

# Financial And Consumer Affairs Authority of Saskatchewan



Annual Report 2013/2014



Financial and  
Consumer  
Affairs Authority 



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# Letters of Transmittal



Her Honour, Honourable Vaughn  
Solomon Schofield,  
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

As the Minister responsible for  
Financial and Consumer Affairs  
Authority of Saskatchewan, I respect-  
fully submit the annual report for the  
year ending March 31, 2014.

A handwritten signature in black ink, appearing to read "Gordon S. Wyant". The signature is stylized and cursive.

Gordon S. Wyant, Q.C.  
Minister of Justice and Attorney General



Minister of Justice and Attorney  
General

Dear Sir:

I have the honour of submitting for  
your consideration the annual report  
of Financial and Consumer Affairs  
Authority of Saskatchewan for the year  
ending March 31, 2014.

A handwritten signature in black ink, appearing to read "Dave Wild". The signature is stylized and cursive.

Dave Wild  
Chair and Chief Executive Officer  
Financial and Consumer Affairs  
Authority of Saskatchewan

# Message from the Chair



**Experts have been studying the effects of trust on social and economic activity for decades and they've come to one conclusion: a high level of trust pays dividends.**

Groups like Pew Research and the Organization for Economic Co-operation and Development consistently place Canada at or near the front of the pack when it comes to things like honesty, transparency and fair treatment under the law.

It should not come as a surprise to find Canadians are also widely reported to be some of the most trusting people in the world. We stand alongside friends like Norway, Sweden and Finland as one of the most trustful societies because when it comes to business, government or everyday social interaction, Canadians are known for saying what they do and doing what they say.

We know that high trust societies enjoy greater economic prosperity, higher job satisfaction, higher life satisfaction, better health outcomes, less crime, and lower rates of corruption; in short, a better life.

Here at FCAA, we're in the business of trust: building it and guarding it in Saskatchewan's marketplace.

As a regulator, FCAA is an integral part of establishing trust in our markets. The inherent risk in investing becomes more manageable when the market is stable and predictable. It's easier to do business when owners don't have to pay bribes to officials or wade through incomprehensible reams of red tape simply to keep their doors open. Consumers and businesses can trust they will be treated fairly under the law and that when goods and services are purchased, they will get the full value from their money instead of seeing it eaten away by the costs associated with corruption and unpredictability.

That is the value of good regulation.

Here at the FCAA, we cast a fairly wide net. Our business covers more than 50 Acts and regulations that concern the people of Saskatchewan. Here are just some of the things that fall under FCAA's purview:

- Buying a car
- Buying insurance
- Investing money
- Getting a loan or managing debt
- Hiring a mortgage broker, real estate professional, or contractor
- Contributing to a pension plan

We are there, operating behind the scenes, to make sure you can trust our markets by: issuing licenses, investigating complaints, enforcing compliance, and raising awareness among consumers to help them make better, more informed decisions.

Over the last year, we've risen to the challenge of regulating the marketplace effectively, efficiently and fairly with actions like:

- Refining our securities exemptions to keep pace with the needs of the market through the equity crowdfunding exemption and the prospectus exemption

- Amending the funding rules for most public sector defined benefit pension plans under *The Pension Benefits Regulations, 1993*, so that contribution levels are less erratic, while ensuring that accrued pensions are adequately funded
- Being involved in establishing *The Consumer Protection and Business Practices Act*, which consolidates eight separate statutes, each of which had different standards, enforcement mechanisms, and results. This new Act is expected to provide consistent treatment and coordinated administration for businesses and consumers

Within the next year, we plan to:

- Raise public awareness of FCAA
- Introduce Pooled Registered Pension Plans to Saskatchewan's retirement savings marketplace
- Complete the re-write of *The Saskatchewan Insurance Act*
- Determine the impact of transferring regulatory responsibility for SaskCentral from federal to provincial jurisdiction
- Manage the transition of securities regulation from FCAA to the Co-operative Capital Markets Regulatory Authority

As a regulator, we're committed to building and maintaining the public trust in Saskatchewan's markets. So, I'm pleased to share with you the results of our efforts documented throughout this report – including the hard work and accomplishments of our staff – to illustrate how FCAA demonstrates the value of regulation.

We're proud to be an organization in the business of trust: a quality that produces significant returns for all Saskatchewan people.

Dave Wild  
Chair and Chief Executive Officer

# Board of Directors



## Dave Wild

Chair and Chief Executive Officer  
Adjudicative Committee

Dave Wild led the transformation of marketplace regulation in Saskatchewan. He was appointed Superintendent of Pensions in 1992 and Chair of the Saskatchewan Securities Commission in 2001. In 2003, he became Chair and Chief Executive officer (CEO) of the Saskatchewan Financial Services Commission, which merged the province's financial services regulators into a single agency. The transformation was completed with the expansion of the organization's mandate to include all consumer protection regulation in 2011 and the creation of the Crown corporation, Financial and Consumer

Affairs Authority in 2012. In addition, Mr. Wild holds appointments as Superintendent of Pensions, Superintendent of Insurance, Superintendent of Financial Institutions, Superintendent of Real Estate, and Registrar of Credit Unions. Mr. Wild has a background in finance having worked in the pension industry as an administrator and asset management consultant.

Two members of the Board have resigned. FCAA thanks Brian Molberg and Rod Crook for their years of service on the Board and wishes them well in their future endeavors.

## Paul Robinson

Vice-Chair - Appointed June 2009  
Human Resources and Governance  
Committee  
Adjudicative Committee

Mr. Robinson's career includes several senior positions in provincial and municipal governments and he has worked as a financial planner with a national investment firm. He has an honours BA from the University of Waterloo, an MBA from McMaster University, is a Certified Management Accountant (CMA), and a Chartered Financial Analyst (CFA).

## Peter Carton

Member - Appointed June 2009  
Chair of Finance and Audit Committee  
Adjudicative Committee

In 2007, Mr. Carton retired from a 30-year career with the Royal Bank of Canada. He has background in all areas of retail banking; most recently, he was the Regional Vice-President for Commercial Banking covering Saskatchewan, Manitoba, and north-western Ontario. Mr. Carton holds an MBA from Dalhousie.

## Gordon Hamilton

Member - Appointed June 2009  
Chair of Human Resources and  
Governance Committee  
Adjudicative Committee

Mr. Hamilton is a partner with the Saskatchewan law firm of McDougall Gauley LLP, where his practice focuses exclusively on labour and employment, privacy, and administrative law. His former adjudicative positions with the Canada Industrial Relations Board and the Saskatchewan Labour Relations Board contribute to his expertise as a hearings adjudicator. He has a strong background in the cooperative movement in Saskatchewan, having previously held key senior positions with Affinity Credit Union, Saskatchewan Wheat Pool (now Viterra), and Federated Co-operatives Limited. Mr. Hamilton holds a Bachelor of Arts from Mount Allison, a Juris Doctor from the University of Saskatchewan, and a Master of Laws from Osgoode-York.

## Mary Ann McFadyen

Member - Appointed June 2009  
Human Resources and Governance  
Committee  
Adjudicative Committee

Ms. McFadyen's 30-year association with the Saskatchewan Chamber of Commerce includes serving as its Executive Director and CEO for more than two decades. In recognition of her contribution to business, she received the Canada 125 Award and was named one of the ten most influential women in Saskatchewan by *Saskatchewan Business Magazine*.

## Derrek Fahl

Member - Appointed July 2011  
Chair of Adjudicative Committee  
Finance and Audit Committee

Mr. Fahl is a director with Saskatoon's Wallace Meschishnick Clackson Zawada law firm. As the head of the firm's corporate and commercial law practice group, he focuses his practice in the areas of mergers and acquisitions, corporate finance, securities law, corporate governance, and secured lending transactions. Mr. Fahl holds a Bachelor of Commerce and a Bachelor of Law from the University of Saskatchewan.

## Brian Molberg

Member - Appointed June 2009;  
Resigned February 2014

Mr. Molberg previously served as Vice-President of Corporate Services

of LutherCare Communities, a leading provider of health services, seniors housing, and community services in Saskatchewan. He was also President of Nalco Leasing Inc., a Saskatchewan based agricultural and office equipment leasing company. He is a Fellow of the Institute of Chartered Accountants.

## Rod Crook

Member - Appointed October 2012;  
Resigned June 2014  
Finance and Audit Committee  
Adjudicative Committee

Mr. Crook is Assistant Deputy Minister of Regulatory Services in the Ministry of Justice and was involved in the planning work to establish FCAA and broaden its mandate to include all consumer protection legislation. He also served on the board of the Credit Union Deposit Guarantee Corporation.

## Susan Amrud, Q.C.

Member - Appointed July 2014  
Finance and Audit Committee  
Adjudicative Committee

Ms. Amrud is the Associate Deputy Minister of the Ministry of Justice. She has spent the last 32 years of her career practicing law in the Ministry of Justice with a focus on legislative development. She is a member of the board of the Credit Union Deposit Guarantee Corporation and the Law Reform Commission.

# Committees of the Board

The work of the Board of Directors is assisted by the following committees:

**The Finance and Audit Committee** helps the Board of Directors fulfill its oversight responsibilities by reviewing:

- Our policies and procedures for managing risk
- Our financial statements and other financial information
- The ways we control our finances and accounting
- How we report on our accounting and financial reporting processes and external auditor's performance

This committee also oversees our audit process and provides advice to continue improving our financial policies and practices.

**The Human Resources and Governance Committee** gives the Board of Directors advice on compensation, corporate assessment, and corporate governance matters. The goals of this committee are to ensure FCAA has:

- A culture of integrity
- Systems in place to assess our staff's performance
- Systems in place to assess FCAA's performance – including our Board of Directors and committees
- Appropriate corporate governance policies, practices, and procedures that are being followed

- An employee compensation and benefit package that attracts qualified staff
- Succession planning in place for senior management and other critical positions

This committee also gives the Board of Directors, on request, advice about the Board's composition.

**The Adjudicative Committee** periodically re-evaluates our policies and procedures for hearings and recommends improvements. This committee also helps board members stay current on legal issues related to FCAA's hearing process.

In addition to our board members, two retired justices were appointed to this committee in 2013: The Honourable Eugene Scheibel and The Honourable Larry Kyle. Both serve as panelists at FCAA hearings.

# Who We Are

As a regulator and quasi-judicial adjudicator, we protect Saskatchewan consumers, public interests and businesses by providing effective, balanced, and timely market regulation.

Financial and Consumer Affairs Authority is a Crown corporation assigned to the Minister of Justice and Attorney General and led by a seven-person Board of Directors established under *The Financial and Consumer Affairs Authority of Saskatchewan Act*. FCAA is dedicated to advancing the interests of consumers by ensuring fair trading conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity.

- Financial services are essential to the growth, development and strength of market economies because they support corporate growth and innovation, and make managing financial risk easier. Regulation is essential for maintaining the integrity, efficiency, and transparency of financial markets. Except for banks, FCAA regulates and adjudicates all financial services in Saskatchewan including: the credit union system, insurance, pensions, securities, trust and loans, payday loans, and mortgage brokers.
- Consumer protection regulation is also critical to helping Saskatchewan residents acquire wealth and retirement savings. As the world continues to shrink due to globalization, and transactions become more complex, fraud schemes become increasingly varied and common.

This means consumer protection laws are more important than ever. Enforcement of consumer protection laws is necessary for making sure Saskatchewan residents have a high quality of life and confidence in their government, institutions and the marketplace. Another positive effect of consumer protection regulation: it supports consumer confidence, which encourages spending and investment!

FCAA is responsible for helping to develop provincial legislation, regulations, policies and rules, and for interpreting and applying those rules while protecting the rights and interests of consumers when the rules are broken. In addition, we support an environment that upholds a fair marketplace for consumers and a level playing field for businesses.

Our regulatory functions for financial services include prudential and market conduct regulation. Prudential regulation means making sure regulated businesses and institutions are financially sound. Market conduct regulation entails ensuring that businesses comply with consumer protection provisions such as confidentiality, disclosure, and fair practices. Both types of regulation ensure that Saskatchewan businesses put consumers first.

We rely on and oversee the following organizations that are involved in licensing and regulation, but are not provincial government entities:

- Credit Union Deposit Guarantee Corporation
- Funeral and Cremation Services Council of Saskatchewan
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Investment Industry Regulatory Organization of Canada
- Life Insurance Council of Saskatchewan
- Mutual Fund Dealers Association of Canada
- Saskatchewan Real Estate Commission

FCAA supports consumer education and awareness as a means of encouraging consumers to protect themselves

# Our Divisions

FCAA is organized into five program divisions: Consumer Credit, Consumer Protection, Insurance and Real Estate, Pensions, and Securities. These program areas are supported by the Chair's Office, which includes Corporate Services, Communications, and the Legal Branch.

## Consumer Credit

The Consumer Credit Division is responsible for regulating Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.

## Consumer Protection

The Consumer Protection Division supports fair trading in goods or services between consumers and businesses, when the purchases are for personal, household, or family use. The division strives to protect consumers and maintain a fair trading business environment through market regulation, sector-specific business and salesperson licensing, complaint investigation, education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement action, and research. The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

## Insurance and Real Estate

The Insurance and Real Estate Division licenses all companies that transact insurance in Saskatchewan. The division protects insurance policyholders by regulating provincial insurance companies, federal and provincial insurance companies' market conduct, and by overseeing the Insurance Councils of Saskatchewan with respect to rules insurance agents and brokers must follow. The division also protects real estate buyers and sellers by overseeing the rules that the Saskatchewan Real Estate Commission applies to real estate brokers and salespersons.

## Pensions

The Pensions Division promotes the equitable treatment of plan members and protects their pension savings from undue loss. The division also reviews pension plans to ensure legislative standards are met.

*The Pension Benefits Act, 1992* regulates employer-sponsored pension plans. Certain plans established for Saskatchewan and Canadian government employees are excluded from this legislation. This legislation also does not apply to plans of companies regulated by the federal government in such industries as banking, transportation, and broadcasting.

## Securities

The Securities Division protects investors by regulating trading in securities. Activities aimed at protecting investors include:

- Registering individuals and companies in the investment industry
- Reviewing documents used by companies and individuals to sell their securities to the public
- Requiring businesses to file regular financial information, send it to their security holders, and disseminate it to the market
- Reviewing companies' continuous disclosure documents, such as financial statements and press releases, to ensure they provide appropriate and timely ongoing information to serve as a basis for securities trading in the secondary market
- Exempting businesses from the main requirements of the legislation, when appropriate
- Penalizing those who have not followed the provisions of the Act, or who have engaged in fraudulent and unscrupulous practices



# How We Work



Here at FCAA, we have four main activities that help us to build and maintain your trust in Saskatchewan's markets.

## Licensing and Registration

We licence and register over 19,000 entities and individuals in Saskatchewan across a wide variety of industries to make sure they are suitable for our marketplace.

## Audit and Compliance

We routinely conduct audits to make sure that businesses and individuals are complying with Saskatchewan laws and meeting their obligations to consumers.

## Market Conduct and Complaint Handling

Every day, we receive, review, and investigate consumers' complaints to determine whether rules have been violated. We work to mediate solutions for all parties or to recommend further courses of action. We pride ourselves on providing the people of Saskatchewan with respectful, professional service.

## Enforcement

Sometimes the information we receive from complaints, from our audit and compliance activities, or from other sources shows that people or entities have violated the rules. We use our legislated authority to hold these persons to account through our hearing processes or by collaborating with law enforcement.



*We License and Register  
over 19,000 entities and  
individuals*

# 2013 – 2014 Accomplishments

**Goal: Establish and support effective rules for Saskatchewan's marketplace**

## **OBJECTIVE : Review, recommend, create, and maintain up-to-date Saskatchewan rules**

- FCAA refined our securities exemptions to keep pace with the needs of the market through the equity crowdfunding exemption and the listed issuers' exemption.

Recognizing that the rules for selling a stake in a company can be expensive, complicated and time consuming for small businesses or start-ups, FCAA led Canadian regulators in the creation and implementation of an equity crowdfunding exemption. By making equity crowdfunding possible in Saskatchewan, we hope to help fill the fundraising gap for these businesses so that they can compete in our market.

FCAA also introduced a new prospectus exemption for listed issuers to more easily sell their securities to existing security holders. The exempt market is important to Saskatchewan and we hope these changes will further strengthen our market.

- FCAA proposed amendments to the regulations of *The Pension Benefits Regulations, 1993* for most public sector defined benefit pension plans so that contribution levels are less erratic, while ensuring that accrued pensions are adequately funded.

The new rules, which FCAA oversees, remove the requirement to fund a plan's solvency deficiency, while decreasing the period of time during which a going concern unfunded liability has to be amortized from 15 to ten years. The rules came into effect on June 26, 2013.

- In May 2013, *The Consumer Protection and Business Practices Act* was passed to consolidate eight separate consumer protection statutes, each of which had different standards, enforcement mechanisms, and results.

This new Act is expected to provide consistent treatment and coordinated administration for businesses and consumers by:

- Re-enacting basic marketplace practices rules
- Establishing consumer product warranty rules
- Establishing rules for consumer contracts and prepaid purchase cards (gift cards)
- Consolidating the licensing rules for certain types of businesses

Consultations on the regulations have been underway since 2013 and are expected to continue into 2015.

### **OBJECTIVE: Increase harmonization with rules in other Canadian jurisdictions**

- In spring 2013, Saskatchewan was the first province to pass Pooled Registered Pension Plan (PRPP) legislation. PRPPs are a new type of savings plan that will provide Saskatchewan residents who do not have access to a workplace pension with a way to save for retirement. PRPPs operate much like defined contribution registered pension plans, but hold assets pooled together from multiple participating employers and will be administered by eligible Canadian corporations,

such as insurance companies and banks. PRPPs are designed to provide a low-cost option to Saskatchewan workers. We worked with other Canadian jurisdictions to harmonize PRPP legislation.

- FCAA continued reviewing and developing draft legislation that incorporates a number of new provisions to better harmonize *The Saskatchewan Insurance Act* with Alberta, British Columbia, and other provinces.

As a part of this process to aid in harmonization, we met and consulted with industry stakeholders and regulators from other jurisdictions to garner early feedback from parties who will be affected most directly by any changes.

As well, insurance industry participants occasionally brought issues to our attention to consider during the review process. We also met with the Insurance Councils of Saskatchewan and provided them with updates on our legislation review progress, discussed issues of concern to them, and conveyed their feedback to the staff involved in the rewrite of the legislation.

**Goal: Administer the rules in Saskatchewan's marketplace**

**OBJECTIVE: Create and implement effective compliance programs**

- According to *The Mortgage Brokerages and Mortgage Administrators Act*, persons who wish to be licensed as mortgage brokers need to complete an appropriate course. In 2013-2014, we worked with the Canadian Association of Accredited Mortgage Professionals (CAAMP) to develop a course specific to Saskatchewan. Building on the associate licensing course, the broker course emphasizes brokerage compliance and oversight of the brokerage's brokers and associates.

**OBJECTIVE: Take appropriate enforcement action against those who fail to comply**

- In March 2013, our Securities Division welcomed an additional lawyer whose main focus is litigating enforcement proceedings. As a result, FCAA has been able to increase the number of proceedings commenced, hearings held, and reciprocal files opened. We have also increased the dollar amount of penalties imposed over the previous year.
- To maintain a level playing field and limit their negative impact, we continued scanning advertisements to identify curbbers. Curbbers are persons in the business of selling vehicles without being licensed as a motor dealer, or dealers who unlawfully advertise as if they were a private individual. Curbbers have the potential to do great damage to a fair market and consumers' safety. In 2013, one unlicensed motor dealer was charged and found guilty in Saskatoon. An alleged unlicensed dealer in Prince Albert has been charged and is awaiting trial.

**Goal: Promote consumers' and regulated entities' understanding of their respective rights and responsibilities**

**OBJECTIVE: Market participants are aware of FCAA and what it will and won't do**

- FCAA welcomed a Director of Communications during 2013-2014. With the addition of this position, an increased emphasis was placed on working with the media to tell our story. As well, FCAA engaged in social media campaigns to raise awareness of our organization, important financial literacy concepts, and regulatory issues.

**Goal: FCAA has the people, processes, and systems to achieve its regulatory goals**

**OBJECTIVE: Operate efficiently**

- We developed an online database that gives movie distributors, movie exhibitors, and the viewing public access to film classifications so that viewers can make informed choices for themselves and their families. The database allows people to access the information they need on demand.
- We created and launched FCAA411 – an online licence and registration search that gives consumers easier access to crucial information when dealing with licensed suppliers. FCAA411 allows people to access the information they need on demand.

**OBJECTIVE: Deliver service effectively**

- The Consumer Credit, Insurance and Real Estate, Pensions, and Consumer Protection Divisions have been actively involved in the review of FCAA's current licensing and supervision system.

The project is known as R3: Retool, Rethink, Refresh. The goals of R3 are to streamline and standardize FCAA's business processes, to allow FCAA to identify and focus on higher risk entities, to improve client services through online filing and payment services, and to be in a position to add new areas of regulation.

**OBJECTIVE: Make appropriate use of other entities that share responsibility for market confidence**

- We completed a mutual review of FCAA's, Credit Union Deposit Guarantee Corporation's, and SaskCentral's regulatory roles and responsibilities in September 2013. This review gave us all an opportunity to streamline certain activities and further strengthened the relationships between all three organizations.
- FCAA collaborated with the Saskatchewan Genealogical Society to create a publicly accessible database of Saskatchewan cemeteries. FCAA also worked with the Western Canada Cemetery Association to develop an online care and maintenance primer for caretakers and volunteers.

# 2014 - 2015 Goals

## Goal: Establish and support effective rules for Saskatchewan's marketplace.

- Manage and implement the transition plan to integrate FCAA's Securities Division into the Co-operative Capital Markets Regulatory Authority
- Work on the legal framework for multi-jurisdictional PRPPs will continue: the regulations will be finalized and we will develop a multilateral agreement with our counterparts to provide efficient regulation and supervision across Canada
- Propose amendments to regulations to allow pension unlocking for non-residents of Saskatchewan
- Propose amendments to regulations to provide temporary solvency relief for private sector target benefit plans
- Review permanent funding rules for private sector target benefit plans
- Consultations on the regulations for The Consumer Protection and Business Practices Act have been underway since 2013 and are expected to continue into 2015 and beyond. The first set of regulations on marketplace practices, consumer contracts, and gift cards will be completed this year.
- Develop a strategy to more effectively manage insolvent commercial cemeteries
- Develop an oversight framework for the Saskatchewan Insurance Councils and Saskatchewan Real Estate Commission that defines roles and responsibilities, sets out our expectations, and establishes mechanisms for reporting and control
- Complete the re-write of *The Saskatchewan Insurance Act* to ensure harmonization with Alberta and British Columbia
- Review the position paper and supporting documents from the Saskatchewan Real Estate Commission on proposed legislative changes
- Consider the implications of the Insurance Core Principles (ICP) adopted by the International Association of Insurance Supervisors for FCAA and Saskatchewan insurers. ICPs are generally accepted as the benchmark against which regulatory regimes and supervisory practices are measured in the insurance industry.
- Consider the impact of capital and liquidity standards established by global and Canadian banking regulators on provincial trust and loan companies
- Determine the impact of transferring regulatory responsibility for SaskCentral from federal to provincial jurisdiction
- Participate in the national review of Exempt Market Dealers selling securities of related entities
- Continue work on the implementation of *The Securities Amendment Act, 2012* relating to incorporated salespersons as other jurisdictions amend legislation
- Continue work on implementation of *The Securities Amendment Act, 2013* relating to derivatives and including planning for operational needs
- Implement the Saskatchewan Equity Crowdfunding Exemption
- Participate in a national review of capital raising exemptions under securities regulation
- Consider a new securities exemption for co-operatives

### Goal: Administer the rules in Saskatchewan's marketplace

- Conduct significantly more motor vehicle dealer site inspections to improve compliance with legislation
- Examine provincial trust and loan companies, in particular confirming:
  - Credit granting processes and controls
  - Liquidity management
  - Corporate governance/Board oversight
- Examine title loan activities in Saskatchewan
- Examine mortgage brokerages licensed in Saskatchewan with a particular focus on:
  - Brokerage oversight of brokers/associates
  - Disclosures
  - Fees charged to borrowers
- Carry out payday lender examinations with a particular focus on:
  - Reviewing payday lender loan and pre-authorized debit agreements to ensure they are clear and understandable
  - Reviewing collection activities to ensure compliance

### Goal: Promote consumers' and regulated entities' understanding of their respective rights and responsibilities

- Raise public awareness of FCAA's work by launching a social media strategy, targeting key issues, continuing to collaborate with media, and developing innovative ways in which to engage Saskatchewan people, especially through the lens of financial literacy
- Develop and execute a strategy to increase the number of tips from the financial services industry about possible contraventions of securities law that will improve our enforcement function
- Develop and launch a public awareness initiative on the risks of dealing with unlicensed motor dealers

### Goal: FCAA has the people, processes, and systems to achieve its regulatory goals

- Finish developing and implementing a human resources plan for FCAA that analyzes the present and future workforce, identifies risks, and provides key actions to manage risks
- Work on the R3: Retool, Rethink, Refresh systems project, including identification of future state business processes for FCAA and selection of a vendor for a system. FCAA also will engage its licensees with respect to the implementation of online filings.



# Governing Legislation

*The Auctioneers Act*  
*The Cemeteries Act*  
*The Charitable Fund-raising  
Businesses Act*  
*The Collection Agents Act*  
*The Consumer and  
Commercial Affairs Act*  
*The Consumer Protection Act*  
*The Cost of Credit Disclosure  
Act, 2002*  
*The Credit Reporting Act*  
*The Credit Union Act, 1998*  
*The Credit Union Act, 1985*  
*The Direct Sellers Act*  
*The Film and Video  
Classification Act*  
*The Financial and  
Consumer Affairs Authority of  
Saskatchewan Act*  
*The Funeral and Cremation  
Services Act*

*The Motor Dealers Act*  
*The Mortgage Brokerages and  
Mortgage Administrators Act*  
*The Payday Loans Act*  
*The Pension Benefits Act, 1992*  
*The Real Estate Act*  
*The Sale of Goods Act*  
*The Saskatchewan  
Insurance Act*  
*The Saskatchewan Financial  
Services Commission Act<sup>1</sup>*  
*The Securities Act, 1988*  
*The Ticket Sales Act*  
*The Trust and Loan  
Corporations Act, 1997*

<sup>1</sup>Repealed effective October 1, 2012

# Performance Measures

In addition to tracking our core activities and progress toward achieving strategic action items, we use performance measures to assess our success. These measures are for the organization as a whole; however, each division also has efficiency and effectiveness measures.

## How We Measure Success

### Stakeholder - How do stakeholders see us?

- Regulated entities have confidence in Saskatchewan's marketplace; and FCAA
- Consumers use FCAA information

### Our people - How do we continue to improve, innovate, and create value?

- Human resource management effectiveness
- Employee participation in learning and development

### Operational/Internal - How do we demonstrate operational excellence?

- Number of regulated entities reviewed each year
- Client service standards achieved

### Financial - How are we accountable?

- Variance from budget

## Client Service Standards

### Consumer Credit

- Review an application for licensing and issue a licence or an initial comment letter within 15 business days

## Insurance and Real Estate

- Review an application for licensing and issue a licence or an initial comment letter within 30 business days, when FCAA is the primary regulator, or 15 business days, when FCAA is not the primary regulator

## Pensions

- Review actuarial valuations of non-designated pension plans within 45 business days
- Review annual information returns within 25 business days

## Securities

- Approve or respond to applications for individual registration within ten business days when FCAA is the principal regulator
- Provide initial comments within ten business days of the date of the preliminary receipt issued for a long form prospectus and within three business days of the date of the preliminary receipt issued for a short form prospectus, when FCAA is the principal regulator

## Consumer Protection

- Respond to telephone inquiries immediately or return messages within three business days
- Review an application for licensing and issue a licence or provide an initial comment letter within 15 business days

# Performance Measures 2013-2014

Measure	Data	Why Chosen	Target	Performance
Stakeholder Confidence in FCAA	Stakeholder Survey	Stakeholder views on the effectiveness of regulation are important	Maintain $\pm$ 3% or Improve	3.45 on a five point scale in 2013 survey. This represents a seven per cent improvement over the last survey.
Consumers Use FCAA Information	Website Usage	The website is the primary way we disseminate information to consumers	5% Increase in Number of Hits on Consumer Pages	326,089 hits*
Number of Regulated Entities Reviewed Each Year (Field and Desk Review)	Number of entities directly regulated by FCAA. Target number of entities that will be reviewed (based on risk and other criteria)	Sufficient regulation is both educational and a deterrent	Complete 100% of planned reviews	<ul style="list-style-type: none"> <li>Pensions: 100%</li> <li>Consumer Credit: 96%</li> <li>Insurance and Real Estate: 67%</li> <li>Securities: 33%</li> </ul>
Client Service Standards	See "Client Service Standards" on page 22	Service standards indicate quality service to those regulated	Meet 100% of Client Service Standards	Pensions: <ul style="list-style-type: none"> <li>100% (Valuations)</li> <li>94% (Annual Information Returns)</li> </ul> Consumer Credit: 99% Insurance and Real Estate: 96% Securities: <ul style="list-style-type: none"> <li>99.2% Response to Individual Registration Applications</li> <li>100% Comments on Prospectuses</li> </ul> Consumer Protection: <ul style="list-style-type: none"> <li>99% (Response to Phone Calls)</li> <li>100% (Application Reviews)</li> </ul>
Human Resource Management Effectiveness	Employee survey	FCAA's most valuable resource is its people	Maintain $\pm$ 3% or Improve	83%** Employee Engagement***
Staff Participation in Learning and Development	Employee survey	We want to create a learning environment for staff	80% Employee Participation	100% of Employees
Variance from Budget	MIDAS	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	10.8 % Over Budget in 2013-14

\*As a new measure, this number establishes a benchmark for future years and only represents hits from outside government.

\*\* This is a new measure for FCAA. In 2012-2013, we reported 89% employee engagement for our predecessor organization.

\*\*\* Based on employees' ratings of FCAA as a good place to work and overall satisfaction with FCAA.

# Division Statistics

CONSUMER CREDIT DIVISION STATISTICS				
ACTIVITY	2013 - 14	2012 - 13	2010 - 11	2009 - 10
Licences in Force under <i>The Trust and Loan Corporations Act, 1997</i>				
· Financing Corporations	124	120	108	87
· Trust Corporations	41	45	47	43
· Loan Corporations	7	8	8	8
· Loan Brokers	8	8	7	6
Licences in Force under <i>The Mortgage Brokerages and Mortgage Administrators Act</i>				
· Mortgage Brokerages	55	48	43	41
· Mortgage Brokers	120	120	124	123
· Mortgage Associates	207	167	148	113
· Mortgage Administrators	1*	11	0	n/a
The Payday Loans Act	59	59	56	n/a
Credit Unions (as of December 31, 2013)	53	60	61	64
Audits, Inspections or Reviews	27	55	22	26

\*The 2012-13 annual report mistakenly reported 11 administrators; however, there is only one. Therefore, the 2013-14 number does not represent a change.

CONSUMER PROTECTION DIVISION STATISTICS				
ACTIVITY	2013 - 14	2012 - 13	2011 - 12	2010 - 11
Licences/Registrations in Force:	6,068	2,046	2,022	2,052
· Vendors/Registrants	4,408	4,116	3,804	4,188
· Salespersons	1,660	6,192	7,613	7,388
Telephone Inquiries	6,670	22,655	13,440	11,283
Complaints, Investigations, and Inspections	531	510	343	378
Bond Pay-Outs to Consumers	0	\$8,000	0	\$40,000

INSURANCE AND REAL ESTATE DIVISION STATISTICS				
ACTIVITY	2013 - 14	2012 - 13	2011 - 12	2010 - 11
Insurance Companies Based in Saskatchewan	12	12	13	13
Extra-Provincial Reciprocal Insurers	8	N/A	N/A	N/A
Audits, Inspections, or Reviews	14	24	21	23

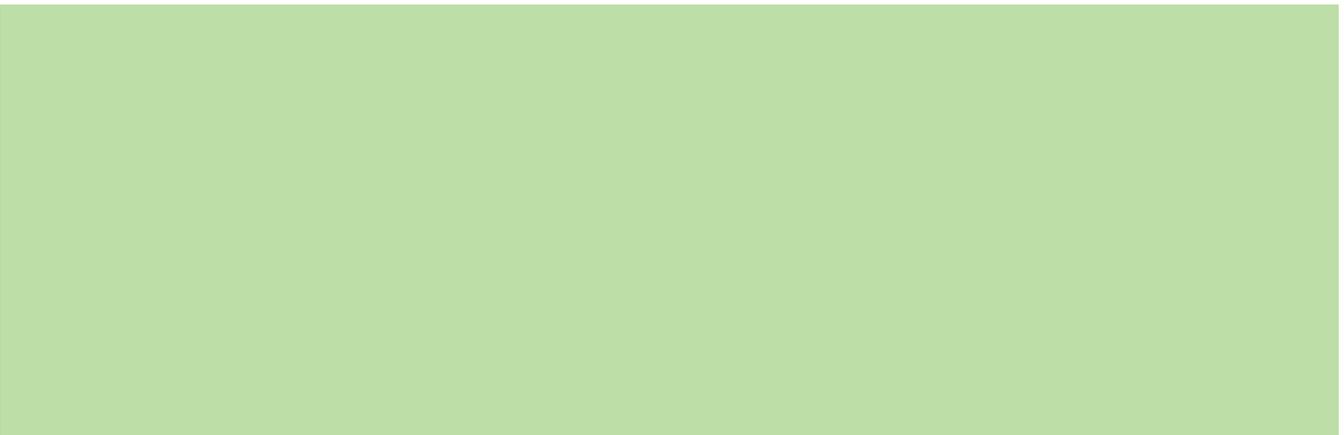
PENSIONS DIVISION STATISTICS				
ACTIVITY	2013 - 14	2012 - 13	2011 - 12	2010 - 11
Number of Plans Supervised	530	523	501	478
Number of Members in Plans Supervised	176,522	172,881	168,594	159,984
New Plans Registered	18	25	26	26
Plans Terminated	14	29	18	19
Actuarial Valuations Reviewed	32	11	22	43
Annual Information Returns Reviewed	574	514	496	490
Plan Amendments Registered	105	168	122	135
On-site Pension Examinations	0	2	5	3

SECURITIES DIVISION STATISTICS				
ACTIVITY	2013 - 14	2012 - 13	2011 - 12	2010 - 11
Companies Registered to Sell Securities at Year End	630	506	488	449
Individuals Registered to Sell Securities at Year End	14,223	12,189	12,177	11,592
Receipts Issued for Selling Documents of Saskatchewan Issuers	5	5	9	8
Selling Documents Received of Non-Saskatchewan Issuers	793	877	918	910
Continuous Disclosure Documents Received:				
· Annual Financial Statements	4,994	4,814	4,822	4,538
· Interim Financial Statements	7,745	7,773	7,582	7,181
· Proxy/Information Circulars	4,126	3,890	3,794	3,626
· Material Change Reports	3,260	3,384	3,563	4,037
· Annual Information Forms	1,406	1,217	1,357	1,342
Management Discussion and Analysis Received:				
· Annual	1,461	1,434	1,460	1,450
· Interim	4,180	4,318	4,301	4,139
· Annual Management Report of Fund Performance Received	3,558	3,221	3,286	3,060
Applications for Exemption:				
· Applications Granted	123	123	106	110
· Applications Withdrawn	10	21	14	13
Investigated Complaints and Enforcement Action:				
· Number of Files Open at Beginning of the Period	82	78	71	64
· Number of Files Opened During the Period	106	111	101	100
· Number of Files Closed During the Period	86	107	94	93
· Number of Files Open at the End of the Period	102	82	78	71

SECURITIES DIVISION STATISTICS				
ACTIVITY	2013-14	2012-13	2011-12	2010-11
Files Opened by Complaint Type:				
· Disclosure Violation	0	0	3	0
· Fraud	9	9	7	5
· Illegal Distribution	24	28	12	17
· Insider Trading	2	8	6	4
· Market Manipulation	0	1	2	4
· Misconduct by Registrants (Including Referrals to the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Associa- tion of Canada)	34	46	44	40
· Miscellaneous	37	19	27	30
· Total Files Opened	106	111	101	100
Investigation Orders	46	5	6	10
Temporary and Extending Enforcement Orders	2	5	7	11
Settlement Agreements with Orders	2	1	4	4
Hearings with Orders	4	1	0	1

# Financial Statements





# Management's Responsibility for Financial Statements

## Financial and Consumer Affairs Authority of Saskatchewan

### Report of Management for the Year Ended March 31, 2014

The accompanying financial statements are the responsibility of the management of the Financial and Consumer Affairs Authority of Saskatchewan. They have been prepared in accordance with Public Sector Accounting Standards, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Authority's Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements have been reviewed and approved by the Board.

The Office of the Provincial Auditor has audited the Financial and Consumer Affairs Authority of Saskatchewan financial statements in accordance with Canadian generally accepted auditing standards and its report follows.



David Wild  
Chair and Executive Director  
July 10, 2014



Ian McIntosh CA  
Chief Financial Officer  
July 10, 2014

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Financial and Consumer Affairs Authority of Saskatchewan which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net financial 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 public sector accounting standards for Treasury Board's approval, 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.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Financial and Consumer Affairs Authority of Saskatchewan as at March 31, 2014, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan  
July 10, 2014

A handwritten signature in blue ink that reads "Judy Ferguson".

Judy Ferguson, FCA  
Acting Provincial Auditor

# FCAA Statement of Financial Position As at March 31

	2014	2013
<b>Financial Assets</b>		
Cash	\$150	\$1,150
Due from General Revenue Fund (Note 5)	18,747,927	14,189,427
Accounts receivable	59,874	31,143
Prepaid expenses	15,172	-
Total financial assets	18,823,123	14,221,720
<b>Liabilities</b>		
Accounts payable and accrued liabilities	815,092	637,898
Dividend payable to General Revenue Fund (Note 6)	14,991,214	10,503,057
Unearned revenue (Notes 3 and 13)	2,016,817	2,080,765
Total liabilities	17,823,123	13,221,720
<b>Net Financial Assets (Statement 3)</b>	1,000,000	1,000,000
<b>Non-Financial Assets</b>	-	-
<b>Accumulated Surplus (Statement 2)</b>	\$1,000,000	\$1,000,000

(See accompanying notes to the financial statements)

# FCAA Statement of Operations for the Year Ended March 31

	Annual Budget 2014	Actual 2014	2013 (6 months)
			(Note 2)
<b>Revenue</b>			
Revenue (Notes 3 and 12)	\$19,200,000	\$22,453,169	\$9,538,341
<b>Expenses</b>			
Salaries and benefits	5,191,000	5,326,334	2,547,522
Travel (Note 14)	70,750	83,337	45,823
Contract services	455,180	834,010	277,044
Communications	15,550	26,097	14,796
Rent, supplies and services	911,520	977,908	524,922
Minor asset purchases	3,000	30,269	22,118
Transfers (Note 17)	91,000	184,000	89,000
Total expenses	6,738,000	7,461,955	3,521,225
<b>Annual Surplus (Note 11)</b>	12,462,000	14,991,214	6,017,116
<b>Accumulated Surplus, beginning of year</b>		1,000,000	-
<b>Add:</b>			
Transfer from the Saskatchewan Financial Services Commission Fund (Note 2)		-	1,000,000
<b>Less:</b>			
Dividend to General Revenue Fund (Note 6)		(14,991,214)	(6,017,116)
<b>Accumulated Surplus, end of year (Statement 1)</b>		\$1,000,000	\$1,000,000

(See accompanying notes to the financial statements)

# FCAA Statement of Changes in Net Financial Assets for the Year Ended March 31

	2014	2013 (6 Months) (Note 2)
<b>Annual Surplus</b>	\$14,991,214	\$6,017,116
Dividend to the General Revenue Fund (Note 6)	(14,991,214)	(6,017,116)
Transfer from the Saskatchewan Financial Services Commission Fund (Note 2)	-	1,000,000
Increase in net financial assets	-	1,000,000
<b>Net financial assets, beginning of year</b>	1,000,000	-
<b>Net financial assets, end of year (Statement 1)</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>

(See accompanying notes to the financial statements)

# FCAA Statement of Cash Flows for the Year Ended March 31

	2014	2013 (6 months)
<b>Cash Flows from Operating Activities</b>		(Note 2)
Annual Surplus	\$14,991,214	\$6,017,116
Changes in non-cash working capital		
· Accounts receivable	(28,731)	14,474
· Prepaid expenses	(15,172)	-
· Accounts payable and accrued liabilities	177,194	340,142
Unearned revenue	(63,948)	(135,465)
<b>Cash Provided By Operating Activities</b>	15,060,557	6,236,267
<b>Cash Flows from Financing Activities</b>		
Dividend to the General Revenue Fund	(10,503,057)	-
Transfer from the Saskatchewan Financial Services Commission Fund (Note 2)	-	7,954,310
<b>Net Increase in Cash</b>	4,557,500	14,190,577
Cash and cash equivalents, beginning of year	14,190,577	-
<b>Cash and cash equivalents, end of year</b>	18,748,077	14,190,577
<b>Cash and cash equivalents consists of:</b>		
Cash	150	1,150
Due from General Revenue Fund	18,747,927	14,189,427
	\$18,748,077	\$14,190,577

(See accompanying notes to the financial statements)

# FCAA Notes to the Financial Statements for the Year Ended March 31, 2014

## 1. Authority and Purpose

The Financial and Consumer Affairs Authority of Saskatchewan (FCAA) was established under the provisions of *The Financial and Consumer Affairs Authority of Saskatchewan Act* (the FCAA Act) being Chapter F13.5 of *The Statutes of Saskatchewan*, proclaimed in force on October 1, 2012.

FCAA is a Treasury Board Crown corporation within the meaning of *The Crown Corporations Act, 1993*.

The mandate of FCAA is to oversee the protection of consumer and public interests and support economic well-being through responsive marketplace regulation. FCAA enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

FCAA has five divisions to carry out its mandate.

- Consumer Credit Division — regulates and supervises Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.
- Insurance and Real Estate Division — licenses all companies which transact insurance in Saskatchewan. It protects insurance policyholders through solvency regulation of provincial insurance companies and market conduct regulation of federal and provincial companies. The division oversees the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers. The Insurance and Real Estate Division also protects real estate buyers and sellers by overseeing the Saskatchewan Real Estate Commission regarding the rules for real estate brokers and salespersons.
- Securities Division — protects investors by regulating the sale of securities, without undue restrictions, to ensure that those who sell securities to investors are honest and competent; investors are provided with selling documents that contain truthful, complete, and understandable information on which to base their investment decisions; buyers and sellers have equal access to information about companies trading in the secondary markets; and those who take undue advantage of investors are held to account.
- Pensions Division — protects Saskatchewan employees' pensions. The Division establishes standards for the structure, administration, investment, and ongoing funding of plans. The division bolsters public confidence in the pension system by identifying and managing risks and problems, while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.
- Consumer Protection Division — supports and promotes fair trading in goods or services purchased or acquired from a business for personal, household, and family purposes. It strives to protect consumers and maintain a fair trading and business environment through: market regulation, sector-specific business and salesperson licensing, complaint investigations, information and education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement, research, and by taking action on behalf of vulnerable consumers who have been deceived or misled. The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

In addition, FCAA has a Legal Branch. The Legal Branch provides legal and policy support to FCAA, other than the Securities Division, which has its own legal team.

## 2. Predecessor Organization

The operations of FCAA, prior to October 1, 2012, were conducted by the Saskatchewan Financial Services Commission (SFSC). SFSC was established under the provisions of *The Saskatchewan Financial Services Commission Act* (SFSC Act). SFSC was a self-operating agency, directly responsible to account for its operations. SFSC's operations were accounted for through the establishing of the SFSC Fund. All taxes, fees, moneys, fines, costs, penalties, assessments, and other charges payable pursuant to the administration of financial services legislation were deposited to the Fund.

Under Subsection 23.5 of *The SFSC Act*, moneys in the Fund were used to pay salaries and administrative costs relating to the exercise of any powers of a financial regulator pursuant to any financial services legislation for which it was responsible.

*The SFSC Act* was repealed by *The FCAA Act* effective October 1, 2012.

Pursuant to Section 3 of *The FCAA Act*, SFSC was continued as the Financial and Consumer Affairs Authority of Saskatchewan.

Pursuant to Section 44 of *The FCAA Act*, on the day the Act came into force, the assets and liabilities of the SFSC Fund ending on that date were transferred to and became the assets and liabilities of FCAA. The SFSC Fund was wound up on the same date.

Balances transferred to FCAA on October 1, 2012 included:

<b>Financial Assets</b>	
Cash	\$1,150
Due from the General Revenue Fund	7,953,160
Accounts Receivable	45,617
<b>Total Financial Assets</b>	<b>7,999,927</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	297,756
Dividend payable to the General Revenue Fund	4,485,941
Unearned Revenue	2,216,230
<b>Total Liabilities</b>	<b>6,999,927</b>
<b>Net Financial Assets</b>	<b>1,000,000</b>

### 3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards published by CPA Canada and reflect the following significant accounting principles:

a. Revenue Recognition

i. Fees and Other Sources of Revenue

Fees and other sources of revenue are recognized when earned.

Securities registration fees are, by agreement, collected and remitted to the FCAA by the Investment Industry Regulatory Organization of Canada (IIROC). The fees remitted to FCAA are net of IIROC's administration fees. Commencing with the year ended March 31, 2014, the FCAA records the gross fees collected by IIROC, and records an offsetting expense equal to the IIROC administration charge. For the year ended March 31, 2014, administration fees charged by IIROC totaled \$116,461 (\$84,598 for the six months ended March 31, 2013).

Comparative figures for the six months ended March 31, 2013 have been revised to reflect this change.

ii. Unearned Revenue

*The Saskatchewan Insurance Act* licence fees collected by the Insurance and Real Estate Division are for five-year licences. The licence fees collected by the Consumer Protection Division are also for a five year period. The revenue from licence fees that relate to future periods are recorded as unearned revenue, and recognized as revenue over the term of the licence.

Fees received by the Consumer Credit Division for trust and loan licences, mortgage broker licences, and payday lender licences are reported as revenue in the fiscal year in which the licence is issued. Fees received in one fiscal period for licences issued in the following fiscal period are treated as unearned revenue.

b. Expenses

Expenses represent the cost of resources consumed for operations during the year.

Transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met.

c. Use of Estimates

These statements are prepared in accordance with Canadian Public Sector Accounting Standards. These statements require management to make estimates and assumptions that affect the reported amounts of assets/liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates. Differences are reflected in the period when they are identified.

## 4. Financial Instruments

FCAA's financial instruments include due from and dividend payable to the General Revenue Fund (GRF), accounts receivable, accounts payable, and accrued liabilities. The carrying amount of these instruments approximates their fair value due to their short-term nature. These instruments have no material interest rate risk or credit risk.

## 5. Due from General Revenue Fund (GRF)

FCAA's bank account is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to FCAA is calculated and paid into the account using the Government of Saskatchewan's (the government) 30-day borrowing rate and FCAA's average daily bank account balance. For the year ended March 31, 2014, interest earned totaled \$104,687 (\$52,582 earned for the six month period ended March 31, 2013). The government's average 30-day borrowing rate for the year ended March 31, 2014 was 1.017% (for the six months ended March 31, 2013, the average rate was 1.097%).

## 6. Dividend to General Revenue Fund

Treasury Board directed SFSC to maintain an accumulated surplus balance of approximately \$1,000,000 to be used for exercise of any powers.

Treasury Board also directed that SFSC's surplus in excess of \$1,000,000 be paid to the GRF as a dividend.

FCAA implemented this same direction.

## 7. Employee Future Benefits

FCAA's employees participate in the Public Employees' Pension Plan (PEPP), a multi-employer defined contribution pension plan. Pension costs of \$316,815 (\$148,321 for the six months ended March 31, 2013) are included in salaries and benefits, and comprise the employer contributions for current service of employees during the year. FCAA's liability for pension plans is limited to making its required contributions to the plans.

FCAA provides sick leave benefits for employees. These benefits, if unused, accumulate, but do not vest. The FCAA has not recorded an accrued sick leave benefit obligation, as it has been determined to be immaterial.

## 8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the FCAA by virtue of common control by the government, non-Crown corporations, and enterprises subject to joint control and significant influence by the government (collectively referred to as “related parties”).

The significant related party transactions incurred by FCAA and reflected in these financial statements were paid to the Ministry of Central Services for information technology equipment and support, and other administrative

support services of \$349,805 (for the six months ended March 31, 2013, rental costs of \$221,013 and contracted services expense for information technology equipment and support of \$80,420). These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements reflect the salary costs of FCAA employees and include the costs of employee benefits, including pension costs (Refer to Note 7), incurred by the Province of Saskatchewan relating to those employees. FCAA reimburses the Ministry of Finance for these employee benefit costs. For the year ended March 31, 2014, employee benefit costs totaled \$712,898 (\$337,447 for the six months ended March 31, 2013).

These financial statements do not reflect the costs incurred by a number of related parties on behalf of FCAA. During the period ended March 31, 2014, FCAA received substantial administrative services from the Ministry of Finance without charge. In addition, FCAA, by agreement, received substantial services from the Public Service Commission relating to human resource management and payroll processing without charge.

Other transactions and amounts due to and from related parties are described separately in the financial statements and notes.

## 9. FCAA’s Key Management Personnel Compensation

Key management of the FCAA include members of the Board of Directors, the executive director, and the seven division/branch directors. Compensation paid to key management personnel is shown below.

	2014	2013 (6 months)
Salaries and short term employee benefits	\$1,169,931	\$634,423
Post employment benefits (PEPP)	77,977	43,924
Board per diems	63,010	37,708
	<b>1,310,918</b>	<b>716,055</b>

## 10. Contractual Obligations

Effective January 1, 2013, FCAA has a contractual obligation for its premises. The current lease expires December 31, 2017. The future minimum lease payments in each fiscal year are as follows:

Contractual Obligations	
2014/15	\$776,823
2015/16	776,823
2016/17	776,823
9 months 2017	582,618

## 11. Segmented Disclosure

The following schedule provides the relevant segmented disclosure by division within FCAA:

Year ended March 31, 2014			
Division	Revenues	Expenses	Surplus
Securities Division	\$17,267,300	\$2,494,252	\$14,773,048
Insurance and Real Estate Division	2,186,862	588,774	1,598,088
Consumer Protection Division	866,053	1,371,415	(505,362)
Pensions Division	610,046	473,609	136,437
Consumer Credit Division	1,418,165	735,106	683,059
Chair's Office/ Administration	104,743	1,017,957	(913,214)
Legal Branch	—	780,842	(780,842)
<b>Totals</b>	<b>\$ 22,453,169</b>	<b>\$7,461,955</b>	<b>\$14,991,214</b>

Six months ended March 31, 2013			
Division	Revenues	Expenses	Surplus
Securities Division	\$6,823,402	\$1,179,659	5,643,743
Insurance and Real Estate Division	986,394	288,412	697,982
Consumer Protection Division	426,210	699,944	(273,734)
Pensions Division	26,909	219,085	(192,176)
Consumer Credit Division	1,222,844	393,004	829,840
Chair's Office/ Administration	52,582	373,280	(320,698)
Legal Branch	—	367,841	(367,841)
<b>Totals</b>	<b>\$9,538,341</b>	<b>\$3,521,225</b>	<b>\$6,017,116</b>

Expenses relating to the operations of FCAA incurred by certain related parties are not reflected in these financial statements. Refer to Note 8 for additional details.

## 12. Revenue by category within each division

Sources of revenue by division are as follows:

	2014	2013 (6 Months)
<b>Securities Division</b>		
· Prospectus Fees	\$9,084,950	\$2,087,143
· Registration Fees	5,366,589	3,912,741
· Exemption Fees	258,315	126,445
· Continuous Disclosure Filing Fees	2,462,550	692,000
· Administrative Penalties/ Costs of Investigations	90,000	3,000
· Other	4,896	2,073
<b>Total</b>	<b>17,267,300</b>	<b>6,823,402</b>
<b>Insurance and Real Estate Division</b>		
· Unlicensed Insurance Fees	1,810,707	807,362
· Insurance Company Licences/ Other	376,155	179,032
<b>Total</b>	<b>2,186,862</b>	<b>986,394</b>
<b>Consumer Protection Division</b>		
· Collection Agents Fees	528,961	290,705
· Motor Dealer Fees	107,448	54,946
· Direct Seller Fees	135,973	60,747
· Other	93,671	19,812
<b>Total</b>	<b>866,053</b>	<b>426,210</b>
<b>Pensions Division</b>		
· Pension Plan Registration, Annual Fees, and Other	610,046	26,909
<b>Consumer Credit Division</b>		
· Trust and Loan Licences	1,087,475	1,079,184
· Mortgage Broker Licences	202,690	25,560
· Payday Loan Licence Fees	128,000	118,000
· Other	-	100
<b>Total</b>	<b>1,418,165</b>	<b>1,222,844</b>
<b>Chair's Office</b>		
· Interest from GRF and Other	104,743	52,582
<b>Total Revenue</b>	<b>\$22,453,169</b>	<b>\$9,538,341</b>

### 13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	March 31, 2014	March 31, 2013
Saskatchewan Insurance Licence Fees	\$686,651	\$797,956
Trust and Loan Licence Fees	22,583	30,000
Mortgage Broker Licence Fees	1,500	2,950
Payday Loans Licence Fees	6,000	2,000
Consumer Protection Division Licence Fees	1,300,083	1,247,859
<b>Total</b>	<b>\$2,016,817</b>	<b>\$2,080,765</b>

### 14. Travel

FCAA is an active member of a number of financial regulatory organizations that are comprised of similar provincial and territorial regulators from across Canada. FCAA staff meet with their provincial counterparts through these organizations on a regular basis. Out-of-province travel is required for staff to attend these meetings and for other regulatory matters. Staff are also required to travel within the province in carrying out their regulatory responsibilities. FCAA follows the Government of Saskatchewan's policies and procedures relating to travel. Out-of-province travel is subject to prior review and approval. A delegated signing authority, approved by the Board of Directors, is in place to ensure that staff travel expenditures are subject to review and approval at the appropriate levels.

### 15. Contingencies

FCAA, along with others, is a defendant to several claims brought against it as a result of its operations. FCAA believes that these claims are without merit. If the court finds that FCAA is liable on the claims, any settlement to the plaintiff would be accounted for by FCAA as a charge against operations in the period in which settlement is made.

## 16. Comparative Figures

FCAA was established on October 1, 2012. As such, comparative figures provided for the year ended March 31, 2014 relate to the operations of FCAA for the initial six month period ended March 31, 2013.

Certain comparative figures have been reclassified to conform to the current year's presentation.

## 17. Transfers

The Consumer Protection Division provides ongoing operational funding transfers to permit certain cemeteries to meet their financial obligations.

By appointment under Section 74 of *The Cemeteries Act, 1999*, the Deputy Director of the Consumer Protection Division administers three cemeteries located in Estevan, Weyburn, and Moosomin. Being under administration, the operation of these cemeteries is independent of the operations of FCAA. As such, the operating results of the cemeteries are not included in the operating results of FCAA.

## 18. Budget

The annual budget for FCAA for the year ended March 31, 2014 was approved by Treasury Board.

## 19. Information Technology System Development

FCAA is in the process of examining its existing and future information technology system needs. External consultants have been engaged to assist staff in this effort. Work performed is at a preliminary stage intended to support the preparation of a request for proposal (RFP). Consultants' costs totaling \$197,453 relating to this preliminary stage of the project have been expensed through the Chair's Office / Administration. At this time, the total cost of this project is not known.

## 20. Subsequent Events

On July 9, 2014, Saskatchewan's Minister of Justice and Attorney General signed an agreement in principle to join the Co-operative Capital Markets Regulatory System (CMR), bringing Canada a step closer to a national regulator.

The implementation of the CMR system will occur in several phases, which will include amending provincial and federal legislation and establishing a common regulator for participating jurisdictions that will create important national reforms, while still allowing provinces to promote local needs. It is expected that the agreement will impact the FCAA's financial statements in the 2015/16 fiscal year (Notes 11 and 12).







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