



nova scotia real estate
COMMISSION
ANNUAL REPORT 2022



Annual General Meeting

Zoom Webinar

April 21, 2023
10:00 AM- 12:00 PM

Agenda

1. Call to Order—Linda Smardon
2. Introduction—Linda Smardon
3. Chairperson’s Report—Linda Smardon
4. Licensing Committee—Tunde Awoyiga
5. Complaints Review Committee—Kim Fox
6. Discipline Committee—Gary Mailman
7. Commercial Committee—Greg Taylor
8. Finance Committee—Greg Taylor
9. Education Committee—Aaron Millen
10. Forms Committee—Anne Da Silva
11. Election results
12. Open Forum
13. Adjournment



Table of Contents

4

Board of Directors

5

Message from the Chair

6

Message from the
Executive Director & Registrar

7

Licensing Committee

8

Complaints Review Committee

9

Discipline Committee
Commercial Committee

10

Forms Committee

11

Education Committee

12

Recovery Fund

13

Finance Committee

14

Audits and Investigations

15

Election Nominees

18

Financial Statements

35

Budget 2023

Board of Directors



Top row: Aaron Millen, Gary Mailman, Greg Taylor, Anne Da Silva, Kim Fox.
 Bottom row: Tunde Awoyiga, Nancy McGrath, Linda Smardon, David Woo, Logan Morse.

Name	Term	Appointment	Location	Brokerage/organization	Attendance*
Aaron Millen	April 2023	NSAR	Westville	Turning Point Real Estate Limited	6/6
Anne Da Silva	April 2024	NSAR	Bedford	Keller Williams Select Realty	6/6
Kim Fox	April 2025	NSAR	Dartmouth	RE/MAX Nova	6/6
Linda Smardon	April 2023	Elected	Dartmouth	Exit Realty Metro	6/6
Gary Mailman	April 2024	Elected	Bridgewater	Exit Realty Inter Lake	6/6
Logan Morse	April 2025	Elected	New Minas	Royal LePage Atlantic	4/4
Greg Taylor	April 2024	Commercial	Halifax	Colliers International (Nova Scotia) Inc.	6/6
Nancy McGrath	October 2023	Public	Bridgetown		6/6
Tunde Awoyiga	December 2023	Public	Halifax		6/6
David Woo	August 2025	Public	Halifax		3/3

*The attendance record of the Commissioners serving on the Nova Scotia Real Estate Commission between January 1, 2022 and December 31, 2022. There were a total of six Commission meetings held.



Message from the Chair



Linda Smardon
Exit Realty Metro

It is my pleasure to present this Chair Report on behalf of the Nova Scotia Real Estate Commission. Over the past three years, we have faced a range of challenges that have provided us with an opportunity to evaluate our processes from multiple perspectives. We have examined our pre-COVID processes, the adjustments we made during restrictions, and the challenges we faced in returning to operations while competing for employees in an environment of shortages of qualified personnel.

The mandate of the Nova Scotia Real Estate Commission remains at the forefront of our decision-making processes. Our mandate is to protect the public interest through effective regulation that promotes professionalism, ethical conduct, and integrity. We strive to strengthen consumer trust and confidence in the real estate profession by administering and enforcing the Real Estate Trading Act, setting performance standards, investigating complaints and imposing disciplinary sanctions under the Act.

Leveraging technology and reassessing our processes have been key to meeting our mandate. Our Board of Directors has decided that the majority of our meetings throughout the year

will remain virtual. We have also approved a proposal that will reduce the impact of staff shortages on effective regulation by outsourcing the trust audit portion to an accounting firm while the Commission staff will continue to complete transaction audits. Technology will play a crucial role in both these processes. We are working towards returning to a full audit process in January 2024.

A significant ongoing project for the Commission is updating the by-laws. This involves considerable work by staff, legal counsel and the By-law Task Force. Part Five—Recovery Fund is complete and has been approved by the Board of Directors. Part Seven—Conduct and Trade Practices is presently under review.

I would like to express my appreciation to my fellow Commissioners for their thoughtful input and understanding of the role of the Nova Scotia Real Estate Commission. Our Registrar provides the necessary information, options, and thoughts for the Board of Directors to consider when making decisions. Finally, I would like to extend my gratitude to all staff members for their unwavering commitment and support.

.....

Message from the Executive Director & Registrar



Brad Chisholm
Executive Director &
Registrar

2022 was a year of transition as we took steps to gradually move towards pre-pandemic operating conditions. A number of temporary state of emergency By-law measures put in place back in 2020 were repealed, though some, like modified audits, remained in effect.

Licensee numbers have continued to climb in response to existing and anticipated market conditions. In fact, the sustained growth of licensee numbers realized over the past few years is unprecedented. Of course, increased licensee numbers has impacted operations, with added demand on Licensing, Communications and Compliance staff resources.

2022 was also a year of progress, as significant headway was made on the redevelopment of the new salesperson licensing course and the associated licensing exam platform. We also continued progress on overhauling complete sections of the By-law. As of 2022, Parts 2 through 5 of the By-law have seen significant upgrading and revision.

Staff carried out research and analysis on the growth and popularity of real estate teams to

determine if regulatory changes are needed to keep pace with this evolving practice. Work on this continues. We have also conducted research on the topics of licensee professionalism, code of conduct, and ethics in the industry both between licensees and toward the consumers to whom they provide services.

Through such research and analysis recommendations can be brought before the Board of Directors for consideration and, where appropriate, implementation. This research includes feedback and commentary from licensees, consumers, and other industry stakeholders all of which is carefully reviewed and considered. I want to again thank licensees for taking the time to respond to the Commission's surveys as this provides valuable information to assist the Board of Directors to determine policy.

I want to thank and recognize the Commission staff for their dedication and hard work this past year, and, as always, thank you to the Board of Directors for the support you provide.



Tunde Awoyiga
Public Member

Licensing Committee

The Licensing Committee is responsible for setting entrance standards for the industry that promote professionalism, ethical conduct, and integrity.

The committee serves as an independent review panel to hear appeals of the Registrar’s decision to deny a licensing application. The committee makes recommendations to the Board of Directors on licensing issues and continuing education requirements. The committee is also tasked with ensuring the Commission’s licensing processes are fair and transparent.

In 2022, licensing numbers continued to increase, with 303 new salespeople entering the industry. 51 broker-level licences were issued, which includes Nova Scotia licensees upgrading their education as well as broker-level licensees from other provinces licensing here under reciprocity. With enrollment in the salesperson licensing class remaining high, some 485 salesperson licensing exams were written, including first and second attempts.

I would like to give thanks to the committee members for providing their service, input and experience. Thanks also to the Commission’s Licensing Officer, Pam Crane for her hard work and dedication.

New applicants	2019	2020	2021	2022
Salespeople	175	179	329	303
Brokers/ MABs	8	14	17	30
Associate brokers	8	13	17	21
Industry totals	2019	2020	2021	2022
Offices	224	226	233	231
Licensees	1680	1761	2012	2194
Brokers	159	157	158	160
MABs	53	50	58	69
Associate brokers	89	91	101	112
Salespeople	1379	1463	1695	1853
Approved sales corps.	216	234	302	366

Committee Members

- Tunde Awoyiga, Chair, Halifax
- Graham Coade, Salesperson, Halifax
- Holly Green, Salesperson, Halifax
- Lorena MacDonald, Associate Broker, Halifax
- Jennifer Morrison, Managing Associate Broker, Halifax
- Briana O’Grady, Lawyer, Upper Tantallon

Complaints Review Committee



Kim Fox
RE/MAX Nova

The Complaints Review Committee (CRC) is made up of licensed and public members who are tasked with reviewing all of the Registrar's decisions, which include proposed settlement agreements, no charges, and any dismissed complaints.

At CRC meetings, the Compliance Investigator presents the case to the committee, along with the evidence and the Registrar's decision. If the CRC approves the Registrar's decision of charges and sanctions, the licensee is presented with a settlement agreement. Should the CRC not approve the decision, the settlement agreement is rescinded and the Registrar may modify his decision or send the matter to hearing. The Commission follows the same process every time the Registrar offers a settlement agreement, determines there were no charges, or dismisses a complaint.

The Commission's compliance team fields daily calls and emails from consumers and licensees about trade practices. Very few of these discussions progress in formal complaints being submitted. The

compliance team makes every effort to engage brokers early and where possible, attempt to resolve issues before they result in a formal complaint and the opening of an investigation. This approach is not suitable for all cases and, depending on the allegation(s), an investigation may be in the best interest of both the public and the industry.

For example, if a consumer's complaint is service-related (i.e. the licensee is not returning phone calls and emails), the compliance team will likely contact the licensee's broker to discuss the issue and have the broker follow up with the licensee and the consumer. If the matter can be resolved satisfactorily, the consumer may choose not to file a complaint.

The CRC plays a key role in our complaints and investigation processes. I want to thank the members of the CRC and the compliance team for their hard work and dedication to the committee and the protection of real estate consumers in Nova Scotia.

Committee Members

Kim Fox, Chair, Halifax

Matthew Gough, Lawyer, Dartmouth

David Melvin, Lawyer, Halifax

Mary MacDonald, Broker, Liverpool

Logan Morse, Salesperson, Centreville

Charlie Pace, Broker, Halifax

Umme Sardar, Salesperson, Bedford

Discipline Committee



Gary Mailman
Exit Realty Inter Lake

In 2022, the Discipline Committee had no formal discipline hearings as all matters had been resolved without the need for a formal hearing.

The Discipline Committee as a whole does not meet together, other than for training purposes. The Committee members serve to form a roster for hearing panels in the event of a discipline hearing.

The Discipline Committee's role is to hold discipline hearings and render decisions about alleged infractions of licensees, including unprofessional conduct, and breaches of the Real Estate Trading Act, Regulations and By-law.

Thank you to the Discipline Committee members for their willingness to serve on this committee.

Committee Members

Gary Mailman, Chair, Bridgewater
Raffi Balmanoukian, Lawyer, New Glasgow
Carol Beal, Public Member, Halifax
Marilisa Benigno, Broker, Halifax
Sherry Blinkhorn, Broker, New Glasgow
Ann Parks, Associate Broker, Bridgewater

Commercial Committee



Greg Taylor
Colliers International
(Nova Scotia) inc.

The Commercial Committee's role is to address matters of interest to commercial real estate licensees, such as the organization of educational events for commercial licensees. The committee is chaired by the commercial representative on the Board of Directors, who is elected to the Board by the committee.

I encourage commercial practitioners to send any concerns or issues they may have to the Commission or to the members of the Commercial Committee. The Committee would like to be proactive on issues concerning the commercial community.

Thank you to the members of the Commercial Committee and to the Commission staff for your support.

Committee Members

Greg Taylor, Chair, Halifax
Tom Carpenter, Associate Broker, Halifax
Erin Crosby, Salesperson, Halifax
Aaron Ferguson, Salesperson, Dartmouth
Bill Greenwood, Salesperson, Halifax
Breanne Hay, Salesperson, Halifax
Carlisle Norwood, Broker, Halifax
Tim Margolian, Associate Broker, Halifax

Forms Committee



Anne Da Silva
Keller Williams Select Realty

The Forms Committee has been working on a number of projects this last year. The first, and potentially the largest of the projects, is a complete review and overhaul of the Clause Book. There are significant updates needed in addition to the goal of creating consistency throughout the recommended clauses. As the clause book has not been updated in many years, there are items that are now contradictory with the current forms or no longer apply. In addition, there are new areas that should be addressed and provided to licensees to best serve the public.

The second project being undertaken is the review of all forms for consistency in wording and to streamline wherever possible for greater clarity to the consumer. This project is also connected to the work on the Clause Book as it allows the Committee to see areas that may not need to be in the standard forms but would be very helpful to have as a resource for licensees.

In the past year, we understand that CREA is looking at Coming Soon advertising which may affect MLS® listings, so we are monitoring the situation to see if the Commission forms may be impacted.

The Committee highly recommends and encourages licensees to reach out directly to communicate any ideas, questions or concerns with any Commission form. The Committee diligently reviews and discusses any suggestions submitted and that participation and feedback is welcomed and appreciated.

I would like to thank our dedicated Committee members for their continued time and effort that they have, and continue to invest, in the improvement of our forms. Additionally, on behalf of the entire Committee and licensees, to thank the staff for all of their work to support the committee and empower us to move forward.

We are excited for the progress we will be making in this upcoming year and look forward to communicating with all licensees as projects are completed.

Committee Members

Anne Da Silva, Chair, Bedford
Sandra Chaisson, Salesperson, Halifax
Ryan Hartlan, Broker, Dartmouth
Danielle MacLean, Lawyer, Dartmouth
Lisa White, Broker, Lakeside
Gregg Yeadon, Lawyer, Dartmouth



Aaron Millen
Turning Point Real
Estate Limited

Education Committee

In 2022, the Education Committee met to discuss and decide the subject matter for the 2022-2023 mandatory continuing education course to recommend to the board of directors for approval. The board accepted the recommendations of the Education Committee, which was developed into the course “Hot Market Topics”. This online course was designed to assist licensees with the challenges of working the heated markets of the last couple of years.

The new salesperson licensing course text is in the final editing phase along with graphics development for the textbook and the online platform. Once completed, in mid to late March, the course

material will be provided to a graphic designer for desktop publishing into a textbook format. Exam writing is also underway for the new course. The new exams will be in multiple choice format and testing will be delivered online. There will be an overlap of students completing the existing and new salesperson licensing courses and exams as students enrolled in the existing course will have a year to write the exam after course completion.

I want to thank the members of the Education Committee, the members of the Board, and the Commission staff for their dedication and service this past year.

Committee Members

- Aaron Millen, Chair, Westville
- Anthony Brown, Associate Broker, Halifax
- Marg Bowlen, Broker, Dartmouth
- Ryan Hartlen, Broker, Dartmouth
- Lydia MacIsaac, Salesperson, Bedford
- Gary Mailman, Salesperson, Bridgewater

Recovery Fund

Recovery Fund By-law Changes

In 2022, the By-law Task Force reviewed and revamped Part Five—Recovery Fund of the Commission By-law. The most significant change to the Recovery Fund section was the elimination of the Recovery Fund Committee. The Recovery Fund Committee and was a holdover from legislation that predated the Real Estate Trading Act (the Act). The Act establishes the Discipline Committee and the Commission Board of Directors as responsible for the management of the Fund and for evaluating claims against the Fund. The Recovery Fund Committee was not contemplated by the Act and therefore has no authority or decision-making ability under the Act. The Recovery Fund Committee's role was simply carrying out the decisions made by the Discipline Committee and the Board. The new Part Five was rewritten so that decisions of the Discipline Committee and the Board of Directors will simply be carried out by the Discipline Committee and the Board, with the Board's financial management of the Fund delegated to the Finance Committee.

Other changes of note include a Board-set minimum balance for the Fund of \$600,000. The minimum amount of the Fund set out in the Regulations is \$300,000, which hasn't changed since the Act and Regulations were established in 1997. Housing prices and the size of trust deposits have roughly quadrupled since then and with brokerages routinely holding more than a \$1 million in trust, a \$300,000 minimum was insufficient for consumer protection. The current balance of the Recovery Fund exceeds the new board-set minimum amount.

The maximum amounts payable from the fund have been simplified and increased to \$35,000 for a single real estate transaction and for multiple claims against a licensee, which includes brokerages, an aggregate limit of \$350,000.

There was also a \$100 reduction in Recovery Fund fees for new managing associate brokers and brokers, which is the same as new associate brokers and salespeople. A new \$200 Recovery Fund fee for new brokerages has been added.

Recovery Fund Investment Results

In 2022, the fund had a -6.58 per cent net return and a market value of \$750,433

As of December 31, 2022, 63 per cent of the fund was invested in Fixed Income (bond) funds, 23 per cent was invested in Equity and the remaining 14 per cent cash and short-term equivalents. As signs of inflation were peaking the Fund gradually shifted from an overweight fixed income exposure into increased equity with the intention of providing quality growth as the markets turn around. Cash and cash equivalents remained consistent throughout 2022 with the aim to deploy once a full bottoming of the markets appear. From a currency perspective, 75 per cent of the fund is denominated in Canadian dollars and 25 per cent in United States dollars. There were no claims against the fund in 2022 and no income was distributed from the fund.

The first quarter of 2023 has seen a rebound in the markets largely due to a clearer path of slowing inflation and subsequent stopping of interest rate increases by the Bank of Canada. The Recovery Fund has grown 2.85 per cent in that time frame. The strategy for the duration of 2023 is to remain aware and positioned for protecting downside pressure on the fund as the economy enters into an anticipated recession and subsequent recovery. We see great opportunities with the ability to purchase Fixed Income at higher yields along with further entrances into quality companies that have a discounted valuation.



Greg Taylor
Colliers International
(Nova Scotia) inc.

Finance Committee

2022 Results

The Commission maintained a strong financial position in 2022. Some licence categories, such as salesperson and approved sales corporation, continued growth, exceeding budgeted revenue predictions. Market conditions and expectations continue to attract new licensees, predominantly salespersons, to the industry. This was another record year of total licensed persons in the province. The net increase in licensees since 2019 is over 500 persons, a nearly thirty (30) per cent increase in three years.

Overall expenses were lower than budgeted and so we have realized significantly higher-than anticipated net income for the year.

Excess revenues over expenditures are designated for general reserve fund and special reserve funds for current and upcoming projects. The funds are invested in both short- and long-term securities.

2023 Budget

With the growth of licensees numbers in the province comes the particular challenge of sustaining operational levels in lieu of increased capacity. Activity involving licensing, communications,

complaints and inquiries (from both consumer and industry sources) has sharply increased. It is crucial that the Commission has sufficient resources to effectively and efficiently carry out its legislative mandate.

One example is audits. As the impact of COVID stabilizes, the Commission prepares to resume a more robust audit program indicative of pre-pandemic conditions. Many aspects of the pre-pandemic audit program will remain unchanged while others will see modification. Over the coming year, planning and preparation will be underway to transition to fuller compliance audits which will include broker education, Commission staff training and technical investment and if necessary, additional staff.

It is anticipated that as we adapt to industry growth, operating expenses will be impacted going forward.

There will be no licensing fee increases for the 2023/24 licensing cycle. Thank you to the Finance Committee members and to the Commission staff for their hard work during this past year.

Committee Members

Greg Taylor, Chair, Halifax
Nancy McGrath, Public Member, Bridgetown
Aaron Millen, Broker, Westville
Linda Smardon, Broker, Dartmouth

Audits and Investigations

Audits

The Board of Directors approved a modified trust and brokerage audit program for 2022. In total, 163 modified audits were conducted. The number of modified trust audits and brokerage audits conducted are shown below. F1 indicates that the broker submitted a Form 1—*Real Estate Brokerage’s Representations to the NSREC* of the brokerage’s trust and trading activity. F2 indicates that the broker submitted a Form 2—*Declaration Respecting Absence of Trust Funds* and F3 indicates that the broker submitted a Form 3—*Declaration Respecting Absence of Trust and Transaction Files*.

- 60 brokerage audits (41-F1s, 4-F2s and 4-F3s)
- 55 trust audits (48-F1s, 5-F2s and 2-F3s)
- 36 new broker brokerage audits (24-F1s, 10-F2s and 2-F1s)
- 8 change-of-broker trust audits (5-F1, 3-F2, and 0-F1)
- 1 closing new broker trust audits (1-F3)
- 3 closing trust audits (3-F1s)

Trust and brokerage audits educate brokerages to understand and comply with the standards and procedures for trust accounts and transaction-file record keeping, which in turn protects the best interests of the public.

Investigations

Origin of 2022 investigations	
Public	19
Registrar	4
Investigation status summary	
Outstanding investigations January 1	10
New cases initiated	24
Closed (investigated and presented)	19
Withdrawn complaints*	1
Outstanding as of December 31	14
Dismissed complaints	1
Hearings	0
Disciplinary licence suspensions	0
Licence cancellations	0
Licence ban	1

*Complainant requested to withdraw their complaint after the investigation was initiated, the Registrar agreed.

Election Nominees



Joanne Bouley

**Managing Associate Broker,
RE/MAX Fairlane Realty**

Time Licensed

5 years

Degrees / Designations

Interactive Technology Diploma

Director / Committee Experience

- Third Place Transition House Board of Directors
- Rental Standards Committee for the Town of Truro
- Cobequid Arts Council Board of Directors
- Town of Truro Tourism Committee
- The Truro Rotary Club Corporate Member, International Development Committee and Membership Committee
- NSAR Focus Groups

About Me

Hello there! I'm Joanne Bouley, and I'm the Managing Associate Broker at Remax Fairlane Realty, as well as a member of the Truro Home Team with Sharon Corcoran. I've been working at Remax for 18 years now, starting at the age of 24, and I've done everything from administration to office management. Five years ago, I got my Real Estate License, and in 2021, I received my Managing Associate Brokers License. As a result, I have a 360-degree view of the industry. I strongly believe that we should all serve the communities in which we live and work. In line with this philosophy, I've been involved with various boards and committees, such as the Third Place Transition House, the Tourism Committee, the Rental Standards Committee for the Town of Truro, and the Cobequid Arts Council. Additionally, I recently became a Corporate Member of the Truro Rotary Club, sitting on the membership and International committee. I believe everyone should have a safe and affordable place to call home. Prior to joining Remax, I lived in the Caribbean, where I lived and volunteered for the Caribbean International Health Institute. I'm thrilled to get more involved in the real estate industry that I love and give back to my community. So, I'm asking for your vote to elect me to the Board of the Nova Scotia Real Estate Commission Board of Directors. I encourage you to connect with me with your concerns in our Industry so I can influence positive and productive changes. My first focuses will be making our industry forms more efficient, advocacy for protection & education for licensees on the Foreign Buyer's Ban and education for new licenses.

.....

Election Nominees



Colin Castle

Salesperson,
Hants Realty Ltd.

Time Licensed

4.5 cumulative years since 2014

About Me

My name is Colin Castle and I am putting my name forward for the open position on NSREC’s Board of Directors. I’m interested in this opportunity because I would like to bring forward issues raised by my fellow industry members which we feel are not being addressed. I am an active and astute salesperson who listens to colleagues when they express their opinions on matters of relevance to our industry. I believe in simple principles- fairness, equality, compassion and common sense. I grew up in rural NS and lived in Bedford for several years. I currently reside back in rural NS where my wife, Jenna, and I have some acreage and grow most of our own food. My background professionally has always been in sales. I eventually made the jump to real estate sales in 2014 when I sold my first renovation property. I then paused my real estate career to take a run in municipal politics. While not successful in that bid, it was an opportunity to learn and grow. As a result, I’ve adopted the approach of, “There are no problems, just opportunities for solutions.” In the intervening years, this mindset has served me well. Thank you for taking your time to read this and giving consideration to my candidacy. I appreciate you.

Election Nominees



David Langstroth

Associate Broker,

Exit Realty Metro

Time Licensed

4 years

Degrees / Designations

BMus, MA, MBA

Director / Committee Experience

- Executive Director- Atlantic Association for Research in the Mathematical Sciences (19 years)
- Board of Directors- Atlantic Association for Research in the Mathematical Sciences
- Executive Committee- Atlantic Association for Research in the Mathematical Sciences
- Executive Director of the Atlantic Association for Research in the Mathematical Sciences, serving on the Board of Directors and the Executive Committee.

About Me

I have a diverse professional background. My earliest career was working as a musician for the BBC for nearly 20 years. This highly competitive field demanded values of excellence and dedication. Since returning to Canada, I have worked in the academic sector, serving as Executive Administrator for the Atlantic Association for Research in the Mathematical Sciences, and as Executive Administrator for the Dalhousie Institute for Big Data Analytics, work which cultivated an aptitude for organization and precision. During those same years, I was also the co-director of a small company in health services, an experience which honed my strategic and entrepreneurial skills.

I have owned numerous properties in Canada and in the UK, and have lived long enough to experience, at the pointy end, a wide range of market conditions and industry practices. In 2019 I became a licensed Salesperson with EXIT Realty Metro in Dartmouth, and in 2023 I became an Associate Broker.

I'm running for this position because the regulation of our industry is hugely important. Not only does it establish the fair playing field in which we all operate, but it protects the public and inspires confidence that their transactions, through us, will be fair; that they will be safe in the real estate market of Nova Scotia.

The job of the Commission is never finished. We live in a constantly changing environment which requires our industry to adapt. As we adapt, however, our focus must remain on the consumer; for their safety and their confidence cannot be taken for granted. When we see stories in the media of transgressions in other jurisdictions it is evident how easily that confidence can be shaken.

Vote for me and I will apply my energies and abilities diligently to this project for the next three years.

NOVA SCOTIA REAL ESTATE COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

**NOVA SCOTIA REAL ESTATE COMMISSION
INDEX
DECEMBER 31, 2022**

	Page
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF REVENUES AND EXPENSES	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 15



Baker Tilly Nova Scotia Inc.
Suite 201, 130 Eileen Stubbs Ave
Dartmouth, NS
Canada B3B 2C4

D: +1 902.404.4000
F: +1 902.404.3099

halifax@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Nova Scotia Real Estate Commission

Opinion

We have audited the financial statements of **Nova Scotia Real Estate Commission** ("the Commission"), which comprise the statement of financial position as at December 31, 2022 and the statements of revenues and expenses, changes in net assets 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 Commission as at December 31, 2022, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Commission 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 that we identify during our audit.

Dartmouth, Nova Scotia
March 23, 2023



Chartered Professional Accountants

**NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

4

	2022	2021
	\$	\$
REVENUES		
<i>Recovery Fund</i>		
Assessment income	36,900	37,700
Investment income	23,405	27,521
Loss on investments	<u>(68,131)</u>	<u>(6,633)</u>
	<u>(7,826)</u>	<u>58,588</u>
<i>General Fund</i>		
Licensing fees	1,225,036	1,152,027
Investment income	105,271	48,299
Exam fees	52,600	65,925
Reinstatement of license	46,525	30,235
Fines and penalties	20,500	21,200
Lapsed trust funds	13,500	22,254
Amortization of tenant inducement (Note 8)	7,040	7,040
Other fees	<u>6,425</u>	<u>14,505</u>
	<u>1,476,897</u>	<u>1,361,485</u>
	<u>1,469,071</u>	<u>1,420,073</u>
EXPENSES		
Advertising	2,686	1,969
AGM	2,110	-
Amortization of capital assets	11,801	13,069
Amortization of intangible assets	11,289	14,759
Bank service charges	40,871	38,198
Computer maintenance	3,130	6,725
Conferences	15,296	-
Directors and committee member fees	27,450	24,510
Dues and fees	6,030	6,546
Focus groups and task forces	15,967	2,419
Insurance	2,377	1,937
Internet hosting fees	24,084	5,633
Investment broker fees	6,600	6,621
Office	12,803	9,234
Postage and courier	379	537
Printing	8,803	6,524
Professional fees	67,829	58,780
Rent, cleaning and utilities	83,214	67,515
Repairs and maintenance	3,231	694
Salaries and employee benefits	673,760	655,554
SPL and BL exams	16,420	14,980
Staff travel and training	171	-
Telecommunications	11,090	9,981
Travel and meetings	<u>-</u>	<u>340</u>
	<u>1,047,391</u>	<u>946,525</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>421,680</u></u>	<u><u>473,548</u></u>

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2022

	General Fund \$	Capital & Intangible Assets Fund \$	Recovery Fund (Note 9) \$	Reserve Fund \$	Strategic Planning Fund \$	Exam Development Fund \$	Total 2022 \$	Total 2021 \$
NET ASSETS - beginning of year	121,031	40,797	803,529	481,643	35,000	30,000	1,512,000	1,038,452
Excess of revenues over expenses	452,156	(16,050)	(14,426)	-	-	-	421,680	473,548
Interfund transfer	(25,000)	-	-	-	25,000	-	-	-
Investment in capital assets	(2,835)	2,835	-	-	-	-	-	-
NET ASSETS - end of year	<u>545,352</u>	<u>27,582</u>	<u>789,103</u>	<u>481,643</u>	<u>60,000</u>	<u>30,000</u>	<u>1,933,680</u>	<u>1,512,000</u>

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

6

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash	879,442	1,290,294
Trust funds	74,608	58,608
Investments (Note 3)	709,322	-
Prepays	<u>9,378</u>	<u>12,040</u>
	1,672,750	1,360,942
RESTRICTED CASH (Note 9)	38,701	154,071
INVESTMENTS (Note 3 and 9)	949,810	649,458
CAPITAL ASSETS (Note 4)	39,763	48,729
INTANGIBLE ASSETS (Note 5)	<u>11,286</u>	<u>22,575</u>
	<u>2,712,310</u>	<u>2,235,775</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	126,356	132,729
Funds held in trust	74,608	58,608
Deferred revenue (Note 7)	543,532	488,064
Current portion of deferred lease incentives	<u>10,240</u>	<u>10,240</u>
	754,736	689,641
DEFERRED LEASE INCENTIVES (Note 8)	<u>23,894</u>	<u>34,134</u>
	<u>778,630</u>	<u>723,775</u>
NET ASSETS		
GENERAL FUND	545,352	121,031
CAPITAL AND INTANGIBLE ASSETS FUND	27,582	40,797
RECOVERY FUND (Note 9)	789,103	803,529
RESERVE FUND	481,643	481,643
STRATEGIC PLANNING FUND	60,000	35,000
EXAM DEVELOPMENT FUND	<u>30,000</u>	<u>30,000</u>
	<u>1,933,680</u>	<u>1,512,000</u>
	<u>2,712,310</u>	<u>2,235,775</u>
COMMITMENT (Note 10)		

Approved by the Board



Director



Director



**NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

7

	2022	2021
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess of revenues over expenses	421,680	473,548
Items not affecting cash		
Loss on investments	68,131	6,633
Amortization of capital assets	11,801	13,069
Amortization of intangible assets	11,289	14,759
Amortization of deferred lease incentive (Note 8)	<u>(10,240)</u>	<u>(8,107)</u>
	502,661	499,902
Changes in non-cash working capital items		
Accounts receivable	-	800
Prepays	2,662	(10,524)
Inventory	-	968
Accounts payable and accrued liabilities	(6,373)	(60,396)
Deferred revenue	<u>55,468</u>	<u>20,034</u>
	<u>554,418</u>	<u>450,784</u>
INVESTING		
Acquisition of investments	(1,077,805)	(39,232)
Proceeds on disposal of investments	-	103,774
Acquisition of capital assets	<u>(2,835)</u>	<u>(802)</u>
	<u>(1,080,640)</u>	<u>63,740</u>
CHANGE IN CASH	(526,222)	514,524
CASH - beginning of year	<u>1,444,365</u>	<u>929,841</u>
CASH - end of year	<u><u>918,143</u></u>	<u><u>1,444,365</u></u>
<i>Cash consists of:</i>		
Cash	879,442	1,290,294
Restricted cash	<u>38,701</u>	<u>154,071</u>
	<u><u>918,143</u></u>	<u><u>1,444,365</u></u>

1. OPERATIONS

The Nova Scotia Real Estate Commission ("the Commission") was established by the Province of Nova Scotia Bill No. 31 assented to December 20, 1996. Bill 31 is an Act to Provide for Regulation of Trading in Real Estate in Nova Scotia.

The Commission is a not-for-profit organization under the meaning assigned in Section 149.1(1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Net asset funds

General Fund

The General Fund is used for the Commission's day-to-day ongoing activities, including service delivery and administration.

Capital Asset and Intangible Asset Fund

The Capital Asset and Intangible Asset Fund reports the assets, liabilities, revenues and expenses related to capital and intangible assets.

Recovery Fund

The Recovery Fund reports the assets, liabilities, revenues and expenses of the Nova Scotia Real Estate Recovery Fund, which is administered and supervised by the Commission. The purpose of the Fund is to provide a self-insurance fund for licensed members in the Nova Scotia real estate industry within limits outlined in Note 9.

Internally Restricted Funds

The Reserve Fund was established by the Commission as a contingency fund for future unexpected expenditures. The Strategic Planning Fund was established by the Commission for future strategic planning expenditures. The Exam Development Fund was established by the Commission for future exam development expenditures. Transfers to these Funds are approved by the Board.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash consists of cash on hand and balances held with financial institutions and an investment broker.

Inventory

Inventory, consisting of supplies and materials, is valued at the lower of cost and net realizable value, with cost being determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the costs necessary to make the sale.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and methods over the estimated useful lives as follows:

Computers	25%-50%	Diminishing balance
Furniture and equipment	10%	Diminishing balance
Leasehold improvements	Term of lease	Straight-line

One half year's amortization is taken in the year of acquisition.

Intangible assets

Intangible assets consist of billing software and website costs which are recorded at cost and amortized over an estimated useful life of five years, using the straight-line method.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Deferred lease incentive

The deferred lease incentive, consisting of a tenant inducement and step rent adjustments, are amortized on a straight-line basis over the term of the lease. Step rent adjustments are credited to rent, cleaning and utilities expense.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Commission follows the deferral method of accounting for revenue.

Licensing fees and assessment income

Licensing fees and assessment income are recognized in the fiscal year to which they relate, provided that collection is reasonably assured and the price is fixed or determinable. Amounts related to future periods are reported on the Commission's statement of financial position as deferred revenue.

Exam fees, fines and penalties, reinstatement of license and other fees

Revenue is recognized when earned, provided that collection is reasonably assured and the price is fixed or determinable.

Investment income and gain (loss) on investments

Investment transactions are recognized on the transaction date, provided that collection is reasonably assured and the price is fixed or determinable.

Lapsed trust funds

Lapsed trust fund revenue is recognized when funds held in trust exceed six years from the date originally deposited to a brokerage trust account.

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at year end. Foreign currency revenues and expenses are translated at rates in effect during the year. Gains and losses from translation are included in the determination of the excess of revenues over expenses in the year in which they occur.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for useful lives of capital assets, intangible assets and deferred lease incentive and certain accrued liabilities. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Measurement of financial instruments

The Commission initially measures its financial assets and financial liabilities at fair value.

The Commission subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses.

Financial assets measured at amortized cost include cash, trust funds and restricted cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and funds held in trust.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the excess of revenues over expenses.

3. INVESTMENTS	2022	2021
	\$	\$
<i>Short-term</i>		
GIC, bearing interest at 1.68% per annum, maturing in March 2023	305,160	-
GIC, bearing interest at 1.75% per annum, maturing in April 2023	101,750	-
GIC, bearing interest at 5.14% per annum, maturing in November 2023	100,422	-
GIC, bearing interest at 5.14% per annum, maturing in November 2023	100,422	-
Banker's acceptance bearing interest at 4.13% per annum, matured February 2023	101,568	-
	709,322	-

**NOVA SCOTIA REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

12

3. INVESTMENTS (Continued)	2022	2021
	\$	\$
<i>Long-term</i>		
Fixed income	44,257	-
Mutual funds	705,392	649,458
GIC, bearing interest at 1.55% per annum, maturing in May 2024	<u>200,161</u>	<u>-</u>
	<u>949,810</u>	<u>649,458</u>

Investments include an accumulated unrealized gain (loss) on investments of \$(22,812) (2021- \$45,181).

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
	\$	\$	\$	\$
Computers	46,902	44,020	2,882	783
Furniture and equipment	81,340	81,340	-	-
Leasehold improvements	<u>110,647</u>	<u>73,766</u>	<u>36,881</u>	<u>47,946</u>
	<u>238,889</u>	<u>199,126</u>	<u>39,763</u>	<u>48,729</u>

5. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
	\$	\$	\$	\$
Billing software	56,443	45,157	11,286	22,575
Website	<u>21,187</u>	<u>21,187</u>	<u>-</u>	<u>-</u>
	<u>77,630</u>	<u>66,344</u>	<u>11,286</u>	<u>22,575</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	\$	\$
Trade payables	41,423	43,752
Accrued liabilities	52,126	65,039
Government remittances	<u>32,807</u>	<u>23,938</u>
	<u>126,356</u>	<u>132,729</u>

**NOVA SCOTIA REAL ESTATE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

13

7. DEFERRED REVENUE

	2022	2021
<i>Deferred revenue consists of:</i>	\$	\$
Licensing fees	<u>543,532</u>	<u>488,064</u>
 	2022	2021
<i>Changes in deferred revenue are as follows:</i>	\$	\$
Balance - beginning of year	488,064	468,030
Amount recognized as revenue	(488,064)	(468,030)
Amounts received related to future periods	<u>543,532</u>	<u>488,064</u>
Balance - end of year	<u>543,532</u>	<u>488,064</u>

8. DEFERRED LEASE INCENTIVES

	Tenant Inducement	Step Rent	2022	2021
	\$	\$	\$	\$
Balance - beginning of year	30,507	13,867	44,374	52,481
Change in step rent accrual	-	(3,200)	(3,200)	(1,067)
Amortization	<u>(7,040)</u>	<u>-</u>	<u>(7,040)</u>	<u>(7,040)</u>
	23,467	10,667	34,134	44,374
Less current portion	<u>(7,040)</u>	<u>(3,200)</u>	<u>(10,240)</u>	<u>(10,240)</u>
	<u>16,427</u>	<u>7,467</u>	<u>23,894</u>	<u>34,134</u>

9. NOVA SCOTIA REAL ESTATE RECOVERY FUND

The Recovery Fund exceeds the required minimum amount of \$600,000 in cash and investments, and no longer carries insurance for indemnification purposes. Under the regulations, the maximum amount that may be paid from the Recovery Fund is:

- a) \$35,000 for a single real estate transaction;
- b) \$350,000 aggregate limit for multiple claims against a licensee.

10. COMMITMENT

The Commission entered into an agreement to lease office space with terms expiring April 30, 2026. The minimum lease payments for the next four years are as follows:

	\$
2023	28,800
2024	28,800
2025	28,800
2026	9,600

11. FINANCIAL INSTRUMENTS

Risks and concentrations

The Commission is exposed to various risks through its financial instruments. The following analysis provides a measure of the Commission's risk exposure and concentrations at December 31, 2022. It is management's opinion that the Commission is not exposed to significant interest rate risk from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Commission to concentrations of credit risk consist of cash, trust funds, restricted cash and investments. The Commission deposits its financial assets in reputable financial institutions with investment brokers and therefore believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and funds held in trust. The Commission generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Commission is mainly exposed to currency risk and other price risk.

11. FINANCIAL INSTRUMENTS (Continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2022, cash and investments of \$NIL and \$183,214 respectively (2021 - \$63,390 and \$121,643) are transacted in US dollars and converted into Canadian dollars. The Commission has not entered into foreign exchange contracts to hedge this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Budget 2023

Recovery Fund		
Assessment income		25,000
Investment (loss) income		15,000
Unrealized gain (loss) on investments		0
		<u>40,000</u>
General Fund		
Licensing fees		1,263,500
Examination fees		45,000
Fines and penalties		10,000
Reinstatement fees		25,000
Other		5,000
Lapsed trust funds		10,500
Investment income		52,000
		<u>1,411,000</u>
Expenses		
Advertising		3,000
AGM		3,000
Amortization		20,000
Bank fees		45,000
Conferences and training		22,400
Consultant/contractor fees		40,000
Director/committee fees		44,100
Insurance		2,900
Public awareness		1,000
Miscellaneous		6,700
Office expenses		26,000
Professional fees		45,000
Rent		84,000
Salaries		766,200
Exams		14,000
Staff Travel		1,000
Telecommunications		12,000
Board/committee travel		2,000
Hosting fees		23,000
Investment fees		8,000
Hardware/software		15,000
Tech support		3,000
Online exam development		36,000
Strategic planning		60,000
		<u>1,283,300</u>
Excess of revenue over expenses		<u>167,700</u>

Got a question? Contact us

Phone:

(902) 468-3511

(800) 390-1015

Fax:

(902) 468-1016

(800) 390-1016

Email and website:

info@nsrec.ns.ca

nsrec.ns.ca

Registrar & Executive Director

Brad Chisholm, Registrar & Executive Director
bchisholm@nsrec.ns.ca • extension 305

Licensing, CPE, and examinations

Pam Crane, Licensing Officer
pcrane@nsrec.ns.ca • extension 304

Compliance and advertising

Carolin MacDonald, Compliance Manager
cmacdonald@nsrec.ns.ca • extension 303

Courtney LeBlanc, Compliance Investigator
cleblanc@nsrec.ns.ca • extension 306

Trust and brokerage audits

Naomi Nyaboke, Junior Compliance Auditor
nnyaboke@nsrec.ns.ca • extension 302

Communications and publications

Chloe Kenney, Communications Officer
ckenny@nsrec.ns.ca • extension 310

Peggy Kell, Communications and Technology Officer
pkell@nsrec.ns.ca • extension 309