

PURSUANT TO THE *REAL ESTATE ACT*

Since July 1996, when the *Real Estate Act* became law, the Real Estate Council of Alberta (RECA) has been responsible for regulation of the real estate and mortgage broker industries in Alberta. For more information, please contact the **Real Estate Council of Alberta, Suite 202, 1506 - 11 Avenue SW, Calgary AB T3C 0M9**. Phone (403) 228-2954 or (toll free in Alberta) 1-888-425-2754.

E-mail Submissions: auditreports@reca.ca E-mail Questions: audit@reca.ca

Website: www.reca.ca

The brokerage to be reported on is:

<i>Brokerage</i>		
<i>Address</i>		
<i>City</i>	<i>Province</i>	<i>Postal Code</i>
<i>Phone</i>	<i>Fax</i>	<i>E-mail</i>
<i>Name of Broker</i>		

To Whom it May Concern:

This letter sets the terms of our engagement as accountants for the purpose of reporting under Section 91 of the *Real Estate Act* Rules.

You have requested that we perform an agreed-upon procedures engagement on the Accountant's Report to the Real Estate Council of Alberta. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide. Our engagement will be conducted in accordance with the Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagements. In performing the agreed-upon procedures engagement, we will comply with Chartered Professional Accountants of Alberta's Rules of Professional Conduct.

An agreed-upon procedures engagement performed under CSRS 4400 involves our performing the procedures agreed with you and communicating the findings in the agreed-upon procedures report. Findings are the factual results of the agreed-upon procedures performed. You acknowledge that the procedures are appropriate for the purpose of the engagement. We make no representation regarding the appropriateness of the procedures. This agreed-upon procedures engagement will be conducted on the basis that _____ ("brokerage") is responsible for the subject matter on which the agreed-upon procedures are performed. Further, this agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Furthermore, our engagement cannot be relied

upon to prevent or detect defalcations or disclose irregularities, which may have occurred during the Reporting Period. However, we will report on the results of applying the specific procedures.

This engagement, for the period¹ ended _____, _____ ("period") will be limited to the procedures outlined below, except where those procedures are extended as directed by you in writing. **Any such additional procedures shall be attached to this letter and become part of the engagement.**

The **Table of Recommended Minimum Examination Guidelines**, on the last page of this document (page 4), will be used in our examination. In completing the **Accountant's Report**, we will select a month of our choice within the period reviewed. The month selected (hereinafter referred to in this report as the "selected month") will be reported to the Real Estate Council of Alberta and used for the purpose of completing procedures 2, 3, 4, 6, 7, and 8 of the **Accountant's Report**. The procedures we will carry out are as follows ***if applicable***:

1. Reviewed the brokerage's trust depository statements, the trust bank reconciliation and trust liability reconciliation (to determine whether there are sufficient funds in the depositories to meet the trust liabilities) for each of the _____ months in the period ended _____, _____ and ensure that:
 - a) each reconciliation showed there were sufficient funds to meet the liabilities,
 - b) there were no debit balances greater than \$100,
 - c) there were no overdrafts,
 - d) there were no unreconciled differences, and
 - e) each trust bank reconciliation was dated within 30 days of the month being reconciled and bore the signature of the broker.
2. For the selected month, inspect a *number* of condominium management services agreements. Confirm that they were entered in the brokerage's trust ledger accounts and supporting records and that they indicate:
 - a) a description clearly identifying the condominium corporation involved,
 - b) the amount of the condominium fee or other funds to be received was consistent with the contribution schedule to the budget or other document,
 - c) the amount of the brokerage's management fee or other remuneration, the name of the party paying the fee or other remuneration and that it was consistent with the signed management or other agreement, and
 - d) any affiliated individuals or companies providing services is disclosed to the condominium corporation.
3. Confirm the information in the trust bank reconciliation at the end of the selected month.

¹ The last day the brokerage is licensed

4. Compare the information in the trust reconciliation at the end of the selected month to determine whether there are sufficient funds in the depositories to meet the trust liabilities.
5. For all trust accounts in relation to condominium management services disclosed in the **Real Estate Brokerage's Representations to RECA** as at _____ (period end date). Compare the amounts on the depository bank statements to the amount on the brokerage's trust bank reconciliation.
6. For the selected month, we traced a number of deposits from the trust ledger to the bank deposit books, bank statements and supporting records, and all trust money received in relation to the Condominium Property Act were deposited within three (3) banking days after the date of receipt.
7. For the selected month, inspect disbursements from the trust accounts to determine whether the disbursements are in accordance with the terms of trust governing the use of that money.
8. Confirm a number of receipts and disbursements in the general account for the selected month to ensure that they are not trust transactions².
9. Forward a copy of the **Accountant's Report** to the brokerage and discuss the contents with the broker.

These procedures do not constitute an audit and therefore we will not express an opinion about the accuracy or completeness of the trust books, records and financial information provided, or about whether or not there were any irregularities during the year that were not disclosed to us. However, we will report on the results of the preceding procedures.

So that we may carry out this engagement, you will make available to us all books, correspondence with the Real Estate Council of Alberta and its Registrar, records and accounts pertaining to the real estate firm for the period ended, _____, _____. Your firm will also provide us with the following:

- 1) **Real Estate Brokerage's Representations to the Real Estate Council of Alberta**, in the approved form, **duly completed and signed** for the period ended _____.
- 2) **Accountant's Report**, in the approved form, for our completion.

We will discuss the details of the completed **Accountant's Report** with you and provide you a copy of the report for forwarding to the Real Estate Council of Alberta. Our fees for services rendered will be based on the time spent by us, plus any out of pocket expenses that we incur.

² Trust transactions are condo fees that need to be deposited into the respective condominiums trust account

SELECTION OF THE SAMPLE MONTH

The selected month should, whenever possible, be representative of the operations of the brokerage and if there have been transactions must always include a transaction. If there is only one month with a deposit that month should be selected, even if there were no disbursements in that month.

If the report is being issued only as a result of the holding and disbursement of funds received in a previous fiscal period. Then the sample month should be one where a disbursement was made, and this fact stated in the additional comments to the report.

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

CONDOMINIUM MANAGEMENT SERVICES	
Number of Condominiums Managed in Selected Month	Recommended Examination Numbers in Selected Month
0-50	Examine all Condominiums to a maximum of ten (10)
Over 50	Examine 20% to a maximum of twenty (20)
Use the following proportions as far as applicable condominiums allow.	
Total Condominiums Examined in Selected Month should be made up of:	Condominiums units managed:
40%	2-50
20%	51 to 100
20%	101 to 200
20%	Over 200

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

[Accountant Q & A](#)