

Financial Statements of

**THE CANADIAN REAL
ESTATE ASSOCIATION**

Year ended December 31, 2018

THE CANADIAN REAL ESTATE ASSOCIATION

Financial Statements

Year ended December 31, 2018

Independent Auditors' Report.....	1
Statement of Financial Position.....	4
Statement of Operations.....	5
Statement of Changes in Fund Balances.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Schedule of Revenues and Expenditures - Building Reserve Fund.....	17



KPMG LLP
150 Elgin Street, Suite 1800
Ottawa ON K2P 2P8
Canada
Telephone 613-212-5764
Fax 613-212-2896

INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Real Estate Association

Opinion

We have audited the financial statements of Canadian Real Estate Association (the Entity), which comprise:

- the statement of financial position as at end of December 31, 2018
- the statement of operations for the year then ended
- the statement of changes fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at end of December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

March 5, 2019

THE CANADIAN REAL ESTATE ASSOCIATION

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 3,856,274	\$ 1,201,598
Accounts receivable	456,622	1,301,433
Membership dues receivable (note 11(c))	3,447,753	3,790,598
Prepaid expenses	218,659	98,962
	<u>7,979,308</u>	<u>6,392,591</u>
Investments (note 3)	23,150,985	24,912,615
Tangible capital and intangible assets (note 4)	12,003,382	10,610,040
	<u>\$ 43,133,675</u>	<u>\$ 41,915,246</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 3,650,695	\$ 2,819,632
Deferred revenue	24,088	10,453
	<u>3,674,783</u>	<u>2,830,085</u>
Fund balances:		
Operating Fund	15,282,811	14,355,517
Restricted Funds (note 6(b))	12,172,699	14,119,604
Capital Asset Fund	12,003,382	10,610,040
	<u>39,458,892</u>	<u>39,085,161</u>
Commitments (note 7)		
Contingencies (note 8)		
	<u>\$ 43,133,675</u>	<u>\$ 41,915,246</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, 2018, with comparative information for 2017

	Operating Fund	Restricted Funds	Total 2018	Total 2017
		(note 6(b))		
Revenues:				
Membership dues	\$ 41,556,314	\$ –	\$ 41,556,314	\$ 40,108,045
Technology	483,187	–	483,187	450,098
Conferences	239,290	–	239,290	370,776
Building Reserve Fund (schedule)	–	446,407	446,407	794,561
Other	200,214	–	200,214	148,295
Sponsorship	86,598	–	86,598	49,100
Investment	–	–	–	512,955
Technology Fund	–	5,000	5,000	–
	42,565,603	451,407	43,017,010	42,433,830
Expenses:				
Services to members	22,387,871	–	22,387,871	20,690,245
Governance and representation	2,253,100	–	2,253,100	2,695,804
Operating	2,204,772	–	2,204,772	1,821,541
Salaries and benefits	12,923,775	–	12,923,775	11,837,232
Investment loss	302,668	–	302,668	–
Legal Defence Support Program Fund	–	641,203	641,203	270,561
Building Reserve Fund (schedule)	–	833,278	833,278	848,691
Technology Fund	–	237,061	237,061	–
	40,072,186	1,711,542	41,783,728	38,164,074
Excess of revenues over expenses (expenses over revenues) before amortization of tangible capital and intangible assets				
	2,493,417	(1,260,135)	1,233,282	4,269,756
Amortization of tangible capital and intangible assets				
	(613,287)	(246,264)	(859,551)	(730,886)
Excess of revenues over expenses (expenses over revenues)				
	\$ 1,880,130	\$ (1,506,399)	\$ 373,731	\$ 3,538,870

See accompanying notes to financial statements.

THE CANADIAN REAL ESTATE ASSOCIATION

Statement of Changes in Fund Balances

Year ended December 31, 2018, with comparative information for 2017

	Operating Fund	Restricted Funds (note 6(b))	Capital Asset Fund	2018 Total	2017 Total
Fund balances, beginning of year	\$ 14,355,517	\$ 14,119,604	\$ 10,610,040	\$ 39,085,161	\$ 35,546,291
Excess of revenues over expenses (expenses over revenue)	1,880,130	(1,506,399)	–	373,731	3,538,870
Transfer to Operating Fund	500,000	(500,000)	–	–	–
Net change in Capital Asset Fund:					
Tangible capital and intangible asset additions	(2,066,123)	(186,770)	2,252,893	–	–
Amortization of tangible capital and intangible assets	613,287	246,264	(859,551)	–	–
	(1,452,836)	59,494	1,393,342	–	–
Fund balances, end of year	\$ 15,282,811	\$ 12,172,699	\$ 12,003,382	\$ 39,458,892	\$ 39,085,161

See accompanying notes to financial statements.

THE CANADIAN REAL ESTATE ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 373,731	\$ 3,538,870
Items not involving cash:		
Amortization of tangible capital and intangible assets	859,551	730,886
Unrealized (gain) loss on investments	307,214	(457,334)
Change in non-cash operating working capital	2,412,657	682,825
	<u>3,953,153</u>	<u>4,495,247</u>
Investing activities:		
Additions to investments	(6,000,000)	(6,000,000)
Tangible capital and intangible assets additions	(2,252,893)	(618,861)
Contribution to 200 Catherine Street	(500,000)	(700,000)
	<u>(8,752,893)</u>	<u>(7,318,861)</u>
Financing activities:		
Withdrawals from investments	7,454,416	2,269,370
Increase (decrease) in cash	<u>2,654,676</u>	<u>(554,244)</u>
Cash, beginning of year	1,201,598	1,755,842
Cash, end of year	<u>\$ 3,856,274</u>	<u>\$ 1,201,598</u>

See accompanying notes to financial statements.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2018

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 (Canada).

The Association works on behalf of its REALTOR® members and the public. To do so, it:

- Represents the interest of its members to the federal government and its agencies on existing or proposed legislation that would affect those members, and/or impact homeownership;
- Assists REALTOR® members to better serve their clients by providing quality technology products including REALTOR.ca, WEBforms® and DDF®;
- Enhances member professionalism and ethics by providing national standards, including establishment of symbols of quality associated with using the Association brands and trademarks. Protects and promotes the two primary national Association trademarks, MLS® and REALTOR®;
- Produces accurate, up-to-date information and analysis on economic issues.

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: Realtor Canada Inc. and its Member Boards and Provincial Associations. These organizations are disclosed in note 11.

(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 6(b).

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Significant accounting policies (continued):

(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.

(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.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Significant accounting policies (continued):

(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.

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

Asset	Rate
Tangible capital assets:	
Building (straight-line)	25 years
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. Significant areas requiring the use of management's estimates include the recognition of membership revenue for the fourth quarter. 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, 2018

3. Investments:

(a) Investment balances:

Investments consist of the following:

December 31, 2018	Carrying value	Fair value
Cash and cash equivalents	\$ 2,663,081	\$ 2,663,081
Guaranteed investment certificates	18,326,763	18,784,939
Corporate bonds	70,859	87,809
Equities	1,687,377	1,615,156
	\$ 22,748,080	\$ 23,150,985

December 31, 2017	Carrying value	Fair value
Cash and cash equivalents	\$ 32,835	\$ 32,835
Guaranteed investment certificates	22,951,961	22,951,961
Corporate bonds	47,628	47,628
Equities	1,880,191	1,880,191
	\$ 24,912,615	\$ 24,912,615

Investments are held by the Association to fund the Operating Fund, Contingency Reserve Fund, Legal Defense Support Program Fund, Building Capital Reserve 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, 2018	Interest rate	Maturity date
Guaranteed investment certificates	1.25% to 2.98%	January 2019 to December 2021
Corporate bonds	10.75%	April 2019

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

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, 2017	Interest rate	Maturity date
Guaranteed investment certificates	0.80% to 3.28%	April 2018 to December 2021
Corporate bonds	10.75%	April 2019

4. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Tangible capital assets:				
Land	\$ 2,593,000	\$ —	\$ 2,593,000	\$ 2,593,000
Building	7,372,126	3,686,063	3,686,063	3,980,948
Office equipment	1,396,599	753,840	642,759	83,435
Computer equipment	1,064,967	948,135	116,832	138,502
Building improvements	1,508,857	657,684	851,173	950,384
Office improvements	3,073,286	1,222,625	1,850,661	562,724
Intangible assets:				
Computer software	1,661,896	1,593,370	68,526	40,637
Web-sites	7,080,845	6,829,297	251,548	317,590
MLS Domain Name	1,942,820	—	1,942,820	1,942,820
	\$ 27,694,396	\$ 15,691,014	\$ 12,003,382	\$ 10,610,040

Cost and accumulated amortization of tangible capital and intangible assets at December 31, 2017 amounted to \$26,066,422 and \$15,456,382, respectively.

In the year, the Association wrote-off assets with a cost and accumulated amortization of \$624,919 (2017 - \$51,635).

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

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.

6. 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 6(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, 2017.

(b) Restricted funds:

Restricted funds consist of the following.

Fund	Fund balance, beginning of year	Excess of expenses over revenue	Appropriation from Operating Fund	Appropriation from Capital Asset Fund	Fund balance, end of year
Contingency Reserve Fund	\$ 7,090,447	\$ –	\$ –	\$ –	\$ 7,090,447
Legal Defence Support Program Fund	2,053,161	(641,203)	–	–	1,411,958
Building Reserve Fund	275,996	(633,135)	500,000	59,494	202,355
Building Capital Reserve Fund	3,500,000	–	(2,000,000)	–	1,500,000
MLS® Domain Fund	200,000	–	–	–	200,000
Technology Fund	1,000,000	(232,061)	–	–	767,939
REALTOR.ca Awareness Fund	–	–	–	1,000,000	1,000,000
	\$14,119,604	\$ (1,506,399)	\$ (1,500,000)	\$ 1,059,494	\$12,172,699

(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.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Fund balances (continued):

(b) Restricted funds (continued):

(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.

(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.

(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) MLS® Domain Fund:

This fund was established 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.

(vi) Technology Fund:

This fund was established by the Board of Directors to provide research and development for products such as REALTOR.ca, WEBforms®, Innovation lab and business intelligence.

(vii) REALTOR.ca Awareness Fund:

This fund was established by the Board of Directors to bring awareness of the products and services of REALTOR.ca to members and consumers. The Association's objective is to maintain a balance of approximately \$1 million in the REALTOR.ca Awareness Fund.

7. Commitments:

The Association is committed to the rental of office equipment and web-site maintenance costs. The minimum annual payments are \$28,457 in 2018.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

8. 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.

9. Pension plan:

The Association is the sponsor and administrator of the Pension Plan for the Canadian Real Estate Association (the "Plan"), which is registered under the Pension Benefits Act (Ontario). The Plan is a defined contribution plan covering all the employees of the Association who meet eligibility requirements as specified in the Plan Agreement, and elect to join the Plan. The Association matches 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 \$566,778 (2017 - \$514,335) to the Plan, which is recorded in salaries and benefits expense.

10. 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 and other price risk:

The Association is exposed to interest rate and other price risk with respect to its investments as disclosed in note 3.

(c) Foreign currency and liquidity risk:

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

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

11. 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 was 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 was a registered charity under the Income Tax Act (Canada).

On July 14, 2016, the Board of Directors of the Foundation approved the dissolution of the Foundation. Effective June 19, 2017, the Foundation voluntarily revoked its registered charity status with the Canada Revenue Agency. Effective March 3, 2018, Innovation, Science and Economic Development Canada approved the final dissolution of the Foundation under the Canada Not-for-profit Corporations Act.

The Association did not have any related party transactions with the Foundation during the 2018 fiscal year.

(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.

12. Comparative information:

Certain 2017 comparative information has been reclassified to conform with the financial statement presentation adopted for 2018.

THE CANADIAN REAL ESTATE ASSOCIATION

Schedule of Revenues and Expenditures - Building Reserve Fund

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenues:		
Rental	\$ 165,382	\$ 559,069
Operating recoveries from tenants	188,904	149,406
Parking	92,081	86,023
Interest	40	63
	<u>446,407</u>	<u>794,561</u>
Expenses:		
Operating:		
Repairs and maintenance	272,642	315,975
Property taxes	140,949	284,460
Utilities	352,830	160,275
Management fee	50,756	50,009
Administrative	16,101	37,972
	<u>833,278</u>	<u>848,691</u>
Capital expenditures	186,770	424,810
	<u>1,020,048</u>	<u>1,273,501</u>
Excess of expenses over revenues	\$ (573,641)	\$ (478,940)

The Association capitalized \$186,770 (2017 - \$424,810) of the capital expenditures of the building.