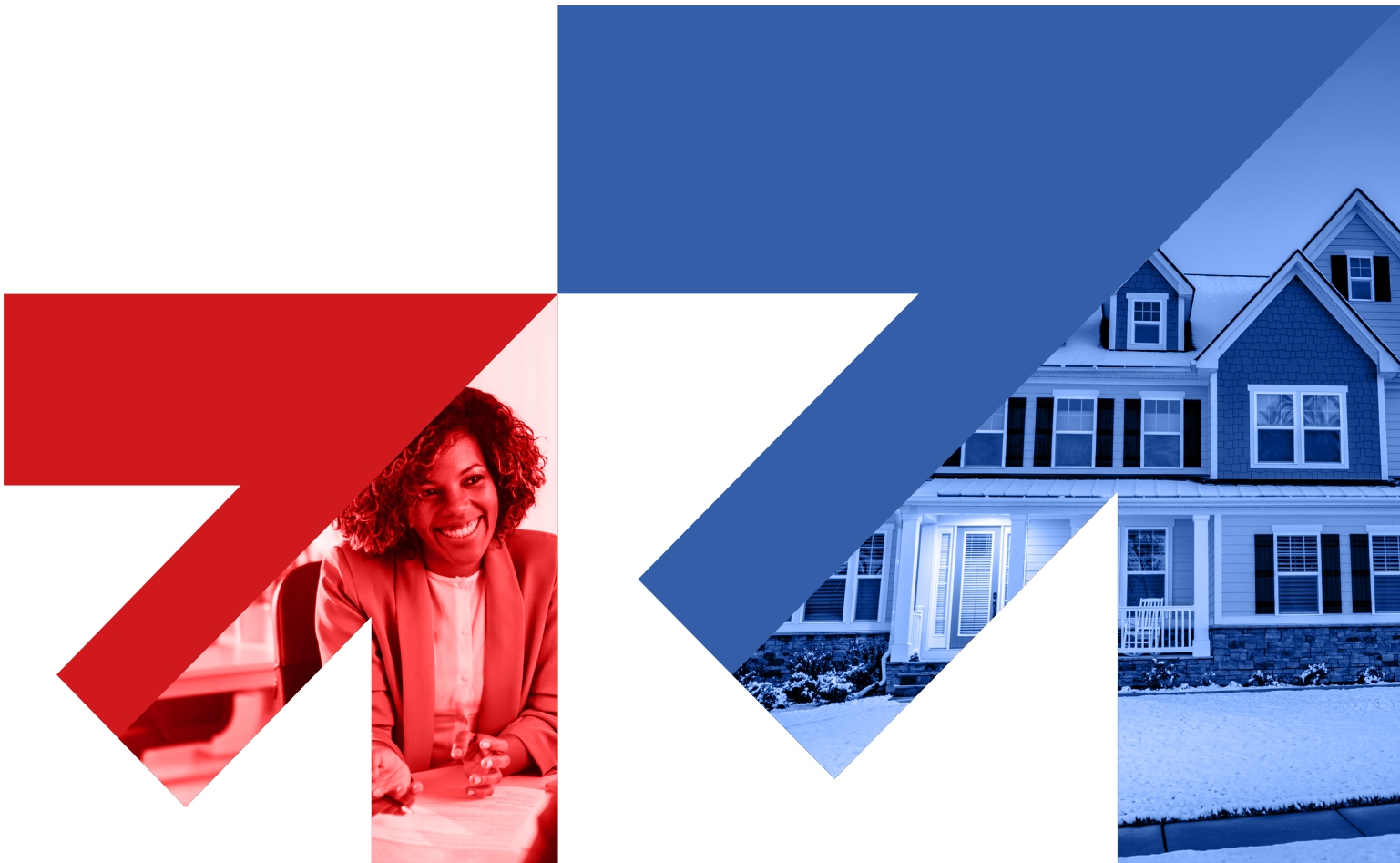


AGM Agenda Package

Tuesday, April 18, 2023



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of The Canadian Real Estate Association (CREA) will be held as a hybrid meeting on Tuesday, April 18, 2023, beginning at 11 a.m. EST, for the purpose of:

1. Receiving and considering the Financial Statements of the Association for the year ended December 31, 2022 and the Auditors Report thereon;
2. Appointing Auditors for the ensuing year;
3. Election of Directors-at-Large;
4. Considering, and if thought fit, approving the motions regarding Rule amendments;
5. Considering, and if thought fit, approving the motions regarding REALTOR® Code amendments;
6. Transacting such other business as may properly be brought before the meeting.

Given at Ottawa, Ontario on this 17th day of March, 2023.

BY ORDER OF THE BOARD



Michael Bourque
Chief Executive Officer

NOTE: An Open Forum to answer questions and hear comments will be held beginning at 11 a.m. EST. CREA's Annual General Meeting will begin immediately following the Open Forum.



Open Forum & Annual General Meeting

Date: 11 a.m. Tuesday, April 18, 2023

Place: Hybrid Meeting: Virtual/Ottawa, Ontario

Open Forum

- ◆ Welcome Address
- ◆ Video on 2022 Successes

Award Presentations:

- ◆ Canadian REALTORS Care® Award 2023 - Proudly Presented by REALTOR.ca
- ◆ AEN Award

The following topics will be presented and discussed:

1. REALTOR® Cooperation
2. Environment, Social and Governance (ESG) update

- ◆ Address: Kenny Parcell, NAR President

Annual General Meeting

- 1) Call to Order
- 2) Approval of the Agenda2
- 3) Approval of the Minutes of the CREA Annual General Meeting held April 5, 2022.....5
- 4) Report of the Chair & Chief Executive Officer
- 5) Financial Report and Audited Statements10
- 6) Appointment of Auditors for 2023
- 7) Technical Amendments to CREA's Rules37
- 8) REALTOR® Code Amendment39
- 9) Elections.....41
- 10) Recognition of Outgoing Directors
- 11) Installation of 2023 Board of Directors
- 12) Address from New Chair
- 13) Adjournment of CREA AGM

Standing Rules for General Meetings of the Members

General

1. Where not otherwise provided for in these Standing Rules or CREA's By-Laws or Rules, procedural issues at all CREA meetings shall be determined in accordance with the latest edition of Robert's Rules of Order.
2. Any Standing Rule shall be subject to adoption, amendment, suspension or termination by a majority vote, provided that proper notice of the proposed change to the Standing Rules is given in the call to the meeting.

Motions

3. All motions dealing with the routine adoption, approval or acceptance of documents such as reports, minutes, agendas, as well as any motion intended to place an agenda item on the floor for discussion and vote, may be made by the Chair or his or her designate.
4. Other motions may be made and seconded only by Voting Delegates.
5. All motions made by Voting Delegates shall first be written out on the form provided and handed to the designated CREA representative. The motion will then be moved and seconded by the Voting Delegates before it is considered and voted on.

Recognizing Members to Speak

6. Voting Delegates may speak once recognized by the Chair. Other members who wish to speak must first obtain the permission of the Chair and then be recognized.
7. Where two or more persons wish to speak at the same time, the Chair will decide the order in which the speakers will be recognized.
8. Once recognized by the Chair, the person must state their name and the name of the Board or Association they represent or of which they are a member.
9. The Chair will recognize as many persons as time permits, with consideration to the extent possible for spokespersons on both sides of the issue.



Rules of Debate

10. No person may speak to a motion more than twice, and may not speak a second time until everyone who is entitled and wishes to speak to the motion has spoken. The mover of the motion has the right to speak first and last on the motion.
11. Speakers may speak for no more than three minutes on a motion.
12. Unless asking for information or clarification, speakers should always begin by indicating clearly whether they are speaking for or against the motion.
13. All speakers must direct their remarks through the Chair. It is improper to speak directly to another person during debate.
14. Courtesy and respect must be accorded to all persons. Speakers shall avoid attacking other persons and shall avoid personal remarks. Similarly, everyone shall allow speakers to make their points without interruption.
15. A speaker's remarks must be relevant to the motion before the assembly.
16. If at any time the Chair rises to state a point of order or otherwise speak, the person speaking must take his/her seat until the Chair has been heard.

Voting

17. Only Voting Delegates may vote.
18. Unless otherwise specified in the Standing Rules or in CREA's By-Laws or Rules, a motion passes when a majority of the votes cast are in favor of the motion. A majority is defined as more than half.
19. At the discretion of the Chair, a vote may be conducted by a show of hands, an electronic voting mechanism, or by secret ballot.
20. The Voting Delegates, by majority vote, may call for a vote by secret ballot. The Voting Delegates must then use the ballot forms provided or such other method as may be determined by the meeting Chair.



Item 3 - Minutes of the CREA Annual General Meeting held April 5, 2022

Call to Order	<p>The Chair called the meeting to order at 1:42 p.m. ET, following the conclusion of the Open Forum. A quorum was declared in accordance with CREA's By-Laws. The 2021 CREA Board of Directors was introduced, and Past-Chairs were recognized. CREA's Board of Director Advisors were also thanked.</p>
Meeting Procedures	<p>Chair Cliff Stevenson noted that the Standing Rules for Assembly Meetings had been distributed as part of the agenda package.</p>
	<p>Atul Kapur, Parliamentarian, and Andrew Newman and Erin Butler, Audit Partners at KPMG and CREA's Auditors for the 2021 fiscal year, were introduced.</p>
Approval of The Agenda	<p>The Chair called for changes to the agenda. No changes were proposed.</p>
Motion 1 -2022(1)	<p>It was duly moved and seconded that the agenda be approved, as presented.</p>
	<p style="text-align: center;"><u>CARRIED</u></p>
Approval of the Minutes	<p>The Chair called for corrections to the Minutes of the Annual General Meeting held on April 13, 2021.</p>
Motion 2 -2022(1)	<p>It was duly moved and seconded that the Minutes of the Annual General Meeting held virtually on April 13, 2021 be approved, as circulated.</p>
	<p style="text-align: center;"><u>CARRIED</u></p>
Report of the Chair and CEO	<p>CREA's 2021 Chair, Cliff Stevenson, and CREA's CEO, Michael Bourque provided a report on CREA's new strategic plan highlighting the success of REALTOR.ca including significant increases in leads directly to members through REALTOR.ca and historically low housing supply.</p> <p>The CEO expressed his pleasure over the past two years working with Chairs that stood fast through the pandemic continuing to build relationships through challenging times to bring the industry together.</p>

The CEO discussed the pre-budget consultation report recently adopted by the House of Commons; a change in narrative to focus on housing supply by the government; the appointment of a new Housing Minister; and the government’s intention to help families buy their first home sooner with a more flexible First-Time Home Buyer’s Incentive and a new Rent-to-Own program; further noting housing accessibility is top of mind for all political parties. Successful PAC Days with many face-to-face and virtual meetings with MPs and PAC Reps keep housing top of mind.

The CEO highlighted the third annual REALTORS Care® week with over 30 real estate boards and associations raised and donated more than \$300,000 in addition to in-kind donations in support of housing and shelter-related charities across the country. In addition, there were very successful fundraising calls to action for the flooding in British Columbia and the humanitarian crisis appeal for Ukraine.

The Chair discussed recently released education courses; engagement with members through many formats; and a very successful advertising campaign.

<p>Financial Report for The Year Ended December 31, 2021</p>	<p>The Chair of the Audit Committee presented the report for the 12-month period of January 1, 2021 – December 31, 2021. He noted the significant increase in new members resulting in 1.9 million in additional revenue.</p>
<p>Appointment of Auditors</p>	<p>The Chair of the Audit Committee presented the report on the recommendations for the appointment of auditors for the next fiscal year and noted that a full tender process took place in 2021.</p>
<p>Motion 3 -2022(1)</p>	<p>It was moved and seconded that the firm of KPMG Chartered Accountants of Ottawa be appointed as the auditors for The Canadian Real Estate Association for the fiscal year January 1, 2022 to December 31, 2022.</p>
<p><u>CARRIED</u></p>	
<p>2022 Board of Directors</p>	<p>The Chair announced that the following Director positions had been filled by acclamation or regional election, all positions are for a two-year term:</p> <p>REGIONAL DIRECTORS Ontario – Larry Cerqua Alberta/Northwest Territories – James Mabey Atlantic – Chris Peters Saskatchewan – Steven Bobiash</p>

Election of Directors- At-Large

In accordance with the Association's By-Laws, prerequisite credentials were received in the category of Director-at-Large for seven candidates to fill three two-year positions and one one-year position.

Ron Abraham	Gurcharan Garry Bhaura
Philip Dorner	Colette Gerber
Darin Germyn	Rebecca Kopel
Phil Moore	

The election process was explained, and each candidate was given three minutes to address the delegates.

The ballots were cast electronically.

The Chair announced that, as a result of the first ballot, 3 two-year positions had been filled, results as follows:

Gurcharan Garry Bhaura
Darin Germyn
Phil Moore

A second ballot was required to fill the one-year term for Director-at-Large as no candidate achieved a majority, therefore, Phil Dorner was dropped from the ballot due to having the lowest number of votes.

The second ballots were cast, and no candidate achieved a majority.

A third ballot was required to fill the one-year term for Director-at-Large, therefore, Rebecca Kopel was dropped from the ballot due to having the lowest number of votes.

The third ballots were cast. Due to technical difficulties, the results of the third ballot were declared invalid by the election scrutineers and a fourth ballot was required.

The fourth ballots were cast and the results were as follows:

Colette Gerber achieved the majority of votes, and the one-year position was filled.

Amendments to Articles of Incorporation and Proposed By-Law/Rule Amendments	Coming Into Force Date of By-Law and Rule Amendments The Chair called on Jill Oudil, CREA's Chair-Elect, to present the motion.
Motion 4 -2022(1)	It was duly moved and seconded that revisions to Article 2.2, as set out on page 37 of the English agenda package for this meeting and page 39 in French, be approved.
	<p style="text-align: center;"><u>CARRIED</u></p>
	Resolutions from the Floor The Chair called on the Chair-Elect to present the motion.
Motion 5 -2022(1)	It was duly moved and seconded that revisions to Article 6.4, as set out on page 38 of the English agenda package for this meeting and page 40 in French, be approved.
	<p style="text-align: center;"><u>CARRIED</u></p>
	Tied Votes The Chair called on the Chair-Elect to present the motion.
Motion 6 -2022(1)	It was duly moved and seconded that revisions to Article 8.7 as set out on pages 39 and 40 of the English agenda package for this meeting and pages 41-42 in French, be approved.
	<p style="text-align: center;"><u>CARRIED</u></p>
	CREA's French Name The Chair called on the Chair-Elect to present the motion.
Motion 7 -2022(1)	It was duly moved and seconded that:
	<ol style="list-style-type: none"> 1. the French corporate name of CREA be changed from L'Association canadienne de l'immeuble to L'Association canadienne de l'immobilier; and 2. CREA be authorized and directed to make an application to the Director of Corporations Canada to give legal effect to the change.
	<p style="text-align: center;"><u>CARRIED</u></p>

Thank You Outgoing Board Members	<p>Prior to adjourning the meeting, the following outgoing Directors were recognized:</p> <p>Costa Pouloupoulos, Immediate Past-Chair Dianne Usher, Director-at-Large Kari McBride, Regional Director Ron Abraham, Director-at-Large</p>
Installation of 2022 Board of Directors	<p>Costa Pouloupoulos, 2020 CREA President, conducted the installation of the 2022 Board of Directors.</p>
ADJOURNMENT	<p>The meeting was declared adjourned at 3:58 p.m. ET.</p>

Item 5 - Financial Report and Audited Statements

THE CANADIAN REAL ESTATE ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

The following discussion and analysis of financial condition, results of operations as of December 31, 2022, of the Canadian Real Estate Association (CREA) should be read in conjunction with the audited financial statements for the fiscal year ended December 31, 2022.

Overview

CREA's major milestones and achievements are outlined in the 2022 CREA Annual Report which will be available online.

Selected Annual Information – Consolidated

	2022 Actual Dec. 31	2021 Actual Dec. 31	2020 Actual Dec. 31
Membership	160,064	151,088	136,605
Membership Fee	\$310	\$310	\$310
	(\$000's)	(\$000's)	(\$000's)
Membership Revenue	48,120.0	44,315.6	40,397.9
New Member Initiation Fee	3,418.8	3,539.4	1,889.4
Total Revenue	54,366.3	50,350.1	44,424.5
Total Expenses	(53,902.9)	(46,481.0)	(43,048.5)
Net Revenue	463.4	3,869.1	1,376.0
Fund Balances	43,796.6	43,333.2	39,464.1

The 2022 membership increased by 5.9% over 2021.

Review of Operations

MEMBERSHIP	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter		Budget
Membership - 2022	153,744	157,109	158,810	160,064		150,000
Membership - 2021	140,331	144,058	147,556	151,088		133,000
Membership - 2020	133,476	133,121	134,769	136,605		135,000
Membership - 2019	130,107	131,388	132,238	133,242		128,000
Membership - 2018	126,180	127,954	128,646	129,752		123,000
Membership - 2017	122,158	122,712	124,041	125,316		117,500
Membership - 2016	115,835	117,888	119,514	121,209		112,500
					Total	Budget
New Members - 2022	5,386	5,759	4,806	4,399	20,350	10,000
New Members - 2021	6,378	6,034	6,101	5,398	23,911	8,100
New Members - 2020	3,183	2,139	3,707	4,942	13,971	8,100
New Members - 2019	5,214*	3,916	3,573	3,054	15,757	8,100
New Members - 2018	3,330	3,872	3,371	3,281	13,854	8,100
New Members - 2017	3,096	3,041	2,772	3,040	11,949	8,100
New Members - 2016	3,732	4,094	3,518	3,149	14,493	8,100
*Includes 2,405 reinstatements so new members are 2,809.						
Terminations - 2022	2,918	2,651	3,268	3,990	12,827	0
Terminations - 2021	2,311	1,884	2,509	2,133	8,837	0
Terminations - 2020	3,265	2,724	2,162	3,337	11,488	0
Terminations - 2019	3,272	2,977	3,208	2,345	11,802	0
Terminations - 2018	2,734	2,659	2,883	2,463	10,739	0
Terminations - 2017	2,215	2,236	2,336	1,870	8,657	0
Terminations - 2016	2,210	2,348	2,219	1,634	8,411	0

Please note that new members in the chart above also include reinstatements, those members who have reinstated their membership in CREA within 24 months of leaving their membership.

Fiscal year 2022 shows lower new members than in 2021 by 14.9% while at the same time the number of members leaving the profession has increased by 45.1% over 2021.

Expenses

The chart below outlines the actual expenses compared to budget and the previous year.

	Budget 2022	Actual 2022 Dec. 31	Actual 2021 Dec. 31
Legal	635,000	619,228	487,644
Advocacy			
Government Relations	1,770,460	1,580,813	607,809
YPN/RCF/CSR	630,000	327,940	146,060
MLS® Statistics	496,098	234,592	250,974
Reputation			
Communications	1,821,000	1,654,272	1,527,303
Marketing	2,369,750	1,897,838	1,957,450
Learning & Development	621,500	389,770	33,275
National Ad Campaign	8,950,000	7,540,497	7,749,866
REALTOR.ca			
IT Products & Services	13,917,880	12,841,757	11,306,483
Committees/Task Force	1,015,916	957,296	410,805
Representation	1,051,706	906,990	684,986

Legal:

The actual 2022 expenses are higher than 2021 with the addition of the Legal Review Project despite the reduction in travel with the increased use of webinars for training.

Advocacy

Government Relations:

The 2022 expenses are much higher than 2021 with the return to an in-person PAC Days and an overall increase in travel for face-to-face meetings and were offset by savings realized in consulting, issue research and the campaign/political action campaign and polling.

YPN/Strategic Impact/RCF:

The 2022 expenses included an audit through Realized Worth to audit the REALTORS Care® program and provide recommendations. There were also additional expenses for Diversity, Equity, Inclusion and Accessibility (DEIA) and sustainability to continue work on the strategy approved by the Board of Directors. YPN expenses relate to research to encourage new members to join the governance of CREA.

MLS® Statistics

The 2022 expenses were in line with the 2021 expenses other than an increase in more travel for in-person presentations and the MLS® Home Price Index (HPI) maintenance expenses have been moved to capital as part of the implementation.

Reputation

Communications:

The expenses for 2022 are slightly higher than 2021 due to expenses for a communications crisis management plan and a new contract for pro-active public relations as well as more in-person presentations and meetings.

Marketing:

The 2022 expenses include increased expenses for Search Engine Marketing, a budget for co-op students to augment the marketing campaigns and increased tradeshow. Additional funds were put towards membership research for the survey conducted this year with The Portage Group (TPG) and additional surveys were conducted by TPG throughout the year.

Learning & Development:

All expenses related to Learning & Development (L&D) have been incorporated into one new area and moved out of the AE Network budget. The L&D expenses for 2022 included expenses for a CREA green designation and enhancement of the L&D hub, including a professional framework and legal services.

National Ad Campaign:

During 2022, a request for proposal went out for a new ad agency and the contract was awarded to No Fixed Address. In addition, we did not produce a new campaign as the 2021 campaign had excellent results and there was no need to change it at the time, saving significant production costs.

REALTOR® and Consumer Technology

Technology Products & Services:

The 2022 expenses were overall higher with external support was increased for REALTOR.ca for ongoing support of new features such as the V4 App, as well as the development for RAN and global development.

Committees/Task Forces:

The Committees and Task Forces held one face-to-face meetings and the rest virtual. The AGM was held as a hybrid meeting. The Global Committee and L&D Committee have been sunset so there were no meeting expenses.

Representation:

The 2022 travel, particularly international travel, was reduced, however, more travel took place in 2022 than 2021.

Salaries & Benefits

	2022 Actual Dec. 31	2021 Actual Dec. 31	2020 Actual Dec. 31
	(\$000's)	(\$000's)	(\$000's)
Total Salaries/Benefits	16,942.8	15,531.5	15,275.3
Salaries/Benefits percent of Expenses	31.4%	33.3%	35.7%

The expense also includes benefits, recruitment fees, membership dues and salary survey expenses.

200 Catherine Street

CREA currently leases more than 50% or 30,053 sq. ft. of the total 52,241 sq. ft. leasable space, including half of the lower level of the building with the creation of an innovation lab.

Qualified Financial Services has taken over the space on the fourth floor that CREA previously occupied and an offer to lease for half of the second floor has been signed with Rhodes Caldwell for occupancy on February 1, 2023. Therefore, only half the second floor and the ground floor remain vacant.

Liquidity and Capital Resources

The Contingency Reserve Fund is currently maintained at four months operating expenses and will be increased to four months operating expenses this year to \$9M with a \$1M appropriation from the Operating Fund. This Fund will be accessed if required due to loss of membership.

The Legal Defence Fund has a balance of \$1.7M as was depleted during 2022 for the Legal Review Project. An appropriation from the Operating Fund will be made in 2023 to reinstate the Fund to \$2M as per Board policy.

The Building Capital Reserve Fund has a balance of \$1.6M to provide for tenant turnover and leasehold inducements. An appropriation was made of \$1M during the year of which \$300K was transferred to the Building Fund.

The Technology Fund has a balance of \$1.2M. In order to continue to fund innovation related to REALTOR.ca and research related to Blockchain, these funds are to be allocated as follows:

- ◆ **\$200K** – sharing Member “events” (committee participation, designations, code infractions, etc) via the blockchain.
- ◆ **\$1M** – Innovation. This would include adding the MLS® HPI into the member app, so a complete tool redesign built completely into the native app. Also, we could do the same on the consumer side. Resources to accelerate existing projects, notably persistent property pages (i.e. goal of a page for every address in Canada). These projects have been delayed until 2023.

The Learning & Development Fund has a balance of \$100K to continue work on the learning hub and the Learning Management System.

Financial Statements of

**THE CANADIAN REAL
ESTATE ASSOCIATION**

Year ended December 31, 2022

THE CANADIAN REAL ESTATE ASSOCIATION

Financial Statements

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Canadian Real Estate Association

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to 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 end of December 31, 2022, and its results of operations, changes in fund balances 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



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Comparative Information

We draw attention to Note 12 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2021 has been corrected for immaterial prior period errors. As part of our audit of the financial statements for the year ended December 31, 2022, we also audited the adjustments that were applied to correct this comparative information.

In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified in respect of this matter.

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.

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 the financial statements.

Page 3

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 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 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.



Page 4

- 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

Ottawa, Canada

March 10, 2023

THE CANADIAN REAL ESTATE ASSOCIATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021 (corrected – note 12)
Assets		
Current assets:		
Cash	\$ 5,098,225	\$ 1,398,248
Accounts receivable	1,170,061	734,516
Membership dues receivable (note 11(b))	3,604,617	3,228,166
Prepaid expenses	1,589,586	218,518
	<u>11,462,489</u>	<u>5,579,448</u>
Investments (note 3)	24,221,770	29,060,849
Tangible capital and intangible assets (note 4)	11,888,724	12,619,308
	<u>\$ 47,572,983</u>	<u>\$ 47,259,605</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 3,412,439	\$ 3,607,818
Deferred revenue	363,931	318,596
	<u>3,776,370</u>	<u>3,926,414</u>
Fund balances:		
Operating Fund	18,079,150	16,269,226
Restricted Funds (note 6(b))	13,828,739	14,444,657
Capital Asset Fund	11,888,724	12,619,308
	<u>43,796,613</u>	<u>43,333,191</u>
Commitments (note 7)		
Contingencies (note 8)		
	<u>\$ 47,572,983</u>	<u>\$ 47,259,605</u>

See accompanying notes to financial statements.

On behalf of the Board:

 *Jill Oudil* Director

Director

03/13/23

THE CANADIAN REAL ESTATE ASSOCIATION

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Operating Fund	Restricted Funds (note 6(b))	Total 2022	Total 2021 (corrected - note 12)
Revenues:				
Membership dues	\$ 51,538,816	\$ –	\$ 51,538,816	\$ 47,854,988
Technology	1,437,563	–	1,437,563	1,066,143
Conferences	341,711	–	341,711	144,190
Building Reserve Fund (schedule)	–	565,480	565,480	398,004
Other	320,810	–	320,810	189,987
Investment	161,920	–	161,920	696,748
	<u>53,800,820</u>	<u>565,480</u>	<u>54,366,300</u>	<u>50,350,060</u>
Expenses:				
Services to members	27,531,380	–	27,531,380	24,043,481
Governance and representation	1,863,110	–	1,863,110	1,074,156
Operating	2,910,409	–	2,910,409	2,408,244
Salaries and benefits	16,852,782	–	16,852,782	15,531,468
Legal Defence Support Program Fund	–	448,512	448,512	124,999
Building Reserve Fund (schedule)	–	853,903	853,903	852,307
Technology Fund	–	1,678,983	1,678,983	764,786
Learning & Development Fund	–	–	–	149,341
	<u>49,157,681</u>	<u>2,981,398</u>	<u>52,139,079</u>	<u>44,948,782</u>
Excess of revenues over expenses (expenses over revenues) before amortization of tangible capital and intangible assets				
	<u>4,643,139</u>	<u>(2,415,918)</u>	<u>2,227,221</u>	<u>5,401,278</u>
Amortization of tangible capital and intangible assets				
	<u>(1,631,105)</u>	<u>(132,694)</u>	<u>(1,763,799)</u>	<u>(1,532,183)</u>
Excess of revenues over expenses (expenses over revenues)				
	<u>\$ 3,012,034</u>	<u>\$ (2,548,612)</u>	<u>\$ 463,422</u>	<u>\$ 3,869,095</u>

See accompanying notes to financial statements.

THE CANADIAN REAL ESTATE ASSOCIATION

Statement of Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

	Operating Fund	Restricted Funds (note 6(b))	Capital Asset Fund	2022 Total	2021 Total (corrected - note 12)
Fund balances, beginning of year	\$ 15,305,390	\$ 14,466,034	\$ 12,619,308	\$ 42,390,732	\$ 38,521,637
Adjustments (note 12)	963,836	(21,377)	–	942,459	942,459
Fund balance, beginning of year, as corrected	16,269,226	14,444,657	12,619,308	43,333,191	39,464,096
Excess of revenues over expenses (expenses over revenue)	3,012,034	(2,548,612)	–	463,422	3,869,095
Transfer from Operating Fund	(1,800,000)	1,800,000	–	–	–
Net change in Capital Asset Fund:					
Tangible capital and intangible asset additions	(1,033,215)	–	1,033,215	–	–
Amortization of tangible capital and intangible assets	1,631,105	132,694	(1,763,799)	–	–
	597,890	132,694	(730,584)	–	–
Fund balances, end of year	\$ 18,079,150	\$ 13,828,739	\$ 11,888,724	\$ 43,796,613	\$ 43,333,191

See accompanying notes to financial statements.

THE CANADIAN REAL ESTATE ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		(corrected - note 12)
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 463,422	\$ 3,869,095
Items not involving cash:		
Amortization of tangible capital and intangible assets	1,763,799	1,532,183
Unrealized (gain) loss on investments	180,034	(643,681)
Change in non-cash operating working capital	(2,333,108)	1,653,782
	74,147	6,411,379
Investing activities:		
Additions to investments	(10,980,886)	(25,540,429)
Tangible capital and intangible assets additions	(1,033,215)	(833,350)
	(12,014,101)	(26,373,779)
Financing activities:		
Withdrawals from investments	15,639,931	17,487,362
Increase (decrease) in cash	3,699,977	(2,475,038)
Cash, beginning of year	1,398,248	3,873,286
Cash, end of year	\$ 5,098,225	\$ 1,398,248

See accompanying notes to financial statements.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2022

1. Operations:

The Canadian Real Estate Association (the "Association") was incorporated without share capital on November 1, 1954 under the Canada Corporations Act. Effective December 11, 2013, the Association continued their articles of incorporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act. The Association is a not-for-profit organization and as such is not subject to income tax under paragraph 149(1)(l) of the Income Tax Act (Canada).

The Association works on behalf of its REALTOR® members and the public. To do so, it:

- Represents the interest of its members to the federal government and its agencies on existing or proposed legislation that would affect those members, and/or impact homeownership;
- Assists REALTOR® members to better serve their clients by providing quality technology products including REALTOR.ca, WEBforms® and DDF®;
- Enhances member professionalism and ethics by providing national standards, including establishment of symbols of quality associated with using the Association brands and trademarks. Protects and promotes the two primary national Association trademarks, MLS® and REALTOR®;
- Produces accurate, up-to-date information and analysis on economic issues.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

(a) Basis of presentation:

The Association follows the deferral method of accounting for contributions for not-for-profit organizations, and uses fund accounting.

These financial statements reflect the operations of the Canadian Real Estate Association. The financial statements do not include the revenues, expenses, assets and liabilities of the Association's related entities: Realtor Canada Inc. and its Member Boards and Provincial Associations. These organizations are disclosed in note 11.

(b) Fund accounting:

The Operating Fund reports the revenues, expenses, assets, liabilities and fund balances of the Association's general operations and services to members.

The Capital Asset Fund reports the Association's investment in tangible capital and intangible assets.

Restricted Funds are described in note 6(b).

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(c) Revenue recognition:

Revenues from membership dues and technology assessments are based on membership information provided by the individual Boards enrolled in the Association. Dues received in advance of the year to which they apply are deferred and recognized as revenue in the appropriate future year. Revenues from membership initiation dues are recognized on a cash basis.

Sponsorship, building, legal defense support, and other revenues are recognized in the period to which they relate.

(d) Expenses:

The Association presents its expenses by function with the exception of salaries and benefits, and amortization of tangible capital and intangible assets, which are presented separately.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related.

The Association does not allocate expenses between functions after initial recognition.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Sales and purchases of investments are recorded on the trade date. 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. These costs are amortized using the straight line method.

Financial assets are assessed for indicators of impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, the Association 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 the Association 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 impairment charge.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(f) Tangible capital and intangible assets:

Tangible capital and intangible assets are stated at cost. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on the straight-line basis or declining balance method using the following annual rates:

Asset	Rate
Tangible capital assets:	
Building (straight-line)	25 years
Office equipment	10-20%
Computer equipment	30%
Building improvements (straight-line)	15 years
Office improvements (straight-line)	15 years
Intangible assets:	
Computer software	30%
Websites	30%

The MLS® domain name is not amortized as it has an indefinite life.

(g) Defined contribution pension plan:

The Association recognizes an expense in the Operating Fund for the contribution required to be made by the Association to the defined contribution pension plan based on employee services rendered in the year.

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the recognition of membership revenue for the fourth quarter. Actual results could differ from these estimates. Estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Investments:

(a) Investment balances:

Investments consist of the following:

December 31, 2022	Cost	Carrying value
Cash	\$ 310,273	\$ 310,273
Guaranteed investment certificates	20,107,773	20,542,343
Corporate bond fund	1,148,408	1,076,629
Equities	1,957,648	2,292,525
	\$ 23,524,102	\$ 24,221,770

December 31, 2021	Cost	Carrying value
Cash	\$ 1,617,520	\$ 1,617,520
Guaranteed investment certificates	18,524,249	18,699,780
Corporate bond fund	6,188,668	6,173,456
Equities	1,852,710	2,570,093
	\$ 28,183,147	\$ 29,060,849

Carrying value for guaranteed investment certificates includes original cost and accrued interest. Carrying value represents fair value for the corporate bond fund and equities. Investments are held by the Association to fund the Operating Fund, Contingency Reserve Fund, Legal Defense Support Program Fund, Building Capital Reserve Fund, the MLS® Domain Fund and Learning and Development Fund.

Investments are managed by investment managers in accordance with an investment policy approved by the Board of Directors.

(b) Effective interest rates and maturities of investments:

The Association's effective interest rate and maturity date ranges are as follows:

December 31, 2022	Interest rate	Maturity dates
Guaranteed investment certificates	0.32% to 4.30%	March 2023 to January 2027

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Investments (continued):

(b) Effective interest rates and maturities of investments (continued):

December 31, 2021	Interest rate	Maturity dates
Guaranteed investment certificates	0.32% to 4.30%	April 2022 to May 2026

4. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Tangible capital assets:				
Land	\$ 2,593,000	\$ –	\$ 2,593,000	\$ 2,593,000
Building	7,372,126	4,865,603	2,506,523	2,801,409
Office equipment	1,457,733	967,777	489,956	567,522
Computer equipment	1,493,436	1,493,436	–	29,534
Building improvements	1,377,212	1,098,803	278,409	410,528
Office improvements	5,589,054	2,607,255	2,981,799	2,962,218
Intangible assets:				
Computer software	4,111,624	3,015,407	1,096,217	1,083,918
Web-sites	–	–	–	228,359
MLS® Domain Name	1,942,820	–	1,942,820	1,942,820
	\$ 25,937,005	\$ 14,048,281	\$ 11,888,724	\$ 12,619,308

Cost and accumulated amortization are presented net of fully amortized disposals of \$6,309,369 (2021 - \$30,565). Cost and accumulated amortization of tangible capital and intangible assets at December 31, 2021 amounted to \$31,213,159 and \$18,593,851, respectively.

5. Accounts payable and accrued liabilities:

At year end, the Association had no amounts payable for government remittances, such as harmonized sales tax and payroll taxes.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Fund balances:

(a) Capital management:

The Association considers its capital to consist of its fund balances. The Association's overall objective with regards to its fund balances is to fund tangible capital and intangible assets, future projects and ongoing operations. The Association manages its net assets by establishing restricted funds and appropriating amounts to the restricted funds for anticipated future projects, contingencies and other capital requirements. These allocations are disclosed in note 6(b).

The Association is not subject to externally imposed capital requirements and its overall strategy with respect to net assets remains unchanged from the year ended December 31, 2021.

(b) Restricted funds:

Restricted funds consist of the following.

Fund	Fund balance, beginning of year	Excess of expenses over revenue	Transfer from (to) Operating Fund	Transfer from Capital Asset Fund	Fund balance, end of year
Contingency Reserve Fund	\$ 8,090,447	\$ -	\$ 1,000,000	\$ -	\$ 9,090,447
Legal Defence Support Program Fund	2,146,699	(448,512)	-	-	1,698,187
Building Reserve Fund	95,516	(421,117)	300,000	132,694	107,093
Building Capital Reserve Fund	900,000	-	500,000	-	1,400,000
MLS® Domain Fund	200,000	-	-	-	200,000
Technology Fund	2,909,323	(1,678,983)	2,013	-	1,232,353
REALTOR.ca Awareness Fund	2,013	-	(2,013)	-	-
Learning and Development Fund	100,659	-	-	-	100,659
	\$ 14,444,657	\$ (2,548,612)	\$ 1,800,000	\$ 132,694	\$ 13,828,739

(i) Contingency Reserve Fund:

This fund was established by the Board of Directors to improve the Association's financial position. The Association's objective is to maintain a balance equivalent to four months of core operating expenses, approximately \$9 million, in the contingency reserve fund.

(ii) Legal Defense Support Program Fund:

The Legal Defense Support Program Fund was established by the Board of Directors to support boards and associations which find themselves facing litigation as a result of their adherence to, or enforcement of, national policies of the Canadian Real Estate Association. The Association's objective is to maintain a balance of approximately \$2 million in the Legal Defense Support Program Fund.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Fund balances (continued):

(b) Restricted funds (continued):

(iii) Building Reserve Fund:

This fund was established by the Board of Directors to reflect the accumulated surplus from the operation of the building.

(iv) Building Capital Reserve Fund:

This fund was established by the Board of Directors to cover any unanticipated costs related to tenant turnover such as leasehold improvements and free rent. The Association's objective is to maintain a minimum reserve of \$1.5 million for future unanticipated tenant costs.

(v) MLS® Domain Fund:

This fund was established by the Board of Directors to provide funds for potential upcoming and ongoing costs related to the application for the .mls and .realtor domain names.

(vi) Technology Fund:

This fund was established by the Board of Directors to provide research and development for products such as REALTOR.ca, WEBforms®, Innovation lab and business intelligence.

(vii) REALTOR.ca Awareness Fund:

This fund was established by the Board of Directors to bring awareness of the products and services of REALTOR.ca to members and consumers. Within the year, this fund was closed.

(viii) Learning and Development Fund:

This fund was established by the Board of Directors for the expansion of the current Learning Management System and capacity/resources on the Learning and Development team to support Board of Directors course deliverables, Products and Technology member courses, broker courses and Legal/Compliance courses that are undergoing significant changes. This fund is also required to upkeep and manage growing Learning Hub usage by boards, associations and members.

7. Commitments:

The Association is committed to the rental of office equipment and web-site maintenance costs. The minimum annual payments are \$14,229 in 2023.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Contingencies:

The Association is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of management, an estimate of the potential liability from these claims cannot be made, but any liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the Association. Losses, if any, arising from these matters will be accounted for in the year in which they are resolved.

9. Pension plan:

The Association is the sponsor and administrator of the Pension Plan for the Canadian Real Estate Association (the "Plan"), which is registered under the Pension Benefits Act (Ontario). The Plan is a defined contribution plan covering all the employees of the Association who meet eligibility requirements as specified in the Plan Agreement, and elect to join the Plan. The Association matches a percentage of gross earnings for all members of the Plan based on the employees' years of experience at the Association. In the year, the Association contributed \$750,424 (2021 - \$681,994) to the Plan, which is recorded in salaries and benefits expense.

10. Financial risks:

The Association is subject to the following risks from its financial instruments.

(a) 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 Association is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as Canadian real estate boards, governments and public companies.

The Association assesses, on a continuous basis, accounts and membership dues receivables and provides for any amounts that are not collectible in an allowance for doubtful accounts. At year end, there were no amounts allowed for in accounts and membership dues receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association expects to meet these obligations as they come due by generating sufficient cash flow from its members. The Association believes that it is not exposed to significant liquidity risk arising from its financial instruments.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Financial risks (continued):

(c) 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.

(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. The Association believes that it is not exposed to significant foreign currency as it carries approximately \$300,000 in US dollar cash and investments.

(ii) Interest rate and other price 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. 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. The Association is exposed to interest rate and other price risk with respect to its investments as disclosed in note 3.

These risks have increased in 2022 due to market fluctuations in interest rates and market prices. Aside from the changes in interest rate and market risk, there have been no changes from the prior year in the Association's risk exposures from its financial instruments or the policies, procedures and methods used to manage the risks.

11. Related party transactions:

The Association is related to Realtor Canada Inc. and its Member Boards and Provincial Associations:

(a) Realtor Canada Inc.:

The Association is related to Realtor Canada Inc. by virtue of its 50% ownership of the shares in Realtor Canada Inc., which is a for-profit entity. The objective of Realtor Canada Inc. is to hold the trademark registration for the term REALTOR® in Canada. Realtor Canada Inc. has no assets or liabilities and had no financial transactions during the year.

THE CANADIAN REAL ESTATE ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Related party transactions (continued):

(b) Member Boards and Provincial Associations:

The Association is related to its member real estate boards and provincial associations by virtue of its governance structure. The Association and the member boards and provincial associations provide services to their members in an integrated manner.

The Association collects membership dues from individual members through the member boards. National fees are collected by the member boards and then forwarded to the Association. All other transactions between the Association and the member boards and provincial associations occur in the normal course of operations for the Association.

12. Correction of immaterial prior period errors:

In the year, the Association identified immaterial prior period errors with respect to the recording of transactions related to the Building Reserve Fund, the Building Capital Reserve Fund, and the operations of the Association's building at 200 Catherine Street. In addition, the Association identified an immaterial prior period error with respect to the classification of receivables between accounts receivable and membership dues receivable. The Association has adjusted the comparative information to correct these immaterial prior period errors as follows.

December 31, 2021	As previously reported	Adjustments	As corrected
Statement of Financial Position			
Accounts receivable	\$ 454,260	\$ 280,256	\$ 734,516
Membership dues receivable	2,287,340	940,826	3,228,166
Operating fund balance	15,026,767	1,242,459	16,269,226
Restricted funds balance	14,466,034	(21,377)	14,444,657
Statement of Operations			
Building Reserve Fund revenue	415,956	(17,952)	398,004
Investment revenue	396,748	300,000	696,748
Building Reserve Fund expenses	848,882	3,425	852,307
Statement of Changes in Fund Balances			
Fund Balances, beginning of year	38,521,637	942,459	39,464,096
Excess of revenues over expenses	3,590,472	278,623	3,869,095
Fund Balances, end of year	42,112,109	1,221,082	43,333,191

13. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

THE CANADIAN REAL ESTATE ASSOCIATION

Schedule of Revenues and Expenditures - Building Reserve Fund

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		(corrected - note 12)
Revenues:		
Rental revenues	\$ 231,349	\$ 195,731
Operating recoveries from tenants	202,367	78,979
Other revenue	131,764	123,294
	<u>565,480</u>	<u>398,004</u>
Expenses:		
Operating:		
Property taxes	261,397	258,603
Repairs and maintenance	267,486	255,679
Utilities	142,175	146,491
Management fee	101,064	52,555
Insurance	56,800	39,133
Professional fees	6,039	10,514
General and administrative	1,681	3,141
Miscellaneous	17,261	-
	<u>853,903</u>	<u>766,116</u>
Capital expenditures	<u>-</u>	<u>86,191</u>
	<u>853,903</u>	<u>852,307</u>
Excess of expenses over revenues	<u>\$ (288,423)</u>	<u>\$ (454,303)</u>

The Association capitalized \$Nil (2021 - \$86,191) of the capital expenditures on the 200 Catherine Street building.

Item 7 - Technical Amendments to CREA's Rules

Proposed Rule Changes

As a result of the change to CREA's Member Portal (previously REALTOR Link®), CREA is proposing the following technical changes:

CURRENT LANGUAGE	PROPOSED LANGUAGE	RATIONALE
RULE 8 – NOTICE OF DIRECTOR ELECTIONS	RULE 8 – NOTICE OF DIRECTOR ELECTIONS	
<p>8.1: Notice of Director Elections</p> <p>8.1.2: The notice may be in writing or electronic format, and may be communicated by regular mail, courier, facsimile, e-mail or other electronic means, at least one hundred and five (105) days before the Annual Meeting, and shall be posted on REALTOR Link®.</p>	<p>8.1: Notice of Director Elections</p> <p>8.1.2: The notice may be in writing or electronic format, and may be communicated by regular mail, courier, facsimile, e-mail or other electronic means, at least one hundred and five (105) days before the Annual Meeting, and shall be posted on REALTOR Link® CREA's Member Portal.</p>	<p>REALTOR Link® has been replaced by CREA's new Member Portal (member.CREA.ca) which now hosts CREA member information. CREA's Board and Operational Committee resources have been moved to private committee channels accessible by committee members.</p> <p>CREA's Rules now contain outdated references to REALTOR Link®. It is proposed that the references to REALTOR Link® be replaced with "CREA's Member Portal" to reflect the updates made.</p>

CURRENT LANGUAGE	PROPOSED LANGUAGE	RATIONALE
<p>RULE 14 – MINUTES</p> <p>14.2: Distribution of the Minutes of CREA Meetings</p> <p>14.2.1: Minutes of all meetings shall be distributed to all CREA Directors. Additionally:</p> <p>14.2.1.4: Posting the minutes on REALTOR Link® shall constitute “distribution” for the purposes of this Rule.</p>	<p>RULE 14 – MINUTES</p> <p>14.2: Distribution of the Minutes of CREA Meetings</p> <p>14.2.1: Minutes of all meetings shall be distributed to all CREA Directors. Additionally:</p> <p>14.2.1.4: Posting the minutes on REALTOR Link® <u>CREA’s Member Portal or Committee/ Task Force Channel</u> shall constitute “distribution” for the purposes of this Rule.</p>	<p>Same rationale as the proposed change to Rule 8.1 above.</p>

Item 8 - REALTOR® Code Amendment

REALTOR® Cooperation

Cooperation between REALTORS® is at the heart of every real estate transaction. Efficient and effective cooperation maximizes opportunities for REALTORS® to bring together home buyers and sellers, promotes the value of REALTORS® as trusted real estate professionals, directly benefits REALTORS® and better serves their clients while also strengthening the REALTOR® and MLS® brands.

MLS® Systems are central to REALTOR® Cooperation. MLS® Systems are cooperative selling systems operated on behalf of REALTOR® members that benefit both REALTORS® and their clients, and ultimately the Canadian economy, by enhancing the efficiency and effectiveness of real estate transactions. Placing a property listing on an MLS® System increases exposure of property listings to a broad group of REALTORS® and their buyer clients, and provides access to a more complete inventory of homes that may meet a buyer client's needs. From a seller's perspective, greater exposure on MLS® Systems may increase the number of offers received and improve the likelihood of receiving the most competitive offers for their home.

In 2021, certain boards and associations approached CREA to express concern about the rise in the use, or misuse, of “coming soon” advertising and other limited marketing tactics in which a property is narrowly marketed on private websites or through other means to a select group of REALTORS® without being made available to other REALTORS® members via an MLS® System. CREA established a Working Group to review the issues surrounding cooperation and their potential impact and to make recommendations to CREA's Board of Directors.

A major concern with widespread use of limited marketing tactics is that they are often not in the best interests of the seller. The downsides to excluding a property from MLS® Systems can be very significant as it:

- **reduces the exposure of the property to a wider market of potential buyers,**
- **may result in a lower number of offers received, and**
- **may compromise the seller's ability to get the most competitive offers for their home.**

REALTORS® already have an obligation under the law as well as an ethical obligation under the REALTOR® Code to act in the best interests of their client, not themselves. In the vast majority of cases, the best interests of sellers and buyers, as well as REALTORS®, are better served by a property listing being placed on an MLS® System. While there may be situations where limited marketing tactics may be justified, such as when a seller has genuine privacy concerns and does not want a sale to be publicly advertised, these circumstances are relatively rare.

CREA also commissioned a [White Paper](#) in which the authors concluded that MLS® Systems are central and valuable to the transaction of real estate because they produce a single source of accurate and comprehensive information. However, the failure to market property listings on an MLS® System undermines the value of MLS® Systems to REALTORS® and consumers since a real estate marketplace with more homes for sale will attract more buyers, and a marketplace with more buyers will attract more sellers in what the authors call a “virtuous cycle”.

Following review and consultations with industry stakeholders, the Working Group concluded that there was significant support for the concept of a REALTOR® Cooperation Policy and recommended a policy to the CREA Board of Directors which was approved in August, 2022. Following the announcement of the policy, there was significant amount of commentary in favour of having the CREA membership vote directly on the

issue of REALTOR® Cooperation. As a result, in October 2022 the CREA Board of Directors agreed to bring REALTOR® Cooperation to a vote at the 2023 CREA Annual General Meeting.

The proposal is to incorporate REALTOR® Cooperation as an ethical obligation directly into the REALTOR® Code in a new article, Article 30, creating a Duty of Cooperation applicable to all REALTORS®.

The creation of an ethical obligation to cooperate under the REALTOR® Code will provide boards and associations with the authority and responsibility to enforce the new provision under their existing REALTOR® Code disciplinary processes. The proposed new REALTOR® Code Article 30 and its Interpretations are set out in the table below. Any amendment to the REALTOR® Code requires a vote by the membership.

A revised REALTOR® Cooperation Policy reflecting consideration of feedback received to the end of February was approved by the CREA Board of Directors in March 2023 and can be found [here](#). A requirement to abide by the REALTOR® Cooperation Policy is included in the Interpretations to the proposed new Article 30 of the REALTOR® Code.

Note that the vote is to approve the proposed REALTOR® Code amendment, not the policy. However, if the proposal to incorporate REALTOR® Cooperation into the REALTOR® Code is not approved then the policy will be repealed automatically.

Proposed REALTOR® Code Amendment

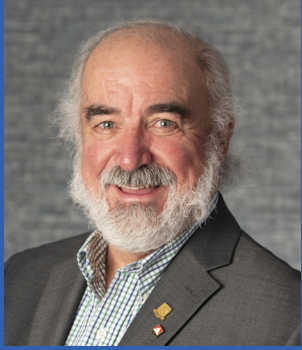
CURRENT ARTICLE	PROPOSED ARTICLE	RATIONALE
<p>None.</p> <p>New Article.</p>	<p>ARTICLE 30</p> <p><i>Article 30: Duty of Cooperation</i></p> <p>MLS® Systems are member-to-member cooperative selling systems that benefit REALTORS® and their Buyers and Sellers. A REALTOR® has an obligation to cooperate with other REALTORS® in the provision of professional real estate services.</p> <p><i>Interpretations</i></p> <p>30.1: REALTORS® commit to participate in member-to-member cooperative selling on behalf of their Buyers and Sellers.</p> <p>30.2: A REALTOR® who engages in public marketing of a property for sale shall abide by the CREA REALTOR® Cooperation Policy.</p>	<p>Creation of an ethical obligation for REALTORS® to cooperate with other REALTORS® in the provision of professional real estate services to their clients.</p> <p>Provides clarification that the duty to cooperate applies to member-to-member cooperative selling.</p> <p>Provides clarification that public marketing of a property by a REALTOR® must comply with the CREA REALTOR® Cooperation Policy.</p>

Item 9 - Elections

CREA Board of Directors candidates standing for election

DIRECTOR-AT-LARGE (3 positions, each for a 2-year term)

In alphabetical order, the candidates are:



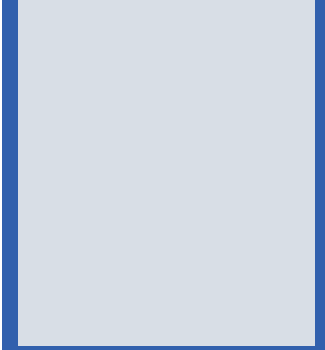
Ronald Abraham



Sharlene Akhtari



Maureen Comuzzi



Mohamed Elkayal



Colette Gerber



Alla Marchenko



David Oikle



Tim Otitoju



Valérie Paquin



Darcy Torhjem



Luc Woolsey

This information applies to Item 9 on the Agenda of the Annual General Meeting of the Canadian Real Estate Association to be held on **April 18, 2023**.



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