

Financial And Consumer Affairs Authority of Saskatchewan



Annual Report 2018/2019



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Letters of Transmittal



Office of the Lieutenant Governor of Saskatchewan

As the Minister responsible for Financial and Consumer Affairs Authority of Saskatchewan, I respectfully submit the annual report for the year ending March 31, 2019.

A handwritten signature in black ink that reads "Don Morgan".

Don Morgan, Q.C.
Minister of Justice and Attorney General



Honourable Don Morgan, Q.C.
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the annual report of Financial and Consumer Affairs Authority of Saskatchewan for the year ending March 31, 2019.

A handwritten signature in black ink that reads "R. Sobotkiewicz".

Roger Sobotkiewicz
Chair
Financial and Consumer Affairs
Authority of Saskatchewan

Message from the Chair

In today's rapidly evolving marketplace, it is now more important than ever that regulators work closely with our partners to ensure consumers, investors and pension plan members are protected and the marketplace remains vibrant. This past year was the first phase of our new 2018-2021 strategic plan. We have committed to an ambitious number of initiatives and cooperation and collaboration are at the heart of them. These core values of FCAA are necessary for our success and are woven throughout our accomplishments this past year.

We worked with the Saskatchewan Real Estate Commission (SREC) and the Association of Saskatchewan Realtors on amendments to modernize *The Real Estate Act*. Passed this spring, the amendments will strengthen SREC's enforcement ability, give SREC more control over its administrative procedures and allow realtors to use new technologies in their business when signing contracts.

In 2016, Innovation Credit Union (ICU) informed us they wanted to become a federal credit union and submitted an application for continuance in 2018. In collaboration with Credit Union Deposit Guarantee Corporation (CUDGC), we developed a framework to assess the application to ensure ICU met the requirements to cease being a provincial credit union, and together with CUDGC, we began reviewing the impact this would have on the Saskatchewan credit union system. The collaboration with CUDGC will have an enduring benefit to the Province, as the assessment framework and analysis of potential system impact continue to be relevant so long as federal continuance remains an option for other Saskatchewan credit unions.

Recently, we worked with the Investment Industry Regulatory Organization of Canada (IIROC) to get amendments to *The Securities Act, 1988* introduced that will give disciplinary decisions of self-regulatory organizations such as IIROC and the Mutual Fund Dealers Association of Canada the same legal effect as court orders to improve enforcement of those decisions. The amendments will also give self-regulatory organizations expanded immunity for their registration activities to protect them from vexatious legal proceedings that could stifle their enforcement activities and the right to appeal decisions made by a disciplinary hearing panel to ensure the best legal outcomes are reached. These changes strengthen investor protection in Saskatchewan and align with changes in other Canadian provinces and territories.

At FCAA we are grateful that we have the opportunity to work closely with our federal, provincial and territorial colleagues in pan-Canadian regulatory associations and take our responsibility to cooperate in these forums very seriously. Various FCAA management members have just completed or are commencing in leadership roles with these regulator associations, including the chair positions with the Canadian Association of Pension Supervisory Authorities, the Credit Union Prudential Supervisors Association and the Mortgage Broker Regulators' Council of Canada. The Deputy Director of our Consumer Protection Division is Western Canada's government representative on the board of the Canadian Motor Vehicle Arbitration Plan. Working with colleagues across Canada, we are able to participate in joint initiatives, bring Saskatchewan issues forward and share knowledge with our regulatory counterparts to ensure we keep up with the fast pace of change in industry.

The examples above all involve cooperation with groups or organizations external to FCAA. As the saying goes about icebergs, what you see above water is a fraction of the size of what's lurking beneath the surface. Being an integrated regulator, daily cooperation amongst the various branches and divisions of FCAA is essential for our organization to truly achieve its full potential. That's why cooperation and collaboration are FCAA core principles and values. Only if we learn from and leverage off the work of one another will we fully achieve the integrated regulator promise of efficiency and effectiveness.

At the end of the day, corporate structure and values written in a strategic plan can only take you so far. The true champion driving the successes described above and all of our other accomplishments last year was not our integrated model or any one person or unit in the organization, it was the spirit of cooperation and collaboration embraced by all of our dedicated staff. Every day FCAA staff come to work eager to face new challenges, find common ground with our partners and achieve successful regulatory outcomes. I am very grateful for their commitment and diligence.

I also want to acknowledge and express my gratitude for the contributions of the former board members who stepped down this past year: Paul Robinson, Derrek Fahl and Jim Kerby. Not only were they models of cooperation and collaboration for our organization, their experience, professionalism and ideas helped shaped FCAA into what it is today. For all of their contributions, we are truly appreciative.

I'm pleased to present to you this report documenting the accomplishments of FCAA during this past year.

A handwritten signature in black ink, appearing to read 'R. Sobotkiewicz', with a stylized flourish at the end.

Roger Sobotkiewicz
Chair and CEO



Linda Patton, Executive Assistant and Registrar, Corporate Services Branch.

Who We Are

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

Financial and Consumer Affairs Authority (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*. FCAA is dedicated to advancing the interests of consumers by ensuring fair trading conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity.

- Financial services are essential to the growth, development and strength of market economies because they support corporate growth and innovation and make managing financial risk easier. Regulation is essential for maintaining the integrity, efficiency, and transparency of financial markets. Except for banks, FCAA regulates or oversees all financial services in Saskatchewan including: the credit union system, insurance, pensions, securities and derivatives, trust and loans, payday loans and mortgage brokers.
- Consumer protection regulation is also critical to helping Saskatchewan residents acquire wealth and retirement savings. Enforcement of consumer protection laws is necessary to ensure Saskatchewan residents have a high quality of life, confidence in their government, institutions and the marketplace.

FCAA is responsible for helping to develop provincial legislation, regulations, policies and rules and for interpreting and applying those rules while protecting the rights and interests of consumers when the rules are violated.

Our regulatory functions for financial services include prudential and market conduct regulation. Prudential regulation means making sure regulated businesses and institutions are financially sound. Market conduct regulation entails ensuring businesses comply with consumer protection provisions such as disclosure requirements, fair practices and record keeping requirements.

We rely on and oversee key partners for licensing and regulation including:

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

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



Adryan Toth, Lawyer, Legal Branch.

Board of Directors



Board Members

Back Row: Peter Carton, Roger Sobotkiewicz, Howard Crofts, Dave Tulloch and Gordon Hamilton.

Front Row: Mary Ann McFadyen and Norm Halldorson.

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 was appointed to the Authority in June 2009. Mr. 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 was appointed to the Authority in June 2009. Mr. Hamilton is a lawyer in private practice with the Saskatchewan law firm of McDougall Gauley LLP. He has extensive experience in labour relations and administrative law, having served as Vice Chairperson of the Canada Industrial Relations Board. Mr. Hamilton also has a background in the co-operatives and Saskatchewan credit unions. He has held senior positions at Affinity Credit Union, Saskatchewan Wheat Pool (now Viterra), and Federated Co-operatives Limited.

Mary Ann McFadyen

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

Mary Ann McFadyen was appointed to the Authority in June 2009. Ms. McFadyen was associated with the Saskatchewan Chamber of Commerce for over 30 years. She was the Executive Director and CEO of the Chamber for more than two decades. In recognition of her contribution to business, she received the Canada 125 Award and was named one of the ten most influential women in Saskatchewan by Saskatchewan Business Magazine.

Howard Crofts

Member - Appointed December 2015
Chair of Finance and Audit Committee
Adjudicative Committee

Howard Crofts was appointed to the Authority in December 2015. He is a Chartered Professional Accountant (FCPA, FCA) and holds a Bachelor of Administration degree from the University of Saskatchewan. He spent his career working in public practice providing assurance, tax and business advisory services to clients in a variety of industries. For 10 years prior to retiring from MNP LLP in 2012, he held various leadership roles at the Firm's regional and national levels. He currently serves as a member of the boards of directors and various committees of Saskatchewan Cancer Agency, Pro Docs Ltd., and as an independent member of TD Greystone Managed Investments Inc.'s Pension and Pooled Fund Independent Review Committees. He was formerly a member of the boards of directors of Saskatchewan Government Insurance (SGI), SGI Canada Insurance Services Ltd., Coachman Insurance Company, Saskatchewan Auto Fund, and Group Medical Services Inc.

Dave Tulloch

Member - Appointed May 2017
Finance and Audit Committee

Dave Tulloch works for the Ministries of Justice and Attorney General and Corrections and Policing as the Assistant Deputy Minister responsible for Corporate Services. Prior to joining Justice in 2010, Dave held senior financial positions in the Ministries of Environment and Education. From 1999 to 2006 Dave worked for the provincial wildfire program, and was responsible for developing and implementing a strategic planning and performance management framework. Through most of his career Dave has worked within the financial management functions of the provincial government. Dave holds a Master of Business Administration from the University of Saskatchewan, along with undergraduate degrees from the University of Regina in Business and Economics. He is also a Chartered Professional Accountant.

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. Norm 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. Norm's primary focus was service to owner managed businesses, and provided audit, tax, business advisory and financing services.

Norm 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 Norm was awarded an FCA designation for distinguished service.

Recently, Norm served as a Director on the Board of Management of Canada Revenue Agency, and Chair of their Audit Committee. Norm also serves on the Board of a private company in the hospitality industry, and serves on the Development Appeals Board for the RM of Blucher.



Taylor Balfour, Communications and Marketing Coordinator, Corporate Services Branch.

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 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 FCAA has:

- a culture of integrity;
- systems in place to assess staff performance;
- systems in place to assess FCAA's performance – including our Board of Directors and committees;
- appropriate corporate governance policies, practices, and procedures that are being followed;
- an employee compensation and benefit package that attracts 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 FCAA panels, and recommends improvements. This committee also helps panel members stay current on legal issues related to 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 FCAA hearings.

Our Divisions

FCAA is organized into five program divisions: Consumer Credit, Consumer Protection, Insurance and Real Estate, Pensions, and Securities. These program areas are supported by the Legal Branch (5 employees), the Audit and Finance Branch (3 employees), and Corporate Services Branch, which includes Communications (5 employees).

Consumer Credit

(4 employees)

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

(11 employees)

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

(5 employees)

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

(5 employees)

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.

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

Securities

(21 employees)

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 the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA); and,
- participating in policy development on a national basis.



Tammy Johnson, Pension Officer, Pensions Division.

How We Work



**Licensing and
Registration**

**Review, Audit and
Compliance**

**Market Conduct
and Complaint
Handling**

Enforcement

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

Licensing and Registration

We 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 review prospectuses of businesses who wish to raise capital from the public. We routinely conduct audits to make sure that businesses and individuals are complying with Saskatchewan laws and meeting their obligations to consumers.

Market Conduct and Complaint Handling

Every day we receive, review, and investigate consumer complaints to determine whether rules have been violated. In appropriate cases, we work to mediate solutions for all parties or to recommend further courses of action.

Enforcement

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



Oren Hoffart, Audit Manager, Audit and Finance Branch.

We license and register more than 19,000 entities and individuals.

Governing Legislation

The Auctioneers Act
The Auctioneers Regulations
The Cemeteries Act, 1999
The Cemeteries Regulations, 2001
The Charitable Fund-raising Businesses Act
The Charitable Fund-raising Businesses Regulations
The Collection Agents Act
The Collection Agents Regulations
The Consumer Protection and Business Practices Act
The Consumer Protection and Business Practices Act Regulations (Consumer Contracts, Pre Paid Purchase Cards, Vehicle Dealers)
The Co-operatives Act, 1996
The Cost of Credit Disclosure Act, 2002
The Credit Reporting Act
The Credit Reporting Regulations
The Credit Union Act, 1985
The Credit Union (Extraprovincial Forms) Regulations, 2016
The Credit Union Act, 1998
The Credit Union Regulations, 1999
The Credit Union Insurance Business Regulations
The Credit Union Central of Saskatchewan Act, 2016
The Credit Union Central of Saskatchewan Regulations
The Direct Sellers Act
The Direct Sellers Regulations, 1997
The Film and Video Classification Act
The Film Video Classification Regulations, 1997
The Financial and Consumer Affairs Authority of Saskatchewan Act
The Funeral and Cremation Services Act
The Funeral and Cremation Services Regulations
The Insurance Amendment Act
The Mortgage Brokerages and Mortgage Administrators Act
The Mortgage Brokerages and Mortgage Administrators Regulations
The New Generation Co-operatives Act
The Payday Loans Act
The Payday Loans Regulations
The Pension Benefits Act, 1992
The Pensions Benefits Regulations, 1993
The Pooled Registered Pension Plans (Saskatchewan) Act, 2016
The Pooled Registered Pension Plans (Saskatchewan) Regulations
The Real Estate Act
The Real Estate Regulations
The Sale of Goods Act
The Saskatchewan Insurance Act
The Saskatchewan Insurance Councils Regulations
The Saskatchewan Insurance Compensation Plan Regulations, 1990
The Saskatchewan Insurance Regulations, 2003
The Securities Act, 1988
The Securities Regulations
The Securities Commission (Regulation Procedures) Regulations
Securities Commission (Disclosure of Personal Information) Regulations, 2008
Securities Commission (Adoption of National Instruments) Regulations
Securities Commission (Local Instruments) Regulations
The Ticket Sales Act
The Ticket Sales Regulations
The Trust and Loan Corporations Act, 1997
The Trust and Loan Corporations Regulations, 1999

2018 – 2019 Accomplishments

The 2018-2021 strategic plan outlines our goals during that period, and our 2018-2019 accomplishments are categorized by those goals.

Goal 1: Establish and support effective rules for Saskatchewan's marketplace

Developed new Insurance laws in Saskatchewan

The Insurance Amendment Act, 2018 was passed in May 2018 and is awaiting proclamation. The new legislation gives us the tools to respond to regulatory issues in the rapidly evolving insurance marketplace. It also focuses on market conduct, protecting consumers against unfair and deceptive practices.

Continued commercial cemeteries review

We continued the review of options and the development of recommendations regarding the management and regulation of commercial cemeteries in Saskatchewan.

Developed amendments to real estate legislation

We worked with the Saskatchewan Real Estate Commission and the Association of Saskatchewan Realtors to make amendments to *The Real Estate Act*. These changes provide greater protection for consumers and will give realtors the ability to use modern technology such as electronic signatures.

Reviewed enforcement powers and processes under consumer protection and pension legislation

We worked on reviewing and updating the enforcement powers and processes used in the administration of *The Consumer Protection and Business Practices Act* and *The Pension Benefits Act, 1992*. These changes will provide for effective and responsive enforcement of consumer protection and pension legislation.

Supported work on legislation for the Cooperative Capital Markets Regulatory System

We continued the development of legislation and regulations for the Cooperative Capital Markets Regulatory System. The new system will enhance investor protection, support fair and efficient capital markets and strengthen enforcement processes.

Consulted market participants on enhancements to the client-registrant relationship model

Together with other Canadian securities regulators, we consulted on initiatives to enhance the client-registrant relationship. We also consulted on embedded commissions. These initiatives will improve delivery of services and information to investors, to better align the interests of registrants with the interests of their clients.

Goal 2: Administer the rules in Saskatchewan's marketplace

Monitored Canadian Credit union clearing and settling mechanisms

We worked with Credit Union Deposit Guarantee Corporation (CUDGC) to monitor the implementation of enhancements to the Canadian credit union group clearing joint venture. The enhancements improve controls in the clearing and settling of money transfers by credit unions through the Canadian payment network, which mitigated risks to the credit union system.

Worked with Credit Union Deposit Guarantee Corporation to assess participation in the federal Emergency Lending Assistance (ELA) program

We began our analysis of the merits of Saskatchewan credit unions having access to ELA if faced with an unexpected liquidity risk.

Worked on cybersecurity risk strategy for prudentially regulated businesses

We began compiling information regarding best practices to address cybersecurity risk and approaches taken by regulators in other jurisdictions. Setting expectations for prudentially regulated businesses will reduce the risk of potential harm to companies and their customers.

Goal 3: Promote consumers' and regulated entities' understanding of their respective rights and responsibilities

Informed investors, consumers and pension plan members about topical issues

We executed 21 public education campaigns as well as 11 alerts, highlighting subjects such as concert ticket rules, driveway repair scams, travel insurance, cryptocurrencies and unregistered companies doing business in Saskatchewan.

Helped seniors and retirement age workers protect their money

We developed educational campaigns for seniors that focused on elder financial abuse and pension investments. We created a video and infographic for the elder abuse campaign and informed seniors and their loved ones about warning signs and protective measures they can take. We also developed a pension campaign that provided helpful tips for pension plan members so they are comfortable with their investment decisions.

Offered Saskatchewan post-secondary students credit card advice

We created an education campaign geared toward university and college students to inform them about smart credit card usage.

Goal 4: FCAA has the people, processes, and systems to achieve its regulatory goals

Began applying supervised regulatory organizations (SRO) oversight framework

We worked with financial and consumer SROs to clearly document roles, responsibilities and expectations so that potential gaps are reduced and our oversight is more effective.

Developed and implemented our IT service providers monitoring policy

We developed the new policy to ensure that our IT systems and data are secured and efficiently managed.

Worked on the development of the online Registration and Licensing System (RLS)

We continued to work on the development of program areas within RLS. The online system will make the licensing and registration process easier for stakeholders and will also help the public find businesses licensed and registered with us.

Continued development of corporate wide data and records management processes

We have developed policies and processes which comply with Government's Administrative Records Management System (ARMS) and are currently finalizing the Operational Records System (ORS) policy for managing our data.

Contributed to the development of the Capital Markets Regulatory Authority (CMRA)

We continued to work on the establishment of the Capital Markets Regulatory Authority. Participating jurisdictions (British Columbia, Saskatchewan, Yukon Territory, Ontario, New Brunswick, Nova Scotia and Prince Edward Island) are working on operational integration.

Other major projects from operational plans

Collaborated on review of Innovation Credit Union's (ICU) application for continuance

We worked with Credit Union Deposit Guarantee Corporation to ensure ICU is meeting the necessary requirements to cease being a provincial credit union and proceed with its application for continuance. We are also reviewing the impact the continuance will have on the Saskatchewan credit union system.

Updated *Summary Offence Procedure Act* regulations to promote vehicle dealer compliance

We worked with the Ministry of Justice to amend regulations to allow for ticketing of vehicle dealer infractions, which will help foster compliance within the industry.

Continued development of Saskatchewan derivatives regulation

In concert with other Canadian securities regulators, we continued to work on developing harmonized regulations for derivatives to be consistent with international standards. This is important because derivatives form a substantial part of the capital markets. Their regulation is integral to fair and efficient capital markets.

Partnered with Securities industry to enhance investor protection

We reached out to Saskatchewan registered firms and individuals to encourage them to advise us about possible suspicious investment activity and irregular trading activity, which will allow us to intervene early and prevent losses.

Performance Measures

How We Measure Success

Stakeholders - How do stakeholders see us?

- Effectiveness of FCAA as a regulator.
- Consumers use FCAA information.

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?

- Number of regulated entities reviewed each year.
- 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, when FCAA is the primary regulator, or 15 business days, when FCAA is not the primary regulator.

Pensions

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

Securities

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

Consumer Protection

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

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 FCAA as a regulator	<p>Stakeholder Survey</p> <p>FCAA's assessment criteria for approving applications and renewals are clear.</p> <p>FCAA clearly describes ongoing compliance requirements</p> <p>FCAA's processing time for approving applications or renewals is reasonable.</p> <p>FCAA keeps me well informed of regulatory changes and other information I need to conduct business.</p>	Stakeholder views on the effectiveness of regulation are important	Meet or exceed 75%	<p>77.7%</p> <p>82%</p> <p>75.3%</p> <p>74.9%</p>
Consumers Use FCAA Information	Website Usage	The website is the primary way we disseminate information to consumers	5% Increase in Number of Hits on Consumer Pages	338,001 hits. (12.3% increase) (300,951 in 2017-18)
Number of Regulated Entities Reviewed Each Year (Field and Desk Review)	Operational plans establish target number of entities that will be reviewed during the fiscal year.	Sufficient regulation is both educational and a deterrent	Complete 100% of planned reviews	<ul style="list-style-type: none"> Pensions:100% Consumer Credit: 100% Insurance and Real Estate: 95% Securities: 100%
Build Employee Engagement	Employee survey (Based on employee ratings of overall satisfaction)	FCAA's most valuable resource is its staff	Achieve 80%	74% 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	2019 Financial Statements	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	1.9% under budget

Measure	Data	Why Chosen	Target	Performance
Client Service Standards	See "Client Service Standards" on page 19	Service standards indicate quality service to those regulated	Meet 100% of Client Service Standards	
	Consumer Credit: Review an application for licensing and issue a licence or an initial comment letter within 15 business days	.....	.....	99%
	Insurance and Real Estate: Review an application for licensing and issue a licence or an initial comment letter within 30 business days	.....	.....	100%
	Pensions : Review of valuations within 45 business days	.....	.....	100%
	Review of annual information return within 25 business days	.....	.....	97%
	Securities: Response to individual registration applications within 10 business days	.....	.....	95%
	Comments on long form prospectuses within 10 business days	.....	.....	100%
	Comments on short form prospectuses within three business days	.....	.....	100%
	Consumer Protection: Response to inquiry line callers within three business days	.....	.....	100%
	Application Reviews within 15 business days	.....	.....	99%

Division Statistics

CONSUMER CREDIT DIVISION STATISTICS					
ACTIVITY	2018-19	2017-18	2016-17	2015-16	2014-15
Licences in Force under <i>The Trust and Loan Corporations Act, 1997</i>					
· Financing Corporations	163	151	148	152	131
· Trust Corporations	42	42	41	42	42
· Loan Corporations	7	7	7	8	8
· Loan Brokers	7	7	6	4	6
Licences in Force under <i>The Mortgage Brokerages and Mortgage Administrators Act</i>					
· Mortgage Brokerages	48	49	51	54	52
· Mortgage Brokers	110	113	120	118	115
· Mortgage Associates	193	208	217	223	219
· Mortgage Administrators	1	1	1	1	1
Licences in Force under <i>The Payday Loans Act</i>					
Payday Lenders	53	56	59	53	54
Credit Unions (as of March 31st)	40	44	46	46	49
Audits, Inspections, or Reviews	1	1	20	19	26

CONSUMER PROTECTION DIVISION STATISTICS

ACTIVITY	2018-19	2017-18	2016-17	2015-16	2014 -15
Licences/Registrations in Force:					
· Vendors/ Registrants	1,916	1,938	1,486	1,589	1,720
· Salespersons	5,149	4,982	4,978	4,917	4,612
Telephone Inquiries	4,806	5,648	6,664	6,853	5,024
Complaints, Investigations, and Inspections	255	300	404	508	477

INSURANCE AND REAL ESTATE DIVISION STATISTICS

ACTIVITY	2018-19	2017-18	2016-17	2015-16	2014 -15
Licence/Registrations in Force	229	231	233	238	235
Extra-provincial, Federal, and Foreign Insurers (not including extra-provincial reciprocal insurers)	210	212	214	219	214
Provincial Insurance Companies	11	11	11	11	12
Extra-Provincial Reciprocal Insurers	8	8	8	8	9
Audits, Inspections, or Reviews	18	15	7	20	23

PENSIONS DIVISION STATISTICS					
ACTIVITY	2018-19	2017-18	2016-17	2015-16	2014-15
Number of Plans Supervised	537	535	536	552	557
Number of Members in Plans Supervised	188,111	189,762	185,255	184,065	180,110
New Plans Registered	19	18	12	18	31
Plans Terminated	14	17	27	18	10
Actuarial Valuations Reviewed	37	42	27	20	37
Annual Information Returns Reviewed*	526	530	518	578	538
Plan Amendments Registered	77	131	102	149	137
Pension Plan Examinations	2	0	1	1	1

*The number of reviewed annual information returns (AIRs) will not precisely match the number of registered pension plans supervised. There are several reasons for this – i) a pension plan may file more than one AIR in any given fiscal year, ii) plan jurisdiction and design changes can result in additional AIR filings (i.e. transferring of plans between jurisdictions, plan mergers, etc.), and iii) plans listed as terminated plans would have had AIR filing requirements throughout the year in which they terminated

SECURITIES DIVISION STATISTICS					
ACTIVITY	2018-19	2017-18	2016-17	2015-16	2014 -15
Companies Registered to Sell Securities at Year End	554	544	525	511	508
Individuals Registered to Sell Securities at Year End	14,343	14,307	13,880	13,310	13,015
Receipts Issued for Selling Documents of Saskatchewan Issuers	3	3	3	2	5
Selling Documents Received of Non-Saskatchewan Issuers	661	684	677	681	847
Continuous Disclosure Documents Received:					
· Annual Financial Statements	5,358	5,158	5,294	5,021	4,984
· Interim Financial Statements	7,752	7,764	7,533	7,716	7,696
· Proxy/Information Circulars	3,728	3,488	3,753	3,935	3,668
· Material Change Reports	2,439	2,559	2,571	3,006	2,959
· Annual Information Forms	1,081	1,095	1,167	1,215	1,261
Management Discussion and Analysis Received:					
· Annual	1,249	1,262	1,294	1,355	1,326
· Interim	3,748	3,742	3,671	4,161	4,087
· Annual Management Report of Fund Performance Received	3,991	3,789	3,763	3,789	3,620
Applications for Exemption:					
· Applications Granted	16	23	22	75	99
· Applications Withdrawn	0	3	3	3	1
Investigated Complaints and Enforcement Action:					
· Number of Files Open* at Beginning of the Period	93	89	124	117	102
· Number of Files Opened During the Period	74	104	89	96	119
· Number of Files Closed During the Period	84	100	87	89	104
· Number of Files Open at the End of the Period	83	93	126	124	117
* Files Open includes: investigative files, general inquiries, share certificate search requests and crowdfunding detrimental checks.					

SECURITIES DIVISION STATISTICS

ACTIVITY	2018-19	2017-18	2016-17	2015-16	2014-15
Files Opened by Complaint Type:					
· Disclosure Violation	0	0	0	0	0
· Fraud	5	0	4	3	2
· Illegal Distribution	14	48	30	22	23
· Insider Trading	1	2	6	3	7
· Market Manipulation	1	1	0	0	0
· Misconduct by Registrants (Including Referrals to the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada)	35	32	30	38	32
· General Inquiries, Share Certificate Inquiries, Assistance to other Regulators and Crowdfunding Files	18	21	19	30	55
· Total Files Opened	74	104	89	96	119
Investigation Orders	6	5	6	8	8
Temporary and Extending Enforcement Orders	38	23	18	32	5
Settlement Agreements with Orders	1	2	1	4	2
Hearings with Orders	2	7	5	8	7



FCAA Management Team

Back row: Roger Sobotkiewicz, Chair and CEO; Eric Greene, Director of Consumer Protection, Cory Peters, Director of Consumer Credit; Liz Kutarna, Deputy Director of Capital Markets, Securities; Sonne Udemgba, Deputy Director of Legal, Securities; and Dean Murrison, Director of Securities.

Front row: Clarence Yam, Director of Corporate Services; Heather Kuchuran, Deputy Director of Corporate Finance, Securities; Leah Fichter, Director of Pensions and Shannon McMillan, Director of Communications.

Missing: Denny Huyghebaert, Deputy Director of Consumer Protection; Jan Seibel, Director of Insurance and Real Estate; Karen Pflanzner, Senior Strategic Counsel; Terri Uhrich, General Counsel; Tony Herdzyk, Director, Audit and Finance Branch, and Harvey White, Deputy Director of Enforcement, Securities.



Financial Statements

Management's Responsibility for Financial Statements

Financial and Consumer Affairs Authority of Saskatchewan

Report of Management for the Year Ended March 31, 2019

The accompanying financial statements are the responsibility of the management of 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.

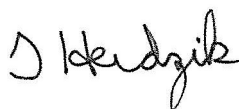
Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to 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 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 Executive Director
July 11, 2019



Tony Herdzik CPA CA
Chief Financial Officer and Director, Audit and Finance Branch
July 11, 2019

Independent Auditor's Report



PROVINCIAL AUDITOR
of Saskatchewan

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, 2019, 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, 2019, 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 Annual Report 2018/2019, 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

1500 Chateau Tower - 1920 Broad Street Regina, Saskatchewan S4P 3V2
t 306.787.6398 f 306.787.6383 e info@auditor.sk.ca
) www.auditor.sk.ca



PROVINCIAL AUDITOR
of Saskatchewan

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 11, 2019

Judy Ferguson, FCPA, FCA
Provincial Auditor
Office of the Provincial Auditor

Statement 1

FCAA Statement of Financial Position as at March 31

	2019	2018
Financial Assets		
Cash	\$ 3,978	\$ 1,290
Due from General Revenue Fund (Note 4)	20,902,057	24,459,096
Accounts receivable	71,898	56,699
Total financial assets	20,977,933	24,517,085
Liabilities		
Accounts payable and accrued liabilities	809,823	1,038,912
Dividend payable to General Revenue Fund (Note 5)	20,133,502	22,723,491
Unearned revenue (Notes 2 and 13)	2,081,017	2,211,012
Total liabilities	23,024,342	25,973,415
Net Debt (Statement 3)	(2,046,409)	(1,456,330)
Non-Financial Assets		
Tangible Capital Assets (Notes 2,10 and 18)	1,986,201	1,797,439
Prepaid expenses	60,208	90,879
Total Non-Financial Assets	2,046,409	1,888,318
Accumulated Surplus (Statement 2)	\$ -	\$ 431,988

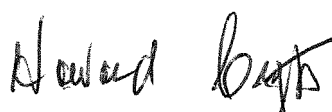
Contractual Obligations (Note 9) and Contingencies (Note 15)

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD



Chairperson



Chairperson, Finance and Audit Committee

Statement 2

FCAA Statement of Operations

for the Year Ended March 31

	Annual Budget 2019	Actual 2019	Actual 2018
	(Note 17)		
Revenue			
Revenue (Notes 2 and 12)	\$15,088,000	\$27,639,807	\$30,806,207
Expenses			
Salaries and benefits	6,068,000	5,855,404	5,656,180
Travel (Note 14)	65,000	72,337	53,049
Contract services	854,000	905,733	832,524
Communications	22,000	27,680	25,267
Rent, supplies and services	1,069,000	900,772	1,048,240
Minor asset purchases	10,000	26,367	6,360
Information System Development (Notes 2, 10 and 18)	70,000	-	-
Transfers (Note 16)	125,000	150,000	60,000
Total expenses	8,283,000	7,938,293	7,681,620
Annual Surplus (Note 11)	6,805,000	19,701,514	23,124,587
Accumulated Surplus, beginning of year	\$ -	\$ 431,988	\$ 30,892
Less:			
Dividend to General Revenue Fund (Note 5)	(6,805,000)	(20,133,502)	(22,723,491)
Accumulated Surplus, end of year (Statement 1)	\$ -	\$ -	\$ 431,988

(See accompanying notes to the financial statements)

Statement 3

FCAA Statement of Changes in Net Debt for the Year Ended March 31

	2019	2018
Annual Surplus (Statement 2)	\$ 19,701,514	\$ 23,124,587
Acquisition of tangible capital assets (Notes 10 and 18)	(188,762)	(447,720)
Decrease (increase) in prepaid expense	30,671	(49,626)
Dividend to the General Revenue Fund (Note 5)	(20,133,502)	(22,723,491)
Increase in net debt	(590,079)	(96,250)
Net debt, beginning of year	(1,456,330)	(1,360,080)
Net debt, end of year (Statement 1)	\$ (2,046,409)	\$ (1,456,330)

(See accompanying notes to the financial statements)

Statement 4

FCAA Statement of Cash Flows

for the Year Ended March 31

	2019	2018
Cash Flows from Operating Activities		
Annual Surplus (Statement 2)	\$ 19,701,514	\$ 23,124,587
Changes in non-cash working capital		
· Accounts receivable	(15,199)	(37,344)
· Prepaid expenses	30,671	(49,626)
· Accounts payable and accrued liabilities	(229,089)	(66,474)
· Unearned revenue	(129,995)	(383,728)
Cash Provided By Operating Activities	19,357,902	22,587,415
Cash Used in Financing Activities		
Dividend to the General Revenue Fund	(22,723,491)	(17,100,398)
Cash Flows Used in Capital Activities		
Information Systems Development (Notes 10 and 18)	(188,762)	(447,720)
Net (Decrease) Increase in Cash	(3,554,351)	5,039,297
Cash and cash equivalents, beginning of year	24,460,386	19,421,089
Cash and cash equivalents, end of year	20,906,035	24,460,386
Cash and cash equivalents consists of:		
Cash	3,978	1,290
Due from General Revenue Fund	20,902,057	24,459,096
	\$20,906,035	\$ 24,460,386

(See accompanying notes to the financial statements)

FCAA Notes to the Financial Statements for the Year Ended March 31, 2019

1. Authority and Purpose

Financial and Consumer Affairs Authority of Saskatchewan (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.

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

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

FCAA has five divisions to carry out its mandate.

- Consumer Credit Division - regulates and supervises Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The Division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.
- Insurance and Real Estate Division - licenses all companies which transact insurance in Saskatchewan. It protects insurance policyholders through solvency regulation of provincial insurance companies and market conduct regulation of federal and provincial companies. The Division oversees the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers. The 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 or services purchased or acquired from a business for personal, household and family purposes. It strives to protect consumers and maintain a fair trading and business environment through: market regulation, sector-specific business and salesperson licensing, complaint investigations, information and education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement, research, and by taking action on behalf of vulnerable consumers who have been deceived or misled. The Division also supports the 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, FCAA has a Legal and Corporate Services Branch. The Legal Branch provides legal and policy support to FCAA, other than the Securities Division, which has its own legal team. The Corporate Services Branch handles the internal administration for FCAA.

Refer to Note 19 for anticipated future changes to the capital markets regulatory system.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) published by CPA Canada. 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 FCAA by the Investment Industry Regulatory Organization of Canada (IIROC). The fees remitted to FCAA are net of IIROC's administration fees. 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, 2019, administration fees charged by IIROC totalled \$138,238 (2018 - \$129,645).

ii. Unearned Revenue

The Saskatchewan Insurance Act licence fees collected by the Insurance and Real Estate Division are for five-year licences. 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.

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. Currently, FCAA's sole capital asset relates to costs for the Registration and Licensing System (RLS) development. This development is ongoing. Once development has concluded, and on final acceptance of RLS, costs of the information system will be amortized on a straight-line basis over an estimated useful life of 10 years.

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. FCAA has adopted PS 3430 Restructuring Transactions (effective April 1, 2018), a new standard which establishes how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities. The new standard has no significant impact on the financial statements.

3. Financial Instruments

FCAA's financial instruments include due from and dividend payable to the General Revenue Fund, 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 General Revenue Fund (GRF)

FCAA's bank account is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to FCAA is calculated and paid into the account using the Government of Saskatchewan's (the government) 30-day borrowing rate and FCAA's average daily bank account balance. For the year ended March 31, 2019, interest earned totalled \$274,477 (2018 - \$161,574). The government's average 30-day borrowing rate for the year ended March 31, 2019 was 1.539% (2018 - 0.869%).

5. Dividend to General Revenue Fund

FCAA follows a directive from Treasury Board to its predecessor organization, the Saskatchewan Financial Services Commission, to pay any surplus to the GRF as a dividend.

For the year ended March 31, 2019, FCAA has recorded a dividend payable to the GRF of \$20,133,502, consisting of \$19,701,514 relating to the annual operating surplus, and the remaining \$431,988 relating to the opening accumulated surplus.

6. Employee Future Benefits

FCAA's employees participate in the Public Employees Pension Plan (PEPP), a multi-employer defined contribution pension plan. Pension costs of \$373,017 (2018 - \$348,376) are included in salaries and benefits, and comprise the employer contributions for current service of employees during the year. FCAA's liability for PEPP is limited to making its required contributions to the plan.

FCAA provides sick leave benefits for employees. These benefits, if unused, accumulate, but do not vest. 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 FCAA by virtue of common control or shared control by the government, non-Crown corporations, and enterprises (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 FCAA and reflected in these financial statements were paid to the Ministry of Central Services for information technology equipment and support, and other administrative support services, totaling \$418,361 (2018 - \$397,705). These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements reflect the salary costs of FCAA employees and include the costs of employee benefits, including pension costs (Refer to Note 6), incurred for FCAA by the Province of Saskatchewan relating to those employees. FCAA reimburses the Ministry of Finance for these employee benefit costs. For the year ended March 31, 2019, employee benefit costs totalled \$816,093 (2018 - \$762,038).

These financial statements do not reflect the costs incurred by a number of related parties on behalf of FCAA. During the period ended March 31, 2019, FCAA received substantial administrative services from the Ministry of Finance

without charge. In addition, FCAA, by agreement, received substantial services from the Public Service Commission relating to human resource management and payroll processing without charge.

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

8. FCAA's Key Management and Governance Personnel Compensation

Key management of FCAA include the executive director, and the eight (2018 - eight) division/branch 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 FCAA, through oversight, ensuring that management fulfills its responsibilities. Board and Panel Members are compensated solely through meeting per diems and annual retainers.

	2019	2018
Salaries and short term employee benefits	\$1,464,977	\$1,357,915
Post employment benefits (PEPP)	104,918	95,320
Board and Panel Member per diems	48,775	54,948
Board and Panel Member retainers	91,074	93,600
	\$1,709,744	\$1,601,783

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

9. Contractual Obligations

On January 1, 2018, FCAA entered into a contractual obligation for its premises. The current lease expires December 31, 2022. As the annual operating costs and taxes in the current lease change annually, the estimated future minimum lease payments are as follows:

Contractual Obligations	
2019/2020	\$635,531
2020/2021	\$635,531
2021/2022	\$635,531
9 months 2022	\$476,648

Refer also to Note 18 .

10. Tangible Capital Assets

Information Systems Development

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$1,797,439	\$ 1,349,719
Additions	188,762	447,720
Net Book Value, end of year	<u>\$1,986,201</u>	<u>\$1,797,439</u>

Refer also to notes 2 and 18.

11. Segmented Disclosure

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

Year ended March 31, 2019			
<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus (Deficit)</u>
Securities Division	\$21,740,189	\$2,625,839	\$19,114,350
Insurance and Real Estate Division	1,670,859	722,276	948,583
Consumer Protection Division	1,175,464	1,328,577	(153,113)
Pensions Division	630,313	643,861	(13,548)
Consumer Credit Division	2,145,525	590,125	1,555,400
Chair's Office/Administration	277,457	1,161,271	(883,814)
Legal Branch	—	866,344	(866,344)
Totals	<u>\$ 27,639,807</u>	<u>\$7,938,293</u>	<u>\$19,701,514</u>

Year ended March 31, 2018			
<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus (Deficit)</u>
Securities Division	\$24,250,314	\$2,504,415	\$ 21,745,899
Insurance and Real Estate Division	2,625,428	731,514	1,893,914
Consumer Protection Division	1,057,763	1,189,461	(131,698)
Pensions Division	624,821	587,201	37,620
Consumer Credit Division	2,083,872	634,588	1,449,284
Chair's Office/Administration	164,009	1,034,841	(870,832)
Legal Branch	—	999,600	(999,600)
Totals	<u>\$30,806,207</u>	<u>\$7,681,620</u>	<u>\$23,124,587</u>

The expenses incurred by the Chair's Office/Administration and Legal Branch are to support the other operating divisions within FCAA.

Expenses relating to the operations of 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>2019</u>	<u>2018</u>
Securities Division		
· Prospectus Fees	\$12,893,400	\$15,595,700
· Registration Fees	6,245,465	5,992,007
· Exemption Fees	211,608	249,700
· Continuous Disclosure Filing Fees	2,372,250	2,400,600
· Administrative Penalties/ Costs of Investigations	10,000	11,500
· Other	7,466	807
Total	21,740,189	24,250,314
Insurance and Real Estate Division		
· Unlicensed Insurance Fees	1,019,887	1,985,175
· Insurance Company Licences/Other	650,972	640,253
Total	1,670,859	2,625,428
Consumer Protection Division		
· Collection Agents Fees	502,641	497,590
· Motor Dealer Fees	441,130	341,441
· Direct Seller Fees	130,425	123,350
· Other	101,268	95,382
Total	1,175,464	1,057,763
Pensions Division		
· Pension Plan Registration, Annual Fees, and Other	630,313	624,821
Consumer Credit Division		
· Trust and Loan Licences	1,521,600	1,463,767
· Credit Union Deposit Guarantee Corporation Fees	300,000	300,000
· Mortgage Broker Licences	164,650	171,955
· Payday Loan Licence Fees	159,000	148,000
· Other	275	150
· Total	2,145,525	2,083,872
Chair's Office		
· Interest from GRF and Other	277,457	164,009
Total Revenue	\$27,639,807	\$30,806,207

13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	March 31, 2019	March 31, 2018
Saskatchewan Insurance Licence Fees	\$939,769	\$1,056,837
Consumer Credit Licence Fees	46,867	38,483
Consumer Protection Division Licence Fees	1,094,381	1,115,692
Total	\$2,081,017	\$2,211,012

14. Travel

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

15. Contingencies

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

16. Transfers

The Consumer Protection Division provides ongoing operational funding (transfers) to permit certain consumer protection organizations and cemeteries under administration to meet their financial obligations.

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

Transfers provided are as follows:

	2019	2018
Consumer Association of Saskatchewan Inc.	\$25,000	\$25,000
Green Acres Memorial Gardens Ltd.	50,000	20,000
Souris Valley Memorial Gardens Ltd.	25,000	7,500
Sunset Memorial Gardens (1970) Ltd.	50,000	7,500
Total Transfers	\$150,000	\$60,000

17. Budget

The annual budget for FCAA for the year ended March 31, 2019 was approved by Treasury Board.

18. Information System Development

On July 3, 2015, FCAA entered into a contract valued at \$1,395,601 to provide the services necessary for the development, training, system support and other services and performance warranties to upgrade its registration and licensing information technology needs. The original agreement provided for full implementation by August 2017, however, due to impending legislation changes that will impact the project needs, the agreement was amended on September 21, 2017 and RLS is not expected to be fully implemented until October 2019. The agreement further provided for ongoing system support/maintenance charges of \$82,980 for five years after implementation.

Up to March 31, 2019, contract development costs were \$1,259,309, project management costs were \$657,064 and capitalized salaries were \$69,828.

Costs incurred subsequent to July 3rd, 2015 relating to the development of RLS are being capitalized. Costs of \$188,762 have been capitalized during the year ended March 31, 2019 (\$447,720 in 2018). FCAA will begin amortizing the costs of RLS once final acceptance of RLS has occurred. (Notes 2 and 10)

19. Cooperative Capital Markets Regulatory System

On August 26, 2014, Saskatchewan's Minister of Justice and Attorney General signed a Memorandum of Agreement to join the Cooperative Capital Markets Regulatory System (CCMR), bringing Canada a step closer to a national regulator.

The implementation of the CCMR will occur in several phases which will include amending provincial and federal legislation, and establishing a common regulator, the Capital Markets Regulatory Authority (CMRA), for participating jurisdictions that will create important national reforms while still allowing provinces to promote local needs.

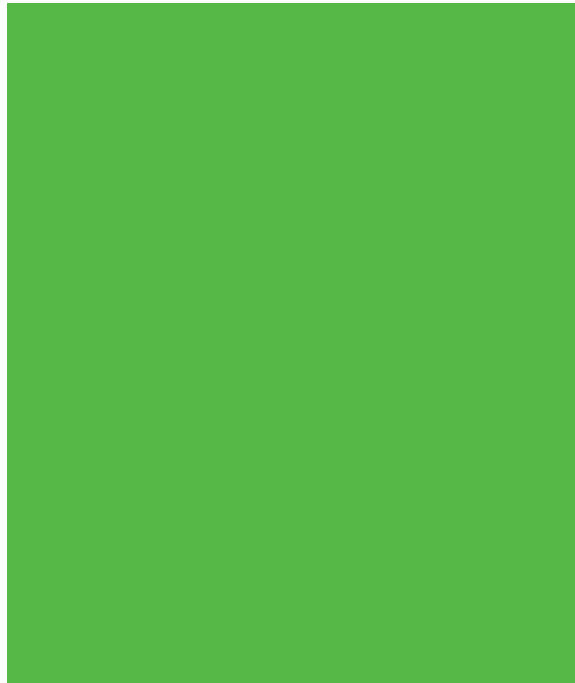
On the operational launch date (yet to be determined) for the CCMR, the Securities Division of FCAA will, by service agreement, begin working on behalf of the CMRA. Under this agreement, revenues collected by the Securities Division will be on behalf of and belong to the CMRA, and certain agreed expenses incurred by the Securities Division will be recoverable from the CMRA. After a period of three years from the launch date, the Securities Division may, by agreement, transfer to and become part of the CMRA.

Refer also to Notes 11 and 12.

20. Subsequent Events

On May 1, 2019, FCAA Securities Division issued a General Order effective December 1, 2018 regarding pricing supplement fees for securities offerings in Saskatchewan filed pursuant to National Instrument 44-102 *Shelf Distributions* (NI 44-102). The change exempts filers from paying certain fees previously charged and implements a fee based on a percentage of gross proceeds realized from the distribution of debt securities offerings in Saskatchewan by issuers using NI 44-102.

It is expected that the changed fee structure will reduce future fee revenue, but a reasonable estimate cannot be made as it depends on variables unknown at this time.



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