



years of innovating advocating adapting serving developing
educating leading building—and we're just getting started.

Our annual report provides AREA members and industry stakeholders an overview of our November 1, 2021–October 31, 2022 fiscal year.

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The Alberta Real Estate Association (AREA) is a not-for-profit professional association that represents the interests and concerns of more than **12,500 Alberta REALTORS®** from 10 local real estate Boards/Associations.

Mission

To provide strategic leadership and advance the Alberta real estate profession through member-centric services, advocacy and professional development.

Vision

Lead the real estate industry to help REALTORS® build sustainable careers and prosperity for Albertans.

Our work focuses on three high-value areas for REALTORS® across the province:

Advocacy

AREA brings a strong, collective voice to provincial discussions with the Government of Alberta and key stakeholders on issues of importance to REALTORS® and their ability to serve clients effectively.

Professional Development

AREA is dedicated to fostering professional excellence and supporting our members in upholding the highest standards of practice, through educational means.

Member Services

AREA provides members with an array of programs, services and professional forms. These services maintain the legal integrity and consistency of practice, save AREA members dollars and time, and allow convenient access to information.

Membership Benefits

How are your \$25/month membership used to benefit you?



Provincial Forms



Member Advocacy



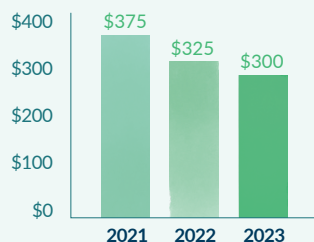
Government Advocacy



Professional Development



Member Services



AREA remains focused on optimizing member dues and fees provincially by implementing a sustainable reduction of member dues by \$25, starting in 2023. This marks a cumulative \$75 reduction from 2021 dues.

Unlocking greater access than ever before for our members.

As REALTORS®, AREA members are dedicated to supporting their clients. New programs, resources, and services work to make the REALTOR®-client relationship seamless. We know our broker members are busy building their businesses, and AREA's suite of broker tools helps make that business easier. In 2022, AREA:

Built an informative and interactive *Occupational Health and Safety Development Guide* program, with respected OH&S experts. By working through the program, brokers will have a guide tailored to their own business, helping brokerages comply with Alberta's *Occupational Health and Safety Act*, Regulations and Code.

Supported brokers through our *FINTRAC* compliance tools, with 60% of Alberta brokerages now using the ReallyTrusted app. The 2022 mandatory course on *FINTRAC* also supports the brokerage requirement to train associates.

Lent more than \$3.8 million through *AREA Advance*, a commission advance product offered through broker partnership.

Maintained the *Practically Speaking* blog weekly answering trending practice questions from Alberta REALTORS® from a practical perspective, made available on our social media and website.



Dedicated to strengthening the real estate profession and supporting future REALTORS® in upholding the highest standards of practice.

AREA fosters professional excellence for future and existing REALTORS® through formal and informal education, respecting a diversity of learners. In 2022, AREA re-entered licensing education, with the first course launching in June.

Developed in partnership with leaders in the real estate industry, AREA launched online pre-licensing education courses based on the Real Estate Council of Alberta's competencies to prepare students to become licensed real estate professionals in Alberta.

AREA's licensing education program offers learners access to AREA forms, AREA's practice advisor, member-only webinars and resources such as the *Practically Speaking* blog and the *In Your AREA* podcast.

AREA Licensing Education Courses* :

- Fundamentals of Real Estate
- Practice of Residential Real Estate
- Practice of Rural Real Estate
- Practice of Property Management
- Practice of Commercial Real Estate Broker

*1,400 course purchases by Oct 31



I took the Fundamentals of Real Estate Course from AREA. It was very well done, and I passed the exam! They were also very responsive when I emailed them with questions. In addition, the tone of their responses was upbeat and cheerful...nice organization to deal with. I highly recommend them."

— David Grant Miller *Google review*

Member Programs



Looking to save time, money or make life easier? We can help with that.

AREA's member programs are structured to make life easier, while saving you time and/or money.



☞ AREA Tools

ReallyTrustedApp

A FINTRAC compliance tool designed to make it easier for brokerages to implement audit-compliant policies and procedures.

bit.ly/reallytrustedapp

REALTOR® Safety App

A premier mobile safety application for iPhone and Android users. Kinetic Global is a personal security app that monitors your safety. In the event of an emergency, it automatically ensures police are on their way with your GPS location and identifying details.

bit.ly/areasafety

Data Co-op

A tool that allows Alberta REALTORS® to see all active listings in the province, and sold data from up to three years prior, across local Board/ Association boundaries, accessible on the Pillar9™ platform.

bit.ly/areadatacoop

OH&S Program Guide

An interactive guide for brokers that results in a customized OH&S plan tailored to their brokerage.

bit.ly/areaohs

\$ AREA Savings

Area WIRELESS

No contract, unlimited data plans for \$50/month powered by Rogers, Canada's largest wireless carrier and 5G Network. Area WIRELESS offers subscribers the ability to finance a device for \$0 down or *Bring Your Own Device* (BYOD)

bit.ly/areawireless

AREA Fuel

Beta testing underway for the fuel program saving members 6¢ per litre with a province-wide launch to come in 2023.

Home/Auto Insurance

Beta testing underway for home and auto insurance exclusive for Alberta REALTOR® members set to launch in 2023.

♡ AREA Health

REALTOR® & Family Assistance Program

A free, confidential and anonymous program which offers short-term counseling and support related to a wide variety of issues including relationship issues, depression and anxiety, stress management, grief and bereavement, work and family balance, parenting, gambling, substance use and work-related problems.

bit.ly/areafamily

Health Benefits

AREA launched traditional benefit insurance plans in 2022. Based on initial member feedback, we supplemented this with health spending account programs that, in some cases, can provide greater coverage at less cost.

bit.ly/areahsa

↗ Alberta Statistics

AREA Chief Economist Ann-Marie Lurie analyzes Alberta's resale housing statistics both provincially and regionally. Reporting regions are aligned to the census divisions used by Statistics Canada.

New reports are released by the sixth of each month, except on weekends or holidays when they are released on the following business day.

AREA by the Numbers

As of October 31, 2022

Number of Members

12,746

Last Year: 11,335
YOY: 12.44%

Annual Dues
Reduction
for 2023

\$25

AREA
Wireless
Subscribers

5,711

Last year: 4,945
YOY: 15.4%

Lent Through AREA Advance

3.8+M

Scholarships

\$5,000

\$2,500 × 2
Scholarships
Awarded

Number of Brokerages

836

Last Year: 654
Brokerages ≥5: 329

Member Engagement

Professional Development Courses

13,169 Online Courses Completed **9** Total Number of Courses Offered

Albertarealtor.ca Visits/Month

32,430 Desktop: **73.3%**
Mobile: **25.5%**
Tablet: **1.2%**

Webinars

13 Webinars **535** Total Participants and Viewers

Monthly newsletter

68% open rate, compared to the 17 - 27% industry average.

In Your AREA Podcast

24,400 Listens

28 Episodes / 146 Alberta Communities

Most Popular Episodes:

- Figuring Out FINTRAC
- Top Five Contract Mistakes and How to Avoid Them
- Adventures in RPR

Practice

Communities Visited

80% of AREA's membership were represented through brokerage visits across 42 communities in Alberta.

Practically Speaking Blog Posts

50 Posts

Social Media

f 3,400

77% follower growth on Facebook compared to last year.

t 5,575

in 1,286

ig 260

Launched March 2022

Letter from the Chair

It is a privilege to serve as AREA Chair during its 75th year. AREA was formed to be a provincial voice for REALTORS[®], improve professionalism, and provide provincial-level support to members. I am proud to say that we have stuck to that mandate, but continue to approach it in innovative ways—keeping members’ benefit our focus.

I am continually impressed by the lineup of member services AREA offers to make members’ days easier, and I encourage you to take a careful read of this report, or call AREA to learn more.

In 2022, AREA also re-entered the licensing education environment. Our program was built on 75 years of legacy industry knowledge, compiled with the expertise of industry professionals with 500+ cumulative years of real estate experience and award-winning educators. As these new licensees come into the industry, we want to hear how they are doing and where we can improve their practice-ready skills. We also have work to do with the regulator to continue advocating for improved educational competencies and exams that focus on what new REALTORS[®] need to know.

In 2023, AREA and CREB[®]’s joint members will face a historic vote on whether they want their local and provincial organizations to consolidate to provide services for the Foothills region. Having previously served as CREB[®] Chair and now as AREA’s Chair, I am encouraged by the steps both organizations have taken after years of discussing what a one-board approach might look like. If CREB[®] members vote

to unite these two respected, influential organizations, I am confident it will result in lower fees, greater choice and consistent or improved services.

On behalf of the AREA Board of Directors, I would like to acknowledge the hard work, dedication and support offered by CEO Brad Mitchell and the entire AREA team. I’d also like to congratulate the AREA staff on their well-deserved recognition as Best Workplaces[™] in Alberta for a third consecutive year. It should also be celebrated that AREA has been recognized as a Best Workplaces[™] in Canada for mental wellness and for inclusion.

I am looking forward to continuing my role as the Chair in 2023 and I am enthusiastic about the developments to unfold for AREA and its members.



David P. Brown
AREA Chair



Letter from the CEO

The real estate environment is changing. Over the last five to 10 years, we have seen big money—pension funds, investment firms, technology giants—and big data gain a foothold in American real estate. Those same trends have started in Canada. Within the next several years, REALTORS® have an opportunity to be part of the equation, or risk being sidelined by much larger, richer groups.

The AREA Board of Directors and staff are focused on how we can support the continued viability of REALTORS®. This includes preparing ourselves to be part of this future. Pillar9™ has been a step in the right direction, but there is a lot of work to be done. Expect to hear more about this in the coming year.

AREA has also taken further steps to reduce dues and fees at our member Boards/Associations level. AREA staff provide executive officer and administrative services to four of our 10 member Boards/Associations, which has allowed each of these organizations to lower the cost to members through efficiencies.

In 2022, the AREA Board of Directors also began to put aside money for a REALTOR® pension plan with an initial \$1 million fund. This has been an AREA dream for several years, and we have championed the cause at the national level. We hope to be part of significant progress on this endeavour in 2023.

I want to thank all who have contributed to AREAs' successes in the past 75 years, whether through participating in committees, attending events, or by sharing ideas. The AREA Board of Directors and the AREA staff team welcome your involvement and want your feedback.

I also want to acknowledge the team of talented staff who work hard to benefit members. We are a small but mighty team who are proud to serve Alberta's REALTORS®.



Brad Mitchell
AREA CEO

Board of Directors and Executive Staff

Chair



David P. Brown
Chair
Capital Region

Board of Directors



Jolene Ledene Reimer
Chair – Elect
Southern Region



Marc Aubin
Central Region



Tracy Carson
Foothills Region



Hon. Iris Evans
Public Member



Colin Hartigan
Northern Region



Chris Hassall
Director at Large



Kristie Kruger
Director at Large



Shirley Williams
Director at Large

Executive Staff



Brad Mitchell
Chief Executive Officer



Heather Coleman
Managing Director



Tammy Williams
Managing Director



Kate Bailey
Director

Letter from the Real Estate Services Corp

AREA prioritizes maximizing member benefits through its optional member programs, administered through a wholly owned taxable subsidiary: AREA Real Estate Services Corporation (Services Corp).

In its fifth year of operations, Services Corp continues to work to ensure the customized REALTOR® member programs exceed what is publicly available on both price and program features. The economic pressures and an increasingly competitive environment create further opportunities to build customized programs as our partners look to differentiate themselves. That competitive environment is also a risk for Services Corp, as many organizations compete for the consumers' (REALTOR® members') loyalty. The Services Corp Board of Directors and staff have worked to build programs that are integral to REALTORS® business needs.

Area WIRELESS has almost 6,000 subscribers with a focus on maintaining competitive advantage in a rapidly changing telecommunications industry. The Rogers Shaw merger plans may be an opportunity to provide members with a bundled internet and cell phone plan option. The Board is continuing to monitor opportunities for continued competitive advantage. With an increase in credit card fraud scams and high consumer debt, we are monitoring our collections process and continue to see low bad debt numbers (0.2% in 2022) as compared to 3–5% industry average. This exclusive enterprise contract allows us to mitigate risk as we remove subscribers who are not able to keep their account in good standing. Services Corp is being audited by CRA and was able to mitigate the risk by negotiating a payment from our suppliers to cover any potential losses that may result from the audit.

In 2022 we partnered with Shell to launch a fuel savings program. The unique nature of our exclusive REALTOR® program requires customization of their existing processes which has taken longer than anticipated. We are actively working to launch to all members. The collective buying power of our membership can help grow the 6 cents savings to a higher amount. Home and Auto Insurance, Benefits, Payroll are other programs in development launching early in 2023.

The Services Corp Board will continue to put members first as we deliver meaningful programs that save members money, ultimately helping members thrive in their business through reduced expenses.



Cam Mendryk
Services Corp Chair



Tammy Williams
Services Corp CEO

Real Estate Services Corp Board of Directors

Board of Directors



Tammy Williams
Services Corp CEO



Cameron Mendryk
Services Corp Chair



Hon. Lindsay Blackett
Director



David P. Brown
Director



Chris Hassall
Director



Doug Koop
Director



Dionne Levesque
Director



Brad Mitchell
Director



Shirley Williams
Director



AREA provides excellent programs and support for its members such as AREA Health, Area WIRELESS, AREA Fuel, and AREA Advance. These programs are so valuable by either supporting members or simply saving them money!"

— Chris Hassall *Director at Large*

Strategic Plan 2022-2025

Alberta Real Estate Association

For 75 years, AREA has served as the provincial voice for REALTORS[®], driving professionalism and advancing real estate as an industry. The AREA Board of Directors is proud to present this 2022-2025 strategic plan as a continuation of AREA's longstanding vision, updated for the challenges and opportunities AREA members face today.



Elevate



Advocate



Support



Ensure

Elevate

the professional excellence of REALTORS®.

AREA values the reputation of REALTORS®. Professional development, forms provision, and practice advice remain core focuses for AREA. AREA believes the right tools, combined with formal and informal learning opportunities, can assist REALTORS® in better serving their clients.



In 2022, AREA:

Professional Development

- Launched *FINTRAC Mandatory Course 2022* to help REALTORS® better understand Canada's anti-money laundering laws.
- Became recognized by the Real Estate Council of Alberta (RECA) as a third-party course provider for pre-licensing real estate education in Alberta, writing a series of new courses with real estate industry leaders.
- Maintained monthly episodes of the *In Your AREA* podcast with a practice focus, providing members with bite-sized episodes on topics that elevate professional excellence in real estate such as intellectual property, accessibility in real estate, backup offers, and holdbacks.
- Held bi-monthly webinars that featured subject matter experts experienced in topics like tax tips, tenant and landlord responsibilities, and when purchasers face default under a purchase contract. Webinar recordings are shared on our website, allowing members to revisit content when needed.

Forms

- All AREA forms were updated to a standard template based on the residential forms, with an updated copyright statement in the footer.
- Revision work was completed to align agricultural and commercial representation forms with the familiar, plain-language content previously applied to the residential forms.
- Retired forms that have become redundant.

Practice Advice

- AREA's Practice Advisor visited 171 brokerages and engaged in more than 200 hours of face-to-face discussion with brokers across Alberta.
- Introduced semi-annual online Provincial Broker Forums, providing opportunities for brokers to learn about current AREA offerings and industry trends, ask questions, and engage in practice discussions with their peers.
- Published weekly, *Practically Speaking* blogs answer trending practice questions from Alberta REALTORS®.

Advocate

for a strong real estate environment.

AREA values the importance of real estate to Alberta's economy. AREA advocacy is REALTOR®-centric and member-driven, focused on influencing provincial public policy and regulation in ways that protect and promote the real estate industry, REALTORS®, and the clients they serve.



In 2022, AREA:

Government of Alberta

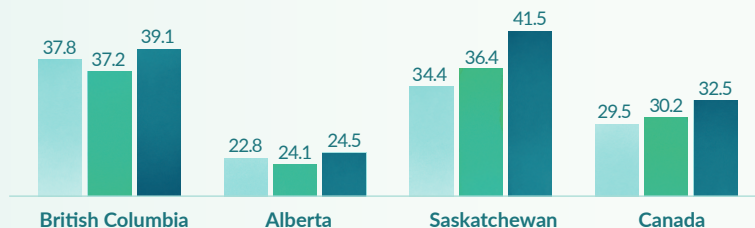
- Successfully advocated for both the United Conservative Party and New Democratic Party to commit to keeping Alberta free of a land transfer tax.
- Continued to meet with bureaucrats, offering support and possible solutions, on the delays with land titles.
- Used the UCP leadership race to advance AREA's advocacy positions with the leadership candidates individually.
- Hosted politicians and political staff from both parties at AREA's Government Liaison Days and elsewhere.
- Worked with our Political Action Committee on the strategy for promoting AREA advocacy positions during the upcoming election campaign.

Real Estate Council of Alberta

- Successfully advocated for RECA not to publish summary fines until after the appeal window has closed, protecting members' reputations from the risk of errant fines.
- Advocated for improved educational competencies and examinations that focus on key regulatory knowledge and skills.
- Successfully advocated for a hold in RECA re-licensing fees, and continued to advocate for RECA to exercise budgetary restraint and correct its current trajectory of substantial service fee increases in the licensing process.
- Successfully defended several members who were unfairly fined, resulting in reversal of decisions from RECA.
- Advocated for less red tape in processes and enforcement.

Profit Margins for Real Estate Professionals (%)

■ 2018 ■ 2019 ■ 2020

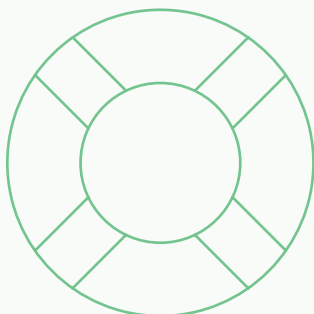


Source: Statistics Canada. Table 21-10-0175-01 Real estate agents, brokers and appraisers, summary statistics

Support

the continued viability of REALTORS®.

AREA values cooperative structures that benefit all Alberta REALTORS®. AREA has facilitated increased cooperation among Alberta's local Boards, including the creation and launch of Pillar9™, harmonized rules and provincial administrative justice, while respecting local representation.



I am so incredibly proud to have been a part of the AREA board for the last seven years. I believe we have made massive strides towards the advancement of the industry for our members. The future is bright for REALTORS® as I know AREA will continue to make advancements in the areas most important to help members provide a high level of professionalism with all the tools they need to stay relevant and necessary.”

– Kristie Kruger *Director at Large*

In 2022, AREA:

- Provided executive officer & administrative services to the Fort McMurray, Grande Prairie, Lloydminster, and South Central Alberta Boards on a cost-recovery basis. Taking this approach, the four Boards/Associations retain their decision-making, local voice and autonomy, while reducing member fees by an average of 27 per cent.
- Rolled out the updated Data Co-op product, using Pillar9™ as the vendor. Twenty-one per cent of the RAE members access it, while all other AREA members can see the data within their standard MLS® platform.
- Partnered in a joint venture with the Canadian Condominium Institute's Alberta North and Alberta South chapters to create the Alberta Condominium Management Education Consortium, which currently provides licensing education for condominium managers and has received an Alberta Real Estate Foundation grant to create education for condominium owners. This endeavor, of which AREA owns 50 per cent, enables us to support the significant percentage of AREA members who currently practice in condominium management.
- Launched updated licensing education for aspiring REALTORS®. While work is still ongoing to advocate for improved RECA competencies and exams and to better align course content with exams, we are proud to be the only provider currently authorized to offer all specialties.
- Averaged 4-6 weeks from initial intake to hearing date for its provincial administrative justice program. This program was supported by 90 trained REALTOR® hearing panellists. In 2022, seven files were opened and five closed, utilizing panelists from each of AREA's five representation regions.

Ensure

AREA's financial wellness.

AREA values responsible fiscal stewardship. AREA maximizes its value to members through strict attention to operational spending, investing its dollars and resources where most impactful to its members, and developing beneficial affinity programs.



In 2022, AREA:

- Achieved an additional reduction of \$25 in member dues to \$300 in 2023, for a total of 20 per cent reduction since 2021.
- Grew assets by 11 per cent, to \$14,791,991.
- Invested a total of \$1.5 million, split between the future pension fund (\$1M) and the existing Commission Assurance Fund (\$500k).
- Had zero claims to the Commission Assurance Fund. The early reporting requirement and member education have been essential in keeping a zero-claims program.
- Increased investment in Pillar9™ to \$701,168, from \$433,865.



In today's business of endless emails and information overload, members need to truly take a moment to visit the AREA website where they will learn about the member services being offered currently. AREA provides great educational resources available such as the *In Your AREA* podcasts which cover well thought out topics that provide enjoyable quick learning experiences."

— Colin Hartigan *Northern Region*



Years of Serving

And we're just getting started.

In 75 years, Alberta's population has quintupled, and real estate, including rentals and leasing, is now a \$36 billion industry. During that time, the vision of AREA's founding members for an association that promotes professionalism and supports REALTORS® has endured.



1947 Industry Leaders

1979 AREA Board

1986 AREA Board

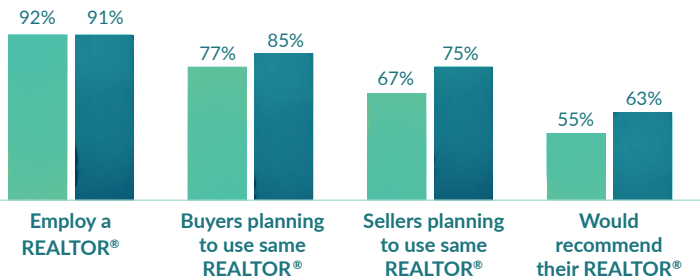
Professionalism has improved.

In 2022, with funding support from the Alberta Real Estate Foundation (AREF), AREA conducted market research on consumer and REALTOR® perceptions of REALTORS®.

The objective was to identify areas where REALTORS® are excelling, as well as areas in which REALTORS® can improve their service to clients. This research was a follow up to the benchmark study we conducted with AREF support in 2017, and was a chance to see if our focus on increasing professionalism had produced measurable results.

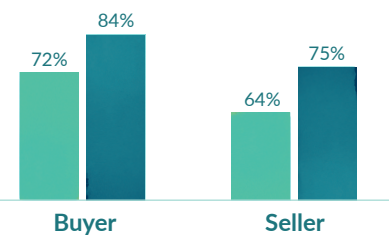
Increased Professionalism Gets Results

■ 2017 ■ 2022



Growing Trust

■ 2017 ■ 2022



When considering their most recent purchase/sale consumers felt their REALTOR® had their “best interests in mind at all times.”



AREA Staff Team, Calgary Office



In 2022, AREA was recognized as the:

- Best Workplaces™ in Alberta (3rd consecutive year)
- Best Workplaces™ in Canada for Mental Health
- Best Workplaces™ in Canada for Inclusion



1997 AGM & 50th Anniversary



2015 AREA Board



2022 Industry Leaders

Project Thrive Donation



In its 75th year, AREA was proud to contribute \$150,000 to *Project Thrive*—a joint *Inn from the Cold* and *HomeSpace* project that retrofitted a downtown office tower into an inviting building that houses a family emergency shelter, transitional housing, 82 affordable housing units, and community supports, such as a childcare centre.

Up to 30 per cent of the families served identify as coming from outside of Calgary. We were proud to be a small part of the \$30 million housing project and to name the Volunteer Room on behalf of Alberta's REALTORS®.



AREA Ukrainian Support Initiative

As Alberta is home to one of the world's largest Ukrainian populations, AREA's Board of Directors felt strongly that there was a direct role Alberta REALTORS® could play in supporting refugees of the Russian invasion.

AREA allocated \$150,000 in funding to support housing, transportation, language training and basic aids to daily living for the refugees and their host families. In addition, AREA partnered with Rogers Communications Inc., Servus Credit Union, and the Calgary Mosaic Refugee Clinic, to assist both hosts and refugees. In addition:

- AREA members stepped forward with offers of housing, supplies, transportation and job support.
- AREA donated to the efforts of the Rotary Club in Alberta.
- Moving into 2023, this project has refocused on supporting 12 refugee families as they transition out of temporary housing and continue to build their lives in Alberta.



REALTORS® have always contributed to their communities in many ways including helping to supply affordable housing for those in need. Many of our members' clients, family and friends originate from the Ukraine and when there was a need for help our REALTOR® community was delighted to be able to step forward."

— David P. Brown AREA Chair

Member Advocacy

Designed to make precedent setting change for members.

AREA is a voice for REALTORS® on matters of province-wide importance, such as precedent-setting legal challenges.

A committee of AREA's Board of Directors is responsible for administering the program, including determining the method of assistance provided to members on qualifying disciplinary hearings or legal challenges. Member requests are evaluated based on four primary questions and meetings are convened ad hoc.

- Is the matter important to all REALTORS® in the province?
- In the opinion of the committee, does the matter involve unfair treatment of the member?
- Did the member demonstrate an attempt to rectify the problem on their own?
- Does the assistance provided have a good probability of success?

In 2022,

The Member Advocacy Program received nine new requests for support:

- Seven requests were approved
- Eleven files were concluded
 - four from 2022
 - seven from previous years
- Currently seven files are open



Support for vulnerable people and our Ukrainian families has demonstrated that at AREA we walk the talk! AREA members deserve and get the best support from an association that listens and acts on their behalf...AREA is best in class!"

— Hon. Iris Evans *Public Member*

Nominating Committee

AREA's Nominating Committee is responsible for the Board of Directors application process, in accordance with AREA's Bylaws and policies.

With one voting member from each of the five regions (Northern, Capital, Central, Foothills and Southern) and two non-voting members: a sitting AREA Director, who serves as Chair, and an external human resources expert. The Committee reviews all applications, interviews shortlisted candidates, and provides a recommended slate of candidates to be considered and ratified by the Board of Directors.

Committee Members



Kristie Kruger
*Chair
AREA Director*



D'Arcy Donald
*Northern Region
Representative*



Patrick Galesloot
*Central Region
Representative*



Brooklyn Kalista
*Southern Region
Representative*



Wendy Morrow
*Foothills Region
Representative*



Madeline Sarafinchan
*Capital Region
Representative*



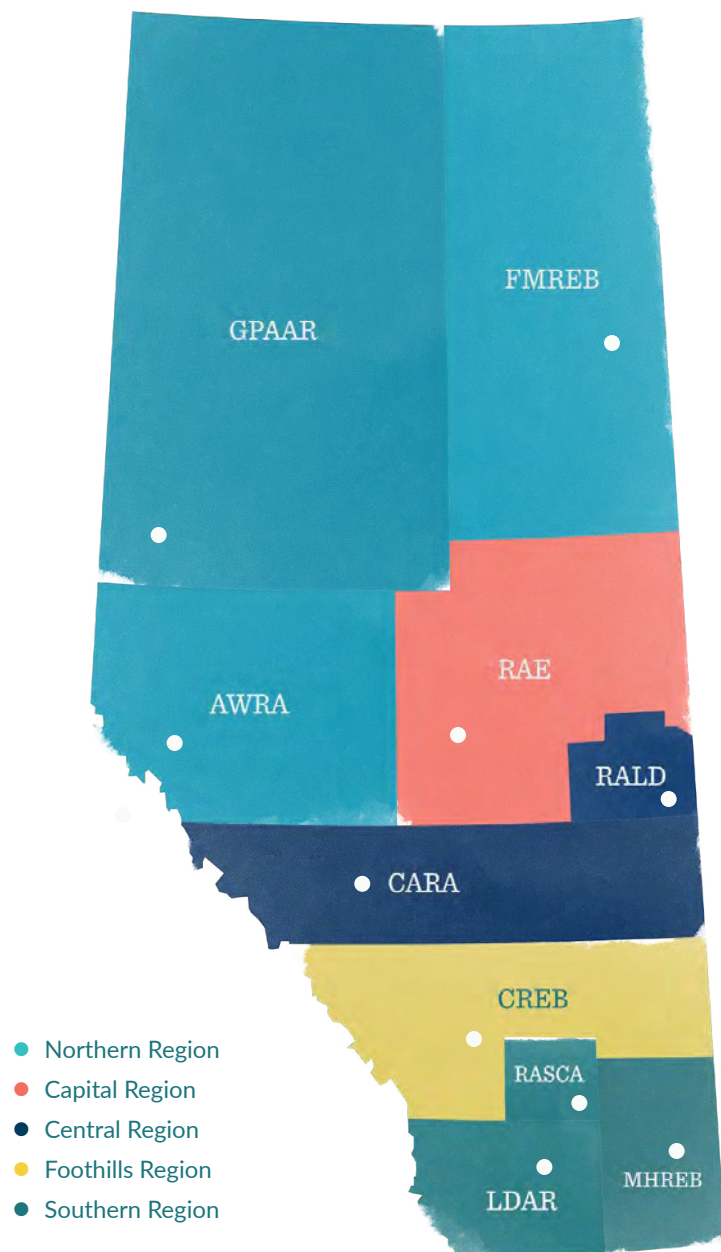
Barb Read
HR Consultant

AREA members are eligible to apply to be a part of the Nominating Committee on a yearly basis.

Regional Representation

AREA members are served by three directors-at-large, one public director, and five regional directors: Northern, Capital, Central, Foothills and Southern.

The arm's length Nominating Committee vets candidates via an interview and selection process and proposes a slate for ratification by AREA members at the Annual General Meeting. More information on how to get involved is available on the AREA website.



Regional Boards

AREA's membership is comprised of all Alberta REALTORS®, who are also members of at least one of Alberta's 10 local real estate Boards/Associations. These Boards/Associations are key stakeholders for AREA. Together, AREA, each regional Boards/Associations and the Canadian Real Estate Association (CREA) form the foundation for organized real estate and work in tandem to uphold the integrity of the real estate industry.

● **AWRA / Alberta West REALTORS® Association**

152 Members

Executive Officer:
Sandy Atfield

President:
Sharon Hawboldt

● **CREB® / Calgary Real Estate Board**

6,792 Members

Executive Officer:
Alan Tennant

President:
Lorna Hamm

● **CARA / Central Alberta REALTORS® Association**

617 Members

Executive Officer:
Larry Westergard

Chair:
Larrissa Kalyin

● **FMREB / Fort McMurray Real Estate Board**

124 Members

Executive Officer:
Brad Mitchell

President:
Melanie Galea

● **GPAAR / Grande Prairie & AREA Association of REALTORS®**

239 Members

Executive Officer:
Brad Mitchell

President:
Shauna Gardner

● **LDAR / Lethbridge and District Association of REALTORS®**

378 Members

Executive Officer:
Cathy Maxwell

President:
Brad Cook

● **MHREB / Medicine Hat Real Estate Board**

150 Members

Executive Officer:
Randeem Bray

President:
Justin Taupert

● **RAE / REALTORS® Association of Edmonton**

4,157 Members

Executive Officer:
Allan Font

Chair:
Paul Gravelle

● **RALD / REALTORS® Association of Lloydminster & District**

98 Members

Executive Officer:
Brad Mitchell

President:
Cheryl MacIsaac

● **RASCA / REALTORS® Association of South Central Alberta**

86 Members

Executive Officer:
Brad Mitchell

President:
Todd Wallace



Serving on the Board of AREA is important to me because it feels right to give back to an industry that has afforded me a meaningful career and good living.”

— Jolene Ledene Reimer
Chair Elect - Southern Region

Management's Discussion and Analysis

Member Base

AREA is a member-centric, member-driven organization and member dues remain AREA's primary source of revenue. AREA membership grew 12.44 per cent in 2022, similar to the significant growth seen in 2021. The membership base creates a consistent and predictable revenue base on which management optimizes value for members. Based on assumptions that AREA will maintain its membership base, the AREA Board of Directors voted to reduce dues by another 8 per cent for 2023 onwards, marking a total reduction of 20 per cent since 2021. In the unlikely event the organization faces a significant decrease in membership, the dues reduction will not be sustainable without limiting member services.

On March 15, 2023, AREA's Foothills region members—currently part of the CREB® member board—will vote on a proposal to dissolve CREB® and transition those duties and memberships directly into AREA. Should the vote meet the 67 per cent threshold, AREA would assume additional duties, which would be funded by additional member dues. If the vote fails to meet the 67 per cent threshold, CREB®'s role as a member board in AREA and the relationship between AREA and its Foothills region members will remain unchanged. There is no material risk to AREA foreseen with either vote outcome.

Political and Regulatory Landscape

AREA's membership remains at risk of more regulation from all levels of government. At the national level, the homebuyers' rights bill, a ban on foreign ownership, and past competition bureau rulings present significant risks to the way the real estate market currently operates. In Alberta, RECA continues to move slowly on reducing red tape and allowing industry to operate more efficiently. This year, new licensees are paying RECA significantly more in enrollment and exam fees than they did in the past. RECA administration has still focused its attention on frivolous enforcement actions that risk undermining the reputations of members.

RECA intends to begin a comprehensive rules review process in 2023, and AREA expects a significant investment of time and staffing resources to support member positions within the review. AREA still thinks significant changes are required at RECA to restore licensee confidence in a properly functioning regulatory body and will continue to advocate to that end.

Structure of Organized Real Estate

In Alberta, REALTORS® are represented locally by their Board/Association, provincially by AREA and federally by the Canadian Real Estate Association (CREA). AREA focuses on matters of provincial scope or relevance, such as professional development, member services and standardized real estate forms. Because real estate is under provincial jurisdiction, AREA also focuses on advocacy work with the provincial government, the provincial regulator, and key stakeholders.

The system of organized real estate in Canada is increasingly under threat. Well-funded publicly traded companies are starting to enter the real estate services market, threatening the MLS® systems market leadership.

The cooperative leadership structure is slow to adapt to changing market conditions and external threats due to differences in opinions, competencies, and financial capacities within the cooperative organizations.

MLS® continues to serve our members and the public and the public well; however, our structure and financial capacities structure, and financial capacities within the system need to be re-evaluated to ensure REALTORS® can access the services they need to serve consumers in the best way possible. This may include monetization of data for the benefit of REALTORS®, streamlining decision-making structures and investigating partnerships outside the industry. AREA is committed to working with its members and partner boards to ensure that the industry is best prepared to deal with changes in technology, data ownership and external threats.

Pillar9™

AREA remains a 10 per cent owner in Pillar9™, a jointly owned provincial MLS® system provider, which migrated nine Boards/Associations' data into one database in 2020. In addition to its voting rights, AREA holds \$701,168 in dividend shares on behalf of all the members in the province. Risks are evaluated as minimal given the long history of successful MLS® system provision within the province.

Operational Spending

AREA's management team has maintained tight controls on operational cost and spending by exercising prudent oversight. Operational spending is expected to increase with the re-addition of licensing education to AREA's suite of services. Providing education to members properly requires significant investment. It is expected that the revenues from licensing education will be sufficient to fund the licensing program and additional educational programs designed to improve professionalism in the industry.

In 2022, AREA began setting aside money for the pension plan, with an initial allocation of \$750,000. The pension plan was proposed by AREA and has been in development at the national level, through a CREA working group. Pension plans are complicated and expensive, but we see it as a way to help REALTORS® plan for their retirement by deploying the wealth of Boards/Associations that are funded by member dues.

Since 2019, AREA has contracted executive and administrative services to member Boards who request assistance. In 2022, AREA offered these services to four of its 10 member Boards: Fort McMurray Real Estate Board (FMREB); Grande Prairie & AREA Association of REALTORS® (GPAAR); REALTORS® Association of Lloydminster & District (RALD); and REALTORS® Association of South Central Alberta (RASCA). The four member Boards were able to decrease their operational costs while maintaining their Board autonomy and meeting CREA minimum Board

standards. AREA operates these services on a cost-recovery basis, and each Board maintains its own accounting, financial controls, and yearly audits. Under this arrangement, the Boards/Associations pay AREA a service fee which ensures that members from other regions of the province are not subsidizing the operation of local Boards/Associations.

AREA maintains a member advocacy program that assists members when they are treated unfairly by governing authorities. The program's cost are managed within AREA's budget and identified on AREA's financial statements. Predicting the program's future costs is difficult as costs depend on the number of requests that meet the criteria for assistance and the complexity of the cases. Given the success of the program in recent years, we are seeing fewer attempts by RECA to defend errant administrative fines through the appeal process, which lowers costs. The AREA board manages the costs based on AREA's finances. If the number and complexity of files increase beyond AREA's financial capacity, there is no guarantee that this program can continue.

AREA Services Corporation

Now in its fifth complete year of operations, AREA Real Estate Services Corporation (Services Corp) has demonstrated its ability to fulfill its mandate as a wholly-owned, taxable entity. The Services Corp Board is responsible for providing voluntary services to members and the real estate community. The services delivered include Area WIRELESS and commission advance. Services Corp will explore expanding its service offerings to include more programs from which members benefit directly. There is an inherent risk in developing new service offerings that are adopted voluntarily by our members. In every instance, the board minimizes the inherent risks associated with these programs. There is no guarantee AREA can maintain the current contracts with service providers. Further risks are detailed in the Services Corp letter and its financial statements.



Consolidated Financials

Consolidated Financials

Combined Statement of Financial Position

October 31, 2022

	Operating Fund 2022	Assurance Fund 2022	Total 2022	Total 2021
Assets				
CURRENT				
Cash	\$ 1,656,616	\$ 162,106	\$ 1,818,722	\$ 1,880,125
Term deposits	50,000	-	50,000	-
Short-term investments	7,739,188	1,859,822	9,599,010	9,621,489
Accounts receivable	704,239	-	704,239	492,774
Contribution receivable	-	500,000	500,000	-
AREA Advance loans receivable	281,941	-	281,941	293,206
Frame loans receivable	19,469	-	19,469	13,892
Loans receivable	122,181	-	122,181	42,138
Government remittances	6,437	-	6,437	57,072
Prepaid expenses	1,444,687	-	1,444,687	182,103
Other current receivable	892,539	-	892,539	892,539
	12,917,297	2,521,928	15,439,225	13,475,338
PROPERTY AND EQUIPMENT (<i>Net of accumulated amortization</i>)	53,280	-	53,280	46,012
INTELLECTUAL PROPERTY	617,702	-	617,702	-
AREA WIRELESS DEVICE LOANS RECEIVABLE	34,612	-	34,612	124,859
DUE FROM RALD	83,921	-	83,921	91,544
INVESTMENT IN PILLAR9™	701,168	-	701,168	433,865
	\$ 14,407,980	\$ 2,521,928	\$ 16,929,908	\$ 14,171,618
Liabilities				
CURRENT				
Accounts payable and accrued liabilities	\$ 260,651	-	\$ 260,651	\$ 859,433
Contribution payable	500,000	-	500,000	-
Government remittances	79,405	-	79,405	-
Deferred income	835,125	-	835,125	501,483
Income taxes payable	-	-	-	274
	1,675,181	-	1,675,181	1,361,190
DEFERRED INCOME	1,176,378	-	1,176,378	300,945
	2,851,559	-	2,851,559	1,662,135
Net Assets				
INVESTED IN CAPITAL ASSETS	670,982	-	670,982	46,012
ASSURANCE FUND	-	2,521,928	2,521,928	2,024,771
RESTRICTED FUND	8,108,694	-	8,108,694	7,383,649
UNRESTRICTED FUND	2,776,745	-	2,776,745	3,055,051
	11,556,421	2,521,928	14,078,349	12,509,483
	\$ 14,407,980	\$ 2,521,928	\$ 16,929,908	\$ 14,171,618

Consolidated Financials

Combined Statement of Revenues and Expenditures

Year Ended October 31, 2022

	Operating Fund 2022	Assurance Fund 2022	Total 2022	Total 2021
REVENUES				
Memberships	\$ 5,637,505	-	\$ 5,637,505	\$ 4,857,964
Wireless revenue	4,257,095	-	4,257,095	3,433,406
Other revenue	1,507,484	-	1,507,484	286,564
	11,402,084	-	11,402,084	8,577,934
COST OF SALES	4,001,956	-	4,001,956	3,128,850
GROSS PROFIT	7,400,128	-	7,400,128	5,449,084
EXPENSES				
Salaries and wages	2,918,793	-	2,918,793	2,520,497
General and administrative	1,161,203	13,261	1,174,464	1,010,878
Consulting and professional fees	1,049,284	-	1,049,284	895,809
Meetings and travel	384,725	-	384,725	175,270
Amortization	26,392	-	26,392	44,759
Bad debts	8,624	-	8,624	15,744
	5,549,021	13,261	5,562,282	4,662,957
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	1,851,107	(13,261)	1,837,846	786,127
OTHER INCOME				
Investment income	291,586	71,285	362,871	280,046
Gain (loss) on sale of marketable securities	292,694	(33,865)	258,829	-
Ukraine initiative	(41,742)	-	(41,742)	-
Donation	(150,000)	-	(150,000)	-
Member advocacy fund	(166,246)	-	(166,246)	(239,436)
Unrealized gains (losses) on short-term investments	(505,690)	(27,002)	(532,692)	1,279,067
Write-down of capital assets	-	-	-	(7,260)
Severance and restructuring expense	-	-	-	(53,656)
Licensing education fund	-	-	-	(141,291)
	(279,398)	10,418	(268,980)	1,117,470
EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAXES	1,571,709	(2,843)	1,568,866	1,903,597
INCOME TAXES	-	-	-	274
EXCESS OF REVENUES OVER EXPENSES	\$ 1,571,709	(\$ 2,843)	\$ 1,568,866	\$ 1,903,323

Consolidated Financials

Combined Statement of Changes in Net Assets

Year Ended October 31, 2022

	Invested in Capital Assets 2022	Commission Assurance Fund 2022	Restricted Fund 2022	Unrestricted Fund 2022	Total 2022	Total 2021
NET ASSETS – BEGINNING OF YEAR	\$46,012	\$2,024,771	\$7,383,649	\$3,055,051	\$12,509,483	\$10,606,160
Excess of revenues over expenses	-	(2,843)	(166,246)	1,737,955	1,568,866	1,903,323
Investment in capital assets	651,362	-	-	(651,362)	-	-
Amortization of capital assets	(26,392)	-	-	26,392	-	-
Transfers	-	500,000	891,291	(1,391,291)	-	-
NET ASSETS – END OF YEAR	\$670,982	\$2,521,928	\$8,108,694	\$2,776,745	\$14,078,349	\$12,509,483

Notes to Combined Financial Information

Year Ended October 31, 2022

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the combined statement of financial position of Alberta Real Estate Association as at October 31, 2022, and the combined statements of revenues and expenditures and changes in net assets for the year then ended is the historical cost basis and reflects cash transactions with the addition of:

- accounts receivable less an allowance for doubtful accounts
- prepaid expenses and deposits recorded at applicable amounts
- investments recorded at cost
- property and equipment amortized over their useful lives
- accounts payable and accrued liabilities
- current income taxes payable as at the reporting date



AREA Financials

Independent Auditor's Report

To the Members of Alberta Real Estate Association

Opinion

I have audited the financial statements of Alberta Real Estate Association (the Association), which comprise the statement of financial position as at October 31, 2022, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at October 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the association in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 ASNPO, 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 association'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 association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 association'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 association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the association 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.

I 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 I identify during my audit.



Diana Hanevelt Professional Corporation
Chartered Professional Accountant

Calgary, Alberta.
December 21, 2022



CZECHOWSKY, GRAHAM & HANEVELT
CHARTERED PROFESSIONAL ACCOUNTANTS
• AN ASSOCIATION OF PROFESSIONAL PRACTICES •

	Operating Fund 2022	Assurance Fund 2022	Total 2022	Total 2021
Assets				
CURRENT				
Cash	\$ 1,043,184	\$ 162,106	\$ 1,205,290	\$ 1,180,343
Short-term investments	7,739,188	1,859,822	9,599,010	9,621,489
Accounts receivable	242,276	-	242,276	196,967
Contribution receivable (Note 5)	-	500,000	500,000	-
Government remittances	6,437	-	6,437	12,275
Prepaid expenses	335,314	-	335,314	181,134
Due from AREA Real Estate Services Corporation (Note 6)	-	-	-	105,452
Other current receivable (Note 7)	892,539	-	892,539	892,539
	10,258,938	2,521,928	12,780,866	12,190,199
PROPERTY AND EQUIPMENT (Note 8)	53,280	-	53,280	46,012
INTELLECTUAL PROPERTY (Note 9)	617,702	-	617,702	-
DUE FROM RALD	83,921	-	83,921	91,544
INVESTMENT IN SUBSIDIARY (Note 10)	555,054	-	555,054	561,536
INVESTMENT IN PILLAR9™ (Note 11)	701,168	-	701,168	433,865
	\$ 12,270,063	\$ 2,521,928	\$ 14,791,991	\$ 13,323,156
Liabilities				
CURRENT				
Accounts payable (Note 12)	\$ 236,096	-	\$ 236,096	\$836,127
Contribution payable (Note 5)	500,000	-	500,000	-
	736,096	-	736,096	836,127
Net Assets				
INVESTED IN CAPITAL ASSETS	670,982	-	670,982	46,012
COMMISSION ASSURANCE FUND	-	2,521,928	2,521,928	2,024,771
RESTRICTED FUND (Note 14)	8,108,694	-	8,108,694	7,383,649
UNRESTRICTED FUND	2,754,291	-	2,754,291	3,032,597
	11,533,967	2,521,928	14,055,895	12,487,029
	\$ 12,270,063	\$ 2,521,928	\$ 14,791,991	\$ 13,323,156

APPROVED ON BEHALF OF THE BOARD:



CHAIR



CEO

	Operating Fund 2022	Assurance Fund 2022	Total 2022	Total 2021
REVENUES				
Membership fees	\$ 5,637,505	-	\$ 5,637,505	\$4,857,965
Education	1,010,221	-	1,010,221	4,733
Other revenue	375,263	-	375,263	197,969
	7,022,989	-	7,022,989	5,060,667
EXPENSES				
Salaries and benefits	2,619,654	-	2,619,654	2,241,710
Consulting	609,092	-	609,092	428,855
General and administrative	460,273	13,261	473,534	398,937
Professional fees	425,984	-	425,984	450,577
Rent and operating costs	345,450	-	345,450	278,248
Conferences and events	211,843	-	211,843	127,364
Meetings and travel	172,853	-	172,853	47,907
Provincial administrative justice program	146,574	-	146,574	99,873
Education	128,110	-	128,110	129,233
Employee and family assistance program	19,175	-	19,175	29,150
	5,139,008	13,261	5,152,269	4,231,854
EXCESS OF REVENUES OVER EXPENSES BEFORE INVESTMENT INCOME AND OTHER ITEMS	1,883,981	(13,261)	1,870,720	828,813
INVESTMENT INCOME				
Investment income	291,586	71,285	362,871	280,046
Realized gains (losses) on short-term investments	292,694	(33,865)	258,829	-
Equity (loss) income from subsidiary	(6,482)	-	(6,482)	1,799
Unrealized (losses) gains on short-term investments	(505,690)	(27,002)	(532,692)	1,279,067
	72,108	10,418	82,526	1,560,912

Year Ended October 31, 2022

	Operating Fund 2022	Assurance Fund 2022	Total 2022	Total 2021
OTHER ITEMS				
Member advocacy fund	166,246	-	166,246	239,436
Donation	150,000	-	150,000	-
Ukraine Initiative	41,742	-	41,742	-
Amortization of capital assets	26,392	-	26,392	44,759
Licensing education fund	-	-	-	141,291
Severance and restructuring	-	-	-	53,656
Write-down of capital assets	-	-	-	7,260
	384,380	-	384,380	486,402
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 1,571,709	(\$ 2,843)	\$ 1,568,866	\$ 1,903,323

Statement of Changes in Net Assets

Year Ended October 31, 2022

	Invested in Capital Assets	Commission Assurance Fund	Restricted Fund	Unrestricted Fund	Total 2022	Total 2021
NET ASSETS - BEGINNING OF YEAR	\$ 46,012	\$ 2,024,771	\$ 7,383,649	\$ 3,032,597	\$ 12,487,029	\$ 10,583,706
Excess of revenues over other items	-	(2,843)	(166,246)	1,737,955	1,568,866	1,903,323
Investment in capital assets	651,362	-	-	(651,362)	-	-
Amortization of capital assets	(26,392)	-	-	26,392	-	-
Transfers (Notes 5, 14)	-	500,000	891,291	(1,391,291)	-	-
NET ASSETS - END OF YEAR	\$ 670,982	\$ 2,521,928	\$ 8,108,694	\$ 2,754,291	\$ 14,055,895	\$ 12,487,029

	Total 2022	Total 2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,568,866	\$ 1,903,323
Items not affecting cash:		
Amortization of capital assets	26,392	44,759
Loss on disposal of capital assets	-	7,260
Equity loss (income) from subsidiary	6,482	(1,799)
Unrealized losses (gains) on restricted investments	27,003	(589,011)
Unrealized losses (gains) on short-term investments	505,690	(690,056)
Loss on disposal of restricted investments	33,865	-
(Gain) on disposal of short-term investments	(292,694)	-
	1,875,604	674,476
Changes in non-cash working capital:		
Accounts receivable	(45,309)	131,002
Interest receivable	(10,195)	(1,082)
Government remittance	5,838	(72,072)
Prepaid expenses	(154,180)	21,394
Accounts payable	(600,033)	(80,283)
Deferred income	-	(97,838)
	(803,879)	(98,879)
Cash flow from operating activities	1,071,725	575,597
INVESTING ACTIVITIES		
Purchase of capital assets	(33,660)	(7,900)
Cost of intellectual property	(617,702)	-
(Increase) in short-term investments	(241,188)	(461,694)
Advances from (to) subsidiary	105,452	(85,653)
Purchase of additional shares of Pillar9™	(267,303)	-
Advances from (to) RALD	7,623	(91,544)
Cash flow (used by) investing activities	(1,046,778)	(646,791)
INCREASE (DECREASE) IN CASH FLOW	24,947	(71,194)
CASH - beginning of year	1,180,343	1,251,537
CASH - END OF YEAR	\$ 1,205,290	\$ 1,180,343
CASH CONSISTS OF:		
Cash	\$ 614,802	\$ 640,377
Cash included from short-term investments	590,488	539,966
	\$ 1,205,290	\$ 1,180,343

1. INCORPORATION AND PURPOSE OF THE ASSOCIATION

Alberta Real Estate Association (the "Association") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. The Association is exempt from income taxes in accordance with Section 149 of the Income Tax Act.

The Association's members are Alberta REALTORS® and real estate Boards/Associations. The Association's purpose is to represent the real estate interest of its members, enhance their professionalism, competency and profitability and to advocate regulatory and governmental policies that support and protect the real estate profession and the public that its members serve.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association follows the deferral method of accounting for contributions, and fund accounting.

The Assurance Fund reports the assets, liabilities, revenue and expenses related to the operations of the Assurance Fund. The Association maintains a commission assurance fund to assist members when their commissions are unpaid by their broker.

The Operating Fund reports the assets, liabilities, revenues, and expenses for all other areas, including the internally restricted funds as disclosed in note 14.

Cash and Cash Equivalents

Cash includes cash on hand, amounts held with third parties and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

Financial Instruments Policy

The Association initially measures its financial assets and liabilities at fair value, except when applicable, for certain related party transactions that are measured at the carrying amount or exchange amount. The Association subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in marketable securities, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, cash equivalents, short-term investments, accounts receivable, other current receivables, and due from related parties.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, and due to unrelated parties.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in income over the life of the instrument using the straight-line method.

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Foreign Currency Translation

The Association holds assets denominated in foreign currencies that are translated at the prevailing rates of exchange at the balance sheet date with realized and unrealized exchange gains and losses included in revenues over expenditures. The Association does not use derivative financial instruments to mitigate its exposure to foreign currency risk.

Investment in Subsidiary

The Association accounts for its wholly owned subsidiary AREA Real Estate Services Corporation using the equity method.

Capital Assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Information technology	5 years straight-line method
Office furnishings	5 years straight-line method
Office equipment	3 years straight-line method

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Intellectual Property

Intellectual property is stated at cost or deemed cost less accumulated amortization and is amortized over the estimated useful life on a

straight-line basis at the following rate and method:

Licensing education rights and trademarks 5 years straight-line method

Intellectual property acquired during the year but not placed into use is not amortized until it has been placed into use.

Impairment of Long-lived Assets

Long-lived assets consist of capital assets. The Association performs impairment testing on long-lived assets held for use whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses are recognized when undiscounted cash flows from its use and disposal are less than its carrying value. Impairment is measured as the amount by which the carrying value exceeds its fair value and is included in the statement of operations for the period. Management was not aware of any impairment to its long-lived assets that would have a material effect on the financial statements.

Revenue Recognition

The Association follows the deferral method of accounting for revenues. Externally restricted funds received are deferred and recorded in the statement of operations in the period which the related expenses are incurred. All other revenue is unrestricted and recognized in the period received.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are recorded in the statement of operations in the period in which they become known. The valuation of the allowance for doubtful accounts and the estimated useful life of the capital assets are the most significant financial statement items that involve the use of estimates.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of cash and cash equivalents, fixed income funds, Canadian, U.S. and foreign equity securities as follows:

	2022 Cost	2022 Market Value	2021 Cost	2021 Market Value
Operating fund short-term investments				
Cash and cash equivalents	\$ 428,382	\$ 428,382	\$ 329,772	\$ 329,772
Fixed income				
Canadian	2,639,698	2,564,044	1,988,952	2,029,589
U.S.	715,938	685,788	715,938	737,068
Foreign	155,150	148,507	155,150	153,957
	3,510,786	3,398,338	2,860,040	2,920,614
Equity				
Canadian	1,362,317	2,533,578	1,625,549	3,087,832
U.S.	499,346	1,310,085	499,346	1,282,149
Foreign	400,983	497,187	388,177	516,318
	2,262,646	4,340,850	887,523	4,886,299
	\$ 5,773,432	\$ 7,739,188	\$ 3,747,563	\$ 7,806,913
Assurance fund short-term investments				
Cash and cash equivalents	\$ 162,106	\$ 162,106	\$ 210,195	\$ 210,195
Fixed income				
Canadian	669,665	666,376	604,525	592,812
Equity				
Canadian	397,768	725,427	404,984	769,744
U.S.	118,863	342,245	118,863	322,775
Foreign	102,323	125,775	97,193	129,245
	618,954	1,193,446	621,040	1,221,764
	\$ 1,288,619	\$ 1,859,822	\$ 1,225,565	\$ 1,814,576

5. CONTRIBUTION

The Association's Board of Directors have approved a \$500,000 contribution flowing from the Unrestricted Fund to the Commission Assurance Fund. The transfer of funds will occur subsequent to year end.

6. DUE TO RELATED PARTIES

	2022	2021
Due from AREA Real Estate Services Corporation (subsidiary)	-	\$ 105,452

Advances from a related Association are non-interest bearing and are repaid quarterly.

7. OTHER CURRENT RECEIVABLE

The other current receivable amount is for legal expenses incurred relating to member advocacy. This is an active file and is deemed to be collectible in the next 12 months.

8. CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Information technology	\$ 119,105	\$ 67,283	\$ 51,822	\$ 37,111
Office furnishings	40,578	39,723	855	5,689
Office equipment	10,034	9,431	603	3,212
	\$ 169,717	\$ 116,437	\$ 53,280	\$ 46,012

9. INTELLECTUAL PROPERTY

	2022	2021
Licensing education rights and trademarks	\$ 617,702	-

Intellectual property is composed of costs related to the development of real estate licensing and condo licensing courses, and practice courses.

10. INVESTMENT IN SUBSIDIARY

The Association has an investment in a wholly-owned taxable entity called the AREA Real Estate Services Corporation ("the Company"). The Company was set up as a taxable entity in order to be able to provide programs that are integral to members' businesses at a cost savings to them and not risk the Association's not-for-profit status.

At October 31, 2022 the financial statements of the subsidiary company consisted of:

	2022	2021
Total assets	\$ 2,692,971	\$ 1,515,449
Total liabilities	2,115,474	931,470
Equity	577,497	583,979
Revenue	4,379,095	3,517,268
Expenses	4,385,577	3,515,469

11. INVESTMENT IN PILLAR9™

The Association has invested in Alberta One Realty Listing Services Inc. (operating as Pillar9™), an entity established to operate a single Multiple Listing Service to serve the REALTOR® members of the ten foundation real estate Boards/Associations in the province of Alberta. The investment consists of 10,000 Class A Common Shares and 602,067 Class Common Non-Voting Shares.

	2022	2021
10,000 Class A Common Shares	\$ 10,000	\$ 10,000
602,067 Class C Common Non-Voting Shares	691,168	423,865
	\$ 701,168	\$ 433,865

During the year, the Association incurred \$nil (2021- \$nil) of expenditures relating to the development of this initiative.

12. CORPORATE CREDIT CARDS

The Association has corporate Visa credit cards with a combined credit limit of \$102,000 (2021 – \$102,000). Included in accounts payable is the combined outstanding amounts on these credit cards of \$60,747 (2021 – \$10,462).

13. LEASE COMMITMENTS

The Association has commitments under various operating leases for office space and office equipment, expiring between April 2022 and May 2027 as follows:

2023	2024	2025	2026	2027
\$ 259,724	\$ 259,724	\$ 259,724	\$ 259,724	\$ 151,505

14. RESTRICTED NET ASSETS

At October 31, 2022, the Association has internally restricted net assets to be used for the purposes and amounts as follows:

Business Continuity

The Association has allocated funds to support its ongoing operations as a result of the loss of a major revenue stream and to address cash flow fluctuations throughout the year. The balance available is \$6,780,923 (2021 – \$6,780,923).

Member Advocacy Fund

The Association maintains funds for the work undertaken by the Member Advocacy Committee. The balance available is \$327,771 (2021 – \$494,017).

Licensing Education Fun

The Association has allocated funds for the development of licensing education programs as a result of the Government of Alberta's direction for RECA to divest themselves from delivering licensing education. The balance available is \$nil (2021 – \$108,709). The Board approved the closure of this fund. Any remaining balance was capitalized as part of the intellectual property.

Pension Assurance Fund

During the year, the Association allocated funds for a pension fund for members. The balance available is \$1,000,000 (2021 – \$nil).

15. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of October 31, 2022.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association's investments in publicly traded securities expose them to market risk as such investments are subject to price changes in the open market. The Association does not use derivative financial instruments to mitigate its exposure to market risk.

Currency Risk

Currency risk is the risk to the Association's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association enters into foreign currency purchase and sale transactions and has assets that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Association does not use derivative financial instruments to mitigate its exposure to currency risk.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

16. CAPITAL MANAGEMENT

The Association's goal in managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide services to its members. To accomplish this goal, protocols have been established to preserve the financial condition of the Association and protect its assets by annual development and approval of zero-based capital and operating budgets and by setting limits on the investment of funds. During the year, the Board meets with management regularly to review the Association's financial position.



AREA Services Corporation Financials



Independent Auditor's Report

To the Shareholders of AREA Real Estate Services Corporation

Opinion

I have audited the financial statements of AREA Real Estate Services Corporation (the Company), which comprise the balance sheet as at October 31, 2022, and the statements of income and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2022, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE)

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 ASPE, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Company'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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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.

I 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 I identify during my audit.



Diana Hanevelt Professional Corporation
Chartered Professional Accountant

Calgary, Alberta.
December 21, 2022



CZECHOWSKY, GRAHAM & HANEVELT
CHARTERED PROFESSIONAL ACCOUNTANTS
• AN ASSOCIATION OF PROFESSIONAL PRACTICES •

October 31, 2022

	2022	2021
Assets		
CURRENT		
Cash	\$ 613,432	\$ 699,781
Short-term investments (Note 4)	50,000	-
Accounts receivable	461,963	295,807
AREA Advance loans receivable	281,941	293,206
Frame loans receivable	19,469	13,892
Area WIRELESS device loans receivable - current (Note 5)	122,181	42,138
Prepaid expenses	1,109,373	969
Government remittances	-	44,797
	2,658,359	1,390,590
AREA WIRELESS DEVICE LOANS RECEIVABLE (Note 5)	34,612	124,859
	\$ 2,692,971	\$ 1,515,449
Liabilities		
CURRENT		
Accounts payable and accrued liabilities	\$24,566	\$23,316
Government remittances	79,405	-
Deferred revenue - AREA Advance (Note 7)	7,335	5,086
Deferred revenue - Frame (Note 8)	475	209
Deferred revenue - vendor incentives (Note 9)	827,315	496,188
Income taxes payable (Note 6)	-	274
Due to related parties (Note 10)	-	105,452
	939,096	630,525
DEFERRED REVENUE - VENDOR INCENTIVES (Note 9)	1,176,378	300,945
	2,115,474	931,470
Shareholders' Equity		
SHARE CAPITAL (Note 11)	10	10
RETAINED EARNINGS	577,487	583,969
	577,497	583,979
	\$ 2,617,971	\$ 1,515,449

APPROVED ON BEHALF OF THE BOARD:



CEO



CHAIR

	2022	2021
REVENUES		
Area WIRELESS - plan rates and charges	\$ 4,257,095	\$ 3,433,406
AREA Advance - interest	112,872	79,168
Frame - interest	6,752	2,556
PST recoverable	2,376	2,138
	4,379,095	3,517,268
COST OF SALES		
Area WIRELESS - plan fees	3,952,755	3,095,770
AREA Advance - administration fees	46,337	32,138
Frame - administration fees	2,863	942
	4,001,955	3,128,850
GROSS PROFIT	377,140	388,418
EXPENSES		
Salaries and benefits	299,139	278,787
General and administrative	56,365	72,023
Professional fees	14,208	16,377
Bad debts - Area WIRELESS	8,624	13,937
Insurance	5,286	3,414
Bad debts - AREA Advance	-	1,807
	383,622	386,345
(LOSS) INCOME BEFORE INCOME TAXES	(6,482)	2,073
INCOME TAXES (Note 6)	-	274
NET (LOSS) INCOME	(6,482)	1,799
RETAINED EARNINGS - BEGINNING OF YEAR	583,969	582,170
RETAINED EARNINGS - END OF YEAR	\$ 577,487	\$ 583,969

	2022	2021
OPERATING ACTIVITIES		
Net (loss) income	(\$ 6,482)	\$ 1,799
Changes in non-cash working capital:		
Accounts receivable	(160,468)	81,199
Wireless device loans receivable	10,204	22,878
Prepaid expenses	(1,108,404)	(556)
Government remittances	124,202	(8,982)
Accounts payable and accrued liabilities	1,250	1,859
Income taxes payable	(274)	(11,501)
Deferred revenue	1,209,075	(149,294)
	75,585	(64,397)
Cash flow from (used by) operating activities	69,103	(62,598)
INVESTING ACTIVITY		
Short-term investments	(50,000)	-
FINANCING ACTIVITY		
Advances (to) from related parties	(105,452)	85,653
(DECREASE) INCREASE IN CASH FLOW	(86,349)	23,055
Cash - beginning of year	699,781	676,726
CASH - END OF YEAR	\$ 613,432	\$ 699,781

1. DESCRIPTION OF BUSINESS

AREA Real Estate Services Corporation (the "Company") is incorporated provincially under the Business Corporations Act of Alberta.

The Company is a wholly-owned subsidiary of the Alberta Real Estate Association (AREA), which is a not-for-profit organization, incorporated under the Societies Act of Alberta.

The Company was set up as a taxable entity in order to be able to provide programs that are integral to members' businesses at a cost savings to them and not risk AREA's not-for-profit status.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash includes cash and cash equivalents.

Financial Instruments

The Company initially measures its financial assets and liabilities at fair value, except when applicable, for certain related party transactions that are measured at the carrying amount or exchange amount. The Company subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in the fair value of these financial instruments are recognized in income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, short-term investments, accounts receivable, due from related parties, loans receivable, and long-term loan and notes receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, accrued liabilities, and due to related parties. Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in income in the period incurred.

Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in income over the life of the instrument using the straight-line method.

For financial assets measured at cost or amortized cost, the Company determines whether there are indications of possible impairment. When there is an indication of impairment, and the Company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Revenue Recognition

Wireless revenue is recognized in the period that the service was provided. Interest on advances are recognized when the contract is complete. Vendor incentives are recognized into revenue over a three-year period. All other revenue is recognized when received.

Income Taxes

The Company uses the income taxes payable method of accounting for income taxes. Under this method, the Company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are recorded in the statement of earnings in the period in which they become known. The valuation of the allowance for doubtful accounts is the most significant financial statement item that involves the use of estimates.

4. SHORT-TERM INVESTMENTS

	2022	2021
Guaranteed investment certificate (GIC), bearing interest at 0.35% per annum, maturing on March 1, 2023	\$ 50,000	-

5. AREA WIRELESS DEVICE LOANS

The Company offers device loans as a retention and growth strategy for the Area WIRELESS plan. The loan allows the member to acquire a new wireless device and the value of the loan is then amortized into wireless expense over the twenty-four month term of the wireless device loan contract.

	2022	2021
Opening balance	\$ 166,997	\$ 189,875
Area WIRELESS device loans approved in the year	163,979	138,845
Device loans collected	(172,118)	(161,723)
Provision for bad debt	(2,065)	-
	156,793	166,997
Portion of device loans to be collected in the next year	(122,181)	(42,138)
Portion of device loans to be collected in subsequent years	\$ 34,612	\$ 124,859

6. INCOME TAXES

There is no income tax provision recorded for the year as the Company operated at a loss. The loss, after reconciling items, will be carried forward to be applied against future income tax provisions. The income tax provision recorded in the prior year differs from the income tax obtained by applying the statutory income tax rate of 55.14% to the income for that year and is reconciled as follows:

	2022	2021
Loss before income taxes	(\$ 6,482)	\$ 2,073
Income tax expense at the combined basic federal and provincial tax rate:	(\$ 6,482)	\$ 1,143
Decrease resulting from:		
Non-capital loss carried forward	6,342	-
Non-deductible expenses	140	-
Small business deduction	-	(621)
Federal Tax Abatement	-	(248)
Effective tax expense	-	\$ 274

7. AREA ADVANCE

AREA Advance is a commission lending program in partnership with AREA Broker members. The Company provides advances with interest which is prepaid. The interest is deferred and recognized into revenue as it is earned.

	2022	2021
Deferred revenue - AREA advance	\$ 7,335	\$ 5,086

8. FRAME ADVANCES

Frame is a commission lending program available to REALTORS® outside of Alberta. The Company provides advances with interest which is prepaid. The interest is deferred and recognized into revenue as it is earned.

	2022	2021
Deferred revenue - Frame	\$ 475	\$ 209

9. VENDOR INCENTIVES

The Company receives incentives from the Area WIRELESS service provider according to the contract terms. The credits are then amortized into revenue over a three-year period.

10. RELATED PARTY TRANSACTIONS

Amounts due to Alberta Real Estate Association do not bear interest and are repaid quarterly. Transactions with the Alberta Real Estate Association were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration negotiated and agreed to by the parties.

	2022	2021
Opening balance	\$ 797,133	\$ 951,722
Activation credits received in the year	1,838,602	479,956
Activation credits recognized in revenue	(632,042)	(634,545)
	2,003,693	797,133
Portion of activation credits to be recognized in the next year	(827,315)	(496,188)
Portion of activation credits to be recognized in subsequent years	\$ 1,176,378	\$ 300,945

11. SHARE CAPITAL

	2022	2021
ISSUED:		
Class A Common Voting Shares	\$ 10	\$ 10

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

13. FINANCIAL INSTRUMENTS

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of October 31, 2022.

The Company manages its exposure to the risks associated with financial instruments that have potential to affect its operating and financial performance. Management does not believe that the Company is exposed to any significant interest rate, currency, market, liquidity or other price risk.

Credit Risk

The Company is exposed to credit risk with respect to its accounts receivable through the following programs:

Credit risk for the Area WIRELESS program arises when the Company pays the wireless account for its members and awaits the members to pay their wireless bill. In order to reduce this credit risk, the Company has policies in place, such as the requirement to have credit cards on file to automate bill payment and collection policies on unpaid accounts to mitigate risk. In addition, the Company maintains provisions for potential credit losses. Any losses incurred to date have been within management's expectations.

Credit risk for the commission lending programs (AREA Advance and Frame), is the risk of default on loans made to REALTORS® when advancing commissions on transactions. Risk is mitigated by management policies that obligate multiple parties to repay the loan, limiting the maximum amount of the loans, and the maximum amount that the Company can have outstanding.



*AREA looks
forward to
many more
years of
innovating
advocating
adapting
serving
developing
educating
leading
building
for you.*



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