

**REAL ESTATE COUNCIL OF ALBERTA**

**Financial Statements**

**September 30, 2025**

**REAL ESTATE COUNCIL OF ALBERTA**  
**Index to Financial Statements**  
**For the Year Ended September 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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### 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.

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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
<b>Assets</b>				
<b>Current</b>				
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
	<u>\$ 40,633,400</u>	<u>\$ 4,963,730</u>	<u>\$ 45,597,130</u>	<u>\$ 47,324,764</u>
<b>Liabilities and Net assets</b>				
<b>Current</b>				
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
	<u>7,256,036</u>	<u>135,645</u>	<u>7,391,681</u>	<u>7,204,220</u>
<b>Net Assets</b>				
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
	<u>33,377,364</u>	<u>4,828,085</u>	<u>38,205,449</u>	<u>40,120,544</u>
	<u>\$ 40,633,400</u>	<u>\$ 4,963,730</u>	<u>\$ 45,597,130</u>	<u>\$ 47,324,764</u>

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
<b>Restricted revenue and claims</b>				
Assessments	\$ -	\$ 275,500	\$ 275,500	\$ 281,100
Assurance Fund Reserves, net change	-	-	-	180,252
	-	275,500	275,500	461,352
<b>Revenue from operations</b>				
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
<b>Expenses</b>				
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
<b>(Deficiency)/excess of revenue over expenses before other items</b>	(2,538,374)	437,944	(2,100,430)	5,832,404

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# 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	-	<b>191,156</b>	91,729
Loss on disposal of capital assets	(5,821)	-	<b>(5,821)</b>	(1,341)
Assurance fund administration <i>(Note 3)</i>	144,996	(144,996)	-	-
Impairment loss <i>(Note 8)</i>	-	-	-	(582,389)
	330,331	(144,996)	<b>185,335</b>	(492,001)
<b>(Deficiency)/excess of revenue over expenses</b>	<b>\$ (2,208,043)</b>	<b>\$ 292,948</b>	<b>\$ (1,915,095)</b>	<b>\$ 5,340,403</b>

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

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

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
<b>Operating activities</b>				
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
<b>Changes in non-cash working capital balances:</b>				
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)
<b>Cash provided by (used for) operating activities</b>	(644,185)	297,226	(346,959)	310,679
<b>Investing activities</b>				
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)
<b>Cash provided by (used for) investing activities</b>	(1,135,144)	(21,006)	(1,156,150)	(9,532,637)
				(continues)

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

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

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

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

# REAL ESTATE COUNCIL OF ALBERTA

## Notes to Financial Statements

Year Ended September 30, 2025

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### 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.

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### 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.

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# REAL ESTATE COUNCIL OF ALBERTA

## Notes to Financial Statements

Year Ended September 30, 2025

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### 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.

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# 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.

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# REAL ESTATE COUNCIL OF ALBERTA

## Notes to Financial Statements

Year Ended September 30, 2025

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### 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.

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# REAL ESTATE COUNCIL OF ALBERTA

## Notes to Financial Statements

Year Ended September 30, 2025

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### 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.

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# 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	2,796,186	2,753,379
Grand total	\$ 13,952,913	\$ 14,618,999



**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
	<b>\$ 1,444,311</b>	<b>\$ 245,656</b>	<b>\$ 1,198,655</b>	<b>\$ 998,585</b>

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
	<b>\$ 31,605,074</b>	<b>\$ 11,775,957</b>	<b>\$ 19,829,117</b>	<b>\$ 19,521,012</b>

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

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### 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.

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### 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	<u>6,712</u>
	<u>\$ 1,084,406</u>

- **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.

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### 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).

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### 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.

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