London and St. Thomas Association of Realtors®

Financial Statements

Year ended December 31, 2024

Ford Keast LLP
Chartered Professional Accountants

624 Maitland Street
London, Ontario N6B 2Z9

Ph 519.679.9330
Fx 519.679.3204

www.fordkeast.com

Independent Auditor's Report

To the Members of London and St. Thomas Association of Realtors®

Opinion

We have audited the financial statements of London and St. Thomas Association of Realtors® ("the Association"), which comprise the Statement of Financial Position as at December 31, 2024, and the Statement of Changes in Net Assets, Statements of Operations, Schedules to the Statement of Operations, and Cash Flow for the year then ended, and 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 Association 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 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 report. We are independent of the Association 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.

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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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.

Ford Keast LLP
Chartered Professional Accountants

624 Maitland Street
London, Ontario N6B 2Z9

Ph 519.679.9330
Fx 519.679.3204

www.fordkeast.com

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 Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieve 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.

Ford Keast LLP

London, Ontario
May 30, 2025

Chartered Professional Accountants
Licensed Public Accountants

London and St. Thomas Association of Realtors®

Statement of Financial Position
as at December 31, 2024

	2024	2023
Assets		
Current		
Cash	$ 344,706	$ 195,976
Accounts receivable	167,224	94,462
Inventory of resale supplies	19,841	18,820
Prepaid expenses	90,431	244,985
	622,202	554,243
Investments, at market (Note 4)		
General reserve	675,992	1,614,178
Technology reserve	116,107	111,010
Building reserve	910,065	777,281
	1,702,164	2,502,469
Capital assets (Note 3)	2,601,042	2,645,351
	$ 4,925,408	$ 5,702,063
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 492,793	$ 457,268
Government remittances payable	47,801	57,649
	540,594	514,917
Net assets		
Net assets invested in capital assets	2,601,042	2,645,351
Net assets internally restricted (Note 4)	1,702,164	2,502,469
Net assets unrestricted	81,608	39,326
	4,384,814	5,187,146
	$ 4,925,408	$ 5,702,063

Approved by the Directors:

Director

Director

The accompanying notes are an integral part of these financial statements.

London and St. Thomas Association of Realtors®

Statement of Changes in Net Assets
Year ended December 31, 2024

	Invested in Capital Assets	Internally Restricted	Unrestricted	2024	2023
Balance, beginning of year	$ 2,645,351	$ 2,502,469	$ 39,326	$ 5,187,146	$ 5,317,735
Net revenue (loss)	(64,015)	202,695	(941,012)	(802,332)	(130,589)
Investment in capital assets	19,706	-	(19,706)	-	-
Interfund transfers (Note 5)	-	(1,003,000)	1,003,000	-	-
Balance, end of year	$ 2,601,042	$ 1,702,164	$ 81,608	$ 4,384,814	$ 5,187,146

London and St. Thomas Association of Realtors®

Statement of Operations
Year ended December 31, 2024

	2024	2023
Revenues		
Monthly assessments	$ 4,100,362	$ 4,133,641
Initiation fees	202,250	230,000
M.L.S. charges	202,210	311,474
EMBERS grant	122,740	-
Golf tournament	95,232	83,866
Christmas gala	79,080	85,873
Fines	32,877	40,076
AGM and trade shows	24,850	23,666
Special events/sponsorships	22,275	28,449
Slo pitch	21,026	25,206
Resale supplies	14,996	16,481
Rental	14,830	15,180
Children's Christmas party	13,019	11,140
Interest and miscellaneous	11,015	409
Education	10,830	3,330
	4,967,592	5,008,791
Expenses		
M.L.S. - Schedule 1	2,203,859	2,025,722
Committees - Schedule 2	549,865	346,768
Professional development - Schedule 2	386,840	386,300
Administration - Schedule 2	1,811,965	1,611,242
Operations - Schedule 3	750,327	702,172
Occupancy - Schedule 4	234,947	246,977
Education	49,364	30,753
Loss on disposal of capital assets	774	763
	5,987,941	5,350,697
Net loss before the following	(1,020,349)	(341,906)
Other revenue (expense)		
Investment income on reserves	223,410	109,714
Unrealized gain on reserves	7,466	114,290
Management fees on reserve investments	(12,859)	(12,687)
	218,017	211,317
Net loss	$ (802,332)	$ (130,589)

London and St. Thomas Association of Realtors®

Schedule to Statement of Operations - Expenses
Year ended December 31, 2024

Schedule 1

	2024	2023
M.L.S.		
Information		
Teranet/MPAC	$ 363,481	$ 659,431
Services		
Delivery	59,364	59,968
Computer		
Internet and website support	9,852	9,145
Technical help line and training	284	172
	10,136	9,317
PROPTX/ITSO/Clareity/BrokerBay/ReallyTrusted	1,418,115	945,916
General		
Supra	338,233	335,779
Liability insurance	14,530	15,311
	352,763	351,090
	$ 2,203,859	$ 2,025,722

London and St. Thomas Association of Realtors®

Schedule to Statement of Operations - Expenses
Year ended December 31, 2024

Schedule 2

	2024	2023
Committees		
Community relations	$ 126,562	43,515
EMBERS event	122,740	-
Golf tournament	95,676	83,867
Christmas gala	78,880	85,865
PAC	41,597	39,687
Slo pitch	21,411	25,344
Executive honorariums	18,000	18,438
Commercial council	15,200	13,322
Children's event	13,019	11,275
Scholarships	10,000	10,000
Professional standards	2,611	3,443
Directors - sundry	2,497	2,091
Membership services	1,096	2,760
Directors - orientation	576	6,022
Volunteer orientation	-	1,139
	$ 549,865	$ 346,768
Professional development		
General meetings/AGM	$ 73,840	$ 88,968
Strategic planning	64,070	-
NAR conference	56,345	66,731
Realtors care	56,098	69,416
CREA conference	40,142	32,007
Leadership development	37,245	56,969
OREA conference	32,340	18,193
Sponsorship	20,386	46,787
Association dues - other	6,374	7,229
	$ 386,840	$ 386,300
Administration		
Salaries	$ 1,553,184	$ 1,350,138
Pension and benefits	161,258	171,193
Employer payroll taxes	97,523	89,911
	$ 1,811,965	$ 1,611,242

London and St. Thomas Association of Realtors®

Schedule to Statement of Operations - Expenses
Year ended December 31, 2024

Schedule 3

Operations

	2024	2023
General		
Bank charges and credit card fees	$ 149,048	$ 144,650
Employee training	46,203	56,847
Amortization	42,429	47,885
Subscriptions	37,504	28,779
Member life insurance	30,015	121,740
Employee related expenses	11,632	15,791
Resale supplies	8,711	28,977
Postage and courier	1,646	773
	327,188	445,442
Professional fees		
Legal	105,742	13,367
Consulting	87,910	20,824
Audit and related services	19,800	26,416
	213,452	60,607
Stationery and supplies	18,312	16,176
Communications	19,691	16,676
Computer		
Software	171,684	163,271
	$ 750,327	$ 702,172

	2024	2023

Schedule 4

Occupancy

Building		
Yard, sewer and elevator charges	$ 39,553	$ 47,877
Janitorial	33,548	33,606
Repairs and maintenance	17,149	20,492
	90,250	101,975
General		
Property taxes	73,501	69,307
Utilities	35,676	38,787
Amortization	21,586	23,332
Insurance	13,934	13,576
	144,697	145,002
	$ 234,947	$ 246,977

London and St. Thomas Association of Realtors®

Statement of Cash Flows
Year ended December 31, 2024

	2024	2023
Cash Flows from Operating Activities		
Net loss	$ (802,332)	$ (130,589)
Add non-cash items:		
Amortization	64,015	71,217
Loss on disposal of capital assets	774	763
Unrealized gain on investments	(7,466)	(114,290)
Net change in non-cash working capital items related to operations		
Accounts receivable	(72,762)	(20,126)
Inventory of resale supplies	(1,021)	(493)
Prepaid expenses	154,556	(107,946)
Accounts payable and accrued liabilities	35,525	(124,032)
Government remittances payable	(9,848)	9,024
	(638,559)	(416,472)
Cash Flows from Investing Activities		
Acquisition of capital assets		
Computer hardware and software	(15,321)	(32,545)
Equipment	(5,161)	(32,203)
Decrease in reserve investments	807,771	120,149
Decrease in short-term investments	-	354,365
	787,289	409,766
Increase (decrease) in cash	148,730	(6,706)
Cash, beginning of year	195,976	202,682
Cash, end of year	$ 344,706	$ 195,976

1. Purpose of the Association

The London and St. Thomas Association of Realtors® ("the Association") is a not-for-profit trade association of Realtors® committed to providing members with the structure and services to ensure a high standard of business practices and ethics so that they might serve effectively the real estate needs of the community and was incorporated by Letters Patent in Ontario on September 17, 1954.

2. Accounting Policies

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Monthly assessments are recognized in the month earned. Initiation fees and M.L.S charges are recognized as service is performed. Grants are recognized in the year in which the related expenses are incurred. Interest and investment income is recognized as earned. All other revenues are recognized as service is performed or as contractual obligations are met.

Financial Instruments

Measurement of Financial Instruments:
The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenue (expense).

Impairment:
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in net revenue (expense).

Transaction Costs:
The Association recognizes its transactions costs in net revenue (expense) in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand and balances with banks.

2. Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Specific estimates include useful lives of capital assets, amortization methods, rates and required reserve balances. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net revenue in the period in which they become known.

Inventory of Resale Supplies

Inventory is valued at the lower of cost and net realizable value; cost being determined on a first-in, first-out basis.

Contributed Services

Contributed services by volunteers are not recognized in these financial statements due to the difficulty in determining their fair market value.

Capital Assets

Capital assets are recorded at acquisition cost. Amortization is provided on the declining balance method over the estimated useful lives of the assets at the following annual rates:

Building	2.5 %
Computer hardware and software	33.33 %
Equipment	20 %

3. Capital Assets

	Cost	Accumulated Amortization	Net 2024	Net 2023
Land	$ 1,583,000	$ -	$ 1,583,000	$ 1,583,000
Building	2,046,481	1,159,277	887,204	909,953
Computer hardware and software	546,963	494,821	52,142	59,833
Equipment	332,052	253,356	78,696	92,565
	$ 4,508,496	$ 1,907,454	$ 2,601,042	$ 2,645,351

4. Investments

Investments are recorded at market value and are comprised of cash and cash equivalents, equities, fixed income and some alternative investments and are diversified in accordance with the Association's investment policy.

Internally Restricted

The General Reserve has been established by the Association to be used to support operating cost needs. The General Reserve cannot be less than an amount equivalent to three months operating expenses as established by policy approved by the Board of Directors. As at December 31, 2024, the Association was not in compliance with this policy.

4. Investments (continued)

The Technology Reserve has been established by the Association to be used for capital asset additions supporting computer hardware/software and any technology needs.

The Building Reserve has been established by the Association to be used toward future necessary improvements to facilities. This reserve is funded in accordance with the building reserve study.

	General Reserve	
	2024	2023
Balance, beginning of year	$ 1,614,178	$ 1,733,530
Investment income	175,515	75,937
Management fee on investments	(11,045)	(11,138)
Net transfer from unrestricted funds	(1,090,000)	(250,000)
Disbursements for purchases of equipment	-	(28,886)
Market adjustment - unrealized gains (losses)	(12,656)	94,735
Balance, end of year	$ 675,992	$ 1,614,178

	Technology Reserve	
	2024	2023
Balance, beginning of year	$ 111,009	$ 107,092
Investment income	5,409	4,542
Net transfer from unrestricted funds	15,000	15,000
Purchases of computer hardware and software	-	(16,080)
Market adjustment - unrealized gains (losses)	(15,311)	455
Balance, end of year	$ 116,107	$ 111,009

	Building Reserve	
	2024	2023
Balance, beginning of year	$ 777,282	$ 667,706
Investment income	42,486	26,542
Management fee on investments	(1,814)	(1,549)
Net transfer from unrestricted funds	72,000	72,000
Disbursements for building repairs and maintenance	(15,321)	(6,518)
Market adjustment - unrealized gains	35,433	19,101
Balance, end of year	$ 910,066	$ 777,282
Total internally restricted reserves	$ 1,702,165	$ 2,502,469

5. Interfund Transfers

During the year, the Association transferred, on a net basis, $72,000 to the Building Reserve from the Unrestricted Fund, $15,000 to the Technology Reserve from the Unrestricted Fund, and $1,090,000 from the General Reserve to the Unrestricted Fund, with $1,970 representing the change in accrued interest.

6. Commitments

The Association has contractual obligations with certain service providers (PropTx and Supra) with an estimated combined annual cost between $1,740,000 and $1,874,000 based on current membership. These obligations expire between September 2025 and December 2033.

7. Financial Instruments Risk Management

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at December 31, 2024.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the company by failing to discharge its obligation or make repayment.

The Association provides credit to its members in the normal course of its operations. Credit valuations are performed on a regular basis. The Association does not have any credit risk concentration.

A substantial portion of the Association's revenue and accounts receivable are with their members in the real estate industry and are subject to normal industry credit risk.

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. The Association has many investments maturing at various times. The carrying value of these investments bear the market rate of interest at the date of purchase. The Association expects to renew its investments at market rates as the investments mature. Accordingly, the Association's interest rate risk is dependent upon future market rates compared to rates currently established for investments.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association is exposed to market risk to the extent of its investments on the Statement of Financial Position.

Other Risks

It is management's belief that the Association is not exposed to significant currency or liquidity risk.

The Association's accounts receivable increased from the prior year, which has increased its exposure to credit risk. Otherwise, there have been no significant changes in the nature, extent or concentration of the risk exposures from the prior year.