



2024-2025 RECA ANNUAL REPORT

INDEPENDENT REGULATION. REAL OUTCOMES.



Alberta's Real Estate Regulator



Delivering Results for Alberta's Real Estate Consumers

RECA is Alberta's independent real estate regulator. During the past year, we delivered protection, accountability, and trust by enforcing standards, responding to risk, and ensuring the regulatory system worked as intended for consumers.



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Board Chair Message



Cynthia P. Moore
Board Chair

As Alberta's Real Estate Regulator, the Real Estate Council of Alberta (RECA) exists to ensure confidence in the real estate marketplace is maintained through strong regulation, sound governance and effective oversight. Alberta's real estate sector has grown in scale and risk over the past five years and with that comes heightened responsibility to protect the public interest. I am honored to step into the role of Board Chair at a pivotal time for RECA.

The coming years demand focus and discipline as the industry continues to evolve. Alberta's real estate sector has seen historic growth, heightened consumer expectations, and increased risks. The Board's role is to ensure RECA is positioned to meet these pressures proactively. Our focus will be to strengthen public trust in RECA's role. We know that our stakeholders want increased visibility into our operations, more transparency in our decision making, and wider awareness of RECA's consumer protection functions. Those insights are embedded throughout our 2025-2028 Strategic Plan. The Board is committed to ensuring we deliver on them.

The strategic plan aligns with the findings of RECA's recent third party Regulatory Review, which confirmed that we perform well against international regulatory standards.

It also provided recommendations for continuous improvement. The Board looks forward to overseeing the ongoing implementation of these recommendations as well as supporting modernization efforts—strengthening risk based regulation, improving clarity in rules and processes, and enhancing RECA's digital and operational infrastructure.

Our focus on sustainability—both financial and organizational—will be essential. RECA must remain resilient despite economic pressures, changing market conditions, and shifting licensee demographics. This approach includes continued emphasis on sound financial decision making, maintaining reasonable and predictable fees, and ensuring RECA's systems and data structures support a modern, agile regulatory environment. Forward-looking decisions have allowed investment in initiatives that enhance consumer protection. Our approach will ensure that the organization remains financially sustainable and well-positioned to respond to emerging risks and future regulatory demands.

We will continue to engage with consumers, licensees, industry partners and government to ensure Alberta's regulatory framework remains responsive and credible. RECA is well positioned to advance our mandate with renewed clarity and focus. Together, we will build on our momentum and continue to deliver meaningful regulatory outcomes for Albertans.

Cynthia P. Moore
Board Chair
Real Estate Council of Alberta

CEO Message



Stacy Paquin Chief Executive Officer

Reflecting on the past year, I am proud of the progress RECA has made in strengthening its role as Alberta's real estate regulator. As the industry continues to grow and evolve, our focus has remained on protecting customers, elevating professionalism and regulating with integrity and transparency.

Strengthening Regulatory Excellence

In 2024-25, RECA completed its first independent Regulatory Review under the modernized governance framework. The review benchmarked RECA against global regulatory standards and confirmed that we meet, or are on track to meet, the core standards within our control. It also provided clear directions for further enhancing our regulatory approach.

In response, we delivered several key initiatives including a new public website, enhanced communications, updates to competency frameworks, and refreshed Practice Review Guides. These initiatives reflect our commitment to accountability and continuous improvement.

We also reached a major milestone in modernizing Alberta's regulatory framework by finalizing proposed amendments to the *Real Estate Act Rules* and submitting them to the Minister of Service Alberta and Red Tape Reduction ("Minister"). The proposed changes reflect extensive feedback from consumers, licensees, and industry partners. Pending approval from the Minister, the amendments to the *Real Estate Act Rules* will support clearer and more adaptive regulation.

Responsible Stewardship in a Growing Industry

The sectors RECA regulates continue to expand, with more than 22,000 licensed professionals across seven regulated sectors. Growth of this scale increases market complexity and reinforces the need for strong, consistent regulatory oversight.

Throughout the year, RECA aligned its activities with areas of highest risk by strengthening practice reviews, focusing investigations where needed most, and supporting compliance through education and guidance.

Looking Ahead to 2026

In the coming year, we will continue building a more modern and resilient regulatory system. Key priorities include advancing our Digital Strategy & Roadmap, improving MyRECA, integrating regulatory data for better decision-making, and reducing administrative burden through more efficient tools and processes. At the same time, we continued to demonstrate financial responsibility. Since 2020, RECA has reduced per-licensee expenditures by 17%, even as regulatory expectations and licensee volumes increased.

Additional focus areas include:

- Implementing outcomes from the Deloitte Five-Year Review to ensure governance and operations reflect leading regulatory practices.
- Enhancing oversight and approval processes for course providers to strengthen the link between education quality and licensee competence.
- Integrating AI insights into policy, guidance, and internal processes to support efficient, modern regulation.
- Completing modernization of MyRECA and digital tools, enabling a streamlined and accessible user experience.
- Continuing strong fiscal management and fee structure analysis to ensure long-term financial resilience.
- Deepening stakeholder outreach to support clearer communication and enhanced trust in our regulatory role.

I want to thank our Board, our Industry Councils, our dedicated staff, and the many stakeholders who contributed their expertise, time, and insight over the past year. Together, we are building a regulatory system that is modern, trusted, and equipped to meet the needs of Albertans today and in the future.

Stacy Paquin
Chief Executive Officer
Real Estate Council of Alberta

Delivering Consumer Protection

Improving Access to Consumer Information

Consumer protection depends on access to clear, accurate, and usable information. Consistent with the Regulatory Review's emphasis on transparency and accessibility, RECA improved how consumer information is delivered.

During the year, RECA:

- Launched a redesigned consumer-focused website (RECAProtects.ca)
- Improved how consumer information is organized and presented so Albertans can more easily understand their rights, protections, and options when engaging in real estate transactions
- Made regulatory information easier for consumers to find and understand

Result for Consumers: Better access to information needed to make informed decisions and engage with the regulatory system.



Consumer Protection – At a Glance

- 22,000+ Licensees regulated across seven sectors
- Practice reviews and oversight activities conducted
- Consumer complaints assessed and investigated
- Enforcement actions and hearings completed
- Financial recourse available through the Real Estate Assurance Fund

Results for Consumers

Over the past year, RECA's consumer protection work:

- Reduced risk through clearer standards and targeted oversight
- Responded firmly when conduct fell outside the rules
- Strengthened credibility through independent review implementation
- Reinforced confidence in regulated real estate activity

Delivering Consumer Protection



At RECA, we regulate. We protect. We ensure accountability.

Real estate transactions are among the most significant financial decisions Albertans make. They involve inherent financial, legal, and personal risk—risk that increases as markets grow, transactions become more complex, and the number of licensed professionals expands.

Protecting consumers is why the Government of Alberta has established RECA as an independent regulator—and given it certain powers to set clear standards, apply risk-based oversight and respond decisively when conduct falls outside regulator requirements.

During the past year, RECA's impact was strengthened through the implementation of recommendations from the independent 2024 Regulatory Review conducted by *The Regulator's Practice* reinforcing RECA's consumer-focused regulatory approach and our alignment with global best practices.

Clear Standards That Protect Consumers

RECA protects consumers by establishing and enforcing entry, education, and conduct standards across Alberta's regulated real estate sectors. These standards define expectations for professional competence and integrity and form the foundation of consumer protection.

Over the past year, RECA:

- Maintained licensing and education requirements across seven regulated sectors
- Oversaw ongoing professional obligations for more than 22,000 licensees
- Implemented targeted improvements, informed by the 2024 Regulatory Review, to improve the clarity and application of standards affecting consumers

Result for Consumers: Clearer expectations for licensees and greater confidence that regulated professionals meet consistent standards.

Delivering Consumer Protection

Oversight and Response When Rules Were Breached

Not all misconduct can be prevented. Consumer protection requires both proactive oversight and firm response when standards are breached.

During the year, RECA applied a risk-based oversight approach to focus regulatory effort where potential consumer harm was greatest. This included:

- Practice reviews to identify compliance issues and operational weaknesses
- Assessment of consumer complaints
- Investigation and escalation of higher-risk matters
- When standards were breached, RECA investigated concerns, gathered evidence, and presented conduct and enforcement matters to independent Hearing Panels

Result for Consumers: Issues were escalated appropriately and addressed in a timely and structured manner, reinforcing that regulatory standards are enforceable.



1,399
Investigations
Conducted



24
Independent Hearings
Conducted

Strengthening Consumer Protection Through Independent Review

The 2024 Regulatory Review provided independent validation of RECA's regulatory framework and identified additional opportunities to strengthen consumer protection. During the year, RECA began implementing recommendations that enhanced risk-informed oversight, consistency, and consumer-focused outcomes.

Result for Consumers: A more resilient consumer protection framework grounded in evidence and continuous improvement.

Delivering Consumer Protection

Real Estate Assurance Fund

When financial harm results from dishonest conduct, access to recourse through the Real Estate Assurance Fund may be available, a last-resort safeguard when other protections fail. This Fund is independently audited on an annual basis to ensure proper financial management. In addition, the Government of Alberta has established laws and the framework for compensation when consumers are harmed by misconduct within the business of a licensee.

Result for Consumers: Access to financial protection reinforced trust in the regulatory system.

Claims Paid

2024-2025	\$0
2023-2024	\$54,301
2022-2023	\$112,802
2021-2022	\$41,167
2020-2021	\$234,645
2019-2020	\$101,358
2018-2019	\$145,062
2017-2018	\$695,542
2016-2017	\$244,631
2015-2016	\$0

These figures reflect actual payout amounts issued in the reported year and do not represent the number of open files under review.

Fines and Penalties

Fines Ordered	\$130,000.00
Fines Received	\$61,009.00
Administrative Penalties Ordered	\$119,500.00
Administrative Penalties Received	\$124,436.65

Delivering Accountability

Strengthening Accountability Through Review and Improvement

The 2024 Regulatory Review identified opportunities to strengthen consistency and transparency in enforcement. During the year, RECA began implementing improvements to enforcement pathways, alignment between investigations and hearings, and communication of decisions.

What This Delivered: Clearer and more consistent accountability processes.



Accountability — At a Glance

- Investigations conducted
- Matters resolved without formal escalation
- Hearings and panel decisions completed
- Penalties and sanctions applied

Results for Consumers

Over the past year, RECA's accountability work:

- Ensured standards were enforced, not symbolic
- Addressed misconduct posing risk to consumers and system integrity
- Reinforced professional expectations
- Strengthened public confidence in regulatory oversight

Delivering Accountability

Accountability is what turns standards into consequences. Without it, regulation becomes symbolic and consumer confidence erodes.

Over the past year, RECA delivered accountability by examining conduct that fell outside regulatory expectations, assessing evidence, and taking action where warranted. This ensured that professional standards were enforced and that breaches were addressed proportionately to risk and harm. It also provided both learning and deterrence for licensees.

When Conduct Fell Outside the Rules

When licensees failed to meet established standards, RECA intervened.

During the year, RECA:

- Assessed complaints and information alleging misconduct or non-compliance
- Determined whether matters warranted investigation or enforcement
- Applied decision-making criteria grounded in legislation and evidence

What This Delivered: A regulatory system that responds consistently when rules are breached.



Trust Assurance and Practice Reviews

205

Regular Reviews

15

Special Reviews/Follow ups

11

New Brokerages

Delivering Accountability

Investigating Matters That Required Regulatory Action

Investigations were initiated where conduct raised concern about consumer harm, professional integrity, or system credibility.

RECA:

- Investigated misconduct, fraud, misrepresentation, and unlicensed activity
- Prioritized files based on seriousness and potential impact
- Resolved lower-risk matters efficiently, focusing resources on higher-risk cases

What This Delivered: Regulatory attention and prevention measures were concentrated on the most serious matters.

Complaints and Investigation Outcomes

Where No issue existed or was found:	1012
No Jurisdiction	266
Lack of Particulars	208
No Breach/Insufficient Evidence	538
Educational Approach, Minor Issue:	329
Alternative Complaint Resolution	238
Letter of Warning	12
Advisory Note	79
Serious Issue Found:	58
Letter of Reprimand	9
Administrative Penalty	26
Conduct Proceedings, potential hearing panel	23

Delivering Accountability

Licensing Statistics

Refused	Real Estate: 2 associates
Cancelled	Real Estate: 5 associates
Suspended	Real Estate: 3 associates
	Mortgage: 1 associate
Conditions Applied	Real Estate: 525 associates, 59 associate brokers, 26 brokers, 52 brokerages
	Mortgage: 232 associates, 11 brokers, 44 brokerages
	Condominium Management: 150 associates, 10 associate brokers, 74 brokers, 7 brokerages

Examples of conditions include education or course completion, reporting obligations, or restrictions on permitted activities.

Applying Consequences Through Hearings and Decisions

Where evidence supported formal enforcement, matters proceeded through the hearings process in accordance with legislative requirements.

Through these processes, RECA:

- Tested evidence through independent adjudication
- Applied sanctions proportionate to the nature and severity of the conduct
- Issued written decisions that clarified expectations and reinforced accountability

What This Delivered: Clear consequences reinforced that breaches of regulatory standards carry real implications.

Operating Effectively

Strengthening Governance and Decision-Making

During the year, RECA strengthened how regulatory decisions are supported, documented, and executed.

This included:

- Implementing elements of the 2024 Regulatory Review Action Plan
- Clarifying roles and responsibilities across governance and operations
- Improving coordination between oversight, investigations, and enforcement

What This Delivered: More coherent decision-making and stronger alignment across the regulatory lifecycle.



Effectiveness — At a Glance

- Regulatory reviews completed
- *Real Estate Act Rules* review milestones achieved
- Governance and process improvements implemented
- System and service delivery enhancements
- Performance measures tracked

Results for Consumers

Over the past year, RECA's focus on operating effectively:

- Improved clarity and reliability of the regulatory system
- Strengthened alignment between rules, oversight, and enforcement
- Supported consistent regulatory decision-making
- Reinforced confidence that regulation functions as intended

Operating Effectively



Regulatory Review Action Plan

5

Recommendations completed

26

Recommendations in progress

Effective regulation requires systems, governance, and processes that function reliably, adapt to change, and deliver results in practice.

Over the past year, RECA operated as a modern, effective regulator by strengthening its regulatory framework, improving how decisions are made and implemented, and ensuring regulatory work translated into real-world outcomes.

Modernizing the Regulatory Framework

A regulatory framework must reflect current risks, market realities, and professional practices.

During the year, RECA:

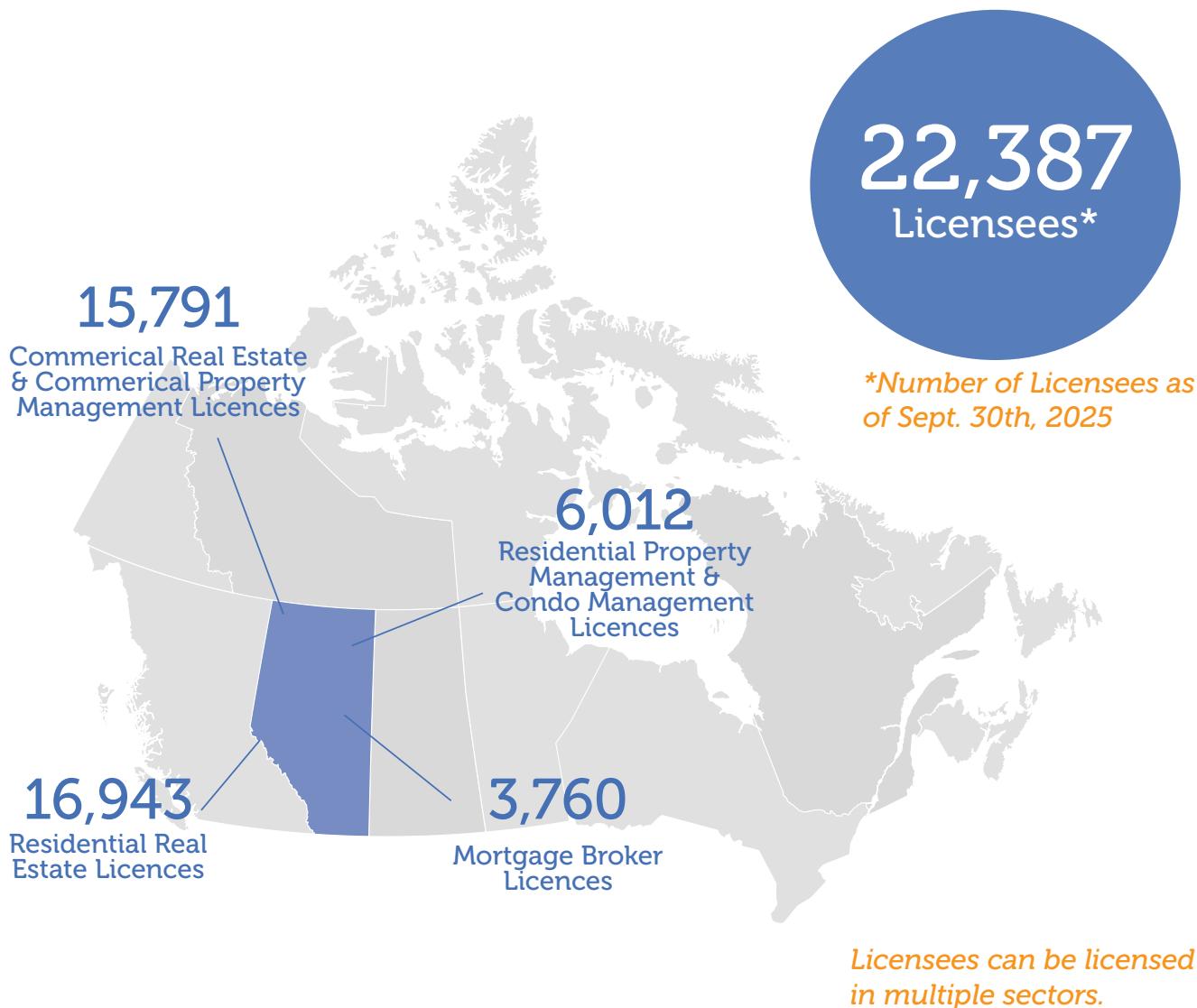
- Completed the comprehensive *Real Estate Act Rules Review*
- Advanced changes to modernize regulatory requirements
- Strengthened alignment between rules, guidance, and enforcement

This work was informed by findings from the 2024 Regulatory Review.

What This Delivered: A regulatory framework aligned with current market conditions and regulatory requirements.

Operating Effectively

RECA supports Alberta's seven regulated real estate sectors - residential and commercial real estate, mortgage brokerage, residential and commercial property management, agribusiness and condominium management - by providing comprehensive services, resources and oversight to more than 22,000 licensees and the thousands of learners preparing to enter the profession.



Operating Efficiently

Strengthening Governance and Decision-Making

During the year, RECA strengthened how regulatory decisions are supported, documented, and executed.

This included:

- Implementing elements of the 2024 Regulatory Review Action Plan
- Clarifying roles and responsibilities across governance and operations
- Improving coordination between oversight, investigations, and enforcement

What This Delivered: More coherent decision-making and stronger alignment across the regulatory lifecycle.



Efficiency — At a Glance

- Reduction in operating expenses over five years
- Red Tape Reduction initiatives completed
- Streamlined processes implemented
- Resources redirected to higher-risk activity
- Technology-enabled improvements

Results for Consumers

Over the past year, RECA's focus on operating efficiently:

- Reduced unnecessary regulatory burden
- Directed resources where they delivered the greatest public benefit
- Improved value for money
- Reinforced confidence that regulation is disciplined and focused

Operating Efficiently

Effective regulation must also be disciplined. Consumers and licensees expect a regulator that uses its authority and resources carefully, avoids unnecessary burden, and delivers value for every dollar spent.

Over the past year, RECA operated efficiently by streamlining processes, reducing administrative complexity, and directing resources to areas of greatest regulatory impact.

Reducing Burden Through Proportionate Regulation

Efficiency means ensuring regulatory effort is targeted and proportionate.

During the year, RECA:

- Simplified and streamlined internal processes
- Reduced unnecessary administrative steps for licensees
- Applied risk-based approaches to determine where regulatory effort was required

What This Delivered: Reduced regulatory friction while maintaining effective oversight.

New consumer facing website



The new consumer website, RECAProtects.ca simplifies access to licensing information and complaint processes, reducing the need for manual inquiries and paperwork.

17% reduction in operating expenses over five years



Through efficiency initiatives and process improvements, RECA has significantly lowered costs without compromising service quality.

Reduced administrative burden



Simplified procedures and digital solutions have made compliance easier for industry professionals while preserving consumer protection standards.

Consumer protection and enforcement



Savings from operational efficiencies are redirected to activities that strengthen enforcement and enhance consumer confidence.

Operating Independently and Transparently

Transparency in How Regulation Is Applied

RECA communicated regulatory processes and outcomes clearly by:

- Publishing decisions and outcomes where required
- Providing accessible information about regulatory roles and consumer protections

What This Delivered: Greater visibility into how regulatory authority is exercised.

Oversight and Validation Through Independent Review

RECA reinforced independence and transparency through:

- Annual independent financial audits
- Continued implementation of recommendations from the 2024 Regulatory Review

What This Delivered: External validation reinforcing public trust.

Engaging Without Compromising Independence

RECA engaged with stakeholders to inform implementation while maintaining clear boundaries and prioritizing consumer interest.

What This Delivered: Better-informed regulation without erosion of independence.



Independence and Transparency — At a Glance

- Arm's-length authority exercised
- Independent audits completed
- 2024 Regulatory Review implementation underway
- Public decisions communicated
- Stakeholder engagement conducted within clear boundaries

Results for Consumers

Over the past year, RECA's commitment to independence and transparency:

- Reinforced confidence that regulation serves the public interest
- Ensured decisions were impartial and evidence-based
- Improved understanding of how consumers are protected
- Strengthened trust in Alberta's real estate regulatory system

Operating Independently and Transparently



Independent regulation is essential to public confidence. Consumers must trust that regulatory decisions are made in the public interest, free from influence, and grounded in law, evidence, and fairness.



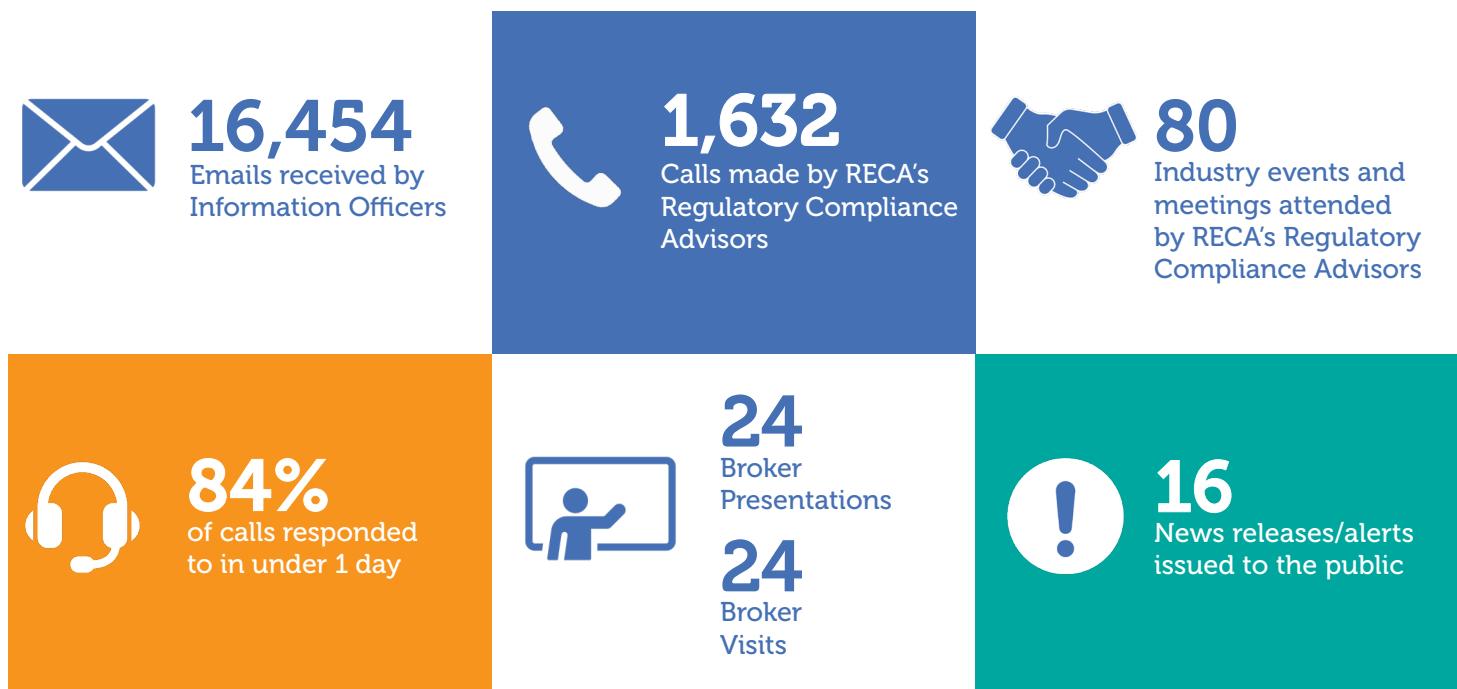
Over the past year, RECA operated independently and transparently through clear governance, arm's-length regulatory authority, and evidence-based decision-making.

Independence in Regulatory Decision-Making

Throughout the year, RECA:

- Exercised regulatory authority at arm's length from industry advocacy
- Maintained separation between governance, oversight, and operations
- Grounded decisions in legislation, evidence, and established process

What This Delivered: Impartial, defensible decisions made in the public interest.



Strategic Plan 2022-2025

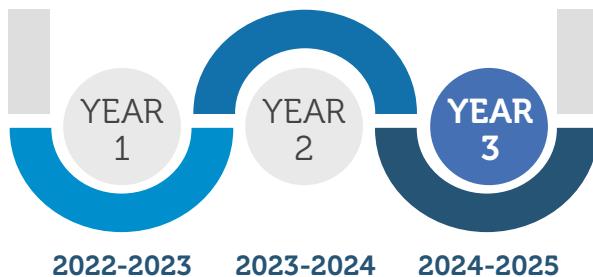
TRUST AND CONFIDENCE

Over the past three years, RECA has strengthened its commitment to consumer protection and awareness.

Key accomplishments include:

CONSUMER AWARENESS INITIATIVES

- Continued translation of Buyer and Seller Guides to ensure accessibility for diverse communities
- Designed a new consumer awareness campaign, which launched in November 2025
- Advanced the redesign of RECA's consumer website to improve usability and access to essential information



STAKEHOLDER ENGAGEMENT

- Developed and implemented a comprehensive stakeholder engagement plan to foster stronger relationships with industry and consumers
- Conducted extensive consultations as part of the *Real Estate Act* Rules review, ensuring stakeholder voices informed regulatory improvements



ORGANIZATIONAL RESILIENCE

- Achieved successful employee engagement through targeted action planning and continuous feedback
- Built a culture of collaboration and resilience, supported by resource development and team-building initiatives

REGULATORY EXCELLENCE

- Completed a third-party regulatory review, conducted by Regulator's Practice, and translated recommendations into an actionable implementation plan
- Advanced the *Real Estate Act* Rules Review, moving toward modernized and effective regulation
- Conducted competency reviews for key examinations, including Fundamentals and Practice of Residential Real Estate and Fundamentals and Practice of Condominium Management
- Implement graduated licensing within the condominium industry, and there is ongoing consideration of extending a similar model to property management through a potential pilot program

RECA Leadership

RECA's Board of Directors provides strategic oversight and governance, ensuring the organization meets its mandate to protect the public interest with integrity, transparency, and accountability.

RECA's 2024-2025 Board of Directors

Elan MacDonald, ICD.D

Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Jai Parihar, MBA, CFA, ICD.D

Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Gregory Walter, LLB

Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Elena Russell

Appointed by the Mortgage Broker Industry Council

George Bamber

Appointed by the Residential Real Estate Broker Industry Council

Laura Sharen

Appointed by the Commercial Real Estate Broker and Commercial Property Manager Industry Council

Carrie Plett

Appointed by the Residential Property Manager Industry Council

Senior Leadership Team



Stacy Paquin
Chief Executive Officer



Warren Martinson
Registrar



Janice Harrington
Chief Operating Officer

RECA's Leadership Team guides the organization's strategic direction and daily operations. With oversight of regulation, compliance, education, and consumer protection, the team ensures RECA delivers on its mandate to build a fair, transparent, and trusted real estate industry in Alberta.

RECA Industry Councils

2024-2025 Residential Real Estate Broker Industry Council

George Bamber (Chair and RECA Board of Directors Member)
Elected by residential real estate licensees

John Dempster (Vice-Chair)
Elected by residential real estate licensees

Vacant
Seat for residential real estate licensee

Brad Hamdon
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Erika Ringseis
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

2024-2025 Residential Property Manager Industry Council

Don Newell (Chair)
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Don Brown (Vice Chair)
Elected by residential property management and condominium management licensees

Carrie Plett (RECA Board of Directors Member)
Elected by condominium management licensees

Keith McMullen
Elected by residential property management licensees

Jacquie Lesperance
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

2024-2025 Commercial Real Estate Broker and Commercial Property Manager Industry Council

Terry Engen (Chair)
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Cheri Long (Vice Chair)
Elected by commercial real estate licensees

Laura Sharen (RECA Board of Directors Member)
Elected by commercial property management licensees

Brittanie Laverdure
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Ben Van Dyk
Elected by rural real estate licensees

2024-2025 Mortgage Broker Industry Council

Clarence Lee (Chair)
Elected by mortgage broker licensees

Jared Morrison (Vice-Chair)
Elected by mortgage broker licensees

Elena Russell (RECA Board of Directors Member)
Elected by mortgage broker licensees

Guy Ouellette
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Nkem Onyegbula
Appointed by the Minister of Service Alberta and Red Tape Reduction from the public

Compensation

Board and Industry Council Members Compensation

October 1, 2024 to September 30, 2025

Board of Directors*	\$145,048.57
Residential Real Estate Broker Industry Council*	\$27,946.53
Commercial Real Estate Broker and Commercial Property Manager Industry Council*	\$30,000.12
Mortgage Broker Industry Council*	\$30,000.12
Residential Property Manager Industry Council*	\$30,000.12
Total (Industry Council Members)	\$117,946.89
CEO Compensation** (cash and non-cash)	\$137,458.61
Registrar Compensation (cash and non-cash)	\$255,591.49

*Compensation includes fees for Directors and Industry Council members.

**CEO compensation represents a partial year due to the permanent CEO role being unfilled for part of the reporting period.

REAL ESTATE COUNCIL OF ALBERTA

Financial Statements

September 30, 2025

REAL ESTATE COUNCIL OF ALBERTA
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For the Year Ended September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Real Estate Council of Alberta

Opinion

We have audited the financial statements of Real Estate Council of Alberta (the "Council"), which comprise the statement of financial position as at September 30, 2025, and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at September 30, 2025, 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 Council 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

(continues)



Independent Auditor's Report to the Board of Real Estate Council of Alberta *(continued)*

Auditor's Responsibilities for the Audit of Financial Statements

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 Council'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 Council'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 Council 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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
January 26, 2026

REAL ESTATE COUNCIL OF ALBERTA

Statement of Financial Position

As at September 30, 2025

	Council Operating Fund	Assurance Fund	2025	2024
Assets				
Current				
Cash (Notes 2, 4)	\$ 5,069,701	\$ 4,377,581	\$ 9,447,282	\$ 10,950,391
Accounts receivable	294,086	-	294,086	255,411
Prepaid expenses	511,748	-	511,748	253,379
Due from (to) funds	(300)	300	-	-
	5,875,235	4,377,881	10,253,116	11,459,181
Development costs (Note 5)	1,198,655	-	1,198,655	998,585
Long Term Prepaid Expenses (Note 6)	276,065	-	276,065	680,528
Lease inducements (Note 7)	87,264	-	87,264	46,459
Long term Investments (Note 4)	13,367,064	585,849	13,952,913	14,618,999
Capital assets (Note 8)	19,829,117	-	19,829,117	19,521,012
	\$ 40,633,400	\$ 4,963,730	\$ 45,597,130	\$ 47,324,764
Liabilities and Net assets				
Current				
Accounts payable and accrued liabilities	\$ 1,749,386	\$ -	\$ 1,749,386	\$ 1,806,275
Deferred licensing revenue (Note 2)	5,506,650	-	5,506,650	5,262,300
	7,256,036	-	7,256,036	7,068,575
Assurance Fund reserves	-	135,645	135,645	135,645
	7,256,036	135,645	7,391,681	7,204,220
Net Assets				
Invested in capital assets	19,829,116	-	19,829,116	19,521,012
Unrestricted Council Operating Fund	1,948,248	-	1,948,248	3,464,395
Internally restricted Council General Reserve (Note 11)	11,600,000	-	11,600,000	12,600,000
Externally restricted as Assurance Fund	-	4,828,085	4,828,085	4,535,137
	33,377,364	4,828,085	38,205,449	40,120,544
	\$ 40,633,400	\$ 4,963,730	\$ 45,597,130	\$ 47,324,764

Commitments and contingencies (Note 10)

REAL ESTATE COUNCIL OF ALBERTA
Statement of Operations
For the Year Ended September 30, 2025

	Council Operating Fund	Assurance Fund	2025	2024
Restricted revenue and claims				
Assessments	\$ -	\$ 275,500	\$ 275,500	\$ 281,100
Assurance Fund Reserves, net change	-	-	-	180,252
	-	275,500	275,500	461,352
Revenue from operations				
License registration fees (Note 2)	6,794,475	-	6,794,475	11,056,068
Eligibility and other licensing fees	2,582,850	-	2,582,850	3,178,000
Education and credentialing revenues	1,167,818	-	1,167,818	1,736,128
Gains (losses) on disposal of investments	48,764	70	48,834	-
Unrealized gain/(loss) on investments	(167,196)	(4,788)	(171,984)	1,546,222
Investment income	506,860	167,166	674,026	1,487,056
Office building rental revenue	364,884	-	364,884	340,883
	11,298,455	162,448	11,460,903	19,344,357
	11,298,455	437,948	11,736,403	19,805,709
Expenses				
Salaries and benefits	7,687,161	-	7,687,161	7,427,042
Information systems	1,373,900	-	1,373,900	1,250,219
Professional fees	1,242,882	-	1,242,882	1,178,141
Amortization of capital assets	1,020,005	-	1,020,005	1,035,033
Office building net operating costs	581,505	-	581,505	493,943
Hearing	497,401	-	497,401	583,576
Board and Industry Councils	363,179	-	363,179	380,713
Training and development	333,976	-	333,976	224,704
Credit card fees	289,927	4	289,931	433,769
Amortization of education course and examination development costs	116,251	-	116,251	88,874
Subscriptions and memberships	115,561	-	115,561	141,144
Staff travel	90,154	-	90,154	102,635
Telephone	64,049	-	64,049	66,238
Supplies	46,260	-	46,260	54,325
Office equipment leases	12,668	-	12,668	22,625
Postage and courier	1,950	-	1,950	2,908
Long-term debt interest	-	-	-	487,416
	13,836,829	4	13,836,833	13,973,305
(Deficiency)/excess of revenue over expenses before other items	(2,538,374)	437,944	(2,100,430)	5,832,404

(continues)

REAL ESTATE COUNCIL OF ALBERTA
Statement of Operations (continued)
For the Year Ended September 30, 2025

	Council Operating Fund	Assurance Fund	2025	2024
Other items				
Penalties, fines and enforcement recovery	191,156	-	191,156	91,729
Loss on disposal of capital assets	(5,821)	-	(5,821)	(1,341)
Assurance fund administration (Note 3)	144,996	(144,996)	-	-
Impairment loss (Note 8)	-	-	-	(582,389)
	330,331	(144,996)	185,335	(492,001)
(Deficiency)/excess of revenue over expenses	\$ (2,208,043)	\$ 292,948	\$ (1,915,095)	\$ 5,340,403

REAL ESTATE COUNCIL OF ALBERTA
Statement of Changes in Net Assets
For the Year Ended September 30, 2025

	Invested in capital assets	Unrestricted Council Operating Fund	Internally restricted Council General Reserve	Externally restricted as Assurance Fund	2025	2024
Fund balances - beginning of year	\$ 19,521,012	\$ 3,464,395	\$ 12,600,000	\$ 4,535,137	\$ 40,120,544	\$ 34,780,141
(Deficiency)/excess of revenue over expenses	(1,025,827)	(1,182,216)	-	292,948	(1,915,095)	5,340,403
Transfer from development costs	1,114,180	(1,114,180)	-	-	-	-
Transfer to Council General Reserve (Note 11)	-	1,000,000	(1,000,000)	-	-	-
Purchase of capital assets	219,751	(219,751)	-	-	-	-
Net assets - end of year	\$ 19,829,116	\$ 1,948,248	\$ 11,600,000	\$ 4,828,085	\$ 38,205,449	\$ 40,120,544

The accompanying notes are an integral part of these financial statements.

REAL ESTATE COUNCIL OF ALBERTA
Statement of Cash Flows
For the Year Ended September 30, 2025

	Council Operating Fund	Assurance Fund	2025	2024
Operating activities				
Excess of revenue over expenses for the year	\$ (2,208,043)	\$ 292,948	\$ (1,915,095)	\$ 5,340,403
Amortization of capital assets	1,020,005	-	1,020,005	1,035,033
Amortization of education course and examination development costs	116,251	-	116,251	88,874
Unrealized loss/(gain) on investments	167,196	4,788	171,984	(1,546,222)
Loss on disposal of capital assets	5,821	-	5,821	1,341
Lease inducement	(40,805)	-	(40,805)	(41,147)
Impairment losses	-	-	-	582,389
Net change in assurance fund reserves	-	-	-	(180,252)
	(939,575)	297,736	(641,839)	5,280,419
Changes in non-cash working capital balances:				
Accounts receivable and accrued interest receivable	(38,675)	-	(38,675)	145,946
Prepaid expenses	(258,369)	-	(258,369)	241,035
Accounts payable and accrued liabilities	(56,679)	(210)	(56,889)	(723,665)
Deferred licensing revenue	244,350	-	244,350	(4,172,675)
Payments from Assurance Fund Reserves	-	-	-	(54,301)
Due from/(to) Funds	300	(300)	-	-
Net change in long-term prepaid expenses	404,463	-	404,463	(406,080)
Cash provided by (used for) operating activities	(644,185)	297,226	(346,959)	310,679
Investing activities				
Redemption (purchase) of short-term investments (net)	-	-	-	4,700,000
Investment in systems project development	(1,175,355)	-	(1,175,355)	(656,042)
Investment in credentialing programs and systems development	(255,146)	-	(255,146)	(214,307)
Disposal (purchase) of long-term investments	515,108	(21,006)	494,102	(13,072,778)
Purchase of capital assets and systems developments	(219,751)	-	(219,751)	(289,510)
Cash provided by (used for) investing activities	(1,135,144)	(21,006)	(1,156,150)	(9,532,637)

(continues)

REAL ESTATE COUNCIL OF ALBERTA
Statement of Cash Flows (continued)
For the Year Ended September 30, 2025

	Council Operating Fund	Assurance Fund	2025	2024
<hr/>				
Financing activity				
Repayment of long-term debt	-	-	-	(12,948,162)
Increase (decrease) in cash and equivalents	(1,779,329)	276,220	(1,503,109)	(22,170,120)
Cash and equivalents - beginning of year	6,849,030	4,101,361	10,950,391	33,120,511
Cash and equivalents - end of year	\$ 5,069,701	\$ 4,377,581	\$ 9,447,282	\$ 10,950,391

REAL ESTATE COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended September 30, 2025

1. Nature of operations

The Real Estate Council of Alberta (RECA) is a not-for profit organization established as a corporation under the Real Estate Act (the "Act"). The purposes of the RECA, its Board, and its Industry Councils, as defined by the Real Estate Act as of September 30, 2025 are:

- a) To set and enforce standards of conduct for real estate brokers, mortgage brokers, property managers and condominium managers, and the business of licensees in Alberta, in order to promote the integrity of the industry and to protect consumers. (Industry Councils)
- b) to protect against, investigate, detect and suppress fraud as it relates to the business of licensees and to protect consumers; (Board)
- c) to provide, or support the provision of, services and other things that facilitate the business of licensees, as provided for in the regulations; (Board)
- d) to administer this Act as provided in this Act, the regulations, the bylaws and the rules. (Board)
- e) To administer the Real Estate Assurance Fund (the "Assurance Fund"), the purpose of which is to pay any unsatisfied judgments obtained against a licenced brokerage, a broker, an associate broker or an agent of a licenced brokerage based on a finding of fraud or breach of trust in respect to a trade in real estate or a dealing in mortgages. For real estate transactions, the maximum claim is \$35,000 per applicant and \$350,000 in aggregate per industry member. For deals in mortgages, the maximum claim is \$25,000 per applicant and \$100,000 in aggregate per industry member. (Board)

The Real Estate Act was heavily amended by the Real Estate Amendment Act, 2020, which was proclaimed on December 1, 2020 and altered the governance structure of RECA. The amendments included the creation of a Board of Directors that sets the strategic direction for the Council, and four, sector-specific Industry Councils that set the licensing and education standards, and the standards of practice for their respective sectors.

The original Act was proclaimed on July 1, 1996, at which time RECA became fully operational and responsible for the regulation of the real estate and mortgage broker industries in Alberta. At that time, responsibility for the functions, and the assets, liabilities and surplus of the Real Estate Licensing Committee of the Alberta Real Estate Association ("AREA") and the Assurance Fund were acquired. On October 1, 2004, amendments to the Act were proclaimed in order to include real estate appraisers to the licensing and regulatory responsibilities of the Council. The amendments made on December 1, 2020 removed real estate appraisers from the Act, and added condominium managers as a licensed activity.

The Council is a public body performing a function of government in Canada for the purposes of paragraph 149(1)(c) of the Income Tax Act (Canada), and under section 149(1) of the Income Tax Act of Canada, is exempt from the payment of income taxes.

2. Significant accounting policies

Management prepares the financial statements of the Council in accordance with accounting standards for not-for-profit organizations in Canada. The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(continues)

REAL ESTATE COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended September 30, 2025

2. Significant accounting policies (*continued*)

Fund accounting

The Council's financial statements are prepared on a restricted fund method of accounting.

The Council Operating Fund reports the assets, liabilities, revenues and expenses related to the setting and enforcement of standards of conduct for the real estate, mortgage broker and condominium management industries, and the administration of the rules and regulations per the Act.

The Assurance Fund reports the assets, liabilities, revenues and expenses related to the operations of the Assurance Fund. The Council is the trustee for the assets, liabilities, revenues, and expenses held within the Assurance Fund.

Revenue recognition

- Licence fees and Assurance Fund assessments

Licence fees and Assurance Fund assessments are recognized as revenue in the period that relates to the term of the application. The term of an application expires on September 30th of each year. Any credits or refunds of these fees are recorded as a direct reduction of revenue. Licence fees and Assurance Fund assessments received in advance of the term of an application are recorded as deferred licensing revenue.

- Licensing fee revenue - net of credit and allowance

During 2025, the Board approved a \$250 credit on license renewals as part of a financial plan to adjust licensee fees. The plan, originally approved in July 2024 and reaffirmed in July 2025 under the oversight of the Ministry of Service Alberta and Red Tape Reduction, resulted in credits totalling \$5.09 million (2024 – nil). These credits were applied directly against renewal fees and funded through operating income and contingency reserves.

- Education and credentialing services

Education and credentialing services include pre-licensing courses, examination fees and course material licensing fees. Revenue is recognized upon a candidate's enrolment in a course program or an exam in the accounting period to which it applies. Course material licensing fees are recognized as revenue when materials are available to the candidates by the course provider.

- Penalties, fines, and enforcement recoveries

Recoveries from third parties for penalties, fines and enforcement costs are recorded when amounts can be reasonably estimated, and collectability is reasonably assured. Otherwise, the recovery is recorded when received. Starting in 2021, the Council includes these amounts in Other items rather than in operating revenues to more accurately reflect their incidental nature.

- Investment income

Investment income is recorded as revenue when earned and recognized in the fund in which the investments are maintained.

- Office building rental income

Office building rental income is recorded as revenue in the period in which it is earned as per the lease agreements, generally paid in equal monthly instalments in advance of the first day of each month.

(continues)

REAL ESTATE COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended September 30, 2025

2. Significant accounting policies (*continued*)

Assurance Fund reserves

The reserve setting process is carried out in accordance with the practices and procedures established under Part 9 of the Real Estate Act Bylaws (Alberta), which governs the administration of the Real Estate Assurance Fund. Reserves are set on the basis of the following:

- Receipt of a notice of the commencement of a court action in fraud or breach of trust against an industry member;
- Notification of a brokerage's failure to account for or disburse money held in trust;
- Receipt of a potentially qualifying judgment;
- Review of facts and law; and,
- Other considerations

Reserves are reviewed and adjusted as required. When a Reserve is initially set, an expense is recorded in the Statement of Operations. If a Reserve is subsequently adjusted, it is recognized in the Statement of Operations. Any applications paid are adjusted against the Reserves, and any amount over or under the Reserve is adjusted in the Statement of Operations. By their nature, Reserves are estimates, are subject to measurement uncertainty, and estimate changes could affect the results of the financial statements in future periods.

	2025	2024
Reserves, beginning of year	\$ 135,645	\$ 370,198
New reserves set	-	-
Payments on applications	-	(54,301)
Release of reserves	-	(180,252)
 Reserves, end of year	 \$ 135,645	 \$ 135,645

Cash and cash equivalents

Cash and cash equivalents include all balances held at banks, and held by the trustee of the investment funds. Council Operating Fund cash balance on September 30, 2025 includes the deferred licensing revenue collected for the 2025/26 licensing year of \$5,506,650 (2025 - \$5,262,300) to provide much of the Council's working capital for the next fiscal year.

Development costs

Development costs include costs incurred for the development of education and credentialing programs and system development projects in progress. Development costs for licensing programs have been amortized on a straight-line basis over three years, commencing in the year the program is fully developed and offered to participants. With changes to the Council's education mandate introduced by the Real Estate Amendment Act, 2020, amortization of licensing programs has been completed by September 30, 2023. When a significant system development project is being developed, costs are recorded in development costs. When a system development project is commissioned, the development costs are transferred to capital assets and amortized on a 20% straight line basis.

(continues)

REAL ESTATE COUNCIL OF ALBERTA**Notes to Financial Statements****Year Ended September 30, 2025**

2. Significant accounting policies (*continued*)**Capital assets**

Capital assets are stated at cost less accumulated amortization. Amortization is recorded using rates and methods designed to amortize the cost of capital assets over their estimated useful lives as follows:

Computer software	33%	straight-line method
System development	20%	straight-line method
Office furnishings and equipment	20%	straight-line method
Leasehold improvements		Over lease term
Building shell	2.5%	straight-line method
Building service systems	4%	straight-line method
Building finishes	5%	straight-line method
Building design and professional fees	2.5%	straight-line method

Capital assets not available for use during the year are not amortized.

Long-lived assets held for use

Long-lived assets held for use, consisting of buildings and equipment, are measured and amortized as described in the above accounting policy. When the Council determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

(continues)

REAL ESTATE COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended September 30, 2025

2. Significant accounting policies (*continued*)

Financial instruments

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

At initial recognition, the Council may irrevocably elect to subsequently measure any financial instrument at fair value. The Council has not made such an election during the year.

The Council subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at amortized cost, except those designated in a qualifying hedging relationship. The fair values of short-term investments are determined by reference to published third-party bid price quotations in an active market at year-end. 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 excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Credit risk

Credit risk associated with cash, short-term investments, and accounts receivable arises from the possibility a counterparty to a contract fails to perform according to the terms and conditions of the contract. The maximum exposure to credit risk is the carrying value of cash, short-term investments and accounts receivable on the Statement of Financial Position. Accounts receivables are non-interest bearing and are generally due in 30 to 45 days. Cash and short-term investments are deposited with one federally regulated financial institution.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. The Council has been exposed to interest rate risk through its short-term investments. The primary objective of the Council with respect to its short-term investments is to ensure security of principal amounts invested and provide a high degree of liquidity.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Council is mainly exposed to interest rate risk and other price risk in connection with its investment in long-term equities and bonds pooled funds. The Council's risk management strategy focuses on diversification and risk management, at end of 2025 the portfolio consists of:

Canadian Bonds Pooled Fund: \$9,826,368 80% of portfolio

Global Equity Fund Series: \$2,542,961 20% of portfolio

The allocation aligns with Council's objectives of preserving capital value with investment and reduce exposure to market prices volatility.

(continues)

REAL ESTATE COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended September 30, 2025

2. Significant accounting policies (*continued*)

Financial asset impairment

The Council assesses impairment of its financial assets measured at cost or amortized cost. If conditions indicating impairment arise, the impairment of financial assets carried at cost or amortized cost is recognized in excess of revenue over expenses when the asset's carrying value exceeds the present value of estimated future cash flows discounted at the current market rate of return for similar assets.

The Council reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. Where an impairment charge is subsequently reversed, the carrying amount of the financial asset is increased to the revised recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment charge been recognized in previous periods. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Cloud computing arrangements

The Council applies the simplification approach to account for expenditures in cloud computing arrangements. The expenditures in the arrangements are treated as supply of services and recognized as an expense as incurred.

3. Assurance Fund

Council is allowed to levy assessments on licensees to pay compensation in respect of claims. During the year, levies for renewing real estate licensees and mortgage broker licensees were waived. New real estate registrants and mortgage broker registrants were still required to pay levy assessments for the year. The minimum fund balance to be maintained to pay claims under the Act is \$2,000,000, which was met on September 30, 2025 by a fund balance of \$4,828,085 (2024 - \$4,535,137). The excess of the fund balance over the prescribed amount is restricted and may be expended only for purposes authorized in the regulations, and with the prior written approval of the Minister of Service Alberta.

The Act allows the Council to pay administrative costs associated with the Assurance Fund from the investment income earned on the funds in the Assurance Fund. For the year ended September 30, 2025, the Council has determined the administrative expenses incurred on behalf of the Assurance Fund to be \$144,996 (2024 - \$145,009).

4. Investments

On September 30, 2025, there was nil in GICs included in cash equivalents within the Assurance Fund (2024 - \$700,000, interest rate of 5.65%, matured October 2024). There was nil in GICs included in cash equivalents within the Operating Fund (2024 - nil).

In 2025 Council held long term investments which comprise of the following:

	2025	2024
Fixed income	\$ 11,156,727	\$ 11,865,620
Equities	<u>2,796,186</u>	<u>2,753,379</u>
Grand total	<u>\$ 13,952,913</u>	<u>\$ 14,618,999</u>

REAL ESTATE COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended September 30, 2025

5. Development costs

	Cost	Accumulated Amortization	2025	2024
System development	\$ 720,428	\$ -	\$ 720,428	\$ 658,604
Credentialing programs and examination development	723,883	245,656	478,227	339,981
	<u>\$ 1,444,311</u>	<u>\$ 245,656</u>	<u>\$ 1,198,655</u>	<u>\$ 998,585</u>

During 2025, there was \$1,176,003 (2024 - \$655,452) added to system development costs, \$1,114,180 (2024 - \$139,241) was transferred from development costs to capital assets upon commissioning. During 2025, there was \$255,146 (2024 - \$214,307) added to Credentialing programs and examination development costs. In 2025, any course or examination development with a net value of \$nil is not included (2024 - \$nil).

6. Long-term prepaid expenses

On September 30, 2025, the Council has fourteen (2024 – forty) multi-year prepaid service and maintenance agreements with information systems and other service providers. The Council also paid brokerage and legal fees associated with four (2024 – four) tenant lease agreements, which it is amortizing to operating expense over the life of the leases. The portion attributable to the period beyond the next fiscal year of 2025-2026 is \$276,065 (2024-2025 - \$680,528) is shown as a long-term prepaid expense.

7. Lease inducements

The Council entered into lease agreements with third parties to rent space in the Council's building. The agreements include rent-free periods and stepped lease rates that increase over the life of the leases. The Council is recognizing the rental income by using an average monthly amount calculated by dividing the total rental income by the total lease term. The differences between the average monthly income and the actual lease amounts paid by the tenants are recorded as the lease inducement. The lease inducement is expected to increase during the first part of the lease terms and will then be drawn down as lease rates increase. On September 30, 2025, the lease inducements are \$87,264 (2024 - \$46,459).

8. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Computer hardware	\$ 834,260	\$ 659,375	\$ 174,885	\$ 193,050
System Development	6,153,636	4,838,221	1,315,415	428,145
Office furnishings and equipment	661,976	649,799	12,177	15,741
Land	2,996,778	-	2,996,778	2,996,778
Buildings	20,958,424	5,628,562	15,329,862	15,887,298
	<u>\$ 31,605,074</u>	<u>\$ 11,775,957</u>	<u>\$ 19,829,117</u>	<u>\$ 19,521,012</u>

During 2024 fiscal year, the Council recognized an impairment loss on a building due to a significant decline in its market value. The impairment loss was calculated as the difference between the building's carrying amount and its replacement value. In the current year, no impairment was recorded.

REAL ESTATE COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended September 30, 2025

9. Service contracts

The Council has a service arrangement with the Real Estate Insurance Exchange ("REIX") to provide maintenance and updates to the real estate database, as well as ongoing and annual premium billing and collection. This contract is renewable on an annual basis.

For the current year, these services amounted to \$156,578 (2024 - \$134,401). REIX reimburses Council for the cost of these services. This reimbursement is charged against the respective expense category to which it applies in the Statement of Operations.

10. Commitments and contingencies

• Service and Equipment Commitments

The Council entered into contractual agreements for internet, telecommunications, information technology equipment and services, and operating leases for office equipment. The future estimated payments are:

2026	\$ 893,358
2027	161,807
2028	22,529
2029	6,712
	<hr/>
	\$ 1,084,406

• Claims and Legal Proceedings

The Council may from time to time be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes that adequate provisions have been made in the financial statements where required.

11. Internally restricted funds

The Council has established a General Reserve for future operations and significant capital replacement items. The General Reserve balance has been transferred from the Council Operating Fund. During the year, the board approved to unrestrict \$1,000,000 (2024 - \$nil) of funds from the General Reserve to the Council Operating Fund. As of September 30, 2025, the General Reserve balance is \$11,600,000 (2024 - \$12,600,000).

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. These changes do not impact the prior year excess of revenues over expenditures.

Alberta's real estate regulator.

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