully, sign, date, and return one copy to us.

Name of Accountant, Accounting Firm

Date

Signature of Accountant

The terms set out in the foregoing letter are hereby agreed to.

Name of Broker

Date

Signature of Broker

The selected month should, whenever possible, be representative of the operations of the brokerage and if there have been transactions must always include a transaction. If there is only one month with a deposit that month should be selected, even if there were no disbursements in that month.

If the report is being issued only as a result of the holding and disbursement of funds received in a previous fiscal period. Then the sample month should be one where a disbursement was made, and this fact is stated in the additional comments to the report.

Table of Recommended Minimum Examination Guidelines
(for use in completing the Accountant's Report)

CONDOMINIUM MANAGEMENT SERVICES	
Number of Condominiums Managed in Selected Month	Recommended Examination Numbers in Selected Month
0-50	Examine all Condominiums to a maximum of ten (10)
Over 50	Examine 20% to a maximum of twenty (20)
Use the following proportions as far as applicable condominiums allow.	
Total Condominiums Examined in Selected Month should be made up of:	Condominiums units managed:
40%	2-50
20%	51 to 100
20%	101 to 200
20%	Over 200