

This report must be completed by a Chartered Professional Accountant. The accountant shall be guided by the Tables of Recommended Minimum Examination Guidelines (Page 5 of the Engagement Letter between Accountant and Client)

THIS REPORT IS ONLY TO BE USED FOR ENGAGEMENT LETTERS SIGNED
AFTER MARCH 31, 2024

To: The Real Estate Council of Alberta c/o Registrar

At the request of _____ being the broker for

_____ (the brokerage) we have conducted certain procedures on the books, records, and the accounts maintained by the brokerage for their fiscal year ended _____

To make this report, we have

- 1) read sections 18 and 25 of the *Real Estate Act* and part 3, Accounting Records, of the Rules and Regulations¹,
- 2) obtained a signed copy of the **Real Estate Brokerage's Representation to the Real Estate Council of Alberta**, and
- 3) signed an **Engagement Letter Between Accountant and Client**, dated _____.

Our examination was guided by the Table of Recommended Minimum Examination Guidelines (on page 5 of the Engagement Letter). We have conducted the agreed-upon procedures engagement in accordance with the Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Brokerage, and reporting the findings, which are the factual results of the agreed-upon procedures performed. The brokerage is responsible for the subject matter on which the agreed-upon procedures are performed and has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. We make no representation regarding the appropriateness of the agreed-upon procedures. In completing this report, certain procedures set out below were carried out on a month selected by us. The month

¹ The *Real Estate Act* and Rules may be found at RECA's website – www.reca.ca

of _____ (hereinafter referred to in this as the "selected month") was used for the purpose of completing procedures 2, 3, 4, 5, 7, 8, and 9, below. Based on the limited procedures carried out, and with respect to each procedure, we report as follows:

1. We inspected the brokerage's trust depository statements, trust bank reconciliation and trust liability reconciliation (to determine whether there are sufficient funds in the depositories to meet the trust liabilities for (Real Estate and Property Management) for each of the twelve (12) months in the fiscal year ended _____ and observed that:
 - a) each reconciliation showed there were sufficient funds to meet the liabilities,
 - b) a listing of the money held in trust (trust liability) for each transaction, owner, property, or tenant has been included as part of the reconciliation and had been prepared for each month,
 - c) there were no debit balances greater than \$100,
 - d) there were no overdrafts,
 - e) there were no unreconciled differences, and
 - f) each trust bank reconciliation and trust liability reconciliation were dated within 30 days of the month being reconciled and bore the signature of the broker, **with the following exceptions:**

2. For the selected month, we reviewed (number of) _____ Buy/Sell trades² in real estate. We determined that they were entered in the brokerage's trust ledger accounts and supporting records. We report that for each transaction there was a separate trust ledger account, which along with the supporting records, indicated:
 - a) a description clearly identifying the real estate involved,
 - b) the deposit amount is consistent with a signed offer to purchase, with a signed lease agreement, or other document,
 - c) the names of the parties to the trade,
 - d) the amount of the deposit or other funds received and a record of the disbursement of them, and
 - e) the amount of the brokerage's commission or other remuneration, the name of the party paying it, and that it was consistent with the signed service or other agreement **with the following exceptions:**

² TRADE includes a disposition, acquisition of or transaction in real estate by sale, purchase, agreement for sale, exchange, option, lease, rental or otherwise.

3. For the selected month, we reviewed (number of) _____ Property Management trades in real estate. We determined that they were entered in the brokerage's trust ledger accounts and supporting records. We report that each trust ledger account, with supporting records, indicated:
 - a) a description clearly identifying the rental property involved,
 - b) the amount of the rent, security deposit, or other funds received was consistent with a signed lease agreement or other document,
 - c) the names of the parties to the trade,
 - d) the amount of the rent or other funds received
 - e) the amount of the brokerage's management fee or other remuneration, the name of the party paying the fee or other remuneration and it was consistent with the signed management or other agreement, **with the following exceptions:**

4. We traced the information contained in the trust bank reconciliation as at the end of the selected month to the banking records with depositories, **with the following exceptions:**

5. We inspected the information contained in the trust liability reconciliation (to determine whether the sufficient funds in the depositories to meet the trust liabilities at the end of the selected month, **with the following exceptions:**

6. We traced from the banking records with depositories as at _____ (fiscal year end date), the amount of \$ _____ on deposit in all trust accounts related to Real Estate and Property Management services disclosed in the **Real Estate Brokerage's Representations to the Real Estate Council of Alberta**. We traced the amounts with the balances recorded in the brokerage's bank reconciliation and reviewed the reconciling items to arrive at a brokerage's reconciled bank balance of \$ _____.

7. For the selected month, we traced (number) _____ deposits from the trust ledger to the bank deposit books, bank statements and supporting records, and observed

that trust funds were deposited within (3) banking days after the date of receipt, and that all trust money received in relation to Residential Property Management were deposited within two (2) banking days after the date of receipt: **with the following exceptions:**

8. We examined (number) _____ disbursements in the selected month from the trust accounts and traced the disbursements to the trade, with the following exceptions:

9. We have forwarded a copy of the report to the broker and have discussed the contents of the report with the broker.

Yes No

Additional comments, if any, can be stated here or on an attached sheet.

We have complied with relevant ethical requirements, including those related to independence, in Canada. Our firm applies Canadian Standard on Quality Management

(CSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

This report is prepared solely for submission to Real Estate Council of Alberta and is not to be referred to or distributed to any person other than in accordance with the Real Estate Act. The procedures carried out did not constitute an audit and therefore we do 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 which were not disclosed to us. However, we have reported on the results of the preceding procedures. Had we performed additional procedures, other matters might have come to our attention that would have been reported. This report may not be suitable for any other purpose.

Accountant and Accounting Firm

Signature and Professional Designation

Address

Date: _____

If you choose to prepare this form in any other format, please ensure that there are no changes in the wording.