

Annual Report

2023

Chairperson Message

I have proudly represented my fellow members as the 2023 Chairperson. A lot has happened since the successful work of our amalgamation, and it was not lost on me that I am the last active Director from the original Board of the amalgamation. I felt a great sense of responsibility to continue that group's legacy and build on the past successes.

While Saskatchewan REALTORS® are 1% of the Canadian real estate community, we are a small but mighty community that can pivot quickly, be bold, and lead in areas others cannot. Leveraging our size has been the mindset I leaned into in the past year. We asked for better on your behalf - while focusing on building bridges and raising our standards.

RELIABLE & RECIPROCAL PARTNERS WITH CREA

We had your back in 2023 and had many tough conversations with CREA. We ensured CREA's position with REALTOR® Cooperation was one based on common sense, and I participated in the REALTOR.ca Task Force - ensuring that our single largest asset would never be sold. We focused on building bridges throughout our Canadian real estate community and being transparent with our national positions and how votes were placed on your behalf.

BROKER COMMUNITY

Our brokers are the influencers in our real estate community. Engaging them at the right time, keeping them informed on strategic files, and providing them with the knowledge they need to support their agents better allows our entire community to be stronger. Broker engagement has increased consistently in 2023 through council meetings, professional standards engagement, and communications.

ELEVATING PROFESSIONAL STANDARDS

Following the strengthening of our complaints process in 2022, we made it clear in 2023 that tightening professional standards was a continued important focus. We developed education sessions, practice advisories, and kept brokers involved throughout the process. Enhancing professionalism in our industry will continue to be a strong focus in the years to come.

This experience has reinforced in me that change is possible and that leadership matters. This last year has made me a better REALTOR®, a better broker and a better leader. Thank you to my colleagues at the Board table for trusting me as your Chairperson.

To the members we serve every day, we are listening. We will continue to have your back, and we will continue to serve you wherever you need it.

Sincerely,

Jeff Stewart
2023 Chairperson



CEO Message

Four years after the provincial amalgamation, it has become clear that the advantages of amalgamation are real and allow our sector to be bolder, nimbler, and more unified. Your Association continues to demonstrate a solid financial standing, growing member value, and a strong, respected provincial voice.

2023 was another strong year. We were the first in Canada to bring artificial intelligence into an MLS® System; grew our broker community engagement to 71%, launched a stronger new member course, strengthened our MLS® Rules and Practice Standards, worked with our municipalities to unlock federal funds and future potential, increased our presence in the media by over 80% (again), and navigated unplanned vendor interruptions successfully without disrupting our members' business.

In fact, our three-year strategic plan ended a year early, having completed our work faster than anticipated. We developed a new plan starting in 2024, which will:

- Strengthen the infrastructure and services REALTOR® need to run their business, helping them grow and reach new levels
- Redefine the user experience with the SRA in how we show up for you and in how we anticipate your needs, and
- Continue to contribute to the growth of this province. Through this sector, we build a path that leads to a thriving Saskatchewan.

We are very fortunate to have dedicated Board Directors who push for more at every meeting. Thank you to our 2023 Chairperson, Jeff Stewart, who leaned into being bold, fostering transparent communication and leadership with the membership, and aspiring to strengthen SRA results from the top through the performance of the Board of Directors.

I'd also like to thank the invisible engine behind organized real estate in Saskatchewan - the mighty personnel team in our North and South Service Centres, who are led by a senior leadership team that impresses me daily. Thank you to our Chief Operating Officer, Jacqueline Zabolotney, our Director of Public Affairs & Communications, Cole Zawislak, and our Director of Professional Practice, Jennifer Lamontagne.

I look forward to tackling the opportunities of 2024 with all of you.

Sincerely,

Chris M. Guérette
Chief Executive Officer



2023 Board of Directors



Jeff Stewert
Chairperson



Jeremy Cossette
Chairperson-Elect



Avril Reifferscheid
Past Chairperson



Lane Boghean
Regina Region



Mike Duggleby
Regina Region



Kathy Fehr-Yung
Saskatchewan Region



Caitlyn Gallagher
Regina Region



Donna Nyeste
Saskatchewan Region



Angela Porrelli
Saskatoon Region



Randy Singler
Saskatoon Region



Lori-Dawn Stevenson
Saskatchewan Region



Tarra Unterschute
Saskatoon Region

Membership

The Saskatchewan REALTORS® Association's 2023 Annual Membership Report tells a story of **growth, adaptability, and transformation**. The Association closed 2023 with 1,689 members, a year-over-year growth rate of 4% - consistent with annual growth since amalgamation.

1,689
MEMBERS

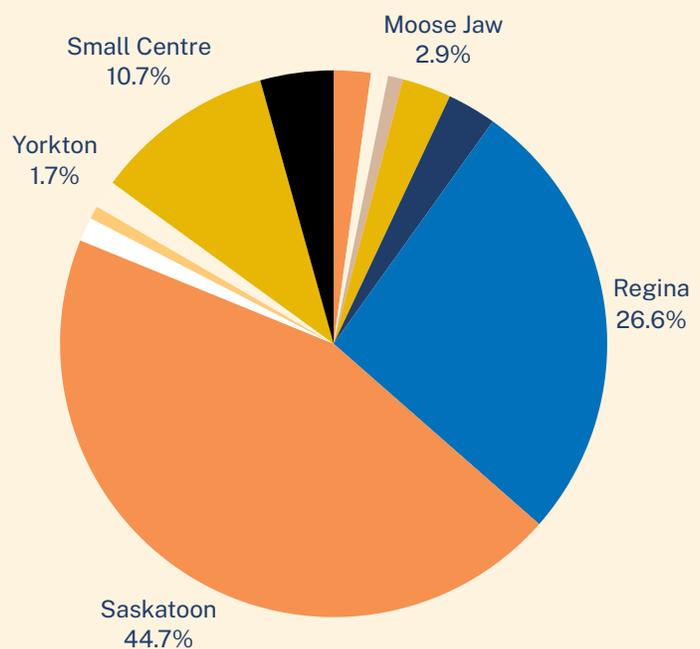
173
BROKERAGES

183
BUSINESS PARTNERS

154
NEW MEMBERS

GEOGRAPHICAL DISTRIBUTION

Regina and Saskatoon remain real estate powerhouses, boasting 449 and 755 members, respectively. However, with 485 REALTORS®, smaller centers collectively represent nearly 30% of our membership, reinforcing the importance of your Association's commitment to representing the entire province.



BROKERAGE DYNAMICS

While total membership is on the rise, the number of brokerages has slightly declined, with an increasing trend towards virtual offices. In 2023, 15% of all transfers were to a virtual office. Diving deeper into brokerage dynamics, we observe various brokerage sizes. While 23% of brokerages consist of a single broker, there are those with 100+ members, showcasing the variety of business models within the Association.

REALTOR® Engagement

We strive to ensure Saskatchewan REALTORS® are provided with valuable educational experiences and opportunities to connect. Your Professional Practice Team ensured that goal was realized in 2023.

ANNUAL MEMBERSHIP SURVEY

In December of 2022, we received the results of the Membership Survey. This information was pivotal in providing direction for continuous improvement measures in 2023.

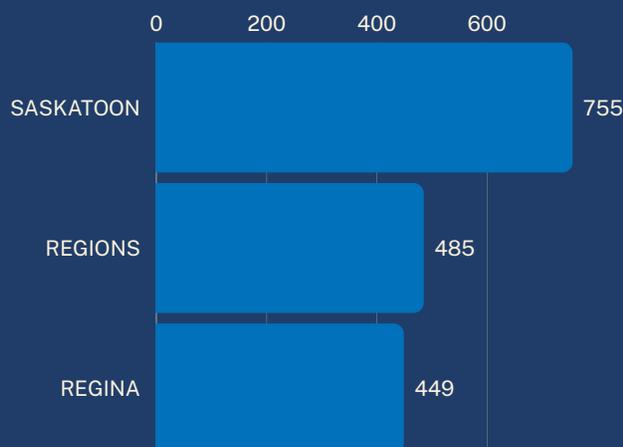
33% response rate, above the industry standard of 30%.

OBSERVATION #1

REGIONAL REPRESENTATION

The member survey reported lower engagement outside of Saskatoon and Regina. We set our sights on connecting to discover what engagement meant outside the service centre regions.

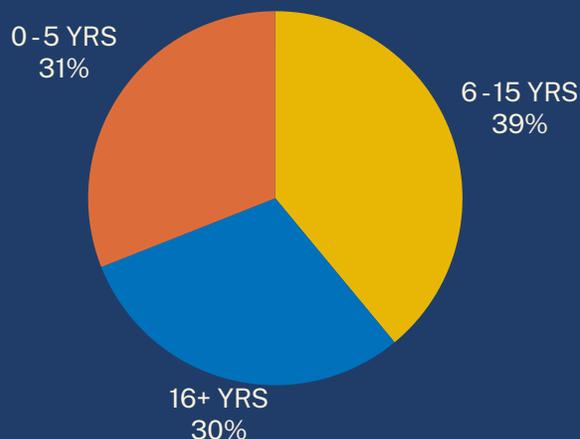
The Professional Practice Team set forth on a Saskatchewan expedition, visiting nine different communities and travelling over 2,000 kilometers, while also facilitating a virtual Feedback Forum.



OBSERVATION #2

AGENT TENURE

Membership can be evenly distributed into three segments according to their length of time in the industry.



Knowing that 1/3 of our members were new to the industry created a primary focus for the Association, resulting in a revised *New REALTOR® Orientation Course* and additional onboarding support in year one.

2,680 LEARNING HUB COURSE COMPLETIONS

15 VIRTUAL LUNCH & LEARN SESSIONS TO SUPPORT REALTOR® PROFESSIONAL PRACTICE ACROSS THE PROVINCE, REACHING 1,464 REALTORS®.

REGIONS VISITED IN 2023

- Swift Current
- Yorkton
- North Battleford
- Estevan
- Weyburn
- Moose Jaw
- Regina
- Saskatoon
- Melfort

NEW MEMBER ONBOARDING



The SRA has a dedicated Member Engagement Coordinator who guides each new REALTOR® through their initial onboarding, including the mandatory 8-module *New REALTOR® Orientation Course* developed in collaboration with the Canadian Real Estate Association (CREA). They are also there to provide advice and guidance, including direct follow-up phone calls and engagement at 90 days, six months, and one year into their new career. During their first year, new REALTORS® are also exposed to the *Your Professional Network (YPN)*, further exposing them to learning and networking opportunities.

YOUR PROFESSIONAL NETWORK (YPN)

The YPN Program was established in 2023 to complement the first-year REALTOR® Onboarding Program. The foundation of YPN is three pillars: Connect, Educate, and Lead. The inaugural YPN event, Breakfast with the Board, was held in May and focused on the Lead pillar of the program. The goal is to build leadership knowledge and capacity within our membership at the local, provincial, and national levels.



SRA MLS® System

MLS® TASK FORCE

In 2023, a Task Force of nine members was chosen to review and make recommended changes to the existing MLS® Rules. They reviewed each rule individually and determined how to strengthen the rules, but considered how the rules impact their business, fellow members, and clients.

After 9 months, 8 meetings, and much healthy tension, they came up with a solid recommendation for the Board, which included merging the MLS® Rules with the Member Conduct Policy to create what will now be referred to as the **MLS® Rules and Practice Standards** released on January 3, 2024.

33,272

TOTAL MLS® LISTING, STATUS CHANGE
AND COMPLIANCE TICKETS PROCESSED

MLS® LISTING INTEGRITY

2-5% of all listings were reviewed by the MLS® team.

67% of listings reviewed exhibited at least one discrepancy.

61% of listings that utilize the Automatic Data Transfer (ADT) or “Upload Listing” feature .

After analyzing trends arising from the listing integrity review process, the Professional Practice Team delivered SRA’s first **TECHNICAL SKILL BUILDER** - a virtual learning opportunity with a clear focus and guidance on reducing future discrepancies.

In 2023, we released the **MLS® LISTING GUIDE** - designed to assist REALTORS® in navigating the residential data input forms and clarify the purpose and function of each field. It provides useful definitions, data-entry tips, and supplementary resources to streamline the listing process.

MLS® Listing Guide
Residential

2024

Residential Market Watch 2023



Sales
14,843
↓ 3.0% Y/Y



New Listings
23,340
↓ 7.0% Y/Y



Inventory
5,998
↓ 6.0% Y/Y



Months of Supply
4.85
↓ 3.0% Y/Y



Provincial Benchmark Price
\$319,300
↑ 1.8% Y/Y

2023 marked another strong year in the Saskatchewan real estate market!

Despite a 3% year-over-year decrease in total sales, which was widely expected as our market returned to pre-pandemic normals - Saskatchewan closed 2023 with six consecutive months of above-average sales.

A growing provincial economy, including record population growth and a strong labour market, continues to support stable demand for home ownership in our province.

Persistent supply challenges, particularly in the more affordable segment of our market, remain our biggest concern when looking ahead to 2024.

Public Affairs

GOVERNMENT RELATIONS

In 2023, your Association made significant strides in achieving its goal of leading the provincial narrative on real estate and housing while proactively identifying and responding to priorities that impact the real estate sector. Throughout the past year, the SRA engaged on several files, including:

- 286 total earned media stories in 2023 - up 130 total stories, or 83% year-over-year.
- Partnering with the Saskatchewan Landlord Association and Better Business Bureau of Saskatchewan to increase awareness about the increasing frequency of rental scams in the province, leading to over 15 media stories across nine Saskatchewan communities.
- Engaging the Financial and Consumer Affairs Authority (FCAA) on the emerging rental scam issue - resulting in their first-ever Province-Wide News Release in partnership with the SRA.
- Presenting our strong disapproval to Information Services Corporation (ISC) regarding the 2023 fee increases, lack of consultation, and lack of sufficient time for industry to plan for said increases.
- Securing the second annual REALTORS® Week in Saskatchewan, including a robust social media campaign centred around the impact that real estate has on the provincial economy.
- Leading and successfully engaging with the Government of Saskatchewan to reinstate the PST Rebate on New Home Construction.
- Leading the advocacy efforts with the Government of Saskatchewan on new housing policy initiatives, resulting in the development of the Saskatchewan Secondary Suite Incentive.
- Supporting the City of Regina in its Housing Accelerator Fund application, resulting in the federal government providing \$35 million to the City of Regina through the fund.
- Supporting the City of Saskatoon in its Housing Accelerator Fund application, resulting in the federal government providing \$41 million to the City of Saskatoon through the fund.
- Hosting the Honourable Donna Harpauer, Honourable Gene Makowsky, Her Worship Sandra Masters, MP Scott Aitchison, and industry partners at a housing roundtable encouraging all levels of government to work together to get more homes built.
- Hosting the inaugural SRA MLA Reception at the Saskatchewan Legislature, with over 100 of our Members and nearly 50 MLAs in attendance.
- Featuring federal, provincial, and local decision-makers at State of Real Estate 2023, including Premier Scott Moe, Minister Donna Harpauer, Mayor Sandra Masters, and MP Scott Aitchison.

Professional Standards

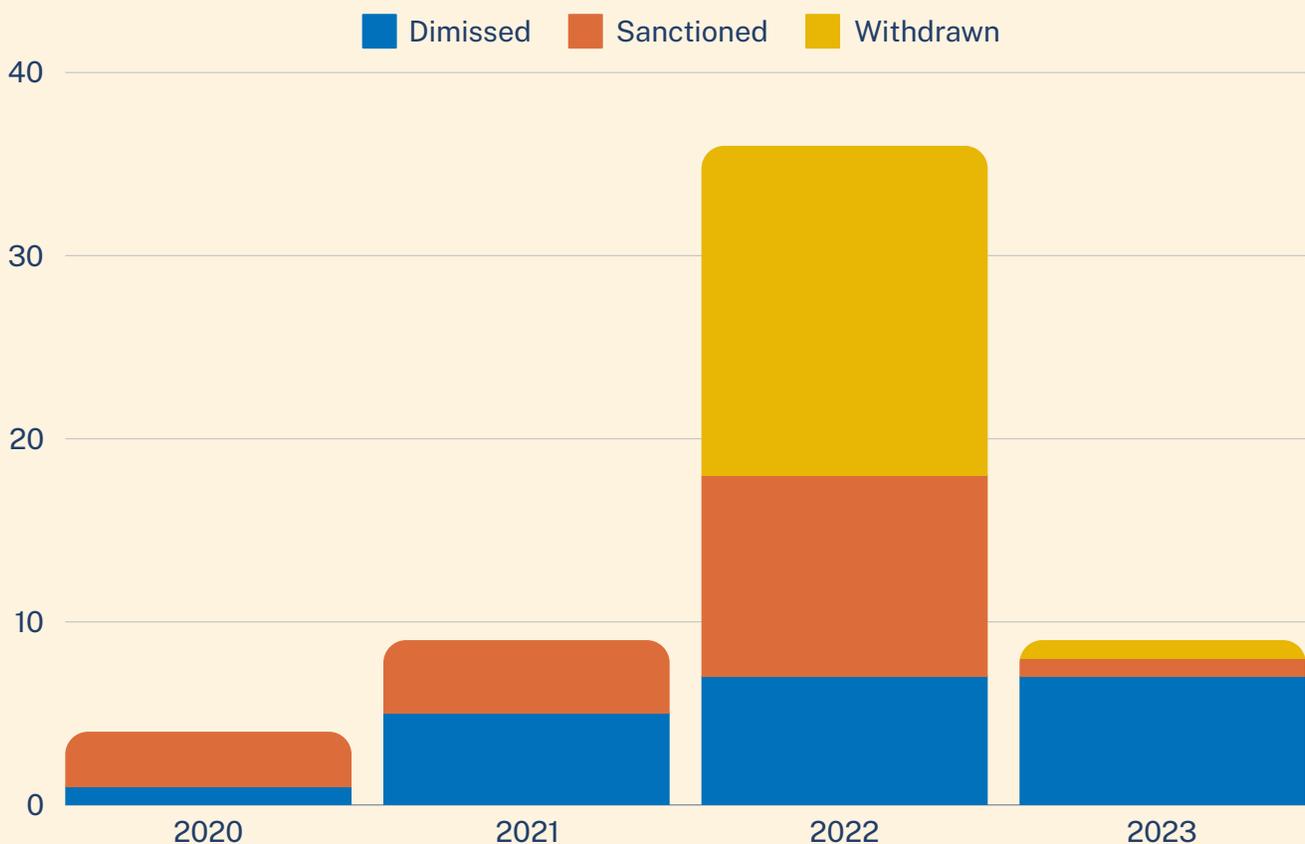
PROCESSING OF PROFESSIONAL STANDARDS COMPLAINTS AND INQUIRES

When a complaint is brought forward, our priority is to explore options for mediation through broker involvement. The chart below tells the story of the growth in dismissed complaints since we brought in our Professional Standards and Practice Advisor, a role dedicated to providing support for REALTORS® facing challenging situations in their Professional Practice.

The year-over-year reduction in withdrawn complaints can be attributed to educating complainants on evidential requirements for files to move forward to the committee. Informed members can make informed choices, and we believe the chart accurately reflects our team's commitment to education and mediation.

275

PROFESSIONAL PRACTICE CALLS TO YOUR PROFESSIONAL STANDARDS AND PRACTICE ADVISOR



Commercial Network

Your Association continues to focus on its efforts to engage and provide valuable tools and resources for its commercial agents, delivering 12 opportunities between Regina and Saskatoon to network and connect with stakeholders and industry leaders.

88

MEMBERS

12

LUNCHEONS



Officially launching in 2023, COMMX, SRA's Commercial Property Listing platform, continued to be supported through updates and improvements that enhanced the member experience. The SRA hosted an online [Technical Skill Builder](#) session in collaboration with Nathan Graham from Moody's Analytics, fostering a valuable environment for skill enhancement.

COMMX also launched its partnership with the Government of Saskatchewan in 2023.

ThinkSask.ca, the Invest in Saskatchewan campaign, and the province's economic overview are now featured on COMMX.

When prospective buyers or investors visit COMMX, there are now numerous resources demonstrating all that our province has to offer.



REALTOR® Recognition

The second annual REALTOR® Recognition Night was held on Tuesday, April 4th, at Prairieland Park in Saskatoon. Nearly 300 REALTORS®, sponsors, and guests attended this incredible evening, during which we acknowledged the exceptional achievements of our membership.

We want to take a moment to extend our gratitude to those who attended. It was a memorable evening that will be remembered for the achievements celebrated, the connections made, and the inspiration provided to push for success in the future.

Congratulations to all of our Members who celebrated 10, 20, 30, and 40 years in the industry. We understand that achieving such milestones in one's professional career is not only a testament to hard work but also showcases a level of dedication, perseverance, and excellence that is truly exceptional!



State of Real Estate

In September, your Association hosted the second annual State of Real Estate Conference at the Queensbury Centre in Regina. We brought together industry experts and thought leaders to dive into the topics that truly matter to the real estate landscape in our province.

Ann-Marie Lurie, Chief Economist with REB Resources, joined us for her annual Saskatchewan market update – unpacking the first three quarters of 2023 and looking ahead to 2024. Andrew Fogliato of Just Sell Homes and Real Estate Magazine provided an interactive tutorial on how agents can utilize ChatGPT to level-up their real estate practice – while Daniel Foch of the Canadian Real Estate Investor Podcast outlined why Saskatchewan is well-positioned to outperform other Canadian jurisdictions on the housing front in 2024 and beyond!

As Saskatchewan's second-largest sector by GDP, real estate plays a pivotal role in driving a thriving and prosperous economy. Our carefully curated sessions focused on leaning into this reality - and ensuring that decision-makers at all levels of government were at the table for these crucial discussions. Highlights included a keynote address from the Honourable Scott Moe, Premier of Saskatchewan, and a panel discussion featuring the Honourable Donna Harpauer, Deputy Premier and Minister of Finance, Her Worship Sandra Masters, Mayor of Regina, and MP Scott Aitchison, Conservative Shadow Minister for Housing.



Innovation & Technology

In 2023, the technology team embarked on a strategic journey, laying a robust foundation for the future of real estate in Saskatchewan. Your technology team continues to be actively engaged with the Real Estate Standards Organization (RESO), contributing to two significant working groups – the Data Dictionary and the Universal Property Identifier. This dedication enables your Association to remain at the forefront of industry developments and become aligned with North American market trends and vendor practices. Furthermore, our team achieved the RESO RED-B designation, highlighting our expertise in working with real estate data from a business perspective.



“The magic of AI isn’t just in its potential but in its tangible impact to real estate in Canada.”

- Chris Guérette, SRA CEO

2023 also marked significant advancements in our technological capabilities, notably by integrating cutting-edge tools such as [RESTB.ai](#). This image recognition AI has revolutionized photo subject identification and feature tagging, enhancing the SRA MLS® System listings with a new layer of data, paving the way for future enhancements that may redefine how clients search for properties.

DID YOU KNOW?

1863

TECHNICAL SUPPORT TICKETS
WERE RESOLVED IN 2023

AUDITED FINANCIAL STATEMENTS

Saskatchewan Realtors Association Inc.
Financial Statements
December 31, 2023

To the Members of Saskatchewan REALTORS® Association Inc.:

Opinion

We have audited the financial statements of Saskatchewan REALTORS® Association Inc. (the "Association"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2023, 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from 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 Association'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 Association'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 Association 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.

Regina, Saskatchewan

March 5, 2024

MNP LLP

Chartered Professional Accountants

MNP

Saskatchewan Realtors Association Inc.
Statement of Financial Position

As at December 31, 2023

	2023	2022
Assets		
Current		
Cash	213,023	252,590
Accounts receivable	109,319	78,661
Portfolio investments (Note 3)	2,230,805	1,711,174
Prepaid expenses and deposits	41,450	87,341
Inventory (Note 4)	20,815	11,690
	2,615,412	2,141,456
Capital assets (Note 5)	3,803,542	3,739,786
Investments (Note 3)	1,626,101	1,693,072
	8,045,055	7,574,314
Liabilities		
Current		
Accounts payable and accruals (Note 6)	214,509	297,385
Deferred contributions	6,133	12,275
Current portion of long-term debt (Note 7)	35,329	33,473
	255,971	343,133
Long-term debt (Note 7)	1,259,167	1,291,542
	1,515,138	1,634,675
Members' Equity		
Equity in capital assets	2,509,046	2,414,771
Board reserve	12,000	5,000
Building reserve	120,844	195,257
Commercial reserve	95,219	78,219
Computer and equipment reserve	80,759	66,843
Contingency reserve	1,858,118	1,780,268
Professional practice reserve	39,000	39,000
Lockbox reserve	1,814,931	1,360,281
	6,529,917	5,939,639
	8,045,055	7,574,314

Approved on behalf of the Board

 Signed by Jeremy Cossette
2024-03-06 17:16:41:41 CST

Director

 e-Signed by Jeff Stewart
2024-03-06 17:13:24:24 CST

Director

The accompanying notes are an integral part of these financial statements

Saskatchewan Realtors Association Inc.

Statement of Operations

For the year ended December 31, 2023

	2023	2022
Revenue		
Membership fees	3,167,388	2,859,704
MLS® fees	598,857	533,060
MLS® listing fees	581,040	602,658
New member fees	178,270	189,555
Investments	164,914	72,464
Insurance proceeds	77,890	-
Events revenue	57,457	48,322
Other revenue	54,100	38,440
Tenant lease revenue	36,647	48,275
	4,916,563	4,392,478
Expenses		
Building costs	234,300	231,329
Conference travel	179,605	94,955
General meetings & events	141,488	90,360
Governance (BoD)	210,939	131,990
IT (Technology)	175,197	162,185
MLS® services	838,705	924,649
Operations	287,874	329,133
Professional fees	111,628	92,338
Regional travel	46,607	49,206
Salaries and benefits	1,899,484	1,680,063
Services	200,458	133,213
	4,326,285	3,919,421
Excess of revenue over expenses	590,278	473,057

The accompanying notes are an integral part of these financial statements

Saskatchewan REALTORS® Association Inc.
Statement of Changes in Members' Equity
For the year ended December 31, 2023

	Members' equity, beginning of year	Net revenue over expenditures	Allocation to reserves (Note 10)	Purchases of capital assets (net of disposals)	Members' equity, end of year
Unrestricted Surplus	-	590,278	(590,278)	-	-
Equity in capital assets (Note 10)	2,414,771	-	(90,395)	184,670	2,509,046
Board reserve (Note 10)	5,000	-	7,000	-	12,000
Building reserve (Note 10)	195,257	-	31,850	(106,263)	120,844
Commercial reserve (Note 10)	78,219	-	17,000	-	95,219
Computer and equipment reserve (Note 10)	66,843	-	92,323	(78,407)	80,759
Contingency reserve (Note 10)	1,780,268	-	77,850	-	1,858,118
Professional practice reserve (Note 10)	39,000	-	-	-	39,000
Lockbox reserve (Note 10)	1,360,281	-	454,650	-	1,814,931
Total	5,939,639	590,278	-	-	6,529,917

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

Saskatchewan Realtors Association Inc.

Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Cash receipts from members	4,714,850	4,374,918
Cash receipts from unrestricted investment income	164,914	72,464
Cash paid for program service expenses	(2,288,609)	(2,160,922)
Cash paid for salaries and benefits	(1,899,484)	(1,680,063)
Cash paid for interest	(71,244)	(38,825)
	620,427	567,572
Financing		
Repayment of long-term debt	(30,519)	(46,200)
Investing		
Purchase of capital assets	(188,009)	(50,934)
Purchase of investments (includes short term)	(639,466)	(756,000)
Proceeds on disposal of investments	198,000	274,631
Decrease in cash resources	(39,567)	(10,931)
Cash resources, beginning of year	252,590	263,521
Cash resources, end of year	213,023	252,590

The accompanying notes are an integral part of these financial statements

Saskatchewan Realtors Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

1. Incorporation and nature of the organization

Saskatchewan REALTORS® Association (the "Association") was incorporated under the authority of Saskatchewan Corporations Act on January 1, 2020 and is registered as a not-for-profit organization and thus is exempt from income taxes under section 149 of the Income Tax Act.

The Association's mission is to provide members resources and services to conduct an ethical, professional and profitable business, to foster cooperation among members and to be the advocate for the real estate in the community.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for future purposes is included in restricted cash.

Investments

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Capital assets

Purchased capital assets are recorded at cost.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	3 %
Computer equipment	30 %
Furniture and fixtures	20 %

Saskatchewan Realtors Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fee, lease and other revenue is recognized as revenue when earned and collection is reasonably assured.

Investment income is recognized when earned, amounts can be estimated and collection is reasonably assured.

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

The Association subsequently measures cash and investments at fair value. Fair value is determined by published price quotations. 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 revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Marketable securities/Portfolio investments

Investments include cash invested in a high interest savings account within the investment portfolio, money market, GIC investments, notes and bonds with maturity dates ranging from February 2024 to August 2029 (2022 - May 2023 to July 2029). Interest rates on these investments range between 2.06% - 5.49% (2022 - 0.97% - 5.04%).

4. Inventory

	2023	2022
Lockbox	17,216	9,563
Merchandise	3,599	2,127
	20,815	11,690

The cost of inventories recognized as an expense and included in MLS® services amounted to \$28,830 (2022 - \$20,732).

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	1,392,889	-	1,392,889	1,392,889
Buildings	2,483,482	263,514	2,219,968	2,180,720
Computer equipment	136,498	60,306	76,192	67,365
Furniture and fixtures	217,164	102,671	114,493	98,812
	4,230,033	426,491	3,803,542	3,739,786

Amortization of \$120,914 (2022 - \$111,402) is included in the operations expense in the statement of operations.

Saskatchewan Realtors Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

6. Accounts payable and accruals

	2023	2022
Trade accounts payable	194,806	273,785
GST Payable	19,157	22,381
Provincial taxes payable	546	1,219
	214,509	297,385

7. Long-term debt

	2023	2022
RBC fixed rate term loan, repayable in blended monthly instalments of \$9,251 (2022 - \$9,251) at a fixed rate of 5.92% (2022 - 5.92%), matures October 2026	1,294,496	1,325,015
Less: Current portion	35,329	33,473
	1,259,167	1,291,542

Fixed rate term loan is subject to certain non-financial covenants as described in the offer to finance. As at December 31, 2023 the Association is in compliance with all such covenants. The Association has provided security of first registered mortgage on the Association's building located at 1705 Mc Kercher Drive.

Principal payments over the next four years are as follows:

	<i>Principal</i>
2024	35,329
2025	37,478
2026	1,221,689
	1,294,496

8. Commitments

The Association entered into agreements with UTC Fire & Security Canada Inc. (formally GE Security) for software and devices necessary for the operations of the lockbox system. It is paid quarterly in amounts of approximately \$70,000 and subsequently billed to the members of the Association. The agreement expires March 30, 2025.

The Association has also entered into an agreement with Catalyst Real Estate Software Inc. for software subscription services related to a standalone commercial MLS® system. The contract commenced on January 1, 2022 with monthly costs of \$50 per member account per month (with a minimum of 50 members), expiring on December 31, 2024.

The minimum annual lease and subscription commitments are estimated as follows:

2024	298,425
2025	67,106
	365,531

Saskatchewan Realtors Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

9. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on the sale of inventory, collection of accounts receivable, purchasing commitments and obligations or raising funds to meet commitments and sustain operations. The Association manages its liquidity risk by forecasting cash flows generated from operations ensuring the cash generated is sufficient to meet its short-term and long-term operating requirements, and also maintains a contingency reserve to fund unexpected obligations or deficiencies in earnings.

Credit Risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss. The Association minimizes its credit risk by conducting transactions with a large number of members.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Association is exposed to interest rate price risk with respect to the investment portfolio, which has terms ranging from one to six years, and which are subject to interest rates ranging from 2.06% - 5.49%. The Association manages its interest rate risk by investing in low-risk investments with varying dates of maturity.

The Association is also exposed to interest rate price risk with respect to the term debt which bears interest at a fixed rate of 5.92%, maturing October 2026.

10. Interfund transactions

Equity in capital assets

During the year, there was a transfer to equity in capital assets of \$106,263 (2022- \$50,935) from the building reserve \$106,263 (2022- \$4,743) and the computer and equipment replacement reserve \$78,407 (2022 - \$46,192) to fund the purchases of capital assets. There was also a transfer of \$90,395 (2022- \$65,202) out of the equity in capital assets into the unrestricted surplus to fund the amortization expense, net of the principle repayments on the building mortgage. The equity in capital assets balance for 2023 is \$2,509,046 (2022- \$2,414,771).

Financial reserves policy

The Association has established a financial reserve policy, the purpose of which is to ensure funds will be available to meet specific needs. Allocations to or withdrawal from these funds is at the discretion of the Board of Directors. The approved funds are as follows:

a) Board reserve

The purpose of the board reserve is to support general operations as required.

The minimum desired level of funding is \$1,000 per board member at the end of the fiscal year.

There were a transfers in of \$7,000 (2022 - \$nil) and no transfers out of the reserve during the year. The board reserve for 2023 is \$12,000 (2022 - \$5,000).

Saskatchewan Realtors Association Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

10. Interfund transactions *(Continued from previous page)*

b) Building reserve

The purpose of the building reserve is to set aside funds for significant future capital expenditures relating to building improvements.

The desired level of funding will be a minimum of 3% of the assessed property values based on current property tax information and may also take into consideration long-term future capital needs.

During the year, there was a transfer in to the reserve of \$31,850 (2022 - \$nil) and transfer out of the reserve of \$106,263 (2022 - \$4,743). The building reserve balance for 2023 is \$120,844 (2022 - \$195,257).

c) Commercial reserve

The purpose of the commercial reserve is to ensure that any funds collected from commercial membership fees are reserved specifically for commercial-related services. Any excess funds collected during the year are reserved for future services that directly benefit the Association's commercial members.

The level of funding in the reserve will depend on the amount of commercial membership fees collected and the costs associated with providing commercial-related services and events.

During the year, there was a transfer in to the reserve of \$17,000 (2022 - transfer out of the reserve of \$21,933). The commercial reserve balance for 2023 is \$95,219 (2022 - \$78,219).

d) Computer and equipment reserve

The purpose of the computer and equipment reserve is to set aside funds for future expenditures related to computer, equipment, and furniture purchases. This reserve is a result of the combination of the Computer reserves and Equipment reserves from previous years.

The minimum desired level of funding is \$2,000 per employee at the end of the fiscal year.

During the year, there was a transfer to the computer replacement reserve of \$93,323 (2022 - \$22,142) and a transfer out of the reserve of \$78,407 (2022 - \$46,192). The computer and equipment replacement reserve balance for 2023 is \$80,759 (2022 - \$66,843).

e) Contingency reserve

The purpose of the contingency reserve is to provide access to funds to address unusual or unforeseen circumstances. It will act as the major buffer regarding financial risk for the Association. It will address possible unforeseen and significant expenditures such as those related to legal costs, disruption to operations, organizational wind-down and any other type of expenditure of this nature.

The desired level of funding is the equivalent of six months of operating expenditure calculated on a three-year rolling average.

During the year, a transfer was made to the contingency reserve of \$77,850 (2022 - \$75,928). The contingency reserve balance is \$1,858,118 (2022 - \$1,780,268) at the end of 2023.

f) Professional practice reserve

The purpose of the professional practice reserve (previously known as the Education fund reserve) is to respond to unforeseen expenses relating to professional standards, projects relating to education, and REALTOR® engagement.

The desired level of funding will be based on short-term planned future needs.

There were no transfers in or out of the reserve during the year. The professional practice reserve balance for 2023 is \$39,000 (2022 - \$39,000).

Saskatchewan Realtors Association Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

10. Interfund transactions *(Continued from previous page)*

g) Lockbox reserve

The purpose of the lockbox reserve is to ensure the Association has access to adequate funds for the acquisition of new lockboxes. This reserve is the result of the combination of the Service Optimization reserve and the Lockbox reserve from prior years.

The desired level of funding will be based on the Association's financial analysis of future requirements.

During the year, a transfer was made to the lockbox reserve of \$454,650 (2022 - \$462,122). The lockbox reserve balance is \$1,814,931 (2022 - \$1,360,281) at the end of 2023.

11. Saskatchewan REALTORS® Quality of Life Legacy Fund

The Association of Saskatchewan REALTORS® Quality of Life Legacy ("the Fund") is a donor advised fund within the Saskatoon Community Foundation ("the Foundation") that was established in 2012 by the Association of Saskatchewan REALTORS® with a one-time contribution to the fund of \$100,000. The foundation issues receipts for income tax purposes for any additional charitable donations received in the fund. The Foundation, with input from the Saskatchewan REALTORS® Association, will distribute income from the Fund to qualified donees including registered charities in Saskatchewan.

The balance available for distribution in the Fund of \$180,131 is held and managed by the fund. As such, it is not reflected in the assets or liabilities of these financial statements.