

OMREB

Okanagan Mainline
Real Estate Board

ANNUAL REPORT
2018

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OMREB BOARD OF DIRECTORS 2018/19



Marv Beer
PRESIDENT

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VICE PRESIDENT

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PAST PRESIDENT

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DIRECTOR

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Kim Davies
DIRECTOR

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DIRECTOR

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OMREB STAFF MEMBERS 2018/19



Lynette Keyowski
CEO

lynette@omreb.com



Karen Henderson
Executive Administrator

karenh@omreb.com



Joleen Polak
Events & Administration
Member Engagement Associate

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Sonja Harkness
Manager of Professionalism & Technology

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Stacey Huculiak
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Products and Support Services

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Member & IT Support

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BOARD REPORTS

President

No one's going to forget 2018 – the year new real estate rules came into effect. As members adjusted to the new landscape, the Board walked a fine line to support them. The dilemma was this: if the Board trained on the new rules and our training and advice differed from the Regulator's, we would put our members at risk. What to do? Instead, we worked to ensure our members knew where to get the information and advice they needed from the Regulator. That way, they could get help with no risk of the Board interpreting or applying the rules differently than what the Regulator expected. Members stepped up, courageously and steadfastly serving their clients in a time of uncertainty.

Early in the year, the Board again polled members to gain their feedback and insight into the annual strategic planning activity. As a result of this and careful thought on the part of the Directors, tweaks were made to the plan including refinements to the mission, vision, values and goals. Members can find the updated plan here. In 2018, the Board undertook governance-related work on a number of fronts. This was necessary as the new, modernized bylaws now focus on governance. No longer do the bylaws include prescribed ways of doing things, important as how we perform our work can and does shift over time.

A policy was established concerning annual selection of the Board President and Vice-President, with selection criteria determined by the Board and specifying that Officer elections will be held directly following Director elections. Three standing Board Committees were ratified: Finance; Governance; and Nominations with terms of reference for each also approved. A CEO evaluation process and Evaluation Committee was approved, as was a framework for Director development and compensation. A proposed mandate for an OMREB Advocacy Representative was approved with the Board designating Michael Loewen as its representative for a three-year term.

The Board of Directors approved task forces to undertake work in several areas, including redefining how OMREB's Professional Conduct Committee (PCC) operates and how volunteers come to the PCC table. As a result, the PCC Selection Committee is now a standing committee charged with supporting professionalism through the recruitment of members for the PCC and planning for their succession.

Another task force created greater clarity between the Zones and the Board. This work resulted in Operational Guidelines for Zone Committees that discuss purpose, structure, authority and accountability, interaction with OMREB, and OMREB's support for Zone Committee work.

**23 MATRIX
TRAINING
SESSIONS**



**3 ZONED IN
SESSIONS**

**7 BROKER
ENGAGEMENT
SESSIONS**



BOARD REPORTS

President

A Building Evaluation Task Force evaluated OMREB's current building in relation to its current and future requirements. The task force was charged with assessing all possible options, using financial and economic feasibility analysis to support its recommendations. In December, the Board accepted the task force's recommendation that a renovation of the existing building would be impractical and would not increase property value or address key issues. Instead, exploration of a build-to-suit scenario will be undertaken.

1 PCC TRAINING SESSION



1 NEW PROFESSIONAL DEVELOPMENT AND PROFESSIONALISM NEWSLETTER



A 2018 President's report wouldn't be complete without mention of OMREB's work to speak out against the proposed Speculation tax. Spear-heading a coalition of local organizations, OMREB strenuously advocated against the tax, promoting a website where the public could speak to government about the proposed tax and discussing the tax in its monthly market media releases. While the tax ultimately came into being, it was noted that most public disapproval came from our region, an indication that we are heard on topics of importance to our communities.

Looking forward, we will be charged with selecting a new CEO, as Lynette Keyowski has indicated her intention to move onto future challenges. I'd like to acknowledge her vision, leadership and contributions; her work over the past several years leaves OMREB in a strong position and we are grateful that she has given us ample time to find the best CEO replacement.

I'd like to also acknowledge my fellow Directors and the entire OMREB team. They are a dedicated, hard-working bunch and I can attest that the job of President cannot be done without them!

Finally, I would be remiss if I did not thank my family for their ongoing support.

Sincerely,



Marv Beer, 2018 President

BOARD REPORTS

Vice President/Finance Committee

As your 2018 Vice President, my role carried the responsibility of chairing the Finance Committee, which provides oversight to OMREB's budgeting and financial planning, financial reporting and the creation and monitoring of internal controls and accountability policies.

I would like to acknowledge the great strides made towards improving OMREB's financial record keeping and reporting. This work, initiated in 2017 and continued in 2018, has resulted in a higher standard of financial reporting and data accuracy. It has also streamlined processes so we can now do more with less. The budgeting and financial tracking processes are easier, more accurate and more comprehensive.



Each year, the Finance Committee performs a review of OMREB's Investment and Financial Reserves to ensure they continue to reflect the Board's goals. OMREB retains these reserves to ensure the stability of the organization, to provide a source of internal funds for targeted (typically significant) expenditures and to protect the organization against risk. OMREB's Financial Reserves Policy guides how these reserves are accumulated, accounted for and used. This year, progress was made towards reaching target goals in OMREB's reserve accounts, aided by a new approach whereby funds are allocated to the reserve accounts on a more proactive basis.

In conjunction with the annual approval of budget assumptions for the upcoming year, the Committee supported and the Board of Directors approved a fee increase for new members joining OMREB. The joining fee, rising from \$1000 to \$1200 effective January 1, 2019, reflects escalating onboarding costs and a significantly improved onboarding experience which will be implemented in 2019. It should be noted that it's been at least a

decade since the last increase was made to the new member joining fee.

OMREB Member fees also rose in March of 2018, from \$75 to \$100. Separately, British Columbia Real Estate Association (BCREA) reduced members' annual dues from \$232 to \$144 annually, or \$7.33 per month effective April 1, 2018. Therefore, as of April 1, 2018, the net effect of these two changes to each member was an increase of \$17.67 per month. (OMREB collects and remits BCREA dues on members' behalf.)

The member fee increase, the first since 2012, reflects rising costs and ensures the Board has the funds to support delivery against the strategic plan. Good governance and operating practice requires that the Board of Directors ensures funds are available to resource the plan so that the organization can fulfill its purpose.

It's important to note that the board does not anticipate additional fee increases in the next several years.

I would like to thank my fellow committee members – Marv Beer, Don Gagnon, Johan Gouws, Kim Heizmann, Kent Jorgensen and Joe Pearson – for the hard work they have done to help accomplish the key undertakings achieved this year.

Respectfully,

Michael Loewen,

2018 Vice President and Director of Finance

BOARD REPORTS

Governance Committee

The OMREB Governance Committee helps the Board of Directors carry out its due diligence as it relates to healthy development and operation of the Board, its committees and task forces and performance of individual Board members.

Further to work completed in 2017, the Governance Committee finalized a CEO Evaluation process that was subsequently approved by the Board. This work reflects a key priority for any organization and one where OMREB needed to establish a consistent, Board-approved process. The Board also appointed a CEO Evaluation Committee, as per the new CEO Evaluation process, which comprises the President,

Vice-President and Past-President with provision for outside facilitation on an ad-hoc basis. CEO Evaluation will be conducted on an annual basis.

A CEO Succession planning framework was also a priority, one that became even more so as the current CEO was signaling an intention to move onto other challenges. The Governance Committee worked with an external consultant to draft a framework for a plan to address expected and unexpected CEO Succession, work which the full Board would ultimately participate in finalizing. OMREB's CEO submitted her formal notice of resignation at year-end along a gracious four months' notice, giving the Board ample time to find a suitable replacement.

On another front, the Governance Committee proposed and the Board subsequently approved a Director Development and Compensation framework to support recruitment and retention of skilled directors. Formalizing current practice, the framework identifies professional development streams for new directors, returning directors and directors assuming leadership roles and special projects and can be customized, depending on what skill sets are needed by the Board each year. The framework recognizes directors for their volunteer time through direct and indirect methods and includes waiving of monthly fees and fees for industry-offered professional development programs as well as covering costs to attend conferences and networking events identified in each director's development plan.

With Board approval of a mandate for an OMREB Advocacy Representative, the Governance Committee could now pursue applicants to fill the role. A call for interested members to put their names forward for the position reaped a total of six applications. The Committee evaluated applicants against criteria that included experience in government relations and existing relationships with provincial and federal politicians. The Board approved the Governance Committee's recommendation that Michael Loewen fulfill the role of OMREB's Advocacy Representative for 2018 through to 2021.

 **16 MEDIA**
RELEASES SENT

25 MEDIA Interviews/
Calls 

 **3 SPECULATION TAX**
MEETINGS

I'd like to thank my fellow Committee members, including Marv Beer, Michael Loewen, Tanis Read, Tina Cosman, Kim Davies and Kent Jorgenson for their hard work and dedication. This support, along with that of my Director colleagues and the Board staff, allowed the Committee to accomplish the tasks that were set out for us this year.

Sincerely,



Kim Heizmann, 2018 Governance Committee Chair

BOARD REPORTS

Nominations Committee

This year's Nominations Committee built on work undertaken in previous years to instill modern, proven best practices into OMREB's Director Nominations and Elections process. The primary goal of this work is to support strong Board performance by ensuring a slate of diverse, skilled and experienced Director candidates who are also committed, competent and of good character. 2018's Director Nomination and Election process benefited from the following enhancements:

Candidate Identification:

- Making the online application easier and more convenient for members to complete to encourage more individuals to put their names forward for the position of OMREB Director;
- Improving the Expression of Interest Package to better inform potential candidates and motivate them to put their name forward;
- Adding three new Members at Large to the Nominations Committee to provide a broader and fresh perspective to the nomination process and identification of key Board requirements;
- Conducting a briefing session where potential candidates could get their questions answered prior to putting their name forward.

The Nominations Committee is happy to report that eight members put their names forward in 2018.

Candidate Review:

All candidates were interviewed by the Nominations Committee to gauge suitability and fit against Board requirements. This year, the process was improved as follows:

- Revising and adding interview questions for a more in-depth candidate evaluation;
- Recommending to members those candidates (six of eight) who met Board requirements.

PROFESSIONAL STANDARDS

197 INQUIRIES

12

Written Complaints

8

Files Forwarded to PCC

5

Referrals to RECBC

10

Disciplinary Reports

BOARD REPORTS

Nominations Committee

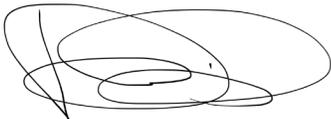
Director Election:

- Moving to a one-day vote with a 12-hour voting window;
- Sending candidate profiles sent out to members in advance, giving candidates an opportunity to campaign and members time to review candidate details;
- Providing members an online voting experience inclusive of candidate videos and summaries developed by the Nominations Committee;
- Making it easier for members to access the online vote via the SSO portal.

The Nominations Committee is pleased that 41.8% of members cast a vote in the February 12, 2019, election comparable to the previous year's 40%.

As Committee Chair I'd like to commend Nominations Committee members, Board members Marv Beer, Joe Pearson and Members at Large Don Aoki, Jackie Large and Jennifer Lebedoff for their diligence in recruiting candidates and for their kind and thorough candidate evaluation. On behalf of the Nominations Committee, I would also like to recognize and thank all members who put their names forward for the position of OMREB Director.

Sincerely,



Dean Desrosiers, 2018 Nominations Committee Chair



1 PCC TRAINING
SESSION 

1 NEW PROFESSIONAL
DEVELOPMENT AND
PROFESSIONALISM
NEWSLETTER 

OMREB REACH

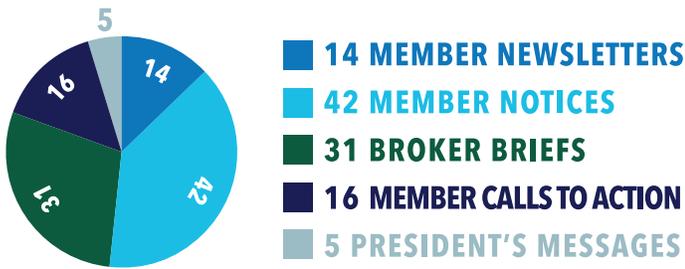
4 ISSUES PUBLISHED IN 2018

BOARD REPORTS

Chief Executive Officer

In 2018, the OMREB Operation moved forward on the direction set by the Board of Directors, keeping front and centre the Board's philosophy of being innovative, supportive and enabling of our members' success. Progress was made in the four areas of priority, in accordance with the updated strategic plan.

MEMBER COMMUNICATIONS



On delivering valued member services, OMREB undertook a number of initiatives focused on leveraging technology to place more information in the hands of our members.

- OMREB subscribed to the MLS® Home Price Index (HPI). A more stable price indicator than median or average prices, HPI offers a clearer picture of market trends and will enable members to better aid clients to understand the market and what it means for their homes and neighbourhoods. Work completed in 2018 will allow for HPI deployment in early 2019.



- OMREB completed, along with the Kamloops and South Okanagan Boards, a Proof of Concept to consolidate the data of all three boards into a single

database, an undertaking initiated in late 2017. The Proof of Concept demonstrated that the data could be consolidated with relative ease and for minimal cost. The three boards have agreed to move forward to support full production of the consolidated database for the next year to accomplish the following:

- o Each board will have an opportunity to offer other MLS® search experiences with MLS® data from all three boards in parallel with our current technology partner (Corelogic Matrix);
 - o We can, collectively, attract more products and services to enhance REALTORS' business for less cost (e.g. Remine);
 - o We can eliminate the need for duplicate entry of interboard listings into each board's MLS® Systems, saving members time and money and eliminating home buyer and seller frustration and confusion in relation to common marketing areas between boards.
- OMREB entered into a data licensing agreement with Zillow for brokerages that choose to opt-in and request the OMREB database as the source of their data. While brokers can request their data to be distributed to any third-party of their choosing from the OMREB database, existing agreements did not contemplate Zillow. This agreement, negotiated with legal assistance, ensures OMREB diligently performs its role as the steward of the MLS® database and equally mitigates risk to participating member brokerages. This option will become available to OMREB brokers in 2019.

BOARD REPORTS

Chief Executive Officer

- OMREB facilitated a process to allow members to pull their own market statistics from Matrix®, rather than having to wait for OMREB to post them. More timely, this approach also ensures members gain access to market statistics ahead of the public.



- OMREB responded to member requests for more professional development options with four new offerings for 2019, including two designation courses, a type of professional development specifically requested by members, to strong member response.
- A formal Broker Engagement Program was introduced, with seven interactive sessions held, often with guest speakers, on topics of specific concern or interest to brokers.

On increasing public perception of REALTORS®, the focus was both on conveying a more professional image and increasing visibility.

- The OMREB public-facing website was completely revamped, positioning members as real estate experts in the Okanagan, Shuswap and Revelstoke real estate markets.
- A new brand was introduced, 118 and West, to serve as a beacon for those navigating our markets and establish OMREB REALTORS® as authorities on real estate matters in the region.

On enhancing member professionalism, the focus was in areas where members indicated the most value could be gained: a strong, active Professional Conduct Committee and an emphasis on professional development as a means to raise the bar.

- In 2018, a more robust method for recruiting highly qualified and ethical members to the Professional Conduct Committee was instituted alongside a more rigorous approach to Committee Chair selection.
- The OMREB Professional Conduct Committee released more disciplinary reports than previous years
- OMREB introduced a second monthly publication for members called OMREBReach. Featuring upcoming Professional Development options and exploring the topic of Professionalism, OMREBReach has been well-received, with more than 60 per cent of members accessing recent editions.



1 LISTING MAGAZINE REFRESHED
4 ISSUES PUBLISHED IN 2018

ANNUAL REPORT 2018

- Acting upon recommendations from a 2017 MLS® Review task force, the Real Estate Review listing publication was revised to make it more eye-catching, timely and interesting and to incorporate the new brand. While several editions were delivered, member feedback resulted in a course change: the publication would be discontinued in early 2019 in favour of a report in Matrix® where members can compile their own customized set of listings with branded wraps provided to professionally package the reports

6 BOARD MEETINGS **13 COMMITTEE MEETINGS**

- Also acting on task force recommendations, a full-colour quarterly magazine was envisioned that would provide market commentary and other insight to further position local REALTORS® as the real estate experts. With groundwork laid, the first edition would be launched in early 2019.
- OMREB continued to deliver insightful and fact-filled monthly media releases on the state of the market to increasingly avid media response, positioning the Board and its members as authorities on the topic. This year, the releases were sent to members at the same time as the media, keeping members informed and providing a tool they can use in their own business.

On providing excellence in governance and leadership, the operation supported the Board to refine Board policies and practices. More on this in the President's, Financial and Nominations Committee Reports.

I am exceedingly grateful for the exceptional individuals who comprise the OMREB team and who work so hard to support you, the members, each day. This small and mighty team has achieved a tremendous amount this past year. I leave this organization humbled by the knowledge that the team in place will not just 'keep the ship steady' - they will continue to enhance your services and excel in their support of you through the transition to your next CEO.

Once again, I have been privileged to work in partnership alongside a supportive, committed and professional Board of Directors. Together, I believe we've set a solid foundation that will support a strong future for OMREB.

Thank you for the opportunity to serve as your CEO for the past five years. We've come a distance together... and it's been a GREAT ride!

Sincerely,



Lynette Keyowski, CEO

OMREB FEE HISTORY & MEMBERSHIP STATISTICS

YEAR END	CENTRAL OKANAGAN	NORTH OKANAGAN	SHUSWAP	MEMBERSHIP COUNT AT YEAR END
1990	125.00	119.00	112.00	770
1991	116.82	111.21	104.67	916
1992	116.82	111.21	104.67	1,034
1993	116.82	111.21	104.67	1,089
1994	116.82	111.21	104.67	1,026
1995	116.82	111.21	104.67	863
1996	128.82	123.21	116.67	842
1997				
Jan. to June 1997	128.82	123.21	116.67	
July to Dec. 1997				
1998	143.82	138.21	131.67	808
1999	128.82	123.21	116.67	747
2000	99.00	99.00	99.00	714
2001	110.00	110.00	110.00	683
2002	99.00	99.00	99.00	662
2003	99.00	99.00	99.00	721
2004	89.00	89.00	89.00	792
2005	79.00	79.00	79.00	897
2006	75.00	75.00	75.00	1,015
2007	75.00	75.00	75.00	1,088
2008	75.00	75.00	75.00	1,216
2009	75.00	75.00	75.00	1,193
2010	75.00	75.00	75.00	1,145
2011	66.50	66.50	66.50	1,143
2012	66.50	66.50	66.50	1,079
2013	66.50	66.50	66.50	1,019
2014	75.00	75.00	75.00	1,018
2015	75.00	75.00	75.00	1,044
2016	75.00	75.00	75.00	1,101
2017	75.00	75.00	75.00	1,204
2018	75.00	75.00	75.00	1,293
2018	100.00	100.00	100.00	1,327

1,327

TOTAL MEMBERS

As of December 20th, 2018

88 MANAGING BROKERS
70 ASSOCIATE BROKERS

+121 NEW MEMBERS

PAST PRESIDENTS/ HONOURARY MEMBERS

PAST PRESIDENTS

1959-60	R.H. Wilson *	1991	S. King
1961	W. Colquhoun*	1992	D.J. Denney
1962	L. Mercier*	1993	F. Brown
1963-64	R.W. Lupton*	1994	R. Davis*
1965-66	F. Oben*	1995	T. Evans
1967	R.G. Carson*	1996	R.J. Hill*
1968-69	R. R. Neil*	1997	S. Nicoll
1970	G. Salt*	1998	C.H. Magrath
1971	W.E. Collinson	1999	G. Jeninga
1972	P. Baron	2001	G. Dale
1973-74	W.W. Hunter	2002	G. Gebhard
1975	D.C. Sundby	2003	A. Petrone
1976	L. Chalmers*	2004	J. Pearson
1977	R. Ansell	2005	D. Harvey
1978	G. Funnell		S. Lewis
1979	W. Letourneau	2006	G. Surinak
1980	D.G. Jones	2007	B. Chapman
1981	D.V. Hawkes	2008	P. Lockhart
1982	M.C. Jennings*	2009	B. Cliffe
1983	J.R. Van	2010	B. Moshansky
1984	G.E. Surkan	2011	G. Cwiklewski
1985	O. Ungaro*	2012	R. Shaw
1986	C. Willison*	2013	K. Singbeil
1987	L. Bliss	2014	Darcy Griffiths
1988-89	A. Krivak*	2015	Christopher Miller
1990	D.J. Gerein	2016	Anthony Bastiaanssen
		2017	Tanis Read

(* Deceased)

HONOURARY MEMBERS

P.D. Holmes
J.C. Doak
P.D. Murphy
W.E. Collinson
D. J. Duggan
D.J. Denney



1 MEMBER SURVEY



**1 BROKER POLL
8 MEMBER POLLS**



4

**MEMBER
TASK FORCES**



FINANCIAL STATEMENTS
Okanagan Mainline Real Estate Board

December 31, 2018
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the Members of Okanagan Mainline Real Estate Board

We have reviewed the accompanying financial statements of Okanagan Mainline Real Estate Board that comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Okanagan Mainline Real Estate Board as at December 31, 2018, 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.

Other Matter

The financial statements of Okanagan Mainline Real Estate Board for the year ended December 31, 2017 were audited and issued with an unmodified audit opinion, dated March 22, 2018, from another firm of public accountants.

Kelowna, British Columbia
March 27, 2019



MNP LLP

Chartered Professional Accountants

Statement of **FINANCIAL POSITION**

Year ended December 31, 2018 (Unaudited)

December 31

2018

2017

Assets

Current

Cash(Note 3)	\$ 510,866	\$ 385,963
Accounts receivables	63,936	53,403
Investments (Note 4)	1,648,506	1,468,234
Prepaid expenses	13,772	8,871
Inventory (Note 5)	<u>20,175</u>	<u>26,980</u>
	2,257,255	1,943,451
	<u>399,714</u>	<u>411,407</u>

Tangible capital assets (Note 6)

\$ 2,656,969	\$ 2,354,858
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Liabilities

Current

Payables and accruals	<u>\$ 328,128</u>	<u>\$ 217,785</u>
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Commitments (Note 7)

Net assets

Invested in tangible capital assets	399,714	411,407
Internally restricted for specific purposes (Note 8)	1,673,808	580,379
Unrestricted	<u>255,319</u>	<u>1,145,287</u>
	<u>2,328,841</u>	<u>2,137,073</u>
	\$ 2,656,969	\$ 2,354,858

Approved on behalf of




Director

See accompanying notes and schedules to the financial statements.

Statement of OPERATIONS

Year ended December 31, 2018 (Unaudited)

	2018	2017
Revenue		
Fees for member services	\$ 1,709,836	\$ 1,229,045
Matrix user fees	343,513	346,336
MLS® Review/listing activation fees	298,876	299,479
Lock box system fees	232,866	215,415
Members' entrance fees	167,520	192,200
Seminars and education	139,633	162,585
Sundry services to members	99,386	51,628
Lock box sales	75,593	52,342
Members dues	48,470	40,710
Interest income	5,847	10,322
Dividend income	4,557	5,070
Special projects and events	2,333	10,409
Commercial zone	-	17,145
	3,128,430	2,632,686
Expenditures		
Board administration (Note 11)	1,506,033	1,518,448
Member service (Note 12)	1,306,274	1,046,932
Amortization	18,315	19,087
	2,830,622	2,584,467
Excess of revenue over expenses before other items	\$ 297,808	\$ 48,219
Other items		
Unrealized loss on investments	(88,269)	-
Loss on disposal of capital assets	(17,771)	-
	(106,040)	-
	191,768	48,219

See accompanying notes and schedules to the financial statements.

Statement of CHANGES IN NET ASSETS

Year ended December 31, 2018 (Unaudited)

	Invested in tangible capital assets	Internally restricted for specific purposes	Unrestricted	2018	2017
Net assets beginning of year	\$ 411,407	\$ 580,379	\$ 1,145,287	\$ 2,137,073	\$ 2,088,854
Excess of revenue over expenses	-	-	191,768	191,768	48,219
Purchase of tangible capital assets	24,393	-	(24,393)	-	-
Disposal of tangible capital assets	(17,771)	-	17,771		
Amortization	(18,315)		18,315		
Expenses allocated to internally restricted funds	-	(129,197)	129,197		
Fund transfers		1,222,626	(1,22,626)		
Net assets, end of year	\$ 399,714	\$ 1,673,808	\$ 255,319	\$ 2,328,841	\$ 2,137,073

See accompanying notes and schedules to the financial statements.

Statement of **CASH FLOWS**

Year ended December 31, 2018 (Unaudited)

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Cash receipts from members and others	\$ 3,025,085	\$ 2,610,090
Cash paid to suppliers and employees	(2,617,653)	(2,530,100)
Investment revenue received	10,404	15,392
	417,836	95,382
Investing		
Purchase of investments	(1,350,000)	(124,156)
Proceeds on disposal of investments	1,081,460	94,806
Purchase of tangible capital assets	(24,393)	(15,449)
	(292,933)	(44,799)
Increase in cash resources	124,903	50,583
Cash resources, beginning of year r	385,963	335,380
Cash resources, end of year	\$ 510,866	\$ 385,963

See accompanying notes and schedules to the financial statements.

Notes to the FINANCIAL STATEMENTS

December 31, 2018 (Unaudited)

1. Incorporation and nature of the organization

Okanagan Mainline Real Estate Board (the “Board”) was incorporated under the Societies Act of British Columbia; registered as a not-for-profit organization and thus is exempt from income taxes under Section 149(1)(l) of the Income Tax Act (“the Act”).

The Board’s principal activities, in addition to providing the necessary Multiple Listing Services (MLS®) to its members, include member education, settlement of commission disputes, maintenance of high standards of business practice, public relations programs, legislative awareness programs, and research and statistical services.

2. Significant accounting policies

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

Financial instruments

The Board recognizes its financial instruments when the Board becomes party to the contractual provisions of the financial instrument.

At initial recognition, the Board may irrevocably elect to subsequently measure any financial instrument at fair value. The Board has not made such an election. The Board subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments

in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is noted as restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less selling costs.

(continued)

Notes to the **FINANCIAL STATEMENTS**

December 31, 2018 (Unaudited)

2. Summary of significant accounting policies (continued)

Tangible capital assets and amortization

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	5%
Computer equipment	55%
Computer software	100%
Furniture and fixtures	20%

Impairment of long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Board determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from providing services or products to members are recognized based on when the services or products are provided. Revenues from providing services or products to members are recognized based on when the services or products are provided.

Foreign currency translation

At the transaction date, each asset, liability, revenue or expense arising from a foreign currency transaction of the Board, is translated into Canadian dollars using the exchange rate in effect on that date. Foreign currency monetary items are translated at the balance sheet date to reflect the exchange rate in effect on that date. An exchange gain or loss arising on translation or settlement of a foreign currency-denominated monetary item or a non-monetary item carried at market will be included in the determination of earnings for the year.

Measurement uncertainty (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 earnings during the reporting period.

Receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory as well as warranty and after sales service costs. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Notes to the FINANCIAL STATEMENTS

December 31, 2018 (Unaudited)

3. Cash

The portion of the cash has been internally restricted for specific purposes amounted to \$25,302 (2017 - nil).

4. Investments

	<u>2018</u>	<u>2017</u>
Mutual funds	\$ 1,262,250	\$ 1,052,076
Investment in Interior Equities Corp. - common shares	386,256	416,158
	<u>\$ 1,648,506</u>	<u>\$ 1,468,234</u>

The portion of these investments have been internally restricted for specific purposes amounted to \$1,648,506 (2017 - \$580,379).

5. Inventory

	<u>2018</u>	<u>2017</u>
Lock boxes	\$ 20,175	\$ 26,980

The cost of inventories recognized as an expense and included in the statement of operations amounted to \$66,320 (2017 - \$60,511).

6. Tangible capital assets

	<u>2018</u>	<u>2017</u>		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 190,989	\$ -	\$ 190,989	\$ 190,989
Buildings	365,918	184,927	180,991	190,517
Computer equipment	77,409	61,471	15,938	19,542
Computer software	93,926	90,417	3,509	-
Furniture and fixtures	261,885	253,598	8,287	10,359
	<u>\$ 990,127</u>	<u>\$ 590,413</u>	<u>\$ 399,714</u>	<u>\$ 411,407</u>

Notes to the **FINANCIAL STATEMENTS**

December 31, 2018 (Unaudited)

7. Commitments

The Board leases a photocopier. Annual lease payments amount to \$8,988 plus applicable taxes. The lease expires in March 2021. The remaining payments total \$20,223.

8. Net assets internally restricted for specific purposes

Pursuant to the British Columbia Societies Act and the constitution and the by-laws of the Board, no member of the Board has any rights to or interest in any of the distributive share of the assets or property of the Board.

	2017	Intra-fund transfers	Funds expended	2018
General reserve	\$ 580,379	\$ 1,222,626	\$ (129,197)	\$ 1,673,808

The Board has established an internally restricted general reserve fund with the following components:

Capital

The purpose of the capital component is to set aside funds for significant future capital expenditures. This will include equipment, furniture and building improvements and/or replacement that merit a capital expenditure for the effective operation of the Board.

The target amount of the capital component will be determined by strategic and professional assessment of short, medium and long-term future capital needs of the Board.

Operating and special purposes

The purpose of the operating component is to fund operating expenditures, planned or otherwise, that helps meet special targets of opportunity or need that will further the mission of the Board but are not customarily funded from the current year's operating revenues. This component is intended as a source of internal funds for organizational capacity building such as staff development, research and development or investment in infrastructure that will build longterm capacity.

The target amount of the operating and special purposes component will be determined based on the future needs of the Board.

Contingency

The purpose of this component is to provide access to funds to address unusual or unforeseen circumstances such as a sudden increase in expenses, one-time unbudgeted expenses, and unanticipated loss in funding or uninsured losses. It will act as the major buffer regarding financial risk for the Board but is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It will address possible unforeseen and significant expenditures such as those relating to legal costs, disruption to operations, organizational wind down and any other type of expenditure of this nature.

Notes to the FINANCIAL STATEMENTS

December 31, 2018 (Unaudited)

8. Net assets internally restricted for specific purposes (continued)

Contingency (continued)

The target minimum contingency component is the equivalent of 6 months of average operating expenditures. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program and ongoing professional services. Depreciation, in-kind and other non-cash expenses are not included in the calculation.

Lockbox replenishment

The purpose of the lockbox replenishment component is to ensure that OMREB members have access to current, consistent hardware and technology to ensure the efficient operation of the MLS® System. The target funding will be determined through assessment of the future value of hardware and technology based on expected lifespan of existing hardware and technology. The internally restricted general reserve fund is fully funded with cash and investments.

9. Financial instruments

The Board, as part of its operations, carries a number of financial instruments. It is management's opinion that the Board is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 Board is exposed to interest rate risk with respect to its mutual funds.

Liquidity risk

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

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's main credit risks relate to its accounts receivable.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Notes to the **FINANCIAL STATEMENTS**

December 31, 2018 (Unaudited)

11. Board administration expenditures

	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 685,236	\$ 780,425
Professional fees	328,666	287,342
Network operating costs	96,470	53,007
Bank charges and interest	87,646	77,477
Conferences and meetings	66,948	101,038
Directors' meetings and training	51,391	64,102
Office and miscellaneous	42,498	30,511
Telephone and utilities	34,610	39,715
Repairs and maintenance	32,803	6,537
Travel	32,173	17,302
President's honorarium and expenses	25,272	19,936
Insurance	10,318	21,118
Property taxes	9,457	9,708
Board printing	2,545	10,230
	<u>\$ 1,506,033</u>	<u>\$ 1,518,448</u>

12. Member service expenditures

	<u>2018</u>	<u>2017</u>
MLS® system operating costs	\$ 589,663	\$ 503,717
Advertising and communications	196,236	74,080
Lock box system costs	157,561	127,848
Education and seminars	154,352	105,748
Special projects and events	58,103	51,941
Member MLS® supplies	50,899	60,511
Members' life insurance	37,309	34,297
Annual meeting	30,880	53,939
Committee meetings	23,127	14,115
Courier services	6,144	9,460
Bad debts	2,000	-
Commercial Realtors' expenses	-	10,751
Community involvement	-	525
	<u>\$ 1,306,274</u>	<u>\$ 1,046,932</u>



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