



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**. Phone (403) **228-2954** or (toll free in Alberta) **1-888-425-2754**.

E-mail Submissions: [auditreports@reca.ca](mailto:auditreports@reca.ca) E-mail Questions: [audit@reca.ca](mailto:audit@reca.ca)

Website: [www.reca.ca](http://www.reca.ca)

THIS REPORT IS ONLY TO BE USED FOR REPORTING ON FISCAL YEAR ENDS  
DATED DECEMBER 1, 2021 OR LATER

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>		

Dear Sir or Madam:

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 4), 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, 5, 7, 8, and 9 of the **Accountant's Report**. The procedures we will carry out are as follows *if applicable*:

1. Reviewed 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 twelve (12) months in the fiscal year ended \_\_\_\_\_, \_\_\_\_\_ and ensure that:
  - a) each reconciliation showed there were sufficient funds to meet the liabilities,
  - b) a listing of the money held (trust liability) in trust for each transaction, owner, property or tenant has been included as part of the reconciliation and was prepared each month,
  - c) there were no debit balances greater than \$100,
  - 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.
  
2. For the selected month, review a number of Sell/Lease transactions. Determine that they were entered in the brokerage's trust ledger accounts with supporting records and that they indicate:
  - (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, rent, 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.
3. For the selected month, review a *number of* Property Management trades in real estate. Determine that they were entered in the brokerage's trust ledger accounts and supporting records and that they indicate:
    - a) a description clearly identifying the rental property involved,
    - b) the amount of the rent, security deposit, 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 that it was consistent with the signed management or other agreement.
  4. Verify the information in the trust bank reconciliation at the end of the selected month.
  5. Verify the information in the trust liability reconciliation at the end of the selected month to determine whether there are sufficient funds in the depositories to meet the trust liabilities.
  6. For all trust accounts in relation to Real Estate and Property Management activity disclosed in the **Real Estate Brokerage's Representations to RECA** as at \_\_\_\_\_, \_\_\_\_\_ (*fiscal year end date*). Agree the amounts on the depository bank statements to the amount on the brokerage's trust bank reconciliation.
  7. For the selected month, we traced a number of 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 deposited within two (2) banking days after the date of receipt
  8. For the selected month, examine disbursements from the trust accounts to determine whether the disbursements are in accordance with the terms of trust governing the use of that money.
  9. Verify a number of receipts and disbursements in the general account for the selected month to ensure that they are not trust transactions.
  10. 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 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.**

Yours very truly,

\_\_\_\_\_  
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

## SELECTION OF THE SAMPLE MONTH

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 stated in the additional comments to the report.

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

REAL ESTATE TRANSACTIONS - BUY/SELL	
Estimated Monthly Real Estate Transactions	Recommended Examination Numbers in Selected Month
0-50	Examine all transactions (to a maximum of 10)
51-200	Examine 20% of all transactions
Over 200	Examine 40 transactions

REAL ESTATE TRANSACTIONS - PROPERTY MANAGEMENT	
Number of Properties Managed In Selected Month	Recommended Examination Numbers in Selected Month
0-50	Examine all properties to a maximum of ten (10)
Over 50	Examine 20% to a maximum of twenty (20)
<p>In the selected month, properties that make up the recommended examination numbers shown above should be selected from a range of property types. Use the following proportions as far as applicable properties allow.</p>	
Total Properties Examined in Selected Month should be made up of:	Properties with Client's Estimated Monthly Rental Income of:
40%	Under \$2,000
20%	\$2,001 to \$5,000
20%	\$5,001 to \$30,000
10%	\$30,001 to \$50,000
10%	Over \$50,000

Answers to some common questions in relation to property management testing are available on our website here:

<https://www.reca.ca/professionals-learners/industry-101/trust-assurance-and-practice/accountant-q-and-a/>