

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.)

And Independent Auditors' report thereon

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Directors of The Canadian Real Estate Association

Opinion

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 (the "Entity"), which comprise:

- the schedule of assets, liabilities and accumulated surplus as at December 31, 2020
- the schedule of revenue and expenditures for the year then ended
- and notes to the schedules, comprising a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial information").

In our opinion, the financial information in the schedule of operating costs attributable to the 200 Catherine Street Building for the year ended December 31, 2020 is prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial information.

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 schedule in Canada and we have fulfilled our other 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.



Emphasis of Matter

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.

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

Management is responsible for the preparation and fair presentation of the financial information in accordance with the basis of accounting described in note 1 to the financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, 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 Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is 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 information.

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 information, 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 schedule 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 information, including the disclosures, and whether the financial information represents 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

March 10, 2021

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, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 291,402	\$ 450,888
Amounts receivable	51,575	29,446
Sales taxes recoverable	3,624	8,913
Prepaid expenses and deposits	12,567	8,499
	<u>\$ 359,168</u>	<u>\$ 497,746</u>

Liabilities and Accumulated Surplus

Current liabilities:		
Accounts payable and accrued liabilities	\$ 78,010	\$ 24,532
Tenant deposits	31,339	33,902
	<u>109,349</u>	<u>58,434</u>
Accumulated surplus	249,819	439,312
Impact of COVID-19 (note 3)		
	<u>\$ 359,168</u>	<u>\$ 497,746</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 Revenue and Expenditures

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Rental	\$ 206,587	\$ 197,343
Operating recoveries from tenants	146,336	174,162
Other revenue	94,331	121,443
	<u>447,254</u>	<u>492,948</u>
Expenditures:		
Operating:		
Property taxes	268,384	273,247
Repairs and maintenance	241,678	253,754
Utilities	141,083	150,027
Management fee	52,848	51,492
Insurance	32,756	16,997
Professional fees	27,294	6,065
Administrative	5,526	4,317
Bad debts	-	92
	<u>769,569</u>	<u>755,991</u>
Capital expenditures	171,304	-
	<u>940,873</u>	<u>755,991</u>
Excess of expenditures over revenue	<u>\$ (493,619)</u>	<u>\$ (263,043)</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, 2020, with comparative information for 2019

	2020	2019
Accumulated surplus, beginning of year	\$ 439,312	\$ 202,355
Excess of expenditures over revenue	(493,619)	(263,043)
Transfer from the Canadian Real Estate Association	304,126	500,000
Accumulated surplus, end of year	\$ 249,819	\$ 439,312

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, 2020

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 the 200 Catherine Street Building 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 other 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. Capital expenditures include the acquisition of capital assets and common repair costs that cannot be recovered directly from tenants.

(d) 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.)
Notes to the Schedules (continued)

Year ended December 31, 2020

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:

	2020	2019
Amortization	\$ 782,030	\$ 929,965

3. Impact of COVID-19:

In March of 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

Management has been forthright in undertaking certain strategies and actions to respond to the COVID-19 outbreak. The health and safety of all staff has been reinforced as the priority for the tenants, and as the majority have invoked a work-from-home regime, Management has provided waived rent relief to tenants effected.

Financial statements are required to be adjusted for events occurring up to the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts of the pandemic and there are no additional adjustments required to the financial statements at this time.

The ultimate duration and magnitude of the pandemic's impact on the 200 Catherine Street's operations and financial operations is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic is not predictable at this time.