



2021 Annual Report



Real Estate
Council of Ontario

Table of contents

Corporate profile	1
Chair's message	2
CEO's message	3
Registrar's message	4
Strategic plan 2019-2023	5
Report on objectives	6
By the numbers	9
Financials	21
Independent auditors' report	24
Governance	45



Corporate profile

Introduction

The Real Estate Council of Ontario (RECO) is a not-for-profit corporation established in 1997, responsible for administering the *Real Estate and Business Brokers Act, 2002* (REBBA) on behalf of the Government of Ontario. Key to its mandate is consumer protection in the public interest through a fair, safe and informed marketplace.

RECO protects the public interest through:

- Enforcing the standards required to obtain and maintain registration as a brokerage, broker or salesperson
- Establishing registrant education requirements, including pre-registration, articling, broker and continuing education
- Conducting inspections of brokerages to ensure compliance with REBBA and to support brokerage compliance by educating brokers
- Addressing inquiries, concerns and complaints about the conduct of registrants and taking appropriate action to protect the public interest
- Establishing and administering insurance requirements, with a focus on protection for consumer deposits
- Promoting ongoing education for—and competent, knowledgeable and professional service by—RECO staff

Profile

RECO is committed to administering the law in the public interest, enhancing consumer confidence in the real estate profession, and raising professional standards. We work to fulfill this goal through the regulation of RECO's more than 100,000 registrants.

The Government of Ontario sets the rules that real estate salespersons, brokers and brokerages must follow in REBBA. On behalf of the provincial government, RECO enforces REBBA, which includes a Code of Ethics for its registrants.

Mission

To promote a fair, safe and informed real estate market for consumers in Ontario through effective and innovative regulation of the services offered by those who trade in real estate.

Vision

A real estate marketplace in Ontario where buyers and sellers are well informed and protected, and where transactions are conducted fairly.

In 2021, RECO refreshed its corporate values. Through an organization-wide consultation process, the following statement of values has been established.

Values

1. Be intentional in all actions

We act consciously and deliberately in our actions to achieve the most appropriate outcome.

2. Act with integrity

We act honestly and consistently, displaying fairness and equity in decision-making.

3. Embrace curiosity

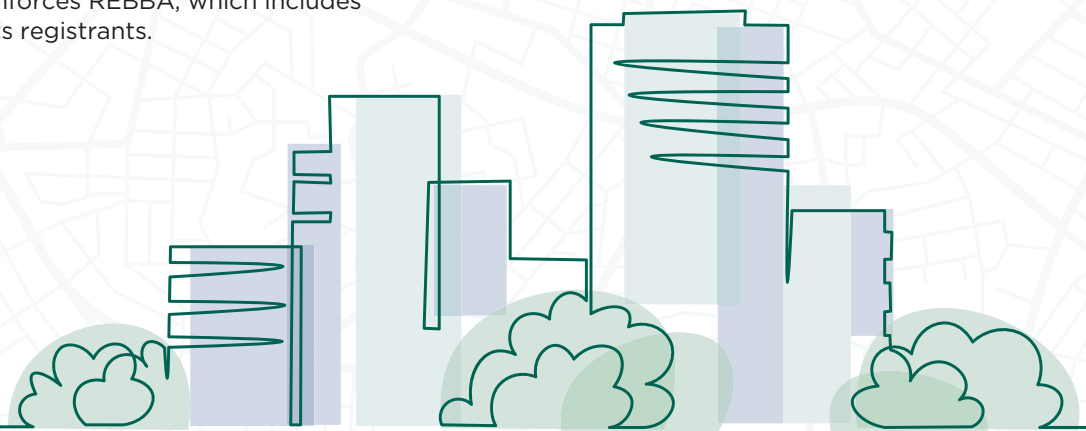
We are inquisitive, taking an interest in ideas and perspectives of others, and are committed to continual improvement.

4. Be strategically agile

We make responsiveness a priority by monitoring our changing environment and being ready to act and modernize as needed.

5. Model empathy and choose inclusivity

We act with respect, commitment, and courage, engaging with people empathically and considering their backgrounds and perspectives.



Chair's message

As chair of the RECO Board of Directors, I saw RECO, consumers and the 100,000+ registrants in Ontario continue to grapple with the uncertainty of a year that started and ended during a global pandemic.

Despite these challenges, we have continued to see the real estate industry find ways to adapt, innovate, persevere, and thrive.

RECO, too, has adapted and innovated.

Modernizing services

RECO continued to improve its registrant database and self-serve portal (MyWeb) by moving all new and renewal applications for registrants online. RECO also introduced online payments for all fees.

RECO also implemented improvements to the complaints program in 2021. A new complaints policy framework was introduced, along with a revised and enhanced decision letter, and an innovative response form was integrated within RECO MyWeb.

This modernization allows RECO to provide better service to registrants, and supports RECO's strategic goal to deliver innovative, progressive regulation.

Commitment to service quality

To evolve effectively, it is important for RECO to hear the voices of key stakeholders.

Every two years, RECO surveys registrants to understand their level of satisfaction with RECO's efforts to meet their needs, as well as the effectiveness of our programs and activities.

In 2021, almost 11,000 registrants submitted valid (complete or near-complete) responses—the highest number ever achieved on this survey. I am pleased to report that the results show 76 per cent of registrants are 'very satisfied' with RECO overall, representing a significant improvement over the previous survey results.

RECO also surveyed 1,264 consumers in 2021. Results showed that 74 per cent of Ontarians surveyed are aware that real estate is a regulated profession, and 80 per cent think buyers and sellers are protected. Further, all 27 consumers who had an interaction with RECO within the previous five years reported that those interactions and outcomes were satisfactory.

Increasing stability

The board of directors approved a \$20 subsidy per registrant from the Program Stability Fund to offset the premium increase required by insurers for potential negative claim outcomes because of the pandemic.

The fund is intended to protect registrants from significant future increases in insurance premiums or other events that could affect registrants, such as changes in program coverage.

Continued learning

RECO partnered with the Ontario Human Rights Commission to launch the Human Rights Fundamentals Mandatory Continuing Education (MCE) elective. This course is important and timely and provides learners with a greater understanding of racial discrimination. It also teaches them how to identify, prevent and address discrimination, and covers human rights protections under Ontario's Human Rights Code. I'm proud to see this important conversation and opportunity for learning taking place in our industry.

We are pleased, too, that the program was recognized with a Hermes Creative learning industry gold award of excellence in web-based training for the MCE elective Compliance and Ethics in Real Estate, Parts 1 and 2.

The year of 2022 will see the development of the next phase of RECO's registration education program through an open market for the delivery of the programs, as well as further enhancements to the MCE program to improve learner experience and administrative capabilities.

Celebrating success

It has been an honour to serve as chair of the RECO Board of Directors. I want to thank the board for their support and contributions, as well as RECO's executives, leaders and staff for their commitment and hard work.



STEVE BOXMA

CEO's message

Driving purpose with values

As we entered year three of our five-year strategic plan, we identified the values we believe will support our purpose, achieve our vision, and serve as guiding principles in everything we do as RECO employees. We landed on five themes that we believe can translate into a refreshed set of corporate values to pave the path forward:

1. Be **intentional** in all actions
2. Act with **integrity**
3. Embrace **curiosity**
4. Be strategically **agile**
5. Model **empathy** and choose **inclusivity**

Putting people first

This year we saw the impact the pandemic had on our business operations, but just as importantly we also looked at the challenges of isolation and uncertainty that have affected the well-being of our staff. Earlier in the year, we surveyed staff to learn more about their vision for our post-pandemic work environment. What they told us can be categorized into several key themes: greater work-life balance, more remote working opportunities, flexibility, and safe workplaces.

As a result of this valuable staff input, we decided to make the transition to a hybrid workplace model and identified our future, scaled-down office space. We believe this will give us a competitive advantage in the increasingly challenging human resource market and contribute positively to our long-term retention strategy, while also prioritizing the health and wellness of our valued workforce.

Increasingly digital and forever changed

To be effective and efficient, an organization needs a robust technological infrastructure. In 2021, RECO started to move some critical systems to the cloud, which provides better security, stability and scalability. Our call centre and internal phone system were migrated to a cloud-based solution to better meet the needs of a remote workforce and reduce interruptions in service. To further improve security, we introduced new programs to help ensure that any vulnerabilities in RECO's systems are proactively addressed to reduce the probability of cybersecurity breaches.

Supporting industry reform

We worked closely with the government on developing and promoting additional regulations. In 2020, the first phase of regulation changes allowed salespersons and

brokers to incorporate and be paid through a personal real estate corporation (PREC), and allowed them to use more recognizable terms, such as "real estate agent" and "REALTOR®," to describe brokers and salespersons in advertisements. By the end of 2021, a total of 10,655 RECO registrants identified as having registered a PREC.

In the spring, the government also sought input on a new code of ethics to enhance professionalism and consumer protection. I am proud of the contribution the RECO team made to support the development, analysis and implementation of the changes through the second phase of draft regulations needed to bring the *Trust in Real Estate Services Act, 2020* legislative changes into force in the future. Consultations on draft regulations began in late 2021.

Steady financial position

Real estate in Ontario continued to be an attractive career path in 2021 and the number of registrants increased by over 11 per cent from the previous year. As a result, RECO's financial health remains strong, and with continued emphasis on improving our efficiency and effectiveness, we are confident that fee increases are unlikely in the near future.

In late 2021, RECO was selected for a value-for-money audit by the Office of the Auditor General of Ontario. This process will be ongoing throughout 2022.

Heartfelt thanks to RECO staff

Our greatest resource continues to be people. I would like to thank the RECO Board of Directors for their support, expertise and governance this year. I also want to thank our talented group of executives and senior staff at RECO who continue to lead us through our strategic goals. Most importantly, I want to thank the staff whose hard work and dedication are at the forefront of delivering RECO's important mandate.



MICHAEL BEARD

Registrar's message

This year we made excellent progress toward improving our service quality for registrants and consumers. We continued to work towards our strategic goal to deliver innovative regulation through the implementation of a standardized response form to help guide registrants as well as a revised complaint form to support complainants. We also worked closely with the Ministry of Government and Consumer Services (MGCS) to enhance real estate regulations that will support consumer protection and registrant administration.

Active market generates inquiries, applications and complaints

In 2021, we not only saw record real estate transactions but also significant levels of inquiries, applications and complaints, making for a particularly busy year for us at RECO.

With the exceptionally high volumes, our processing times were longer than usual and, in some cases, outside of our targets. However, we remain committed to our target service standards, making them public on our website.

Though our processing times for applications and inquiries largely returned to target levels by the end of the year, it will take some time for us to work through the volume of complaints and fully return to our target. The launch of online applications and payments, along with new complaint response forms, will no doubt help us to better serve those interacting with us. Our ability to leverage technology will eventually permit faster processing times for all aspects of our business and provide real-time access for applications and complaints.

Advancing REBBA reform

It is critical that REBBA remain current to support an evolving marketplace and provide us with the tools necessary to protect the public interest effectively and efficiently. We have been actively advocating to the Government of Ontario for reforms that support

RECO's organizational objectives to regulate the sector and protect the public interest through a fair, safe and informed marketplace.

This year, the government sought input from registrants and consumers on the second phase of draft regulations needed to bring the related *Trust in Real Estate Services Act, 2020* legislative changes into force. These consultations on draft regulations began in late 2021.

In the meantime, we have begun to re-evaluate our approach to inspections to put more focus on those brokerages that have demonstrated lower levels of compliance.

Our continued focus on modernizing our approach, coupled with new tools, will permit us to be more nimble so we can face the challenges that come from a rapidly changing marketplace and will help to protect consumers and strengthen professionalism in the real estate sector.

Allow me to express my gratitude to registrants who are committed to supporting consumers in what is, for many, the most significant transaction of their lives. Thank you as well to the RECO team for another year of dedication to supporting the promotion of a fair, safe and informed marketplace for the consumers of Ontario.



JOSEPH RICHER

Strategic plan 2019-2023

Modern regulation for a dynamic marketplace

This plan enhances our commitment to being a modern, progressive regulator by embedding transparency and accountability at the heart of everything we do.

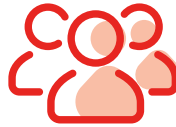
Strategic goal #1

**Deliver
innovative,
progressive
regulation**



Strategic goal #2

**Support an
informed real
estate market
in Ontario**



Strategic goal #3

**Create a
resilient
organization**



STRATEGIC PLAN TIMELINE

2018

Development
of our five-year
strategic plan

2019

2020

2021

Year three of
implementation

2022

2023

Completion
of our five-year
strategic plan

Report on objectives

RECO's 2021 business plan laid out objectives aligned with these principles and RECO's three strategic goals.

Strategic Goal #1: Deliver innovative, progressive regulation

Goal 1.1: Establish relevant data sets necessary to meet regulatory responsibilities and design practices, including the necessary analytical capability to mine and learn from those data.

2021 PROJECT/INITIATIVE	2021 ACCOMPLISHMENTS
Continue to mature the organizational data strategy and associated policies to improve collection and analysis of data in order to increase compliance and mitigate risks. For example, complaint, inspection, registration and hearings data categories.	<ul style="list-style-type: none">• Registration: Launched mandatory online submission for personal applications and online payment processes for all transactions.• Discipline: Transitioned to a fully paperless process and all hearings are now conducted virtually.• Launched internal data management initiative identifying department ownership of data collection.

Goal 1.2: Expand our strategic capacity to allow us to monitor our operating environment to ensure efficacy of our regulatory practices and of our policies using current methodologies of data analysis.

Implement new standardized form for registrant response to complaints.	<ul style="list-style-type: none">• Complaints: Implemented a standardized response form to help guide registrants and a revised complaint form to support complainants.
Develop and implement strategy to raise compliance of trust reconciliations.	<ul style="list-style-type: none">• Reevaluating approach to inspections, considering proposed REBBA reforms in 2023.

Goal 1.4: Advocate for reform of REBBA to create more modern and flexible legislation that allows us to successfully achieve our mission even as our environment changes.

Implement legislative reforms, including updates to website, MCE courses, etc.	<ul style="list-style-type: none">• Advocated REBBA reforms to government, supporting stronger consumer protection, and maintaining or reducing administrative burden for registrants.• Updated registrants about REBBA reforms through eblasts, our website and in MCE courses.
--	---

Goal 1.5: Design and make available to registrants enhanced information and guidance on professional standards, delivered in various formats and media.

Develop long-term solution for MCE, inclusive of a program delivery platform and delivery methods.	<ul style="list-style-type: none">• Procured a vendor to develop a new learning management system for mandatory continuing education (MCE) courses to be operational in 2023.
Support development of registrant competency profile	<ul style="list-style-type: none">• Supported the development of a pan-Canadian competency profile for the salesperson and broker roles.
Support publication of the registrant competency profile and begin assessment of existing registrant training against profile.	<ul style="list-style-type: none">• Competency profiles will be published to the sector in 2022.• Assessment of existing registrant training at all levels will be done in 2022.

Improve registrant outreach by development of a communication strategy to refine and relaunch the Registrant Toolkit.

- Further developments were made to the information guide to buying and selling real estate.
- It is anticipated that the government's reforms to REBBA will include a requirement that registrants share an information guide with buyers and sellers to enhance informed decision making.
- Recent government reforms to REBBA include the elimination of the customer relationship and updates to the code of ethics.

Goal 1.6: Implement a new Registration Education Program as the first step towards an open marketplace, greater choice in education and an independent certification exam.

Launch final phases of the Reg Ed Program, launch next phases of Reg Ed review (diploma and independent certification exam) and begin planning for future of multiple vendor delivery of Reg Ed.

- Launched the new broker program and the post-registration courses of the salesperson program.
- Began evaluating the impact of the new programs by collecting sector feedback through ongoing new registrant surveys.

Strategic Goal #2: Support an informed real estate market in Ontario

Goal 2.1: Develop and deliver enhanced consumer-focused programs, building on existing strengths in consumer engagement, including making it easier for the public to access critical regulatory information.

2021 PROJECT/INITIATIVE	2021 ACCOMPLISHMENTS
Continuation of consumer campaign initiatives, including consumer guides, website updates, etc.	<ul style="list-style-type: none"> • Updated website for <i>Accessibility for Ontarians with Disabilities Act</i> and Web Content Accessibility Guidelines compliance. • Reintroduced paid social media campaigns and increased organic social media content to reach and educate more consumers, resulting in greater digital reach than any previous year. • Greater distribution of Ask Joe content through weekly social media posts of the latest column. • Ongoing development of a consumer quiz to gamify and diversify engaging educational consumer content offerings.

Goal 2.2: Establish new ways of engaging with the sector to build shared accountability for consumer protection.

Communicate with local boards to address issues they and their members are facing.

- Continued to deliver live interactive virtual presentations and Q&A sessions with the sector, including periodic calls with the local board and association leadership.
-

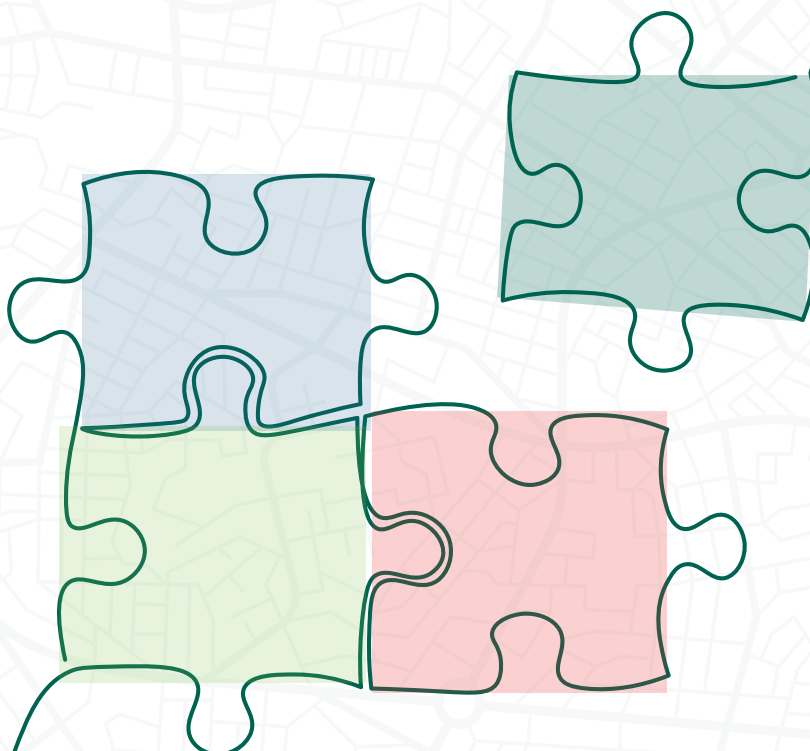
Strategic Goal #3: Create a resilient organization

Goal 3.1: Execute an organization-wide initiative to identify and ingrain a set of shared values in alignment with this strategic plan.

2021 PROJECT/INITIATIVE	2021 ACCOMPLISHMENTS
Build upon corporate values work from 2020.	<ul style="list-style-type: none"> Refreshed corporate values with input from employees across the organization and board of directors. Ongoing development of an equity, diversity and inclusion strategy.

Goal 3.3: Create an organizational Sustainability Plan, focusing on fiscal needs, human resources, facilities and capital requirements.

Continue to automate processes to enhance service delivery and communication with users. For example, reminder emails from hearings, insurance, etc.	<ul style="list-style-type: none"> Began updating external-facing email auto-responses for consistency, plain language, and to reflect our revised values.
Assess long-term strategy for office space.	<ul style="list-style-type: none"> Made decision to transition to a hybrid work model. Identified future office space needs and secured the facilities.
Update IT infrastructure with focus to move to the cloud, increasing scalability and security.	<ul style="list-style-type: none"> Migrated to cloud telephone system to optimize access and support our hybrid work model. Continued migration of internal software applications to cloud-based systems.



By the numbers

RECO works in the public interest by:

- Assessing applicant eligibility to obtain and maintain **registration** as a brokerage, broker or salesperson
- Establishing **education** standards for salesperson registration, articling, broker, and continuing education
- Addressing **complaints** about the conduct of registrants and unregistered trading, and taking appropriate action
- Conducting **inspections** of brokerages to ensure compliance with REBBA and to educate brokers of record
- Responding to **inquiries** from registrants and consumers
- Raising **consumer awareness** and being a trusted source of consumer protection education and information for buyers and sellers involved in real estate transactions
- Administering registrant **insurance** requirements, which include consumer deposit protection



In this section of the annual report, data for the current reporting year is accompanied by historical data from previously reported years to allow the reader to observe any trends. In those few instances where data from previous years differs from what was reported in previous annual reports, the variances are minor and would not affect any year-over-year comparisons.

Registration

RECO assesses each applicant's eligibility to obtain and maintain registration as a brokerage, broker or salesperson based on legislated requirements.

Increase in registrants

By the end of 2021, more than 104,000 registrants were registered in good standing with RECO, an increase of 11 per cent over the previous year. This is our largest annual increase on record.

Registration numbers climbed significantly in all categories in 2021, led by the number of salespeople entering the sector. This number more than doubled from 2020.

Total registrants by category (2019-2021)

2019 2020 2021

Branch offices
2,135
1,845
1,736

Brokerages
3,900
3,835
3,794

Broker
20,038
16,587
15,173

Salesperson
78,266
71,681
69,897

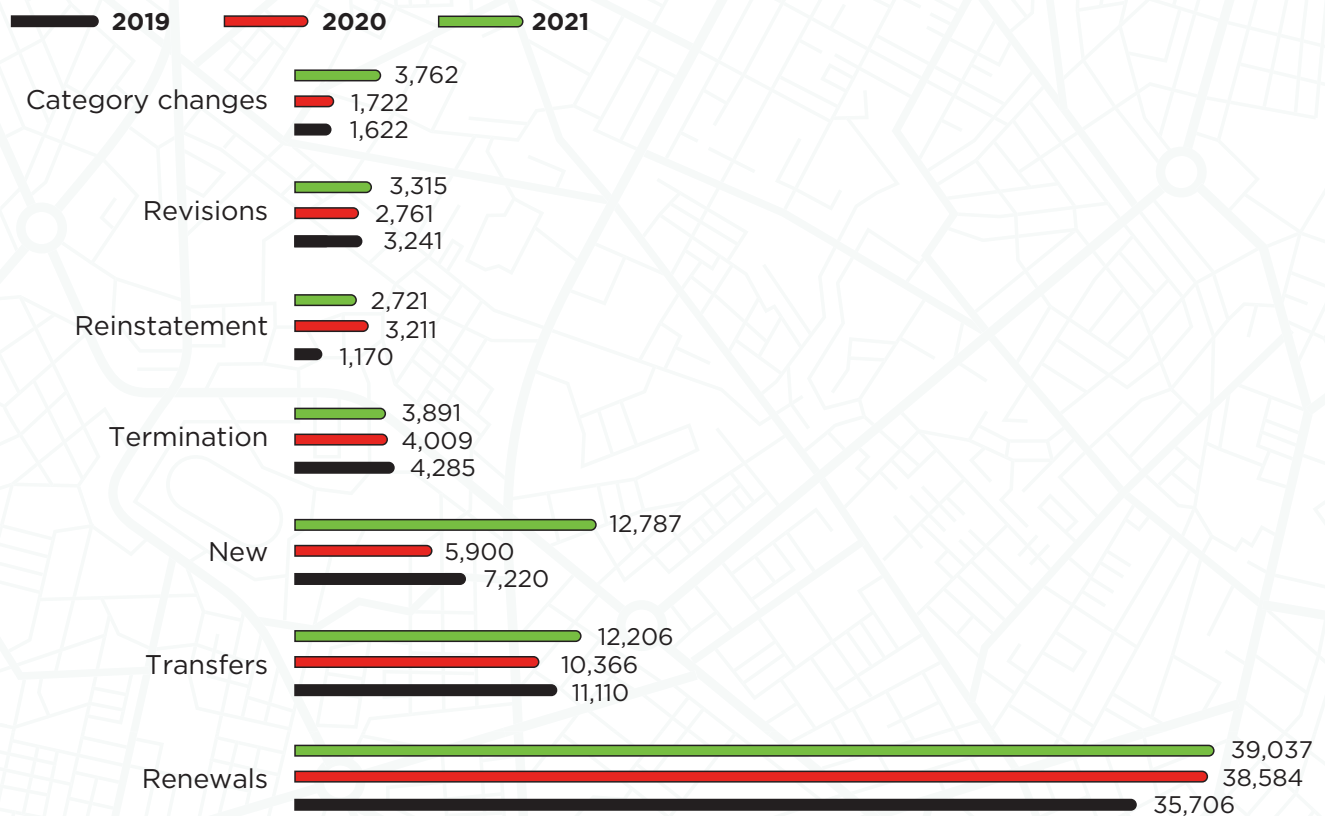
Total registrants (2019-2021)

(Salespersons, brokers, brokerages and branch offices)

90,600 93,948 104,339
2019 2020 2021
▲11%

In this report, we have combined the categories of salesperson and provisional salesperson into a single salesperson category.

Total registration transactions by type (2019-2021)



Education

RECO establishes educational requirements for registration, broker, and continuing education. The education program promotes continual learning and competent, knowledgeable, and professional conduct.

Registration education

Before becoming salespeople, applicants must successfully complete an approved education program that teaches them about the fundamentals of trading in real estate and the rules they must follow.

RECO has been working to reshape education so that aspiring salespeople are more practice-ready upon entry to the profession. In 2021, RECO, in partnership with Humber College and NIIT Canada, launched the new broker program and post-registration courses of the Real Estate Salesperson Program. This program features leading learning principles with a strong mix of theory and practical knowledge that will allow new salespeople to be more practice-ready and better meet the demands of tomorrow's real estate market.

In 2021, 30,048 learners started the pre-registration program with 8,388 learners completing the entire program. Additionally, 1,431 learners started the post-registration phase of the program and 777 completed the entire program.

On May 19, 2021, Humber College advised RECO of an investigation into Real Estate Education program learner misconduct and suspicious behaviour regarding the completion of program exams.

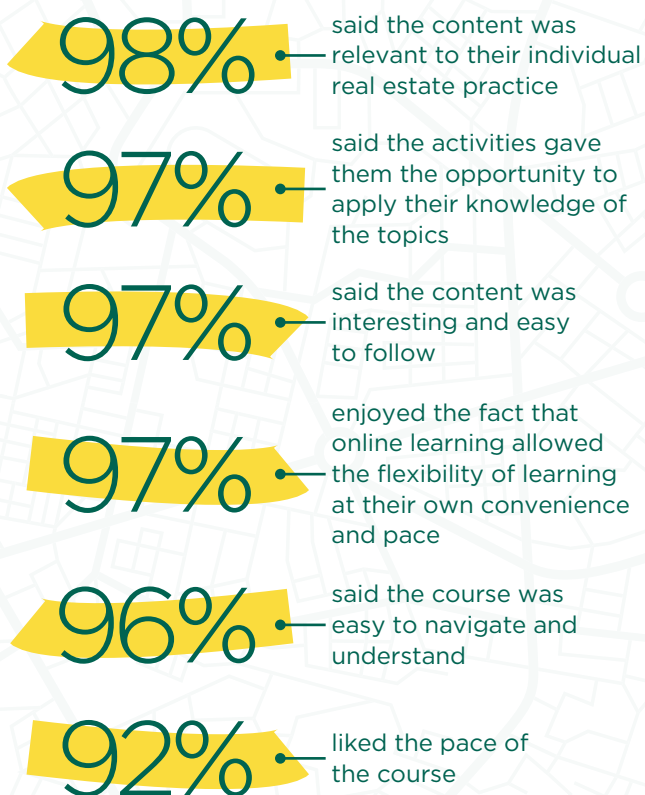
A due diligence process was established to ensure that any learners found guilty of misconduct would face sanctions by Humber, and those who had registered with RECO would have their registration voided. As a result, RECO voided the registration of 54 learners.

Mandatory Continuing Education (MCE)

Education is an important part of fostering a safe and informed marketplace for consumers and, as such, registrants have been required to complete education courses every two years. This has shifted to annual update offerings to allow for more up-to-date and timely training content.

RECO partnered with the Ontario Human Rights Commission to launch the Human Rights Fundamentals MCE elective. Developed in collaboration with the Ontario Human Rights Commission, this 75-minute course provides learners with a foundational understanding of racial discrimination and human rights protections under Ontario's Human Rights Code. The course also included a real estate specific unit.

Registrants completed over 109,067 MCE courses in 2021. After each course, RECO asked learners to complete a short survey. In 2021, the results remained extremely positive.



RECO is committed to making further enhancements to accommodate the individual learning needs of registrants. RECO initiated the process of replacing the existing learning management system (LMS) to achieve greater responsiveness and provide an improved learner experience. Over the next year, RECO will explore vendors to develop a new LMS for MCE courses and make the transition to annual update courses to improve learner experience.

Complaints, Compliance & Discipline

RECO addresses inquiries, concerns, and complaints about the conduct of registrants and unregistered trading and takes appropriate action to protect the public interest.

Managing the complaints inventory

In 2021, RECO opened 2,524 complaints, two per cent more than in 2020, and closed 19 per cent more than in 2020.

RECO reset its service standard target at a higher level in 2021. RECO now strives to close complaints that are not escalated within 110 days. The previous target was 120 days.

The complaint-closing capacity has improved in part due to enhanced remote work effectiveness, a maturing compliance team, and a commitment to process improvements.

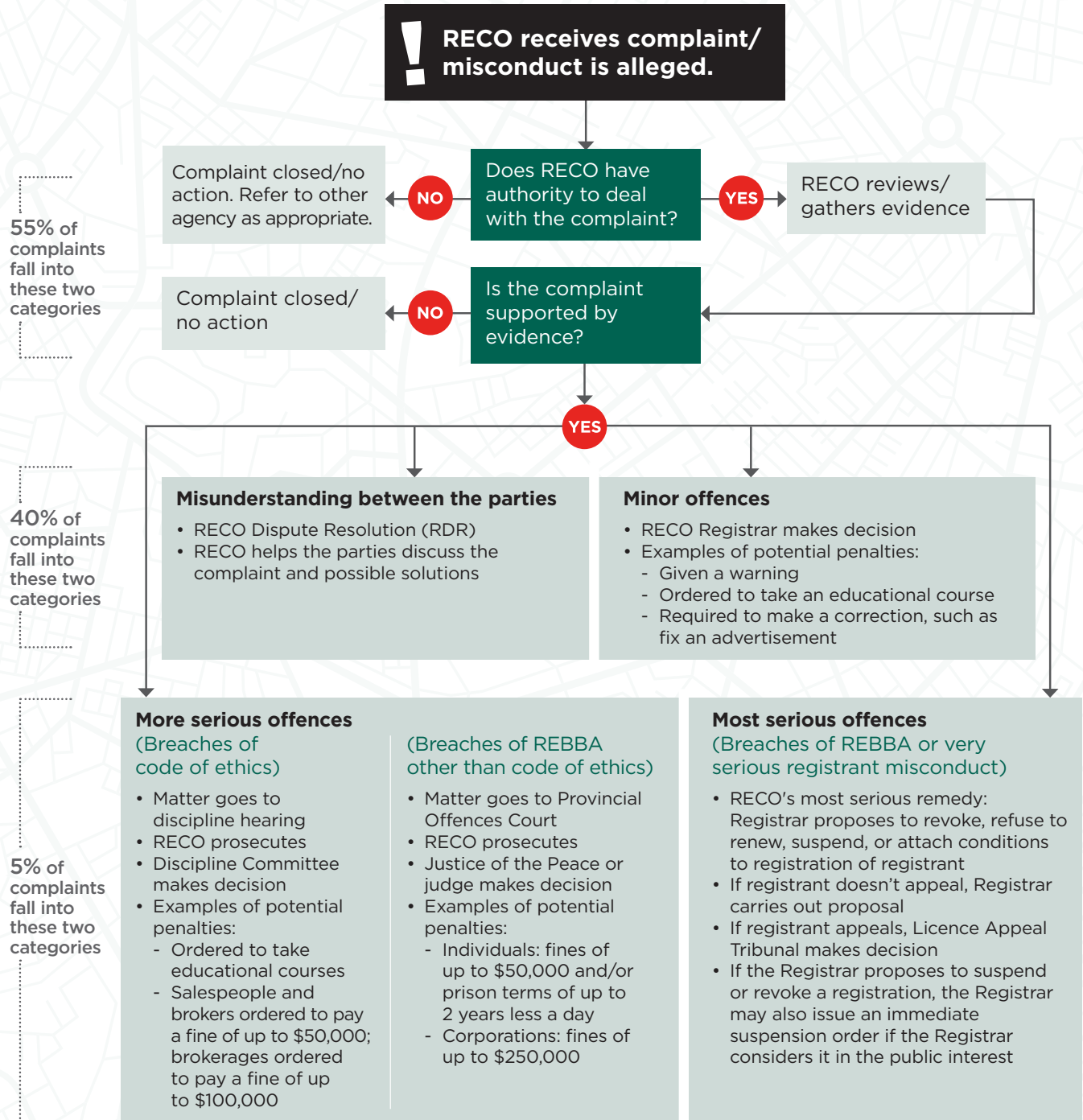
On average, it took 137 days for complaints to be processed, including the collection and assessment of information and documents. Historically, the time lapsed to process complaints has been calculated from the date the complaint was opened, but we have revised our process to calculate from the date the complaint was received.

At year-end, RECO had 561 complaints active (in progress), which is a reduction of 21 per cent from the previous year. Despite increased complaints processing, more complaints were closed than opened in 2021. In 2022, RECO aims to further refine its process to manage the increased volume of complaints to continue meeting its service standards.

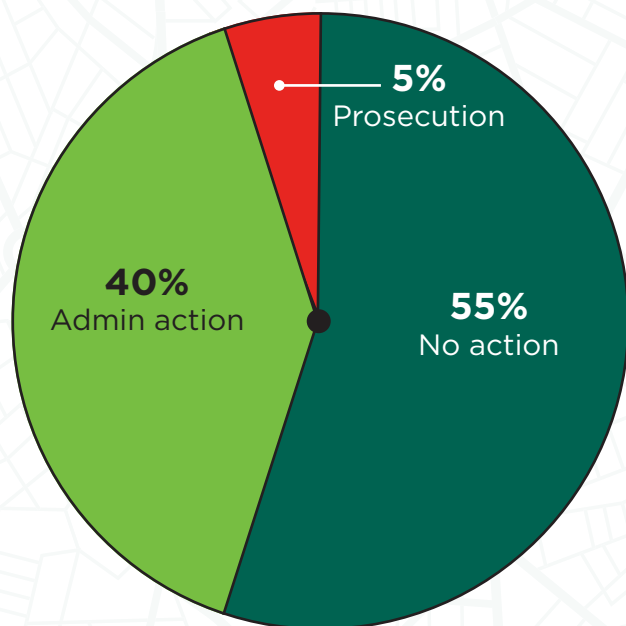
Number of active complaints at year end (2019-2021)



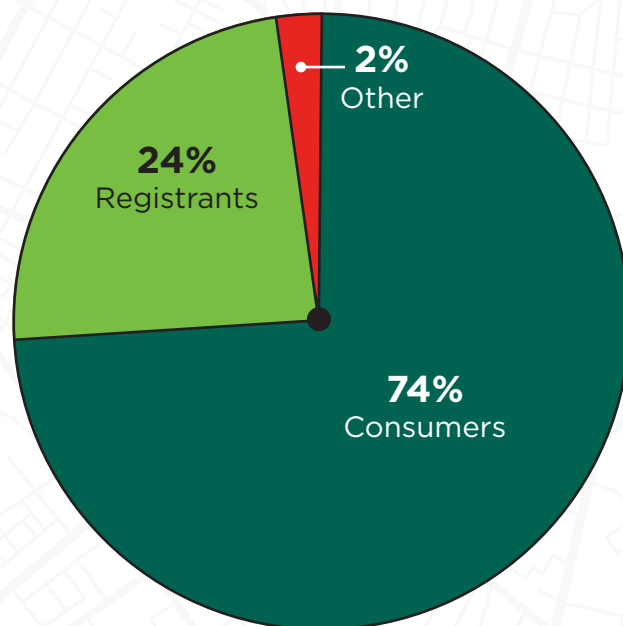
Understanding RECO's discipline paths and outcomes



Action for complaints closed (2021)



Distribution of complaints made by consumers, registrants and other (2021)



Progressive action taken

RECO takes a progressive approach to discipline that considers the nature of the complaint. Outcomes range from taking no action if a complaint isn't supported by evidence or falls outside of its legislated mandate, to issuing a warning, ordering a registrant to take an educational course, or prosecuting a registrant for more serious breaches of REBBA or the Code of Ethics.

Process improvements

In 2017, RECO introduced new measures to manage and reduce the complaint inventory, including an enhanced screening process to determine, from the outset, if a complaint is trivial in nature, outside its jurisdiction, or can be resolved informally.

These measures have helped focus RECO's investigative resources on substantive complaints where it has authority, thereby assisting RECO to manage the higher complaints volume in 2021.

Complaints opened vs. closed (2019-2021)

	2019	2020	2021
Opened	2,030	2,465	2,524
Closed	1,751	2,251	2,674

Of all complaints submitted in 2021, 74 per cent came from consumers, 24 per cent came from registrants and two per cent came from others (internal,

anonymous, police, financial institution, others, or registrar). These numbers historically hover around the same values each year.

Inspections

RECO conducts routine inspections of brokerages to ensure compliance with REBBA and to educate brokerages.

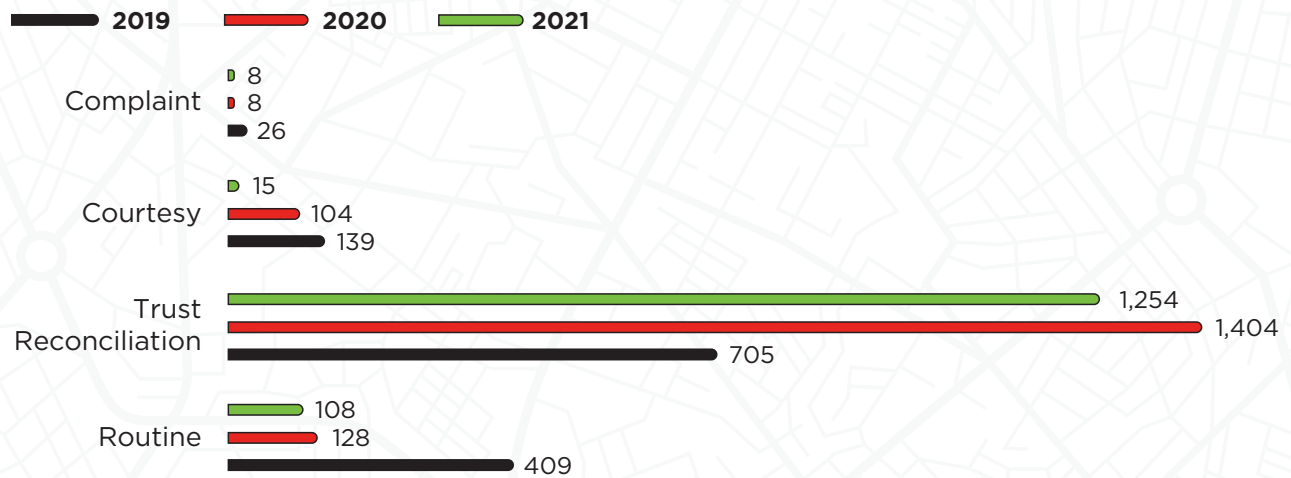
Prior to the COVID-19 pandemic, face-to-face inspections provided opportunities to educate brokers of record about maintaining current and accurate records and for them, in turn, to ask questions about leading practices in compliance.

RECO inspections fell into four categories:

- Inspections generated by **complaints**
- **Courtesy** inspections with newly established brokerages to help them ensure that their businesses are following regulatory requirements
- Inspections of brokerage trust account **reconciliation** statements (typically conducted remotely) and
- **Routine** onsite inspections of brokerages

There was a significant decrease in routine inspections and an increase in trust reconciliation inspections starting in 2020 due to the pandemic.

Inspections completed by category (2019-2021)



In 2021, RECO inspectors conducted 1,385 inspections in total, comprising routine inspections, trust reconciliation inspections, courtesy (new broker) inspections, or complaint-based inspections.

Investigations

RECO investigates alleged violations of REBBA, the Code of Ethics, and other REBBA regulations. Violations may be prosecuted in Provincial Offences Court, and some matters may result in the registrar issuing a proposal to revoke, refuse or suspend the registration.

Outcomes related to prosecutions and convictions can be found on RECO's website at www.reco.on.ca.

The table below shows investigations conducted by investigators appointed under REBBA. Typically, these are matters that are escalated for further investigation from an inspection, a complaint, or a registration issue.

Investigations opened & closed (2019-2021)

	2019	2020	2021
Opened	121	122	121
Closed	136	112	126

In 2021, due to the pandemic and restrictions, investigations were conducted, and hearings were attended virtually via Zoom, WebEx, and Microsoft Teams. Additionally, in 2021, investigations led to eleven prosecutions in the Provincial Offence Court.

The penalties for these convictions included fines totaling \$85,000 and 12 months of probation. The court also ordered \$35,000 in restitution.

Proposals to refuse, revoke or suspend a registration

The registrar's authority to propose to refuse, revoke or suspend a registration is a critical component of RECO's enforcement activities. A revocation is the most severe action RECO takes and is reserved for the most serious of circumstances.

The registrar has the authority to issue a proposal in situations where the applicant cannot reasonably be expected to conduct business in a financially responsible way, or where past conduct gives reasonable grounds for the registrar to believe that the applicant will not conduct business with integrity, honesty and in accordance with the law.

Registrants who fail to pay their annual insurance premium are suspended immediately on the September 1 payment deadline.

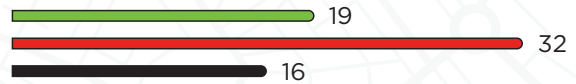
Registrar's proposals issued (2019-2021)

2019 2020 2021

Proposals issued to refuse, refuse to renew, revoke, apply conditions, or suspend registration



Proposals issued due to non-payment of insurance premiums



As a result of the Humber College investigation, RECO sent voiding letters to 54 learners who had already registered with RECO and were found guilty of misconduct. As previously mentioned, a process was established to ensure that any learners found guilty of misconduct would face sanctions by Humber, and those who registered or attempted to register with RECO would have their registration voided, or their application disallowed.

In 2021, 99 cases were sent to RECO's discipline committee, which issued \$738,500 in fines. This compares to \$529,000 in 2020 and \$815,000 in 2019. Four cases were appealed to the appeals committee in 2021.

RECO introduced the MCE compliance and ethics series serving as a more appropriate penalty than issuing fines, resulting in an increase in the number of courses issued to registrants by the discipline and appeals committee.

Discipline and appeals hearings

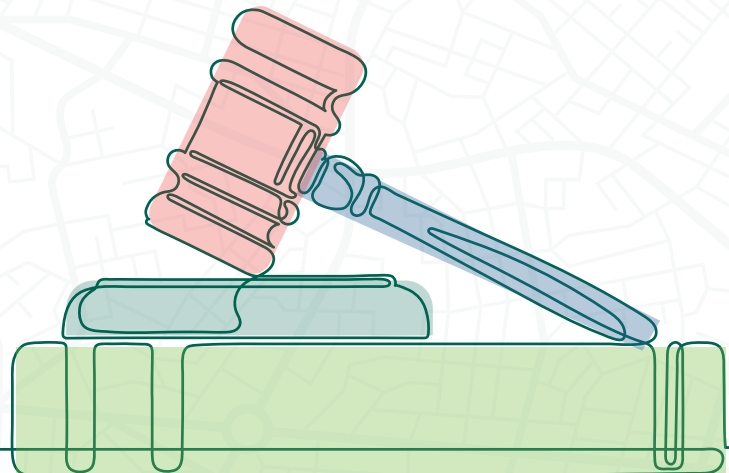
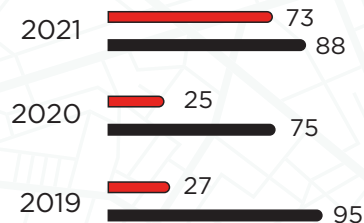
RECO's discipline and appeals committees are statutory tribunals subject to the *Statutory Powers Procedures Act* of Ontario. Complaints involving alleged breaches of the Code of Ethics may be referred to the discipline committee for a hearing. A discipline procedure is initiated when an allegation statement is issued. A procedure is closed when a decision is released and any imposed discipline has been satisfied.

Discipline procedures initiated vs. concluded (2019-2021)

	2019	2020	2021
Initiated	87	135	99
Concluded	99	77	90

Penalties issued at discipline (2019-2021)

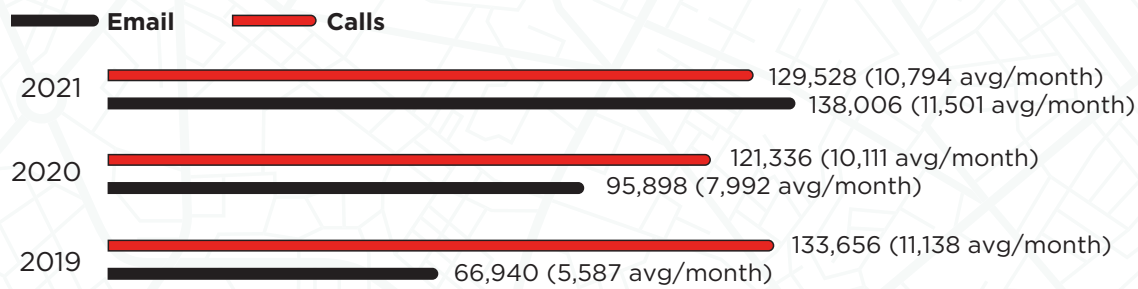
Fines issued #Courses issued



Inquiries

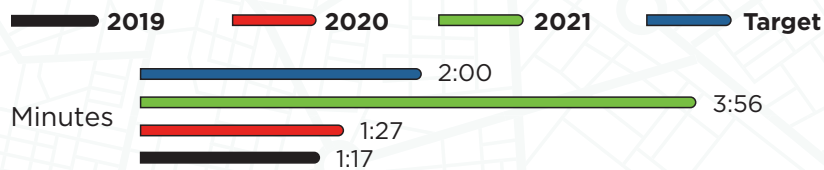
RECO's client services team receives thousand of inquiries every month in the form of calls and emails, which they respond to or triage, as appropriate, to other departments, such as registration, complaints, and education.

Inquiries received (2019-2021)



RECO strives to answer all calls within a wait-time average of two minutes or less. Due to a higher volume of overall inquiries and staff turnover in 2021, that target was not met.

Average call wait times (2019-2021)



French language services

Continuing efforts to provide French language services to registrants and consumers has resulted in RECO responding in French to all inquiries and communications received in French. In 2021, RECO received and responded to 15 calls and one complaint in French.





 meeting/exceeding target
 missing target by $\leq 15\%$
 missing target by $>15\%$

Consumer awareness

In 2021, and building on its existing organic social media outreach, RECO launched both Facebook and Instagram advertising campaigns targeted to consumers interested in buying and selling real estate. From Q2 to Q4, the paid campaigns reached 3.9 million impressions, drove 42.3k clicks to the RECO website, and earned 45.5k engagements. This was a greater digital reach than in any previous year.

Weekly Ask Joe columns were distributed more widely through weekly social media promotion.

RECO also made significant progress towards the development of an information guide to summarize the rights, obligations and duties set out in the Act and the regulations for registrants, clients and self-represented parties. There was ongoing development of a consumer quiz that will gamify and diversify engaging and educational content for consumers. The quiz will launch in 2022.

Insurance

RECO administers insurance requirements, which include consumer deposit protection.

Protection for consumers— protection for registrants

RECO's insurance program was introduced on September 1, 2000, to provide protection to both consumers and registrants. All registrants are required to participate in RECO's Insurance Program which consists of three valuable types of coverage:

- Consumer deposit insurance protects consumers for loss of deposits caused by fraud, misappropriation of funds or insolvency by a registrant, and for social engineering fraud resulting in the misdirection of funds.
- Errors and omissions coverage provides up to \$1,000,000 to indemnify consumers for losses incurred as a result of errors or omissions committed by registrants during the course of their professional services.
- Commission protection coverage protects registrants from loss of commission caused by fraud, misappropriation of funds or insolvency of a brokerage.

Claims statistics and trends

CONSUMER DEPOSIT INSURANCE

From inception of the program on September 1, 2000, to December 31, 2021, there have been 105 occurrences under the consumer deposit coverage. Payment of claims (settlements and expenses) under this coverage is estimated to reach \$8,461,907*.

COMMISSION PROTECTION INSURANCE

From inception of the program on September 1, 2000, to December 31, 2021, there have been 211 occurrences under the commission protection coverage. Payment of claims (settlements and expenses) under this coverage is estimated to reach \$12,309,685*.

ERRORS AND OMISSIONS INSURANCE

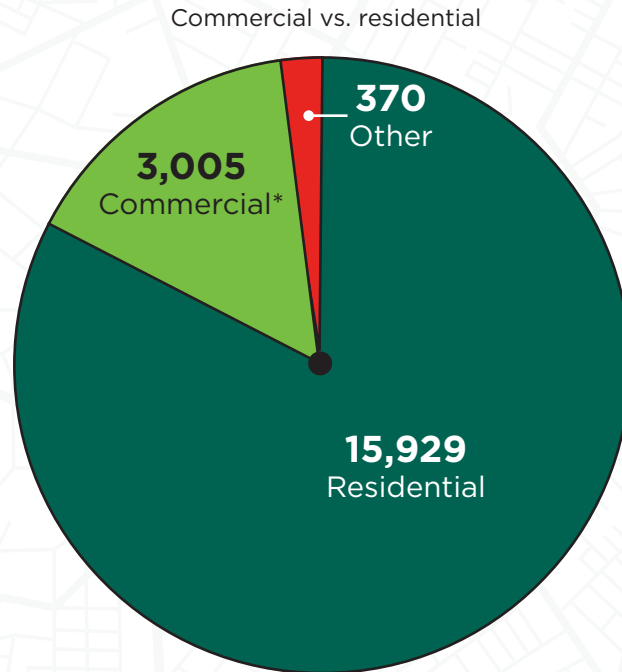
From inception of the program on September 1, 2000, to December 31, 2021, there have been 19,304 claims reported. The estimated total cost of claims settlements and expenses under this coverage is estimated to reach \$218,018,218*.

** This figure does not include any provision for the insurer's internal administrative expenses or further development on claims not yet finalized or reported.*

KEY STATISTICAL HIGHLIGHTS

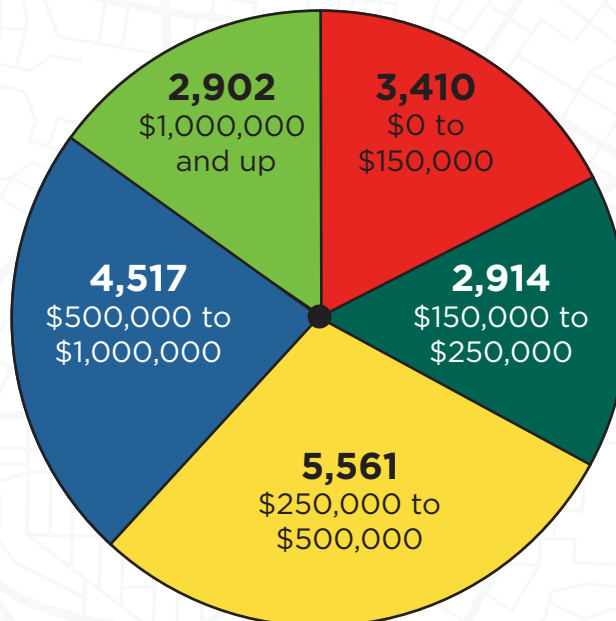
- Most of the activity in the program arises out of claims under the errors and omissions insurance coverage.
- A total of 19,304 claims have been reported, of which 1,699 remain open. The program has therefore managed and closed a total of 17,605 claims on behalf of registrants to date.
- Residential claims outnumber commercial claims by a margin of 5:1 (including vacant land and agricultural as commercial; otherwise, the ratio is closer to 7:1).
- Claims related to properties in urban areas outnumber rural claims 7:1.
- The number of claims involving transactions that exceed \$250,000 in value comprises approximately 67 per cent of all claims reported, which is one per cent higher than last year's report.
- There were 1,103 claims reported in the 12 months ended December 31, 2021, compared with 960 claims reported during the same 12-month period one year earlier.

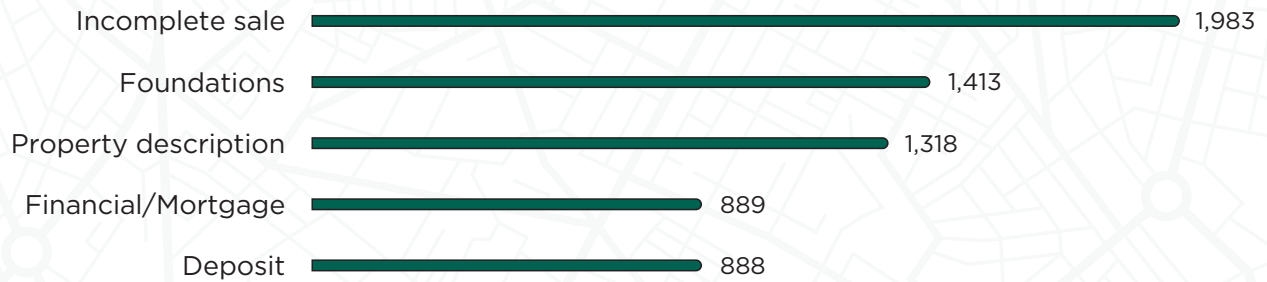
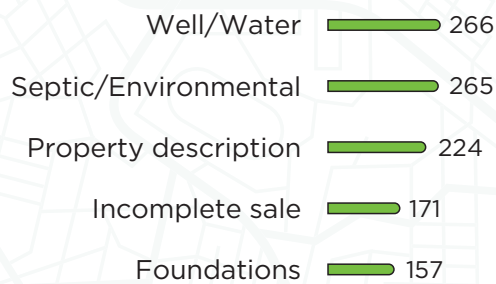
Claims by transaction type (Sept. 1, 2000 to Dec. 31, 2021)



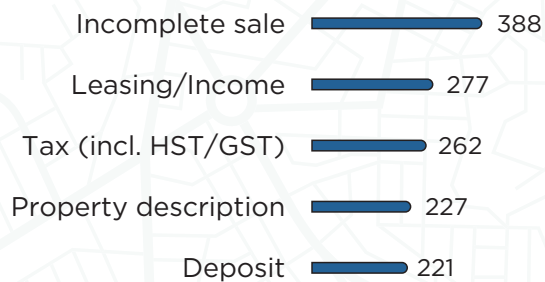
* includes Vacant Land (675) and Agricultural (151)

Claims by value of transaction (Sept. 1, 2000 to Dec. 31, 2021)



Top five causes of loss – Urban (Sept. 1, 2000 to Dec. 31, 2021)**Top five causes of loss – Rural (Sept. 1, 2000 to Dec. 31, 2021)****Top five causes of loss – Residential (Sept. 1, 2000 to Dec. 31, 2021)****Top five causes of loss – Commercial* (Sept. 1, 2000 to Dec. 31, 2021)**

* includes vacant land and agricultural



Financials

Management's Discussion & Analysis

Management's Discussion and Analysis (MD&A) provides a review of the financial condition and the results of operations for the Real Estate Council of Ontario (RECO) for the fiscal year ended December 31, 2021. This MD&A should be read in conjunction with the audited financial statements. Management provides explanations for the results from operations and insurance. The MD&A also provides an analysis of the organization's past performance and its future outlook, which is based on management's reasonable assumptions based on information currently available to them.

Strategic goals

RECO's strategy consistently focuses on the principles of investing in the professionalism of the industry and the reduction of burden on the business of real estate. RECO's 2021 business plan laid out objectives aligned with these principles, and RECO's three strategic goals:

- Deliver innovative, progressive regulation
- Support an informed real estate market in Ontario
- Create a resilient organization

RECO manages potential risks to the achievement of its strategic objectives through its Enterprise Risk & Innovation Management (ERIM) Program—a continuous, proactive and dynamic process that is based on the ISO 31000 risk framework. The program helped RECO identify and respond to operational risks resulting from the onset of the pandemic, and to identify and monitor ongoing medium- to long-term risks and opportunities.

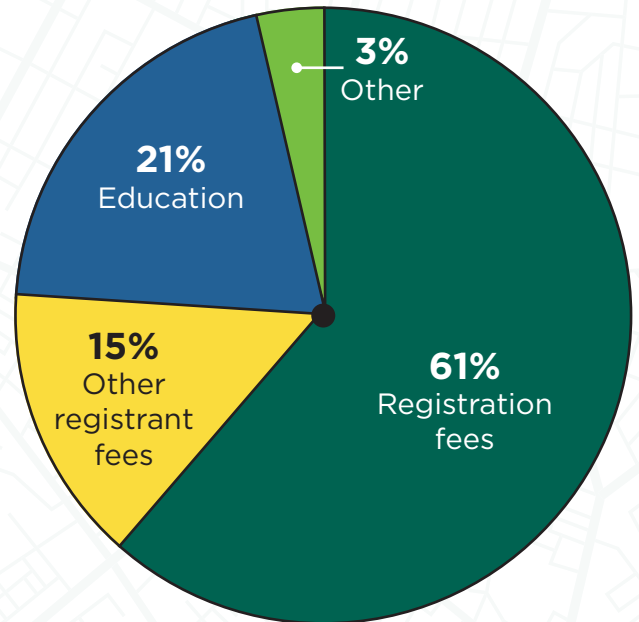
General operations

Comparative financial results

RECO's surplus was \$11.3 million in 2021, compared to \$5.5 million in 2020—an increase of \$5.8 million.

REVENUES

2021 operational revenues were composed of registration fees, other registrant fees, education, and other.



Real estate as a profession in Ontario remains attractive. The number of registrants increased by 10,391 or 11.1 per cent to 104,339, the highest increase in both the number of registrants and the percentage of growth on record.

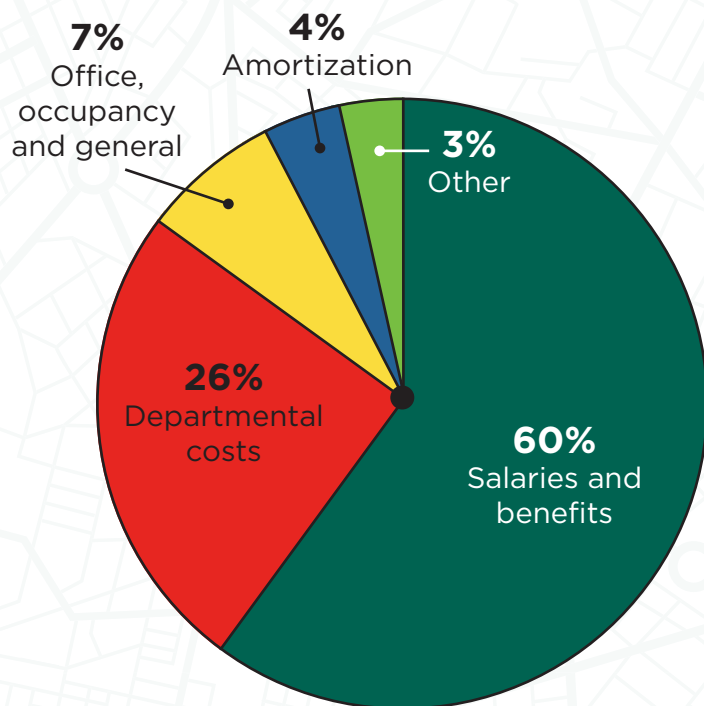
The year-over-year increase in the number of registrants drove the increase in revenues in both registration fees and other registrant fees.

Education revenues include registration education revenue from programs delivered by OREA and Humber College, as well as Mandatory Continuing Education (MCE) programs delivered by RECO. The transition from OREA to Humber in 2021 created two program revenue streams, resulting in an increase in education revenues. MCE revenues were also higher due to the continued growth in the number of registrants.

Other income was composed of disciplinary fines, other fees, and assessments. The increase in other income is largely attributable to an increase in disciplinary procedures concluded in 2021 as compared to 2020.

EXPENSES

2021 expenses were composed of salaries and benefits, departmental costs, office occupancy and general, amortization, and other.



As a service organization, salaries and benefits were RECO's largest expense in 2021, representing 60 per cent of total operating costs.

Overall, salaries and benefits have decreased, primarily due to the following:

- Fewer staffing resources were needed to oversee the pre-registration education program administered by Humber College after the first phase of the program was launched in 2020
- Redeployment of staff and reassignment of work across the organization

In preparation for RECO's transition to a new work environment, RECO disposed of redundant capital assets, including furniture, fixtures and leasehold improvements, resulting in losses of \$129k, however savings of over \$500k will be realized in 2022 as physical office space is reduced by half.

Ministry of Government and Consumer Services oversight fees were higher in accordance with fees established by the ministry.

Other 2021 expense line items were in line with 2020.

INVESTMENT INCOME

As part of our objective to preserve capital to meet the cost of administration, RECO transitioned to a new investment strategy. With continued oversight from the board, funds were invested in the fourth quarter of 2021 in accordance with RECO's new Statement of Investment Policy and Procedures (SIPP). Investments were allocated to fixed income, equities and private equity. Prior to 2021, investments consisted solely of guaranteed investment certificates. As a result of the new investment strategy, investment income was higher in 2021 than it was in 2020.

CAPITAL EXPENDITURES AND FUND BALANCES

Capital expenditures were in line with the previous year. Fund balances comprise capital and intangible assets, unrestricted, and restricted funds. Funds not required immediately for operations were invested in accordance with RECO's SIPP.

The increase in the number of registrants contributed to higher reserve levels than expected. To determine appropriate financial reserve targets, the board initiated a review of reserves and potential risks to RECO's medium and long-term financial viability. As a result of the review, a reserve target of six months of operating expenses was established, and \$5 million was transferred from the unrestricted fund to the operating reserve to meet the target.

Operations outlook for 2022

RECO's budgeted surplus is expected to be \$5.2 million in 2022, compared to \$11.3 million in 2021—a decrease of \$6.1 million.

REVENUES

Revenues are expected to be \$31.0 million, lower by \$1.2 million or 3.8 per cent than in 2021, due primarily to lower education revenues. While registration and other registrant fees are expected to be higher by over \$1 million, education revenues are expected to fall considerably short of 2021 levels, primarily due to lower revenues expected from the registration education program delivered by Humber.

EXPENSES

Expenses are expected to increase by \$5.2 million, or 23.2 per cent, due primarily to investments in human capital and higher departmental costs in 2022. The investments support RECO's strategic goals and business plan initiatives. This includes the initiation and development of the next phase of RECO's long-term registration education vision, which will involve moving to an open market for the delivery of programs with more educational institutions.

There will also be enhancements to RECO's MCE program, including a transition to annual update courses to provide more timely learning to registrants and the implementation of a new learning course management system, which will provide more course-delivery options to improve the learner experience and administrative capabilities.

RECO will continue to make enhancements to cybersecurity in 2022 by implementing several new security offerings, including an enhanced backup solution, and a data management program. RECO will also migrate its current back-end processing solution to an online cloud-based solution with Microsoft. Finally, to enhance service delivery, the existing continuing education platform will be migrated to a new cloud-based learning management system (LMS).

The anticipated increase in salaries and benefits represents a combination of new hires and the full-year impact of vacancies experienced in 2021. The additional resources will address an increase in work volumes across the organization due to recent growth in the number of registrants.

The increase in salaries and benefits and departmental costs will be partially offset by lower office, occupancy, and general costs. The reduction in office, occupancy, and general costs is a result of moving to a virtual workplace. RECO will also continue holding virtual hearings, driving significant savings relative to pre-pandemic levels.

INVESTMENT INCOME

Investment income is expected to be \$350k higher than in 2021, representing an expected return between 3 and 4 per cent. While returns may fall outside this range over the short term, RECO's investment strategy remains committed to the long-term preservation of capital.

CAPITAL EXPENDITURES AND FUND BALANCES

Capital expenditures of \$4.5 million are planned in 2022, compared to \$252k in 2021. 2022 capital expenditures are composed mostly of leasehold improvements (\$3.6 million) and computer hardware (\$0.8 million).

RECO will also continue looking for new opportunities to invest its fund balances in strategic or operational initiatives that are aligned with RECO's strategic objectives that deliver value for money, and fund balances will continue to be monitored on a quarterly basis.

Insurance operations

Overview

The insurance program provides three types of protection:

- Consumer deposit protection (protection of consumers)
- Errors and omissions insurance (protection of consumers and registrants)
- Commission protection insurance (protection of registrants)

Insurance revenues represent the contributions to both the program stability fund and the insurance administration fund. Insurance contributions are amortized to income over the period of the insurance policy. The net assets of the insurance program funds are restricted for use in the insurance program.

Comparative financial results

The insurance program had an excess of expenses over revenues (deficit) of \$878k in 2021, compared to a surplus of \$1.8 million in 2020. The deficit was primarily a result of a \$20-per-registrant subsidy provided to registrants. The subsidy helped offset the premium increase required by insurers and was funded by the stability fund.

The insurance administration fund is intended to cover the ongoing expenses related to the administration of the program. A contribution lower than the cost of administering the program was established for 2021 to offset the premium increases noted above. For 2021, this resulted in a deficit of \$277k, which was funded from the accumulation of the administration fund in past years.

Insurance outlook for 2022

A planned deficit of \$1 million is expected for the insurance program in 2022 because a further premium subsidy is anticipated for 2022, and contribution rates to the administration fund will continue to be lower than the cost of administering the program, drawing on the accumulation of the administration fund in past years.

Independent auditors' report



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Real Estate Council of Ontario

Opinion

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

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Management's Discussion and Analysis as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 24, 2022

REAL ESTATE COUNCIL OF ONTARIO

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	Operations Fund		Insurance Program Fund		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets:						
Cash (note 2)	\$ 3,071,351	\$ 17,224,688	\$ 1,049,612	\$ 4,027,479	\$ 4,120,963	\$ 21,252,167
Short-term investments (note 3)	–	23,684,036	–	26,502,252	–	50,186,288
Accounts receivable (note 13(b))	2,961,168	1,827,173	–	47,495	2,961,168	1,874,668
Deposits and prepaid expenses	226,035	94,834	–	–	226,035	94,834
	6,258,554	42,830,731	1,049,612	30,577,226	7,308,166	73,407,957
Investments (note 3)	50,654,548	–	28,670,295	–	79,324,843	–
Capital assets (note 4)	508,829	1,154,367	–	–	508,829	1,154,367
Intangible assets (note 5)	1,494,722	1,697,609	–	–	1,494,722	1,697,609
	\$ 58,916,653	\$ 45,682,707	\$ 29,719,907	\$ 30,577,226	\$ 88,636,560	\$ 76,259,933

Liabilities and Net Assets

Current liabilities:						
Accounts payable and accrued liabilities (note 7)	\$ 1,096,750	\$ 1,510,242	\$ 156,017	\$ 148,159	\$ 1,252,767	\$ 1,658,401
Accrued insurance premiums	–	–	1,824,251	1,390,554	1,824,251	1,390,554
Government fee payable (note 6)	259,403	204,217	–	–	259,403	204,217
Deferred lease inducement (note 7)	23,817	95,268	–	–	23,817	95,268
Deferred registration fees (note 8(a))	16,268,235	14,469,394	–	–	16,268,235	14,469,394
Deferred insurance fees (note 8(b))	–	–	548,989	970,085	548,989	970,085
	17,648,205	16,279,121	2,529,257	2,508,798	20,177,462	18,787,919
Deferred lease inducement (note 7)	–	23,817	–	–	–	23,817
Deferred registration fees (note 8(a))	5,926,088	5,323,633	–	–	5,926,088	5,323,633
	23,574,293	21,626,571	2,529,257	2,508,798	26,103,550	24,135,369
Net assets:						
Investment in capital assets and intangible assets	2,003,551	2,851,976	–	–	2,003,551	2,851,976
Restricted insurance program fund (Schedule)	–	–	27,190,650	28,068,428	27,190,650	28,068,428
Internally restricted operating reserve	13,000,000	8,000,000	–	–	13,000,000	8,000,000
Unrestricted	20,338,809	13,204,160	–	–	20,338,809	13,204,160
	35,342,360	24,056,136	27,190,650	28,068,428	62,533,010	52,124,564
Commitments and contingencies (notes 10 and 12)						
	\$ 58,916,653	\$ 45,682,707	\$ 29,719,907	\$ 30,577,226	\$ 88,636,560	\$ 76,259,933

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Operations Fund		Insurance Program Fund		Total	
	2021	2020	2021	2020	2021	2020
	(Schedule)					
Revenue:						
Registration and insurance fees (note 8)	\$ 19,765,134	\$ 18,408,063	\$ 1,292,293	\$ 2,450,392	\$ 21,057,427	\$ 20,858,455
Other registrant fees	4,758,100	2,685,600	—	—	4,758,100	2,685,600
Education (note 9)	6,672,475	5,881,275	—	—	6,672,475	5,881,275
Other income	1,021,471	616,105	182,059	172,164	1,203,530	788,269
	32,217,180	27,591,043	1,474,352	2,622,556	33,691,532	30,213,599
Expenses:						
Salaries and benefits	13,446,687	13,645,659	—	—	13,446,687	13,645,659
Departmental costs	5,721,733	5,987,807	—	—	5,721,733	5,987,807
Office, occupancy and general	1,447,363	1,422,305	—	—	1,447,363	1,422,305
Board remuneration and expense	160,413	150,296	—	—	160,413	150,296
Amortization (notes 4 and 5)	971,344	1,014,858	—	—	971,344	1,014,858
Government oversight fees (note 6)	327,476	237,924	—	—	327,476	237,924
Elections and annual general meeting	20,961	34,653	—	—	20,961	34,653
Bad debt	90,261	152,013	—	—	90,261	152,013
Loss on disposal of capital assets	129,456	—	—	—	129,456	—
Net premiums	—	—	1,963,579	—	1,963,579	—
Insurance administration	—	—	1,212,037	1,212,531	1,212,037	1,212,531
	22,315,694	22,645,515	3,175,616	1,212,531	25,491,310	23,858,046
Excess (deficiency) of revenue over expenses before investment income	9,901,486	4,945,528	(1,701,264)	1,410,025	8,200,222	6,355,553
Change in fair value of investments	608,208	—	360,351	—	968,559	—
Other investment income	776,530	546,639	463,135	408,219	1,239,665	954,858
Investment income	1,384,738	546,639	823,486	408,219	2,208,224	954,858
Excess (deficiency) of revenue over expenses	\$ 11,286,224	\$ 5,492,167	\$ (877,778)	\$ 1,818,244	\$ 10,408,446	\$ 7,310,411

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	2021				2020	
	Investment in capital assets and intangible assets	Restricted insurance program fund (Schedule)	Internally restricted operating reserve	Unrestricted	Total	Total
Balance, beginning of year	\$ 2,851,976	\$ 28,068,428	\$ 8,000,000	\$ 13,204,160	\$ 52,124,564	\$ 44,814,153
Excess (deficiency) of revenue over expenses	—	(877,778)	—	11,286,224	10,408,446	7,310,411
Interfund transfer	—	—	5,000,000	(5,000,000)	—	—
Purchase of capital and Intangible assets	252,375	—	—	(252,375)	—	—
Loss on disposal of capital assets	(129,456)	—	—	129,456	—	—
Amortization of capital and intangible assets	(971,344)	—	—	971,344	—	—
Balance, end of year	\$ 2,003,551	\$ 27,190,650	\$ 13,000,000	\$ 20,338,809	\$ 62,533,010	\$ 52,124,564

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	Operations Fund		Insurance Program Fund		Total	
	2021	2020	2021	2020	2021	2020
Cash flows from (used in) operating activities:						
Registration fees	\$ 22,166,430	\$ 19,427,851	\$ —	\$ —	\$ 22,166,430	\$ 19,427,851
Other registrant fees	4,791,500	2,690,600	—	—	4,791,500	2,690,600
Education receipts	5,437,206	5,304,814	—	—	5,437,206	5,304,814
Insurance premium fees receipts	—	—	43,543,448	37,932,227	43,543,448	37,932,227
Insurance program stability fees receipts	—	—	364,659	1,028,285	364,659	1,028,285
Insurance administration fees receipts	—	—	506,538	466,102	506,538	466,102
Other receipts	854,710	522,607	181,594	172,069	1,036,304	694,676
Insurance premiums paid	—	—	(45,073,330)	(37,634,519)	(45,073,330)	(37,634,519)
Cash paid to suppliers and employees	(21,742,808)	(21,042,443)	(1,203,714)	(1,082,450)	(22,946,522)	(22,124,893)
	11,507,038	6,903,429	(1,680,805)	881,714	9,826,233	7,785,143
Cash flows from (used in) investing activities:						
Investment income received	954,304	599,287	510,630	517,836	1,464,934	1,117,123
Investment purchase, net	(26,362,304)	9,449,530	(1,807,692)	2,434,341	(28,169,996)	11,883,871
Purchase of capital assets	(188,971)	(221,696)	—	—	(188,971)	(221,696)
Purchase of intangible assets	(63,404)	(2,828)	—	—	(63,404)	(2,828)
	(25,660,375)	9,824,293	(1,297,062)	2,952,177	(26,957,437)	12,776,470
Cash flows used in financing activities:						
Principal repayments on capital lease	—	(14,345)	—	—	—	(14,345)
Net increase (decrease) in cash	(14,153,337)	16,713,377	(2,977,867)	3,833,891	(17,131,204)	20,547,268
Cash, beginning of year	17,224,688	511,311	4,027,479	193,588	21,252,167	704,899
Cash, end of year	\$ 3,071,351	\$ 17,224,688	\$ 1,049,612	\$ 4,027,479	\$ 4,120,963	\$ 21,252,167

See accompanying notes to financial statements.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements

Year ended December 31, 2021

The Real Estate Council of Ontario ("RECO") is a not-for-profit corporation, originally incorporated by letters patent under the Canada Corporations Act on January 24, 1997. RECO subsequently incorporated under the laws of the Province of Ontario by letters patent of continuation dated June 9, 2021. RECO is exempt from tax under the Income Tax Act (Canada).

On May 5, 1997, RECO received delegated responsibility to administer the Real Estate and Business Brokers Act (the "Act"). RECO's mandate is to protect consumers and to administer the regulatory requirements of Ontario's real estate professions. On March 31, 2006, the Act was replaced by the Real Estate and Business Brokers Act, 2002 ("REBBA 2002").

Consumer deposit insurance, errors and omissions insurance and commission protection insurance are mandatory for registrants under REBBA 2002. Payments required under REBBA 2002 are designated to three funds within the overarching Insurance Program Fund. Those three funds are the Insurance Premium Fund, the Program Stability Fund and the Insurance Administration Fund.

The Insurance Premium Fund is a restricted fund that is used to hold the insurance premiums that will be remitted to the insurer. The Program Stability Fund is a restricted fund that may be used to offset future increases in the premiums charged by the insurer. This fund may also be used to reduce the present level of premiums. The Insurance Administration Fund is a fund used to pay the administrative costs associated with the operation of the program.

The Operating Reserve is a designated fund created in 2016 by resolution of RECO's Board of Directors (the "Board"). It is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, an unanticipated decrease in revenue, uninsured losses, and other similarly unusual circumstances as may be recognized from time to time by the Board.

All reserves are managed by RECO as required by RECO's Policy on Financial Reserves.

1. Significant accounting policies:

(a) Basis of preparation:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Canadian Accounting Standards Board.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(b) Revenue recognition:

RECO follows the deferral method of accounting for revenue. RECO derives its revenue primarily from fees charged to register as a real estate salesperson, a real estate broker, and a real estate brokerage, fees charged to review applications, fees charged for mandatory continuing education, amounts receivable under an education services agreement with the Ontario Real Estate Association ("OREA"), fees charged under the agreement with the consortium of Humber Institute of Technology & Advanced Learning ("Humber") and NIIT Canada, and fees charged for the administration of the insurance program.

Registration proceeds are for a two-year period. Revenue is recognized evenly over this two-year period consistent with the period in which services are to be rendered. Amounts related to future years are recorded as deferred registration fees.

Fees charged to review applications and for mandatory continuing education are recognized as they are earned.

Amounts received under the two education agreements are recognized as they are earned. Variable and fixed amounts received under the agreements are recognized over the period of entitlement. Details of the agreements are set out in note 9.

Revenue from disciplinary fines is recognized as the decisions of RECO's Discipline and Appeals Committees are released. Amounts receivable are subsequently measured at the lower of amortized cost and net realizable value.

Insurance proceeds are for the one-year period of the insurance policy, which runs from September 1 of the current year to August 31 of the following year. Amounts related to the following year are recorded as deferred insurance fees. Other amounts receivable are recognized in the year received.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. RECO has elected to carry investments in private equity at fair value.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, RECO determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount RECO expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Computer equipment	30%
Office furniture and equipment	20%
Leasehold improvements	Over the term of the lease
Office equipment, subject to capital lease	Over the term of the lease

(e) Intangible assets:

Intangible assets are recorded at cost, less accumulated amortization. Amortization of intangible assets is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Management information system	10%
Computer software	30%

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Impairment of capital and intangible assets:

Capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to RECO's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the assets are less than their net carrying amounts.

There were no impairment charges recognized for capital and intangible assets in 2021 and 2020.

(g) Lease inducements:

Lease inducements are amortized on a straight-line basis as a reduction of rent expense over the term of the lease.

(h) Use of estimates:

The preparation of RECO's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of certain investments, valuation of certain receivables and accrued liabilities. Actual results could differ from those estimates.

2. Cash:

Cash consists of amounts held in BMO treasury accounts earning interest at BMO's deposit reference rate less 1.75% for balances up to and including \$50,000,000.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Investments:

	Operations Fund		Insurance Program Fund	
	2021	2020	2021	2020
Fixed income:				
Canadian	\$ 25,488,129	\$ 23,684,036	\$ 14,461,213	\$ 26,502,252
U.S.	2,521,663	—	1,428,943	—
	28,009,792	23,684,036	15,890,156	26,502,252
Equities:				
Canadian	4,528,703	—	2,566,265	—
U.S.	6,348,954	—	3,597,741	—
Foreign (non-U.S.)	7,097,215	—	4,021,755	—
	17,974,872	—	10,185,761	—
Private equity:				
Canadian real estate	4,669,884	—	2,594,378	—
Total investments	50,654,548	23,684,036	28,670,295	26,502,252
Less investments classified as short-term	—	23,684,036	—	26,502,252
	\$ 50,654,548	\$ —	\$ 28,670,295	\$ —

Investments in fixed income and equities consists of managed pooled funds. Investments in private equity consist of Canadian real estate held through a segregated fund.

The allocation of investments is managed in accordance with RECO's Statement of Investment Policy and Procedures ("SIPP").

As at December 31, 2020, short-term investments of Canadian fixed income consisted of guaranteed investment certificates with interest rates ranging from 0.3% to 2.0% and maturities ranging from January 2021 to August 2021.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 1,112,909	\$ 796,631	\$ 316,278	\$ 523,951
Office furniture and equipment	1,093,553	1,059,815	33,738	118,234
Leasehold improvements	1,612,515	1,453,702	158,813	512,182
Office equipment, subject to capital lease	77,046	77,046	—	—
	\$ 3,896,023	\$ 3,387,194	\$ 508,829	\$ 1,154,367

In the current year, amortization expense related to capital assets totaled \$705,054 (2020 - \$742,732).

5. Intangible assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Management information system	\$ 2,479,306	\$ 1,041,308	\$ 1,437,998	\$ 1,685,928
Computer software	469,476	412,752	56,724	11,681
	\$ 2,948,782	\$ 1,454,060	\$ 1,494,722	\$ 1,697,609

In the current year, amortization expense related to intangible assets totaled \$266,290 (2020 - \$272,126).

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Administrative agreement:

An administrative agreement exists between RECO and the Ministry of Government and Consumer Services (the "Agreement"). Amounts payable under the Agreement are recognized in the year incurred. In the current year, \$327,476 (2020 - \$237,924) was incurred as an expense. Amounts for future years will be charged in accordance with the table below and amounts thereafter will be as determined by the Ministry of Government and Consumer Services.

April 1, 2021 to March 31, 2022	\$ 345,871
April 1, 2022 to March 31, 2023	419,453

7. Deferred lease inducement:

RECO received lease inducements to enter into a long-term lease for office premises. Inducements include the reimbursement by the lessor of certain expenditures for leasehold improvements by RECO and graduated rental increases. These inducements are amortized on a straight-line basis as a reduction of rental expense over the term of the lease. The liability of \$7,939 related to graduated rental increases is recorded in accounts payable and accrued liabilities (2020 - \$39,695). The liability related to the reimbursement of leasehold improvements is recorded as deferred lease inducement, as follows:

Balance, December 31, 2020	\$ 119,085
Amortized to rental expense 2021	95,268

Balance, December 31, 2021, and amount to be amortized in 2022	\$ 23,817
---	-----------

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Deferred revenue:

(a) Operations Fund:

Deferred revenue represents registration fees received that relate to subsequent periods. The movements in the deferred revenue balance during the year were:

Balance, December 31, 2020	\$ 19,793,027
Registration fees received in 2021	22,166,430
Less amounts recognized as revenue in 2021	19,765,134
Balance, December 31, 2021	\$ 22,194,323
Amounts to be recognized as revenue in 2022	\$ 16,268,235
Amounts to be recognized as revenue in 2023	5,926,088
	\$ 22,194,323

(b) Insurance Program Funds:

Deferred revenue represents insurance payments received that relate to the next fiscal year. The movements in the deferred revenue balance during the year were:

	Program Stability Fund	Insurance Administration Fund	Total
Balance, December 31, 2020	\$ 674,863	\$ 295,222	\$ 970,085
Insurance payments received in 2021	364,659	506,538	871,197
Less amounts recognized as revenue in 2021	819,262	473,031	1,292,293
Balance, December 31, 2021 and amounts to be recognized as revenue in 2022	\$ 220,260	\$ 328,729	\$ 548,989

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Education revenue:

Education revenue includes fees charged for mandatory continuing education, amounts receivable under the education services agreement for education programs delivered by OREA and amounts receivable under the agreement with the consortium of Humber and NIIT Canada for education programs delivered by Humber.

For amounts receivable under the education programs delivered by OREA, for the period commencing April 1, 2016, RECO is entitled to \$42 per enrollment, minus reimbursements, for student contracts for vocational programs signed on or after April 1, 2016 to be paid quarterly, and \$32 per enrollment, minus reimbursements, for student contracts for vocational programs signed prior to April 1, 2016 to be paid quarterly. OREA ceased delivering the program on June 11, 2021.

For amounts receivable under the education programs delivered by Humber, effective on September 16, 2019, RECO is entitled to \$2,000,000 annually. RECO is also entitled to 5% of all course revenue in excess of \$20,000,000 within a calendar year.

10. Commitments:

RECO has minimum operating lease commitments under a lease for premises. The future estimated payments are as follows:

2022	\$ 178,500
2023	386,000
2024	386,000
2025	386,000
2026	403,500
Thereafter	2,512,000
	<hr/>
	\$ 4,252,000

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

11. Funds held in trust:

RECO holds in trust consumer deposits transferred by brokers as dormant trust funds. As at December 31, 2021, these deposits amounted to \$5,183,819 (2020 - \$5,596,876). These amounts have not been included in the financial statements as RECO does not control or benefit from these funds.

12. Contingencies:

RECO is involved in litigation matters where RECO is named as the defendant. All extant matters in which RECO is named as a defendant are insured matters, and RECO's corporate insurer typically has carriage of all actions. In the opinion of management, the resolution of any of these claims against RECO will not result in a material effect on the financial position of RECO. Any pre-trial settlements, or portions of settlements, not covered by RECO's corporate insurance will be reflected in the statement of operations if the likelihood of loss is more likely than not and the amount can be reasonably determined. Any awards or portions of awards at trial or in arbitration and not covered by RECO's corporate insurance will be recognized as the matters are resolved.

13. Financial risks:

RECO is exposed to a variety of financial risks including market risk and credit risk. It is management's opinion that RECO is not exposed to significant liquidity risk.

(a) 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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. RECO is subject to market risk on its investments.

The COVID-19 pandemic and the measures taken to contain the virus continue to impact the market as a whole. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on investments is not known at this time.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

13. Financial risks (continued):

Risk management relates to RECO's understanding and active management of risks associated with all areas of RECO and the associated operating environment. RECO manages its financial risks by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with RECO's SIPP. RECO's SIPP focuses on the long-term preservation of capital, with a rate of return sufficient to meet the cost of administering the investments.

RECO is not involved in any derivative financial instruments for trading purposes.

(i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. RECO is exposed to foreign currency exchange risk on its foreign investments.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. RECO is exposed to interest rate risk on its fixed-income investments.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. RECO is exposed to other price risk on its investment in equities.

RECO monitors the impact of market volatility on its financial instruments and structures its investment strategies to reduce the risk to an acceptable level.

REAL ESTATE COUNCIL OF ONTARIO

Notes to Financial Statements (continued)

Year ended December 31, 2021

13. Financial risks (continued):

(b) Credit risk:

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations.

RECO is exposed to credit risk on cash held with financial institutions. RECO places its cash with high quality institutions to mitigate this risk.

RECO is exposed to credit risk on accounts receivable, which comprises amounts receivable from registration education programs and disciplinary fines. Credit risk from registration education programs is considered to be low, as receivables are recognized only if it is reasonably certain the monies will be received. Credit risk from disciplinary fines in aggregate are material, with most debtors owing individually immaterial amounts. RECO maintains an allowance for doubtful accounts of \$904,174 (2020 - \$851,513) for disciplinary fines receivable.

REAL ESTATE COUNCIL OF ONTARIO

Schedule of Insurance Program Fund Balances

Year ended December 31, 2021, with comparative information for 2020

				Total	
	Insurance Premium Fund	Program Stability Fund	Insurance Administration Fund	2021	2020
Revenue:					
Insurance fees	\$ —	\$ 819,262	\$ 473,031	\$ 1,292,293	\$ 2,450,392
Other income	—	—	182,059	182,059	172,164
	—	819,262	655,090	1,474,352	2,622,556
Expenses:					
Net premiums	1,963,579	—	—	1,963,579	—
Insurance administration	—	—	1,212,037	1,212,037	1,212,531
	1,963,579	—	1,212,037	3,175,616	1,212,531
Excess (deficiency) of revenue over expenses before investment income	(1,963,579)	819,262	(556,947)	(1,701,264)	1,410,025
Change in fair value of investments	—	237,832	122,519	360,351	—
Other investment income	—	305,669	157,466	463,135	408,219
Investment income	—	543,501	279,985	823,486	408,219
Excess (deficiency) of revenue over expenses	(1,963,579)	1,362,763	(276,962)	(877,778)	1,818,244
Accumulated fund balances, beginning of year	54,369	25,603,037	2,411,022	28,068,428	26,250,184
Interfund transfer	1,909,210	(1,909,210)	—	—	—
Accumulated fund balances, end of year	\$ —	\$ 25,056,590	\$ 2,134,060	\$ 27,190,650	\$ 28,068,428

Governance

Board of Directors

RECO is governed by a 12-person board of directors, comprising nine elected representatives registered under REBBA and three members appointed by the Minister of Government and Consumer Services. RECO's board of directors is responsible for providing the organization with purpose and strategic direction using effective oversight and strong governance principles. The code of conduct for directors of the board is included as Schedule C in the Administrative Agreement.

The day-to-day management of RECO is the responsibility of the CEO in accordance with the policies and budget established by the board of directors. The powers and duties imposed under REBBA are carried out by the registrar. The management team and staff support the delivery of programs and services for consumers and registrants. As of December 31, 2021, RECO had 144 full-time employees.

Elected Directors

CHAIR

Steve Boxma, Broker
Royal LePage Team Realty, Brokerage
Manotick
End of Term: End of AGM 2023

VICE-CHAIR

Tim Lee, Broker
Century 21 Explorer Realty Inc., Brokerage
Carleton Place
End of Term: End of AGM 2022

Rui Alves, Broker
iPro Realty Ltd., Brokerage
Mississauga
End of Term: End of AGM 2022

Frank Dattilo, Broker of Record
Dattilo Realty Inc., Brokerage
Windsor
End of Term: End of AGM 2024

Tamer Fahmi, Broker
Keller Williams Edge Hearth & Home Realty, Brokerage
Burlington
End of Term: End of AGM 2022

Rebecca Himelfarb, Broker
Forest Hill Real Estate Inc.
Toronto
End of Term: End of AGM 2024

John O'Sullivan, Broker
RE/MAX Hallmark Realty Group
Ottawa
End of Term: End of AGM 2024

David Schooley, Broker
RE/MAX Twin City Realty Inc., Brokerage
Kitchener
End of Term: End of AGM 2023

Katie Steinfeld, Broker
On The Block Realty Inc., Brokerage
Woodbridge
End of Term: End of AGM 2023

Appointed Directors

Janet Cloud
3Cs Corporation
End of Term: End of AGM 2023

John McCharles
RE/MAX Sarnia Realty Inc.
End of Term: End of AGM 2022

Phillip Richardson
Black Opal Property Advisors
End of Term: End of AGM 2022

Board Committees

Audit, Risk, Finance & Insurance Committee

5 committee meetings held annually

The committee assists the board of directors in meeting its fiduciary and governance responsibilities with respect to RECO's financial statements, external audit, budget, internal audit and processes related to enterprise risk & innovation management and information technology.

The committee oversees RECO's corporate insurance program. In addition, it monitors the performance and operations of the professional liability insurance program administered by RECO and moneys held by RECO in the Insurance Administration Fund, the Premium Fund and the Program Stability Fund.

Governance, People and Culture Committee

4 committee meetings held annually

The committee assists the board of directors by ensuring that RECO develops and implements an effective approach to corporate governance, enabling the business and affairs of RECO to be directed, implemented and managed to meet its mandate and its strategic and business planning goals and objectives.

The committee also assists the board by providing supports that allow members of the Board to maximize their contribution in the best interests of RECO through robust recruitment, orientation, onboarding and development.

Additionally, the committee oversees the performance and evaluation of the Chief Executive Officer of RECO in a manner consistent with relevant RECO policy.

The committee reviews, reports on and makes recommendations to the board with respect to human resource management at RECO, including compensation matters, occupational health and safety, employee engagement, and human resources sustainability and succession planning.

Strategy and Organizational Performance Committee

5 committee meetings held annually

The committee assists the board of directors in ensuring that RECO develops and implements an organizational strategic plan and an annual business plan.

Additionally, the committee oversees the development and implementation of an organizational planning cycle, coordinating strategic planning, business planning, budget planning, sustainability considerations and risk management, and monitoring the performance of RECO against the goals and objectives in its strategic and business plans.

Statutory Committees*

Discipline Committee

The committee conducts hearings pertaining to alleged breaches of the Code of Ethics referred to by the registrar. Discipline panels determine whether registrants have complied with the Code of Ethics.

Appeals Committee

The committee hears, considers, and decides appeals related to Discipline Committee decisions.

**Members of the board of directors cannot be appointed to the Discipline Committee or the Appeals Committee.*

Other

Registrar's Education Advisory Committee

The committee provides advice to the registrar on education-related matters. The committee may also make recommendations regarding potential changes to educational requirements or policies related to education providers and approved subject areas in both the registration education and continuing education programs.

Consumer & Industry Advisory Group

The advisory group provides input to the board on issues of importance to consumers. In addition, it provides RECO with observations and advice related to existing or emerging issues in the real estate sector, identifies potential enhancements in service delivery, and provides input related to such other matters as RECO may request from time to time.

The following board policies were reviewed in 2021:

- Policy on Financial Reserves
- Statement of Investment Policy and Procedures
- Code of Conduct

Law amendments

By-law 1 and By-law 2 were amended and approved at the AGM to reflect RECO's provincial incorporation.

The passage of Bill 159 required that RECO incorporate provincially. This required a change to the by-law's terminology and structure from a federally incorporated entity to a provincially incorporated one.

Management

Organizational structure at year-end, 2021



Chief Executive Officer

MICHAEL BEARD

CHIEF EXECUTIVE OFFICER

Elizabeth Benson

Administrator, Board Support Services

George Drametu

Director, Litigation

Ruth Garrett

Director, Risk & Insurance Programs

Christine Harminc

Director, External Relations

Regulatory Division

JOSEPH RICHER

REGISTRAR

Lisa Key

Director, Education

Gail McGuire

Manager, Registration Education

Jim Makris

Manager, Inspections & Investigations

Glen Thomas

Manager, Complaints, Compliance & Discipline

Angela Volpe

Manager, Registration

Lisa Wall

Manager, Education

Operations Division

BRENDA BUCHANAN

CHIEF OPERATIONS OFFICER

Tim Bates

Director, Finance & Accounting

Adam Freyseng

Director, Client Services

Sylvia Mauti

Director, Human Resources

Mike Prime

Director, Information Technology

Vasko Markovski

Manager, Application Development

Martin McKenzie

Manager, Accounting

Raquel Smith

Manager, Discipline & Appeals Hearings



Real Estate Council of Ontario
3300 Bloor Street West
Suite 1200, West Tower
Toronto, Ontario M8X 2X2

T (416) 207-4800
TF 1-800-245-6910
F (416) 207-4820
www.reco.on.ca



**Real Estate
Council of Ontario**