

Schedule of Assets, Liabilities and Accumulated Surplus
Schedule of Revenue and Expenditures
Schedule of Accumulated Surplus

**THE CANADIAN REAL ESTATE
ASSOCIATION - 200 CATHERINE
STREET BUILDING**

(Under management of The Regional Group of Companies Inc.)

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Directors of The Canadian Real Estate Association

We have audited the accompanying financial information of the 200 Catherine Street Building owned by The Canadian Real Estate Association and under management of The Regional Group of Companies, which comprise the schedule of assets, liabilities and accumulated surplus as at December 31, 2016, the schedules of revenue and expenditures and accumulated surplus for the year then ended, and notes to the schedules, comprising a summary of significant accounting policies and other explanatory information. This financial information has been prepared by management using the basis of accounting described in note 1 to the financial information.

Management's Responsibility for the Financial Information

Management is responsible for the preparation of this financial information in accordance with the basis of accounting described in note 1 to the Schedules; this includes determining that the basis of accounting is an acceptable basis for the preparation of this financial information in the circumstances and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial information 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 information is free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial information 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 information.

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 information is prepared in all material respects, in accordance with the basis of accounting described in note 1 to the Schedules.

Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to note 1 to the Schedules, which describes the basis of accounting. This financial information is prepared to assist The Canadian Real Estate Association and The Regional Group of Companies with the management of the 200 Catherine Street Building. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for The Canadian Real Estate Association and The Regional Group of Companies and should not be used by parties other than The Canadian Real Estate Association and The Regional Group of Companies.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

February 16, 2017

Ottawa, Canada

THE CANADIAN REAL ESTATE ASSOCIATION - 200 CATHERINE STREET BUILDING

(Under management of The Regional Group of Companies Inc.)

Schedule of Assets, Liabilities and Accumulated Surplus

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 181,357	\$ 229,346
Amounts receivable	2,771	30,150
	\$ 184,128	\$ 259,496

Liabilities and Accumulated Surplus

Current liabilities:		
Accounts payable and accrued liabilities	\$ 129,192	\$ 48,441
Accumulated surplus	54,936	211,055
	\$ 184,128	\$ 259,496

See accompanying notes to the schedules.

THE CANADIAN REAL ESTATE ASSOCIATION - 200 CATHERINE STREET BUILDING

(Under management of The Regional Group of Companies Inc.)

Schedule of Revenue and Expenditures

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Rental	\$ 255,154	\$ 375,864
Operating recoveries from tenants	243,772	242,171
Parking	84,887	84,887
Interest	895	2,327
	<u>584,708</u>	<u>705,249</u>
Expenditures:		
Operating:		
Property taxes	284,096	284,758
Repairs and maintenance	216,042	230,676
Utilities	157,768	174,075
Management fee	55,949	58,705
Administrative	26,972	51,695
	<u>740,827</u>	<u>799,909</u>
Capital	—	200,496
	<u>740,827</u>	<u>1,000,405</u>
Excess of expenditures over revenue	<u>\$ (156,119)</u>	<u>\$ (295,156)</u>

See accompanying notes to the schedules.

THE CANADIAN REAL ESTATE ASSOCIATION - 200 CATHERINE STREET BUILDING

(Under management of The Regional Group of Companies Inc.)

Schedule of Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Accumulated surplus, beginning of year	\$ 211,055	\$ 506,211
Excess of expenditures over revenue	(156,119)	(295,156)
Accumulated surplus, end of year	\$ 54,936	\$ 211,055

See accompanying notes to the schedules.

THE CANADIAN REAL ESTATE ASSOCIATION - 200 CATHERINE STREET BUILDING

(Under management of The Regional Group of Companies Inc.)

Notes to the Schedules

Year ended December 31, 2016

1. Basis of accounting:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with the following basis of presentation:

These schedules include the assets, liabilities, revenue and expenditures of 200 Catherine Street that are under the management control of The Regional Group of Companies Inc. This arrangement is outlined in a management agreement dated September 19, 2011 between the Association and The Regional Group of Companies Inc., effective from September 20, 2011 to September 19, 2016. This agreement remains in effect until a new agreement is ratified.

The schedules do not include the capital assets or long-term debt related to 200 Catherine Street. No charge has been made for amortization expense or principal and interest payments related to 200 Catherine Street.

(b) Revenue:

Rental and parking revenue are recognized in the period to which they relate. Operating recoveries from tenants, which are determined based on budgeted operating expenditures, are recognized in the period to which they relate. Final adjustments to operating recoveries from tenants, which are determined based on the actual operating expenditures incurred for the building, are recognized in the period in which they are determined.

(c) Expenditures:

Operating and capital expenditures are recognized in the period incurred.

(d) Deferred lease inducement:

Lease inducements are deferred and amortized on a straight-line basis over the term of the related lease.

(e) Use of estimates:

The preparation of the schedules requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the schedules and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the schedules in the period they become known.

THE CANADIAN REAL ESTATE ASSOCIATION - 200 CATHERINE STREET BUILDING

(Under management of The Regional Group of Companies Inc.)

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Year ended December 31, 2016

2. Expenditures incurred directly by the Association:

Expenditures that pertain to 200 Catherine Street but are incurred directly by The Canadian Real Estate Association are not included in the schedule of revenue and expenditures. These expenditures are summarized below:

	2016	2015
Interest	\$ 67,795	\$ 160,357
Amortization	471,306	526,364
	<u>\$ 539,101</u>	<u>\$ 686,721</u>

3. Comparative information:

Certain 2015 comparative information has been reclassified to conform with the financial statement presentation adopted for 2016.