

Nurturing Careers



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Our annual report provides AREA members and industry stakeholders an overview of our November 1, 2022–October 31, 2023 fiscal year.



The Alberta Real Estate Association (AREA) is a non-profit organization dedicated to advocating and representing the interests and concerns of more than 13,000 Alberta REALTORS® belonging to 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.

We concentrate our efforts on three key areas of significant value to REALTORS® throughout 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, including licensing education.


Member Services

AREA provides members with an array of programs, services, and professional forms. Forms are essential to maintaining the legal integrity and consistency of practice. Other programs and services save AREA members dollars and time, and allow convenient access to information.

Membership Benefits

How does your \$22.92/month membership benefit you?

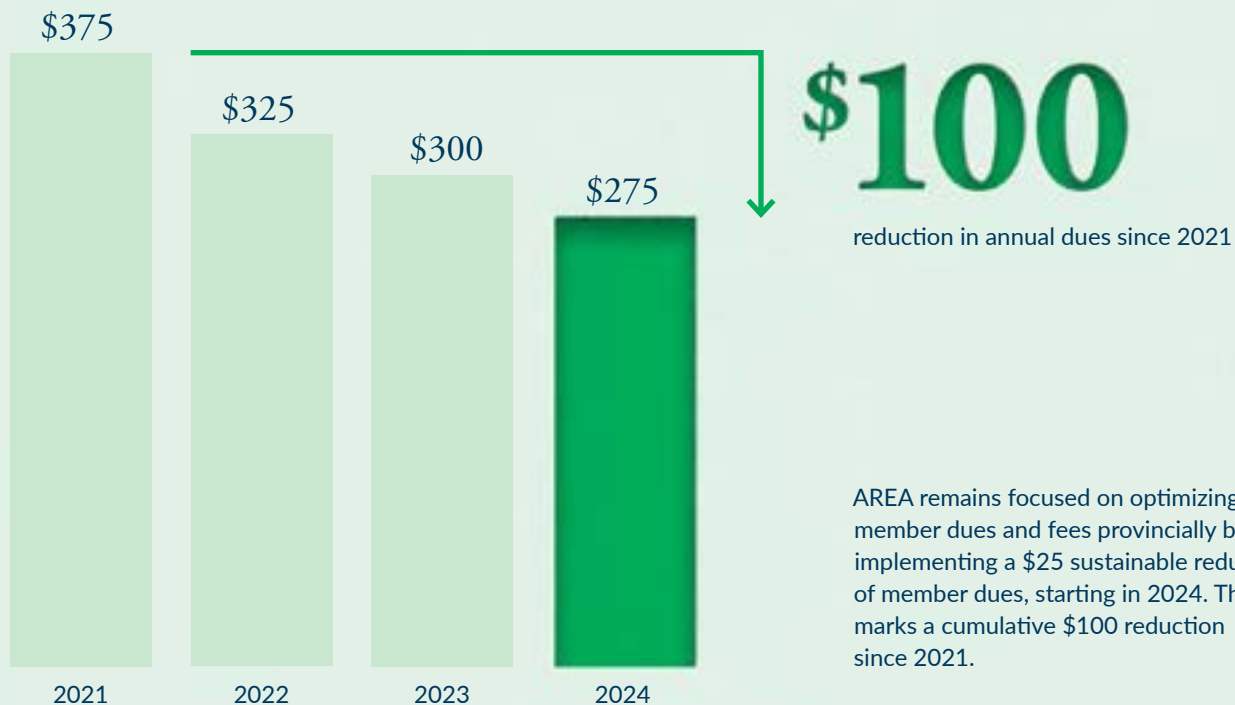
 Provincial Forms

 Member Advocacy

 Government Advocacy

 Professional Development

 Member Programs



“Reducing member fees again this year, while improving services, shows the great discipline of the AREA team.”

– David P. Brown, AREA Chair

Our programs support members’ wellbeing.

\$972 average annual member savings on property and auto insurance through BrokerAge.

AREA’s REALTOR® & Family Assistance Program provides short-term counselling services to our members and their families when they are looking for extra support.

AREA offers **flexible and inclusive health care** allowing members to turn health and dental expenses into tax-free benefit reimbursements that are 100% tax deductible to the business with MediDirect® health spending account products, through PeopleWell.

AREA Provincial Forecast

On November 20, 2023, 175 members attended AREA’s first provincial forecast presented by AREA Chief Economist Ann-Marie Lurie at Government Liaison Days, providing insights from both provincial and regional perspectives. Here are some key highlights from the presentation:

Sales Growth

3.8%

YOY Forecast

Average Price Growth

2.9%

YOY Forecast

- Our province experienced robust housing demand in 2023, driven by interprovincial migration, affordability, and a thriving job market. As we move into 2024, ongoing consumer economic hurdles are expected, but the resilience of higher commodity prices is anticipated to counterbalance some of the challenges, positioning Alberta as a leading province for economic growth.
- Housing demand is expected to hold in 2024. This optimism is reflected in expectations of improved supply levels, bringing balance to under-supplied southern markets, and shifting northern markets away from excess supply.

Member Programs



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

AREA's member programs are thoughtfully designed to enhance convenience and efficiency while also putting money and time back in your pocket.

∞ AREA Tools

These programs are offered to members within existing AREA dues.

ReallyTrusted App

A FINTRAC compliance tool, this app supports brokerages in implementing policies and procedures that adhere to audit-compliant standards. ReallyTrusted simplifies a complex process, reflecting AREA's commitment to upholding the highest industry standards.

Commission Protection Program

AREA membership automatically includes enrollment in the Commission Protection Program for members. This program protects member commissions if they are unpaid by their broker. It's designed to offer maximum protection with minimal hassle, and early notifications help prevent significant losses.

REALTOR® Safety App

Kinetic Global offers a robust mobile safety application for iPhone and Android users. In the event of an emergency, it swiftly and automatically dispatches assistance, providing law enforcement with the user's precise GPS location and identifying information.

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.

Data Co-op

Enables Alberta REALTORS® to access all active listings across the province and sold data, via the Pillar9™ platform, transcending remaining Board/Association MLS® boundaries.

OH&S Program Guide

In response to legislative changes, AREA worked with safety experts to develop an interactive guide for brokers that results in a customized Occupational Health and Safety (OH&S) plan tailored to their brokerage's unique needs and requirements.

“The current economy & changing business models require that industry members optimize value for services that they need. Saving money on phone plans, insurance, fuel & providing access to valuable health & dental plans through AREA, brings peace of mind for our membership.”

— Jolene Ledene Reimer, AREA Chair Elect

“Switched to the Area WIRELESS plan over 2 years ago and I couldn't be happier with my decision. The coverage is fantastic, and I'm able to stay connected no matter where I am. The plan is also very affordable, and I appreciate that there are no hidden fees or surprises on my bill each month.”

— Charles Ojo, Royal LePage Gateway Realty

\$ AREA Savings

These programs are offered as opt-in services through AREA's taxable entity: AREA Services Corp.

Area WIRELESS

Since 2016, Area WIRELESS, powered by Rogers and its robust 5G network, is providing unbeatable mobile data plans to more than 6,100 active subscribers. Tailored to REALTORS® and their professional needs, at only \$50/month, offers no contracts or set up fees, unlimited data, unlimited North American calling and international text messaging from Canada. A \$39/month plan and traveller's choice plan for \$65/month are also now available.

AREA Fuel

Soft launched in 2023, AREA has partnered with Shell to offer members 6 cents a litre fuel savings on every refuel. The program includes Air Miles Reward Miles collection, discounts on car washes, oil changes and some parts and service. Provincewide launch to commence in early 2024.

AREA Property & Auto Insurance

Launched in 2023, AREA partnered with BrokerAge to provide an insurance program tailored for our members. Featuring top-tier coverages, limits, and discounts, this program has collaborations with multiple insurance companies to ensure members receive the most competitive rates and exclusive discounts.

Health & Wellness Program

In 2022, AREA introduced traditional benefit insurance plans for health and dental coverage. Guided by our member feedback, we've collaborated with PeopleWell to bring a Health Spending Account (HSA) Program which, in some cases, offers superior coverage for better value.

↗ Alberta Statistics

AREA Chief Economist Ann-Marie Lurie delves into Alberta's resale housing data monthly, offering insights at both provincial and regional levels. Our reporting regions correspond to Statistics Canada's census divisions.

The latest reports drop by the sixth of each month, with any weekend or holiday releases published on the next business day.

AREA by the Numbers

As of October 31, 2023

Number of Members

13,179

Last year: **12,746** YOY: **3.4%**

Annual Dues for 2024

\$275

AREA Wireless subscribers

6,088

Last year: **5,711**

Lent through AREA Advance

\$5.7+M

Scholarships

\$15,700

Five Scholarships Awarded

Number of Brokerages

827

Brokerages >5: **289**

Member Engagement

Professional Development Courses

18,741 Online Courses Completed
9 Total Number of Courses Offered

Albertarealtor.ca Visits/Month

26,158 Desktop: 54.1%
Mobile: 45.1%
Tablet: 0.7%

Monthly Newsletter

63% Average Open Rate

Webinars

10 Webinars **522** Total Participants

In Your AREA Podcast

35,006 Downloads

56 Episodes / 193 Alberta Communities

Most Popular Episodes:

- *To Disclose or Not to Disclose*
- *Adventures in RPR*
- *Tax Time For REALTORS®*

Practice

Broker specific
rountable discussions

9 Locations

*New Member
Connect LIVE!* Sessions

8 Locations

Practically Speaking
Blog Posts

103 Posts


Social Media

 **718**

76% follower growth on
Instagram in last year

 **5,643**

 **3,691**

 **1,741**

Letter from the Chair



"Sitting on the AREA Board gives me great pride as we continue to be able to offer many products and services that help our members in their day-to-day practice."

As I reflect on 2023, I think of just how rapidly our world is advancing. So many people are again choosing Alberta as home, which is great for our industry but stressful for our clients. We've seen the growing influence of artificial intelligence on how we approach marketing, or even interact with prospects. While the world is changing, AREA remains steadfast in our dedication to protect member interests and benefits, and nurture professionalism across the province.

This year the Calgary Real Estate Board (CREB®) brought forward a question of merging with AREA under specific terms that included selling the CREB® building. While members were split on the question, which failed to get the needed super majority, it was a good opportunity to consider the future of real estate in Alberta. The structural question is one that our members have considered for many years and I'm sure it will come up again.

What the AREA Board of Directors promises members is that we care about supporting the ongoing viability of REALTORS® and we will continue to work with our member Boards/Associations in the interest of our REALTOR® members. We still feel there are opportunities to better prioritize member needs, wants, and benefits and we promise to continue providing programs that save members time or money.

As I conclude my two-year tenure as AREA Chair, I have been truly honoured and proud to serve as a representative of this fine group of professionals to which I belong. I will miss regularly seeing the AREA staff who work so hard on our behalf, each and every day.

I have full confidence in my colleague, 2024 Chair Jolene Ledene Reimer, who has demonstrated great dedication and thoughtful leadership.

Jolene and the AREA Board of Directors want to hear directly from members, and we hope you consider getting involved by attending events, volunteering, or sharing your feedback with us.

Sincerely,

A handwritten signature in black ink, appearing to read "David P. Brown". The signature is fluid and cursive, with a large, sweeping initial "D".

David P. Brown
AREA Chair

Letter from the CEO



"The AREA team is committed to prioritizing members in all of our association offerings."

I am proud to have served as AREA's CEO for the past five years. The Board of Directors has continued to make bold decisions in how to serve the best interests of members while tasking staff with maintaining or decreasing dues.

AREA's solid financial standing has allowed us to devote more resources to the member pension fund initiative. In 2023, we allocated an additional \$2 million as seed funding for our Alberta members, underscoring our confidence in the promising future of the real estate sector. While the development of a pension fund is being led nationally, we are pleased to be in a ready state here in Alberta.

After several years of growing member benefits and programs, including returning to licensing education, we grew staff capacity this year to meet the expanded needs. We want you to continue to have the personal service level you have come to expect from your association. I am confident that these new team members will bring unique skills sets and perspectives that will enhance our approach to serving members in the future.

We are also offering licensing education again. While we are still facing regulatory challenges on education competencies and the examinations, AREA is committed to helping our future members pass their exams and enter the profession more practice ready. We have also been expanding our resource offering to new members, which will include some additional practical and mandatory education for newcomers starting this year.

We see further regulatory challenges ahead on the Rules review as well. RECA's proposals so far show an addition of red tape. We will be continuing to advocate for REALTORS® to have fair, clear and consistent Rules with minimal red tape.

This year we fully returned to business as normal, after a couple years of pandemic restrictions on member events, starting with co-hosting the Banff Western Connection conference in January and ending with a bigger and better Government Liaison Days than ever in November. We will be releasing more information about 2025 Banff Western Connection next summer and we hope you consider joining us.

I'd like to express my sincere appreciation to our devoted staff, dedicated board members, and all who have contributed to the advancement of the association. Your dedication and conviction have been instrumental in our success. I have complete confidence that, as a team, we will approach the opportunities and challenges of 2024 with resolve and positivity, always keeping our members' best interests in mind.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brad Mitchell". The signature is stylized and fluid, with a long horizontal stroke at the end.

Brad Mitchell
AREA CEO

Board of Directors & Executive Staff

Chair



David P. Brown

*Chair
Capital Region*

Board of Directors



Jolene Ledene Reimer

*Chair - Elect
Southern Region*



Tracy Carson

Foothills Region



Hon. Iris Evans

Public Member



Brad Mitchell

Chief Executive Officer



Kate Bailey

Managing Director



Colin Hartigan

Northern Region



Chris Hassall

Director at Large



Cheryl Maclsaac

Central Region



Heather Coleman

Managing Director



Duane Monea

Managing Director



Parm Sidhu

Director at Large



Shirley Williams

Director at Large



Tammy Williams

Managing Director

Executive Staff

Board of Directors



Staff Team



Letter from the AREA Real Estate Services Corp

AREA's strategic plan prioritizes the delivery of unique, optional member programs that offer substantial savings and, where possible, enhance business efficiency. Services Corp, AREA's wholly-owned taxable entity now entering its sixth year of operations, was established to accommodate these optional member programs.

Our guiding principle at Services Corp is to prioritize the financial well-being of AREA members over profits, and current economic pressures on members have only heightened the importance of these efforts. It's considered a success when we can achieve both member savings and financial success. Services Corp has independently grown its assets to \$2.7 million without financing from any member dues and is generating \$7 million in annual revenues through four successful member programs. With growth comes higher risk, and in 2023 we have implemented additional measures to mitigate those risks.

Area WIRELESS remains our cornerstone product, heightened competition in the mobility sector is benefiting all consumers by bringing down pricing. We remain in active discussions with our trusted partner, Rogers Communications Inc., to deliver the best program features for the best price. We rolled out an updated offer and are working on an Internet bundle release for 2024 that promises further cost savings. Area WIRELESS will also be expanding into the Ontario market, offering nationwide savings to REALTORS®, except in Quebec.

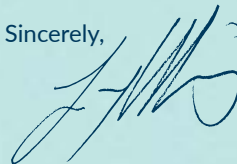
Our recently launched fuel savings program of six cents a litre in collaboration with Shell Canada Ltd. is another step forward in our commitment to reducing your expenses.

As more members engage with the program and we establish a higher gas consumption with Shell, we aim to provide even greater savings at the pump.

The property & auto insurance offering, launched in 2023, has been well received. Those who have already joined are reaping significant rewards, with average savings of nearly \$1,000 per year. In some cases, members have saved as much as \$4,000 annually.

Thank you for your confidence in our services. We look forward to another year of working to save you money.

Sincerely,



Tammy Williams
Services Corp CEO



Cam Mendryk
Services Corp Chair

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



Colin Hartigan
Director



Doug Koop
Director



Dionne Levesque
Director



Cheryl MacIsaac
Director



Brad Mitchell
Director



“As a real estate professional, I’m thrilled with the savings from AREA’s wireless plan, which slashed my bill in half compared to my previous provider. The plan’s features, like unlimited calling and reliable service, convinced me to switch, and I’ve happily recommended it to family and friends.”

– Cary Ronspies, RE/MAX Real Estate – Lethbridge

The background features a series of concentric, overlapping circles in various shades of green and blue, creating a sense of depth and growth. The colors transition from a dark teal on the left to a bright green in the center, and then to a light blue on the right.

AREA: Nurturing Careers at Every Stage

A real estate career mirrors the growth rings of a tree. AREA strives to nurture the success of our REALTOR® members throughout your entire career journey – from your first licensing course through to your eventual retirement. Your growth is our success.

Career Phase 1

Education & Licensing



We are once again working to educate aspiring REALTORS®. Our programs meet the regulatory competencies, while also maintaining a practical approach. This includes being the only licensing education provider to offer training on AREA forms.

It is our view that there is still a lot of room for improvement in licensing education, through rationalizing the regulatory competencies and testing to be within regulatory scope and aligned with real-life practice. This advocacy work is underway, and we are committed to seeing it through.

While our current offerings are online and asynchronous, with regular webinars and open houses, we are embarking on more interactive programming options, such as cohort training with classes supplementing the online material and the integration of more multimedia.

AREA has also introduced a new, specialized brand, AREA Learn, reaffirming our commitment to providing high-quality licensing education and support. Backed by 75 years of industry knowledge, this new brand will set apart our licensing education from general association work in an open market of licensing education providers.

Number of REALTORS® in AREA courses

Courses	Complete	In Progress
AREA Real Estate Fundamentals Program	741	1241
AREA Practice of Residential Real Estate	523	317
AREA Practice of Commercial Real Estate	246	253
AREA Practice of Property Management	181	141
AREA Practice of Rural Real Estate	101	110
AREA Broker Course	43	36
Total, as of October 31, 2023	1835	2098

Career Phase 2

New AREA Member

AREA is dedicated to supporting new members as they establish themselves in the real estate industry during these pivotal years. We provide valuable assistance through a variety of initiatives, including online and in-person events tailored to new members. Currently, new members have access to our member education at no additional fee, but in 2024 we are rolling out a new offering that addresses the gap between licensing education and being a practicing REALTOR®. Building on our existing resources, this offering will address topics from being a new business owner, to prospecting, to increased training on AREA forms, and more. These new members also receive additional opportunities to interact with AREA's practice advisor.

Career Phase 3

Business Building

Our members benefit from a wealth of resources that aid in their business development, encompassing provincial forms, practical insights shared via our "Practically Speaking" blog, engaging content delivered through our *In Your AREA* podcast, monthly market statistics, and the array of member benefits and programs we deliver.

This is the phase where AREA members care most about how we can make their day-to-day lives better, and our unique offerings are designed to do just that. By utilizing AREA tools, members can increase their professionalism while saving time and money.

Career Phase 4

Specialization

As our members progress in their careers, they may opt to cultivate particular areas of expertise. To support this growth, AREA provides specialization courses in residential, rural, property management, commercial, and broker development, assisting in diversifying our members' portfolios.

In this phase, members benefit from the referrals and repeat business they have cultivated in the earlier years of their careers.

This is also the phase where many members start to become more involved as committee members, AREA Learn subject matter experts, and attending events, such as Government Liaison Days. Our association is driven by volunteers. For opportunities reach out to the AREA team.

Career Phase 5

Legacy Planning

To support members with retirement planning, AREA has actively promoted the creation of a member pension fund initiative. This initiative has been picked up at the national level and we are proud to be a part of the ongoing work. While we wait to roll out the program, we have started dedicating reserves to seed funding. We believe that it is important for member money to be used to benefit the members, and that this benefit can extend into retirement.

In 2023, AREA dedicated an additional \$2 million as initial funding for the pension program, underscoring our dedication to ensuring the financial security of our members as they transition into their retirement phase.

At AREA, we understand that growing a successful real estate career is a lifelong journey, and we are dedicated to supporting our members every step of the way.

Strategic Plan

2022–2025

Since 1947, AREA has served as the provincial voice for REALTORS®, driving professionalism and advancing real estate as an industry. The 2022–2025 strategic plan is a continuation of AREA’s longstanding vision, updated for the challenges and opportunities AREA members face today.

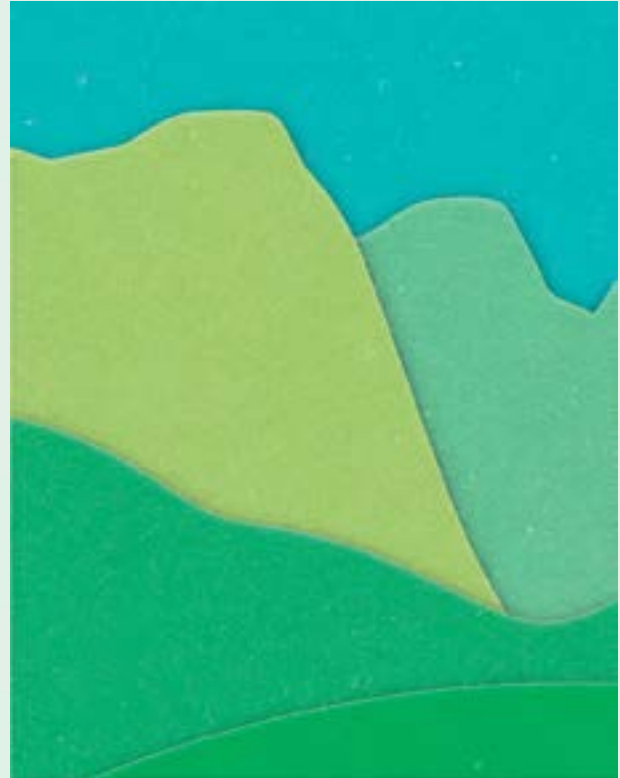


1. Elevate
2. Advocate
3. Support
4. Ensure

1. 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 2023, AREA:

Professional Development

- Launched *Back to Basics: Agency Relationships 2023* as this year's mandatory course to provide REALTORS® a refresher on the nuances of their responsibilities within agency relationships.
- Engaged with REALTORS® through member events, maintaining weekly blogs, regular webinars and *In Your AREA* podcasts.
- Developed enhanced offering for new members, drawing on feedback and assistance from the broker community, which will launch 2024.

Forms

- Launched video tutorials explaining the forms in easy language for REALTORS®.
- Aligned the Purchase Contract Section 5 (Land Title) and AREA Condo Forms.
- Worked with a third-party research firm to explore lawyer perceptions of the current residential purchase contract.
- Retired forms that have become redundant.

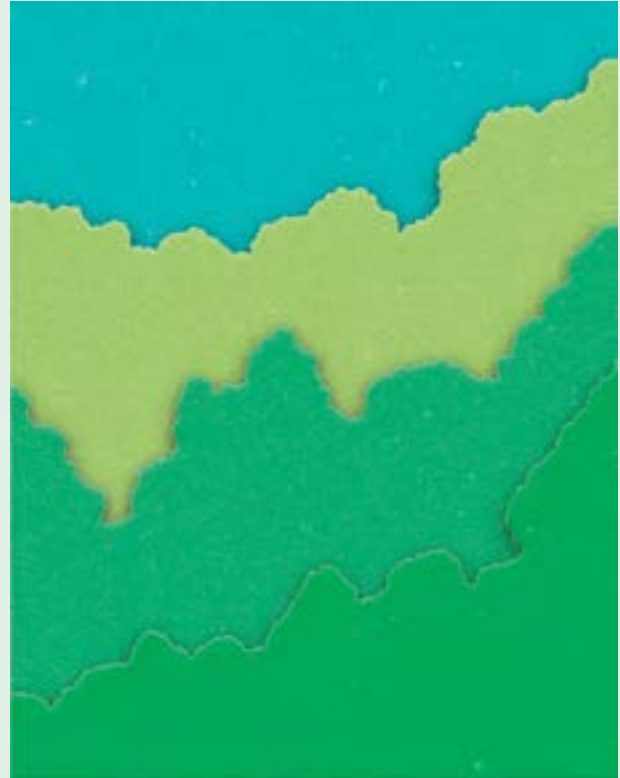
Practice Advice

- Returned to in-person industry events across the province, including presenting at the Legal Education Society of Alberta (LESA) conference.
- Reinforced provincial best practices through broker roundtables and brokerage visits.
- Hosted virtual and in-person discussions with new members.

2. 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 2023, 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.
- Secured the government's commitment that land titles will not be sold, but will be improved.
- Established relationships with newly elected officials, including sponsoring nonpartisan political Stampede events and our annual Government Liaison Days.
- Obtained government's support for municipal business license exemption for REALTORS®, as part of its red tape reduction initiatives.

Real Estate Council of Alberta

- Led working groups of the local Boards/Associations volunteers to write unified position submissions on the RECA Rules Review consultations.
- Advocated for improved educational competencies and examinations that focus on key regulatory knowledge and skills.
- Advocated for less red tape in processes and enforcement.

"AREA remains committed to advocacy for members to have fair, equitably applied, and limited regulations that protect consumers while not stifling independent business."

— **Brad Mitchell**, AREA CEO

3. 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.



In 2023, AREA:

- Engaged a third-party firm to learn what real estate lawyers have observed about AREA Forms usage. We then held an information session at the Legal Education Society of Alberta's (LESA) real estate conference in October to share findings and promote how AREA maintains its forms.
- Advanced \$5,746,470 in commissions to members.
- 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.
- Continued to work with government on how to improve and increase access to Alberta's Land Titles System.
- Engaged 100+ members on committees or working groups, from each of the 10 local Boards/Associations.

4. Ensure

AREA's organizational wellness

AREA values responsible fiscal stewardship and building a sustainable organization that can serve members for decades to come. 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 2023, AREA:

-
- Achieved an additional reduction of \$25 in member dues to \$275 in 2023, for a total of 29 per cent reduction since 2021.
 - Allocated an additional one million dollars to the Commission Assurance Fund.
 - Greater investment in pension fund by adding two million dollars, bringing the total contribution to three million.
 - Grew assets by 11 per cent, to \$14,791,991
 - Focused on organizational structure to build out succession planning for key positions.
-

“I am so proud of AREA’s staff team and amazed at the care they put into the work they do for members.”

- Hon. Iris Evans, *Public Member*

In 2023, AREA was recognized:

Great Place to Work®
(fourth consecutive year)



Best Workplaces™
in Real Estate &
Property Development



Member Advocacy

Designed to make precedent
setting change for members

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

AREA's Member Advocacy Committee manages the Member Advocacy Program, offering support to members confronting legal or regulatory challenges. The program aims to aid members treated unjustly by regulatory bodies or other entities. Members seeking assistance can apply through the committee, with requests assessed on a case-by-case basis. The committee currently evaluates requests based on three broad criteria:

1. In the opinion of the committee, has the member been treated unfairly?
2. Has the member tried to resolve the situation on their own?
3. Is the matter of provincial importance?

In 2023:

The Member Advocacy Program received eight new requests for support:

- Five requests were approved
- Three files were concluded
 - One from 2023
 - Two from previous years
- Currently nine files are open

“Member Advocacy has been a great resource of support for our members and really made a difference in helping protect their careers and livelihoods. I am so proud to be able to chair this committee”

– Shirley Williams, *Director at Large*

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



Tracy Carson
*Chair
AREA Director*



Roger Arsenault
*Foothills Region
Representative*



Jillian Chaffee-Dykslag
*Southern Region
Representative*



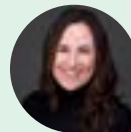
Patrick Galeslout
*Central Region
Representative*



Barb Read
HR Consultant



Madeline Sarafinchan
*Capital Region
Representative*



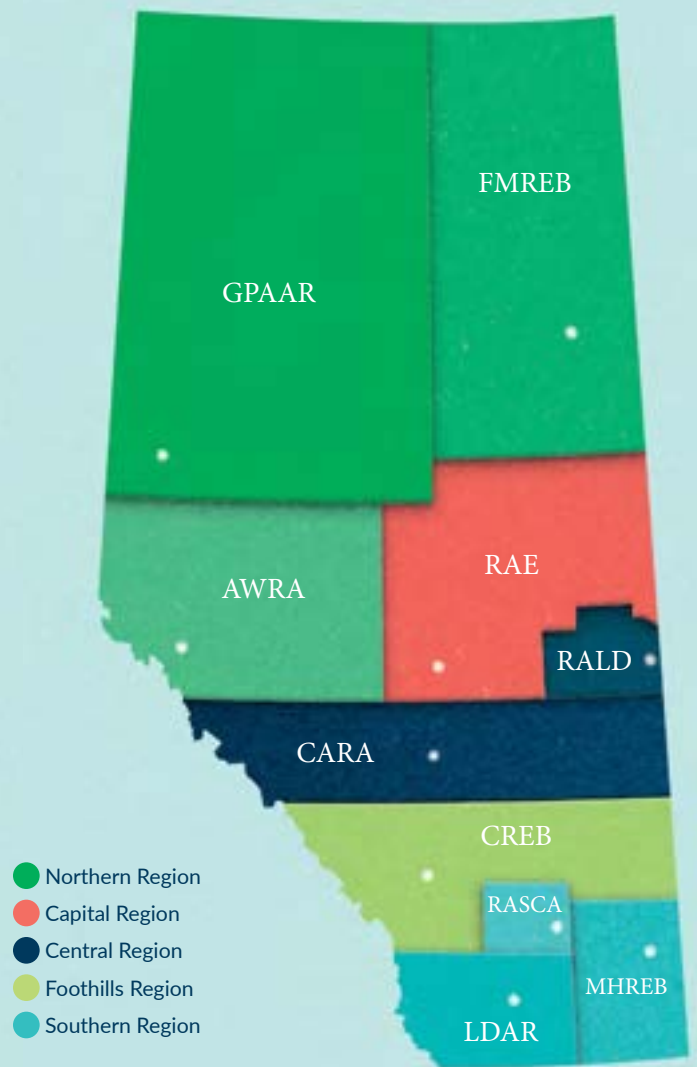
Jadene Spitzer
*Northern Region
Representative*

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 entirely of 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. AREA, alongside each regional Board/Association and the Canadian Real Estate Association (CREA) form the foundation for organized real estate, working in tandem to uphold the integrity of the real estate industry.

● AWRA/Alberta West REALTORS® Association

161 Members

Executive Officer: **Sandy Atfield**
President: **Janet Kuehn**

● CREB/Calgary Real Estate Board

7,390 Members

Executive Officer: **Alan Tennant**
Chair: **Christian Twomey**

● CARA/Central Alberta REALTORS® Association

618 Members

Executive Officer: **Larry Westergard**
Chair: **Michael Gouchie**

● FMREB/Fort McMurray Real Estate Board

124 Members

Executive Officer: **Brad Mitchell**
President: **Kristy Stonehouse**

● GPAAR/Grande Prairie & Area Association of REALTORS®

285 Members

Executive Officer: **Brad Mitchell**
President: **Sauna Gardner**

● LDAR/Lethbridge and District Association of REALTORS®

391 Members

Executive Officer: **Cathy Maxwell**
Chair: **Heleen Jacobsen**

● MHREB/Medicine Hat Real Estate Board

154 Members

Executive Officer: **Randeen Bray**
President: **Matt Teel**

● RAE/REALTORS® Association of Edmonton

3,898 Members

Executive Officer: **Darla Lindbjerg**
Chair: **Melanie Boles**

● RALD/REALTORS® Association of Lloydminster & District

89 Members

Executive Officer: **Brad Mitchell**
President: **Caleb McLean**

● RASCA/REALTORS® Association of South Central Alberta

69 Members

Executive Officer: **Brad Mitchell**
President: **Casey Christensen**

Management's Discussion & Analysis

Member Base

In 2023, AREA membership grew to 13,190. Now that the economy and job market has adapted to post-pandemic realities, we expect a stabilization of membership numbers, reflecting population growth, in the coming years.

The membership base creates a consistent and predictable revenue base on which management optimizes value for members. Assuming the membership base remains stable, the AREA Board of Directors voted to reduce dues by an additional \$25 for 2024 onward. This marks a total dues reduction of 27 per cent since 2021. In the unlikely event the organization faces a significant decrease in membership, AREA's fee structure would need to be re-examined.

Political and Regulatory Landscape

The current provincial government has stated its intention to cut red tape. The regulator, however, does not appear to be taking direction from the province, and continues to increase red tape. AREA foresees a significant investment of time and staffing resources to promote member-centric positions on the RECA Rules Review to avoid unnecessary complications and increased costs to licensees.

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 professional development, members programs and standardized real estate forms. Because real estate is under the provincial government, AREA also focuses on advocacy work with the provincial government, the provincial regulator, and key stakeholders.

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. Well-funded publicly traded companies have been entering the real estate

services market, threatening the structure of real estate as we know it.

AREA is committed to working with its members and partner Boards/Associations to ensure that the industry is best prepared to navigate changes in technology, data ownership and external threats.

On March 15, 2023, CREB® members voted on a proposal that would dissolve CREB® and transition its duties and memberships directly into AREA. The vote failed to meet the necessary 67 per cent threshold, with the voting membership split roughly down the middle. While votes in support were united in the desire for consolidation, the votes against the proposal contained vicissitudes, with reasons varying from wanting to maintain CREB®'s building, to concerns about retaining committee culture, to disliking the proposal's structure.

AREA will remain open to following its members' lead on the topic of consolidation. We do not see future possible consolidation subtracting from AREA's key offerings, but instead growing its localized offerings.

Pillar9™

AREA continues to hold a 10 per cent stake in Pillar9™, a jointly owned provincial MLS® system provider. 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. As a responsible co-owner, AREA is obligated to exercise its shareholder duties to ensure the company is operating to the benefit of members.

Pension Plan

Planning continues through a national working group on a pension plan that will allow REALTORS® to retire with additional financial security. While the program is not yet ready to launch, AREA has been putting aside restricted

assets to fund the eventual establishment of a licensed pension plan. AREA has allocated \$3 million to this endeavour to date.

Operational Spending

AREA's management team exercises careful oversight over operational costs and spending. Operational spending has increased with the re-introduction of licensing education to AREA's suite of services, but this spending is offset by the revenue generated from the program. Since the end of March, AREA has expanded its staff to ensure members and learners, who are potential future members, continue to receive the service levels they have come to expect.

Since 2019, AREA has contracted executive and administrative services to member Boards/Associations who request assistance. In 2023, AREA offered these services to four of its 10 member Boards/Associations: 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). AREA ensures these member Boards/Associations exercise their Board autonomy while maintaining their CREA minimum Board standards. AREA operates its executive and administrative services on a cost-recovery basis. Each Board/Association 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 government authorities. The program's costs 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 and complexity of cases that qualify for assistance. We are seeing a resurgence of requests for assistance given RECA's dogmatic and inconsistent approach

to disciplinary matters. 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.

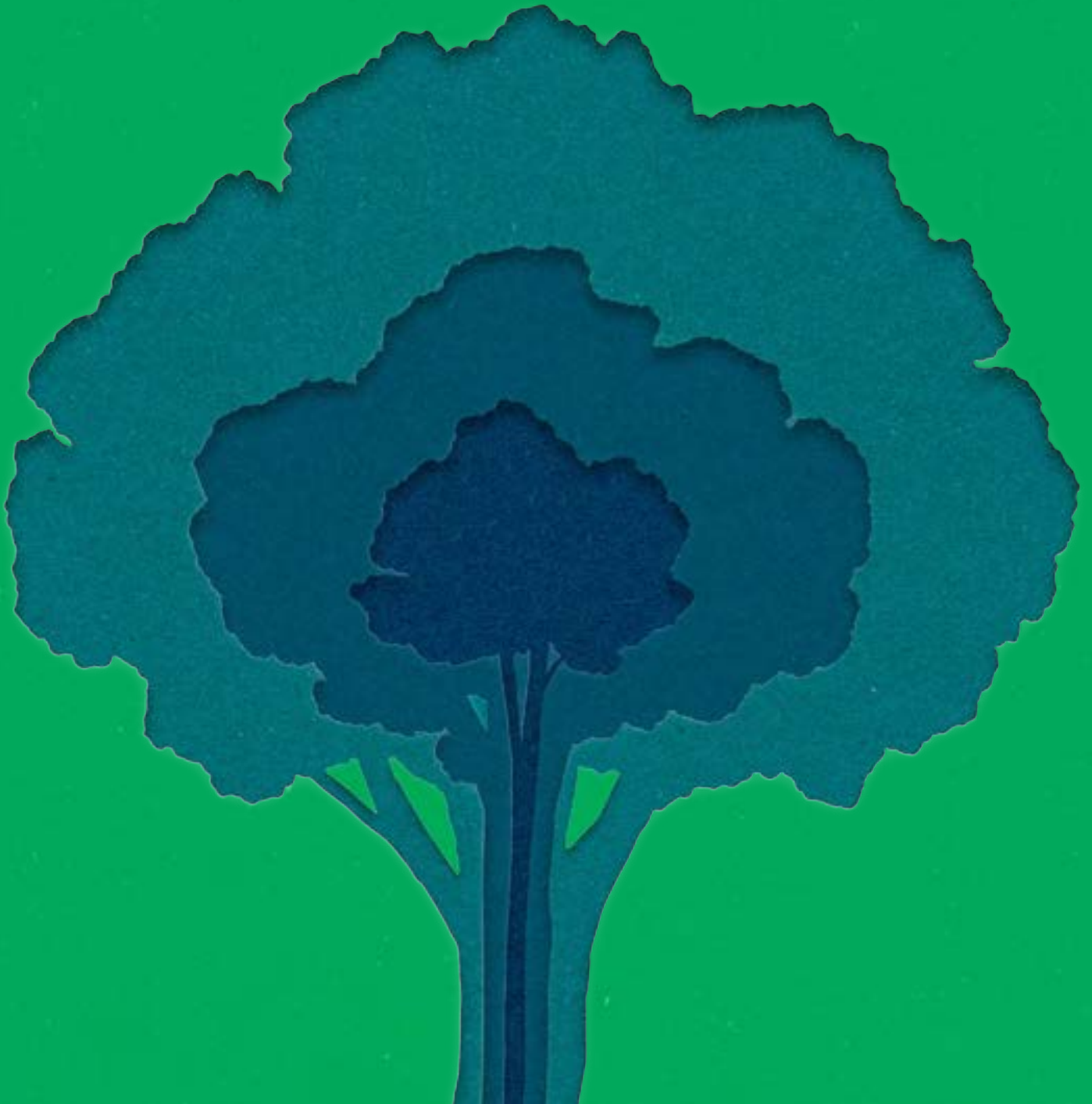
In December 2023, AREA and RECA resolved their ongoing legal proceedings. RECA paid AREA \$900,000 to settle and we are pleased the matter is closed.

AREA maintains a Commission Assurance Fund. This fund assists members by covering their unpaid commissions should their brokerage cease operations suddenly. The parameters of the program act as an early warning safeguard that should prevent the number of losses seen prior to the fund's establishment. In 2023, there were no claims against the fund. The AREA Board allocated an additional \$1 million to the fund in 2023, so that it now holds more than 1.5 times the program's maximum aggregate yearly payout (\$2 million). If AREA members face catastrophic losses that, over a couple years, increase beyond AREA's financial capacity, there is no guarantee that this program can continue.

AREA Services Corporation (Services Corp)

Services Corp has now completed its sixth year of operations and has demonstrated its ability to fulfill its mandate as a wholly owned taxable entity. The programs offered by Services Corp are subscribed to on a voluntary basis by AREA membership. There is an inherent risk to developing new program offerings that are adopted voluntarily. In each instance, the Services Corp Board minimizes the risks, while maximizing the benefits to members. There is no guarantee that AREA will maintain its current contracts with service providers, although years of demonstrated success have lessened this risk.

Consolidated Financials



Consolidated Financials

Combined Statement of Financial Position

October 31, 2023

	Operating Fund 2023	Assurance Fund 2023	Total 2023	Total 2022
Assets				
CURRENT				
Cash	\$2,729,293	-	\$ 2,729,293	\$ 1,228,234
Short-term investments	8,493,977	2,566,469	11,060,446	10,239,498
Accounts receivable	400,700	-	400,700	704,239
Contribution receivable	-	1,000,000	1,000,000	500,000
AREA Advance loans receivable	726,323	-	726,323	281,941
Frame loans receivable	106,663	-	106,663	19,469
Loans receivable	185,660	-	185,660	122,181
Government remittances	32,944	-	32,944	6,437
Prepaid expenses	211,995	-	211,995	1,444,687
Other current receivable	892,539	-	892,539	892,539
	13,780,094	3,566,469	17,346,563	15,439,225
PROPERTY AND EQUIPMENT (Net of accumulated amortization)	150,171	-	150,171	53,280
INTELLECTUAL PROPERTY (Net of accumulated amortization)	524,167	-	524,167	617,702
AREA WIRELESS DEVICE LOANS RECEIVABLE	208,110	-	208,110	34,612
DUE FROM RALD	67,343	-	67,343	83,921
INVESTMENT IN PILLAR9™	701,168	-	701,168	701,168
	\$ 15,431,053	\$ 3,566,469	\$ 18,997,522	\$ 16,929,908
Liabilities				
CURRENT				
Accounts payable and accrued liabilities	\$ 396,683	-	\$ 396,683	\$ 260,651
Contribution payable	1,000,000	-	1,000,000	500,000
Income taxes payable	13,193	-	13,193	-
Deferred income	859,056	-	859,056	835,125
Government remittances	-	-	-	79,405
	2,268,932	-	2,268,932	1,675,181
DEFERRED INCOME	669,297	-	669,297	1,176,378
	2,938,229	-	2,938,229	2,851,559
Net Assets				
INVESTED IN CAPITAL ASSETS	674,338	-	674,338	670,982
ASSURANCE FUND	-	3,566,469	3,566,469	2,521,928
RESTRICTED FUND	11,124,077	-	11,124,077	8,108,694
UNRESTRICTED FUND	694,409	-	694,409	2,776,745
	12,492,824	3,566,469	16,059,293	14,078,349
	\$ 15,431,053	\$ 3,566,469	\$ 18,997,522	\$ 16,929,908

Consolidated Financials

Combined Statement of Revenues and Expenditures

October 31, 2023

	Operating Fund 2023	Assurance Fund 2023	Total 2023	Total 2022
REVENUES				
Memberships	\$ 5,686,984	-	\$ 5,686,984	\$ 5,637,505
Wireless revenue	5,079,849	-	5,079,849	4,257,095
Other revenue	2,897,142	-	2,897,142	1,507,484
	13,663,975	-	13,663,975	11,402,084
COST OF SALES	4,535,376	-	4,535,376	4,001,956
GROSS PROFIT	9,128,599	-	9,128,599	7,400,128
EXPENSES				
Salaries and wages	3,349,726	-	3,349,726	2,918,793
General and administrative	1,495,805	15,845	1,511,650	1,174,495
Consulting and professional fees	1,435,417	-	1,435,417	1,049,284
Meetings and travel	635,949	-	635,949	384,695
Amortization	164,042	-	164,042	26,392
Bad debts	121,810	-	121,810	8,624
	7,202,749	15,845	7,218,594	5,562,283
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	1,925,850	(15,845)	1,910,005	1,837,845
OTHER INCOME				
Investment income	310,012	92,781	402,793	362,871
Interest income	96,262	-	96,262	-
Loss on disposal of capital asset	(5,003)	-	(5,003)	-
Realized (losses) gains on short-term investments	(6,261)	-	(6,261)	258,830
Unrealized losses on short-term investments	(23,110)	(32,395)	(55,505)	(532,692)
Ukraine initiative	(63,537)	-	(63,537)	(41,742)
Member advocacy fund	(102,308)	-	(102,308)	(166,246)
Real Estate Act rules review fund	(182,309)	-	(182,309)	-
Donation	-	-	-	(150,000)
	23,746	60,386	84,132	(268,979)
EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAXES	1,949,596	44,541	1,994,137	1,568,866
INCOME TAXES	13,193	-	13,193	-
EXCESS OF REVENUES OVER EXPENSES	\$ 1,936,403	44,541	\$ 1,980,944	\$ 1,568,866

Consolidated Financials

Combined Statement of Changes in Net Assets

October 31, 2023

	Invested in Capital Assets 2023	Assurance Fund 2023	Restricted Fund 2023	Unrestricted Fund 2023	Total 2023	Total 2022
NET ASSETS - BEGINNING OF YEAR	\$ 670,982	\$ 2,521,928	\$ 8,108,694	\$ 2,776,745	\$ 14,078,349	\$ 12,509,483
Excess of revenues over expenses	-	44,541	(284,617)	2,221,020	1,980,944	1,568,866
Investment in capital assets	172,401	-	-	(172,401)	-	-
Amortization of capital assets	(164,042)	-	-	164,042	-	-
Loss on disposal of capital asset	(5,003)	-	-	5,003	-	-
Transfer to Pension Fund	-	-	2,000,000	(2,000,000)	-	-
Transfer to Business Continuity	-	-	1,300,000	(1,300,000)	-	-
Transfer to Commission Assurance Fund	-	1,000,000	-	(1,000,000)	-	-
NET ASSETS - END OF YEAR	\$ 674,338	\$ 3,566,469	\$ 11,124,077	\$ 694,409	\$ 16,059,293	\$ 14,078,349

Notes to Combined Compiled Financial Information

October 31, 2023

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, 2023, and the combined statements of revenues and expenditures and changes in net assets for the year then ended is on 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, 2023, 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, 2023, 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 14, 2023



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

Alberta Real Estate Association

Statement of Financial Position

October 31, 2023

	Operating Fund 2023	Assurance Fund 2023	Total 2023	Total 2022
Assets				
CURRENT				
Cash	\$ 2,194,742	-	\$ 2,194,742	\$ 614,802
Short-term investments (Note 4)	8,393,977	2,566,469	10,960,446	10,189,498
Accounts receivable	31,561	-	31,561	242,276
Contribution receivable (Note 5)	-	1,000,000	1,000,000	500,000
Government remittances	654	-	654	6,437
Prepaid expenses	209,186	-	209,186	335,314
Other current receivable (Note 7)	892,539	-	892,539	892,539
	11,722,659	3,566,469	15,289,128	12,780,866
PROPERTY AND EQUIPMENT (Note 8)	150,171	-	150,171	53,280
INTELLECTUAL PROPERTY (Note 9)	524,167	-	524,167	617,702
DUE FROM RALD	67,343	-	67,343	83,921
INVESTMENT IN SUBSIDIARY (Note 10)	639,700	-	639,700	555,054
INVESTMENT IN PILLAR9™ (Note 11)	701,168	-	701,168	701,168
	\$ 13,805,208	\$ 3,566,469	\$ 17,371,677	\$ 14,791,991
Liabilities				
CURRENT				
Accounts payable	\$ 331,838	-	\$ 331,838	\$ 236,096
Contribution payable (Note 5)	1,000,000	-	1,000,000	500,000
Deferred income	3,000	-	3,000	-
	1,334,838	-	1,334,838	736,096
Net Assets				
INVESTED IN CAPITAL ASSETS	674,338	-	674,338	670,982
COMMISSION ASSURANCE FUND	-	3,566,469	3,566,469	2,521,928
RESTRICTED FUND (Note 14)	11,124,077	-	11,124,077	8,108,694
UNRESTRICTED FUND	671,955	-	671,955	2,754,291
	12,470,370	3,566,469	16,036,839	14,055,895
	\$ 13,805,208	\$ 3,566,469	\$ 17,371,677	\$ 14,791,991

Alberta Real Estate Association

Statement of Revenues and Expenditures

October 31, 2023

	Operating Fund 2023	Assurance Fund 2023	Total 2023	Total 2022
REVENUES				
Membership fees	\$ 5,686,984	-	\$ 5,686,984	\$ 5,637,505
Education	2,357,665	-	2,357,665	1,010,221
Other revenue	377,361	-	377,361	375,263
	8,422,010	-	8,422,010	7,022,989
EXPENSES				
Salaries and benefits	2,987,756	-	2,987,756	2,619,654
Consulting	748,269	-	748,269	609,092
Professional fees	664,940	-	664,940	425,984
General and administrative	623,617	15,845	639,462	473,534
Conferences and events	414,629	-	414,629	211,843
Education	382,394	-	382,394	128,110
Rent and operating costs	329,464	-	329,464	345,450
Meetings and travel	221,320	-	221,320	172,853
Employee and family assistance program	25,937	-	25,937	19,175
Provincial administrative justice program	16,694	-	16,694	146,574
	6,415,020	15,845	6,430,865	5,152,269
EXCESS OF REVENUES OVER EXPENSES BEFORE INVESTMENT INCOME AND OTHER ITEMS				
	2,006,990	(15,845)	1,991,145	1,870,720
INVESTMENT INCOME				
Investment income	310,012	92,781	402,793	362,871
Equity income (loss) from subsidiary (Note 10)	84,646	-	84,646	(6,482)
Interest income	81,325	-	81,325	-
Realized (losses) gains on short-term investments	(6,261)	-	(6,261)	258,829
Unrealized losses on short-term investments	(23,110)	(32,395)	(55,505)	(532,692)
	446,612	60,386	506,998	82,526

Alberta Real Estate Association

Statement of Revenues and Expenditures *(continued)*

October 31, 2023

	Operating Fund 2023	Assurance Fund 2023	Total 2023	Total 2022
OTHER ITEMS				
Real Estate Act rules review fund	182,309	-	182,309	-
Amortization of capital assets	164,042	-	164,042	26,392
Member advocacy fund	102,308	-	102,308	166,246
Ukraine initiative	63,537	-	63,537	41,742
Loss on disposal of capital asset	5,003	-	5,003	-
Donation	-	-	-	150,000
	517,199	-	517,199	384,380
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 1,936,403	\$44,541	\$ 1,980,944	\$ 1,568,866

Statement of Changes in Net Assets

October 31, 2023

	Invested in Capital Assets	Commission Assurance Fund	Restricted Fund	Unrestricted Fund	Total 2023	Total 2022
NET ASSETS - BEGINNING OF YEAR	\$ 670,982	\$ 2,521,928	\$ 8,108,694	\$ 2,754,291	\$ 14,055,895	\$ 12,487,029
Excess of revenues over expenses	-	44,541	(284,617)	2,221,020	1,980,944	1,568,866
Investment in capital assets	172,401	-	-	(172,401)	-	-
Amortization of capital assets	(164,042)	-	-	164,042	-	-
Loss on disposal of capital asset	(5,003)	-	-	5,003	-	-
Transfer to Pension Fund <i>(Note 14)</i>	-	-	2,000,000	(2,000,000)	-	-
Transfer to Business Continuity <i>(Note 14)</i>	-	-	1,300,000	(1,300,000)	-	-
Transfer to Commission Assurance Fund <i>(Notes 5, 14)</i>	-	1,000,000	-	(1,000,000)	-	-
NET ASSETS - END OF YEAR	\$ 674,338	\$ 3,566,469	\$ 11,124,077	\$ 671,955	\$ 16,036,839	\$ 14,055,895

Alberta Real Estate Association

Statement of Cash Flows

October 31, 2023

	Total 2023	Total 2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,980,944	\$ 1,568,866
Items not affecting cash:		
Equity (income) loss from subsidiary	(84,646)	6,482
Realized losses (gains) on short-term investments	6,261	(258,829)
Unrealized losses on short-term investments	55,505	532,692
Amortization of capital assets	164,042	26,392
Loss on disposal of capital asset	5,003	-
	2,127,109	1,875,603
Changes in non-cash working capital:		
Accounts receivable	210,715	(45,309)
Interest receivable	(7,494)	(10,195)
Government remittance	5,783	5,838
Prepaid expenses	126,128	(154,180)
Accounts payable	95,741	(600,032)
Deferred income	3,000	-
	433,873	(803,878)
Cash flow from operating activities	2,560,982	1,071,725
INVESTING ACTIVITIES		
Increase in short-term investments	(825,219)	(291,710)
Purchase of capital assets	(134,895)	(33,660)
Cost of intellectual property	(37,506)	(617,702)
Advances from RALD	16,578	7,623
Purchase of additional shares of Pillar9™	-	(267,303)
Advances from subsidiary	-	105,452
Cash flow (used by) investing activities	(981,042)	(1,097,300)
INCREASE (DECREASE) IN CASH FLOW	1,579,940	(25,575)
CASH – beginning of year	614,802	640,377
CASH – END OF YEAR	\$ 2,194,742	\$ 614,802

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. 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 and cash equivalents include cash on hand, cash deposits held with Canadian chartered banking institutions, and cheques issued and outstanding.

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 include cash & cash equivalents, short-term investments, accounts receivable, other current receivables, and the amount receivable from RALD.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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 declining balance 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	5 years straight-line method
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Intellectual property acquired during the year but not placed into use is not amortized until it has been placed into use.

October 31, 2023

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:

	2023 Cost	2023 Market Value	2022 Cost	2022 Market Value
Operating fund short-term investments				
Cash and cash equivalents	\$ 489,096	\$ 490,018	\$ 428,382	\$ 428,382
Fixed income				
Canadian	2,753,819	2,701,087	2,639,698	2,564,044
U.S.	715,938	696,167	715,938	685,788
Foreign	-	-	155,150	148,507
	3,469,757	3,397,254	3,510,786	3,398,338
Equity				
Canadian	1,589,724	2,466,925	1,362,317	2,533,578
U.S.	499,346	1,341,393	499,346	1,310,085
Foreign	400,983	698,387	400,983	497,187
	2,490,053	4,506,705	2,262,646	4,340,850
	\$ 6,448,906	\$ 8,393,977	\$ 6,201,814	\$ 8,167,570
Assurance fund short-term investments				
Cash and cash equivalents	\$ 136,772	\$ 137,358	\$ 162,106	\$ 162,106
Fixed income				
Canadian	1,211,275	1,213,484	669,665	666,376
U.S.	48,735	49,643	-	-
	1,260,010	1,263,126	669,665	666,376
Equity				
Canadian	404,623	645,529	397,768	725,427
U.S.	111,863	344,156	118,863	342,245
Foreign	109,323	176,300	102,323	125,775
	625,809	1,165,985	618,954	1,193,446
	\$ 2,022,591	\$ 2,566,469	\$ 1,450,725	\$ 2,021,928

October 31, 2023

5. CONTRIBUTION

The Association's Board of Directors have approved a \$1,000,000 contribution flowing from the Unrestricted Fund to the Commission Assurance Fund. The transfer of funds will occur subsequent to year end.

6. RELATED PARTY TRANSACTIONS

The following is a summary of the Association's related party transactions:

	2023	2022
Board of Directors <i>(Significant influence)</i> Honorariums included in salaries and benefits	\$ 175,175	\$ 160,272

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. OTHER CURRENT RECEIVABLE

The other current receivable amount is for legal expenses incurred relating to member advocacy. Subsequent to the fiscal year, a settlement was reached on the claim to which the receivable balance relates.

8. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Information technology	\$ 206,619	\$ 56,448	\$ 150,171	\$ 51,822
Office furnishings	-	-	-	855
Office equipment	-	-	-	603
	\$ 206,619	\$ 56,448	\$ 150,171	\$ 53,280

9. INTELLECTUAL PROPERTY

	2023	2022
Licensing education	\$ 655,208	\$ 617,702
Accumulated amortization	(131,041)	-
	\$ 524,167	\$ 617,702

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

October 31, 2023

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, 2023 the financial statements of the subsidiary company consisted of:

	2023	2022
Balance Sheet	\$ 2,265,534	\$ 2,692,971
Total assets	1,603,391	2,115,474
Total liabilities	662,143	577,497
Equity		
Statement of Income		
Revenue	5,256,902	4,379,095
Expenses	(5,172,256)	(4,385,577)
Net income (loss)	84,646	(6,482)
Statement of Cash Flows		
Cash flow used by/from operating activities	(28,881)	69,103
Cash flow used by investing activities	(50,000)	(50,000)
Cash flow used by financing activities	-	(105,452)
Decrease in cash flow	(78,881)	(86,349)

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/association in the province of Alberta. The investment consists of 10,000 Class A Common Shares and 602,067 Class Common Non-Voting Shares.

	2023	2022
10,000 Class A Common Shares	\$ 10,000	\$ 10,000
602,067 Class C Common Non-Voting Shares	691,168	691,168
	\$ 701,168	\$ 701,168

12. CORPORATE CREDIT CARDS

The Association has corporate Visa credit cards with a combined credit limit of \$125,000 (2022 – \$102,000). Included in accounts payable is the combined outstanding amounts on these credit cards of \$72,808 (2022 – \$60,747).

13. LEASE COMMITMENTS

The Association has a long-term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at October 31, 2023, are as follows:

2024	2025	2026	2027	Total
\$ 259,724	\$ 259,724	\$ 259,724	\$ 151,505	\$ 930,677

14. RESTRICTED NET ASSETS

At October 31, 2023, the Association has internally restricted net assets to be used for the purposes and amounts as follows:

Business Continuity – 9-Months Operating

The Association has allocated funds to support its ongoing operations in the event of cash flow fluctuations throughout the year. Under Business Continuity, there were three suballocated funds that are no longer needed. The suballocated fund called 9-Months Operating remains as the sole fund to support business continuity. The suballocated fund called business continuity was closed and money allocated to the Land Titles Enhancement Fund (\$2,000,000) and 9-Months Operating (\$888,407). The Annual Technology Maintenance Fund was closed as these expenses are included in the annual budgeting process, and balance transferred to the Real Estate Act Rules Review Fund (\$392,516).

The balance available is \$5,688,407 (2022 – \$6,780,923).

Member Advocacy Fund

The Association maintains funds for the work undertaken by the Member Advocacy Committee. The balance available is \$225,462 (2022 – \$327,771).

Member Pension Fund

The Association allocated funds for use towards a member pension fund. The balance available is \$3,000,000 (2022 – \$1,000,000).

Real Estate Act Rules Review Fund

During the year, the Association allocated funds to support the required work on RECA's rules review over the next few years. The balance available is \$210,208 (2022 – \$nil).

Land Titles Enhancement Fund

During the year, the Association allocated funds to support enhancements to the Land Titles system. The balance available is \$2,000,000 (2022 – \$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, 2023.

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. COMPARATIVE FIGURES

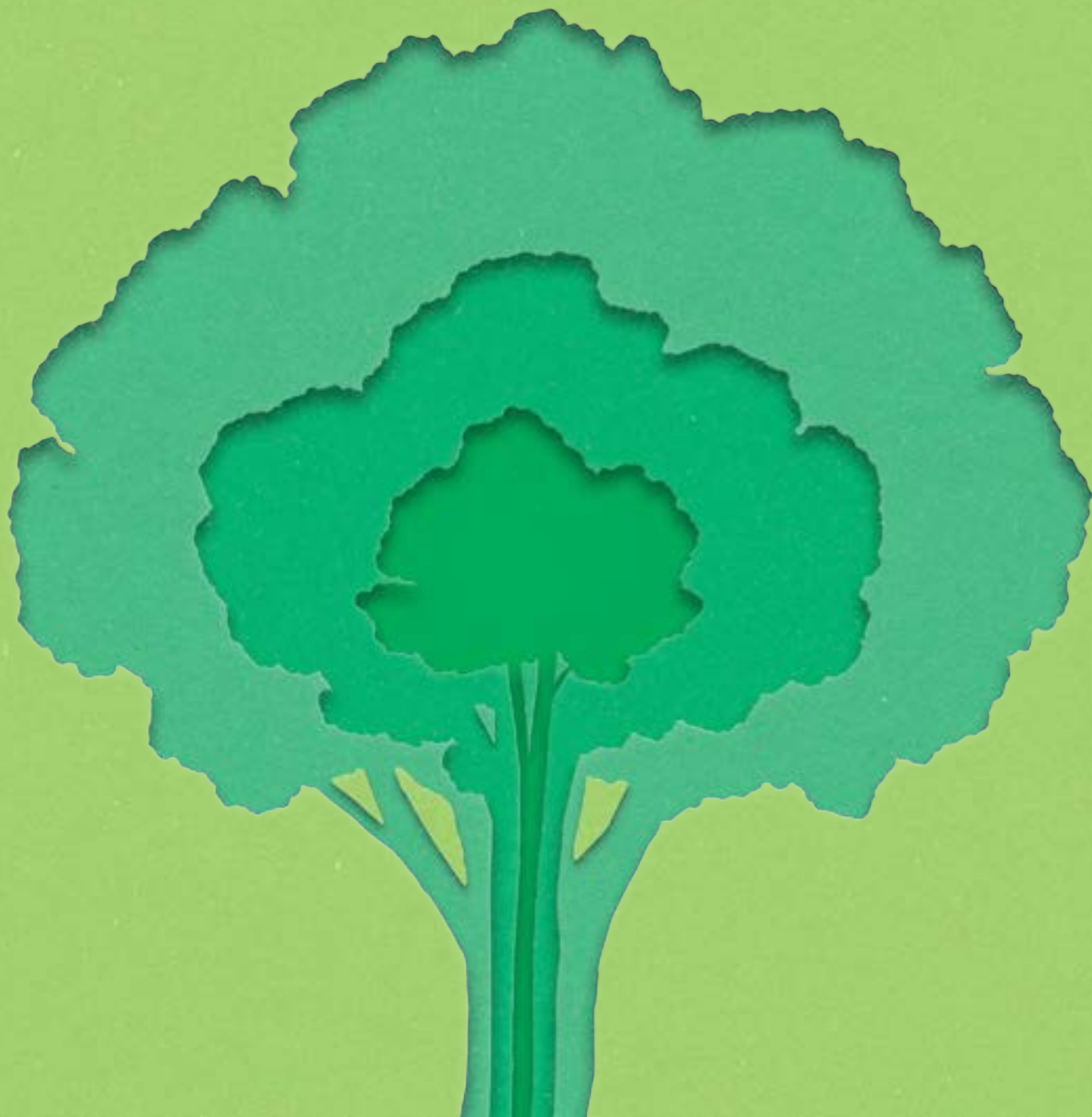
Some of the comparative figures have been reclassified to conform to the current year's presentation.

17. 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 Real Estate 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, 2023, 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, 2023, 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 14, 2023



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

AREA Real Estate Services Corporation

Balance Sheet

October 31, 2023

	2023	2022
Assets		
CURRENT		
Cash	\$ 534,551	\$ 613,432
Short-term investments (Note 4)	100,000	50,000
Accounts receivable	369,128	461,963
AREA Advance loans receivable	726,323	281,941
Frame loans receivable	106,663	19,469
Area WIRELESS device loans receivable – current (Note 5)	185,660	122,181
Government remittances	32,290	-
Prepaid expenses	2,809	1,109,373
	2,057,424	2,658,359
AREA WIRELESS DEVICE LOANS RECEIVABLE (Note 5)	208,110	34,612
	\$ 2,265,534	\$ 2,692,971
Liabilities		
CURRENT		
Accounts payable and accrued liabilities	\$ 64,845	\$ 24,566
Income taxes payable (Note 7)	13,193	-
Deferred revenue – AREA Advance (Note 8)	22,509	7,335
Deferred revenue – Frame (Note 9)	3,117	475
Deferred revenue – vendor incentives (Note 10)	830,430	827,315
Government remittances	-	79,405
	934,094	939,096
DEFERRED REVENUE – VENDOR INCENTIVES (Note 10)	669,297	1,176,378
	1,603,391	2,115,474
Shareholders' Equity		
SHARE CAPITAL (Note 12)	10	10
RETAINED EARNINGS	662,133	577,487
	662,143	577,497
	\$ 2,265,534	\$ 2,692,971

AREA Real Estate Services Corporation

Statement of Income

October 31, 2023

	2023	2022
REVENUES		
Area WIRELESS – plan rates and charges	\$ 5,079,849	\$ 4,257,095
AREA Advance – interest	145,515	112,872
Frame – interest	14,225	6,752
PST recoverable	2,376	2,376
	5,241,965	4,379,095
COST OF SALES		
Area WIRELESS – plan fees	4,470,457	3,952,755
AREA Advance – administration fees	58,796	46,337
Frame – administration fees	6,123	2,863
	4,535,376	4,001,955
GROSS PROFIT	706,589	377,140
EXPENSES		
Salaries and benefits	361,970	299,139
General and administrative	107,796	56,365
Bad debts – Area WIRELESS	102,598	8,624
Professional fees	22,208	14,208
Bad debts – AREA Advance	19,212	-
Insurance	9,903	5,286
	623,687	383,622
INCOME (LOSS) FROM OPERATIONS	82,902	(6,482)
OTHER INCOME	14,937	-
INCOME (LOSS) BEFORE INCOME TAXES	97,839	(6,482)
INCOME TAXES (Note 7)	13,193	-
NET INCOME (LOSS)	84,646	(6,482)
RETAINED EARNINGS – BEGINNING OF YEAR	577,487	583,969
RETAINED EARNINGS – END OF YEAR	\$ 662,133	\$ 577,487

AREA Real Estate Services Corporation

Statement of Cash Flows

October 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Net income (loss)	\$ 84,646	(\$ 6,482)
Changes in non-cash working capital:		
Accounts receivable	(438,740)	(160,469)
Wireless device loans receivable	(236,977)	10,204
Government remittances	(111,695)	124,202
Prepaid expenses	1,106,564	(1,108,404)
Accounts payable and accrued liabilities	40,278	1,251
Income taxes payable	13,193	(274)
Deferred revenue	(486,150)	1,209,075
	(113,527)	75,585
Cash flow from (used by) operating activities	(28,881)	69,103
INVESTING ACTIVITY		
Short-term investments	(50,000)	(50,000)
FINANCING ACTIVITY		
Advances (to) from related parties	-	(105,452)
DECREASE IN CASH FLOW	(78,881)	(86,349)
Cash - beginning of year	613,432	699,781
CASH - END OF YEAR	\$ 534,551	\$ 613,432

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 and cash equivalents include cash on hand, cash deposits held with Canadian chartered banking institutions, and cheques issued and outstanding.

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 include cash, short-term investments, accounts receivable, loans receivable, and long-term loan and notes receivable.

Financial liabilities measured at amortized cost include accounts payable, and accrued liabilities.

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.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. SHORT-TERM INVESTMENTS

	2023	2022
Guaranteed investment certificate (GIC), bearing interest at 4.40% per annum, maturing on April 5, 2024	\$ 50,000	-
Guaranteed investment certificate (GIC), bearing interest at 4.05% per annum, maturing on March 2, 2024	50,000	-
Guaranteed investment certificate (GIC), bearing interest at 0.35% per annum, maturing on March 1, 2023	-	50,000
	\$ 100,000	\$ 50,000

AREA Real Estate Services Corporation

Notes to Financial Statements *(continued)*

October 31, 2023

5. AREA WIRELESS DEVICE LOANS

The program offers device loans as a retention and growth strategy. The loan allows the member to acquire a new wireless device and then is amortized into wireless expense over the term of the wireless device loan contract.

	2023	2022
Opening balance	\$ 156,793	\$ 166,997
Area WIRELESS device loans approved in the year	461,587	163,979
Device loans collected	(224,610)	(172,118)
Provision for bad debt	-	(2,065)
	393,770	156,793
Portion of device loans to be collected in the next year	(185,660)	(122,181)
Portion of device loans to be collected in subsequent years	\$ 208,110	\$ 34,612

The Company no longer uses its own cash to finance device loans and instead Rogers finances under the same terms.

6. CORPORATE CREDIT CARDS

The Company has corporate Visa credit cards with a combined credit limit of \$20,000 (2022 - \$nil). Included in accounts payable is the combined outstanding amounts on these credit cards of \$53 (2022- \$nil).

7. INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 46.00% (2022 - 46.00%) to the income for the year and is reconciled as follows:

There was no income tax provision recorded in the previous year as the Company operated at a loss. The loss, after reconciling items, was carried forward and applied against the current year income tax provision.

	2023	2022
Income (loss) before income taxes	\$ 97,839	\$ (6,482)
Income tax expense (recoverable) at the combined basic federal and provincial tax rate:	\$ 45,006	\$ (2,982)
Increase (decrease) resulting from:		
Non-deductible expenses	1,181	65
Non-capital loss carried forward	(2,917)	2,917
Federal tax abatement	(9,207)	-
Small business deduction	(20,870)	-
Income tax expense	\$ 13,193	-

8. 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.

	2023	2022
Deferred revenue - AREA Advance	\$ 22,509	\$ 7,335

9. 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.

	2023	2022
Deferred revenue - Frame	\$ 3,117	\$ 475

October 31, 2023

10. 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.

	2023	2022
Opening balance	\$ 2,003,963	\$ 797,133
Activation credits received in the year	404,628	1,838,602
Activation credits recognized in revenue	(908,864)	(632,042)
	1,499,727	2,003,693
Portion of activation credits to be recognized in the next year	(830,430)	(827,315)
Portion of activation credits to be recognized in subsequent years	\$ 669,297	\$ 1,176,378

11. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions:

	2023	2022
Board of Directors (Significant influence) Honorariums included in salaries and benefits	\$ 11,926	\$ 13,677

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. SHARE CAPITAL

Issued

	2023	2022
Class A Common Voting Shares	\$ 10	\$ 10

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, 2023.

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.



“Entering 2024, rest assured that at AREA, our commitment is unwavering support for our members. We are dedicated to championing professionalism and upholding the integrity of the real estate industry in Alberta.”

- Brad Mitchell, AREA CEO





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