

Financial And Consumer Affairs Authority of Saskatchewan



Annual Report 2020/2021



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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, 2021.

A handwritten signature in black ink, appearing to be 'G. Wyant', written in a cursive style.

Gordon Wyant
Minister of Justice and Attorney General



Honourable Gordon Wyant
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, 2021.

A handwritten signature in black ink, appearing to be 'R. Sobotkiewicz', written in a cursive style.

Roger Sobotkiewicz
Chair
Financial and Consumer Affairs
Authority of Saskatchewan



Message from the Chair

As it was for the entire world, the year 2020-21 was the year of the pandemic for the Financial and Consumer Affairs Authority (FCAA). COVID-19 brought a lot of uncertainty into our lives and tested our adaptability and resilience unlike anything we've seen before. The pandemic highlighted the importance of mental health and how change can profoundly impact people's lives. It also thrust upon all organizations the need to be innovative and think outside-the-box. Faced with these imposing challenges, our employees flourished.

Definitions of resilience abound on the internet, but they all include the same core elements: the ability to withstand adversity; being able to regain your shape after being pushed and stretched; elasticity; toughness. I have never witnessed a better example than that of our staff's response to the pandemic. They rose to the challenge and worked together to ensure the core functions of a marketplace regulator – licensing/registration, audits, investigations and enforcement proceedings – continued effectively in the strange new environment created by the pandemic.

Our typical field audit and on-site inspection processes could not be used in circumstances where businesses were closed and face to face gatherings were restricted by public health orders. We modified our processes to allow audits and inspections to proceed while keeping everyone safe. Despite losing several months of audit and inspection time while modifying our processes, we still completed the majority of the audits and inspections originally planned before we knew there would be a pandemic in our backyard.

Many of our investigations and hearings also had to shut down for a few months last spring due to the restrictions on in person gatherings and other pandemic protocols. Our staff implemented a new virtual hearing process so that hearing participants could appear before FCAA hearing panels remotely. Our investigators also transitioned from in-person witness interviews to a virtual format, which often saw them taking on the added responsibility of assisting witnesses with their technology issues. Following the short hiatus to adapt our processes, investigations and hearings resumed and we were even able to reduce backlogs that pre-dated the arrival of the pandemic.

Another area where our employees shone last year was supporting our regulated entities with applications, renewals, filing requirements and compliance obligations. Our regulated entities were as impacted by the pandemic as everyone else. While working from home and without all of the supports they would normally have when working in the office, our employees stepped up and were there to answer questions, deal with problems and find solutions. This past February we conducted our biannual stakeholder survey which provided the truest reflection of our employees' performance in this regard last year. Here is a small sampling of stakeholder comments:

- "Customer Service was excellent."
- "Initially finding the information was a bit of a challenge, as was figuring out which category we fell under. Your live staff were extremely helpful and concise in directing us to the proper channels."
- "Never had an issue. Anytime I call I'm very well looked after; appreciate the good working relationship."
- "Your staff make things easy and are a strong asset."
- "Staff are all great and super helpful when I have questions about licensing and regulation."
- "Always helpful, if I can't find information on website, I can call and get answers over the phone. Very much appreciated."
- "All interaction with the FCAA has been very positive. They are always quick to respond to any questions and assist with any issues."
- "Very pleasant staff and helpful."
- "Staff is very helpful and friendly."
- "The agent that I worked with was extremely helpful."
- "The staff I have dealt with have been outstanding. Well-schooled and very helpful."

Less visible to our stakeholders, many back office processes had to be revamped to ensure our operations continued with minimal disruption. We removed limits on credit card payments to allow all regulated entities to pay fees electronically. New electronic invoicing protocols were put in place to ensure that accounts payable processes were effectively and efficiently managed while working from home.

Perhaps the most important 'behind the scenes' step our staff took last year in response to the pandemic was to change how we supported one another. Working remotely was a new experience for many, so to ensure everyone stayed engaged and connected, staff developed creative solutions, organizing trivia games and implementing an internal monthly newsletter highlighting staff profiles, pictures, contests and mindfulness activities. As in-person town hall staff meetings were no longer allowed, staff adapted and organized virtual all-staff town hall meetings. These events gave everyone an opportunity to connect, learn about corporate updates and formally recognize their peers for outstanding accomplishments. Staff also implemented an employee wellness campaign to help combat the stress and fears that came with the uncertainty of the pandemic. This involved organizing mental health webinars, distributing mental health resources and creating a mental health learning path in the corporate training and development platform.

The results reported on in this Annual Report show that we were able to execute on our mandate without missing a beat during this unprecedented threat to business continuity. It confirms what I have always known about our employees – they are dedicated, resourceful and able to thrive in the face of adversity. They are resilient.

I am pleased to share the FCAA's Annual Report for the fiscal year 2020-2021.

A handwritten signature in black ink, appearing to read 'RKSob', with a stylized flourish extending from the end.

Roger Sobotkiewicz
Chair and CEO

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.

The 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*. 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.

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, the FCAA regulates or oversees all financial services in Saskatchewan including: the credit union system, insurance, pensions, securities and derivatives, trust and loan corporations, 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, and confidence in their government, institutions and the marketplace.

The 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 (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)

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

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 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.

Mary Ann McFadyen

Member

(Appointed June 2009)

Human Resources and Governance
Committee

Adjudicative Committee

Mary Ann 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 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.

Dave Tulloch

Member

(Appointed May 2017)

Finance and Audit Committee

Dave Tulloch works for the Ministries of Justice and Attorney General, and Corrections, Policing and Public Safety as Assistant Deputy Minister responsible for Corporate Services. Prior to joining Justice and Attorney General in 2010, he held senior financial positions in the Ministries of Environment and Education. Through most of his career, Mr. Tulloch has worked in the financial management and administrative functions of the provincial government. He holds a Master of Business Administration degree from the University of Saskatchewan, along with undergraduate degrees from the University of Regina in Business and Economics. Mr. Tulloch is a Chartered Professional Accountant. He joined the board as the Ministry of Justice and Attorney General representative in 2017. Mr. Tulloch also sits on the board of the Credit Union Deposit Guarantee Corporation.

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 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.

Our Divisions

The 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 (4 employees), the Audit and Finance Branch (3 employees), and Corporate Services Branch, which includes Communications (7 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

(10 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

(4 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.

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 IIROC and MFDA; and,
- participating in policy development on a national basis.



Holly Ballan, Director
Pensions Division

How We Work

Licensing and
Registration

Review, Audit and
Compliance

Market Conduct
and Complaint
Handling

Enforcement

Here at the 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.



Cory Peters, Executive Director
Consumer Credit Division



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 Financial Planners and Financial Advisors Act
The Financial Planners and Financial Advisors Regulations
The Funeral and Cremation Services Act
The Funeral and Cremation Services Regulations

The Insurance Act
The Insurance Regulations
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 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

COVID-19 Pandemic Response

COVID-19 significantly changed our operational priorities this past year. As the economy shifted overnight and caused extreme uncertainty, we implemented special measures to ensure stability in the marketplace and to protect consumers, investors, and pension plan members.

Pandemic Response Plan

We developed and implemented the FCAA's Pandemic Response Plan. This allowed staff to seamlessly transition from the office to working from home while continuing to perform regulatory functions including licensing and registration, audits and compliance, market conduct and complaint handling as well as enforcement.

Virtual Hearings

As the pandemic made it impossible to meet in-person, we developed written procedures and implemented virtual hearings this past year. We researched virtual hearing processes and procedures of other administrative tribunals and then established procedures that incorporated applicable Government of Saskatchewan's health and safety guidelines. All hearing participants including decision makers, legal counsel, respondents, witnesses, and observers can now participate virtually.

Electronic Meetings and Votes

Together with the Ministry of Justice and Attorney General we developed legislative amendments so that, if implemented, credit unions can host electronic meetings and vote electronically, unless their bylaws prohibit the activities.

Licensing/Registration Fees

To make payment options easier for licensees, businesses and pension plans, we temporarily removed the previous \$2,500 maximum credit card payment limit to allow all amounts to be paid by credit card.

Annual General Meeting Extensions

To provide credit unions with additional flexibility when holding their annual meetings, we approved a timeframe extension for seven credit unions.

Price Gouging

We received information that led us to believe price gouging activity may have been occurring in the marketplace so we informed Saskatchewan businesses and consumers that grossly excessive pricing of products or services during a period of crisis is not permitted. We received a total of 175 inquiries, tips and complaints from consumers. The tips and complaints were either found to be unsubstantiated or were resolved through voluntary compliance and education. No formal enforcement action was required.

Filing Extensions

As pension plans needed to deal with emerging operational issues, the Superintendent of Pensions extended the Annual Information Return (AIR) filing deadline and the Annual Statements deadline by three months.

Transfers and Payments from Defined Benefit Plans

Due to declines in the funded position of defined benefit plans and the decrease in interest rates, we amended *The Pension Benefits Amendment Regulations, 2020* to freeze the transfers and payments out of defined benefit pension plans so the funds would not become insolvent. Plan administrators had to obtain consent from the Superintendent of Pensions before making most transfers out of defined benefit plans. The restrictions were modified in March 2021.

Continuous Disclosure Obligations and Considerations for Issuers

In conjunction with our Canadian Securities Administrators (CSA) counterparts, we published a presentation outlining considerations for discussing the effects of the COVID-19 pandemic when applying existing disclosure requirements.

Contribution Suspensions for Defined Contribution Plans

The Superintendent of Pensions provided notice that a pension plan administrator may file an amendment to temporarily suspend employer and employee contributions provided certain conditions and circumstances were met. This suspension assisted members and employers who were financially impacted by the pandemic.

Relief for Securities Industry

To provide relief to the investment industry we, together with other Canadian securities regulators, provided temporary filing relief. We extended consultation periods and pushed back the implementation date of new rules so registrants could have additional time to make the necessary changes to their business operations.

Investor Protection

Together, with our CSA colleagues, we regularly issued alerts warning investors of the latest frauds in the marketplace. We implemented key investor-focused policy initiatives, including the Client Focused Reforms and we continued work on a proposed regulatory framework to enhance protection of older and vulnerable clients.

Long Term Impact of COVID-19 on FCAA Operations

The pandemic generated many new innovative processes, procedures and tools that we will continue to use beyond the pandemic. We implemented virtual hearings, audits and investigations. We adopted new electronic invoicing protocols and we developed creative solutions to complex issues. We also invested in the wellbeing of staff by offering counselling, organizing mental health webinars and creating a mental health learning path in the corporate training and development platform.

2020 – 2021 Accomplishments

The 2018-2021 strategic plan outlines our goals during that period, and our 2020-2021 accomplishments are categorized by those goals.

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

The Insurance Act and The Insurance Regulations

We completed the policy research regarding approaches to employee benefit plans and we continue to research policy approaches to trading in life insurance policies. By thoroughly researching approaches, it ensures effective and responsive policy recommendations are brought forward.

The Credit Union Amendment Act, 2020

After consultations with the credit union system, we, along with the Ministry of Justice and Attorney General, developed legislation that outlines ownership of the Credit Union Deposit Guarantee Corporation (CUDGC) fund and allows all credit unions to have electronic meetings and electronic voting, unless their bylaws prohibit the activities. These changes address the changing landscape of the credit union system.

Trailing Commission Ban

We adopted final rules to implement an order-execution-only (OEO) trailing commission ban that will prohibit the payment of trailing commissions by fund organizations to dealers who do not make a suitability determination. The rules will take effect June 2022, giving dealer firms and representatives time to transition their systems and processes to comply with these new rules.

Goal 2: Administer the rules in Saskatchewan's marketplace.

Cybersecurity Expectations

We developed and distributed cybersecurity guidance and resources to prudentially regulated entities. The guidance outlines procedures and controls that should be developed and implemented at an organizational level. As cyber-attacks are becoming more prevalent, these tools will help entities mitigate the growing risk.

Crisis Management Frameworks for Prudential Program Areas

We developed a crisis management framework project charter and project plan to ensure provincial insurers, provincial deposit taking institutions, and defined benefit pension plans are prepared in the event of a financial crisis. We also researched existing crisis management models and approaches to determine best practices. The frameworks will focus on four key areas: risk identification, assessment and monitoring; crisis management planning; crisis management capabilities and supports; and operational readiness.

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

Consumer and Investor Education

We executed three public education campaigns and 12 alerts, educating consumers and investors on gift cards, proactive investing and senior financial abuse. We also warned residents about unlicensed entities trading and selling securities in the province.

Financial Literacy Webinar for Students

We hosted a financial literacy webinar for University of Regina students. The presentation focused on different types of credit, gym memberships, warranties, auto insurance, negative equity and what to know when purchasing a vehicle from an unlicensed dealer.

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

Corporate Learning Plan

We finalized the Corporate Learning Plan which encompasses occupation-specific learning paths, orientation and onboarding, skills development training, employee support resources, and leadership development courses. The plan was embedded into the FCAA's learning platform, LinkedIn Learning, so FCAA employees could have access to all the training and development materials. This plan was essential as learning and development opportunities enhance employee skillsets and improve morale.

Data and Records Management

We developed policies and processes that comply with the Administrative Records Management System (ARMS) and we continued to develop the Operational Records System (ORS). A file management policy was also drafted which outlines the transfer of records from paper to electronic format. These corporate wide processes will ensure data and records are managed and stored in a consistent manner.

Saskatchewan Real Estate Commission (SREC) Oversight Framework

We participated in SREC's governance review which included an initial analysis of the FCAA's oversight framework. Reviewing the framework will minimize gaps and address reporting requirements.

CUDGC Oversight Framework

We completed the review of the Memorandum of Understanding between CUDGC and the FCAA. By formalizing roles and responsibilities for organizations under the FCAA's oversight, we are enhancing public confidence in the credit union system.

Other major projects from Operational Plans.

New Multilateral Pension Plan Agreement

Saskatchewan signed the 2020 Multilateral Pension Plan Agreement, joining six other provinces and the Government of Canada. The new agreement harmonizes pension regulation across Canada, establishes a clear legal framework for the administration and regulation of multi-jurisdictional plans, protects member entitlements and eases regulatory burden for pension plans in Canada.

Securities Industry Self-Regulatory Organization (SRO)

In conjunction with our CSA counterparts, we published a consultation paper on a new Securities industry SRO framework. By seeking feedback from industry, associations, lobby groups and investors, we will gain insights that will inform the new system.

Vehicle Dealer Regulatory Regime

To strengthen consumer confidence and ensure a fair and robust marketplace we implemented a new policy and procedure manual for inspections and began formally monitoring the completion of vehicle dealer inspections compared to inspection plans. Work continues on enforcement activity analysis and the formal documentation of a risk-informed inspection plan. These changes are consistent with recommendations made by the Provincial Auditor. The Provincial Auditor concluded the FCAA's overall strategy to regulate vehicle dealers is consistent with good practice, and it is appropriately licensing vehicle dealers and investigating consumer complaints.

Financial Planners and Financial Advisors Legislation

We began drafting Regulations for *The Financial Planners and Financial Advisors Act*, which was proclaimed in 2020. The new regulations will define the titles and outline credential requirements. This legislation will provide clarity and help consumers make informed decisions.

At-the-Market (ATM) Distribution Prospectus Requirements

Together with our CSA counterparts, we implemented amendments to allow reporting issuers to conduct ATM distributions of equity securities through the base shelf prospectus regime. The amendments reduce regulatory burden as it codifies exemptive relief that was historically granted to allow issuers to conduct ATM distributions.

Online Dispute Resolution System for Consumer Complaints

We worked with the Ministry of Justice and Attorney General on the development of a new Online Dispute Resolution (ODR) system for consumer complaints. We will be transforming the consumer dispute resolution process to make it more effective, simpler and faster for consumers and businesses. The new system will help consumers and businesses understand their rights, responsibilities and obligations while reducing barriers and increasing access to justice.

Unlicensed Vehicle Dealers (Curbers)

To protect consumers from unethical individuals, we issued 40 cease and desist letters to curbers, individuals who were selling vehicles without a license. We also had an arrest warrant issued for a curber. That individual was charged with 22 counts for various offences relating to allegations that he was operating as an unlicensed vehicle dealer contrary to *The Consumer Protection and Business Practices Act*. He was fined more than \$17,000 and was ordered to pay nearly \$7,000 in restitution to one of his victims.

Self-Certified Prospectus Exemption

In collaboration with the Alberta Securities Commission (ASC), we extended the accredited investor exemption to investors who meet specific proficiency requirements. This exemption gives investors access to more investment opportunities and it allows small businesses to seek capital from a larger group of people.

National Instrument 21-101 Marketplace Operation

Together with other Canadian securities regulators we amended National Instrument 21-101. We removed burdensome and duplicative reporting requirement in order to streamline marketplace reporting requirements.

Client Relationship Model (CRM2) and Point of Sales (POS) Research

Together with our CSA colleagues, we published the CSA Summary Report 2016-2019 Investor Research Findings on the Impact of CRM2 and POS on Investor Knowledge, Attitudes and Behaviour. The series of surveys measured the impact of new requirements on investors and industry. The data and analysis will be used to inform future policy decisions and educational marketing campaigns.

Continuous Disclosure Requirements related to Business Acquisition Reports

Together with other CSA colleagues we amended continuous disclosure requirements to reduce regulatory burden when a reporting issuer files a business acquisition report.

Woman on Boards

Together with other Canadian securities regulators we published the sixth review of the public disclosure of women on boards and in executive officer positions. The report highlights key trends and acts as a tool for investors who take gender diversity into account when making investment decisions.

Crypto Asset Trading Platforms

Together with other CSA members and the Investment Industry Regulatory Organization of Canada (IIROC) we continued to work on the regulation of crypto assets trading and crypto asset trading platforms. We released the Joint Canadian Securities Administrators/IIROC Staff Notice 21-329 Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements which sets out regulatory expectations for these entities. Regulation of this emerging area is imperative as it ensures capital markets function properly and investors are protected while at the same time recognizing that capital markets are digitizing and innovating.

New Small Business Financing Prospectus Exemption

Together with the ASC, we drafted a financing prospectus exemption for small businesses. The new exemption would allow Alberta and Saskatchewan businesses to raise up to \$5 million from investors who do not qualify to invest under other exemptions. Small businesses and start-ups will now have greater access to capital and investors greater access to investment.

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%	79% Employee Engagement
Learning and Training Opportunities	Employee survey Employee reporting	We want to ensure we maintain an appropriately trained workforce	80% Employee Participation	93% of Employees
Variance from Operational Budget	2021 Financial Statements	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	5.8% over budget

Measure	Data	2020-21	Target	Performance
Client Service Standards	Consumer Credit: Number of licensing applications reviewed	93	Review an application for licensing and issue a licence or an initial comment letter within 15 business days	100%
	Insurance and Real Estate: Number of licensing applications reviewed	0	Review an application for licensing and issue a licence or an initial comment letter within 30 business days	100%
	Pensions : Number of Applications for Plan Registration	8	Review an application for plan registration and approve or provide an initial comment letter within 45 business days	100%
	Securities: Registration submissions reviewed	4,391	Respond to individual registrant submission within 10 business days	96%
	Long form prospectuses reviewed	3	Provide comments on long form prospectuses within 10 business days	100%
	Short form prospectuses reviewed	1	Provide comments on short form prospectuses within three business days	100%
	Consumer Protection: Number of telephone inquiries	6,141	Respond to 95% of callers within 2 business days.	100%
	Number of licensing applications reviewed	1,434	Review an application for licensing and issue a licence or an initial comment letter within 15 business days	99%

Division Statistics

CONSUMER CREDIT DIVISION STATISTICS		
ACTIVITY	2020-21	2019-20
Licences/Registrations in Force:		
· Financing Corporations	168	161
· Trust Corporations	45	42
· Loan Corporations	7	7
· Loan Brokers	7	8
· Mortgage Brokerages	47	43
· Mortgage Brokers	107	99
· Mortgage Associates	242	209
· Mortgage Administrators	1	1
· Payday Lenders	48	52
· Credit Unions	36	40
Complaints and Investigations	11	6
Enforcement Actions	0	0

CONSUMER PROTECTION DIVISION STATISTICS		
ACTIVITY	2020-21	2019-20
Licences/Registrations in Force:		
· Auction Sales Companies	78	75
· Auctioneers	56	67
· Cemeteries	486	483
· Charitable Fundraising Businesses	5	5
· Collection Agencies	86	87
· Collection Agents	3,335	3,031
· Credit Reporting Agencies	17	14
· Direct Sellers Vendors	146	175
· Direct Sellers Salespersons	215	311
· Film and/or Video Exhibitor, Distributor or Retailer	231	234
· Vehicle Dealers	846	829
Complaints and Investigations	308	249
Enforcement Actions	40	49

INSURANCE AND REAL ESTATE DIVISION STATISTICS		
ACTIVITY	2020-21	2019-20
Licence/Registrations in Force		
· Life Insurers	67	66
· Property and Casualty Insurers	150	153
· Special Broker Endorsement	5	N/A*
Complaints and Investigations	18	14
Enforcement Actions	0	0

* These statistics were not tracked in 2019-20.

PENSIONS DIVISION STATISTICS		
ACTIVITY	2020-21	2019-20
Number of Plans Supervised	540	530
Number of Members in Plans Supervised	191,700	187,634
Complaints and Investigations	3	7
Enforcement Actions	0	0

SECURITIES DIVISION STATISTICS		
ACTIVITY	2020-21	2019-20
Registrations in Force:*		
· Investment Dealers	117	116
· Investment Dealer Representatives	7,257	7,010
· Mutual Fund Dealers	57	60
· Mutual Fund Dealer Representatives	4,673	4,494
· Exempt Market Dealers	289	283
· Exempt Market Dealer Representatives	1,994	1,960
· Scholarship Plan Dealers	4	4
· Scholarship Plan Dealer Representatives	81	94
· Restricted Dealers	5	4
· Restricted Dealer Representatives	9	8
· Portfolio Managers	258	252
· Advising Representatives	1,860	1,789
· Associate Advising Representatives	326	319
· Restricted Portfolio Managers	5	5
· Advising Representatives	17	17
· Associate Advising Representatives	3	2
· Investment Fund Managers	40	40
Receipts for Prospectuses	912	675
Reporting Issuers in Saskatchewan	6,258	6,043
Complaints and Investigations	77	65
Enforcement Actions	14	20

* Some firms and individuals are registered in multiple categories.

COMMUNICATION STATISTICS		
ACTIVITY	2020-21	2019-20
Public Education Campaigns	3	13
Consumer/Investor Alerts	12	11
Facebook Reach	515,056	385,309
Twitter Reach	150,829	53,107
Website visitors	70,833	81,937



Clarence Yam, Executive Director
Corporate Services Branch



Financial Statements

Management's Responsibility for Financial Statements

Financial and Consumer Affairs Authority of Saskatchewan

Report of Management for the Year Ended March 31, 2021

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.

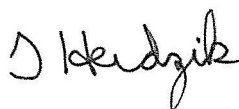
Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to 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 Executive Director
July 8, 2021



Tony Herdzik CPA CA
Chief Financial Officer and Executive Director, Audit and Finance Branch
July 8, 2021

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, 2021, 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, 2021, 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 2020/21, 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.



PROVINCIAL AUDITOR
of Saskatchewan

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 8, 2021

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

Statement 1

The FCAA Statement of Financial Position as at March 31

	2021	2020
Financial Assets		
Cash	\$ 3,089	\$ 5,239
Due from General Revenue Fund (Note 4)	19,372,253	18,867,391
Accounts receivable	3,464	107,312
Total financial assets	19,378,806	18,979,942
Liabilities		
Accounts payable and accrued liabilities	867,359	951,204
Dividend payable to General Revenue Fund (Note 5)	19,487,574	18,771,580
Unearned revenue (Notes 2 and 13)	1,209,894	1,718,996
Total liabilities	21,564,827	21,441,780
Net Debt (Statement 3)	(2,186,021)	(2,461,838)
Non-Financial Assets		
Tangible Capital Assets (Notes 2, 10 and 18)	2,143,008	2,410,884
Prepaid expenses	43,048	50,954
Total Non-Financial Assets	2,186,056	2,461,838
Accumulated Surplus (Statement 2)	\$ 35	\$ -

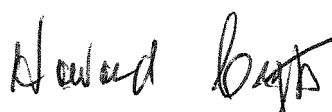
Contractual Obligations (Note 9) and Contingencies (Note 15)

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD



Chairperson



Chairperson, Finance and Audit Committee

Statement 2

The FCAA Statement of Operations for the Year Ended March 31

	Annual Budget 2021	Actual 2021	Actual 2020
	(Note 17)		
Revenue			
Revenue (Notes 2 and 12)	\$16,351,000	\$28,488,749	\$27,263,999
Expenses			
Salaries and benefits	6,260,000	6,617,914	6,179,621
Travel (Note 14)	65,000	3,069	65,535
Contract services	919,000	871,656	817,140
Communications	22,000	20,104	33,245
Rent, supplies and services	1,079,000	1,053,373	988,202
Minor asset purchases	10,000	17,148	10,800
Operational funding and transfers (Note 16)	150,000	150,000	130,000
Amortization (Notes 2, 10 and 18)	-	267,876	267,876
Total expenses	8,505,000	9,001,140	8,492,419
Annual Surplus (Note 11)	7,846,000	19,487,609	18,771,580
Accumulated Surplus, beginning of year	\$ -	\$ -	\$ -
Less:			
Dividend to General Revenue Fund (Note 5)	(7,846,000)	(19,487,574)	(18,771,580)
Accumulated Surplus, end of year (Statement 1)	\$ -	\$ 35	\$ -

(See accompanying notes to the financial statements)

Statement 3

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

	2021	2020
Annual Surplus (Statement 2)	\$ 19,487,609	\$ 18,771,580
Acquisition of tangible capital assets (Notes 10 and 18)	0	(692,559)
Decrease in prepaid expense	7,906	9,254
Amortization of tangible capital assets	267,876	267,876
Dividend to the General Revenue Fund (Note 5)	(19,487,574)	(18,771,580)
Decrease (increase) in net debt	275,817	(415,429)
Net debt, beginning of year	(2,461,838)	(2,046,409)
Net debt, end of year (Statement 1)	\$ (2,186,021)	\$ (2,461,838)

(See accompanying notes to the financial statements)

Statement 4

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

	2021	2020
Cash Flows from Operating Activities		
Annual Surplus (Statement 2)	\$ 19,487,609	\$ 18,771,580
Items not involving cash		
· Amortization of tangible capital assets	267,876	267,876
Changes in non-cash working capital		
· Accounts receivable	103,848	(35,414)
· Prepaid expenses	7,906	9,254
· Accounts payable and accrued liabilities	(83,845)	141,381
· Unearned revenue	(509,102)	(362,021)
Cash provided by operating activities	19,274,292	18,792,656
Cash Flows Used in Financing Activities		
Dividend to the General Revenue Fund	(18,771,580)	(20,133,502)
Cash Flows Used in Capital Activities		
Information System Development (Notes 10 and 18)	-	(692,559)
Net Increase (Decrease) in Cash	502,712	(2,033,405)
Cash and cash equivalents, beginning of year	18,872,630	20,906,035
Cash and cash equivalents, end of year	19,375,342	18,872,630
Cash and cash equivalents consists of:		
Cash	3,089	5,239
Due from General Revenue Fund	19,372,253	18,867,391
	\$ 19,375,342	\$ 18,872,630

(See accompanying notes to the financial statements)

The FCAA Notes to the Financial Statements for the Year Ended March 31, 2021

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 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, 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.

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) 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, 2021, administration fees charged by IIROC totalled \$130,683 (2020 - \$131,623).

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 to be accounted for 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.

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's sole tangible capital asset relates to costs for the Registration and Licensing System (RLS) development. RLS was fully functional across the various divisions of the FCAA effective the year ended March 31, 2020. 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 18.

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.

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, 2021, interest earned totalled \$27,639 (2020 - \$222,401). The government's average 30-day borrowing rate for the year ended March 31, 2021 was 0.189% (2020 - 1.719%).

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, 2021, the FCAA has recorded a dividend payable to the GRF of \$19,487,574 (2020 - \$18,771,580).

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 \$467,799 (2020 - \$403,163) 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 (formerly the Ministry of Central Services) for information technology equipment and support, and other administrative support services, totaling \$430,808 (2020 - \$425,841). 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, 2021, employee benefit costs totalled \$953,395 (2020 - \$872,843).

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, 2021, 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 (2020 - 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 solely through meeting per diems and annual retainers.

	<u>2021</u>	<u>2020</u>
Salaries and short term employee benefits	\$1,819,423	\$1,737,801
Post employment benefits (PEPP)	142,791	121,989
Board and Panel Member per diems	74,375	55,700
Board and Panel Member retainers	80,600	80,600
	\$2,117,189	\$1,996,090

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 premise. 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	
2021/2022	\$582,767
9 months 2022	\$437,075

Refer also to Note 18 .

10. Tangible Capital Assets

RLS Development

	2021	2020
Cost Balance, beginning of year	\$2,678,760	\$1,986,201
Additions	-	692,559
Total Cost, end of year	2,678,760	2,678,760
Accumulated Amortization, beginning of the year	(267,876)	-
Amortization, current year	(267,876)	(267,876)
Accumulated Amortization, end of year	(535,752)	(267,876)
Net Book Value, end of year	\$2,143,008	\$2,410,884

Refer also to Notes 2 and 18.

11. Segmented Disclosure

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

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 and Real Estate Division	2,873,670	494,779	2,378,891
Consumer Credit Division	2,214,742	508,841	1,705,905
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	\$ 28,488,749	\$9,001,140	\$19,487,609

Year ended March 31, 2020			
<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus (Deficit)</u>
Securities Division	\$20,363,642	\$2,634,371	\$ 17,729,271
Insurance and Real Estate Division	2,348,544	471,749	1,876,795
Consumer Credit Division	2,094,414	513,602	1,580,812
Pensions Division	1,057,762	586,946	470,816
Consumer Protection Division	1,174,250	1,348,225	(173,975)
Corporate Services Branch	225,387	1,722,390	(1,497,003)
Legal Branch	-	745,259	(745,259)
Audit and Finance Branch	-	469,877	(469,877)
Totals	\$ 27,263,999	\$8,492,419	\$18,771,580

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>2021</u>	<u>2020</u>
Securities Division		
· Prospectus Fees	\$12,017,898	\$11,386,952
· Registration Fees	6,311,785	6,210,058
· Continuous Disclosure Filing Fees	2,558,350	2,514,050
· Exemption Fees	222,840	216,560
· Administrative Penalties/ Costs of Investigations	44,486	35,784
· Other	386	238
Total	21,155,745	20,363,642
Insurance and Real Estate Division		
· Unlicensed Insurance Fees	1,804,544	1,670,655
· Insurance Company Licences/Other	1,069,126	677,889
Total	2,873,670	2,348,544
Consumer Credit Division		
· Trust and Loan Licence	1,575,392	1,468,142
· Credit Union Deposit Guarantee Corporation Fees	300,000	300,000
· Mortgage Broker Licences	192,350	171,780
· Payday Loan Licence Fees	147,000	153,000
· Other	-	1,492
Total	2,214,742	2,094,414
Consumer Protection Division		
· Motor Dealer Fees	500,000	464,540
· Collection Agents Fees	445,821	462,261
· Direct Seller Fees	98,300	124,750
· Other	83,337	122,699
· Total	1,127,458	1,174,250
Pensions Division		
· Pension Plan Registration, Annual Fees, and Other	1,089,460	1,057,762
Corporate Services Branch		
· Interest from GRF and Other	27,674	225,387
Total Revenue	\$28,488,749	\$27,263,999

13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	2021	2020
Consumer Protection Division Licence Fees	\$856,180	\$ 966,911
Saskatchewan Insurance Licence Fees	339,240	735,485
Consumer Credit Licence Fees	14,474	16,600
Total	\$1,209,894	\$1,718,996

14. Travel

The FCAA is an active member of a number of financial regulatory organizations that are comprised of similar provincial and territorial regulators from across Canada. The 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. 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.

15. Contingencies

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

16. 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 transfers to permit certain consumer protection organizations to meet their 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:

	2021	2020
Souris Valley Memorial Gardens Ltd.	\$50,000	\$30,000
Green Acres Memorial Gardens Ltd.	43,000	50,000
Sunset Memorial Gardens (1970) Ltd.	32,000	25,000
	125,000	105,000
Consumer Association of Saskatchewan Inc.	25,000	25,000
Totals	\$150,000	\$130,000

17. Budget

The annual budget for the FCAA for the year ended March 31, 2021 was approved by Treasury Board.

18. Information System Development

On July 3, 2015, the 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. RLS was substantially completed as at March 31, 2020. The agreement further provided for ongoing system support/maintenance charges of \$82,980 for five years after implementation.

As at March 31, 2021, total RLS development costs include contract development costs of \$1,736,266, project management costs of \$766,334 and capitalized salaries of \$176,160.

Costs incurred subsequent to July 3rd, 2015 relating to the development of RLS were capitalized. Due to RLS development being substantially completed in the prior fiscal year, there were no capitalized RLS costs during the year ended March 31, 2021 (\$692,559 in 2020). The FCAA began amortizing the costs of RLS development in fiscal 2020 since RLS was substantially completed. (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 the 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.

On April 1, 2021 it was announced that effective March 31, 2021, most work on this project would be paused while governments take action on the pandemic, prepare for economic recovery and implement reforms to provincial securities legislation. The work done to date will be preserved for future use.

Refer also to Notes 11 and 12.

20. Impact of COVID-19

The COVID-19 pandemic is complex and rapidly evolving. It has caused material challenges to businesses and has resulted in an economic slowdown. The FCAA continues to assess and monitor the impact of COVID-19 on its financial condition. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential impact on the FCAA's future financial position and operations. For the year ended March 31, 2021, the impact of COVID-19 on the FCAA's financial condition was minimal.



**Financial and
Consumer
Affairs Authority** 

Suite 601 -
1919 Saskatchewan Drive
Regina, SK S4P 4H2
Tel: 306.787.5645
Fax: 306.787.5899
www.fcaa.gov.sk.ca