

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

THIS REPORT IS ONLY TO BE USED FOR ENGAGEMENT LETTERS SIGNED AFTER
DECEMBER 12, 2022

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 fiscal year ended _____, _____ 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 fiscal year. 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, 5, 7, 8, and 9 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 fiscal year ended _____, _____ and ensure that:
 - a) each reconciliation showed there were sufficient funds to meet the liabilities,
 - b) a listing of the money held (trust liability) in trust for each transaction, has been included as part of the reconciliation and was prepared 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 was dated within 30 days of the month being reconciled and bore the signature of the broker.

2. For the selected month, review a number of trust transactions. Confirm that they were entered in the brokerage's trust ledger accounts with supporting records and that, for each mortgage transaction:

- (a) there is a written agreement between the brokerage and any person providing mortgage or other trust money, expressly acknowledging the trust arrangement between them, and setting forth the terms under which the money is to be received and disbursed, and
 - (b) a separate file has been maintained for each mortgage.
3. For all trust accounts in relation to Mortgage Brokerage's activity disclosed in the **Real Estate Brokerage's Representations to RECA** as at _____, _____ (*fiscal year end date*). Agree the amounts on the depository bank statements to the amount on the brokerage's trust bank reconciliation.
 2. 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 found trust funds were deposited within (3) three banking days after the date of receipt or within any further period agreed to in writing by the parties of the trade
 3. Trace the details of the last receipt of the selected month and the first receipt for the next month from the trust liability records to the trust bank records to ensure that the entries were recorded in the appropriate month.
 4. Trace the last five disbursements of the selected month and the first five disbursements for the next month from the trust liability records to the trust bank records to ensure that the entries were recorded in the appropriate month.
 5. Confirm a number of receipts in the general account for the selected month to ensure that they are not funds that need to be held in trust.
 6. 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 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 fiscal year 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 fiscal year 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.

Please review this letter carefully, sign, date, and return one copy to us.

Yours truly,

Name of Accountant, Accounting Firm

Date

Signature of Accountant

The terms set out in the foregoing letter are hereby agreed to.

Name of Broker

Date

Signature of Broker

SELECTION OF THE SAMPLE MONTH

The selected month can be chosen using haphazard selection method, 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 must 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)

Single Lenders	
Estimated Monthly Transactions	Recommended Examination Numbers in Selected Month
0-50	Examine all transactions (to a maximum of 10)
51-200	Examine 20% of transactions
Over 200	Examine 40 transactions

Multiple Lenders or undivided inter	
Number of Transaction in Selected Month	Recommended Examination Numbers in Selected Month
0-50	Examine all transactions (to a maximum of 10)
Over 50	Examine 25% to a maximum of twenty-five (25)
In the selected month, transactions that make up the recommended examination numbers show above should be selected from a range of transaction types. Use the following proportions as far as applicable transactions allow.	
Total Transactions Examined in Selected Month Should be made up of:	Transactions with a value of:
35%	Less than \$1 Million
25%	\$1 Million to Less than \$10 Million
20%	\$10 Million to Less than \$100 Million
20%	\$10 Million and Over