

Financial And Consumer Affairs Authority of Saskatchewan

Annual Report 2021/2022



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Financial and
Consumer
Affairs Authority 



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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, 2022.

A handwritten signature in black ink, appearing to be 'B Eyre'.

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, 2022.

A handwritten signature in black ink, appearing to be 'R Sobotkiewicz'.

Roger Sobotkiewicz
Chair
Financial and Consumer Affairs
Authority of Saskatchewan

Message from the Chair

Like all effective regulators, the FCAA strives to be proactive. When new variations of the products or services we regulate appear, or when the way in which industry operates changes, it is common for gaps in regulation to arise that have the potential to harm consumers and investors. We regularly pursue legislative amendments to close such gaps. Sometimes, however, the catalyst for change is more widespread and disruptive. Instead of gaps in the regulatory framework, chasms may appear that require us to rethink how we regulate in order to mitigate the impact on consumers and investors. Regulators do not control these transformative events; we are along for the ride like everyone else.

As regulators, we have already begun taking important steps in our regulated industries to safeguard Saskatchewan citizens. To protect investors from being misled by “greenwashed” statements, we are working with our partners at the Canadian Securities Administrators (CSA) to enhance climate-related disclosures. On October 18, 2021, the CSA published for comment proposed National Instrument 51-107 Disclosure of Climate-related Matters, making the CSA among the first securities regulators in the world to propose mandatory climate-related disclosure rules. Being proactive is important to ensure we adopt rules that reflect and accommodate the Canadian capital markets, which have a larger percentage of smaller issuers and issuers in the extractive industry than many other capital markets.

As Saskatchewan’s employment pension plan regulator, we have been working with our counterparts in the Canadian Association of Pension Supervisory Authorities (CAPSA) to ensure pension plan administrators are alive to climate risks when making investment decisions. On June 9, 2022, this work culminated in the release of CAPSA Guideline: Environmental, Social and Governance Considerations in Pension Plan Management.

As a member of the Canadian Council of Insurance Regulators (CCIR), we are participating in the CCIR Climate Change, Natural Catastrophes and Consumer Awareness Working Group. The objective of this working group is to increase consumer awareness and understanding of the risks related to natural catastrophes and climate change. More specifically, our goal is to increase the knowledge and understanding of insurance options, coverages, and the features of disaster relief programs.

The FCAA and our fellow credit union regulators in the Credit Union Prudential Supervisors Association (CUPSA) have identified climate risk as a priority. We are closely monitoring the work being done by the federal Office of the Superintendent of Financial Institutions (OSFI), which issued a consultation paper outlining a proposed framework to address the physical and transition risks that climate change poses to lending institutions.

Another catalyst driving a rethink of how we regulate is the rapid growth of digitalization. Recent events such as the pandemic have accelerated the speed of change, but we have been discussing the digitalization trend for years. Some of the risks posed to consumers and investors by digitalization have already arrived and regulators are playing catch up. Crypto assets and decentralized finance, or “DeFi”, are two notable examples.

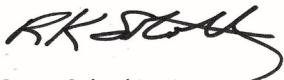
According to the Better Business Bureau and the Competition Bureau of Canada, cryptocurrency scams jumped from the fourth most common scam in Canada in 2020 to the top scam in 2021. The Canadian Anti-Fraud Centre reports that Canadians lost \$75 Million in cryptocurrency scams in 2021, a big jump from the \$12.6 Million lost in total over the three-year period from 2018-2020. In March 2021, the CSA and the Investment Industry Regulatory Organization of Canada published a notice outlining securities law requirements that apply to crypto asset trading platforms (CTPs). The notice also made it clear that CTPs who fail to comply with securities law requirements risk enforcement action.

Digitalization is also paving the way for consumer-directed finance, or as it is more commonly known in Canada, open

banking. Open banking is a system where consumers can direct their financial institutions to securely transfer their financial data to accredited third parties. It can be envisioned that consumers will one day be able to view in one app all of their financial and investment accounts, regardless of which financial institutions or service providers the accounts are with, transfer funds between their accounts and make bill payments with the slide or tap of a finger. The possibilities of open banking are vast, and the first stage is expected to be implemented in Canada in the next couple years. We are collaborating with our counterparts in CUPSA, federal agencies and the credit union system to ensure that Saskatchewan credit unions will be able to offer this groundbreaking innovation to their members.

Digitalization, like most risks, can also be an opportunity. Our Consumer Protection Division has commenced work on an Online Dispute Resolution System (ODR), part of the Government's e-Justice initiative. With ODR, consumers and businesses will be able to instantly find information about their rights and responsibilities and resolve their dispute using easy-to-use online tools that are available 24/7. When ODR is completed (currently expected in spring of 2023), it will revolutionize how consumers and retailers of goods and services resolve their disputes.

FCAA employees put in an incredible amount of work, most of which is invisible to the public, to get in front of these transformative events and address potential negative impacts on consumers and investors. My goal here was not to provide a laundry list of projects the FCAA has been working on; it was to show you what I see every day. FCAA employees are diligent public servants dedicated to protecting Saskatchewan citizens and ensuring a well-functioning marketplace. They can also count on the FCAA to do the work that's needed for the Saskatchewan marketplace to thrive, no matter what uncertain waters we are facing.



Roger Sobotkiewicz
Chair and CEO

The FCAA at a Glance

Our Mission

The Financial and Consumer Affairs Authority (FCAA) is Saskatchewan's financial regulator, protecting the province's consumers, businesses, and economic marketplace through effective market regulation and enforcement.

The FCAA is a Treasury Board Crown corporation assigned to the Minister of Justice and Attorney General and led by an eight-person 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 all provincial financial services.

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.

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)**
- **Investment Industry Regulatory Organization of Canada (IIROC)**
- **Mutual Fund Dealers Association of Canada (MFDA).**

Our Pillars

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

Licensing and registration

To protect the marketplace, we license and register more than 19,000 entities and individuals in Saskatchewan.

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.

Enforcement

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

Our People

The FCAA is organized into five program divisions:

Consumer Credit (4 employees)
Consumer Protection (10 employees),
Insurance and Real Estate (5 employees),
Pensions (6 employees)
Securities (21 employees).

These program areas are supported by the Legal Branch (5.5 employees), the Audit and Finance Branch (3 employees), and Corporate Services Branch (7 employees). 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 supports the Film Classification Office and 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 Pensions 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 IIROC and MFDA; and,
- participating in policy development on a national basis.



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Board of Directors

Roger Sobotkiewicz

Chair and Chief Executive Officer
Adjudicative Committee

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 for the Authority. Prior to joining the Authority, he practiced law in private practice and in the Crown sector. He holds a Bachelor of Laws from the University of Manitoba.

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 (U of S), with Honours and with Distinction, and is a Chartered Professional Accountant. He has extensive private sector experience, having retired in 2008 from forty years in public practice with KPMG, Calgary and Saskatoon, including several senior leadership positions. Mr. Halldorson's primary focus was service to owner managed businesses, and provided audit, tax, business advisory and financing services. Mr. Halldorson 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 [ABEX] and was a Founding Director for the Saskatchewan chapter of the Canadian Association of Family Enterprise [CAFÉ]. In 1995, Mr. Halldorson was awarded an FCA designation for distinguished service. Recently, Mr. Halldorson served as a Director 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 Q.C.

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

Karen Prisciak, Q.C., has practiced law in Saskatoon for 37 years primarily as a civil litigator. Her current practice focuses on professional regulation including prosecution of professionals in discipline matters and judicial reviews in discipline matters and judicial reviews at the Court of Queen'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.

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Committees of the Board

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

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 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.

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.

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Governing Legislation

The Auctioneers Act and associated Regulations

The Cemeteries Act, 1999 and associated Regulations

The Charitable Fund-raising Businesses Act and associated Regulations

The Collection Agents Act and associated Regulations

The Consumer Protection and Business Practices Act and associated Regulations

The Co-operatives Act, 1996

The Cost of Credit Disclosure Act, 2002

The Credit Reporting Act and associated Regulations

The Credit Union Act, 1985 and associated Regulations

The Credit Union Act, 1998 and associated Regulations

The Credit Union Central of Saskatchewan Act, 2016 and associated Regulations

The Direct Sellers Act and associated Regulations

The Film and Video Classification Act and associated Regulations

The Financial and Consumer Affairs Authority of Saskatchewan Act

The Financial Planners and Financial Advisors Act and associated Regulations

The Funeral and Cremation Services Act and associated Regulations

The Insurance Act and associated Regulations

The Mortgage Brokerages and Mortgage

Administrators Act and associated Regulations

The New Generation Co-operatives Act

The Payday Loans Act and associated Regulations

The Pension Benefits Act, 1992 and associated Regulations

The Pooled Registered Pension Plans (Saskatchewan) Act, 2016 and associated Regulations

The Real Estate Act and associated Regulations

The Sale of Goods Act

The Securities Act, 1988 and associated Regulations

The Ticket Sales Act and associated Regulations

The Trust and Loan Corporations Act, 1997 and associated Regulations

2021 - 2022 Accomplishments

Online Dispute Resolution

In 2020-21, we started planning an Online Dispute Resolution System that would make it possible for consumers and businesses to instantly find information about their rights and responsibilities resolve their dispute online. This past year, we successfully completed the design phase, coming a step closer to making Online Dispute Resolution for consumer transactions available to all Saskatchewan residents. When completed, the Online Dispute Resolution System will transform how consumers and retailers resolve issues. It will be fast, easy, and always available .

Consumer Protection and Business Practices Act - Direct Sellers Regulations

To enhance the protections for Saskatchewan consumers who are approached by door-to-door sellers, we are making significant changes to direct seller legislation. Last year we consulted with stakeholders, gathered feedback, and began developing legislative amendments to regulate direct sellers more effectively. If the amendments proceed as planned, we expect they will come into force in the 2022-23 fiscal year

Withdrawing money from Locked-In-Retirement Accounts

We supported Saskatchewan residents who are in financial hardship by developing amendments to pension regulations that permit withdrawals from locked-in retirement accounts. *The Pension Benefits (Financial Hardship Unlocking) Amendment Regulations, 2021* now make it possible to withdraw previously locked-in funds for prescribed financial hardships, such as having a low expected income or incurring medical expenses.

Thanks to these changes, residents facing financial burdens due to unforeseen or unavoidable circumstances can now access emergency funds.

Implementation of The Financial Planners and Financial Advisors Act – Authority Regulations

We laid the groundwork to implement *The Financial Planners and Financial Advisors Act*, which regulates the use of the titles “Financial Planner” and “Financial Advisor.” By ensuring that only qualified persons can use those titles, the Act will protect Saskatchewan residents seeking financial planning services or financial advice. Our work last year included consulting stakeholders on the supporting regulations and working on the internal processes and systems changes that will enable us to administer the new legislation.

Amendments to Credit Union Legislation

In 2021-22 we supported the passing of amendments to *The Credit Union Act, 1998* and developed amendments to *The Credit Union Regulations, 1999*. The changes enable Saskatchewan credit unions to hold electronic meetings and use electronic voting, unless specifically prohibited by their bylaws. This means that credit unions are no longer required to hold Board of Directors or membership meetings in person. These changes will potentially cut costs and save time for credit unions and their members, and will help credit unions facing business continuity challenges in the future.

CSA SRO Framework Review

As a member of the Canadian Securities Administrators, we announced the creation of a new self-regulatory organization for the investment industry, which will consolidate the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA). We also announced a new investor protection fund, which will combine the Canadian Investor Protection Fund and the MFDA Investor Protection Corporation. This change will ensure stronger accountability to Canadian securities regulators, improve access to advice for investors, and significantly reduce the regulatory burden on industry – by consolidating two separate regulatory and compensation frameworks into one.

Addressing financial exploitation and cognitive impairment

Together with our CSA colleagues, we enhanced investor protections for older and vulnerable Canadians. The enhancements include tools and guidance to address issues of financial exploitation and diminished mental capacity, including the use of a Trusted Contact Person in specific situations, and the ability to place temporary holds on transactions, withdrawals, or transfers in suspicious circumstances

Amendments to disclosure requirements for investment funds

As part of the CSA project Rationalization of Investment Fund Disclosure (RID), we worked to reduce the regulatory burden for investment funds by streamlining disclosure requirements, while maintaining investor protection and preserving the efficiency of capital markets.

The Small Business Financing Exemption and the Self-Certified Investor Exemption

In conjunction with the Alberta Securities Commission, we implemented the Small Business Financing Exemption and the Self-Certified Investor Exemption to allow, in certain circumstances, small businesses to raise capital without using a prospectus. This will significantly reduce the time and cost to raise capital, and will provide new investment opportunities.

Amendments to *The Securities Act, 1988*

Investment information is increasingly available digitally and a growing number of investors rely on social media and other non-traditional sources for investment advice. To protect investors using information from digital and social media sources, we developed legislative amendments that give the FCAA the power to regulate promotional activities. Other amendments passed enhance our enforcement capability by prohibiting the aiding and abetting of an offence, clarify procedures for secondary market actions, and set the groundwork for us to introduce an “access equals delivery” rule change that, when implemented, will significantly reduce the burden on industry and slash the amount of paper mailed to investors, which is rarely read and provides little benefit



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.

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.

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 registrant and approve or respond within ten 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 2 business days.
- Review an application for licensing and issue a licence or an initial comment letter within 15 business days

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

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.			77.2%
	The FCAA clearly describes ongoing compliance requirements			75.2%
	The FCAA's processing time for approving applications or renewals is reasonable.			86.2%
	The FCAA keeps me well informed of regulatory changes and other information I need to conduct business.			73.3%
Build Employee Engagement	Employee survey (Based on employee ratings of overall satisfaction)	The FCAA's most valuable resource is its staff	Achieve 80%	88% 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	4.1% under budget

*The Stakeholder Survey is conducted every two years. These numbers are from the 2020-21 survey responses.

Client Service Standards	Consumer Credit: Number of licensing applications reviewed	120	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	21	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	10	Review an application for plan registration and approve or provide an initial comment letter within 45 business days	100%
	Securities: Registration submissions reviewed	4,359	Respond to individual registrant submission within 10 business days	99.7%
	Long form prospectuses reviewed	3	Provide comments on long form prospectuses within 10 business days	100%
	Short form prospectuses reviewed	3	Provide comments on short form prospectuses within three business day	100%
	Consumer Protection: Number of telephone inquiries	5,978	Respond to 95% of callers within 2 business days	100%
	Number of licensing applications reviewed	1,549	Review an application for licensing and issue a licence or an initial comment letter within 15 business days	91%

Division Statistics

CONSUMER CREDIT DIVISION STATISTICS		
ACTIVITY	2021-22	2020-21
Licences/Registrations in Force:		
· Financing Corporations	180	168
· Trust Corporations	44	45
· Loan Corporations	7	7
· Loan Brokers	5	7
· Mortgage Brokerages	52	47
· Mortgage Brokers	113	107
· Mortgage Associates	300	242
· Mortgage Administrators	1	1
· Payday Lenders	49	48
· Credit Unions	35	36
Complaints and Investigations	23	11
Enforcement Actions	0	0

CONSUMER PROTECTION DIVISION STATISTICS		
ACTIVITY	2021-22	2020-21
Licences/Registrations in Force:		
· Auction Sales Companies	72	78
· Auctioneers	54	56
· Cemeteries	490	486
· Charitable Fundraising Businesses	5	5
· Collection Agencies	85	86
· Collection Agents	3,487	3,335
· Credit Reporting Agencies	17	17
· Direct Sellers Vendors	127	146
· Direct Sellers Salespersons	155	215
· Film and/or Video Exhibitor, Distributor or Retailer	228	231
· Vehicle Dealers	841	846
Complaints and Investigations	342	308
Enforcement Actions	63	40

INSURANCE AND REAL ESTATE DIVISION STATISTICS		
ACTIVITY	2021-22	2020-21
Licence/Registrations in Force		
· Life Insurers	65	67
· Property and Casualty Insurers	150	150
· Special Broker Endorsement	10	5
Complaints and Investigations	29	18
Enforcement Actions	0	0

PENSIONS DIVISION STATISTICS		
ACTIVITY	2021-22	2020-21
Number of Plans Supervised	522	540
Number of Members in Plans Supervised	195,487	191,700
Complaints and Investigations	7	3
Enforcement Actions	0	0

SECURITIES DIVISION STATISTICS		
ACTIVITY	2021-22	2020-21
Registrations in Force:*		
· Investment Dealers	118	117
· Investment Dealer Representatives	7,924	7,257
· Mutual Fund Dealers	56	57
· Mutual Fund Dealer Representatives	4,872	4,673
· Exempt Market Dealers	263	289
· Exempt Market Dealer Representatives	2,128	1,994
· Scholarship Plan Dealers	4	4
· Scholarship Plan Dealer Representatives	74	81
· Restricted Dealers	9	5
· Restricted Dealer Representatives	18	9
· Portfolio Managers	263	258
· Advising Representatives	1,961	1,860
· Associate Advising Representatives	379	326
· Restricted Portfolio Managers	4	5
· Advising Representatives	13	17
· Associate Advising Representatives	3	3
· Investment Fund Managers	39	40
Receipts for Prospectuses**	4,936	5,691
Reporting Issuers in Saskatchewan	6,335	6,258
Complaints and Investigations	80	77
Enforcement Actions	17	14

* Some firms and individuals are registered in multiple categories.

** In previous years, this number was reported using the SMS system, which suffered a major server failure in 2021. We are reporting using the SEDAR system, which collects information differently. Therefore, we cannot provide numbers for this report that are comparable to past reports

COMMUNICATION STATISTICS		
ACTIVITY	2021-22	2020-21
Public Education Campaigns	7	3
Consumer/ Investor Alerts	14	12
Facebook Reach	752,243	515,056
Twitter Reach	190,770	150,829
Website visitors	140,738	70,833



Financial Statements

The Financial and Consumer Affairs Authority of Saskatchewan

Financial Statements

for the Year Ended March 31, 2022

Management's Responsibility for Financial Statements

The Financial and Consumer Affairs Authority of Saskatchewan

Report of Management for the Year Ended March 31, 2022

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 14, 2022



Tony Herdzik CPA, CA
Chief Financial Officer and
Executive Director, Audit and Finance Branch
July 14, 2022

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, 2022, 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, 2022, 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 2021/2022, 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.



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 14, 2022

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

	2022	2021
Financial Assets		
Cash	\$ 2,783	\$ 3,089
Due from General Revenue Fund (Note 4)	20,001,703	19,372,253
Accounts receivable	55,627	3,464
Total financial assets	<u>20,060,113</u>	<u>19,378,806</u>
Liabilities		
Accounts payable and accrued liabilities	1,505,393	867,359
Dividend payable to General Revenue Fund (Note 5)	19,985,011	19,487,574
Unearned revenue (Notes 2 and 13)	985,559	1,209,894
Conditional receipts (Note 14)	150,000	-
Total liabilities	<u>22,625,963</u>	<u>21,564,827</u>
Net Debt (Statement 3)	<u>(2,565,850)</u>	<u>(2,186,021)</u>
Non-Financial Assets		
Tangible Capital Assets (Notes 2, 10 and 19)	2,519,139	2,143,008
Prepaid expenses	46,711	43,048
Total Non-Financial Assets	<u>2,565,850</u>	<u>2,186,056</u>
Accumulated Surplus (Statement 2)	<u>\$ -</u>	<u>\$ 35</u>

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 2022	Actual 2022	Actual 2021
	(Note 18)		
Revenue			
Revenue (Notes 2 and 12)	\$ 21,362,000	\$ 29,679,231	\$ 28,488,749
Expenses			
Salaries and benefits	6,814,000	7,055,185	6,617,914
Travel (Note 15)	65,000	6,912	3,069
Contract services	951,000	1,066,713	871,656
Communications	22,000	18,253	20,104
Rent, supplies and services	1,323,000	1,104,970	1,053,373
Minor asset purchases	10,000	14,346	17,148
Information Systems Development (Note 19)	1,450,000	-	-
Operational funding and transfers (Note 17)	150,000	160,000	150,000
Amortization (Notes 2 and 10)	-	267,876	267,876
Total expenses	10,785,000	9,694,255	9,001,140
Annual Surplus (Note 11)	10,577,000	19,984,976	19,487,609
Accumulated Surplus, beginning of year	-	35	-
Less:			
Dividend to General Revenue Fund (Note 5)	(10,577,000)	(19,985,011)	(19,487,574)
Accumulated Surplus, end of year (Statement 1)	\$ -	\$ -	\$ 35

(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

	<u>Annual Budget 2022</u>	<u>Actual 2022</u>	<u>Actual 2021</u>
	(Note 18)		
Annual Surplus (Statement 2)	\$ 10,577,000	\$ 19,984,976	\$ 19,487,609
Acquisition of tangible capital assets (Notes 10 and 19)	(1,450,000)	(644,007)	-
(Increase) decrease in prepaid expenses	-	(3,663)	7,906
Amortization of tangible capital assets	-	267,876	267,876
Dividend to the General Revenue Fund (Note 5)	(10,577,000)	(19,985,011)	(19,487,574)
	<u>\$ (1,450,000)</u>	<u>(379,829)</u>	<u>275,817</u>
Net debt, beginning of year		<u>(2,186,021)</u>	<u>(2,461,838)</u>
Net debt, end of year (Statement 1)		<u>\$ (2,565,850)</u>	<u>\$ (2,186,021)</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

	2022	2021
Cash Flows From Operating Activities		
Annual Surplus (Statement 2)	\$ 19,984,976	\$ 19,487,609
Items not involving cash		
Amortization of tangible capital assets	267,876	267,876
Changes in non-cash working capital		
Accounts receivable	(52,163)	103,848
Prepaid expenses	(3,663)	7,906
Accounts payable and accrued liabilities	638,034	(83,845)
Conditional receipts	150,000	-
Unearned revenue	(224,335)	(509,102)
Cash provided by operating activities	<u>20,760,725</u>	<u>19,274,292</u>
Cash Flows Used in Financing Activities		
Dividend to the General Revenue Fund	(19,487,574)	(18,771,580)
Cash Flows Used in Capital Activities		
Information System Development (Notes 10 and 19)	(644,007)	-
Net Increase in Cash	<u>629,144</u>	<u>502,712</u>
Cash and cash equivalents, beginning of year	<u>19,375,342</u>	<u>18,872,630</u>
Cash and cash equivalents, end of year	<u><u>20,004,486</u></u>	<u><u>19,375,342</u></u>
Cash and cash equivalents consists of:		
Cash	2,783	3,089
Due from General Revenue Fund	<u>20,001,703</u>	<u>19,372,253</u>
	<u><u>\$ 20,004,486</u></u>	<u><u>\$ 19,375,342</u></u>

(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, 2022

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 and Consumer Credit 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 Investment Industry Regulatory Organization of Canada (IIROC). The fees remitted to the FCAA are net of IIROC's administration fees. 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, 2022, net administration fees charged by IIROC totalled \$112,756 (2021 - \$130,683).

(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 one functional tangible capital asset and one currently in development. The FCAA's functional tangible capital asset is the Registration and Licensing System (RLS). The current tangible capital asset under development relates to a new Online Dispute Resolution (ODR) system being developed by the Consumer Protection Division. Costs of RLS 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 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, 2022, interest earned totalled \$21,631 (2021 - \$27,639). The government's average 30-day borrowing rate for the year ended March 31, 2022 was 0.188% (2021 - 0.189%).

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, 2022, the FCAA has recorded a dividend payable to the GRF of \$19,985,011 (2021 - \$19,487,574).

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 \$488,862 (2021 - \$467,799) 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.

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 \$453,511 (2021 - \$430,808). 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, 2022, employee benefit costs totalled \$1,017,654 (2021 - \$953,395).

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, 2022, 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 (2021 - 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>2022</u>	<u>2021</u>
Salaries and short term employee benefits	\$1,904,971	\$1,819,423
Post employment benefits (PEPP)	150,024	142,791
Board and Panel Member per diems	95,150	74,375
Board and Panel Member retainers	90,567	80,600
	<u>\$2,240,712</u>	<u>\$2,117,189</u>

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 January 1, 2018, the FCAA entered into a contractual obligation for its premises. The current lease expires on December 31, 2022. As the annual operating costs and taxes in the current lease change annually, the estimated future minimum lease payments for the nine remaining months in 2022 are \$459,428.

10. Tangible Capital Assets

RLS	<u>2022</u>	<u>2021</u>
Cost balance, beginning and end of year	\$2,678,760	\$2,678,760
Accumulated Amortization, beginning of year	(535,752)	(267,876)
Amortization, current year	<u>(267,876)</u>	<u>(267,876)</u>
Accumulated Amortization, end of year	<u>(803,628)</u>	<u>(535,752)</u>
RLS Net Book Value, end of year	<u>1,875,132</u>	<u>2,143,008</u>
ODR Development		
Cost Balance, beginning of year	-	-
Additions – Work in Progress	<u>644,007</u>	<u>-</u>
ODR Net Book Value, end of year	<u>644,007</u>	<u>-</u>
Total Tangible Capital Assets	<u>\$2,519,139</u>	<u>\$2,143,008</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, 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	<u>-</u>	<u>432,516</u>	<u>(432,516)</u>
Totals	<u>\$29,679,231</u>	<u>\$9,694,255</u>	<u>\$19,984,976</u>

Year ended March 31, 2021

<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus/(Deficit)</u>
Securities Division	\$21,155,745	\$2,782,637	\$18,373,108
Insurance & Real Estate Division	2,873,670	494,779	2,378,891
Consumer Credit Division	2,214,742	508,841	1,705,901
Pensions Division	1,089,460	607,612	481,848
Consumer Protection Division	1,127,458	1,163,704	(36,246)
Corporate Services Branch	27,674	2,269,818	(2,242,144)
Legal Branch	-	723,498	(723,498)
Audit and Finance Branch	-	450,251	(450,251)
Totals	<u>\$28,488,749</u>	<u>\$9,001,140</u>	<u>\$19,487,609</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:

	<u>2022</u>	<u>2021</u>
Securities Division		
• Prospectus Fees	\$11,874,067	\$12,017,898
• Registration Fees	7,076,320	6,311,785
• Continuous Disclosure Filing Fees	2,773,350	2,558,350
• Exemption Fees	239,175	222,840
• Administrative Penalties/Costs of Investigations	3,350	44,486
• Other	<u>1,008</u>	<u>386</u>
Total	<u>21,967,270</u>	<u>21,155,745</u>
Insurance and Real Estate Division		
• Unlicensed Insurance Fees	2,303,225	1,804,544
• Insurance Company Licences/Other	<u>850,056</u>	<u>1,069,126</u>
Total	<u>3,153,281</u>	<u>2,873,670</u>
Consumer Credit Division		
• Trust and Loan Licence Fees	1,626,850	1,575,392
• Credit Union Deposit Guarantee Corporation Fees	300,000	300,000
• Mortgage Broker Licence Fees	220,350	192,350
• Payday Loan Licence Fees	180,000	147,000
• Other	<u>346</u>	<u>-</u>
Total	<u>2,327,546</u>	<u>2,214,742</u>

Pensions Division

• Pension Plan Registration, Annual Fees, and Other	<u>1,095,242</u>	<u>1,089,460</u>
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Consumer Protection Division

• Motor Dealer Fees	508,600	500,000
• Collection Agents Fees	422,220	445,821
• Direct Seller Fees	93,825	98,300
• Other	<u>77,645</u>	<u>83,337</u>

Total	<u>1,102,290</u>	<u>1,127,458</u>
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Corporate Services Branch

• Interest from GRF and Other	<u>33,602</u>	<u>27,674</u>
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Total Revenue	<u>\$29,679,231</u>	<u>\$28,488,749</u>
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13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	<u>2022</u>	<u>2021</u>
Consumer Protection Division Licence Fees	\$793,510	\$856,180
Saskatchewan Insurance Licence Fees	184,025	339,240
Consumer Credit Licence Fees	<u>8,024</u>	<u>14,474</u>
Total	<u>\$985,559</u>	<u>\$1,209,894</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 cashed in are being held in trust by the Consumer Protection Division until it can be determined which consumers will be reimbursed with these funds. Until these funds are paid out to consumers they are held as conditional receipts of the FCAA.

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>2022</u>	<u>2021</u>
Souris Valley Memorial Gardens Ltd.	\$50,000	\$50,000
Green Acres Memorial Gardens Ltd.	50,000	43,000
Sunset Memorial Gardens (1970) Ltd.	<u>35,000</u>	<u>32,000</u>
	135,000	125,000
Consumer Association of Saskatchewan Inc.	<u>25,000</u>	<u>25,000</u>
Totals	<u>\$160,000</u>	<u>\$150,000</u>

18. Budget

The annual budget for the FCAA for the year ended March 31, 2022 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.

20. Subsequent Event

On June 23, 2022, the FCAA entered into a ten-year Lease Agreement. The term of the new Lease Agreement commences on the latter of January 1, 2023 or when leasehold improvements are completed by the landlord and expires on December 31, 2032. Base Rent under the Lease Agreement is \$15,542 per month. Terms for additional rent in the form of taxes and operating costs are initially at \$27,717 per month and are adjusted annually. The Lease Agreement provides for leasehold improvements, with costs to be paid by the Landlord. The Lease Agreement also provides for parking spaces. The future minimum lease payments are estimated as follows:

3 months 2023	\$129,778
2023/24	519,111
2024/25	519,111
2025/26	519,111
2026/27	519,111
2027 to 2032	3,192,118



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