



Annual Report 2016

Nova Scotia Real Estate Commission

Notice of Annual General Meeting

Auditorium, 7 Scarfe Court, Dartmouth

April 20 2017
10:00 AM- 12:00 PM

Agenda

1. Call to Order— Robert Wambolt, Chairperson
2. Introduction of Head Table—Robert Wambolt
3. Chairperson's Report—Robert Wambolt
4. Licensing Committee—Gary Morse
5. Complaint Review Committee—Jessica May
6. Discipline Committee—Bill McMullin
7. Commercial Committee—Bill MacAvoy
8. Mandatory Forms Committee—Dennis Richards
9. Audit Taskforce—Jessica May
10. Finance Committee—Bill MacAvoy
11. Recovery Fund—Anthony Brown
12. Election results—Robert Wambolt
13. Open Forum
14. Adjournment

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Our Board of Directors



Front: Gary Mailman, Mary MacDonald, Jessica May, Anthony Brown. Back: Gary Morse, Brad Chisholm, Bill MacAvoy, Bill McMullin
Absent: Robert Wambolt

| Name | Term | Appointment type | Location | Brokerage/organization | Attendance* |
|----------------|---------------|------------------|-------------|--|-------------|
| Robert Wambolt | April 2017 | NSAR | St. Peters | Harvey Realties Limited | 5/5 |
| Mary MacDonald | April 2018 | NSAR | Liverpool | Walt MacDonald Real Estate Ltd. | 4/5 |
| Bill McMullin | April 2019 | NSAR | Bedford | Viewpoint Realty Services Inc. | 3/3 |
| Gary Morse | April 2017 | Elected | Kentville | Royal LePage Atlantic | 4/5 |
| Anthony Brown | April 2018 | Elected | Dartmouth | Royal LePage Atlantic | 5/5 |
| Gary Mailman | April 2019 | Elected | Bridgewater | Exit Realty Inter Lake | 3/3 |
| Bill MacAvoy | May 2017 | Commercial | Halifax | Commercial Eastern Inc. DBA Cushman & Wakefield Atlantic | 3/5 |
| Jessica May | December 2017 | Public | Truro | Kaulback May | 5/5 |
| Vacant | December 2018 | Public | | | 0/3 |
| Vacant | August 2019 | Public | | | 0/2 |

*The attendance record of the Commissioners serving on the Nova Scotia Real Estate Commission between January 1, 2016 and December 31, 2016. There were a total of five Commission meetings held.



Robert Wambolt
Harvey Realities Limited

Message from the Chair

Report for 2016

I am pleased to present the Chair's Report for 2016 and it has been my pleasure to serve as Chair of the Board this past year, which also concludes my second and final term as a Commissioner with the Nova Scotia Real Estate Commission.

I want to thank my predecessor, Dennis Richards, for the competence, diligence, and constancy he provided as Chair of the Commission since first elected to the role of Chair in June of 2012. Dennis left behind some big shoes to fill and I hope that I have proved myself up to the challenge.

2016 was an eventful year for the industry and for the Commission. The number of licensees in the province dropped to its lowest level in nearly a decade, reflecting market conditions, fewer new licence applications and a greater number of retiring licensees. I am happy to report that the beginning of 2017 heralds a noticeable increase in enrollments in the salesperson licensing course, signaling a potential increase of licensees as the year progresses.

In May, acting on the recommendations of the Office Relocation Taskforce, the Commission relocated to the sixth floor of Bedford House, Sunnyside Mall in Bedford. Commission staff went above and beyond to ensure the move went smoothly and with minimal interruption to the daily operation of the Commission, engaging in everything from coordinating the move, packing and unpacking, to light carpentry and the ample use of power tools. I am pleased to report the move was conducted on budget and the new location affords the Commission more space while staying within the same rental expenditures as our former location.

By summer, I struck an Audit Taskforce, to review the entirety of the Commission audit program. This group worked diligently throughout 2016, meeting for the first time in July and another nine times by the end of the year. Please read Jessica May's Chair Report for more in depth details on the work of the Audit Taskforce.

The Commission's completely redesigned website launched in early September, greatly improving the way our organization is presented online, with an intuitive flow of information, easy to read content, and a clean user-friendly layout. New features include an Ask a Question tool that permits questions to be asked anonymously, the responses of which are

posted to the website, a broker toolbox, an ever expanding FAQ section and a news section presented in a format that permits licensees to easily share news items with their own audiences on their social media platforms.

In response to industry concerns, the Commission delayed the implementation of mandatory buyer brokerage agreements for common law brokerages from July 1st, 2016 to January 1st, 2017 and provided free buyer brokerage agreement information sessions for all common law licensees from September to December. We are confident that the increased amount of time to review the new forms coupled with the education provided in the information sessions that licensees can present and discuss the new Buyer Brokerage Agreement and (its designated agency counterpart) with confidence and ease.

Also in response to the industry, the Commission held its last paper ballot election at the 2016 Annual General Meeting. Going forward, I am pleased to note that licensees will be able to cast an electronic ballot for a nominee of their choosing from anywhere with an internet connection. It is my hope that this will result in greater participation in our Board elections by making it easier for licensees who cannot attend our AGM to vote.

In closing, I want to thank outgoing public Commissioner Gregg Yeadon, who proved an asset not only at the Board table, but also on the multiple committees he served; and to express my sincerest condolences to the family of Dr. John David Nause, who was appointed to the board as a public member in April of 2016 and passed away on July 18, 2016.

I also want to thank the Commission staff for their dedication and hard work over this busy year. It is due to their efforts the Board and committees are able to fulfill our mandates.

It has been an honour and a pleasure to serve our industry on the Commission Board of Directors these past six years, and to conclude my terms as the Commission opens into its 20th year of regulating real estate. If you would like to hear more about our achievements in 2016 and our upcoming projects in 2017, I encourage you all to attend the Commission's 20th Annual General Meeting on April 20th, which will be held in the auditorium at 7 Scarfe Court in Dartmouth.

Message from the Registrar

Report for 2016



Brad Chisholm
Registrar

2016 was a year of continued progression on several fronts in both our regular operations as well as ongoing and newly implemented projects.

Last year, we strengthened standards for broker-level licensing requirements, expanded communications efforts to better educate both licensees and consumers, and invested more resources toward resolving, when possible, issues between consumers and licensees when they occurred.

Commission staff were also heavily involved with several projects and initiatives throughout 2016. This included launching the new nsrec.ns.ca, participation and support for the work undertaken by the Commission's Audit Taskforce and Forms Committee, a thorough overhaul of our Memorandum of Understanding with the Nova Scotia Association of REALTORS®, the development of the buyer brokerage agreement information sessions and all the went into mandating buyer brokerage agreements in early 2017, in addition to the relocation of the Commission's offices to Bedford. A high priority is put on being easily accessible and available to assist consumers and licensees concerning all of their real

estate related questions, with the goal of quick response times and follow up when necessary. We are continually looking to improve the efficiency and effectiveness of our operations with the goal of providing high quality, fast and efficient service to both consumers and industry licensees. Thank you to the Commission staff for their continued hard work and commitment. We have a close working relationship the Board of Directors and committee members to ensure effective administration of the Real Estate Trading Act, Commission Bylaw and Board policies. Staff are committed to ensuring consumer interests are protected while recognizing that this is best accomplished by establishing and maintaining a productive working relationship with real estate licensees across the province.

I want to thank the Board of Directors for their continued support, and in recognition of our 20th year in existence I want to thank everyone who has contributed their time and energy over the past 20 years toward the privileged responsibility of a self regulated real estate industry.

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Licensing Committee

Chairperson's report for 2016



Gary Morse
Royal LePage Atlantic

The role of the Licensing Committee is to review and make recommendations to the Board of Directors on all licensing matters.

As Chair, I wish to thank outgoing committee members Gregg Yeadon and Charles Pace whose service on the committee ended in March of 2016. I also wish to welcome new committee members Sandra Chaisson and Gary Mailman.

Licensee numbers declined in 2016, a trend that has continued since 2012, when the industry saw its highest ever numbers in 2012 with 1,919 licensed persons. This trend appears to be slowing, however, with increased interest and enrollment in the salesperson licensing class in the first three months of 2017.

The Licensing Committee made a number of recommendations to the Board of Directors in 2016. The Committee reviewed broker entrance requirements and implemented an experience requirement in addition to the existing requirement to be licensed as a salesperson for three years. Broker applicants are now required to also have completed 20 residential transactions or 10 commercial transactions. The committee also reviewed and recommended a new audit schedule for first-time brokers to ensure new brokers have the oversight and support to understand and comply with audit requirements.

In support of the now mandatory buyer brokerage agreements for common law brokerages, the Licensing Committee recommended that all common law licensees attend a mandatory half-day course on buyer brokerage agreements. The Commission covered the cost of the courses held from September to December. The NSAR held several additional courses in January and February for licensees who did not attend earlier sessions, the cost of which was paid for by those licensees.

The committee reviewed licence suspensions that result from a licensee's refusal to cooperate with the Commission regarding audits and investigations, and recommended a \$360 fee be charged to reinstate their licence following a suspension for this reason. This fee does not apply to E&O and CPE suspensions.

The Board accepted the committee's recommendation on these matters.

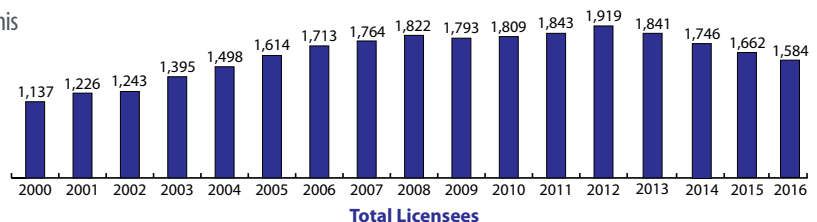
I want to express my sincerest thanks to the members of this committee for their insight, experience, and thoughtful consideration of licensing matters, as well as the efforts of the staff who support them.

| New applicants/ licence class | 2013 | 2014 | 2015 | 2016 |
|------------------------------------|------|------|------|------|
| Salespeople | 147 | 119 | 84 | 93 |
| Brokers/managing associate brokers | 15 | 14 | 22 | 16 |
| Associate brokers | 12 | 5 | 8 | 3 |

| Industry totals | 2013 | 2014 | 2015 | 2016 |
|----------------------------|------|------|------|------|
| Offices | 270 | 262 | 254 | 236 |
| Licensees | 1841 | 1746 | 1662 | 1584 |
| Brokers | 209 | 196 | 190 | 177 |
| Managing associate brokers | 46 | 47 | 47 | 48 |
| Associate brokers | 99 | 97 | 96 | 94 |
| Salespeople | 1485 | 1406 | 1329 | 1265 |
| Approved sales corps. | 131 | 152 | 154 | 170 |

Committee Members

- Gary Morse, Chair, Commissioner, New Minas
- Alex Astbury, Salesperson, Halifax
- Sandra Chaisson, Salesperson, Halifax
- Lorena MacDonald, Associate Broker, Halifax
- Lydia MacIsaac, Salesperson, Bedford
- Gary Mailman, Commissioner, Bridgewater
- Jennifer Morrison, Managing Associate Broker, Halifax
- Aaron Millen, NSAR Education Committee
- Nicole Kreiger, NSAR Director of Education



Complaints Review Committee

Chairperson's report for 2016



Jessica May
Kaulback May

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.

In 2016, 17 investigations were opened, which was up slightly from 14 in 2015, but still down significantly from 28 in 2014. The Commission's compliance team fields daily calls and emails from consumers and licensees about trade practices and very few of these discussions result 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 allegations, 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.

While the compliance team works towards early resolution of consumer issues, if a consumer submits a written complaint and follows the resolution process, the Commission may still open an investigation. In all cases, consumers are provided with information about our complaint, investigation, and discipline process and given the option of submitting a formal 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

Jessica May, Chair, Commissioner, Truro

Al Demings, Salesperson, Dartmouth

Peter Fraser, Salesperson, Antigonish

Mary MacDonald, Commissioner, Liverpool

David Melvin, Public Member, Halifax

Charlie Pace, Broker, Halifax

Ann Parks, Broker, Bridgewater

Lisa White, Broker, Halifax

Denise Zareski, Public Member, Musquodoboit Harbour



Bill McMullin
Viewpoint Realty Services Inc.

Discipline Committee

Chairperson's report for 2016

In 2016, the Discipline Committee had no formal discipline hearings as all matters had been resolved without the need to progress to that stage.

As a result of zero hearings, the Discipline Committee only met once last year for training purposes. Each year, the Commission's core committees participate in a training session facilitated by a lawyer specializing in administrative law. These sessions help ensure that all committee members possess the required foundation in administrative law to make sound and well-reasoned decisions in keeping with our legislation.

The Discipline 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 formal discipline hearings and render decisions on alleged infractions of licensees, including unprofessional conduct and breaches of the Real Estate Trading Act, its Regulations and the Commission Bylaw.

When the Commission is made aware of an alleged infraction(s) by a licensee, the compliance team reviews the matter and may open an investigation. Upon completion of an investigation, the Registrar has the option of referring the matter to the Complaints Review Committee to review a settlement agreement, or to the Discipline Committee for a hearing.

In most cases, the licensee facing disciplinary action will enter into a settlement agreement with the Commission. For most infractions, settlement agreements are the quickest and simplest way to resolve the issue, from both the licensee's and the Commission's point of view.

If settlement agreement is rejected by the licensee, the Discipline Committee becomes involved as the matter is referred to them for a discipline hearing. A Hearing Panel consisting of three or more Discipline Committee members is formed and hears the evidence from the licensee and the Commission to render a written decision about whether or not the licensee has committed the alleged infractions.

If the licensee is found to have committed an infraction, both parties have the opportunity to make submissions about the appropriate sanctions and costs to be awarded against the licensee. The Hearing Panel has broad authority as outlined in Section 19 of the Real Estate Trading Act.

A licensee has the right to appeal the decision of the Hearing Panel to the Nova Scotia Court of Appeal within 25 days of the Hearing Panel's written decision.

Thank you to all the members of the Discipline Committee for their willingness to stand and serve the Commission in this role.

Committee Members

Bill McMullin, Chair, Commissioner, Bedford

Carol Alexander, Member, Bridgewater

Mike Arthur, Member, Halifax

Raffi Balmanoukian, Lawyer, New Glasgow

Anthony Brown, Commissioner, Halifax

Sandi Lee, Member, Dartmouth

Tim Margolian, Member, Halifax

Patricia Roberts, Member, Halifax

Dave Uloth, Member, Truro

Commercial Committee

Chairperson report for 2016



Bill MacAvoy
Commercial Eastern Inc. DBA
Cushman & Wakefield Atlantic

Last year, concerns were raised with the committee by commercial sector licensees regarding the use of Commission mandatory forms, in particular, the mandated use of buyer brokerage agreements by common law brokerages. In response, the Board reviewed the concerns and commercial brokerages were exempt from the requirement to use the Commission's buyer brokerage agreements, which were designed for residential practice and were instead provided with a set of requirements for buyer clients. In place, of using the buyer brokerage agreement, certain criteria were required to be built into tenancy and lease agreements so that the essence of the decision to mandate the form is still reflected in commercial transaction paperwork. Commercial-only practitioners were also permitted to apply for an exemption from the mandatory buyer brokerage info sessions, again as the Buyer Brokerage Agreement form itself would not be relevant to commercial trades. Licensees who practice both commercial and residential real estate, however, were required to attend an info session on the form.

Thank you to those who have served on the Commercial Committee over the past year and I encourage commercial licensees to continue to bring their concerns forward to me as their commercial representative on the Board of Directors.

Committee Members

Bill MacAvoy, Chair, Commissioner, Halifax

Cathy Covey, Member, Stellarton

Bill Greenwood, Member, Halifax

Brian Lugar, Member, Dartmouth

Tim Margolian, Member, Halifax

Greg Taylor, Member, Halifax

NSREC Mandatory Forms Committee

Chairperson Report for 2016

The NSREC Mandatory Forms Committee reviews all real estate forms mandated by the Commission Bylaw. The committee extensively reviews individual forms for clarity and readability. Once they have given their best effort at revising a form, it is then reviewed by focus groups around the province of licensees, members of the public and the Commission's Board of Directors. All of the feedback from the focus groups returns to the Committee and is considered for amendments. The final versions are presented to the Board of Directors for approval. Although this can be time consuming, each form follows the same process, ensuring forms are representative of the feedback from coast to coast.

The NSREC Forms Committee worked diligently throughout 2016 to release 12 forms. In early January, revised versions of the Amendment to a Brokerage Agreement/Designated Brokerage Agreement, the Withdrawal or Termination of a Brokerage Agreement/Designated Brokerage Agreement, the Schedule of Leased/ Rented Equipment, the Property Disclosure Statement and created a new Property Disclosure Statement for vacant land. In August, revised versions of the Buyer Brokerage Agreement and Buyer Designated Brokerage Agreement were released. Finally, in November, revised versions of the Seller/Customer Acknowledgement & Fee Agreement, Mere Posting Service Agreement, Amendment to a Service Agreement, Assignment of a Brokerage Agreement and the Temporary Withdrawal or Termination of a Service Agreement were released. The Committee is looking forward to their work in 2017 where we have already begun revising our Agreement of Purchase and Sale, and the many Schedules that are often included.

I want to thank the members of our committee for their time and dedication to ensuring that our real estate forms are clear, easy to understand and as concise as possible. Any licensees who wish to participate in a focus group on upcoming mandatory forms are encouraged to contact the Commission.

Committee Members

Dennis Richards, Chair, Commissioner, Dartmouth

Carol Alexander, Member, Bridgewater

Lynn Carter, Member, Dartmouth

Denise MacDonell, Member, Halifax

Gary Morse, Commissioner, New Minas

Cyril Randall, Lawyer, Dartmouth

Tony Robinson, Lawyer, Dartmouth

Doris Snook, Member, Chester

Audit Taskforce

Report for 2016

In 2016, the Chair of the Commission's Board of Directors struck a taskforce of Commissioners and broker-level licensees to assess the current audit program, which has been in operation since January 2005, and to prepare a report of their findings back to the board. This report may uphold the current program in its current form or contain recommendations for changes to the program.

The scope of the taskforce's review is all-encompassing, including, but not limited to:

- Benefits to consumers and the industry
- Frequency and types of audits
- Rating system
- Costs of the audit program
- Audit Fees paid by brokerages
- Formats of reports
- Discipline
- Communication throughout the audit process

In addition to myself as Chair, the taskforce is composed of experienced licensees and staff acting in a resource capacity. All decisions of the taskforce are made by majority vote and once the final report is approved by the taskforce it will be presented to the Board.

We are confident that the work the task force is undertaking will result in a clearer, more streamlined approach to audits that all brokers can get behind. I want to thank the Audit Taskforce members and staff for their dedication in carrying out the work of this group, which has proved extensive and challenging, but will ultimately contribute to the betterment of real estate brokerage in our province.

Committee Members

Jessica May, Chair, Commissioner, Truro

Anne Da Silva, Member, Bedford

Brian Lugar, Member, Dartmouth

Gary Morse, Commissioner, New Minas

Linda Smardon, Member, Dartmouth

Audits and Investigations

Report for 2016

The Commission's compliance team conducts yearly trust audits on each brokerage in Nova Scotia. In addition to trust audits, each brokerage is subject to a brokerage audit every three years. The brokerage audit includes a trust audit and an in-depth review of the brokerage's transaction files and records management. The results of the 2016 audits are categorized as follows:

| | |
|---|------------------------------------|
| 207 trust ratings: | 16 very good |
| | 109 good |
| | 29 needs improvement |
| | 27 Form #2 (no trust funds) |
| | 26 Form #3 (no brokerage activity) |
| 122 brokerage ratings: (file review) | 3 very good |
| | 53 good |
| | 40 needs improvement |
| | 26 Form #3 (no brokerage activity) |

In total, the Commission conducted 207 audits.

The 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. The audits also help the Commission identify trends in the industry, which can then be addressed through continuing education courses and industry communications. While the Commission's approach to audits factors heavily on education and correction, brokers need to be aware that there are repercussions for failing to comply with trust account and record keeping requirements. For example, any brokerage that receives three consecutive "needs improvement" ratings is subject to disciplinary action. In 2016, the Commission charged 14 brokers in relation to audits, and of those, one was restricted to an associate broker licence. The fines for non-compliance begin at \$500, but increase with each offense and can, in more extreme situations, result in licence restrictions and licence suspensions.

Origin of 2016 investigations

| | |
|-----------|----|
| Public | 12 |
| Registrar | 5 |

2015 investigation status summary

| | |
|--------------------------------------|----|
| Outstanding investigations from 2015 | 8 |
| New cases initiated in 2016 | 17 |
| Closed (investigated and presented) | 20 |
| Outstanding as of December 31, 2016 | 9 |
| Dismissed complaints | 3 |
| 2016 hearings | 0 |
| 2016 licence suspensions | 3 |

Recovery Fund Trustees

Chairperson's report for 2016



Anthony Brown
Royal LePage Atlantic

The Nova Scotia Real Estate Recovery Fund was created to protect consumers when they suffer a financial loss due to fraud or breach of trust by a licensee. The provincial government requires the Commission to maintain a minimum balance of \$300,000 in the fund at all times. Any monies in excess of that amount may be used for a variety of other purposes, such as public and professional education relating to the real estate industry, reform of the industry, promoting standardization and supporting just and sound legislation affecting the industry. There were no claims against the fund in 2015, and fund fees will remain the same in 2016.

The Nova Scotia Real Estate Recovery Fund remained very defensively positioned 2016 given continued concern for the global macroeconomic environment, elevated valuations for equities, and a geopolitical environment that could create meaningful dislocation in Europe and the world. The fund is 80 per cent invested in fixed income (bond) funds managed by a diverse group of active domestic and global managers who in combination are diversifying the portfolio by duration, credit and geography. There is 8.5 per cent invested in a preeminent trend following manager in the U.K. who is investing in bonds, stocks, currencies, energy, agricultural, metals, credit, and interest rates in over 400 markets globally. The remaining 11.5 per cent is allocated to global equity in a tactically managed balanced mandate; however, only 7 per cent is currently invested in equity with the remaining 3.5 per cent allocated to short term fixed income arbitrage opportunities. Given the objectives for the portfolio I continue to believe an asset allocation largely weighted to fixed income remains the most appropriate. The portfolio is 73.8 per cent denominated in Canadian dollars and 26.20 in US dollars.

In 2016, the portfolio had a 3.32 per cent net return. Year to date to March 29th the portfolio is up an additional 0.83 per cent. The FTSE TMX Canadian Universe Bond index was up 1.66 per cent and the BBG Barclays Universal Bond Index was up 0.32 per cent in 2016.

Committee Members

Anthony Brown, Commissioner, Halifax

John MacKay, Member, Wolfville

Anne DaSilva, Member, Eastern Passage

Finance Committee

Chairperson's report for 2016



Bill MacAvoy
Commercial Eastern Inc. DBA
Cushman & Wakefield Atlantic

2016 Results

In 2016, the Commission's financial position was very stable. The number of new salesperson licences experienced slight decline this year, as has been the case in the past years. The retention rate of existing licensees leaving the industry has also slowed slightly. The overall net shrinkage did not significantly impact our overall operating revenue which came in slightly over budget. Contrasting that, operating expenses were slightly under budget. Expenses are closely monitored by both the Finance Committee and management.

2017 Budget

Similar to 2016, the 2017 budget includes regular operations as well as a capital component pertaining to a new online licensing system being developed. There will be no licensing fee increases for the coming licensing year, commencing July 2017. Thank you to the Finance Committee members and to the Commission staff for their hard work over the past year.

Committee Members

Bill MacAvoy, Commissioner, Halifax

Mary MacDonald, Commissioner, Liverpool

Gary Morse, Commissioner, New Minas

Robert Wambolt, Commissioner, St. Peter's

Commissioners

Nominees for 2017



Nominee: Sherry Blinkhorn

Brokerage: Blinkhorn Real Estate Ltd.

Type of licence: Broker

Years licensed: 18

Degrees/designation: Adult Psychology and Social Work Diplomas; RCD Mentor; Business Leader of the Year Award, Pictou County Chamber of Commerce; Community Mentor Award from Big Brothers Big Sisters

Director / Committee Experience: Past President of Canadian Mental Health

Association-Pictou Co Branch; Past Vice President Canadian Mental Health Association- NS Division; Director on NS Board of Directors for Schizophrenia Society; Director Pictou County Roots for Youth, Director on Pictou County Help Line, Director/Public Relations for Canadian Cancer Society, Pictou East Branch; Various Government Focus Group Committee Work

About: Sherry Blinkhorn, sole owner and Broker of Record at Blinkhorn Real Estate Ltd, has extensive knowledge and experience in the real property industry. Prior to selling real estate, she was a commercial and residential property manager for several years.

Licensed as a salesperson in 1999, Sherry initially amassed a solid volume of sales, including national recognition in 2002 and 2003 in the "The Presidents Gold Award" category with the Royal LePage national franchise, for being in the top 10% for volume sales, and in 2004 received the "Platinum Award" for being in top 5% for volume of sales.

In 2005, she opened her independent real estate firm. It currently holds the licenses for five licensees. Three salespeople, an Associate Broker, and herself as Broker of Record. The company has earned a solid reputation for professional service to Pictou County residents.

Sherry holds a diploma in adult psychology, social work and has ample training in the mental health field. She has often commented that her studies and work in the health field is an asset both in her former property management career, and now in the organized real estate industry. In her opinion, the real estate buying and selling process can be a stressful time. Her caring and positive personality definitely helps to put everyone around her at ease.

She believes very strongly in contributing to her community and has extensive board experience. Described as "an advocate to the bone", she's been for years a strong and passionate advocate for the mentally ill, is the past president for the Canadian Mental Health Association, served on the N.S Board of Directors for the Schizophrenia Society, was on focus groups for government advisory panels, has worked with and trained others for the Pictou County Help Line, was the public relations director for the Canadian Cancer Society, Pictou East branch, sat on the Board of Directors for Roots for Youth.

Sherry even volunteered for a month in Israel, and after that, went to New Orleans to help re-build houses because of the Hurricane Katrina disaster. She says those two trips were "definitely life changing experiences".

She currently volunteers with the Palliative Care Society and actively works with Starr Dobson and her team at the Mental Health Foundation of Nova Scotia on a provincially wide initiative to change the way people think.

She has received numerous volunteer awards, including the "Community Mentor Award". At the Pictou County Chamber of Commerce Gala in 2012 Sherry received the prestigious "Business Leader of the Year" award, the first, and still the only female, to receive it. They described Sherry as someone "who always pays it forward".

Sherry has always encouraged a TEAM environment in her firm to ensure an atmosphere of professionalism, integrity and client service. This practice, plus her advocacy work background, positive attitude, honesty and hard work ethic would serve the Nova Scotia Real Estate Commission well.

Sherry believes she can bring the perspective and voice of small brokerages in rural areas to the NSREC Board of Directors. She is keen to build on and understand the Commission's rules and processes and to work to foster positive and constructive communication between the Commission and the brokerages they supervise, as they all work to best serve and protect the interests of Nova Scotia consumers.



Nominee: Gary Morse

Brokerage: Royal LePage Atlantic

Type of licence: Managing Associate Broker

Years licensed: 23

Director/committee experience: I have been involved in organized real estate throughout my entire career. I believe in giving back to a profession that has been very good to me. I have no interest in serving on a Board just for the sake of being there. My effort has always been to help make our organization

and our profession better for the benefit of the REALTOR®.

As I finished my time at the Canadian Real Estate Association, I felt it was time to get involved on the other side of our business, the regulator side. I've served on the NSREC Board for the last three years. For the past two years, I've served as Chair of the Licensing Committee.

But where I think I might have the biggest impact is on the Forms Committee and the Audit Taskforce. I have felt for years that our forms are too long and convoluted and I'm committed to improving that situation. Secondly, I've believed that the audit process needs to much more straight forward . . . there needs to be more clarity for brokerages, brokers and agents. We are working on that at the present time.

In both of these areas there needs to be a balance between protection of the public and a process that makes it as easy as possible for brokers and agents to do business. I believe that with my experience I can make a valuable contribution to both of these initiatives and would like to serve

another term on the Board so that I can continue that very important work. I have been involved with many facets of real estate for the past 23 years, including owning my own brokerage (HomeLife Valley Realty) for 14 years before selling the business to Royal LePage Atlantic in 2008.

I am a Past President (2011/12) of the Canadian Real Estate Association and Chaired the Futures Implementation Team (FIT), a group which led a change management process within organized real estate in Canada. I was asked by two consecutive Presidents of the National Association of REALTORS® (USA) to serve as an international member on their Board of Directors.

Prior to a career in real estate I spent four years in accounting with a CA firm and a number of years in municipal government finance and administration.



Nominee: Don Ranni

Brokerage: Royal LePage Atlantic

Type of licence: Salesperson

Years licensed: 6

Degrees/designation: Police Science Diploma, Holland College; Police Leadership & Management Development

About: My name is Don Ranni. I grew up in Cape Breton in a large Italian family. My grandfather immigrated from Italy when he was just 12 years old. He started

our family business in 1976 in Sydney NS, that is still family owned and operated today.

My father was raised as an entrepreneur, he started and ran many successful businesses along with numerous property developments. As a matter of fact he developed & built the subdivision I grew up in. His efforts were recognized by the municipality when they named our street Ranni Crescent.

Growing up in this atmosphere I naturally wanted to start my own business and in 2000 I did just that by opening a Tanning & Aesthetics business called Island Tanning. I also partnered with my father, opening an Internet cafe & computer store which was combined with a laundry mat called Surf N' Suds.

My greatest accomplishment in life was becoming the father of a beautiful baby girl Hannah Michelle Ranni. Hannah grew up just like me, immersed in the day to day operations of small businesses and entrepreneurs.

In 2004 I attended CBU in Cape Breton briefly before leaving for Holland College and Graduating from the Police Science Program. As a Municipal Police Officer with 3 departments in Atlantic Canada I feel I can confidently say that listening to and considering the public's needs is without a doubt something I hold dear. During my years as an officer I also received a Police Leadership and Management Development certificate from Dalhousie University.

Real Estate became my focus in 2011 when I dedicated myself to serving my clients here in Halifax.

In 2012 I married my best friend Tia Ranni, we met when I first arrived in Halifax 11 years ago. Together we formed a blended family with amazing children Hannah Ranni 17, Iliana Price 17, Ethan Price 15 & our wonderful dogs Duke 7 & Zoey 1.

I look forward to working with the public and my fellow agents to make this industry the best it can be.



Nominee: Lanie Ward

Brokerage: MacKay Real Estate Ltd.

Type of licence: Associate Broker

Years licensed: 18

Director/committee experience: Health and Safety Committee, MacKay Real Estate

About: Alanna Ward, more commonly known amongst her peers as Lanie, was born and raised on the beautiful South Shore of Nova Scotia. Growing up on Cape Sable Island had a positive and lasting

impact on Lanie. Her kind soul, friendly spirit, and infectious positive attitude all stem from her upbringing, and have made her the role model she is today.

A move to the Annapolis Valley in the late 80's to further her education saw Lanie meet and marry her husband, Dean. Lanie remained in the Annapolis Valley to raise their two sons, Cody and Kyle, and has played an active role, alongside her husband in their family construction business. Her involvement in the business afforded Lanie the ideal platform to gain valuable knowledge in various aspects of home building, such as: design work, the building process, renovation projects, preparing quotes, completing training programs including the Atlantic Home Warranty Program, value of quality workmanship, a strong work ethic, and the need for open, and honest communication.

Having experienced the procedure of buying and selling several homes, Lanie knew she wanted to enter the field of real estate and realized this dream in 1999 when she obtained her license. A love of the process, and a desire for further understanding of the governing rules and regulations led Lanie to attain her Broker's license in 2015.

Lanie's energetic and determined approach is fueled by her desire to serve her client's interests to the very best of her ability, setting a high standard for herself and those she comes in contact with. Through this type of professional approach, Lanie has developed a solid reputation for 'doing it right' that will serve her current and future clients well for many years to come.

Financial Statements of

NOVA SCOTIA REAL ESTATE COMMISSION

December 31, 2016

Independent Auditor's Report

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

I have audited the accompanying financial statements of the Nova Scotia Real Estate Commission, which comprise the balance sheet as at December 31, 2016 and the statements of revenue and expenses and net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

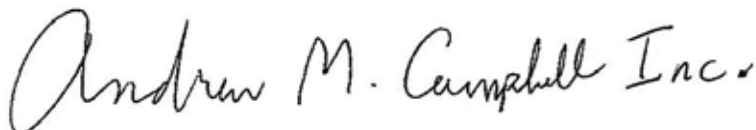
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Real Estate Commission as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountant, Licensed Public Accountant
Dartmouth, Nova Scotia
March 24, 2017

NOVA SCOTIA REAL ESTATE COMMISSION
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December 31, 2016

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NOVA SCOTIA REAL ESTATE COMMISSION

Balance Sheet

As at December 31, 2016

| | 2016 | 2015 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | | |
| - Unrestricted | \$ 426,542 | \$ 32,389 |
| - Restricted | 72,437 | 29,112 |
| Short term investments | | |
| - Unrestricted | 636,690 | 428,016 |
| - Restricted | - | 37,137 |
| Accounts receivable | 4,479 | - |
| Prepaid expenses | 2,565 | 5,244 |
| Inventory - manuals and guides | 1,714 | 2,051 |
| | 1,144,427 | 533,949 |
| Long term investments | - | 540,519 |
| Recovery Fund investments (cost - 2016 - \$596,810; 2015 - \$580,288) (Note 3) | 605,101 | 585,513 |
| Capital assets (Note 4) | 128,603 | 20,422 |
| Intangible assets (Note 5) | 25,538 | 12,167 |
| | \$ 1,903,669 | \$ 1,692,570 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 71,260 | \$ 54,128 |
| HST payable | 102,605 | - |
| Funds held in trust | 72,437 | 66,249 |
| Deferred revenue | 381,695 | 381,970 |
| | 627,997 | 502,347 |
| Deferred lease incentives (Note 6) | 67,841 | - |
| | 695,838 | 502,347 |
| NET ASSETS | | |
| Reserve Fund (Note 7) | 131,643 | 131,643 |
| Recovery Fund (Notes 7 & 8) (Schedule 1) | 605,101 | 585,513 |
| General Fund (Note 7) | 471,087 | 473,067 |
| | 1,207,831 | 1,190,223 |
| | \$ 1,903,669 | \$ 1,692,570 |

Commitments (Note 11)

See accompanying notes to the financial statements

NOVA SCOTIA REAL ESTATE COMMISSION
Statement of Revenue and Expenses and Net Assets
Year ended December 31, 2016

| | 2016 | 2015 |
|---------------------------------------|------------------|------------------|
| Revenue | | |
| Recovery Fund | | |
| Assessment income | \$ 41,702 | \$ 46,760 |
| Investment income | 24,804 | 29,296 |
| Unrealized gain (loss) on investments | 3,066 | (521) |
| | 69,572 | 75,535 |
| General Fund | | |
| Licensing fees | 800,588 | 804,912 |
| Examination fees | 11,600 | 14,210 |
| Fines and penalties | 23,250 | 24,950 |
| Reinstatement of license | 15,552 | 15,150 |
| Hearing and investigation recoveries | - | 4,619 |
| Other fees | 7,204 | 7,962 |
| Lapsed trust funds | 54,363 | 44,409 |
| Investment income | 23,794 | 25,690 |
| | 936,351 | 941,902 |
| | 1,005,923 | 1,017,437 |
| Expenses | | |
| Advertising | - | 2,923 |
| Act changes | 7,366 | 17,186 |
| AGM and conference | 942 | 3,508 |
| Amortization | 9,121 | 3,331 |
| Bad debts | - | 2,200 |
| Bank service charges | 20,739 | 20,126 |
| Conferences | 24,310 | 21,332 |
| Directors and Committee member fees | 33,203 | 26,300 |
| Focus groups | 10,045 | - |
| Grant to education by Recovery Fund | - | 25,000 |
| Hearing and investigation costs | 2,435 | 6,013 |
| Insurance | 2,088 | 2,053 |
| Internet hosting fees | 4,405 | 10,580 |
| Miscellaneous | 10,574 | 8,783 |
| NSAR course | 22,434 | - |
| Office | 40,448 | 28,062 |
| Professional fees | 32,323 | 38,436 |
| Rent, cleaning and utilities | 74,318 | 77,809 |
| Salaries and employee benefits | 640,588 | 635,821 |
| SPL and BL exams | 3,571 | 5,439 |
| Staff travel and training | 17,831 | 18,708 |
| Telecommunications | 10,726 | 13,081 |
| Travel and meetings | 20,848 | 17,434 |
| | 988,315 | 984,125 |
| Excess of revenue over expenses | 17,608 | 33,312 |
| Net assets, beginning of year | 1,190,223 | 1,156,911 |
| Net assets, end of year | \$ 1,207,831 | \$ 1,190,223 |

See accompanying notes to the financial statements

NOVA SCOTIA REAL ESTATE COMMISSION

Statement of Cash Flows

Year ended December 31, 2016

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|------------------|
| NET INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES | | |
| Operating activities | | |
| Excess of revenue over expenses | \$ 17,608 | \$ 33,312 |
| Items not affecting cash | | |
| Amortization | 9,121 | 3,331 |
| Step rent | 2,134 | - |
| Unrealized (gain) loss on investments | (3,066) | 521 |
| Changes in non-cash operating working capital items | 124,187 | (74,999) |
| | <u>149,984</u> | <u>(37,835)</u> |
| Investing activities | | |
| Purchase of Recovery Fund investments (net) | (16,522) | (21,179) |
| Purchase of capital assets, excluding non-cash lease incentive | (49,746) | (1,423) |
| Purchase of intangible assets | (15,220) | (12,167) |
| Decrease in unrestricted short and long term investments | 331,845 | 54,699 |
| (Increase) decrease in restricted cash and short term investments | (6,188) | 12,133 |
| | <u>244,169</u> | <u>32,063</u> |
| NET CHANGE IN CASH | 394,153 | (5,772) |
| CASH, BEGINNING OF YEAR | 32,389 | 38,161 |
| CASH, END OF YEAR | \$ 426,542 | \$ 32,389 |

See accompanying notes to the financial statements

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2016

1. DESCRIPTION OF BUSINESS

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 exempt from income taxes.

Included in these financial statements are the transactions 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 8.

2. ACCOUNTING POLICIES

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

Cash

Cash is comprised of cash on deposit with financial institutions.

Short term investments

Short term investments consist of amounts on deposit with a financial institution with maturities that exceed three months at the date of acquisition. Maturities range from January, 2017 to August, 2017 and the investments bear interest rates which range from 0.71% to 1.50%.

Long term investments

Long term investments consisted of non-redeemable amounts on deposit with a financial institution with maturities that exceeded twelve months from the balance sheet date. The investments bore interest at 1.50% and matured in January and March, 2017.

Financial instruments

The Commission initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for Recovery Fund investments which are measured at fair value at the balance sheet date.

Investment income earned on short term investments and Recover Fund investments is recognized as revenue in the statement of revenue and expenses.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method.

With respect to financial assets measured at cost or amortized cost, the Commission recognizes in excess of revenue over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the period the reversal occurs.

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2016

2. ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost and are amortized over their estimated lives using the straight-line method at the following annual rates.

| | |
|-------------------------|-----------|
| Furniture and equipment | 10% |
| Computers | 25% - 50% |
| Leasehold improvements | 10% |

Intangible assets

The intangible assets are comprised of website and software development costs which are recorded at cost and amortized over an estimated life of five years, using the straight-line method, when the asset is put in use.

Impairment of long-lived assets

Long lived assets, such as capital and intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value of the asset exceeds its fair value at the date of impairment.

Recovery Fund Investments

Investments are recorded at fair value. The fair value is determined using closing published price quotations in an active market.

Deferred lease incentives

Lease incentives include landlord funded renovations, recorded as leasehold improvements, and step rent adjustments. Lease incentives are amortized on a straight-line basis over the term of the lease. Leasehold improvements amortization is netted against related capital asset amortization and step rent adjustments are added to rent expense.

Revenue recognition

The Commission follows the deferral method of accounting for contributions. The Commission's revenue is derived primarily from the assessment of fees which are recognized on a monthly basis as earned. Deferred revenue represents the unearned portion of fees billed. Lapsed trust fund revenue is recognized when funds held in trust exceed six years from the date originally deposited to a brokerage trust account. Other revenues are recognized when persuasive evidence of an arrangement exists, service has occurred, the price to the buyer is fixed and collection is reasonably assured.

NOVA SCOTIA REAL ESTATE COMMISSION

Notes to the Financial Statements

December 31, 2016

2. ACCOUNTING POLICIES (continued)

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 contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates are as follows: amortization of capital assets, deferred revenue, accrued liabilities, and the allowance for doubtful accounts. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of revenue and expenses in the year they become known.

3. RECOVERY FUND INVESTMENTS

The recovery fund investments are comprised of mutual funds as follows:

| | 2016 | | 2015 | |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Fixed income funds | \$ 259,987 | \$ 247,548 | \$ 530,546 | \$ 525,289 |
| Mixed funds | 345,114 | 349,262 | 54,967 | 54,999 |
| | \$ 605,101 | \$ 596,810 | \$ 585,513 | \$ 580,288 |

4. CAPITAL ASSETS

| | 2016 | | | 2015 |
|-------------------------|-------------------|--------------------------|-------------------|------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computers | \$ 38,320 | \$ 29,593 | \$ 8,727 | \$ 3,797 |
| Leasehold improvements | 110,647 | 7,376 | 103,271 | - |
| Furniture and equipment | 81,341 | 64,736 | 16,605 | 16,625 |
| | \$ 230,308 | \$ 101,705 | \$ 128,603 | \$ 20,422 |

5. INTANGIBLE ASSETS

| | 2016 | | | 2015 |
|----------------------------|------------------|--------------------------|------------------|------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Website | \$ 18,487 | \$ 1,849 | \$ 16,638 | \$ 12,167 |
| Software under development | 8,900 | - | 8,900 | - |
| | \$ 27,387 | \$ 1,849 | \$ 25,538 | \$ 12,167 |

NOVA SCOTIA REAL ESTATE COMMISSION
Notes to the Financial Statements
December 31, 2016

6. DEFERRED LEASE INCENTIVES

| | 2016 | | | 2015 |
|---|--------------------|-----------------|------------------|-------------|
| | Tenant inducements | Step rent | Total | Total |
| Lease incentive additions during the year | \$ 70,400 | \$ - | \$ 70,400 | \$ - |
| Increase in step rent accrual | - | 2,134 | 2,134 | - |
| Amortization | 4,693 | - | 4,693 | - |
| | \$ 65,707 | \$ 2,134 | \$ 67,841 | \$ - |

7. NET ASSETS

| | General Fund | Recovery Fund | Reserve Fund | 2016 | 2015 |
|---------------------------------|----------------------------|-------------------|-------------------|---------------------|---------------------|
| | Balance, beginning of year | \$ 473,067 | \$ 585,513 | \$ 131,643 | \$ 1,190,223 |
| Excess of revenue over expenses | (43,682) | 61,290 | - | 17,608 | 33,312 |
| Transfer from (to) General Fund | 41,702 | (41,702) | - | - | - |
| Balance, end of year | \$ 471,087 | \$ 605,101 | \$ 131,643 | \$ 1,207,831 | \$ 1,190,223 |

The Reserve Fund was established by the Commission as a contingency fund for future unexpected expenditures. Transfers to the Reserve Fund are approved by the Board.

The Recovery Fund balance, end of year, includes an accumulated unrealized gain on investments of \$8,291 (2015 - \$5,225).

8. NOVA SCOTIA REAL ESTATE RECOVERY FUND

The Recovery Fund exceeds the required minimum amount of \$300,000 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 arising from a single real estate transaction is:

- a) \$25,000 to any claimant for a claim against a salesperson;
- b) \$50,000 to any claimant for a claim against a broker or manager; and
- c) a total of \$100,000 if there is more than one claim against a brokerage.

9. SHARED EXPENSES

The Commission occupied space in the Nova Scotia Association of Realtors building under a lease agreement until April 30, 2016. The Commission was charged based upon space utilization. The Commission also shared certain common expenditures that were prorated on a reasonable basis. These financial statements include only the portion allocated to the Commission.

NOVA SCOTIA REAL ESTATE COMMISSION
Notes to the Financial Statements
December 31, 2016

10. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash, short and long term investments, accounts receivable, due to Nova Scotia Association of Realtors, and accounts payable and accrued liabilities approximates their carrying value due to their relative short-term nature. Recovery Fund investments are recorded at fair value.

Market risk

This is the risk that the Commission's investments will fluctuate as a result of changes in market price. The Commission manages this risk by maintaining a diversified portfolio.

Credit risk

The Commission performs an evaluation of accounts receivable and records an allowance for doubtful accounts as required. As at December 31, 2016, the allowance for doubtful accounts which offsets trade receivables was \$2,200 (2015 - \$2,200).

Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they become due. The Commission is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs. Given the Commission's currently available liquid resources, as compared to its contractual obligations, management assesses the Commission's liquidity risk to be low.

11. COMMITMENTS

The Commission entered into a ten year lease agreement for office space that commenced May 1, 2016. The agreement requires monthly lease payments of approximately \$5,300, plus HST for the first five years and approximately \$6,100 per month, plus HST, for the remainder of the term.

In 2013, the Commission entered into a lease agreement for office equipment that expires December 31, 2018 and has quarterly lease payments of \$1,613.

12. COMPARATIVE FIGURES

Certain of the 2015 comparative figures have been reclassified to conform with the current year's presentation.

NOVA SCOTIA REAL ESTATE COMMISSION

Schedule of Recovery Fund Transactions

Year ended December 31, 2016

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Net assets, beginning of year | \$ 585,513 | \$ 564,855 |
| Revenue | 69,572 | 75,535 |
| Grant to Education Fund | - | (25,000) |
| Investment fees | (8,282) | (8,117) |
| Transfer to Commission - administration, net | (41,702) | (21,760) |
| | <hr/> | |
| Net assets, end of year | \$ 605,101 | \$ 585,513 |

Budget 2017

| Revenue | | |
|--|--|----------------|
| Recovery Fund | | |
| Assessment income | | 25,000 |
| Investment (loss) income | | 18,000 |
| Unrealized gain (loss) on investments | | 0 |
| | | <u>43,000</u> |
| General Fund | | |
| Licensing fees | | 810,880 |
| Examination fees | | 10,880 |
| Fines and penalties | | 17,000 |
| Reinstatement of license | | 14,400 |
| Hearing and investigation recoveries | | 5,000 |
| Other fees | | 6,385 |
| Lapsed trust funds | | 22,000 |
| Investment income | | 20,000 |
| | | <u>906,545</u> |
| | | <u>949,545</u> |
| Expenses | | |
| Advertising | | 2,000 |
| AGM and conference | | 1,500 |
| Amortization | | 5,000 |
| Bad debts | | - |
| Bank service charges | | 23,500 |
| Conferences | | 20,400 |
| Consulting | | 4,000 |
| Directors and Committee member fees | | 49,250 |
| Grant to education by Recovery Fund | | - |
| Hearing and investigation costs | | 5,000 |
| Insurance | | 2,150 |
| Public awareness | | - |
| Miscellaneous | | 7,600 |
| Relocation | | - |
| Office | | 29,100 |
| Professional fees | | 26,000 |
| Rent, cleaning and utilities | | 63,905 |
| Salaries and employee benefits | | 639,366 |
| SPL and BM exams | | 3,000 |
| Staff travel and training | | 17,000 |
| Telecommunications | | 14,000 |
| Travel and meetings | | 30,400 |
| Internet hosting fees | | 4,500 |
| | | <u>947,671</u> |
| Excess of revenue over expenses | | <u>1,874</u> |

Capital Expenditure Budget 2017

| Source of funds: | | |
|------------------|---|---------------|
| | Transfer from General Fund Net Assets - GICs from Lapsed UTFs | 50,000 |
| | Total Capital Funding | 50,000 |

| Capital Expenditures | | |
|----------------------|-----------------------------------|---------------|
| | New Online Licensing System | 50,000 |
| | Total Capital Expenditures | 50,000 |

Got a question? Contact us

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The Nova Scotia Real Estate Commission is the regulator of the real estate industry, whose goal is to ensure consumer confidence through the administration of the Real Estate Trading Act and the Commission Bylaw.