

Financial and Consumer Affairs Authority of Saskatchewan

ANNUAL REPORT 2022-23

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LETTERS OF TRANSMITTAL



Office of the Lieutenant Governor of
Saskatchewan

As the Minister responsible for the
Financial and Consumer Affairs Authority
of Saskatchewan, I respectfully submit
the annual report for the year ending
March 31, 2023.

Bronwyn Eyre
Minister of Justice and Attorney General



Honourable Bronwyn Eyre
Minister of Justice and Attorney General

Dear Minister:

I have the honour of submitting for your
consideration the annual report of the
Financial and Consumer Affairs Authority
of Saskatchewan for the year ending
March 31, 2023.

Roger Sobotkiewicz, K.C.
Chair
Financial and Consumer Affairs Authority

MESSAGE FROM THE CHAIR

The last year marked a general increase in global economic uncertainty. From the boardrooms of geopolitical summits to the kitchen tables of Saskatchewan homes, concern over the state of the economy has weighed heavy over many. As the head of the province's financial and consumer protection regulator, I have been paying close attention to the recent economic events and asking myself how the FCAA can best serve Saskatchewan in times when all things "money" are a source of concern and uncertainty for most people.

Undeniably, the economic risks facing the world are unique. The World Economic Forum ranked the ongoing cost of living crisis as the most serious risk we will be facing in the next two years, ahead of climate concerns, widespread cybercrime, and war. The same report also identified rising inflation, debt crises, and a prolonged economic downturn as severe global threats. These challenges are not abstract ideas. Rising inflation, bank failures, runs on crypto asset exchanges, and climbing interest rates affect people worldwide, including right here at home.

Saskatchewan residents have been experiencing the same financial stressors felt in economies globally. Consumers find that their money does not stretch as far, headline consumer inflation reached a 40-year high in June 2022, and rising prices have affected the ability of three out of four Canadian households to meet day to day expenses. Investors discover that returns are increasingly uncertain, and that they must guard against progressively sophisticated investment frauds that prey on that uncertainty. Borrowers have had to accept that the terms of loans are harsher, at a time when households need to

take on additional debt: mortgage borrowing in particular has increased at a near record pace in Canada. Workers face the growing fear that their pension may be insufficient when it is time to retire.

In this climate, regulators such as the FCAA should ensure that industry can rely on modern legislation that enables flexibility and competitiveness. This past year, the FCAA addressed outdated and unnecessarily burdensome regulatory requirements on a number of fronts. We developed amendments to regulations to lower the base capital requirement for reciprocal insurance exchanges. This change harmonized Saskatchewan's base capital requirement with those of other provinces and tailored it to the business structure of reciprocal exchanges. We assisted in the preparation and introduction of comprehensive amendments to *The Pension Benefits Act, 1992*. The changes provide, among other things, greater funding flexibility for pension plan sponsors, as well as greater certainty for pension plan administrators who use buy-out annuities to de-risk defined benefit plans. We continued exploring the feasibility of Saskatchewan credit unions obtaining access to emergency liquidity facilities from a lender of last resort. We also continued work to identify any barriers to Saskatchewan credit unions participating in open banking when the framework is introduced in Canada. In Saskatchewan's capital markets, the FCAA provided a prospectus exemption that reduces the regulatory burden for listed issuers. We also worked with the Canadian Securities Administrators on a project to implement an 'access equals delivery' model for disclosure documents that will allow issuers to deliver

information to investors digitally, avoiding burdensome printing and mailing costs.

By modernizing regulatory requirements, we support Saskatchewan businesses as they innovate, invest in continued growth, and respond to changes in the market. Streamlining regulation does not mean abdicating our duty to protect and safeguard Saskatchewan investors and consumers. As we have demonstrated throughout the years, we can reduce regulatory burden on businesses while maintaining robust consumer and investor protection. This approach can ultimately benefit consumers through greater competition, more product and service options, and lower prices.

The current economic uncertainty also highlights the need for consumers and investors to have access to quality information. In times of financial difficulty, every decision can have significant consequences: after all, every penny counts. It is therefore crucial that Saskatchewan residents can make informed financial choices.

We have been working to provide clear, reliable information that consumers can trust through several initiatives. One such initiative is among our most innovative projects to date: the launch of a suite of online dispute resolution tools called Consumer Rights and Resolve My Consumer Dispute.

These groundbreaking online tools will help consumers and businesses resolve disputes in less time, at a lower cost, and with a greater success rate. Previously, both consumers and businesses bore the brunt of significant system inefficiencies, were

hindered by uncertainty on their legal rights and obligations, and often struggled to understand the relevant legal information.

Consumer Rights provides legal information and resources and educates consumers and businesses about their rights and responsibilities. Resolve My Consumer Dispute streamlines and supports the negotiation and dispute resolution process. Together, these solutions will save all parties time, effort and money.

As I look to the future, I am confident that the diligence and expertise of FCAA staff can overcome any adversity, including the unprecedented challenges of recent global economic stressors and their complex financial ramifications.

I am tremendously proud of the work the FCAA has accomplished this year in reducing regulatory burden and modernizing dispute resolution tools to benefit the people of Saskatchewan, be they investors, workers, industry leaders, entrepreneurs, or consumers. We will continue to work with industry, government, and regulatory partners to support the growth of our province and the financial resilience of all Saskatchewanians.

I am pleased to share the FCAA's Annual Report for the fiscal year 2022-23.



Roger Sobotkiewicz

THE FCAA AT A GLANCE

Our Mission

The FCAA protects Saskatchewan consumers and investors and fosters fair and efficient markets by providing effective, balanced and timely marketplace regulation. The FCAA is responsible for carrying out and providing the structure for the administration and enforcement of 23 financial services and consumer protection statutes, and plays a role in the administration of three others.

The FCAA is a Treasury Board Crown corporation assigned to the Minister of Justice and Attorney General and led by a Board of Directors established under *The Financial and Consumer Affairs Authority of Saskatchewan Act*.

Regulation of financial services is essential for supporting the marketplace and the trust consumers place in these institutions. Excluding banks, the FCAA regulates or oversees most financial services in Saskatchewan.

The FCAA is dedicated to advancing the interests of consumers by ensuring fair trading conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity.

Enforcement of consumer protection laws is critical to helping citizens acquire wealth, secure retirement, and establish trust in the market and governing institutions.

Our Pillars

The FCAA supports four pillars that help build and maintain your trust in Saskatchewan's marketplace.

Licensing and registration

To protect the marketplace, we license and register more than 19,000 entities and individuals in Saskatchewan across a wide variety of industries to make sure they are suitable for our marketplace.

Review, audit, and compliance

We routinely conduct, review, and audit to ensure everyone is complying with the law and meeting consumer obligations.

Market conduct and complaint handling

We investigate consumer complaints to determine if rules have been violated, and if needed, work to mediate solutions for all parties or take appropriate enforcement action.

Enforcement

When violators break the rules, the FCAA holds them to account through regulatory sanctions or working with law enforcement.

Our structure

The FCAA is organized into five program divisions:

- Consumer Credit
- Consumer Protection
- Insurance and Real Estate
- Pensions
- Securities

These program areas are supported by the Legal Branch, the Audit and Finance Branch, and Corporate Services Branch. Staff are primarily located in Regina, with one employee stationed in Saskatoon.

Consumer Credit

The Consumer Credit Division is responsible for regulating trust, loan and financing corporations; loan and mortgage brokers; payday lenders; and overseeing Credit Union Deposit Guarantee Corporation's regulation of Saskatchewan credit unions and Credit Union Central of Saskatchewan. 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 and services between consumers and businesses when the purchases are for personal, household, or family use. This includes:

- market regulation;
- sector-specific business and salesperson licensing;
- complaint investigation;
- education initiatives;
- inter-agency and inter-jurisdictional cooperation; and
- enforcement action.

The division also oversees the Funeral and Cremation Services Council.

Insurance and Real Estate

The Insurance and Real Estate Division protects insurance consumers through its regulation of insurance companies, which includes ensuring insurers comply with solvency and market conduct requirements, and by overseeing the Insurance Councils of Saskatchewan with respect to the rules insurance agents, adjusters and brokers must follow. The division also oversees the Saskatchewan Real Estate Commission with respect to the rules that agents and salespersons must follow, and protects real estate purchasers and sellers by taking action to stop unlicensed real estate activity.

Pensions

The Pensions Division registers and supervises pension plans which are established for Saskatchewan workers. Many of these plans also have members who work in other provinces. In that case, the division supervises the plans on behalf of the pension regulators in other provinces, in accordance with a multilateral agreement with the other jurisdictions.

The division ensures that plans comply with the minimum standards in *The Pension Benefits Act, 1992* and are funded according to the rules in the Act. The Division also promotes the equitable treatment of plan members and protects their pension savings from undue loss. It supervises all changes to registered pension plans, including changes to plan design, governance, plan mergers, and terminations.

The division is also responsible for *The Pooled Registered Pension Plans Act*, which came into force in spring 2016.

Securities

The Securities Division protects investors by regulating trading in securities and derivatives. 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;
- holding to account those who have not followed the provisions of the Act, or who have engaged in fraudulent and unscrupulous practices;
- participating in oversight of CIRO and,
- articipating in policy development on a national basis.

WE RELY ON AND OVERSEE KEY PARTNERS FOR LICENSING AND REGULATION INCLUDING:

- Credit Union Deposit Guarantee Corporation (CUDGC)
- Funeral and Cremation Services Council of Saskatchewan (FCSCS)
- General Insurance Council of Saskatchewan (GICS)
- Life Insurance Council of Saskatchewan (LICS)
- Insurance Councils of Saskatchewan (ICS)
- Saskatchewan Real Estate Commission (SREC)
- Canadian Investment Regulatory Organization (CIRO)

BOARD OF DIRECTORS

Roger Sobotkiewicz, K.C.

Chair and Chief Executive Officer

Roger Sobotkiewicz was appointed Chairperson of the Authority on February 4, 2016.

Prior to that, he held the position of acting Chairperson since February 1, 2015.

He is also the CEO of the Authority and holds a number of statutory appointments, including:

- Superintendent of Insurance;
- Superintendent of Pensions;
- Superintendent of Financial Institutions; and
- Registrar of Credit Unions.

Mr. Sobotkiewicz acted as legal counsel for the Authority for more than a decade, during which time he led a number of significant policy initiatives. Prior to joining the Authority, he practiced law in private practice and in the Crown sector. He holds a Bachelor of Law from the University of Manitoba.

In 2022, Mr. Sobotkiewicz was awarded the Queen Elizabeth II Platinum Jubilee Medal and was distinguished with the King’s Counsel designation.

Peter Carton

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

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

Gordon Hamilton

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

Gordon Hamilton is a lawyer in private practice with the Saskatchewan law firm, McDougall Gauley LLP. He has extensive experience in human resources, labour relations and administrative law, having served on both the Saskatchewan Labour Relations Board and the Canada Industrial Relations Board. He has recently completed post-graduate studies in adjudication and arbitration law and procedure. Mr. Hamilton has previously held senior positions with Saskatchewan co-operatives and credit unions.

Howard Crofts

Member
(Appointed December 2015)
Chair of Finance and Audit Committee
Adjudicative Committee

Howard Crofts is a Chartered Professional Accountant (FCPA, FCA) and holds a Bachelor of Administration degree from the University of Saskatchewan. He practiced public accounting for 40 years until retiring from MNP LLP where he held various leadership roles in the firm during the last 10 years of his career.

He has been involved with health-related charitable organizations as a volunteer with the Canadian Cancer Society, Chair of the Hospitals of Regina Foundation, and served on the Boards of Directors of Group Medical Services, Raven Oil Corporation, the Saskatchewan Auto Fund and SGI and its subsidiaries and as a member of the Investment Review and Pension Committees of TD Greystone Managed Investments Inc.

Mr. Crofts is also currently active serving as a member of the boards and various committees of the Saskatchewan Cancer Agency and Pro Docs Ltd.

Norm Halldorson

Member
(Appointed August 2018)
Finance and Audit Committee
Adjudicative Committee

Norm Halldorson holds a Bachelor of Commerce degree from the University of Saskatchewan, with Honours and with Distinction, and is a Chartered Professional Accountant. He has extensive private sector experience, having retired in 2008 from 40 years in public practice with KPMG, Calgary and Saskatoon, including several senior leadership positions.

He served his profession as a member of Council, chaired several of their committees, and represented them on the U of S Senate. He chaired the Saskatchewan Chamber Awards for Business Excellence and was a Founding Director for the Saskatchewan chapter of the Canadian Association of Family Enterprise. In 1995, he was awarded an FCA designation for distinguished service.

Post retirement, he served on a Corporate Board, chairing thier Aquisition and Audit Committees, and served for nine years on the Board of Management of Canada Revenue Agency, and Chair of their Audit Committee.

Tracey Bakkeli

Member
(Appointed July 2021)
Adjudicative Committee
Human Resources and Governance Committee

Tracey Bakkeli possesses a unique combination of governance, business and regulatory experience.

Since founding her consulting firm in 1999, she has been a trusted business adviser to private companies, public sector entities, co-operatives, not-for-profits and regulators. Over her career, she has helped boards and senior executives design and implement strategic plans and operational improvements. She has served as a director and committee chair for Canada Deposit Insurance Corporation (CDIC), Sherwood Co-operative, SaskTel, Life Insurance Council of Saskatchewan and the Regina Economic Development Authority. Tracey holds an MBA from the Ivey Business School and a B.Admin. from the University of Regina.

She is the recipient of a Queen’s Diamond Jubilee Medal and was included in Saskatchewan Business Magazine’s list of women of influence. As a passionate reader, she is delighted to volunteer as a United Way literacy tutor.

Karen Prisciak, K.C.

Member
(Appointed July 2021)
Adjudicative Committee
Human Resources and Governance Committee

Karen Prisciak, K.C., has practiced law in Saskatoon for 37 years primarily as a civil litigator. Her practice focused on professional regulation, including prosecution of professionals in discipline matters and judicial reviews at the Court of King’s Bench and Court of Appeal.

She frequently provides guidance to Investigation Committees involved in professional discipline. She has presented at legal conferences on topics related to administrative tribunals, their legislation, and the common-law principles applicable to the governance of professionals.

COMMITTEES OF THE BOARD

The Finance and Audit Committee

assists the Board of Directors in fulfilling 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; and
- how we report on our accounting and financial reporting processes and the External Auditor’s performance.

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

The Adjudicative Committee

periodically re-evaluates our policies and procedures for hearings and reviews before the FCAA panels and recommends improvements. This committee also helps panel members stay current on legal issues related to the FCAA’s hearing process.

In addition to our board members, two retired judges have been appointed to this committee: The Honourable Eugene Scheibel and The Honourable John Klebuc. Both also serve as panelists at the FCAA hearings.

The Human Resources and Governance Committee

provides the Board of Directors advice on compensation and corporate governance matters. The goals of this committee are to ensure the FCAA has:

- a culture of integrity;
- systems in place to assess staff performance;
- systems in place to assess the 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 and retains qualified staff; and,
- succession planning in place for senior management and other critical positions.

GOVERNING LEGISLATION

<i>The Auctioneers Act and associated Regulations</i>	<i>The Financial Planners and Financial Advisors Act and associated Regulations</i>
<i>The Cemeteries Act, 1999 and associated Regulations</i>	<i>The Funeral and Cremation Services Act and associated Regulations</i>
<i>The Charitable Fund-raising Businesses Act and associated Regulations</i>	<i>The Insurance Act and associated Regulations</i>
<i>The Collection Agents Act and associated Regulations</i>	<i>The Mortgage Brokerages and Mortgage Administrators Act and associated Regulations</i>
<i>The Consumer Protection and Business Practices Act and associated Regulations</i>	<i>The New Generation Co-operatives Act</i>
<i>The Co-operatives Act, 1996</i>	<i>The Payday Loans Act and associated Regulations</i>
<i>The Cost of Credit Disclosure Act, 2002</i>	<i>The Pension Benefits Act, 1992 and associated Regulations</i>
<i>The Credit Reporting Act and associated Regulations</i>	<i>The Pooled Registered Pension Plans (Saskatchewan) Act, 2016 and associated Regulations</i>
<i>The Credit Union Act, 1985 and associated Regulations</i>	<i>The Real Estate Act and associated Regulations</i>
<i>The Credit Union Act, 1998 and associated Regulations</i>	<i>The Sale of Goods Act</i>
<i>The Credit Union Central of Saskatchewan Act, 2016 and associated Regulations</i>	<i>The Securities Act, 1988 and associated Regulations</i>
<i>The Direct Sellers Act and associated Regulations</i>	<i>The Ticket Sales Act and associated Regulations</i>
<i>The Film and Video Classification Act and associated Regulations</i>	<i>The Trust and Loan Corporations Act, 1997 and associated Regulations</i>
<i>The Financial and Consumer Affairs Authority of Saskatchewan Act</i>	

2022 - 23 ACCOMPLISHMENTS

Standards of Sound Business Practice and Prudential Standards

We worked with CUDGC to revise the minimum requirements that Saskatchewan credit unions need to maintain for both liquidity and solvency – among other changes. This initiative increases the competitiveness of credit unions among financial institutions. It also aligns with industry principles and reflects risk-management best practices that protect depositors.

The Labour Mobility and Fair Registration Practices Act

We identified and started work to implement the changes required to comply with *The Labour Mobility and Fair Registration Practices Act* and its regulations. This legislation cuts down barriers to working in the province by reducing the requirements for skilled workers, such as mortgage brokers and mortgage associates, to have their expertise and credentials recognized.

Amendment to Capital Requirements for Reciprocal Insurance Exchanges

We amended *The Insurance Regulations* to reduce the base capital requirements for reciprocal insurance exchanges, aligning it with the minimum guarantee fund requirements in Saskatchewan and in other provinces. This change puts Saskatchewan-based reciprocal insurance exchanges on an even footing with their counterparts in the rest of the country, and removes a potential barrier to the formation of new reciprocal insurance exchanges. The change does not impact other capital and liquidity requirements for reciprocal insurance exchanges, ensuring that they have funds on hand to meet their obligations to their subscribers.

Amendments to The Pension Benefits Act and The Pensions Benefits Regulations

We made changes to pension legislation that provide funding flexibility for plan sponsors, enhance pension safeguards, provide more tools to enforce compliance, and allow defined contribution plans to provide more options to members who retire.

CSA Implementation of New SRO and New IPF

As a member of the CSA, we recognized the New Self-Regulatory Organization of Canada and approved the new Canadian Investor Protection Fund, established as a result of the amalgamation of the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada.

This change allows for increased innovation in the evolving securities industry. It enhances investor protection and public confidence by ensuring stronger accountability to Canadian securities regulators. It should also reduce the regulatory burden on industry by consolidating two separate regulatory and compensation frameworks.

Listed Issuer Financing Exemption

As a member of the CSA, we implemented a new prospectus exemption that will make it easier and less costly for Saskatchewan reporting issuers listed on a stock exchange to raise capital for offerings under \$10 million in a 12-month period.

Amendments to Implement an Access Equals Delivery Model for Companies and Investment Funds

As a member of the CSA, we consulted with stakeholders and worked on a proposal to streamline disclosure requirements and reduce the regulatory burden for Saskatchewan reporting issuers, by allowing them to share disclosure documents with security holders electronically, with no printing and mailing requirements.

Work on CSA Strengthening OBSI's Powers Project

As a member of the CSA, we continued our work to strengthen OBSI's powers to issue binding compensation decisions that would – when appropriate – compel investment firms to compensate investors for financial losses.

Check First, Invest Later Campaign

We launched an advertising campaign to educate Saskatchewan investors on the importance of checking registration status when considering an investment opportunity. The campaign featured long-time Enforcement Director of the Securities Division Harvey White, who brings nearly 20 years of experience in protecting the public from frauds and scams.

The campaign used a variety of earned and paid media to remind Saskatchewanians to “Check First, Invest Later.” It increased brand awareness, influenced beliefs and attitudes around investment fraud, and resulted in a significant increase in traffic to the homepage and to our consumer education website. The campaign also successfully persuaded more investors to report suspected instances of fraud and generated a significant increase in the number of calls to the Securities Division.

New FCAA Brand Identity

We adopted a new brand that better supports the organization's goal of increasing brand awareness and brand retention by creating an impactful new visual identity and logo. The new brand is a strong representation of the FCAA's values and role. It symbolizes trust, stability, fairness, and balance, both in the choice of icon and in the new colours. It represents exactly what the organization stands for: protecting Saskatchewan residents, supporting businesses in a fair and balanced way, and keeping our province prosperous and secure.

Online Dispute Resolution System

We launched a groundbreaking Online Dispute Resolution System (CDODR) that makes it possible for consumers and businesses to instantly find information about their rights and responsibilities and resolve their dispute online. CDODR revolutionizes how consumers and businesses manage disputes. Prior to its introduction, they experienced system inefficiencies that burdened them with excessive time, effort, and costs. CDODR addresses these challenges by streamlining the dispute resolution process to be effective, simple, and fast.

Consumers and businesses were hindered by lack of clarity on their legal rights and obligations and often struggled to understand the relevant legal information. CDODR removes this barrier by educating consumers and businesses about their respective rights and responsibilities. The system offers customized legal information specific to each case and provides easy-to-use templates to facilitate communication between the parties, without prohibitive legal fees.

With just a few clicks, the system empowers citizens to advocate for their rights and equips businesses with the information to fulfill their responsibilities. It also guides users through a system-led, party-to-party negotiation and supports a facilitated resolution process, in which FCAA staff and independent mediators step in to provide guidance.

CDODR has transformed how consumers and retailers resolve issues. It is fast, easy, always available and designed to support a fair and satisfactory outcome for all parties.

KEY MATTERS ADJUDICATED BY PANELS

A selection of key adjudication decisions of FCAA Hearing Panels during the 2022-23 fiscal year.

Re Godlien

The Respondent used social media platforms to create pools of assets to purchase certain cryptocurrency assets. The Respondent was not registered as a dealer nor a representative of a registered dealer. Pursuant to the terms of an approved settlement agreement, the Respondent admitted to a breach of *The Securities Act* (Saskatchewan), by engaging in or holding himself out as engaging in the business of trading in securities or derivatives as principal or agent without being registered to do so. The terms of the approved settlement required the Respondent to cease acquiring securities and derivatives for and on behalf of residents of Saskatchewan.

Re Mullee

The Respondent financial planner was convicted criminally for defrauding investors. In separate FCAA regulatory proceedings, the panel held that it would be appropriate to apply the provisions of *The Securities Act* (Saskatchewan), which permit the commission to make orders where a person has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives. The panel found, with respect to sanctions, that it was appropriate to order a permanent ban on the Respondent and his corporation, inter alia, as to the following matters: prohibitions on trading, acquiring securities or derivatives for and on behalf of residents of Saskatchewan, and to cease giving advice respecting securities and derivatives.

Re 3D Real Estate Investment Ltd.

The Respondents promoted and sold investors interests in real estate developments in Regina. The Respondents sold these interests in the form of participation in joint ventures. The Respondents were found to have contravened various provisions of *The Securities Act* (Saskatchewan), including failure to register as a dealer when offering investments for sale and for distributing a security without the filing of a preliminary prospectus. Sanctions were awarded against the Respondents. The sanctions included a four-year industry ban, a \$30,000 administrative monetary penalty, and costs of the proceedings in the amount of \$8,700.

Re (Francois) Blouin

The Respondent, while acting as a dealer, sold certain off-book investments, without disclosing those sales. The Respondent also engaged in certain frivolous litigation tactics, which were found by the panel to be fundamentally without merit. The panel held that the Respondent contravened various provisions of *The Securities Act* (Saskatchewan), including acting as a dealer in Saskatchewan, while neither a registered dealer, nor registered as a representative of a registered dealer and acting on behalf of that registered dealer. The panel also held that the Respondent failed to act fairly, honestly, and in good faith when dealing with clients. Sanctions were awarded against the Respondent. The sanctions included a five-year industry ban, a \$40,000 administrative monetary penalty, and cost of the proceedings in the amount of \$8,500.

IMPORTANT ENFORCEMENT ACTIVITIES

Select enforcement matters conducted by the FCAA Divisions in the 2022-23 fiscal year.

Re 5K Auction Services

A claimant filed a statement of claim in the Provincial Court of Saskatchewan against the Respondent auction company. The claim pertained to the auctioning of a relative's assets. The claimant was awarded a default judgement in their favour by the court. The auction company was aware of the judgement, but declined to pay. Consequently, the Registrar demanded forfeiture of the auction company's bond under *The Auctioneers Act*. The bond issuer paid the bond money to the FCAA to satisfy the default judgement.

Re Jack Mally Motors Ltd.

Jack Mally Motors in Weyburn, SK sold a vehicle to a customer without disclosing key facts about its condition, as required by legislation. The dealership knowingly made false statements about the source of and number of kilometers on a replacement engine in the vehicle. The Deputy Director found that Jack Mally Motors knowingly misrepresented facts, failed to disclose material facts, and misled the customer, in contravention of the Act. The Deputy Director demanded the bond issuer forfeit Jack Malley's bond. The bond issuer paid the bond money to the FCAA to pay for the financial loss suffered by the consumer.

MEET THE TEAM: FCAA STAFF PROFILES

The staff profiles below are intended to represent a cross-section of the work that takes place at the FCAA and include different levels of responsibility within the organization and span various branches and divisions.

Lisa Liesch Director Insurance and Real Estate Division

Lisa and her team are responsible for delivering the core activities of the Insurance and Real Estate Division. Her main area of focus is ensuring compliance with legislation and regulations. This includes licensing, overseeing the ongoing compliance requirements of licensees, and responding to consumer inquiries and complaints. Lisa also participates in strategic projects and policy-related work. Lisa’s work, and that of her team, helps ensure that the FCAA upholds high standards that promote fairness and integrity in the marketplace.

In her words: “Our work at the FCAA helps to protect the rights of Saskatchewan people, and I find that very rewarding. No day is ever the same with my team. We are constantly exercising our problem-solving muscles, and I enjoy the mental challenge the work provides.”

Paulos Hailemichael and Jizinge Mwela Audit Managers Audit and Finance Branch

Paulos and Jizinge are responsible for developing and conducting audits and examinations. They determine the risk ratings and assess the risk management and governance processes of licensees. They also monitor that licensees are in compliance with legislation and ensure that any issue or concern is appropriately addressed.

In their words: “We enjoy the interesting and challenging assignments, the ability to learn new things almost on a daily basis.”

Angela Ottenbreit Legal Counsel Legal Branch

Angela’s duties involve advising the Insurance and Real Estate Division of legal risks associated with regulatory matters; consideration of policy positions and approaches to managing regulatory concerns or emerging issues; advising on matters arising in the context of the financial planners and financial advisors legislation; providing corporate secretary support; and sitting on numerous committees.

In her words: “I truly believe that what we do at the FCAA is important to the marketplace and the people of Saskatchewan. The issues that arise are relevant and thought-provoking, and it is rewarding to do work that provides a benefit to our province.”

Shawn Cook Director of Enforcement Consumer Protection Division

Shawn’s duties include reviewing and assigning consumer complaints or disputes related to *The Consumer Protection and Business Practices Act* and its Regulations, as well as several other pieces of legislation pertaining to marketplace regulation. His work also includes taking or recommending enforcement actions, providing education and information to consumers and suppliers, and supervising the investigative team. He supports the daily operations of the overall division, which includes development of key projects, maintaining budgetary requirements, and implementing operational plans.

In his words: “What I enjoy most about my position is being able to provide information and education to the public that allows them to make informed decisions on their purchases and in their interactions with suppliers.”

Rapinder Kaur Senior Pension Analyst Pensions Division

Rapinder manages the life cycle of pension plans, from registration to termination. This involves reviewing plan amendments, actuarial valuations, and annual information returns. This work ensures that plans are in compliance and protects plan members’ benefits.

In her words: “I find most fulfilling to be able to help plan members with their pension questions and ensure their benefits are protected by keeping plans compliant with the Act and Regulations.”

Cory Peters Executive Director Consumer Credit Division

Cory leads a team of skilled individuals in administering trust and loan, payday, mortgage broker and credit union legislation. As executive director, Cory is the appointed decision maker within each piece of legislation. He is responsible for issuing authorizations for appropriate applicants wishing to operate in Saskatchewan, and ensuring persons operating in the province are compliant with the various rules and requirements.

In his words: “They say it takes a village, and administering legislation is no exception. What I find most fulfilling is working with outstanding individuals both within the FCAA and with our regulatory partners. These committed, dedicated people bring both a strong understanding of what we are aiming to accomplish, and approach issues with an open mind and a “can do” attitude. Each day brings a new problem to figure out, getting to work with this group of people in identifying options and working out solutions is highly rewarding.”

PERFORMANCE MEASURES

HOW WE MEASURE SUCCESS

Stakeholders - How do stakeholders see us?

Effectiveness of the FCAA as a regulator.

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

Build employee engagement.

Provide learning and training opportunities for our employees.

Operational/Internal - How do we demonstrate operational excellence?

Client service standards achieved.

Financial - How are we accountable?

Variance from operational budget is contained.

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.

Pensions

Review an application for plan registration and approve or provide an initial comment letter within 45 business days.

Securities

Review registration submission for individual registrants and approve or respond within 10 business days when the FCAA is the principal regulator.

Review long form prospectus and provide initial comments within ten business days of the date of the preliminary receipt issued when the FCAA is the principal regulator.

Review short form prospectus and provide comments within three business days of the date of the preliminary receipt when the FCAA is the principal regulator.

Consumer Protection

Respond to 95% of callers within two business days.

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

CLIENT SERVICE STANDARDS

Measure	Data	Why Chosen	Target	Performance
Effectiveness of the FCAA as a regulator	Stakeholder Survey	Stakeholder views on the effectiveness of regulation are important	Meet or exceed 75%	
	The FCAA's assessment criteria for approving applications and renewals are clear.			76%
	The FCAA clearly describes ongoing compliance requirements			81%
	The FCAA's processing time for approving applications or renewals is reasonable.			81%
	The FCAA keeps me well informed of regulatory changes and other information I need to conduct business.			78%
Build Employee Engagement	Employee survey* (Based on employee ratings of overall satisfaction)	The FCAA's most valuable resource is its staff	Achieve 80%	88.5% Employee Engagement
Learning and Training Opportunities	Employee survey Employee reporting	We want to ensure we maintain an appropriately trained workforce	80% employee participation	100% of Employees
Variance from Operational Budget	2021 Financial Statements	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	11.6 % over budget

*The Employee Engagement Survey is conducted every two years. These numbers are from the January 2022 survey responses.

Client Service Standards	Consumer Credit: Number of licensing applications reviewed	138	Review an application for licensing and issue a licence or an initial comment letter within 15 business day	100%
	Insurance and Real Estate: Number of licensing applications reviewed	5	Review an application for licensing and issue a licence or an initial comment letter within 30 business day	100%
	Pensions : Number of Applications for Plan Registration	15	Review an application for plan registration and approve or provide an initial comment letter within 45 business days	100%
	Securities: Registration submissions reviewed	6,698	Respond to individual registrant submission within 10 business days	99.7%
	Long form prospectuses reviewed	2	Provide comments on long form prospectuses within 10 business days	100%
	Short form prospectuses reviewed	5	Provide comments on short form prospectuses within three business day	100%
	Consumer Protection: Number of telephone inquiries	4,111	Respond to 95% of callers within two business days	100%
	Number of licensing applications reviewed	1,640	Review an application for licensing and issue a licence or an initial comment letter within 15 business days	91%

DIVISION STATISTICS

CONSUMER PROTECTION DIVISION		
ACTIVITY	2022-23	2021-22
Licences/Registrations in Force:		
· Auction Sales Companies	79	72
· Auctioneers	47	54
· Cemeteries	494	490
· Charitable Fundraising Businesses	6	5
· Collection Agencies	78	85
· Collection Agents	3,391	3,487
· Credit Reporting Agencies	19	17
· Direct Sellers Vendors	147	127
· Direct Sellers Salespersons	86	155
· Film and/or Video Exhibitor, Distributor or Retailer	201	228
· Vehicle Dealers	842	841
Complaints and Investigations	355	342
Enforcement Actions	42	63

SECURITIES DIVISION		
ACTIVITY	2022-23	2022-21
Registrations in Force:*		
· Investment Dealers	126	118
· Investment Dealer Representatives	8,568	7,924
· Mutual Fund Dealers	56	56
· Mutual Fund Dealer Representatives	5,114	4,872
· Exempt Market Dealers	311	236
· Exempt Market Dealer Representatives	2,167	2,128
· Scholarship Plan Dealers	4	4
· Scholarship Plan Dealer Representatives	73	74
· Restricted Dealers	12	9
· Restricted Dealer Representatives	15	18
· Portfolio Managers	270	263
· Advising Representatives	2,144	1,961
· Associate Advising Representatives	423	379
· Restricted Portfolio Managers	4	4
· Advising Representatives	12	13
· Associate Advising Representatives	4	3
· Investment Fund Managers	38	39
Receipts for Prospectuses	4,855	4,936
Reporting Issuers in Saskatchewan	6,451	6,335
Complaints and Investigations	77	80
Enforcement Actions	14	17

* Some firms and individuals are registered in multiple categories.

INSURANCE AND REAL ESTATE DIVISION		
ACTIVITY	2022-23	2021-22
Licence/Registrations in Force		
· Life Insurers	60	65
· Property and Casualty Insurers	154	150
· Special Broker Endorsement	13	10
Complaints and Investigations	49	39
Enforcement Actions	0	0

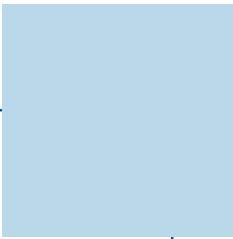
COMMUNICATIONS		
ACTIVITY	2022-23	2021-22
Public Education Campaigns	6	7
Consumer/Investor Alerts	21	14
Facebook Reach	990,544	752,243
Twitter Reach	73,937	190,770
Instagram Reach	9,664	n/a
LinkedIn	6,957	n/a
Website visitors	207,183	140,738

CONSUMER CREDIT DIVISION		
ACTIVITY	2022-23	2021-22
Licences/Registrations in Force:		
· Financing Corporations	187	180
· Trust Corporations	46	44
· Loan Corporations	7	7
· Loan Brokers	5	5
· Mortgage Brokerages	62	52
· Mortgage Brokers	127	113
· Mortgage Associates	317	300
· Mortgage Administrators	3	1
· Payday Lenders	47	49
· Credit Unions	33	35
Complaints and Investigations	34	23
Enforcement Actions	0	0

PENSIONS DIVISION		
ACTIVITY	2022-23	2021-22
Number of Plans Supervised	514	522
Number of Members in Plans Supervised	192,025	195,487
Complaints and Investigations	5	7
Enforcement Actions	0	0

THE FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

Financial Statements
for the year ended March 31, 2023



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Financial and Consumer Affairs Authority of Saskatchewan, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Financial and Consumer Affairs Authority of Saskatchewan as at March 31, 2023, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Financial and Consumer Affairs Authority of Saskatchewan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Financial and Consumer Affairs Authority of Saskatchewan's Annual Report 2022/2023, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Financial and Consumer Affairs Authority of Saskatchewan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Financial and Consumer Affairs Authority of Saskatchewan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Financial and Consumer Affairs Authority of Saskatchewan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

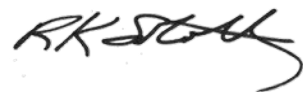
Management's Responsibility for the Financial Statements**The Financial and Consumer Affairs Authority of Saskatchewan****Report of Management
for the Year Ended March 31, 2023**

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 Canadian public sector accounting standards, using management's best estimates and judgments where appropriate.

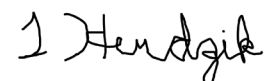
Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to 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 controls. 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's financial statements in accordance with Canadian generally accepted auditing standards and its report follows.



Roger Sobotkiewicz
Chair and Chief Executive Officer
July 13, 2023



Tony Herdzik CPA CA
Chief Financial Officer and
Executive Director, Audit and Finance Branch
July 13, 2023

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financial and Consumer Affairs Authority of Saskatchewan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Financial and Consumer Affairs Authority of Saskatchewan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Financial and Consumer Affairs Authority of Saskatchewan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan
July 13, 2023



Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Statement 1

The Financial and Consumer Affairs Authority of Saskatchewan
Statement of Financial Position
As at March 31

	2023	2022
Financial Assets		
Cash	\$ 2,783	\$ 2,783
Due from General Revenue Fund (Note 4)	17,514,587	20,001,703
Accounts receivable	220,577	55,627
Total financial assets	17,737,947	20,060,113
Liabilities		
Accounts payable and accrued liabilities	1,714,969	1,505,393
Dividend payable to General Revenue Fund (Note 5)	19,294,804	19,985,011
Unearned revenue (Notes 2 and 13)	840,922	985,559
Conditional receipts (Note 14)	-	150,000
Total liabilities	21,850,695	22,625,963
Net Debt (Statement 3)	(4,112,748)	(2,565,850)
Non-Financial Assets		
Tangible Capital Assets (Notes 2, 10 and 19)	3,957,555	2,519,139
Prepaid expenses	155,193	46,711
Total Non-Financial Assets	4,112,748	2,565,850
Accumulated Surplus (Statement 2)	\$ -	\$ -

Contractual Obligations (Note 9) and Contingencies (Note 16)
(See accompanying notes to the financial statements)

APPROVED BY THE BOARD

 Chairperson

 Chairperson, Finance and Audit Committee

Statement 2

The Financial and Consumer Affairs Authority of Saskatchewan
Statement of Operations
for the Year Ended March 31

	Annual Budget 2023 (Note 18)	Actual 2023	Actual 2022
Revenue			
Revenue (Notes 2 and 12)	\$ 23,262,000	\$ 29,576,893	\$ 29,679,231
Expenses			
Salaries and benefits	6,889,000	7,248,205	7,055,185
Travel (Note 15)	65,000	32,593	6,912
Contract services	927,000	1,015,131	1,066,713
Communications	22,000	60,239	18,253
Rent, supplies and services	1,484,000	1,187,065	1,104,970
Minor asset purchases	10,000	29,836	14,346
Information Systems Development (Note 19)	1,395,000	-	-
Operational funding and transfers (Note 17)	180,000	180,000	160,000
Amortization (Notes 2 and 10)	-	529,020	267,876
Total expenses	10,972,000	10,282,089	9,694,255
Annual Surplus (Note 11)	12,290,000	19,294,804	19,984,976
Accumulated Surplus, beginning of year	-	-	35
Less:			
Dividend to General Revenue Fund (Note 5)	(12,290,000)	(19,294,804)	(19,985,011)
Accumulated Surplus, end of year (Statement 1)	\$ -	\$ -	\$ -

(See accompanying notes to the financial statements)

Statement 3

The Financial and Consumer Affairs Authority of Saskatchewan
Statement of Changes in Net Debt
for the Year Ended March 31

	Annual Budget 2023 (Note 18)	Actual 2023	Actual 2022
Annual Surplus (Statement 2)	\$ 12,290,000	\$ 19,294,804	\$ 19,984,976
Acquisition of tangible capital assets (Notes 10 and 19)	(1,395,000)	(1,967,436)	(644,007)
(Increase) decrease in prepaid expenses	-	(108,482)	(3,663)
Amortization of tangible capital assets	-	529,020	267,876
Dividend to the General Revenue Fund (Note 5)	(12,290,000)	(19,294,804)	(19,985,011)
(Increase) decrease in net debt	<u>\$ (1,395,000)</u>	<u>(1,546,898)</u>	<u>(379,829)</u>
Net debt, beginning of year		<u>(2,565,850)</u>	<u>(2,186,021)</u>
Net debt, end of year (Statement 1)		<u>\$ (4,112,748)</u>	<u>\$ (2,565,850)</u>

(See accompanying notes to the financial statements)

Statement 4

The Financial and Consumer Affairs Authority of Saskatchewan Statement of Cash Flows for the Year Ended March 31

	2023	2022
Cash Flows From Operating Activities*		
Annual Surplus (Statement 2)	\$ 19,294,804	\$ 19,984,976
Items not involving cash		
Amortization of tangible capital assets	529,020	267,876
Changes in non-cash working capital		
Accounts receivable	(164,950)	(52,163)
Prepaid expenses	(108,482)	(3,663)
Accounts payable and accrued liabilities	209,576	638,034
Conditional receipts	(150,000)	150,000
Unearned revenue	(144,637)	(224,335)
Cash Provided by Operating Activities	19,465,331	20,760,725
Cash Flows Used in Financing Activities		
Dividend to the General Revenue Fund	(19,985,011)	(19,487,574)
Cash Flows Used in Capital Activities		
Information System Development (Notes 10 and 19)	(1,967,436)	(644,007)
Net (Decrease) Increase in Cash	(2,487,116)	629,144
Cash and cash equivalents, beginning of year	20,004,486	19,375,342
Cash and cash equivalents, end of year	17,517,370	20,004,486
Cash and cash equivalents consists of:		
Cash	2,783	2,783
Due from General Revenue Fund	17,514,587	20,001,703
	\$ 17,517,370	\$ 20,004,486

*includes cash interest receipts of \$136,574 (2022 - \$13,460)

(See accompanying notes to the financial statements)

The Financial and Consumer Affairs Authority of Saskatchewan Notes to the Financial Statements for the Year Ended March 31, 2023

1. Authority and Purpose

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

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

The mission of the FCAA is to promote confidence through innovative regulation and education for Saskatchewan's marketplace. The FCAA enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

The 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 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 and derivatives, without undue restrictions, to ensure that those who sell securities and derivatives 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 and 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 administration and film classification services pursuant to *The Film and Video Classification Act 2016* and Regulations 2018 and oversees the Funeral and Cremation Services Council.

In addition, the FCAA has Legal, Corporate Services and Audit and Finance Branches. The Legal Branch provides legal and policy support to the FCAA, other than the Securities Division, which has its own legal team. The Corporate Services Branch handles the internal administration for the FCAA. The Audit and Finance Branch conducts audits and reviews to support the Insurance and Real Estate, Consumer Credit and the Pensions Divisions and provides financial reporting and internal control recommendations for the FCAA.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) issued by the Public Sector Accounting Board. A statement of re-measurement gains and losses has not been presented in these financial statements, as the carrying value of all financial instruments approximates their fair value.

The following accounting principles are considered significant:

(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 Canadian Investment Regulatory Organization (CIRO), formerly known as the Investment Industry Regulatory Organization of Canada (IIROC). The fees remitted to the FCAA are net of CIRO's administration fees. The FCAA records the gross fees collected by CIRO and records an offsetting expense equal to the CIRO's administration charge. For the year ended March 31, 2023, net administration fees charged by CIRO totalled \$120,995 (2022 - \$112,756).

(ii) Unearned Revenue

The licence fees collected by the Insurance and Real Estate Division are now annual fees since *The Insurance Act* came into force on January 1, 2020; however, there is still some revenue deferred from licence fees collected under five-year licences issued pursuant to *The Saskatchewan Insurance Act*. Some of 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.

(iii) Penalties and cost awards

Penalties and cost awards are recognized when the decision is issued, or settlement reached, and there is a clear demonstrated assurance of collectability. In the absence of this assurance, the revenue is recognized only when it has been received.

(b) Expenses

Expenses represent the cost of resources consumed for operations during the year. Expenses include provision for the amortization of tangible capital assets.

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. The FCAA has two functional tangible capital assets. The FCAA's two functional tangible capital asset are the Registration and Licensing System (RLS) and the new Online Dispute Resolution (ODR) system implemented by the Consumer Protection Division. Costs of RLS and ODR development are being amortized on a straight-line basis over an estimated useful life of 10 years.

Refer also to Notes 10 and 19.

(d) Use of Estimates

These statements are prepared in accordance with Canadian PSAS. 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 Statement of Operations in the period in which they become known.

(e) New Accounting Standards Adopted

PS 3280 Asset Retirement Obligations (effective for fiscal years beginning on or after April 1, 2022), has been considered for the FCAA and determined to have no impact.

(f) New Accounting Standards Not Yet Adopted

PS 3400 Revenue (effective April 1, 2023) has not been applied in preparing these financial statements. PS 3400 will provide the guidance for recognition, measurement, and presentation of revenues common to government other than tax revenues and government transfers.

The FCAA plans to adopt PS 3400 on the effective date. Management is currently analyzing the impact of this standard however, does not anticipate a significant impact on operations from its adoption.

3. Financial Instruments

The 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.

4. Due from GRF

The FCAA’s bank account is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to the FCAA is calculated and paid into the account using the Government of Saskatchewan’s (the government) 30-day borrowing rate and the FCAA’s average daily bank account balance. For the year ended March 31, 2023, interest earned totalled \$247,929 (2022 - \$21,631). At March 31, 2023, accounts receivable included \$122,990 in interest receivable (2022 - \$11,635). The government’s average 30-day borrowing rate for the year ended March 31, 2023 was 2.89% (2022 - 0.188%).

5. Dividend to GRF

The FCAA follows a directive from Treasury Board to pay any surplus to the GRF as a dividend.

For the year ended March 31, 2023, the FCAA has recorded a dividend payable to the GRF of \$19,294,804 (2022 - \$19,985,011).

6. Employee Future Benefits

The FCAA’s employees participate in the Public Employees Pension Plan (PEPP), a multi-employer defined contribution pension plan. Pension costs of \$533,763 (2022 - \$488,862) are included in salaries and benefits and comprise the employer contributions for current service of employees during the year. The FCAA’s liability for PEPP is limited to making its required contributions to the plan.

The 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.

7. 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 or shared control by the government (collectively referred to as “related parties”). Related parties also include key management personnel and close family members and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual and Board Members.

The significant related party transactions incurred by the FCAA and reflected in these financial statements were paid to the Ministry of SaskBuilds and Procurement for information technology equipment and support, and other administrative support services, totaling \$467,073 (2022 - \$453,511). Included in accounts payable and accrued liabilities is \$2,367 (2022 - \$29,679) owing to the Ministry of SaskBuilds and Procurement. These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements reflect the salary costs of the FCAA’s employees and include the costs of employee benefits, including pension costs (Refer to Note 6), incurred for the FCAA by the Province of Saskatchewan relating to those employees. The FCAA reimburses the Ministry of Finance for these employee benefit costs. For the year ended March 31, 2023, employee benefit costs totalled \$1,127,945 (2022 - \$1,017,654). Included in accounts payable and accrued liabilities is \$Nil (2022 - \$321,550) owing to the Ministry of Finance.

Included in accounts payable and accrued liabilities is \$22,993 (2022 - \$Nil) owing to the Saskatchewan Workers Compensation Board.

These financial statements do not reflect the costs incurred by a number of related parties on behalf of the FCAA. During the period ended March 31, 2023, the FCAA received substantial administrative services from the Ministry of Finance without charge. In addition, the 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.

8. The FCAA’s Key Management and Governance Personnel Compensation

Key management of the FCAA include the Chair and CEO, and the nine division/branch executive directors and other management personnel. Compensation paid to key management personnel is shown below.

Members of the Board of Directors are responsible for the management of the affairs and business of the FCAA, through oversight, ensuring that management fulfills its responsibilities. Board and Panel Members are compensated through hearing and meeting per diems and annual retainers.

	<u>2023</u>	<u>2022</u>
Salaries and short term employee benefits	\$1,955,328	\$1,904,971
Post employment benefits (PEPP)	154,789	150,024
Board and Panel Member per diems	35,875	95,150
Board and Panel Member retainers	94,600	90,567
	<u>\$2,240,592</u>	<u>\$2,240,712</u>

Included in accounts payable and accrued liabilities is \$16,807 (2022 - \$20,901) owing to Board Members.

Board and Panel Member per diems by nature are variable based on the number of hearings and committee meetings taking place per fiscal year.

9. Contractual Obligations

On June 23, 2022, the FCAA entered into a ten-year contractual obligation for its premises. The term of the new Lease Agreement commenced on April 1, 2023. Base rent under the Lease Agreement is \$15,302 per month. Terms for additional rent in the form of taxes and operating costs are initially at \$27,289 per month and are adjusted annually. The Lease Agreement provides for leasehold improvements, with costs to be paid by the Landlord up to a certain threshold and then the FCAA paying any excess costs over the life of the lease. The Lease Agreement also provides for parking spaces. The future minimum lease payments are estimated as follows:

2023/24	\$511,090
2024/25	511,090
2025/26	511,090
2026/27	511,090
2027/28	511,090
2028 to 2032	2,759,480

10. Tangible Capital Assets

RLS	<u>2023</u>	<u>2022</u>
Cost balance, beginning and end of year	\$2,678,760	\$2,678,760
Accumulated Amortization, beginning of year	(803,628)	(535,752)
Amortization, current year	<u>(267,876)</u>	<u>(267,876)</u>
Accumulated Amortization, end of year	<u>(1,071,504)</u>	<u>(803,628)</u>
RLS Net Book Value, end of year	<u>1,607,256</u>	<u>1,875,132</u>

ODR

Cost Balance, beginning of year	644,007	-
Additions – Work in Progress	<u>1,967,436</u>	<u>644,007</u>
ODR cost balance, end of year	<u>2,611,443</u>	<u>644,007</u>
Amortization, current year and Accumulated Amortization, end of year	<u>(261,144)</u>	<u>-</u>
ODR Net Book Value, end of year	<u>2,350,299</u>	<u>644,007</u>
Total Tangible Capital Assets	<u>\$3,957,555</u>	<u>\$2,519,139</u>

Refer also to Notes 2 and 19.

11. Segmented Disclosure

The following schedules provide the FCAA's relevant segmented disclosure by division:

Year ended March 31, 2023

<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus/(Deficit)</u>
Securities Division	\$21,300,815	\$2,883,585	\$18,417,230
Insurance & Real Estate Division	3,521,144	640,391	2,880,753
Consumer Credit Division	2,369,649	593,477	1,776,172
Pensions Division	1,020,505	714,700	305,805
Consumer Protection Division	1,114,258	1,331,400	(217,142)
Corporate Services Branch	250,522	2,476,456	(2,225,934)
Legal Branch	-	1,120,566	(1,120,566)
Audit and Finance Branch	-	521,514	(521,514)
Total	<u>\$29,576,893</u>	<u>\$10,282,089</u>	<u>\$19,294,804</u>

Year ended March 31, 2022

<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus/(Deficit)</u>
Securities Division	\$21,967,270	\$2,890,349	\$19,076,921
Insurance & Real Estate Division	3,153,281	490,364	2,662,917
Consumer Credit Division	2,327,546	570,410	1,757,136
Pensions Division	1,095,242	671,604	423,638
Consumer Protection Division	1,102,290	1,157,001	(54,711)
Corporate Services Branch	33,602	2,504,240	(2,470,638)
Legal Branch	-	977,771	(977,771)
Audit and Finance Branch	-	432,516	(432,516)
Total	<u>\$29,679,231</u>	<u>\$9,694,255</u>	<u>\$19,984,976</u>

The expenses incurred by the Corporate Services, Legal and Audit and Finance Branches are to support the other operating divisions within the FCAA.

Expenses relating to the operations of the FCAA incurred by certain related parties are not reflected in these financial statements. Refer to Note 7 for additional details.

12. Revenue by category within each division

Sources of revenue by division are as follows:

	2023	2022
Securities Division		
• Prospectus Fees	\$10,914,129	\$11,874,067
• Registration Fees	7,422,949	7,076,320
• Continuous Disclosure Filing Fees	2,684,950	2,773,350
• Exemption Fees	227,133	239,175
• Administrative Penalties/Costs of Investigations	50,300	3,350
• Other	1,354	1,008
Total	<u>21,300,815</u>	<u>21,967,270</u>
Insurance and Real Estate Division		
• Unlicensed Insurance Fees	2,546,757	2,303,225
• Insurance Company Licences/Other	946,387	850,056
• Saskatchewan Real Estate Commission Fees	<u>28,000</u>	<u>-</u>
Total	<u>3,521,144</u>	<u>3,153,281</u>
Consumer Credit Division		
• Trust and Loan Licence Fees	1,689,599	1,626,850
• Credit Union Deposit Guarantee Corporation Fees	300,000	300,000
• Mortgage Broker Licence Fees	245,050	220,350
• Payday Loan Licence Fees	135,000	180,000
• Other	<u>-</u>	<u>346</u>
Total	<u>2,369,649</u>	<u>2,327,546</u>
Pensions Division		
• Pension Plan Registration, Annual Fees, and Other	<u>1,020,505</u>	<u>1,095,242</u>
Consumer Protection Division		
• Motor Dealer Fees	507,600	508,600
• Collection Agents Fees	403,740	422,220
• Direct Seller Fees	88,250	93,825
• Funeral and Cremation Services Council Fees	24,000	-
• Other	<u>90,668</u>	<u>77,645</u>
Total	<u>1,114,258</u>	<u>1,102,290</u>

Corporate Services Branch

• Interest from GRF and Other	<u>250,522</u>	<u>33,602</u>
Total Revenue	<u>\$29,576,893</u>	<u>\$29,679,231</u>

13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	2023	2022
Consumer Protection Division Licence Fees	\$751,970	\$793,510
Saskatchewan Insurance Licence Fees	75,427	184,025
Consumer Credit Licence Fees	<u>13,525</u>	<u>8,024</u>
Total	<u>\$840,922</u>	<u>\$985,559</u>

14. Conditional Receipts

The Consumer Protection Division cashed in security bonds held on behalf of three licensed vehicle dealers in 2021/22. The security bonds that were held in trust by the Consumer Protection Division were all paid out to eligible consumers in 2022/23.

15. Travel

The FCAA is an active member of several financial regulatory organizations that are comprised of similar provincial and territorial regulators from across Canada. The FCAA's 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 is also required to travel within the province in carrying out their regulatory responsibilities. The 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.

16. Contingencies

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

17. Operational Funding of Cemeteries and Transfers

The FCAA provides ongoing operational funding to cemeteries under administration to meet their financial obligations. Also, the Consumer Protection Division provides a transfer to permit a consumer protection organization to meet its financial obligations.

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

Operational funding and transfers provided are as follows:

	<u>2023</u>	<u>2022</u>
Green Acres Memorial Gardens Ltd.	\$70,000	\$50,000
Souris Valley Memorial Gardens Ltd.	45,000	50,000
Sunset Memorial Gardens (1970) Ltd.	<u>40,000</u>	<u>35,000</u>
	155,000	135,000
Consumer Association of Saskatchewan Inc.	<u>25,000</u>	<u>25,000</u>
Total	<u>\$180,000</u>	<u>\$160,000</u>

18. Budget

The annual budget for the FCAA for the year ended March 31, 2023 was approved by Treasury Board and the FCAA’s Board of Directors.

19. Information System Development

On January 18, 2022, the FCAA signed a contract with KPMG LLP and the Ministry of SaskBuilds and Procurement to complete an ODR solution design as part of the application development stage. Any system development costs incurred from January 31, 2022 onwards were capitalized as a work in progress as part of the ODR system development. The ODR system development was completed in March 2023.

**Financial and Consumer
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Saskatchewan**

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