

Financial Statements of

**THE CANADIAN REAL ESTATE  
ASSOCIATION**

Year ended December 31, 2014

# THE CANADIAN REAL ESTATE ASSOCIATION

Financial Statements

Year ended December 31, 2014

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the Canadian Real Estate Association

We have audited the accompanying financial statements of the Canadian Real Estate Association, which comprise the statement of financial position as at December 31, 2014, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Real Estate Association as at December 31, 2014, and its results of operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

February 19, 2015

Ottawa, Canada

# THE CANADIAN REAL ESTATE ASSOCIATION

## Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
<b>Assets</b>		
Current assets:		
Cash	\$ 4,018,907	\$ 3,421,127
Accounts receivable	1,223,859	1,087,206
Membership dues receivable (note 12(c))	2,627,643	3,051,747
Prepaid expenses	1,678,946	588,726
	<u>9,549,355</u>	<u>8,148,806</u>
Investments (note 3)	13,890,223	14,724,895
Tangible capital and intangible assets (note 4)	12,434,089	12,025,599
	<u>\$ 35,873,667</u>	<u>\$ 34,899,300</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 2,953,246	\$ 2,898,554
Deferred revenue	18,062	33,095
Current portion of long-term debt (note 6)	518,231	495,656
	<u>3,489,539</u>	<u>3,427,305</u>
Long-term debt (note 6)	3,245,867	3,764,098
Fund balances:		
Operating fund	9,747,389	5,802,053
Restricted funds (note 7(b))	10,720,881	14,139,999
Capital asset fund	8,669,991	7,765,845
	<u>29,138,261</u>	<u>27,707,897</u>
Commitments (note 8)		
Contingencies (note 9)		
	<u>\$ 35,873,667</u>	<u>\$ 34,899,300</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# THE CANADIAN REAL ESTATE ASSOCIATION

## Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	Operating Fund	Restricted Funds	Total 2014	Total 2013
		(note 7(b))		
<b>Revenues:</b>				
Membership dues	\$ 35,157,047	\$ –	\$ 35,157,047	\$ 34,266,959
Technology	228,202	–	228,202	209,677
Conferences	347,841	–	347,841	475,434
Building Reserve Fund (schedule)	–	904,440	904,440	1,073,614
Other	141,810	71,959	213,769	169,053
Sponsorship	50,000	–	50,000	24,250
Investment	431,005	–	431,005	349,798
	<u>36,355,905</u>	<u>976,399</u>	<u>37,332,304</u>	<u>36,568,785</u>
<b>Expenses:</b>				
Services to members	18,535,757	–	18,535,757	16,528,730
Governance and representation	2,267,182	–	2,267,182	2,564,223
Operating	1,846,553	–	1,846,553	1,820,209
Salaries and benefits	9,943,153	–	9,943,153	9,517,229
Legal Defence Support Program Fund	–	608,609	608,609	88,370
Futures Fund	–	167,750	167,750	277,854
Building Reserve Fund (schedule)	–	846,021	846,021	883,602
	<u>32,592,645</u>	<u>1,622,380</u>	<u>34,215,025</u>	<u>31,680,217</u>
<b>Excess of revenues over expenses (expenses over revenues) before amortization of tangible capital and intangible assets</b>				
	3,763,260	(645,981)	3,117,279	4,888,568
<b>Amortization of tangible capital and intangible assets</b>				
	(1,632,134)	(54,781)	(1,686,915)	(1,572,751)
<b>Excess of revenues over expenses (expenses over revenues)</b>				
	<u>\$ 2,131,126</u>	<u>\$ (700,762)</u>	<u>\$ 1,430,364</u>	<u>\$ 3,315,817</u>

See accompanying notes to financial statements.

# THE CANADIAN REAL ESTATE ASSOCIATION

## Statement of Changes in Fund Balances

Year ended December 31, 2014, with comparative information for 2013

	Operating Fund	Restricted Funds (note 7(b))	Capital Asset Fund	2014 Total	2013 Total
Fund balances, beginning of year	\$ 5,802,053	\$ 14,139,999	\$ 7,765,845	\$ 27,707,897	\$ 24,392,080
Excess of revenues over expenses (expenses over revenue)	2,131,126	(700,762)	—	1,430,364	3,315,817
Transfer from Operating Fund	773,137	(773,137)	—	—	—
Net change in Capital Asset Fund:					
Tangible capital and intangible asset additions	(95,405)	(2,000,000)	2,095,405	—	—
Repayment of long-term debt	(495,656)	—	495,656	—	—
Amortization of tangible capital and intangible assets	1,632,134	54,781	(1,686,915)	—	—
	1,041,073	(1,945,219)	904,146	—	—
Fund balances, end of year	\$ 9,747,389	\$ 10,720,881	\$ 8,669,991	\$ 29,138,261	\$ 27,707,897

See accompanying notes to financial statements.

# THE CANADIAN REAL ESTATE ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 1,430,364	\$ 3,315,817
Items not involving cash:		
Amortization of tangible capital and intangible assets	1,686,915	1,572,751
Amortization of discount on investments	–	(12,746)
Gain on disposal of investments	(7,131)	(7,646)
Change in non-cash operating working capital	(763,110)	975,384
	<u>2,347,038</u>	<u>5,843,560</u>
Investing activities:		
Additions to investments	(500,000)	(2,862,702)
Tangible capital and intangible assets additions	(2,095,405)	(1,872,694)
	<u>(2,595,405)</u>	<u>(4,735,396)</u>
Financing activities:		
Repayment of long-term debt	(495,656)	(474,064)
Withdrawals from investments	1,341,803	491,000
	<u>846,147</u>	<u>16,936</u>
Increase in cash	597,780	1,125,100
Cash, beginning of year	3,421,127	2,296,027
Cash, end of year	<u>\$ 4,018,907</u>	<u>\$ 3,421,127</u>

See accompanying notes to financial statements.



# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2014

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## 1. Operations:

The Canadian Real Estate Association (the "Association") was incorporated without share capital on November 1, 1954 under the Canada Corporations Act. Effective December 11, 2013, the Association continued their articles of incorporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act. The Association is a not-for-profit organization and as such is not subject to income tax under paragraph 149(1)(l) of the Income Tax Act.

The Association coordinates activities between individual real estate boards and provincial real estate associations. In addition, the Association at the federal level represents members' interests in all aspects of the real estate industry.

## 2. Significant accounting policies:

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

### (a) Basis of presentation:

The Association follows the deferral method of accounting for contributions for not-for-profit organizations, and uses fund accounting.

These financial statements reflect the operations of the Canadian Real Estate Association. The financial statements do not include the revenues, expenses, assets and liabilities of the Association's related entities: the Canadian REALTORS Care® Foundation, Realtor Canada Inc. and its Member Boards and Provincial Associations. These organizations are disclosed in note 12.

### (b) Fund accounting:

The Operating Fund reports the revenues, expenses, assets, liabilities and fund balances of the Association's general operations and services to members.

The Capital Asset Fund reports the Association's investment in tangible capital and intangible assets.

Restricted Funds are described in note 7(b).

### (c) Revenue recognition:

Revenues from membership dues and technology assessments are based on membership information provided by the individual Boards enrolled in the Association. Dues received in advance of the year to which they apply are deferred and recognized as revenue in the appropriate future year. Revenues from membership initiation dues are recognized on a cash basis.

Sponsorship, building, legal defense support, and other revenues are recognized in the period to which they relate.

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

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## 2. Significant accounting policies (continued):

### (d) Expenses:

The Association presents its expenses by function with the exception of salaries and benefits, and amortization of tangible capital and intangible assets, which are presented separately.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related.

The Association does not allocate expenses between functions after initial recognition.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Sales and purchases of investments are recorded on the trade date. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight line method.

Financial assets are assessed for indicators of impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

### (f) Tangible capital and intangible assets:

Tangible capital and intangible assets are stated at cost. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

## 2. Significant accounting policies (continued):

### (f) Tangible capital and intangible assets (continued):

Amortization is provided on the straight-line basis or declining balance method using the following annual rates:

Asset	Rate
Tangible capital assets:	
Building	4%
Office equipment	10% to 20%
Computer equipment	30%
Building improvements (straight-line)	15 years
Office improvements (straight-line)	15 years
Intangible assets:	
Computer software	30%
Web-sites	30%

The MLS Domain Name is not amortized as it has an indefinite life.

### (g) Defined contribution pension plan:

The Association recognizes an expense in the Operating Fund for the contribution required to be made by the Association to the defined contribution pension plan based on employee services rendered in the year.

### (h) 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. Actual results could differ from these estimates. Estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

### 3. Investments:

(a) Investment balances:

Investments consist of the following:

December 31, 2014	Carrying value	Fair value
Guaranteed investment certificates	\$ 12,739,862	\$ 12,990,830
Corporate bonds	32,300	44,501
Equities	1,118,061	1,074,365
	<u>\$ 13,890,223</u>	<u>\$ 14,109,696</u>

December 31, 2013	Carrying value	Fair value
Guaranteed investment certificates	\$ 14,570,033	\$ 14,728,709
Government bonds	83,801	80,404
Corporate bonds	46,038	41,398
Equities	25,023	25,023
	<u>\$ 14,724,895</u>	<u>\$ 14,875,534</u>

Investments are held by the Association to fund the Operating Fund, Contingency Reserve Fund, Legal Defense Support Program Fund, the Futures Fund and the MLS® Domain Fund.

Investments are managed by investment managers in accordance with an investment policy approved by the Board of Directors.

(b) Effective interest rates and maturities of investments:

The Association's effective interest rate and maturity date ranges are as follows:

December 31, 2014	Interest rate	Maturity date
Guaranteed investment certificates	1.46% to 3.28%	March 2015 to May 2019
Corporate bonds	10.75%	April 2019

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

### 3. Investments (continued):

(b) Effective interest rates and maturities of investments (continued):

The Association's effective interest rate and maturity date ranges are as follows:

December 31, 2013	Interest rate	Maturity date
Guaranteed investment certificates	1.15% to 2.40%	May 2014 to December 2017
Government bonds	1.25%	September 2014
Corporate bonds	10.75%	April 2019

### 4. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Tangible capital assets:				
Land	\$ 2,593,000	\$ –	\$ 2,593,000	\$ 2,593,000
Building	7,372,126	2,506,523	4,865,603	5,160,488
Office equipment	1,501,187	1,156,595	344,592	432,679
Computer equipment	1,138,378	1,017,183	121,195	235,234
Building improvements	883,550	345,185	538,365	593,146
Office improvements	1,613,325	735,764	877,561	971,163
Intangible assets:				
Computer software	1,550,318	1,377,196	173,122	436,018
Web-sites	8,734,879	7,757,078	977,801	1,603,871
.MLS Domain Name	1,942,850	–	1,942,850	–
	<b>\$ 27,329,613</b>	<b>\$ 14,895,524</b>	<b>\$ 12,434,089</b>	<b>\$ 12,025,599</b>

Cost and accumulated amortization of tangible capital and intangible assets at December 31, 2013 amounted to \$25,234,208 and \$13,208,609 respectively.

### 5. Accounts payable and accrued liabilities:

At year end, the Association had no amounts payable for government remittances, such as harmonized sales tax and payroll taxes.

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

## 6. Long-term debt:

The Association has a long-term debt agreement relating to its purchase of the land and building.

	2014	2013
Term loan bearing interest of prime plus 1.00%, repayable in equal monthly instalments of principal and interest of \$56,308, maturing May 31, 2016	\$ 3,764,098	\$ 4,259,754
Current portion of long-term debt	518,231	495,656
	<u>\$ 3,245,867</u>	<u>\$ 3,764,098</u>

The loan is secured by the land and building.

Payments of the principal portion are as follows:

	Principal
2015	\$ 518,231
2016	3,245,867
	<u>\$ 3,764,098</u>

## 7. Fund balances:

### (a) Capital management:

The Association considers its capital to consist of its fund balances. The Association's overall objective with regards to its fund balances is to fund tangible capital and intangible assets, future projects and ongoing operations. The Association manages its net assets by establishing restricted funds and appropriating amounts to the restricted funds for anticipated future projects, contingencies and other capital requirements. These allocations are disclosed in note 7(b).

The Association is not subject to externally imposed capital requirements and its overall strategy with respect to net assets remains unchanged from the year ended December 31, 2013.

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

## 7. Fund balances (continued):

### (b) Restricted funds:

Restricted funds consist of the following.

Fund	Fund balance, beginning of year	Excess (deficiency) of revenues over expenses	Appropriation from (to) Operating Fund	Appropriation from (to) Capital Asset Fund	Fund balance, end of year
MLS® & Technology Council	\$ 3,346,644	\$ -	\$ (3,346,644)	\$ -	\$ -
Association Executives' Council (AEC)	85,254	-	(85,254)	-	-
Canadian Commercial Council (CCC)	185,222	-	(185,222)	-	-
Contingency Reserve Fund	6,590,447	-	-	-	6,590,447
Legal Defence Support Program Fund	1,960,873	(536,650)	500,000	-	1,924,223
Building Reserve Fund	947,792	3,638	(500,000)	54,781	506,211
Building Capital Reserve Fund	-	-	1,000,000	-	1,000,000
Futures Fund	323,767	(167,750)	(156,017)	-	-
MLS® Domain Fund	700,000	-	2,000,000	(2,000,000)	700,000
	\$ 14,139,999	\$ (700,762)	\$ (773,137)	\$ (1,945,219)	\$ 10,720,881

In 2014, the Funds relating to the MLS® & Technology Council, Association Executives' Council and Canadian Commercial Council were closed and their balances were transferred to the Operating Fund.

### (i) Contingency Reserve Fund:

This fund was established by the Board of Directors to improve the Association's financial position. The Association's objective is to maintain a balance equivalent to four months of operating expenses, approximately \$7 million, in the contingency reserve fund.

### (ii) Legal Defense Support Program Fund:

The Legal Defense Support Program Fund was established by the Board of Directors to support boards and associations which find themselves facing litigation as a result of their adherence to, or enforcement of, national policies of the Canadian Real Estate Association. The Association's objective is to maintain a balance of approximately \$2 million in the Legal Defense Support Program Fund.

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

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## 7. Fund balances (continued):

### (b) Restricted funds (continued):

#### (iii) Building Reserve Fund:

This fund was established by the Board of Directors to reflect the cumulative excess of revenues over expenses from the operation of the building. The Association's objective is to maintain reserves up to \$1.5 million for future maintenance projects of the building.

#### (iv) Building Capital Reserve Fund:

This fund was established by the Board of Directors to cover any unanticipated costs related to tenant turnover such as leasehold improvements and free rent. The Association's objective is to maintain a minimum reserve of \$1.5 million for future unanticipated tenant costs.

#### (v) Futures Fund:

This fund was established by the Board of Directors to support and fund CREA, Boards and Associations in implementing organized real estate's collaborative strategy and plan. The closure of this fund was approved at the March 2014 AGM, and the balance was transferred to the Operating Fund.

#### (vi) MLS® Domain Fund:

This fund was established in 2013 by the Board of Directors to provide funds for potential upcoming and ongoing costs related to the application for the .mls and .realtor domain names.

## 8. Commitments:

The Association is committed to the rental of office equipment and web-site maintenance costs. The minimum annual payments are as follows:

2015	\$	57,218
2016		48,152
2017		24,076
		<hr/>
		\$ 129,446

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# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

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## 9. Contingencies:

The Association is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of management, an estimate of the potential liability from these claims cannot be made, but any liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the Association. Losses, if any, arising from these matters will be accounted for in the year in which they are resolved.

## 10. Pension plan:

The pension plan (the "Plan") for employees of the Association is a defined contribution plan covering all the employees of the Association who meet eligibility requirements as specified in the Plan Agreement. The Association will match a percentage of gross earnings for all members of the Plan based on the employees' years of experience at the Association. In the year, the Association contributed \$441,823 (2013 - \$386,972) to the Plan, which is recorded in salaries and benefits expense.

## 11. Financial risks:

### (a) Credit risk:

The Association is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as Canadian real estate boards, governments and public companies.

The Association assesses, on a continuous basis, accounts and membership dues receivables and provides for any amounts that are not collectible in an allowance for doubtful accounts. At year end, there were no amounts allowed for in accounts and membership dues receivable.

### (b) Interest rate risk:

The Association is exposed to interest rate risk with respect to its interest-bearing investments and long-term debt as disclosed in notes 3 and 6.

### (c) Foreign currency risk:

The Association believes that it is not exposed to significant foreign currency risk arising from its financial instruments.

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

## 12. Related party transactions:

The Association is related to the Canadian REALTORS Care® Foundation, Realtor Canada Inc. and its Member Boards and Provincial Associations:

### (a) Canadian REALTORS Care® Foundation:

The Association is related to the Canadian REALTORS Care® Foundation by virtue of its financial and operational support. The Foundation was incorporated without share capital under Part II of the Canada Corporations Act on October 5, 2006 and effective August 29, 2013 continued their articles of incorporation under the Canada Not-for-profit Corporations Act. The Foundation is a registered charity under the Income Tax Act (Canada). The Foundation is a promotional and public relations vehicle for charitable efforts for REALTORS® and provides administrative service to Boards and Associations regarding the collection and disbursement of funds and provision of charitable tax receipts.

The Foundation's assets, liabilities and net assets, revenues and expenses are as follows for the year ended December 31:

	2014	2013
Assets	\$ 163,101	\$ 145,404
Liabilities	\$ 16,250	\$ 24,826
Net assets	146,851	120,578
<b>Total liabilities and net assets</b>	<b>\$ 163,101</b>	<b>\$ 145,404</b>
Revenues:		
Contribution from the Association	\$ 75,500	\$ 70,500
Donations	1,043	255,418
Investment income	575	–
	77,118	325,918
Expenses:		
Contributions to other registered charities	1,043	255,418
Other	49,802	69,899
	50,845	325,317
<b>Excess of revenues over expenses</b>	<b>\$ 26,273</b>	<b>\$ 601</b>

# THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

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## 12. Related party transactions (continued):

### (b) REALTOR® Canada Inc.:

The Association is related to REALTOR® Canada Inc. by virtue of its 50% ownership of the shares in REALTOR® Canada Inc., which is a for-profit entity. The objective of REALTOR® Canada Inc. is to hold the trademark registration for the term REALTOR® in Canada. REALTOR® Canada Inc. has no assets or liabilities and had no financial transactions during the year.

### (c) Member Boards and Provincial Associations:

The Association is related to its member real estate boards and provincial associations by virtue of its governance structure. The Association and the member boards and provincial associations provide services to their members in an integrated manner.

The Association collects membership dues from individual members through the member boards. National fees are collected by the member boards and then forwarded to the Association. All other transactions between the Association and the member boards and provincial associations occur in the normal course of operations for the Association.

## 13. Comparative information:

Certain 2013 comparative information has been reclassified to conform with the financial statement presentation adopted for 2014.

# THE CANADIAN REAL ESTATE ASSOCIATION

## Schedule of Revenues and Expenditures - Building Reserve Fund

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenues:		
Rental	\$ 614,609	\$ 705,295
Operating recoveries from tenants	189,976	266,390
Parking	94,386	98,126
Interest	5,469	3,803
	<u>904,440</u>	<u>1,073,614</u>
Expenditures:		
Operating:		
Property taxes	285,835	282,253
Repairs and maintenance	278,212	216,124
Utilities	183,163	272,726
Management fee	56,081	55,257
Administrative	19,492	19,790
	<u>822,783</u>	<u>846,150</u>
Capital	<u>23,238</u>	<u>37,452</u>
	<u>846,021</u>	<u>883,602</u>
Excess of revenues over expenditures	\$ 58,419	\$ 190,012

The Association did not capitalize any of the capital expenditures incurred for the building in the current or previous year.