

Financial And Consumer Affairs Authority of Saskatchewan



Annual Report 2019/2020



Financial and
Consumer
Affairs Authority



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Letters of Transmittal



Office of the Lieutenant Governor of Saskatchewan

As the Minister responsible for the Financial and Consumer Affairs Authority of Saskatchewan, I respectfully submit the annual report for the year ending March 31, 2020.

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 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, 2020.

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

Roger Sobotkiewicz
Chair
Financial and Consumer Affairs
Authority of Saskatchewan

Message from the Chair

As the financial and consumer marketplace regulator for the Province, we must understand and be responsive to the needs of those that participate in the marketplace: consumers and investors and the businesses that provide them with goods and services. With the COVID-19 pandemic sweeping the globe this year it was imperative that we supported industry with relief measures and closely monitored the marketplace to ensure consumers and investors were protected. This year's annual report highlights the various actions the FCAA took to support the marketplace and the economy in the face of these challenging times.

The pandemic impacted every aspect of our operations. With staff safety and well-being top of mind, we moved to a work-from-home structure for all of our staff and continued to offer services and perform core functions remotely.

We reaped huge dividends this spring when we completed full implementation of our online Registration and Licensing System (RLS). An unplanned benefit of having this new licensing platform in place was that it immediately provided all of our licensing and registration staff the ability to continue their work remotely. This translated into minimal disruption of service for our licensees and registrants when we were forced out of the office and into our homes by the pandemic.

As the economic down-turn progressed, we knew that industry was struggling and needed regulatory relief. Together with other Canadian securities regulators, we adjusted regulatory expectations for capital market participants and provided temporary relief for some filings. We extended consultation periods and pushed back the implementation date of new client-registrant relationship rules so registrants could have an additional six months to make the necessary changes to their business.

To assist pension plans registered in Saskatchewan, we extended certain filing and disclosure deadlines to give plans the flexibility to focus on critical activities. We also advised defined contribution pension plan administrators that their plans could be amended to suspend contributions.

We extended the deadline for credit unions to hold their Annual General Meetings (AGMs). Typically, AGMs must occur no later than four months after the end of the financial year. We pushed the deadline back several months to allow credit unions time to develop approaches to carry out this key governance mechanism while meeting social distancing requirements and keeping their staff and membership safe.

Responsiveness to industry also meant delaying some policy projects while continuing to advance others. In conjunction with the Saskatchewan Real Estate Commission and the Saskatchewan Realtors Association we made amendments to The Real Estate Act and The Real Estate Regulations to remove the witness requirement when using electronic signature software. We developed financial planner and financial advisor title protection legislation that was introduced as Bill 203 in the Legislative Assembly in the fall. Regulating the use of the titles "financial planner" and "financial advisor" was sought by industry as it will ensure that only qualified individuals who have the necessary proficiency can use the titles and provides clarity for investors who are seeking financial advice.

As we supported industry to strengthen the economy, we were also attentive to the needs of consumers, investors and pension plan members. We know financial literacy is the bedrock of informed financial decision-making, which is why we undertook two province-wide financial literacy education campaigns this year. The first campaign focused on providing Canadian newcomers with information on how to navigate Saskatchewan's marketplace. We distributed information about returns and exchanges, gift cards, door-to-door sellers and credit reports to newcomer centres across the province. The second campaign targeted post-secondary students and outlined important credit card information such as PIN security, minimum payments and cash advances. As the FCAA believes it is never too early to start teaching students about finances, we collaborated with the Ministry of Education to review and provide feedback on the new high school financial literacy curriculum.

In this report you will see many more accomplishments worthy of recognition. The fact that the last few months of the year saw the FCAA preoccupied with preparing for and girding against the pandemic makes me appreciate the accomplishments that much more. I am proud of the resiliency shown by the FCAA in the face of the pandemic. Everything we were able to achieve during the year, including fully adapting our workforce to remote operations in just a few weeks, would not have been possible without the dedicated and hard-working employees who drive the organization forward. It is when times are toughest that FCAA employees show their true mettle and I am reminded of the amazing things that passionate public servants can accomplish. I am fortunate to be a part of this organization.

I'm pleased to present to you this report documenting the FCAA's accomplishments.

A handwritten signature in black ink, appearing to read 'R. Sobotkiewicz', with a stylized flourish at 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 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 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 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 Mr. Tulloch 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 Mr. Tulloch has worked within the financial management functions of the provincial government. Mr. Tulloch 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.

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

(12 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.



Curtis Brezinski, Compliance Auditor, Securities.

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.



Lisa Liesch, Audit Manager, Audit and Finance Branch.

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 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

2019 – 2020 Accomplishments

The 2018-2021 strategic plan outlines our goals during that period, and our 2019-2020 accomplishments are categorized by those goals.

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

The Insurance Regulations

We finalized amendments to *The Insurance Regulations*, introduced new market conduct measures, and developed guidelines and documents to help insurers with the transition. We also worked with the Insurance Councils of Saskatchewan to revise their bylaws. By modernizing insurance laws in Saskatchewan we are responding to technological and social shifts as well as consumers interests.

Insolvent Commercial Cemeteries

We continued our analysis of the options and the development of recommendations regarding the regulation of commercial cemeteries in Saskatchewan. The initiative will enhance the regulatory framework and address issues regarding insolvent commercial cemeteries.

Cooperative Capital Markets Regulatory System

We continued working on draft legislation and regulations for the Cooperative Capital Markets Regulatory System. The new system will modernize Canada's capital markets and enhance investor protection.

Enforcement Powers in Consumer Protection and Pension Legislation

We reviewed best practices and approaches taken by regulators in other jurisdictions and began our assessment of the components of a comprehensive and effective framework for the enforcement of consumer protection and pension legislation. Updating the enforcement powers in *The Consumer Protection and Business Practices Act* and *The Pension Benefits Act, 1992* will promote compliance and provide for more responsive and cost effective enforcement of the legislation.

Client-Focused Reforms

We made changes to the registrant conduct requirements to better align the interests of securities advisers, dealers and representatives with their clients. The changes address conflict-of-interest, suitability, know-your-client and disclosure requirements. We are working with industry to implement the new requirements.

Deferred Sales Charges

After extensive consultation with industry and investor advocate groups, we, along with other Canadian securities regulators, banned the deferred sales charge payment option for mutual funds. The ban mitigates potential investor harm due to conflicts of interest and lock-in features. The rule will take effect in June 2022.

Direct Sellers Regulations

We reviewed and continued development of the Direct Sellers framework to ensure it supports fair trading in goods and services when transactions are conducted at a consumer's home.

Saskatchewan Real Estate Laws

Through consultation with the Saskatchewan Real Estate Commission and the Saskatchewan Realtors Association, we developed regulations and changed bylaws to strengthen fines and penalties for agents who breach the law. We also made transactions easier for consumers by allowing modern technology to be used and waiving witness requirements when using electronic signatures.

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

Emergency Lending Assistance (ELA)

Together with CUDGC, we continued to discuss ELA with the Bank of Canada so that Saskatchewan credit unions can have access to additional funding if they are faced with an unexpected and severe liquidity crisis.

Cybersecurity Best Practices

Through consultation with other regulators and stakeholder groups, we drafted a set of comprehensive, industry-wide cybersecurity best practices that prudentially regulated businesses should incorporate into their cybersecurity programs. These guidelines will help ensure that risks are mitigated and stakeholder information is safeguarded.

Trust and Loan Corporations Regulatory Framework

We conducted a preliminary review of the regulatory framework that oversees provincial trust and loan companies to determine if changes are required. The review compared regulatory frameworks of the FCAA, the Office of the Superintendent of Financial Institutions (OSFI), the regulator of Canadian banks, and CUDGC, the regulator and deposit insurer of Saskatchewan credit unions.

As consumers give their money to deposit-taking institutions, we need to ensure that the framework is modern and includes enhanced standards that safeguard consumer's money.

Group Clearing Joint Venture

We completed the monitoring of enhancements to the clearing and settlement process used by the Canadian credit union group clearing joint venture. Banks and credit unions use the settlement process to transfer cheques, email money transfers, and electronic fund transfers between financial institutions. We monitored the enhancements to ensure risks to Saskatchewan credit unions were mitigated.

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

Consumer and Investor Education

We executed 13 public education campaigns and 11 alerts, educating consumers and investors on basic and extended auto insurance, warranties, negative equity, driveway repair scams, gym contracts, and student credit cards.

Canadian Newcomer Financial Literacy

We developed a public education campaign to promote financial literacy to Canadian newcomers. We created postcards with information about gift cards, returns and exchanges, door-to-door sellers and credit reports, and distributed them to newcomer centers across the province. We also shared the information on social media and posted information on our website.

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

Corporate Learning Plan

We revised the orientation and onboarding policies and materials, and identified online training platforms for our corporate learning plan. By investing in our employees we are building our capacity to carry out our mandate and increasing employee satisfaction.

Registration and Licensing System (RLS)

We launched the RLS system to provide online services to our stakeholders and the public. The new system streamlines and standardizes the licensing and registration processes for stakeholders and houses a searchable database of all licensed individuals and businesses for the public.

Funeral Cremation Services Council Oversight Framework

We completed the analysis of the existing oversight framework with respect to the Funeral and Cremation Services Council. By formally documenting roles and responsibilities for regulatory organizations under the FCAA's oversight, we are strengthening the FCAA's oversight framework and reducing potential gaps.

Operational Records System (ORS)

We continued the development and review of the ORS schedule which will ensure data and records are managed and stored in a consistent manner.

Capital Market Regulatory Authority (CMRA)

In conjunction with other participating jurisdictions, we continued to work on various CMRA organizational matters such as structure, benefits and pensions. The new national co-operative regulator will harmonize securities laws and strengthen enforcement processes.

Other major projects from Operational Plans.

Innovation Credit Union (ICU)

We approved ICU's request for continuance to become a federal credit union after we concluded ICU's customers would not be jeopardized and the safety and soundness of the Saskatchewan credit union system would not be harmed. The approval positions ICU to cease being a provincial credit union and become a federal credit union when it obtains the remaining approvals.

Derivatives Regulations

We continued to work with other Canadian securities regulators to develop derivatives business conduct and registration requirements as well as amend mandatory clearing requirements. Together with our CSA partners, we also published a joint consultation with IIROC on a proposed framework for crypto-asset trading platforms. Sound derivatives regulation is essential for the functioning of efficient capital markets.

Financial Planner and Financial Advisor Legislation

In partnership with the Ministry of Justice and Attorney General, we developed legislation to regulate the use of the titles "financial planner" and "financial advisor". This new legislation will help Saskatchewan citizens seeking financial planning assistance or financial advice. An individual that uses either title will have to have the required education to carry out the activity.

Pan-Canadian Vehicle Dealer Regulator Conference

We hosted a two-day conference for vehicle dealer regulators from across the country. Regulators had the opportunity to connect in-person and share their knowledge about virtual dealerships, consumer behaviours, autonomous driving, new legislation and enforcement activities.

Financial Literacy Curriculum

We reviewed the draft provincial financial literacy curriculum and provided feedback to the Ministry of Education. The curriculum highlights important topics such as budgeting, banking and types of credit. The courses will be taught to Grade 11 and 12 students as an elective.

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, when the FCAA is the primary regulator, or 15 business days when the 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

- 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 telephone inquiries immediately or return messages within three 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%	77.7%
	The FCAA's assessment criteria for approving applications and renewals are clear.			82%
	The FCAA clearly describes ongoing compliance requirements			75.3%
	The FCAA's processing time for approving applications or renewals is reasonable.			74.9%
The FCAA keeps me well informed of regulatory changes and other information I need to conduct business.				
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	100% of Employees
Variance from Operational Budget	2020 Financial Statements	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	2.2% over budget

Measure	Data	2019-20	Target	Performance
Client Service Standards	Consumer Credit: Licensing applications reviewed	60	Review an application for licensing and issue a licence or an initial comment letter within 15 business days	100%
	Insurance and Real Estate: Licensing applications reviewed	1	Review an application for licensing and issue a licence or an initial comment letter within 30 business days	100%
	Pensions : Actuarial Valuations reviewed	30	Review of valuations within 45 business days	100%
	Annual Information Return (AIR) reviewed	519	Review of AIR within 25 business days	99%
	Securities: Registration submissions reviewed	4,388	Respond to individual registrant submission within 10 business days	96%
	Long form prospectuses reviewed	4	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	6,120	Respond to inquiry line callers within three business days	100%
	Licensing applications reviewed	2,138	Review an application for licensing and issue a licence or an initial comment letter within 15 business days	90%

Division Statistics

CONSUMER CREDIT DIVISION STATISTICS		
ACTIVITY	2019-20	2018-19
Licences/Registrations in Force:		
· Financing Corporations	161	163
· Trust Corporations	42	42
· Loan Corporations	7	7
· Loan Brokers	8	7
· Mortgage Brokerages	43	48
· Mortgage Brokers	99	110
· Mortgage Associates	209	193
· Mortgage Administrators	1	1
· Payday Lenders	52	53
· Credit Unions	40	40
Complaints and Investigations	6	15
Enforcement Actions	0	0

CONSUMER PROTECTION DIVISION STATISTICS		
ACTIVITY	2019-20	2018-19
Licences/Registrations in Force:		
· Auction Sales Companies	75	72
· Auctioneers	67	69
· Cemeteries	483	480
· Charitable Fundraising Businesses	5	6
· Collection Agencies	87	89
· Collection Agents	3,031	4,615
· Credit Reporting Agencies	14	14
· Direct Sellers Vendors	175	175
· Direct Sellers Salespersons	311	467
· Film and/or Video Exhibitor, Distributor or Retailer	234	242
· Vehicle Dealers	829	836
Complaints and Investigations	249	255
Enforcement Actions	49	35

INSURANCE AND REAL ESTATE DIVISION STATISTICS		
ACTIVITY	2019-20	2018-19
Licence/Registrations in Force		
· Life Insurers	66	N/A*
· Property and Casualty Insurers	153	N/A*
Complaints and Investigations	14	N/A*
Enforcement Actions	0	N/A*

* These statistics were not tracked in 2018-19.

PENSIONS DIVISION STATISTICS		
ACTIVITY	2019-20	2018-19
Number of Plans Supervised	530	537
Number of Members in Plans Supervised	187,634	188,111
Complaints and Investigations	7	N/A*
Enforcement Actions	0	N/A*

* These statistics were not tracked in 2018-19.

SECURITIES DIVISION STATISTICS		
ACTIVITY	2019-20	2018-19
Registrations in Force:*		
· Investment Dealers	116	114
· Investment Dealer Representatives	7,010	6,967
· Mutual Fund Dealers	60	59
· Mutual Fund Dealer Representatives	4,494	4,614
· Exempt Market Dealers	283	276
· Exempt Market Dealer Representatives	1,960	1,903
· Scholarship Plan Dealers	4	5
· Scholarship Plan Dealer Representatives	94	101
· Restricted Dealers	4	4
· Restricted Dealer Representatives	8	4
· Portfolio Managers	252	251
· Advising Representatives	1,789	1,721
· Associate Advising Representatives	319	305
· Restricted Portfolio Managers	5	5
· Advising Representatives	17	16
· Associate Advising Representatives	2	6
· Investment Fund Managers	40	42
Receipts for Prospectuses	675	671
Reporting Issuers in Saskatchewan	6,043	5,951
Complaints and Investigations	65	74
Enforcement Actions	20	21

* Some firms and individuals are registered in multiple categories.

COMMUNICATION STATISTICS		
ACTIVITY	2019-20	2018-19
Public Education Campaigns	13	21
Consumer/Investor Alerts	11	11
Facebook Reach	385,309	276,510
Twitter Reach	53,107	56,729
Website visitors	81,937	76,172



The 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 Herdzik, 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, 2020

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 9, 2020



Tony Herdzik CPA CA
Chief Financial Officer and Director, Audit and Finance Branch
July 9, 2020

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, 2020, 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, 2020, 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 2019/2020, 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 9, 2020

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

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

Statement 1

The FCAA Statement of Financial Position as at March 31

	2020	2019
Financial Assets		
Cash	\$ 5,239	\$ 3,978
Due from General Revenue Fund (Note 4)	18,867,391	20,902,057
Accounts receivable	107,312	71,898
Total financial assets	18,979,942	20,977,933
Liabilities		
Accounts payable and accrued liabilities	951,204	809,823
Dividend payable to General Revenue Fund (Note 5)	18,771,580	20,133,502
Unearned revenue (Notes 2 and 13)	1,718,996	2,081,017
Total liabilities	21,441,780	23,024,342
Net Debt (Statement 3)	(2,461,838)	(2,046,409)
Non-Financial Assets		
Tangible Capital Assets (Notes 2, 10 and 18)	2,410,884	1,986,201
Prepaid expenses	50,954	60,208
Total Non-Financial Assets	2,461,838	2,046,409
Accumulated Surplus (Statement 2)	\$ -	\$ -

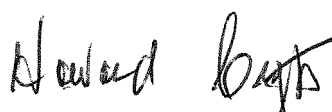
Contractual Obligations (Note 9) and Contingencies (Note 15)

(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 2020	Actual 2020	Actual 2019
	(Note 17)		
Revenue			
Revenue (Notes 2 and 12)	\$23,084,000	\$27,263,999	\$27,639,807
Expenses			
Salaries and benefits	6,068,000	6,179,621	5,855,404
Travel (Note 14)	91,046	65,535	72,337
Contract services	921,267	817,140	905,733
Communications	37,531	33,245	27,680
Rent, supplies and services	1,046,656	988,202	900,772
Minor asset purchases	18,000	10,800	26,367
Transfers (Note 16)	130,500	130,000	150,000
Amortization (Notes 2, 10 and 18)	-	267,876	-
Total expenses	8,313,000	8,492,419	7,938,293
Annual Surplus (Note 11)	14,771,000	18,771,580	19,701,514
Accumulated Surplus, beginning of year	\$ -	\$ -	\$ 431,988
Less:			
Dividend to General Revenue Fund (Note 5)	(14,771,000)	(18,771,580)	(20,133,502)
Accumulated Surplus, end of year (Statement 1)	\$ -	\$ -	\$ -

(See accompanying notes to the financial statements)

Statement 3

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

	2020	2019
Annual Surplus (Statement 2)	\$ 18,771,580	\$ 19,701,514
Acquisition of tangible capital assets (Notes 10 and 18)	(692,559)	(188,762)
Decrease (increase) in prepaid expense	9,254	30,671
Amortization of tangible capital assets	267,876	-
Dividend to the General Revenue Fund (Note 5)	(18,771,580)	(20,133,502)
Increase in net debt	(415,429)	(590,079)
Net debt, beginning of year	(2,046,409)	(1,456,330)
Net debt, end of year (Statement 1)	\$ (2,461,838)	\$ (2,046,409)

(See accompanying notes to the financial statements)

Statement 4

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

	2020	2019
Cash Flows from Operating Activities		
Annual Surplus (Statement 2)	\$ 18,771,580	\$ 19,701,514
Items not involving cash		
· Amortization of tangible capital assets	267,876	-
Changes in non-cash working capital		
· Accounts receivable	(35,414)	(15,199)
· Prepaid expenses	9,254	30,671
· Accounts payable and accrued liabilities	141,381	(229,089)
· Unearned revenue	(362,021)	(129,995)
Cash provided by operating activities	18,792,656	19,357,902
Cash Flows Used in Financing Activities		
Dividend to the General Revenue Fund	(20,133,502)	(22,723,491)
Cash Flows Used in Capital Activities		
Information System Development (Notes 10 and 18)	(692,559)	(188,762)
Net (Decrease) in Cash	(2,033,405)	(3,554,351)
Cash and cash equivalents, beginning of year	20,906,035	24,460,386
Cash and cash equivalents, end of year	18,872,630	20,906,035
Cash and cash equivalents consists of:		
Cash	5,239	3,978
Due from General Revenue Fund	18,867,391	20,902,057
	\$ 18,872,630	\$ 20,906,035

(See accompanying notes to the financial statements)

The FCAA Notes to the Financial Statements for the Year Ended March 31, 2020

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 mandate of the FCAA is to oversee the protection of consumer and public interests and support economic well-being through responsive marketplace regulation. 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 a Legal, Corporate Services and an Audit and Finance Branch. 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, which was established on April 1, 2019, conducts audits and reviews to support the Insurance and Real Estate and Consumer Credit Divisions and provides financial reporting 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) 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 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, 2020, administration fees charged by IIROC totalled \$131,623 (2019 - \$138,238).

ii. Unearned Revenue

The licence fees collected by the Insurance and Real Estate Division are now annual fees due to *The Insurance Act* coming 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. The FCAA's sole tangible capital asset relates to costs for the Registration and Licensing System (RLS) development. RLS is fully functional across the various divisions of the FCAA. RLS is considered substantially complete for the purposes of capitalizing and amortizing an asset. Beginning in 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, 2020, interest earned totalled \$222,401 (2019 - \$274,477). The government's average 30-day borrowing rate for the year ended March 31, 2020 was 1.719% (2019 - 1.539%).

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, 2020, the FCAA has recorded a dividend payable to the GRF of \$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 \$403,163 (2019 - \$373,017) 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 Central Services for information technology equipment and support, and other administrative support services, totaling \$425,841 (2019 - \$418,361). 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 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, 2020, employee benefit costs totalled \$872,843 (2019 - \$816,093).

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, 2020, 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 executive director, and the nine (2019 - 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 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>2020</u>	<u>2019</u>
Salaries and short term employee benefits	\$1,737,801	\$1,464,977
Post employment benefits (PEPP)	121,989	104,918
Board and Panel Member per diems	55,700	48,775
Board and Panel Member retainers	80,600	91,074
	\$1,996,090	\$1,709,744

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, 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	
2020/2021	\$631,778
2021/2022	\$631,778
9 months 2022	\$473,834

Refer also to Note 18 .

10. Tangible Capital Assets

Information Systems Development

	<u>2020</u>	<u>2019</u>
Cost Balance, beginning of year	\$1,986,201	\$1,797,439
Additions	692,559	188,762
Total Cost, end of year	2,678,760	1,986,201
Accumulated Amortization, beginning of the year	-	-
Amortization, current year	(267,876)	-
Accumulated Amortization, end of year	(267,876)	-
Net Book Value, end of year	\$2,410,884	\$1,986,201

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, 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 Protection Division	1,174,250	1,348,225	(173,975)
Pensions Division	1,057,762	586,946	470,816
Consumer Credit Division	2,094,414	513,602	1,580,812
Chair's Office/ Administration	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

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	\$27,639,807	\$7,938,293	\$19,701,514

The expenses incurred by the Chair's Office/Administration and Legal Branch 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>2020</u>	<u>2019</u>
Securities Division		
· Prospectus Fees	\$11,386,952	\$12,893,400
· Registration Fees	6,210,058	6,245,465
· Exemption Fees	216,560	211,608
· Continuous Disclosure Filing Fees	2,514,050	2,372,250
· Administrative Penalties/ Costs of Investigations	35,784	10,000
· Other	238	7,466
Total	20,363,642	21,740,189
Insurance and Real Estate Division		
· Unlicensed Insurance Fees	1,670,655	1,019,887
· Insurance Company Licences/Other	677,889	650,972
Total	2,348,544	1,670,859
Consumer Protection Division		
· Collection Agents Fees	462,261	502,641
· Motor Dealer Fees	464,540	441,130
· Direct Seller Fees	124,750	130,425
· Other	122,699	101,268
Total	1,174,250	1,175,464
Pensions Division		
· Pension Plan Registration, Annual Fees, and Other	1,057,762	630,313
Consumer Credit Division		
· Trust and Loan Licences	1,468,142	1,521,600
· Credit Union Deposit Guarantee Corporation Fees	300,000	300,000
· Mortgage Broker Licences	171,780	164,650
· Payday Loan Licence Fees	153,000	159,000
· Other	1,492	275
Total	2,094,414	2,145,525
Chair's Office		
· Interest from GRF and Other	225,387	277,457
Total Revenue	\$27,263,999	\$27,639,807

13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	2020	2019
Saskatchewan Insurance Licence Fees	\$735,485	\$939,769
Consumer Credit Licence Fees	16,600	46,867
Consumer Protection Division Licence Fees	966,911	1,094,381
Total	\$1,718,996	\$2,081,017

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. 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*, 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.

Transfers provided are as follows:

	2020	2019
Consumer Association of Saskatchewan Inc.	\$25,000	\$25,000
Green Acres Memorial Gardens Ltd.	50,000	50,000
Souris Valley Memorial Gardens Ltd.	30,000	25,000
Sunset Memorial Gardens (1970) Ltd.	25,000	50,000
Total Transfers	\$130,000	\$150,000

17. Budget

The annual budget for the FCAA for the year ended March 31, 2020 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. The original agreement provided for full implementation by August 2017, however, due to legislation changes that impacted the project needs, the agreement was amended on September 21, 2017 and 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, 2020, 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. Costs of \$692,559 have been capitalized during the year ended March 31, 2020 (\$188,762 in 2019). The FCAA has begun amortizing the costs of RLS development since RLS has been 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.

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 disruption 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.



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