

FRASER VALLEY REAL ESTATE BOARD

Financial Statements
December 31, 2024

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRASER VALLEY REAL ESTATE BOARD

Opinion

We have audited the financial statements of Fraser Valley Real Estate Board (the "Board"), which comprise:

- ♦ the statement of financial position as at December 31, 2024;
- ♦ 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
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board 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 Matter

The financial statements for the year ended December 31, 2023 were audited by another audit practitioner who expressed an unmodified opinion on those statements on February 26, 2024.

Other Information

Management is responsible for the other information. The other information comprises of the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

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, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

1

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO

201-1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

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 private enterprises, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 Board's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO

201-1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

- ♦ 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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Board 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.

We 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.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Smythe LLP

Chartered Professional Accountants

Langley, British Columbia
March 7, 2025

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

3

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO

201-1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

FRASER VALLEY REAL ESTATE BOARD
Statement of Financial Position
December 31

	2024	2023
Assets		
Current		
Cash	\$ 573,619	\$ 937,585
Accounts receivable	1,243,875	1,126,569
Inventory supplies	23,060	34,518
Prepaid expenses	409,177	334,516
	2,249,731	2,433,188
Investments (note 3)	10,998,651	10,003,021
Intangible assets (note 4)	1,581	4,420
Property and equipment (note 5)	3,389,624	3,238,217
	\$ 16,639,587	\$ 15,678,846

Liabilities


Current		
Accounts payable and accrued liabilities (note 6)	\$ 2,022,988	\$ 1,209,149
Unearned revenue	40,287	51,963
	2,063,275	1,261,112

Net assets

Unrestricted	1,673,941	1,663,931
Internally restricted	12,902,371	12,753,803
	14,576,312	14,417,734
	\$ 16,639,587	\$ 15,678,846

Commitments (note 8)
Contingencies (note 11)

Approved by the Board:

 , Director

 , Director

FRASER VALLEY REAL ESTATE BOARD

Statement of Operations Year Ended December 31

	2024	2023
Revenue		
Fraser Valley Real Estate Board dues and fees	\$ 5,003,802	\$ 4,931,475
Multiple Listing Service fees and charges	3,926,376	4,037,980
Listing fees	696,330	588,615
Education seminar fees	590,224	649,015
Other income	183,795	175,970
Brokers discount for early payment	(528,326)	(524,259)
	9,872,201	9,858,796
Expenses		
Administration	2,475,191	2,334,777
Donations, sponsorships and grants	50,383	42,207
Education seminars (note 9)	225,533	468,350
Fixed overhead (notes 4, 5 and 9)	651,060	639,253
Legal, audit and professional	712,529	370,479
Organization costs - internal	1,721,620	1,499,570
Salaries and benefits (note 9)	5,431,152	5,157,244
	11,267,468	10,511,880
Deficiency of revenue over expenses before other items	(1,395,267)	(653,084)
Revenues collected and distributed as agent		
British Columbia Real Estate Association ("BCREA") dues	1,061,803	1,010,081
Canadian Real Estate Association ("CREA") dues	1,614,070	1,535,000
BCREA assessments	(1,061,803)	(1,010,081)
CREA assessments	(1,614,070)	(1,535,000)
	-	-
Deficiency of revenue over expenses before other income	(1,395,267)	(653,084)
Other items		
Realized and unrealized gain on investments	1,122,682	425,957
Investment income (note 3)	431,163	382,357
	1,553,845	808,314
Excess of revenue over expenses for year	\$ 158,578	\$ 155,230

See notes to the financial statements

FRASER VALLEY REAL ESTATE BOARD

Statement of Changes in Net Assets

Year Ended December 31

	Unrestricted	Internally restricted				Investment in capital assets	Total internally restricted	Total net assets
		Operational reserve	Technology change reserve	Fees and dues reserve	Members' benevolent fund			
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	1,890,956	4,000,000	3,000,000	2,000,000	13,666	3,360,382	12,374,048	14,265,004
Excess of revenue over expenses for the year	155,230	-	-	-	-	-	-	155,230
Purchase of property and equipment and intangible assets	(64,387)	-	-	-	-	64,387	64,387	-
Benevolent support	-	-	-	-	(2,500)	-	(2,500)	(2,500)
Transfer to Operational reserve	(500,000)	500,000	-	-	-	-	500,000	-
Amortization	182,132	-	-	-	-	(182,132)	(182,132)	-
Balance, December 31, 2023	1,663,931	4,500,000	3,000,000	2,000,000	11,166	3,242,637	12,753,803	14,417,734
Excess of revenue over expenses for the year	158,578	-	-	-	-	-	-	158,578
Purchase of property and equipment and intangible assets	(327,021)	-	-	-	-	327,021	327,021	-
Amortization	178,453	-	-	-	-	(178,453)	(178,453)	-
Balance, December 31, 2024	1,673,941	4,500,000	3,000,000	2,000,000	11,166	3,391,205	12,902,371	14,576,312

FRASER VALLEY REAL ESTATE BOARD
Statement of Cash Flows
Year Ended December 31

	2024	2023
Operating activities		
Excess of revenue over expenses	\$ 158,578	\$ 155,230
Items not involving cash		
Amortization of property and equipment	173,243	168,809
Amortization of intangible assets	5,210	13,323
Realized and unrealized gain on investments	(1,122,682)	(425,957)
	(785,651)	(88,595)
Changes in non-cash working capital		
Accounts receivable	(117,306)	(244,136)
Inventory supplies	11,458	24,878
Prepaid expenses	(74,661)	(10,013)
Accounts payable and accrued liabilities	813,839	(61,557)
Unearned revenue	(11,676)	(19,944)
	621,654	(310,772)
Cash used in operating activities	(163,997)	(399,367)
Investing activities		
Proceeds on sale of investments	1,954,308	1,877,969
Purchase of investments	(1,827,256)	(2,312,211)
Purchase of intangible assets	(2,371)	-
Purchase of property and equipment	(324,650)	(64,387)
Members' benevolent fund	-	(2,500)
Cash used in investing activities	(199,969)	(501,129)
Outflow of cash	(363,966)	(900,496)
Cash, beginning of year	937,585	1,838,081
Cash, end of year	\$ 573,619	\$ 937,585

See notes to the financial statements

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

1. PURPOSE OF ORGANIZATION

The Fraser Valley Real Estate Board (the "Board") is a non-profit society that represents the business and professional interests of its members. The Board is incorporated under the *Societies Act* (British Columbia) as a member-funded society and is a non-profit organization under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes. In the event of the winding up or dissolution of the Board, the distribution of the assets, to the extent they are not utilized to absorb ongoing expenses, shall be made to other non-profit societies as designated by the members.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements were prepared in accordance with Part III of the CPA Canada Handbook – Accounting, Accounting Standards for Not-for-Profit Organizations ("ASNPO"), which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

(b) Cash

Cash consists of cash on deposit with banks and highly liquid short-term interest bearing securities with maturities at their purchase date of three months or less.

(c) Inventory supplies

Inventory supplies are recognized at the lower of cost, determined using the first-in, first-out method or net realizable value.

(d) Intangible assets

Computer software is recorded at cost less accumulated amortization and impairment provisions. Amortization is recognized on a straight-line basis over three years.

(e) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and impairment provisions. Amortization is recognized on a straight-line basis over the estimated useful life of the assets as follows:

Building and improvements	30 to 60 years
Parking lot improvements	25 years
Furniture and equipment	10 years
Computer hardware	3 years

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(f) Impairment of property and equipment and intangible assets

When conditions indicate that an item of property and equipment or an intangible asset no longer contributes to the Board's ability to provide goods and services, or that the value of the future economic benefits or service potential associated with the item of property and equipment or intangible asset is less than its net carrying amount, the item of property and equipment or intangible asset is written down to its fair value. The write-down is recognized as an expense in the statement of operations. Write-downs are not reversed.

(g) Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the selling price to the buyer is fixed or determinable, and collection of the selling price is reasonably assured. Revenue is measured as the amount of consideration received excluding discounts and sales taxes.

Revenue from membership dues is recognized as revenue in the month to which they relate. Multiple Listing Service fees and charges are recognized as revenue at the adjustment date specified on the contract of purchase and sale. Revenues from listing fees are recognized upon processing of the listing. Education seminar fees are recognized as revenue upon delivery of the seminar. Other income is recognized in the period in which the related service is provided.

The Board follows the deferred method of accounting for contributions. Contributions are non-reciprocal transfers to the Board of cash or other assets or a non-reciprocal settlement or cancellation of its liabilities. Government funding provided to the Board is considered to be a contribution. Externally restricted contributions for which the related restriction is unfulfilled at the statement of financial position date, as well as contribution for expenses of one or more future periods, are deferred and recognized as revenue in the same period or periods in which the restriction is fulfilled or the related expenses are recognized.

Investment income includes interest, dividends, income distributions from funds, and realized and unrealized gains and losses net of investment management and custodial fees. Interest income is recognized with the passage of time, dividends are recognized as of the ex-dividend date, fund distributions are recognized on the distribution date, and realized and unrealized gains and losses are recognized in the period incurred.

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(h) Financial instruments

Financial instruments are initially measured at fair value, except for related party transactions. Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments. Related party financial instruments that do not have repayment terms are recorded at cost, determined using the consideration transferred or received by the Board. If the consideration transferred or received has repayment terms, then the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, of the financial instrument transferred as consideration. If, however, the consideration transferred is an asset or liability that does not have repayment terms, the cost is initially recognized at the carrying or exchange amount of the consideration transferred or received, depending on the circumstances. The exchange amount is used when the transaction is in the normal course of operations or the transaction is not in the normal course of operations but has commercial substance, the change in ownership interest in the related financial item transferred is substantive and the amount of consideration transferred or received is established and agreed to by the related parties and is supported by independent evidence. Otherwise, the carrying amount of the consideration transferred or received is used as the cost of the related party financial instrument.

Transaction costs are recognized as expenses in the period incurred. However, arm's length financial instruments that are not subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance, or assumption.

Arm's length financial instruments are subsequently measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are subsequently measured at fair value based on the latest closing price. Related party financial instruments are subsequently measured at cost.

For financial assets measured using the amortized cost method where there is an indication of impairment such as a significant adverse change in the expected timing or amount of future cash flows from the financial assets, the carrying amounts of the financial assets are reduced. The amount of reduction is recognized as an impairment loss in the statement of operations. When the extent of the impairment of a previously written-down asset decreases and the decrease is related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(i) Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate in effect at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange at the statement of financial position date. Realized and unrealized exchange gains and losses on foreign currency are included in the realized and unrealized gain (loss) on investments in the non-consolidated statement of operations.

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(j) Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to apply judgment to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) Allocation of expenses

The Board engages in training and education programs. The cost of each program includes the costs of personnel and premises that are directly related to providing the programs. The Board allocates these expenses on a prescribed basis as determined by management, primarily based on time spent.

(l) New standard adopted

Cloud Computing Arrangements (Adoption of AcG-20)

The Accounting Standards Board ("AcSB") introduced the new Accounting Guideline ("AcG-20"), *Customer's Accounting for Cloud Computing Arrangements* of Part II of the CPA Canada Handbook – Accounting on November 15, 2022 and is effective for private enterprises and not-for-profit organizations with fiscal years beginning on or after January 1, 2024. The new guideline contains guidance on determining whether a software intangible asset exists in the cloud computing arrangement and provides an accounting policy choice to either capitalize directly attributable expenditures on implementation activities when the arrangement is a software service or a simplification approach to expense such expenditures as incurred. In accordance with AcG-20, the elected approach is an accounting policy that shall be applied consistently to expenditures in all cloud computing arrangements.

On January 1, 2024, the Board has elected to apply the simplification approach as it is the same approach previously applied by the Board to expense as incurred the expenditures related to the elements in the cloud computing arrangements. The Board reported such expenses under the line item of "Administration" in the statement of operations.

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

3. INVESTMENTS

	2024	2023
Fixed income	\$ 2,507,904	\$ 2,945,994
Equities		
Canadian	1,971,042	1,788,254
Foreign	3,764,862	2,751,589
Mortgage investment corporations		
Antrim Balanced Mortgage Fund	1,174,820	1,086,354
AP Capital Mortgage Investment Corporation	340,370	311,972
VWR Capital Corp.	1,239,653	1,118,858
	\$ 10,998,651	\$ 10,003,021

Investments in mortgage investment corporations ("MIC") are made through purchases of preferred shares in each MIC. Shareholder funds in each MIC are pooled and invested in residential and commercial mortgage investments in Canada.

Investment income comprises the following:

	2024	2023
Dividends	\$ 332,998	\$ 270,896
Interest	112,630	117,511
Fund distributions	26,477	30,027
Management fees	(40,942)	(36,077)
	\$ 431,163	\$ 382,357

4. INTANGIBLE ASSETS

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 1,301,037	\$ 1,299,456	\$ 1,581	\$ 4,420

During the year ended December 31, 2024, the Board incurred amortization expenses of \$5,210 (2023 - \$13,323) related to the computer software.

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

5. PROPERTY AND EQUIPMENT

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,208,984	\$ -	\$ 1,208,984	\$ 1,208,984
Building and improvements	4,958,871	2,865,496	2,093,375	1,964,019
Parking lot improvements	212,779	212,779	-	-
Furniture and equipment	1,733,234	1,711,305	21,929	25,079
Computer hardware	2,202,596	2,137,260	65,336	40,135
	\$ 10,316,464	\$ 6,926,840	\$ 3,389,624	\$ 3,238,217

During the year ended December 31, 2024, the Board incurred \$173,243 (2023 - \$168,809) of amortization related to property and equipment.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable and accrued liabilities	\$ 2,007,599	\$ 1,191,132
Government remittances	15,389	18,017
	\$ 2,022,988	\$ 1,209,149

7. INTERNALLY RESTRICTED NET ASSETS

The Board maintains internally restricted members' equity that has been designated for specific purposes. Transfers to and from the internally restricted funds are approved by the Board's directors.

- (i) Operational reserve provides resources to support the Board's ability to continue as a going concern.
- (ii) Technology change reserve provides resources to enable the Board to adopt new and effective technologies in support of its members.
- (iii) Fees and dues reserve provides resources available to the Board to assist with stabilizing fees and dues.
- (iv) Members' benevolent fund provides resources to support those Board members in times of critical financial need.

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

8. COMMITMENTS

The Board is committed to certain equipment, software, and service contracts through 2027. The estimated annual aggregate payments for these contracts in each of the next three years are:

2025	\$	1,326,000
2026		1,142,000
2027		785,000
	\$	3,253,000

9. ALLOCATION OF EXPENSES

Salaries and benefits expenses reported in the statement of operations of \$5,431,152 (2023 - \$5,157,244) are reported after allocation of \$nil (2023 - \$141,991) to education seminar expenses representing the cost of employee wages directly attributable to organizing and hosting education seminars.

Fixed overhead expenses of \$nil (2023 - \$71,868) have been allocated to education seminars expenses representing the cost of space used for organizing and hosting education seminars.

10. FINANCIAL INSTRUMENTS

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain of the Board's cash earns interest at bank deposit rates and the Board has investments with fixed income securities. The Board does not use derivative financial instruments to manage the effects of this risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board is exposed to credit risk in the event of non-performance by counterparties in connection with its cash, accounts receivable, and certain fixed income investments. The Board mitigates its credit risk with respect to cash by dealing with Canadian financial institutions with no publicly known liquidity problems, with respect to accounts receivable by dealing only with what management believes to be financially sound counterparties, and with respect to fixed income investments by investing in investment grade securities recommended by professional investment advisors.

(c) Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to liquidity risk with respect to its accounts payable and accrued liabilities.

FRASER VALLEY REAL ESTATE BOARD

Notes to Financial Statements

Year Ended December 31, 2024

10. FINANCIAL INSTRUMENTS — continued

(d) 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. The Board has investments denominated in US dollars of approximately US\$2,619,000 (2023 - US\$2,052,000), and thus the Board is exposed to the risk of fluctuations in income and cash flows from changes in the exchange rate between the Canadian dollar and the US dollar and the degree of volatility in that rate.

(e) 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 similar financial instruments traded in the market. The Board is exposed to other price risk from investments in marketable securities for which future prices are uncertain. The Board manages price risk by allocating its investments across different types of investments and underlying industries.

(f) Concentration of credit risk

Concentration of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus is a higher risk to the business in the event of a default by one of these customers. Approximately 30% of the Board's accounts receivable are due from the Greater Vancouver Realtor (formerly the Real Estate Board of Greater Vancouver). As at December 31, 2024, four customers comprised 50% of accounts receivable. The Board reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring overdue balances.

11. CONTINGENCY

A class action complaint under the caption Kevin McFall v. Canadian Real Estate Association, et al. was filed in the Federal Court of Canada on January 18, 2024. The suit names the Canadian Real Estate Association, certain regional REALTOR® associations, including the Board, certain regional real estate broker associations, and certain real estate brokerages and brokerage owners as defendants. The Board will defend against the claims under this class action. The outcome of this class action complaint is not determinable at this time.

The Board has been named as a co-defendant for a potential claim under the *BC Human Rights Code*. No amounts have been accrued in these financial statements with respect to the claim.

The Board has been named a defendant in potential claims arising from employment matters. The nature of these claims cannot be determined, and the amounts claimed cannot be estimated at this time.

12. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.