

Consumer Credit Division

Annual Financial Statement Requirement

May 27, 2010

Communication to every: Mortgage Administrator
Mortgage Brokerage with Endorsement

Re: Annual Financial Statement Requirement

Subsection 45(2) of *The Mortgage Brokerages and Mortgage Administrators Regulations* (the “Regulations”) establishes the annual reporting that must be provided to the Superintendent of Financial Institutions (the “Superintendent”) by every mortgage administrator and every mortgage brokerage that held an endorsement during its preceding fiscal year. Please note that these requirements are tied to your fiscal year and are separate from the annual return that is due by June 30 of each year. For reference, subsection 45(2) of the Regulations states:

45(2) The financial statement provided to the superintendent pursuant to section 50 of the Act must include:

- (a) a written certification as to the accuracy of the financial statement made by two directors of the mortgage brokerage or mortgage administrator;
- (b) a report prepared by an auditor that is satisfactory to the superintendent; and
- (c) a report prepared by an accountant, pursuant to an engagement letter between the accountant and the mortgage brokerage or mortgage administrator that is in a form and contains the information required by the superintendent.

The purpose of this communication is to set out what I will consider satisfactory per clauses (b) and (c) above, and clarify the requirements of clause (a).

Clause 45(2)(a)

The requirement of clause 45(2)(a) of the Regulations is met when the audited financial statements are certified as accurate by two directors as evidenced by their signatures on the statement of financial position.

Clause 45(2)(b)

The requirement of clause 45(2)(b) of the Regulations is met by providing an audit report that expresses an opinion that the financial statements are presented fairly, in all material respects, in accordance with International Financial Reporting Standards. This audit report must be prepared by an auditor in accordance with the requirements of clause 52(1)(b) of *The Mortgage Brokerages and Mortgage Administrators Act* (the “Act”).

Clause 45(2)(c)

The requirement of clause 45(2)(c) of the Regulations is met by providing an audit report prepared in accordance with section 5815 of the CICA Handbook. The auditor's report must address your compliance with the requirements of Part VI of the Act and Part VI of the Regulations.

For your reference, attached is a report that is in a form and contains the information I require. This report contemplates a mortgage administrator that was licensed throughout its entire fiscal year, or a mortgage brokerage that held an endorsement throughout its entire fiscal year. The attached report will need to be modified to reflect the appropriate period where the licensed entity was not authorized to hold trust money throughout their entire fiscal year (i.e. the report needs to address the period whereby the licensee was subject to Part VI of the Act and Part VI of the Regulations).

If you have any questions regarding the above, please contact my office at (306) 787-6700 or fid@gov.sk.ca

Yours truly,

“J.M. Hall”

J.M. Hall
Superintendent of Financial Institutions

Att.