



Annual Report 2005

ASSOCIATION DES COURTIERS ET AGENTS IMMOBILIERS DU QUÉBEC



Association des courtiers
et agents immobiliers
du Québec

Published by the Association des courtiers
et agents immobiliers du Québec

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Members of the Board of Directors

Elected Chairman

Serge Brousseau

Elected Directors

Robert Aubin	Western Québec
Diane Bourbonnière	Montréal
Robert Chabot	Québec City
Raymond Desbiens	Eastern Québec
David Farber	Montréal
Georges Halasz	Montréal
Daniel Pelchat (Treasurer)	Central Québec
Johanne Roy	Montréal

Directors appointed by the government

Louise Clément

Jean Mathieu (Vice-Chairman)

President and Chief Executive Officer of the ACAQ

Robert Nadeau

Secretary of the ACAQ

Claude Barsalou



Mr. Michel Bissonnet
President of the National Assembly
Government of Québec

Québec

Dear Mr. President:

I have the honour of submitting the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 2005.

Respectfully yours,

Michel Audet
Finance Minister



Mr. Michel Audet
Finance Minister
Government of Québec

Québec

Dear Minister:

Please find attached the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 2005.

Yours very truly,

Marc Samson
Assistant Enterprise Registrar (Interim)



Mr. Marc Samson
Assistant Enterprise Registrar (Interim)
Government of Québec

Québec

Dear Sir:

We are pleased to submit the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 2005.

Yours sincerely,

Serge Brousseau
Chartered Real Estate Agent
Chairman of the Board



Chairman's Report

Serge Brousseau

Chairman of the Board

It is my pleasure to present the Annual Report of the Association des courtiers et agents immobiliers du Québec for the year 2005. It includes the President and CEO's report on our organization's current activities, those of the Office of the Syndic, the Discipline Committee, the Professional Inspection Committee and the Treasurer, as well as the Auditors' Report.

This year was another very busy year in the field of real estate brokerage, both from a market standpoint and in terms of the ACAIQ's achievements. Some of these achievements will have a major impact on the future of real estate brokerage. Here then are a few thoughts on the future of our profession and the prevention and planning role played by the ACAIQ.

In 2005, the ACAIQ launched the biggest information campaign in its history. The objective of this campaign was to promote the Association to the public and to present specific aspects of a real estate broker or agent's work. In addition to being one of the highlights of the past year, the launching of this major campaign truly reflects the ACAIQ's current concerns.

In the last few years, real estate brokerage has undergone major changes, some technological in nature. Faced with this rapid progress, the Association did its utmost to facilitate the work of its members, including by developing new continuing education programs. Real estate brokerage professionals have adapted to the changing needs of the public and today continue to provide real added value to consumers in their real estate transactions. ➤

The creation of a Professional Liability Insurance Fund is another ACAIQ initiative that will make our job much easier and allow us to better serve the public. Several steps have been completed over the last year in setting up this Fund, which we hope to make available sometime in 2006.

Last fall, a seminar on marijuana grow operations helped alert various stakeholders to a problem that is still not widely known. This highly publicized event showed our determination to act to denounce such activities, which can be harmful to the public and the members of our profession.

Major efforts were also made throughout the year to advance the *Real Estate Brokerage Act* revision file. The revision of the Act is of utmost importance for the future of our profession and will help consolidate the supervisory structure set up by the ACAIQ. Through the years, the Association has done a remarkable job of putting this structure in place and implementing appropriate mechanisms to ensure the protection of the public.

Adequate oversight of our professional activities has enabled us to efficiently manage the growth of real estate brokerage, which is currently undergoing a period of unprecedented effervescence. In spite of this, we must continue to improve our way of doing things. Beyond its fundamental role of oversight and supervision, I think that the ACAIQ has a responsibility to act now to prepare the future of real estate brokerage in Québec. Other changes are on the horizon. Technology, economics and demographics will continue to evolve and will force us to adapt our practices further in order to continue serving the public.

This will require a group effort and a common resolve from all real estate brokerage professionals, but I think that the Association has a large share in this responsibility. In assessing what we have accomplished in the past year, I am pleased to see that the work has already begun and that everything is in place to ensure the future of real estate brokerage in Québec.

In ending, I would like to thank the members of the ACAIQ Board of Directors and the members of the various committees, whose expertise and dedication are doing so much for our profession. I would especially like to thank our President and CEO, the members of his management committee and the entire ACAIQ staff for their hard work and numerous achievements.



Serge Brousseau
Chairman of the Board



Report from the President and Chief Executive Officer

Robert Nadeau

President and Chief Executive Officer

I am pleased to present this report on the activities of the Association des courtiers et agents immobiliers du Québec for the year 2005. In an ongoing effort to meet the growing needs of the public and its members, the Association carried out many projects this year and put everything in place to maintain the quality of its services.

This year, the Association set another record in terms of certificate renewals. As of December 31, 2005, the ACAIQ membership had reached almost 16,000, including 14,869 members who renewed their certificate for the year 2006. In addition, the number of entrance examinations was 2,940 for the affiliated agent certificate and 182 for the chartered broker or agent certificate. The success rates were 86.6% and 79.7% respectively. Never in all of history have this many people practiced real estate brokerage in Québec. This level of growth required a reorganization of the Association's internal structure to manage every aspect of the increase in membership and demand, including new arrivals, examinations, renewals or professional inspection. The Association must be realistic in establishing its restructuring needs and take into account the fluctuating nature of the real estate market.

Following are the highlights of the Association's activities for 2005: ▶

Revision of the Real Estate Brokerage Act

Many changes in the government led it to delay the actions to amend the regulations, initially planned for 2005. However, the ACAIQ worked closely with the government to advance this file. Thus the *By-Law of the ACAIQ* was amended by new, more specific regulations regarding criminal records. The changes to the *Real Estate Brokerage Act* will not be reviewed until 2006, following hearings by the departmental committee scheduled for February 14, 15, 16 and 23, after which a final report will be tabled.

One of the main directions pursued by the revision of the *Real Estate Brokerage Act* is the need for modernization, due to new practices brought about by the progress of information technologies. In addition, the current Act cannot adequately oversee certain practices that have emerged in recent years where market activity has been very strong. It is also important that mortgage brokerage and building inspections be recognized and regulated, either directly by the *Real Estate Brokerage Act* itself or otherwise, so as to not leave the public in the dark and to ensure its full protection.

By-Law of the ACAIQ

On May 26, 2005, amendments to the *By-Law of the ACAIQ* came into force calling for the creation of a committee responsible for determining whether a criminal offence – of which an individual has been found guilty or to which an individual has pleaded guilty in the five years preceding an application for issuance of a certificate – has a link with the activity of real estate broker or agent that would give the ACAIQ reason to reject this individual's application. This committee was created by the Board of Directors on June 10, 2005 and is comprised of three members, i.e. Léo La Palme, Chairman, and Yvon Cousineau and Paul H. Chrétien. The committee met three times and reviewed ten cases in 2005. Two applicants were rejected for the above reason.

ACAIQ Professional Liability Insurance Fund

One of the most important files we worked on in 2005 was the creation of the ACAIQ Professional Liability Insurance Fund. Many steps were completed, including preparing the necessary documents to apply for a licence from the Autorité des marchés financiers, regulatory review, premium fixing, actuarial studies, agreements with sub-contractors, leasing and organizing office space, and appointing the first General Manager.

In the process, the Association was fortunate to enlist the valuable help of Jean Landry, Chairman of the Interim Board of the Insurance Fund, whose has extensive experience in this field. The official launch of the Insurance Fund is scheduled for the first half of 2006. (More information on page 16)

An extensive information campaign in cooperation with the TVA network

An information campaign, in the form of 35 real estate capsules, was launched in September 2005 and will continue through winter 2006. Voted at the last annual general meeting, this campaign aims to counter the public's mistaken perception, due to lack of awareness of what our members actually do, that real estate brokers and agents are overpaid. We did not want to have a simple advertising campaign, but rather to explain the role of brokers and agents and the protection afforded consumers who deal with them.

This information campaign, valued at five million dollars, was developed in cooperation with the TVA network which, like the Association, wished to educate its viewers on this topic. The TVA network enjoys the largest viewership in the province. The greatest share of the investment in this project was made by the network, while the Association invested \$680,000 for the fiscal year 2005 and a lot of energy. These capsules were designed to be reusable and the information they contain will remain relevant and current over time.

Seminar on marijuana grow operations

The number of private homes converted into marijuana growhouses is rising steadily, increasing the risk of these properties eventually ending up on the resale market. In order to alert real estate brokerage professionals and the general public to the seriousness of this problem and to provide useful information regarding detection and prevention methods, the ACAIQ held a seminar on marijuana grow operations. The event took place on November 22, 2005 in Boucherville under the theme "Don't be fooled" and featured several guest speakers, including experts from Institut national de santé publique, Institut Armand-Frappier, Québec Provincial Police, Montréal Police and the CMHC.

Info ACAIQ

In 2005, the Info ACAIQ telephone information centre answered 29,108 calls, a slight increase over 2004 where 28,174 calls were recorded. The use of this service and the nature of the requests for information remained relatively stable. The great majority of queries, or 78%, were directly related to the practice of real estate brokerage. In most cases, the problems encountered were settled by the Info ACAIQ centre. Some 44% of all calls received originated from the public and documents were sent in 59% of cases.

ACAIQ Assistance

In 2005, ACAIQ Assistance, in cooperation with the Office of the Syndic, developed strategies to eliminate the scourge of marijuana growhouses. The Association has put in place original intervention methods that have borne fruit. These were used a few times, sometimes in cooperation with a real estate board, and seem to be working well.

The Assistance Service received 1,839 cases in 2005 compared to 1,488 the year before, for a sizeable 24% increase. In total, 1,579 files were closed, 203 were transferred to the Office of the Syndic and 80 were referred to Legal Affairs as they related to illegal practice issues. Although the Assistance Service had to make do with a reduced staff at the beginning of the year, it closed the year with only 133 active files. Average processing time per file was maintained at 28 days, i.e. two days less than the 30-day objective set by the Service.

Illegal brokerage activities

In 2005, for the first time, the ACAIQ had to take action in the form of injunctions against certain repeat offenders for illegal real estate brokerage. In one case, we even had to initiate contempt of court proceedings against an individual who had disobeyed an injunction, even after being convicted of illegal brokerage several times. About 25% of cases involve mortgage brokerage. In order to ensure the protection of the public, we must eliminate all cases of illegal brokerage.

SUMMARY OF CASES INVOLVING ILLEGAL PRACTICE

Files carried over from previous years	77
Files opened between January 1 and December 31, 2005	109
Total	186

Denunciations rejected prior to opening of file	17
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Files closed in 2005

Reasons for closure

Absence or insufficient evidence (and/or prescription)	79
Insufficient evidence and commitment	1
Insufficient evidence and certificate issued	0
Advertising only	0
Owner of the immovable or lessee	2
Exception to section 2 of REBA	4
Guilty plea	3
Judgment (guilty verdict)	12
Judgment (acquittal)	0
Member involved	0
Other	10
Total	111

Files active as at December 31, 2005

Status of pending cases

Under external investigation	56
Awaiting Board authorization	1
Awaiting trial (Court of Quebec)	16
Under appeal	0
Awaiting judgment	2
Total cases	75

Continuing education

In 2005, continuing education activities were very popular with our members, who once again turned to continuing education to better equip themselves to deal with the growing complexity of real estate transactions and the increasing reliance on information technology. To date, the Association has developed 24 continuing education activities and nine conferences. The design and development of new activities is an ongoing process.

A total of 312 continuing education activities were held in 2005 for a record number of 10,244 registrants. This represents a 15% increase in the participation rate over 2004. Of these activities, 43 were held throughout the province on the use of electronic forms. This reflects a marked interest for and increasing use of this tool.

CONTINUING EDUCATION – 2000 TO 2005

	Number of activities	Number of registrants
2000	74	2,720
2001	150	5,714
2002	203	8,500
2003	309	9,903
2004	350	8,929
2005	312	10,244

MANDATORY EXAMINATIONS – 2005

	Affiliated agents	Chartered brokers and agents
Number of examinations	2,940	182
Number of successes	2,548	145
Failure rate	13.4%	20.3%
Success rate	86.6%	79.7%
Average grade	78.2%	74.9%

Basic training

It is increasingly clear that the current 240 hours of basic training are no longer enough to learn how to carry out real estate transactions according to the rules of the trade, as evidenced by the number of our members attending continuing education activities in order to complement their training. Collège de Maisonneuve, in cooperation with the ACAIQ, has initiated a project to determine what the basic training of real estate brokers and agents should include in order to make them perfectly knowledgeable in their field. As part of this project, many consultations were held in 2005 with college-level institutions, the Quebec Federation of Real Estate Boards and franchisers. These consultations will continue throughout Québec in 2006 to define the expectations from the field and the training that will be required of future real estate brokers and agents. This process will help review the skills required in order to revamp the current program, which will be phased out as of 2008. The Association is trying to assess the various aspects of a training program that would include more hours and the impact this would have on the profession and on existing business models.

General meeting

In 2005, the annual general meeting of the ACAIQ as well as an extraordinary general meeting were held at Manoir Richelieu, in the Charlevoix region, as part of the ACAIQ Education Event on April 25-27. The seventh edition of this event, under the theme "A Touch of Class", brought together some 300 participants. The topics covered included building inspections and recent case law. At this event, the ACAIQ presented the *Québec Real Estate Brokerage Award* to Bernard Girard. This award pays tribute to individuals who have distinguished themselves by their exceptional commitment, behaviour, skill and influence in the field of real estate brokerage.

acaiq.com

The acaiq.com website experienced very heavy traffic in 2005. Tens of thousands of pages were accessed and viewed. In addition, many documents were downloaded from the site. The most popular were the *Buyer Practical Guide* and the *Seller Practical Guide*.

In 2005 as in 2004, electronic forms accessible via *Synbad*, the extranet site for the exclusive use of ACAIQ members, were free and will remain so in 2006. Some 3,800 members are currently using this service and more and more brokers and agents are learning about it. A new *ACAIQ E-mail* online service was added on the Association's extranet in December 2005. It allows brokers and agents to create their own email address using the Association's domain name. The first part of the address is used for personal identification; the second indicates their affiliation with the Association.

ACTIVITIES / BROKER'S CERTIFICATE

	2005	2004
Renewals on January 1	1,554	1,545
Issuances	156	149
Reclassifications		
chartered broker > chartered agent	29	29
chartered agent > chartered broker	24	19
Reinstatements	5	0
Suspensions	37	41
Expirations	105	95
Cancellations	23	34
Abandonments	2	0

ACTIVITIES / AGENT'S CERTIFICATE

	2005	2004
Renewals on January 1	12,105	10,645
Issuances	3,644	3,509
Reclassifications		
chartered broker > chartered agent	29	29
chartered agent > chartered broker	24	19
affiliated agent > chartered agent	131	111
Reinstatements	1,788	1,389
Suspensions	3,077	2,448
Expirations	2,439	2,046
Cancellations	19	14
Abandonments	2	1

BREAKDOWN OF ACAIQ MEMBERSHIP

By certificate category	as at January 1 2006	as at January 1 2005
Chartered agent	2,301	2,218
Affiliated agent	10,926	9,814
Chartered broker	1,575	1,554
Affiliated broker	67	73
	14,869	13,659
By sex and average age *	2006	2005
Men (average age: 49 years)	7,918	7,300
Women (average age: 48 years)	5,817	5,237
* Natural persons only	13,735	12,537

BREAKDOWN OF ACAIQ MEMBERSHIP (cont'd)

By region (as at January 1, 2006)	Brokers	Agents	Total
Montréal region			
Montréal (06)	555	4,981	5,536
Laval (13)	98	1,411	1,509
Montréal (16)	306	2,542	2,848
<i>Sub-total</i>	<i>959</i>	<i>8,934</i>	<i>9,893</i>
Québec region			
Québec (03)	179	1,047	1,226
Chaudière - Appalaches (12)	30	136	166
<i>Sub-total</i>	<i>209</i>	<i>1,183</i>	<i>1,392</i>
Eastern region			
Lower St. Lawrence (01)	14	122	136
Saguenay - Lac Saint-Jean (02)	17	180	197
North Shore (09)	6	37	43
Northern Québec (10)	1	2	3
Gaspésie - Îles-de-la-Madeleine (11)	5	5	10
<i>Sub-total</i>	<i>43</i>	<i>346</i>	<i>389</i>
Central region			
Mauricie - Bois-Francs (04)	50	330	380
Eastern Townships (05)	74	327	401
Lanaudière (14)	58	543	601
<i>Sub-total</i>	<i>182</i>	<i>1,200</i>	<i>1,382</i>
Western region			
Outaouais (07)	47	470	517
Abitibi - Témiscamingue (08)	9	53	62
Laurentians (15)	126	1,108	1,234
<i>Sub-total</i>	<i>182</i>	<i>1,631</i>	<i>1,813</i>
Total	1,575	13,294	14,869

By banner (as at January 1, 2006)	Brokers	Agents	Total
Independents	1,108	3,730	4,838
Century 21	33	863	896
Exit	13	139	152
Groupe Sutton	62	2,344	2,406
La Capitale	67	1,182	1,249
Le Permanent	2	11	13
Max-Immo	0	0	0
Re/Max	202	3,126	3,328
Royal LePage	84	1,887	1,971
Trans-Action	4	12	16
Total	1,575	13,294	14,869

Financial results

The ACAIQ ended the year 2005 with a net income of \$323,583, despite an unbudgeted \$680,000 investment in the TVA campaign as well as other expenses, including those brought about by our growing membership. This positive year has pushed our surplus to close to two million dollars. While this surplus may seem huge, it is not when you consider that we will face expenses of five or six million dollars over two to three years to conform to the new regulations that will ensue from the revision of the Act. The Association's name, logos, as well as numerous documents and all computer systems will have to be modified and corrected based on the new regulations, and training will have to be provided to real estate brokers and agents. In addition, a portion of the surplus is reinvested each year in advertising to the public and in member services.

Other considerations

The ACAIQ is now fully recognized for its expertise in the field of real estate brokerage, and consumers no longer hesitate to turn to us for help. Based on the information we are getting from outside Québec, our Association is a beacon in North America, and even in Europe, where a country like France wants to use our Association as their model for the oversight of the profession there.

This year, the ACAIQ enjoyed major media coverage in the written press, on radio and on television. The *Seminar on marijuana* grow operations prompted many requests from journalists in addition to the information we regularly supply to the media.

MEDIA COVERAGE

	2005	Seminar on marijuana grow operations only
Radio	24	16
Television	33	9
Newspapers	28	9
Total	85	34

Regarding the *Partners Program* for the exclusive use of our members, three new partners were added this year:

- Synbad Technologies Assisted Purchasing, which has been providing advice for the purchase of office equipment since February 2005;
- Groupe Santé Physimed, which came on board in March 2005 offering a complete health program and immediate handling of patients; and
- Télégramme Plus, which has been offering our members a quick and accurate message transmission service since April 2005.

A lot of hard work and energy was expended in 2005 in order to bring major projects to fruition, such as the creation of the Professional Liability Insurance Fund and the revision of the *Real Estate Brokerage Act*. In addition, we managed to meet the needs of several thousand new members. All ACAIQ departments were put to work so that, despite the rapid increase in the number of brokers and agents and in the volume of transactions, there was no major hike in the number of complaints filed with the Discipline Committee. The Assistance Service accomplished a monumental job and continuing education made its mark.

The advent of the Internet has largely contributed to the boom of the real estate market in recent years. By facilitating searches, information technology has helped direct more and more people to real estate sites, either by need or by curiosity. Seeing all that was available, many people have decided to buy or sell where it was not their original intention. Today, being online has become a must for multiple listing services. Likewise, electronic real estate brokerage forms will eventually replace hard copy versions, which are less versatile. Association members realize this and, like us, they can see that it is the way of the future if we are to meet the needs of a better informed public. Although not all real estate agents have a personal computer yet, all brokers have at least one.

In ending, I wish to extend my heartfelt appreciation to the members of the Board of Directors for their valuable contribution. I would also like to thank the entire ACAIQ staff, whose efficiency and dedication help us provide high quality services.



Robert Nadeau
President and Chief Executive Officer



Fonds d'assurance responsabilité professionnelle

DE L'ASSOCIATION DES COURTIER ET AGENTS IMMOBILIERS DU QUÉBEC



Jean Landry
Fund Chairman



Marie-Chantal Thouin
General Manager

An interim Board of Directors has been formed which includes the following members:

Jean Landry, chairman
André Bois
Germain Fréchette
François Léger
Carole Paré
Sylvain Perreault
Jean-Guy Savoie

The ACAIQ Professional Liability Insurance Fund has a mission to provide Québec's real estate brokers and agents with the insurance coverage required under the Real Estate Brokerage Act. The Fund will begin operations within the next few months. Mrs. Marie-Chantal Thouin, who has been appointed General manager, is a member of the Barreau du Québec and has a Master's degree in insurance law.

History of the Fund

In 2002, liability insurance in the field of real estate brokerage was undergoing a crisis. Insurance companies, citing the increase in the number of claims and agents, imposed substantial premium hikes and many even stopped offering coverage. That was when the ACAIQ introduced the idea of a liability insurance fund.

In September 2003, the Association conducted a widespread consultation of its members and obtained massive support and good arguments to ask the government to amend the *Real Estate Brokerage Act* in order to allow for the creation of a liability insurance fund. On November 11, 2004, Bill 72 was tabled amending the *Real Estate Brokerage Act* and certain other provisions, allowing for the creation of a liability insurance fund in the field of real estate brokerage. The Bill was passed on December 17 of the same year. The Association immediately began the creation process and, since January 2005, has been working on the implementation of the Fund, now scheduled for 2006.

On February 4, 2005, the ACAIQ Board of Directors adopted a resolution to create the Insurance Fund. A universal premium of \$550 per member, per year, plus applicable taxes has been confirmed. Many steps have been completed since, and obtaining a licence from the Autorité des marchés financiers is the only step missing for the Fund to officially begin operations.

Report from the Office of the Syndic

The role of the Syndic of the Association des courtiers et agents immobiliers du Québec is closely linked to the quality of professional actions and the protection of the public. The Syndic is responsible for investigating cases of alleged misconduct by real estate brokerage professionals in the course of their duties and for filing complaints with the Discipline Committee where warranted.

Highlights

In 2005, the Office of the Syndic continued the work begun a year earlier on real estate flips (successive sales of immovables). Investigations have revealed that this fraudulent practice has spread to several Québec regions, all the more reason for us to intensify our efforts to counter it.

Investigations regarding properties used for cannabis growing not only continued in 2005, but they led to a seminar on prevention organized in the fall by the Association for the benefit of real estate brokers and agents and the public. In addition, the Office of the Syndic launched an offensive against collaboration problems between real estate agents and conflicts of interest between agents and their clients. Conferences and education activities on the rules that must be followed by agents who buy or sell a property for themselves or for a close relation were presented to raise awareness about this issue.

At the same time, the Office of the Syndic increased its cooperation efforts with financial institutions and police authorities in order to step up its fight against all types of real estate fraud. This includes an increase observed this year in the number of investigations on the management of trust accounts.

We have also developed new strategies to manage investigation files aimed mainly at reducing the time elapsed from the time the request is received to the conclusion of the investigation. Two new outside investigators have been hired to help handle this change. ►

INVESTIGATIONS INVOLVING ACAIQ MEMBERS • JANUARY 1ST TO DECEMBER 31, 2005

	Investigations opened during the month		Investigations completed during the month		Under investigation / pending	
	2005	2004	2005	2004	2005	2004
January	9	21	15	48	243	243
February	27	13	14	26	256	230
March	21	18	16	32	261	216
April	3	25	16	23	248	218
May	28	21	37	18	239	221
June	23	10	9	17	253	214
July	23	27	13	7	263	234
August	21	20	16	13	268	241
September	31	14	23	12	276	243
October	14	26	32	28	258	241
November	43	20	26	18	275	243
December	28	20	26	14	277	249
Total	271	235	243	256		

Statistics

In 2005, the Office of the Syndic opened 271 new investigation files, compared to 235 in 2004. In addition, 243 cases were closed against 256 the year before. As of December 31, 2005, some 277 files were being investigated or pending, an 11% increase over last year. A total of 118 complaints were filed before the Discipline Committee by the Office of the Syndic in the course of the year, compared to 79 in 2004.

Convinced that a certificate suspension and its consequences have a much greater exemplary and deterrent effect than a mere fine, the Office of the Syndic has not hesitated to ask the Discipline Committee to apply such sanctions in cases of serious offences. The message was heard since the Committee rendered 41 decisions to revoke or cancel a certificate, compared to 21 in 2004.

Change of the guard

Many will have noted the change in the responsibilities of François Pigeon, who this year was appointed Assistant Syndic and Adviser after serving as ACAIQ Syndic since the Association's very beginning in 1994. He will share his extensive real estate brokerage expertise with brokers and agents by taking part in education activities.

Reports on investigations under or awaiting review by prosecutors

December 31, 2005	December 31, 2004
34	67

Number of complaints filed

2005	2004
118	79

Cases closed after review by prosecutors - no complaints filed

2005
6

The administration of the Office of the Syndic has been entrusted to Christian Saint-Onge, as interim manager, until a new Syndic is hired at the beginning of 2006.



Report from the Discipline Committee

M^e Gilles Duchesne

Substitute Chairman of the Discipline Committee

Established under section 128 of the Real Estate Brokerage Act, the Discipline Committee is a totally autonomous tribunal that acts independently of the Board of Directors and staff of the Association des courtiers et agents immobiliers du Québec. It reviews all complaints made against members of the ACAIQ for violations to the Act and regulations.

Each complaint is judged by three members of the Committee, who are the chairman or substitute chairman and two members of the profession. The chairman and substitute chairman are lawyers appointed by the government. The other two members are part of a group of about 40 real estate brokers or agents, all members of the ACAIQ, appointed to the Discipline Committee for a three-year term by the Board of Directors.

The Discipline Committee primarily follows the provisions of the *Professional Code* for its procedures. Some of its decisions may be appealed, in accordance with the conditions and procedures set out in the Code and the Act. ▀

Discipline Committee complaints, hearings and decisions (Tables I and II)

(January 1 – December 31, 2005)

As of December 31, a total of 118 complaints, all brought by the Office of the Syndic of the Association, had been filed with the Discipline Committee. The Committee held a total of 85 hearings on guilt and 75 hearings on penalties. Adjournments were granted 51 times.

By year's end, the Committee had rendered 53 decisions on guilt, 35 on penalties, 37 on guilt and penalties following a guilty plea, and 6 non-guilty decisions. Twelve decisions on guilt and 17 decisions on penalties were still under deliberation at the end of the year.

TABLE I

NUMBER OF CASES

	2005	2004
Current as at January 1	62	27
Filed during the period	118	79
	180	106
Less		
Decisions rendered on penalties	72	43
Acquittals	6	1
Withdrawals/termination of proceedings	1	0
Current files as at December 31	101	62

TABLE II

HEARINGS, POSTPONEMENTS AND DECISIONS

	2005	2004
Hearings held		
On guilt	85	44
On penalties	75	40
Postponements granted		
Before the hearing	51	33
Decisions		
Under deliberation on guilt	12	5
Under deliberation on penalties	17	4
Rendered on guilt	53	41
Rendered on penalties	35	43
Rendered on guilty plea	37	n/a

Penalties (Tables III and IV)

The penalties that the Discipline Committee may impose range from a reprimand to a temporary or permanent revocation of the right to practice professional activities, or fines between \$600 and \$6,000 per accusation count.

The Committee issued seven reprimands and imposed 43 fines totalling \$89,800. Note that the payment of costs is usually ordered when a guilty decision is rendered. In addition, there were 20 cases where the Committee recommended that the Board of Directors require a member to take courses and pass the corresponding exams. There were also 41 cases of certificate suspension/cancellation, with penalties ranging from a period of 15 days to permanent suspension.

The Committee determines penalties based on their deterrence effect and on the type and seriousness of the offence.

In 2005, 40 notices of suspension were published in newspapers (including in *Info ACAIQ*) and on the ACAIQ's website.

TABLE III
PENALTIES

	2005	2004
Imposed penalties		
Reprimands	7	10
Fines	43	39
Mandatory courses	20	4
Restrictions on right to practice	2	0
Cancellations/suspensions*	41	21
Continuing education	7	3

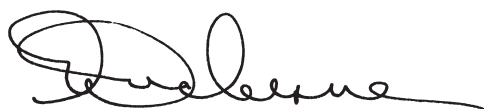
TABLE IV
FINES, COSTS AND PUBLICATIONS

	2005	2004
Penalties		
Total fines	\$89,800	\$57,900
Publications in newspapers (in accordance with section 137 of the <i>Real Estate Brokerage Act</i>)		
Suspensions/cancellations	40	14

◀ * A suspension ordered by the Discipline Committee is sometimes accompanied by a fine. In addition, the Committee may suspend a defendant's certificate on several counts of a single complaint.

Nature of violations

The accusations brought before the Discipline Committee dealt with violations to the *Rules of Professional Ethics of the ACAIQ*, the *By-law of the ACAIQ*, the *Regulation respecting the Application of the Real Estate Brokerage Act* or the *Real Estate Brokerage Act*. It should be noted that a charge may be brought under more than one section of the Act and regulations.



M^e Gilles Duchesne

Substitute Chairman of the Discipline Committee

Make-up of the Discipline Committee

The members of the Discipline Committee are appointed for a three-year mandate. The chairman and substitute chairman are appointed by the government among lawyers with at least ten years of practical experience. The following people are real estate brokers and agents, all members of the ACAIQ, appointed to the Discipline Committee by the Board of Directors. The Committee secretary is also appointed by the Board of Directors.

Substitute Chairman

M^c Gilles Duchesne

Members

Albert-Mongrain, Darlene
Allard, Denis
Ariëns, Imelda
Belley, Louise
Bissonnette, Suzanne
Bolduc, Daniel
Cayer, Louis
Charron, Claude
Cholette, Ginette
Ciocca, Salvatore
Corbeil, Jean-Marc
Couturier, Roger
Daoust, Robert
De Langavant, Laura-Nancy
Desrochers, Jean-Guy
Dufresne, Yvan
Dupras, Marie-Andrée
Fecteau, Luce
Forlini, Nancy
Gagnon, Antoine
Gagnon, Micheline
Gagnon, Normand
Gaspard, Jean-Pierre
Gaulin, Patricia
Giroux Laveau, Lana

Goulet, Christian
Hardacker, Lois
Havard Grisé, Suzanne
Jacques, Sylvie
Jones, Stewart
Kimpton, Pierre
Langelier, Michèle
Laurin, Jean
Lecompte, Éloi
Léger, Éric
Leroux, Robert
Mailloux, Luc
Mammarella, Domenico
Merrien, Thierry
Morand, Hélène
Patry, Pierre
Pépin, Lucie
Racine, Normand
Tassone, Vittoria
Thibault, Renaud
Villiet, François

Secretary

Chantal Peltier

Report from the Professional Inspection Committee



Raymond Desbiens

Chairman of the Professional Inspection Committee

Professional inspection is at the heart of the activities of the Association des courtiers et agents immobiliers du Québec. The mission of the Professional Inspection Committee is to supervise the carrying on of the activities of the members of the Association, with the exception of professional competence, in particular by auditing their records, accounts, books and registers.

The Committee may therefore extend its actions to every application of the Real Estate Brokerage Act and its regulations, as well as to all members of the Association. It is called upon to make recommendations to the ACAIQ Board of Directors based on the practices observed in the course of its inspections.

Make-up of the committee

The members of the Professional Inspection Committee are appointed by the ACAIQ Board of Directors. At the beginning of 2005, they were:

Raymond Desbiens, Chairman

Pierre Martel

Christiane Saint-Jean

Pierre Houle

Marc-André Pilon

Committee Secretary: Céline Martineau, Vice-President
Certification and Professional Inspection

Professional Inspection team

Francine Boucher, Department Head and Inspector

Diane Martineau, Inspector

Jacques Couture, Inspector

Serge Legault, Inspector

Chantal Brunet, Administrative Assistant

Inspections

In 2005, all brokers inspected at their establishment or during a start-up session received a report clearly identifying any discrepancies, action required and specific deadlines for implementing them.

The “action required” included in the inspection reports in 2005 dealt primarily with advertising, record-keeping (supporting documents) and registers, trust accounts, the drafting of contracts and conflicts of interest.

Priority of inspection visits

In 2005, inspectors focused their visits on chartered real estate brokers who had not been inspected since 2001. In total, inspectors visited 540 brokers and examined brokerage contract and transaction records completed by 1,653 agents. Because smaller establishments were inspected in 2005 than in 2004 (26 brokers with more than 30 agents versus 44 in 2004), the number of brokers inspected was higher than last year, but the number of agents was lower.

To their annual priorities, inspectors may add follow-up inspections when the action required calls for a monitoring visit. ■

Start-up service

In total, 101 brokers attended start-up sessions in 2005, almost 50% more than in 2004. Brokers are informed, right from the start of their business activities, about their many obligations including the keeping of books, records and registers as well as advertising and conflicts of interest.

Start-up sessions are especially appreciated by new members, representatives and managers. The purpose of these sessions is to:

- review the responsibilities and obligations of the representative and the manager of an establishment;
- learn and apply effective management methods to provide better oversight of the agents' work;
- as a manager, learn to take responsibility for conflict situations in order to reduce their incidence.

Annual Declaration

Faced with a growing membership and the need to implement new methods to reach and inspect all real estate brokers quickly, the Professional Inspection Committee, drawing on the experience of Québec professional orders, has developed its first online Annual Declaration. By touching base with each broker once a year, the Professional Inspection Department will have up-to-date information on the maintenance and verification of advertising, records and registers. In addition, the online declaration will help the Department get a more accurate profile of the various types of real estate brokerage practice and an overview of the current state of office automation.

In 2006 therefore, each broker, via his representative, will be required to complete and send a 2005 Annual Declaration electronically. This first online declaration covers brokerage transactions for the period January 1 to December 31, 2005.

Conflicts of interest and notices of disclosure

The Professional Inspection Department verifies all notices of disclosure sent to the ACAIQ, in accordance with section 23 of the *Real Estate Brokerage Act*. In total, 1,996 notices were received and verified in 2005, representing an increase of more than 30% over 2004. The number of notices has been rising steadily since 2003, especially since our membership awareness campaigns.

In 2005, 687 letters of information or commitment were sent to agents who had not or had incorrectly completed their notices of disclosure. Letters were also sent to their brokers and to collaborating agents to make them aware of their obligation to collaborate to get the signatures of prospective contracting

parties, i.e. those who must be informed of the conflict of interest. The great majority of these prospective contracting parties are consumers who are party to the transaction.

When a member is faulted more than once, the Professional Inspection Department sends him a letter of commitment to sign. Depending on the seriousness of the offences, some cases may be referred to the Professional Inspection Committee. Of the notices reviewed by the Committee, 47 cases were transferred to the Assistance Service for a more in-depth analysis. Most cases involved recurring errors in the notices of disclosure (missing signatures, clients signing after the drafting or acceptance of a promise to purchase), the absence of a notice of disclosure in the transaction record, failure in one's duty to advise in setting the asking price, and abusive speculation.

The increase in the number of problem cases involving conflicts of interest is taken very seriously by the Professional Inspection Committee, which promotes prevention through information and education of our members. A conference-type training event on conflicts of interest and civil case law was made available at the beginning of 2005 to inform members about their disclosure obligations and the impact that non-disclosure can have on a real estate transaction. A client may withdraw from the transaction without penalty, i.e. without having to pay compensation, if he did not receive the notice of disclosure according to proper procedures. There are several conflict of interest scenarios and although some situations are consistent with the regulations, others violate several provisions of the Act and its regulations, including the obligation to protect the client's interests and to advise the client objectively.

Trust accounts

As of December 31, 2005, a total of 429 brokers had a trust account, down seven from the previous year. This decrease is similar to the one observed in 2004, when eight accounts had been closed. This concerns the Committee, since the number of brokers who have a trust account has a direct impact on the protection of the public. This being said, inspectors will continue to encourage brokers to maintain a trust account by promoting its many advantages, including as a means to show the seriousness of the buyer, as an advantage when several promises to purchase are submitted, and as a protection against embezzlement provided by the Fonds d'indemnisation du courtage immobilier.

For 2006, the main goal pursued by Professional Inspection is the verification of trust accounts. The coming year will be one of monitoring, but also of prevention. The Professional Inspection Department wants to make sure that brokers understand their role as trustees of the money held in a trust account and correctly apply the rules regarding the transfer of this money when transactions are concluded.

Professional Inspection conferences

When, following a report from the Professional Inspection Department, a broker does not take the necessary action, the Professional Inspection Department may, among other measures, recommend that the broker and his agents take improvement courses. It may also impose a meeting or require the members concerned to attend a conference entitled "Better Safe". This conference, given by the Department's Vice-President, is a "preventive" meeting whose purpose is to educate agents about the most common errors in advertising, record-keeping, document storage, disclosure of compensation agreements and notices of disclosure in case of conflict of interest. In 2005, 21 such follow-ups were done with brokers employing 20 agents or more.

Several other training activities are recommended to members following an inspection, including those offered by the ACAIQ, real estate boards and various other organizations. These sessions cover topics such as the drafting of contracts, the keeping of records, books and registers, the detailed description sheet and the land register.

2005 STATISTICS

Broker inspections	540
Residential	331
Commercial	86
Agricultural	1
Start-ups	101
Other (leasing and inactive)	21
Agent reports	1,653
Number of brokers who have a trust account	
End of December 2004	436
End of December 2005	429
Receipt and review of notices of disclosure	1,996
Referred to Assistance Service	47
Referred to Office of the Syndic	21
Referred to Legal Affairs (for Illegal Practice)	11

OTHER PROJECTS

Electronic record-keeping

Among the projects initiated by the Committee in 2005, one is of particular importance and interest for all brokers: electronic record-keeping.

In order to enable the electronic storage and transfer of the documents contained in real estate broker files, several aspects need to be considered and analyzed. The *Real Estate Brokerage Act* and its regulations contain several obligations that have a direct impact on the ability to keep electronic records pertaining to brokerage contracts and transaction files.

For a representative or manager of an establishment, the obligation to obtain quickly, update and keep records can pose logistical challenges, especially when the number and volume of records is large.

In 2006, the Professional Inspection Department will conduct a feasibility study and a pilot project. Should electronic record-keeping be allowed in the new legislation, the Professional Inspection Department will be able to issue specific recommendations regarding the security, integrity and continuity of this method.

In ending, we would like to stress that the Professional Inspection Department has seen a notable improvement in record-keeping, both in terms of content and physical storage. Whether it means providing adequate training to administrative staff to ensure that documents are quickly obtained and recorded in the registers, or else adding filing cabinets in a secure space to ensure record confidentiality, brokers have made sure that their logistical environment and filing systems comply with the requirements outlined in the regulations.



Raymond Desbiens

Chairman of the Professional Inspection Committee

Treasurer's Report

The Association des courtiers et agents immobiliers du Québec ended its fiscal year 2005 with an excess of revenues over expenses of \$323,583. Revenues totalled \$10,724,685 compared to \$9,432,705 the previous year, and expenses increased to \$10,401,102 from \$8,197,889 in 2004.

The momentum gathered in 2004 was carried through in 2005. The effervescence of the real estate market was maintained and was responsible for an influx of new members. The management committee maintained its focus on cost control.



Daniel Pelchat

Chairman of the Finance Committee

This year's highlights include an increase of some \$1,300,000 in revenues. Of this amount, approximately \$700,000 came from new members. In addition, an increased volume of real estate transactions carried out by our members led to an increase of \$300,000 in sales of traditional forms, this in spite of the fact that electronic forms were available free of charge.

On the expense side, a general increase was required to maintain services to a growing membership, in addition to an increase in salaries and payroll taxes of about \$600,000, which is explained by staff additions to meet the increased demand for services both from our membership and from the public. The Association also launched an information campaign at a cost of \$680,000, which aired throughout Québec on the TVA, LCN and Argente television networks. We also invested about \$200,000 to set up the ACAIQ Professional Liability Insurance Fund. Finally, the Association allocated an extra \$170,000 to the Office of the Syndic in order to reduce file processing times.

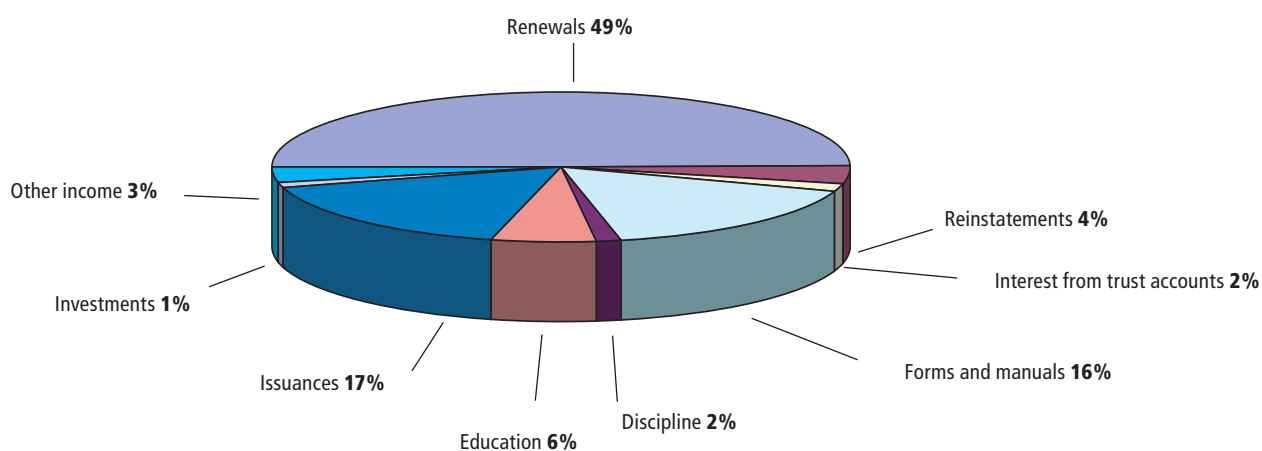
With an unrestricted surplus of \$1,327,627, the Association is in good financial health.

A stylized, handwritten signature in dark ink, consisting of a large, sweeping loop followed by a horizontal line.

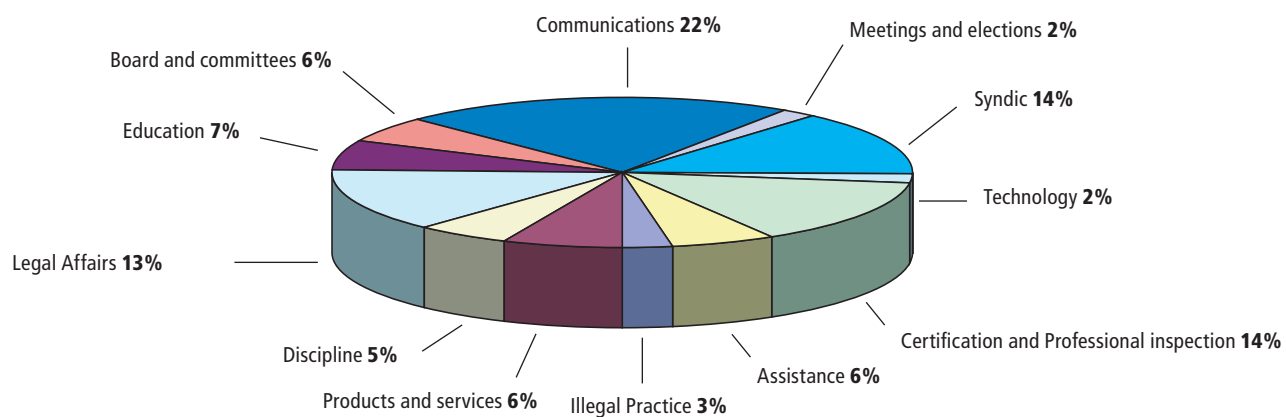
Daniel Pelchat

Chairman of the Finance Committee

REVENUES 2005 : \$10,724,685



EXPENSES 2005 : \$10,401,102



Auditors' Report



*To the members of the
Association des courtiers et
agents immobiliers du Québec*

We have audited the balance sheet of the **ASSOCIATION DES COURTIERSE
ET AGENTS IMMOBILIERS DU QUÉBEC** as at December 31, 2005 and the
statements of income and changes in net assets for the year then ended. These
financial statements are the responsibility of the Association's management. Our responsibility is
to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Harel Drouin - PKF

Montréal, February 15, 2006

Statement of income

For the year ended December 31, 2005

	2005	2004
Revenues		
Members' fees	\$ 8,032,053	\$ 7,209,033
Supplies and services - Schedule	1,074,656	865,219
Investments and other income	466,176	342,784
Interest held in trust accounts (Note 5)	169,435	122,415
	9,742,320	8,539,451
Expenses		
Salaries and employee benefits	3,578,049	3,107,230
Professional fees	1,249,257	1,151,201
Attendance allowance and employee benefits	575,814	462,919
Fund for public information (Note 5)	773,802	110,107
Discipline - Schedule	408,197	298,417
Meeting and travelling	354,085	246,345
Office expenses	352,191	351,548
Illegal practice - Schedule	295,935	232,372
Occupancy expenses	271,937	247,378
Amortization	220,624	159,972
Professional Liability Insurance Fund	208,215	18,800
Publications and public relations	190,056	152,602
Technological conversion	193,414	126,172
Financial expenses	106,567	84,146
Continuing education - Schedule	452,473	314,018
Elections	56,500	43,183
Contribution to the Registraire des entreprises (Note 7)	43,294	144,827
Exam	88,327	53,398
	9,418,737	7,304,635
Excess of revenues over expenses	\$ 323,583	\$ 1,234,816

Statement of changes in net assets

For the year ended December 31, 2005

	Invested in capital assets	Externally restricted	Unrestricted	2005 Total	2004 Total
Balance, beginning of year	\$ 1,556,736	\$ -	\$ 714,381	\$ 2,271,117	\$ 1,036,301
Excess (deficiency) of revenues over expenses	(491,761)	(2,218,883)	3,034,227	323,583	1,234,816
Investments in capital assets	202,098	-	(202,098)	-	-
Externally restricted (Note 5)	-	2,218,883	(2,218,883)	-	-
Balance, end of year	\$ 1,267,073	\$ -	\$ 1,327,627	\$ 2,594,700	\$ 2,271,117

Balance sheet

As at December 31, 2005

	2005	2004
Assets		
Current assets		
Cash	\$ 2,675,735	\$ 2,674,731
Cash in trust accounts	15,713	37,529
Temporary investments, 2.25% to 5.55%	5,989,445	4,590,076
Accounts receivable	219,382	168,630
Interests receivable	55,619	15,244
Supplies inventory	157,924	137,209
Prepaid expenses	180,407	175,339
	9,294,225	7,798,758
Capital assets (Note 3)	1,463,270	1,792,946
	\$ 10,757,495	\$ 9,591,704
Liabilities		
Current liabilities		
Accounts payable (Note 4)	\$ 2,041,376	\$ 1,756,355
Deferred revenues	5,925,222	5,328,022
	7,966,598	7,084,377
Deferred lease inducement, at amortized cost	196,197	236,210
	8,162,795	7,320,587
Net assets		
Invested in capital assets	1,267,073	1,556,736
Unrestricted	1,327,627	714,381
	2,594,700	2,271,117
	\$ 10,757,495	\$ 9,591,704

On behalf of the Board :



Director



Director

Notes to financial statements

As at December 31, 2005

1. Description of the organization

The Association des courtiers et agents immobiliers du Québec (ACAIQ), incorporated under the *Real Estate Brokerage Act* (Québec), has a primary role in ensuring the protection of the public by the enforcement of rules of professional ethics and the professional inspection of its members, and in particular by seeing that its members pursue their activities in accordance with the Act and regulations.

It may also dispense continuing education courses to its members and award the titles referred to in Section 76 of the Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

a) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Contributions to the Registraire des entreprises

Contributions to the Registraire des entreprises are estimated based on last year's payment. Any difference with the amount effectively payable will be adjusted in the year in which we will be billed. The engaged expenses for the application of the *Real Estate Brokerage Act* (Québec), determined every year by the government, are at the Association expenses.

c) Temporary investments

Temporary investments are recorded at cost.

d) Supplies inventory

The supplies inventory is valued at the lower of cost and net realizable value. Cost is determined under the first in, first out basis.

e) Capital assets

Capital assets are recorded at cost and are amortized on the straight line method:

Furniture	10 years
Office equipment	4 years
Telephone equipment	5 years
Computer equipment	3 years
Updates	1 year
Leasehold improvements	Lease term of 10 years

f) Deferred revenues

Income from annual fees is charged to the statement of revenues and expenses on a monthly basis over the duration of the broker certificates which is of 12 months. In accordance with the articles 33 and 37 of the *By-law of the ACAIQ*, they are not refundable to members and they will be applicable on the results in the next year-end.

g) Deferred lease inducement

Deferred lease inducement represents a total of \$446,175 (\$438,273 in 2004) collected from the landlord as lease inducements. This income is amortized on a straight-line basis over the duration of the lease, which expires in January 2010. The amortization is applied against occupancy expenses in the statement of revenues and expenses.

h) Statement of cash flows

A statement of cash flows has not been presented as it would not provide the reader with any additional useful information.

i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and in the notes thereto. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from these estimates.

3. Capital assets

	2005		2004	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 516,704	\$ 316,889	\$ 199,815	\$ 224,870
Office equipment	318,995	188,979	130,016	185,476
Telephone equipment	160,625	102,110	58,515	54,545
Computer equipment	975,932	647,335	328,597	415,025
Leasehold improvements	1,562,293	815,966	746,327	913,030
	\$ 3,534,549	\$ 2,071,279	\$ 1,463,270	\$ 1,792,946

The amortization on capital assets for the year ended December 31, 2005 is \$539,677 (\$415,363 in 2004) and the lease inducement of the leasehold improvements for the year ended December 31, 2005 is \$47,916 (\$44,395 in 2004).

4. Accounts payable

	2005	2004
Accounts payable	\$ 502,098	\$ 579,018
Accrued liabilities	258,704	211,992
Salaries and deductions at source	618,382	335,566
Sales taxes	662,192	629,779
	\$ 2,041,376	\$ 1,756,355

5. Fund for public information

The Financing fund of the Association des courtiers et agents immobiliers du Québec for public information was established by the Board of Directors of the Association in accordance with the *Real Estate Brokerage Act* (Québec). The Fund consists of interest generated by the sums of money held in trust, in conformity with the Act. The Fund must be used primarily for the production and release of information relating to the rights of the public in the field of real estate brokerage and subsidiarily for professional inspection of the members of the Association and, if funds are sufficient, for discipline of those members.

Interest paid to the Fund and Fund-related expenses, which are included in the revenues and expenses of the Association, are as follows:

i) (Net expenses) net revenues of interest held in trust accounts:

	2005	2004
Interest on sums of money held in trust	\$ 169,435	\$ 122,415
Salaries and employee benefits	25,545	50,509
Advertising	584,675	48,510
Professional fees	133,420	5,718
Printing	30,162	5,370
	773,802	110,107
	\$ (604,367)	\$ 12,308

ii) Fund-related expenses included in the statement of revenues and expenses:

Information relating to public rights *	\$ 875,085	\$ 148,731
Professional inspection	168,434	161,363
Discipline	570,997	425,737
	\$ 1,614,516	\$ 735,831

* Broadcasting to the public : \$867,079 in 2005 and \$145,832 in 2004

6. Commitments

As at December 31, 2005, the balance of commitments under a lease agreement for its premises, expiring in January 2010, amounts to \$2,088,270. Minimum lease payments in each of the next five years are as follows:

2006	2007	2008	2009	2010
\$ 431,434	\$ 436,195	\$ 420,160	\$ 402,224	\$ 398,257

The Association is also committed under professional services contracts to pay \$575,640 in 2006.

7. Contribution to the Registraire des entreprises

The amount of the contribution of the Registraire des entreprises is composed of:

	2005	2004
Reversal of the previous year-end provision	\$ (112,500)	\$ (114,000)
Received bill during the year	88,294	146,327
Provision for the last nine months of the year-end (9/12 of the previous bill)	67,500	112,500
	\$ 43,294	\$ 144,827

8. Contingencies

During the year 2001, one proceeding was instituted in the amount of \$1,410,000 against the Association. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recorded in the financial statements. However, the Association is covered by a liability insurance for an amount up to \$2,000,000 for this sinister.

9. Financial instruments

The fair value of cash, cash in trust accounts, temporary investments, accounts receivable, interest receivable and accounts payable is comparable to their book value given their forthcoming maturities.

10. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Supplementary information

For the year ended December 31, 2005

	2005	2004
Supplies and services		
Revenue	\$ 1,748,264	\$ 1,450,223
Direct costs		
Cost of sales	607,564	516,118
Salaries and employee benefits	60,624	61,700
Printing and translation	1,797	2,100
Bad debt	1,328	1,029
Other costs	2,295	1,911
Professional fees	-	2,146
	673,608	585,004
	\$ 1,074,656	\$ 865,219
Illegal practice		
Revenue		
Penalties	\$ 5,217	\$ 9,440
Costs		
Salaries and employee benefits	156,935	126,306
Penal investigations	110,499	86,482
Legal fees	24,140	20,031
General administration	3,263	3,817
Occupancy expenses	2,807	2,554
Amortization	3,508	2,622
	301,152	241,812
	\$ (295,935)	\$ (232,372)
Discipline		
Revenue		
Penalties and disbursements received	\$ 162,800	\$ 127,320
Direct costs		
Discipline committee	135,729	129,612
Occupancy	99,255	90,291
Delivery	97,326	38,247
Salaries and employee benefits	94,958	86,786
Professional fees	65,837	25,571
Public notices	31,902	9,774
Bad debts	22,296	27,965
Office expenses	16,678	12,246
Amortization	7,016	5,245
	570,997	425,737
	\$ (408,197)	\$ (298,417)
Continuing education		
Revenue	\$ 145,597	\$ 171,491
Direct costs		
Salaries and employee benefits	303,112	212,927
Professional fees	107,042	92,210
Occupancy	97,571	88,759
Travelling	41,129	46,428
Publication	20,901	22,028
Office expenses	14,283	12,667
Amortization	14,032	10,490
	598,070	485,509
	\$ (452,473)	\$ (314,018)

