

**Sudbury Real Estate Board**

**Independent Auditor's Report and  
Financial Statements**

**December 31, 2023**

# **Sudbury Real Estate Board**

## **Financial Statements December 31, 2023**

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## Independent Auditor's Report

**To the Members of  
Sudbury Real Estate Board**

**Baker Tilly SNT LLP / s.r.l.**  
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### *Opinion*

We have audited the financial statements of Sudbury Real Estate Board, which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, operations 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 organization as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations (ASNPO).

### *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 organization 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

ACCOUNTING • TAX • ADVISORY

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## Independent Auditor's Report (continued)

### *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 organization'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 organization'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 organization 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.

Sudbury, Ontario  
April 10, 2024

*Baker Tilly SNT LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**Sudbury Real Estate Board**  
**Statement of Financial Position**  
**As at December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets		
Cash	\$ 371,027	\$ 512,892
Accounts receivable	51,330	12,048
Prepaid expenses	11,181	1,992
Government remittances receivable	1,131	1,607
Short-term investments (note 3)	-	205,272
	<u>434,669</u>	<u>733,811</u>
Investments (note 4)	419,465	100,000
Tangible capital assets (note 5)	<u>245,337</u>	<u>250,807</u>
	<u>\$ 1,099,471</u>	<u>\$ 1,084,618</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,410	\$ 28,479
Deferred revenue	<u>28,386</u>	<u>-</u>
	<u>57,796</u>	<u>28,479</u>
<b>Fund balances</b>		
Operating fund (note 6)	436,338	453,332
Invested in tangible capital assets (note 6)	245,337	250,807
Capital reserve fund (note 6)	300,000	300,000
Education reserve (note 6)	-	2,000
Building reserve (note 6)	50,000	50,000
Governance reserve (note 6)	<u>10,000</u>	<u>-</u>
	<u>1,041,675</u>	<u>1,056,139</u>
	<u>\$ 1,099,471</u>	<u>\$ 1,084,618</u>

Commitments (note 7)

Contingencies (note 8)

**Approved by the board:**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

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

**Sudbury Real Estate Board**  
**Statement of Changes in Net Assets**  
**For the year ended December 31, 2023**

	<u>2023</u>			<u>2022</u>	
	<u>Balance,</u> <u>beginning of</u> <u>year</u>	<u>Excess of</u> <u>revenue</u> <u>over</u> <u>expenditures</u> <u>(expenditures</u> <u>over</u> <u>revenue)</u>	<u>Internal</u> <u>transfers</u>	<u>Balance, end</u> <u>of year</u>	<u>Balance, end</u> <u>of year</u>
Operating fund	\$ 453,332	\$ (8,814)	\$ (8,180)	\$ 436,338	\$ 453,332
Invested in tangible capital assets	250,807	(5,650)	180	245,337	250,807
Capital reserve fund	300,000	-	-	300,000	300,000
Education reserve	2,000	-	(2,000)	-	2,000
Building reserve	50,000	-	-	50,000	50,000
Governance reserve	-	-	10,000	10,000	-
	<u>\$ 1,056,139</u>	<u>\$ (14,464)</u>	<u>\$ -</u>	<u>\$ 1,041,675</u>	<u>\$ 1,056,139</u>

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

**Sudbury Real Estate Board**  
**Statement of Operations**  
For the year ended December 31, 2023

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Revenue			
Membership fees and dues	\$ 914,913	\$ 911,385	\$ 883,295
Initiation fees	67,500	60,000	88,500
Membership activities			
Membership events	23,000	27,445	27,069
Holiday party	-	15,028	27,881
	<u>1,005,413</u>	<u>1,013,858</u>	<u>1,026,745</u>
Expenditures			
Advertising and promotion	55,000	22,644	10,678
Building and equipment maintenance	20,000	66,603	16,989
Business meetings	20,000	17,163	8,532
Education	20,500	13,908	31,834
Insurance	10,000	9,795	8,593
Leadership development	78,000	69,031	51,155
Membership activities			
Holiday party	14,000	36,641	33,396
Membership events	23,000	24,714	24,216
Miscellaneous	5,800	3,596	3,653
Municipal taxes	15,000	14,629	14,186
Professional fees	16,000	20,190	17,635
Provincial and national dues	211,200	193,773	195,576
Salaries and benefits	222,819	205,972	184,022
Stationery and supplies	10,700	10,999	12,586
Technology services	196,665	224,761	167,106
Teranet services	81,180	89,892	94,426
Touchbase services	9,299	10,187	13,598
Utilities	9,500	8,941	9,149
	<u>1,018,663</u>	<u>1,043,439</u>	<u>897,330</u>
Excess of revenue over expenditures (expenditures over revenue) before undernoted items	<u>(13,250)</u>	<u>(29,581)</u>	<u>129,415</u>
Other income (expenditures)			
Interest earned on investments	9,250	20,767	8,098
Amortization of tangible capital assets	-	(5,650)	(7,418)
	<u>9,250</u>	<u>15,117</u>	<u>680</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ (4,000)</u>	<u>\$ (14,464)</u>	<u>\$ 130,095</u>

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

**Sudbury Real Estate Board**  
**Statement of Cash Flows**  
**For the year ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures (expenditures over revenue)	\$ (14,464)	\$ 130,095
Adjustment for amortization of tangible capital assets	<u>5,650</u>	<u>7,418</u>
	<b>(8,814)</b>	137,513
Change in non-cash working capital items		
Increase in accounts receivable	(39,282)	(11,912)
Increase in prepaid expenses	(9,189)	-
Increase in government remittances receivable	476	(8,018)
Increase in accounts payable and accrued liabilities	931	14,864
Increase in deferred revenue	<u>28,386</u>	<u>-</u>
	<u>(27,492)</u>	<u>132,447</u>
<b>Investing activities</b>		
Increase in investments	(114,193)	(44,338)
Purchase of tangible capital assets	<u>(180)</u>	<u>-</u>
	<u>(114,373)</u>	<u>(44,338)</u>
<b>Increase (decrease) in cash</b>	<b>(141,865)</b>	88,109
<b>Cash, beginning of year</b>	<u>512,892</u>	<u>424,783</u>
<b>Cash, end of year</b>	<u>\$ 371,027</u>	<u>\$ 512,892</u>

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



# Sudbury Real Estate Board

## Notes to the Financial Statements

December 31, 2023

### 1. Nature of operations

Sudbury Real Estate Board (SREB) is incorporated under the laws of the Province of Ontario as a non-profit entity without share capital and is exempt from income tax under section 149 of the Income Tax Act of Canada.

The organization's mandate is to provide services, education, professional standards for business practice, and up-to-date industry information to its members, to maintain the multiple listing service database, to liaise with all levels of government on behalf of its members, to foster a positive image of Realtors to the public, and to promote a spirit of co-operation among members.

### 2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

#### Tangible capital assets

Tangible capital assets are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	5%
Furniture and equipment	20%
Computer equipment	30% and 55%

#### Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. 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.

Investment income is recognized as revenue when earned.

The organization earns revenues from delivery of services to its members. Membership dues and fees are recorded when services are delivered.

Initiation fees are recognized as revenue in the year the agent becomes a member.

Membership fees and activities related to future periods are deferred and recognized in the subsequent period when the related event occurs.

# **Sudbury Real Estate Board**

## **Notes to the Financial Statements**

**December 31, 2023**

### **2. Significant accounting policies (continued)**

#### **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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are useful life of tangible capital assets and related amortization and accrued liabilities. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

#### **Financial instruments**

##### **(i) Measurement of financial instruments**

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### **(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

**Sudbury Real Estate Board**  
**Notes to the Financial Statements**  
**December 31, 2023**

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

**Financial instruments (continued)**

**(ii) Impairment (continued)**

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

**3. Short-term investments**

	<u>2023</u>	<u>2022</u>
Scotiabank GICs matured	\$ -	\$ 205,272

**4. Investments**

	<u>2023</u>	<u>2022</u>
Scotiabank GICs maturing between May 2025 and November 2025 bearing interest at 4.60% to 5.90%	<u>\$ 419,465</u>	<u>\$ 100,000</u>

**5. Tangible capital assets**

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 186,546	\$ -	\$ 186,546	\$ 186,546
Building	268,795	219,265	49,530	52,137
Furniture and equipment	56,560	48,228	8,332	10,415
Computer equipment	19,338	18,409	929	1,709
	<u>\$ 531,239</u>	<u>\$ 285,902</u>	<u>\$ 245,337</u>	<u>\$ 250,807</u>

**6. Fund balances**

Revenues and expenditures related to administrative activities are reported in the operating fund.

The invested in tangible capital assets represents the unamortized cost of the tangible capital assets.

# Sudbury Real Estate Board

## Notes to the Financial Statements

December 31, 2023

### 6. Fund balances (continued)

The capital reserve fund was established on January 1, 1997 to report the funds available to the organization for future capital expenditures and dues stabilization. The capital reserve fund is to be maintained at a minimum amount of \$150,000 and a maximum amount of \$300,000. Any interest earned on the capital reserve fund investments are transferred to the operating fund.

The building reserve was established to report the funds available to the organization for significant, non-routine repairs and upgrades to the building. Each year the Board of Directors may approve a portion of the excess of revenue over expenditures to be allocated to the building reserve.

The governance reserve was established to report the funds available to the organization for governance review and compliance with the Ontario Not-for-Profit Corporations Act.

### 7. Commitments

The organization has entered into agreements with various technological service providers, allowing authorized user access to their services. Corelogics Solutions Canada, ULC provides the Matrix, Property Locator App and Clarity applications, Teranet Enterprises Inc. supports the GeoWarehouse application and ShowingTime.com, Inc. hosts the CBSA service. Municipal Property Assessment Corporation ("MPAC") provides access to the property line website as well as access to data, reports and API and E-store products. Their terms remain in effect from September 2025 to October 2027. Estimated fees below are based on monthly contract terms by number of listed members at December 31, 2023.

2024	\$	289,149
2025		221,406
2026		58,934
2027		<u>38,872</u>
	\$	<u>608,361</u>

### 8. Contingencies

The organization is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these legal matters and litigations will be charged to operations in the periods in which they are resolved.

### 9. Budget amounts

The 2023 budget figures are presented for information purposes only and have been derived from the budget approved by the Board of Directors. The budget figures are unaudited.

**Sudbury Real Estate Board**  
**Notes to the Financial Statements**  
**December 31, 2023**

**10. Financial instruments**

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from their financial instruments. The fair value of the financial instruments approximate their carrying value due to their short-term nature and interest rates comparable to market rates.