

REAL ESTATE RECOVERY FUND

Financial Statements

Year Ended March 31, 2024

REAL ESTATE RECOVERY FUND

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Year Ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Real Estate Recovery Fund

Opinion

We have audited the financial statements of Real Estate Recovery Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, 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 Fund as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with 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 ASNPO, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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:

(continues)

NOSEWORTHY CHAPMAN

chartered professional accountants



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Independent Auditor's Report to the Members of Real Estate Recovery Fund (*continued*)

- 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.

Noseworthy Chapman

Chartered Professional Accountants

St. John's, NL

July 2, 2024

REAL ESTATE RECOVERY FUND**Statement of Financial Position****March 31, 2024**

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 292,965	\$ 254,852
Accounts receivable	4,250	5,500
Interest receivable	1,410	1,122
	\$ 298,625	\$ 261,474
LIABILITIES		
CURRENT		
Accounts payable	\$ 3,909	\$ 3,278
NET ASSETS	294,716	258,196
LIABILITIES AND NET ASSETS	\$ 298,625	\$ 261,474

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

REAL ESTATE RECOVERY FUND
Statement of Revenues and Expenditures
Year Ended March 31, 2024

	2024	2023
REVENUE		
Assessments	\$ 26,100	\$ 31,900
EXPENDITURES		
Interest and bank charges	21	26
Office	1,094	1,028
Professional fees	3,910	3,278
	5,025	4,332
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	21,075	27,568
OTHER INCOME		
Interest income	15,445	8,897
EXCESS OF REVENUE OVER EXPENDITURES	\$ 36,520	\$ 36,465

See notes to financial statements

REAL ESTATE RECOVERY FUND
Statement of Changes in Net Assets
Year Ended March 31, 2024

	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 258,196	\$ 221,731
EXCESS OF REVENUE OVER EXPENDITURES	36,520	36,465
NET ASSETS - END OF YEAR	\$ 294,716	\$ 258,196

REAL ESTATE RECOVERY FUND**Statement of Cash Flows****Year Ended March 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Cash receipts from licensees	\$ 27,350	\$ 26,907
Cash paid to suppliers	(4,393)	(4,332)
Interest received	15,156	8,002
INCREASE IN CASH	38,113	30,577
Cash - beginning of year	254,852	224,275
CASH - END OF YEAR	\$ 292,965	\$ 254,852

See notes to financial statements

REAL ESTATE RECOVERY FUND

Notes to Financial Statements

Year Ended March 31, 2024

1. PURPOSE OF THE FUND

Real Estate Recovery Fund (the "Fund") was established in September 2020 under the Real Estate Trading Act, 2019 (the "Act") for purposes of paying in whole or in part claims against a licensee relating to money held in trust by a licensee who has committed fraud; has committed breach of trust; fails to disburse or account for money held in a trust account; or declares bankruptcy, in accordance with Section 10 of the Real Estate Trading Act Regulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash

Cash includes cash on hand and balances with financial institutions, net of overdrafts.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

Real Estate Recovery Fund follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.