

researchNS

Research Nova Scotia

Annual Report to the
Minister of Labour and Advanced Education

2019/20

Submitted: 30 June 2020

Stefan Leslie
CEO, Research Nova Scotia
1660 Hollis St., Suite 905
Halifax, NS B3J 1V7

Table of Contents

Executive Summary	3
Independent Auditor's Report	4
Narrative of Activities	5
Performance Measures	9
Appendix: Audit Results	10

Executive Summary

This annual report covers the activities of the Research Nova Scotia Corporation (RNS) for the fiscal year 1 April 2019 to 31 March 2020.

The annual report includes three components as required by the RNS funding regulations:

- The auditor's report required by Section 24 of the Act
- A narrative of the Corporation's activities during the fiscal year
- An evaluation of the Corporation's activities based on performance measures established by the Board, and confirmation of compliance with standards adopted by the Board.

RNS assumed the legacy commitments of the former Research and Innovation Trust, the Health Research Foundation, and the Research Nova Scotia Trust, all of which ceased operations on 31 March 2019. These commitments continue to contribute to improved health, social, and economic outcomes for Nova Scotians.

The focus of RNS in our first year has been on structure and governance, ensuring the delivery of commitments of previous organizations, establishing the first fully new programming, and preparing the strategic direction. Towards the end of the fiscal year, RNS actively supported the research community's participation in the COVID-19 response.

The long-term evaluation framework for the Corporation's activities is under development. The Board has adopted the Canadian accounting standards for not-for-profit organizations; an independent audit confirmed compliance with these standards.

Independent Auditor's Report

The Board of Directors appointed an auditor in February 2020 to prepare a report on the Research Opportunities Fund and other accounts of the Corporation.

Financial statements were prepared by the Corporation in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO), including the financial position as at March 31, 2020, the statements of operations, 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.

These were audited by BDO Canada, Chartered Professional Accountants. The summary audit finding was that the "financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, 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."

The full audit results are presented in the Appendix 1. This includes the independent auditor's report and the audited financial statements.

Narrative of Activities

The main activities of the Corporation in 2019/20 are divided into four main categories.

Establishing structure and governance

The Board of Directors convened regularly to initiate RNS operations. During the year, several Directors changed from the original group identified by Order-in-Council. Denise Perret was replaced by Tom Marrie, who in turn was replaced by Jeannine Lagasse as the provincial representative for the Department of Health and Wellness. Duff Montgomerie was replaced by Ava Czapalay as the provincial representative for the Department of Labour and Advanced Education. Chuck Maillet had been the federal government representative on the Board, and he stepped down and was replaced by Denise Leblanc-MacDonald from the National Research Council.

The former Executive Director of one of the predecessor organizations, the Nova Scotia Health Research Foundation, Marli MacNeil became the interim CEO of RNS on 1 April 2019. The Board conducted a search for the inaugural CEO, and Stefan Leslie began with Corporation in early September 2019.

With the permanent CEO in place, RNS quickly developed its senior leadership structure to ensure that RNS operations would advance without delay. Within ten weeks of the CEO being in place, RNS had brought in James Makonyere as the CFO, and confirmed Marli MacNeil as the COO. The other two key positions that were filled were Stephanie Reid as Director of Marketing and Communications, and Heather Desserud as Director of Strategy.

Research Nova Scotia is a 'special act corporation' – incorporated under its own provincial statute rather than under a corporation law of general application, such as the Societies Act or the Companies Act. RNS has therefore devoted significant time to developing an appropriate governance and management system that will ensure its ability to deliver on the objectives of the statute, and meet public expectations for conduct.

Accordingly, RNS developed administrative, human resources and financial policies and procedures; updated the employment contract approach for all new employees; created a financial accounting system that absorbed the systems of the three predecessor organizations merged into RNS, and; ensured responsible management of investments held in the Research Opportunities Fund.

Ensuring the delivery of commitments of the previous organizations

As per the agreement with the provincial government, for Year 1 (2019/20), the legacy programs of the Health Research Foundation and the Research and Innovation Trust continue to operate.

In practice, this meant that RNS:

- Honoured all funding commitments for research projects made by the Research and Innovation Trust.
- Implemented the decisions of the RNS Trust (made prior to its discontinuation on 31 March 2019), funding 10 research projects.
- Continued to fund 23 projects from the Nova Scotia Health Research Foundation, under the Establishment and Development/Innovative programs.
- Re-offered the Scotia Scholars program, to ensure continued support for student researchers.
- Fulfilled obligations to third parties for research management and impact assessment.

In all cases, RNS staff continued to monitor project performance, and ensured adherence to the agreed financial contracts.

Launching new programming

In addition to the legacy programs described above, RNS conducted extensive engagement with research institutions and partner organizations to best understand the research ecosystem's needs and how best RNS can support it. This resulted in the launch of several new RNS programs to support research.

- RNS invited applications for match funding from institutions that had been approved for funding by the Canada Foundation for Innovation. Projects were selected for funding in 2019/20, although funding will flow in 2020/21.
- The Scotia Scholars Awards program, although a legacy from a predecessor organization, was expanded to include more Nova Scotia universities and the Nova Scotia Community College.

With the declaration of the COVID-19 global pandemic, in the final weeks of 2019/20, RNS joined many other Canadian research support organizations to immediately reorient activities to support the substantial research effort required to combat the health, economic and social impacts. Research Nova Scotia:

- Partnered with the Canadian Institutes for Health Research (CIHR) to jointly fund research projects in Nova Scotia.

- Expanded on CIHR COVID-19 research projects with additional funding to increase support for Nova Scotia researchers, broadened the project scope to include Nova Scotia, or expanded the Nova Scotia sample size.
- Joined the Nova Scotia COVID-19 Health Research Coalition, along with the Nova Scotia Health Authority, IWK, IWK Foundation, QEII Foundation, Dalhousie University, the Dalhousie Medical Research Foundation, and the Dartmouth General Foundation. This Coalition ultimately funded 40 research teams in Nova Scotia working on critical COVID-19 research.

Although much preparatory work occurred in 2019/20, projects were initiated and funded in 2020/21, and therefore will be included in subsequent semi-annual and annual reports.

Preparing the strategy

The RNS Funding Regulations requires that RNS develop “a strategic approach to support the Nova Scotia research community and align funded research activity with Provincial priorities”.

RNS has been developing this strategic approach by working closely with the research community and partner organizations to develop the research support component to innovation-driven improvement to economic, environmental and health-care outcomes.

In February 2020, the Board adopted a mission-oriented approach to both support the research community and align funded research with provincial priorities. This approach, building on the UN’s Sustainable Development Goals and employed by leading-edge innovation organizations globally, organizes and deploys resources (including research) to address bold, measurable missions that address significant societal challenges. Using missions creates a stronger link between the economic, health and environmental challenges Nova Scotia faces, and the research that can mitigate and resolve those challenges.

This approach translates societal priorities into research questions that serve Nova Scotians while supporting researchers in the scientific pursuit of knowledge. Missions provide a direction while enabling and fostering bottom-up exploration and experimentation. It makes best use of the vibrant innovation ecosystem, translating research into economic and societal benefits.

Based on the direction from the Board, RNS is developing missions within four areas of key importance to Nova Scotia:

- A sustainable bioeconomy
- Climate change adaptation and resilience
- Healthy people and health care systems

- Culture and community

When implemented, RNS will convene research funding, partnerships and programming around defined missions that these priority areas. Complementing the missions will be programs to provide other forms of support to the research community and advance Nova Scotia's long-term research capacity, including support for students, early career researchers, and research infrastructure.

The research community and our partners have been generous with their time, eager to contribute their thoughts, and enthusiastic about the benefits of a fully operational Research Nova Scotia Corporation.

Performance Measures

A comprehensive performance management framework is under development. As it takes shape, it will include three central components:

- Evaluation of the impact of Research Nova Scotia, and the projects and programs that it supports;
- Evaluation of corporate performance, including monitoring of key financial and administrative performance metrics;
- Evaluation of strategy implementation, including progress towards the contribution research is making to achieving the outcomes identified in the mission-oriented framework.

The first piece to be established is the accounting standards, to ensure full compliance with expectations for financial management of a not-for-profit corporation.

The Board has adopted the Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO). As detailed in the audit section of this report, an independent audit confirmed compliance with these standards.

Appendix: Audit Results

Research Nova Scotia Corporation
Financial Statements
For the Year Ended March 31, 2020

Research Nova Scotia Corporation
Financial Statements
For the Year Ended March 31, 2020

Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8-13

Independent Auditor's Report

To the board of directors of Research Nova Scotia Corporation

Opinion

We have audited the financial statements of Research Nova Scotia Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2020, the statements of operations, 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 Corporation as at March 31, 2020, 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.

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements which describes that the Corporation adopted Canadian accounting standards for not-for-profit organizations on April 1, 2019 with a transition date of April 1, 2018. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2019 and April 1, 2018, and the statement of operations, changes in net assets and cash flows for the year ended March 31, 2019, and related disclosures. Our opinion is not modified in respect of this matter.

We are not engaged to report on the comparative information, and as such, it is unaudited.

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 Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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:

- 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 Corporation'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 Corporation'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 Corporation 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.

Chartered Professional Accountants

Dartmouth, Nova Scotia
June 23, 2020

Research Nova Scotia Corporation

Statement of Financial Position

March 31

	2020	2019 (unaudited)	April 1, 2018 (unaudited)
Assets			
Current			
Cash	\$ 12,407,648	\$ 38,645,627	\$ 40,249,267
Restricted cash	28,707,018	-	-
Investments (Note 4)	3,749,837	9,174,466	13,211,791
Accounts receivables	435,542	168,071	495,035
Harmonized Sales Tax receivable	29,762	39,538	30,853
Interest receivable	60,171	31,635	13,882
Prepaid expenses	5,385	8,000	45,423
	<u>45,395,363</u>	<u>48,067,337</u>	<u>54,046,251</u>
Tangible capital assets (Note 5)	136,862	82,239	94,422
	<u>\$ 45,532,225</u>	<u>\$ 48,149,576</u>	<u>\$ 54,140,673</u>
Liabilities			
Accounts payable and accrued liabilities	533,144	352,358	156,415
Deferred contributions (Note 6)	42,533,114	47,353,371	52,825,002
	<u>43,066,258</u>	<u>47,705,729</u>	<u>52,981,417</u>
Lease obligations (Note 9)			
Grant commitments (Note 10)			
Net Assets			
Unrestricted	2,465,967	443,847	1,159,256
	<u>2,465,967</u>	<u>443,847</u>	<u>1,159,256</u>
	<u>\$ 45,532,225</u>	<u>\$ 48,149,576</u>	<u>\$ 54,140,673</u>

Subsequent event (Note 15)

On behalf of the Board:

Director

Director

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Statement of Changes in Net Assets

For the year ended March 31,

		Unrestricted	2020	2019 (unaudited)
Balance, beginning of the year	\$	443,847	\$ 443,847	\$ 1,159,256
Excess (deficiency) of revenue over expenses		2,022,120	2,022,120	(235,409)
Transfer of net assets		-	-	(480,000)
Balance, end of the year	\$	2,465,967	\$ 2,465,967	\$ 443,847

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Statement of Operations

For the year ended March 31

	2020	2019 (unaudited)
REVENUES		
Province of Nova Scotia	\$ 14,941,105	\$ 16,772,064
Other funding	2,556,083	1,793,291
	<u>17,497,188</u>	<u>18,565,355</u>
EXPENSES		
Program		
Research Opportunities Fund	354,448	-
Business unit	2,206,848	1,025,287
Matching grants	8,101,200	12,321,133
Project grants	2,170,304	2,941,801
Student awards	737,900	-
Other programs	30,233	186,987
	<u>13,600,933</u>	<u>16,475,208</u>
Operational		
Wages and salaries	1,333,339	1,937,750
Administrative overhead (Note 7)	492,218	609,455
	<u>1,825,557</u>	<u>2,547,205</u>
Expenses	15,426,490	19,022,413
Excess (deficiency) of revenues over expenses before other income (expenses)	2,070,698	(457,058)
OTHER INCOME (EXPENSES)		
Interest income	181,839	113,328
Realized and Unrealized (loss) gain on investments	(230,417)	108,321
Total other (expenses) income	<u>(48,578)</u>	<u>221,649</u>
Excess (deficiency) of revenue over expenses	<u>\$ 2,022,120</u>	<u>\$ (235,409)</u>

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Statement of Cash Flows

March 31

	2020	2019 (unaudited)
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 2,022,120	\$ (235,409)
Items not affecting cash:		
Amortization	24,460	26,843
Unrealized loss on investments	48,578	(221,649)
	2,095,158	(430,215)
Changes in non-cash working capital:		
Accounts receivable	(267,471)	326,964
Harmonized Sales Tax receivable	9,776	(8,685)
Interest receivable	(28,536)	(17,753)
Prepaid expenses	2,615	37,423
Accounts payable and accrued liabilities	180,786	195,573
Deferred contributions	(4,820,257)	3,059,517
	(2,827,930)	3,162,824
FINANCING ACTIVITY		
Acquisition of capital assets	(79,083)	(14,660)
INVESTING ACTIVITY		
Proceeds on disposal of investments	5,376,051	(4,751,804)
Net increase (decrease) in cash	2,469,039	(1,603,640)
Cash, beginning of the year	38,645,627	40,249,267
Cash, end of the year	\$ 41,114,666	38,645,627
Cash	12,407,648	38,645,627
Restricted cash	28,707,018	-
	\$ 41,114,666	\$ 38,645,627

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Notes to financial statements

March 31, 2020

1 Purpose of the Corporation and Basis of Presentation

Research Nova Scotia (the "Corporation") is a not-for-profit entity established by the Province of Nova Scotia with an independent Board of Directors. The Corporation was established pursuant to the Research Nova Scotia Corporation Act, Chapter 6 of the Acts of Nova Scotia, 2018.

On April 1, 2019, the Corporation was assigned all of the assets and liabilities of Nova Scotia Health Research Foundation, Nova Scotia Research Trust and the Nova Scotia Research and Innovation Trust. The comparative figures include the combined results of Nova Scotia Health Research Foundation, Nova Scotia Research Trust and the Nova Scotia Research and Innovation Trust.

The objectives of the Corporation are to support, organize and co-ordinate the funding of research.

2 First Time Adoption of Accounting Standards for Not-For-Profit Organizations

Effective April 1, 2019, the Corporation adopted the requirements of the accounting framework, Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO") or Part III of the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting. These are the Corporation's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption, have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and retrospective exceptions. The accounting policies set out in Note 3 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2020, the comparative information presented in these financial statements for the year March 31, 2019 and in the preparation of an opening ASNPO balance sheet at the date of transition of April 1, 2018.

The adoption of ASNPO resulted in adjustments to the previously reported liabilities, revenues, and expenses of the Corporation. The adjustments at the date of transition of April 1, 2018 were as follows:

	Pre-changeover Accounting Standards	Transitional adjustments	ASNPO	Notes
April 1, 2018				
Liabilities				
Grants payable	\$ 3,741,095	\$ (3,741,095)	\$ -	(a)
Deferred contributions	49,083,907	3,741,095	52,825,002	(a)
March 31, 2019				
Excess of revenues over expenses, as previously stated			\$ 122,041	
Transitional adjustments:				
Increase in revenue			452,581	(a)
Increase in expenses			452,581	(a)
Excess of revenues over expenses, as restated			\$ 122,041	

Notes

(a) The Corporation reclassified \$3,741,095 of grants payable to deferred contributions and recognized revenue in the amount of \$452,581 with a corresponding increase in expenses in order to match the newly adopted revenue recognition principles.

An exemption was used at the date of transition to ASNPO and the Corporation elected not to apply Section 1582, Business Combinations, retrospectively to past business combinations prior to the date of transition.

Research Nova Scotia Corporation

Notes to financial statements

March 31, 2020

3 Significant Accounting Policies

These financial statements were prepared in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO") and include the following significant accounting policies:

(a) Cash

Cash includes amounts on deposit with financial institutions. Restricted cash includes amounts restricted for use by the Research Opportunities Fund and its associated programs and projects.

(b) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Certain funds may only be used in conduct of specific programs or in the delivery of specific services and transactions. Such externally restricted contributions are therefore recognized as revenue in the year in which related expenses are incurred, services are performed or when stipulations are met.

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.

(c) Contributed services

The Corporation does not record the value of volunteers and contributed material in the statement of operations.

(d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. There are no significant estimates within these financial statements.

(e) Tangible capital assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Computer equipment	30%	declining balance
Office equipment and furniture	20%	declining balance
Grant management system	30%	declining balance

When a tangible capital asset no longer has any long-term service potential to the Corporation, the excess of its carrying amount over any residual value is recognized as an expense in the statement of operations.

(f) Net Assets

Unrestricted net assets are maintained to fund operating expenses.

Research Nova Scotia Corporation

Notes to financial statements

March 31, 2020

3 Significant Accounting Policies (continued)

(g) Financial instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and fixed income securities are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the statement of changes. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in the statement of operations in the year incurred.

4 Investments

	2020	2019 (unaudited)	April 1, 2018 (unaudited)
Brokers account, at cost	\$ 7,485	\$ 8,506	\$ 195
Fixed income, at fair value	2,486,738	548,126	742,306
Equity, at fair value	1,255,613	8,617,835	12,469,291
	<u>\$ 3,749,837</u>	<u>\$ 9,174,466</u>	<u>\$ 13,211,791</u>

5 Tangible Capital Assets

	2020			2019 (unaudited)		April 1, 2018 (unaudited)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value	
Computer equipment	\$ 247,766	\$ 222,587	\$ 25,180	\$ 29,417	\$ 23,892	
Office equipment and furniture	122,007	111,049	10,959	13,699	17,123	
Grant management system	238,624	137,900	100,724	39,123	53,407	
	<u>\$ 608,398</u>	<u>\$ 471,535</u>	<u>\$ 136,862</u>	<u>\$ 82,239</u>	<u>\$ 94,422</u>	

Research Nova Scotia Corporation

Notes to financial statements

March 31, 2020

6 Deferred Contributions

Deferred contributions represent funds received in the current year for program and project costs not yet incurred.

a) Research Opportunities Fund deferred contributions:

	2020	2019 (unaudited)	April 1, 2018 (unaudited)
Balance, beginning of the year	\$ 23,746,400	\$ -	\$ -
Contributions	4,600,000	695,400	-
Interest income - restricted	679,618	-	-
Transfers	-	23,051,000	-
Recognized revenue	(355,267)	-	-
	<u>\$ 28,670,751</u>	<u>\$ 23,746,400</u>	<u>\$ -</u>

b) Business Unit Fund deferred contributions:

	2020	2019 (unaudited)	April 1, 2018 (unaudited)
Balance, beginning of the year	\$ 1,315,047	\$ 808,487	253,267
Contributions	1,471,383	2,648,733	1,424,799
Repayments	(120,799)	-	-
Recognized revenue	(1,608,220)	(2,142,173)	(869,579)
	<u>\$ 1,057,411</u>	<u>\$ 1,315,047</u>	<u>\$ 808,487</u>

c) Matching Grants Fund deferred contributions:

	2020	2019 (unaudited)	April 1, 2018 (unaudited)
Balance, beginning of the year	\$ 18,075,842	\$ 48,275,420	\$ 39,287,881
Contributions	24,420	4,824,613	30,979,270
Transfers	-	(23,051,000)	-
Recognized revenue	(9,566,333)	(11,973,191)	(21,991,731)
	<u>\$ 8,533,929</u>	<u>\$ 18,075,842</u>	<u>\$ 48,275,420</u>

d) Project Grants Fund deferred contributions:

	2020	2019 (unaudited)	April 1, 2018 (unaudited)
Balance, beginning of the year	\$ 4,214,455	\$ 3,741,095	\$ 4,193,676
Contributions	4,621,000	4,597,999	4,981,000
Recognized revenue	(4,564,432)	(4,124,639)	(5,433,581)
	<u>\$ 4,271,023</u>	<u>\$ 4,214,455</u>	<u>\$ 3,741,095</u>
	<u>\$ 42,533,114</u>	<u>\$ 47,351,744</u>	<u>\$ 52,825,002</u>

Research Nova Scotia Corporation

Notes to financial statements

March 31, 2020

7 Administrative overhead

	2020	2019 (unaudited)
Building rent	\$ 130,701	\$ 136,882
Professional fees	84,600	118,189
Information technology	64,339	37,170
General office and administrative	64,028	112,870
Harmonized Sales Tax (Note 8)	29,762	-
Peer reviews	25,303	29,311
Amortization	24,460	26,843
Telephone and website	19,841	8,111
Professional development	16,020	38,736
Marketing and communications	15,602	-
Travel and meeting	13,058	51,305
Insurance	4,504	5,038
Other	-	45,000
	<u>\$ 492,218</u>	<u>\$ 609,455</u>

8 Harmonized Sales Tax

The Corporation is entitled to a rebate of 50% on Harmonized Sales Tax ("HST") paid on eligible expenses. The Corporation's practice is to record the non-refundable portion of HST separately net of the refundable portion.

9 Lease Obligations

The Corporation leases its premises under a lease agreement expiring in 2022. Minimum lease payments in the agreement, are as follows:

2021	\$ 136,703
2022	102,527
	<u>\$ 239,230</u>

10 Grant Commitments

Grants that have been committed to programs and projects, but not yet required to be paid under the terms of the various agreements for each of the next five years are as follows:

2021	\$ 9,155,821
2022	1,301,106
2023	2,172,551
2024	14,667
2025	7,334
	<u>\$ 12,651,479</u>

11 Economic Dependence

The Corporation's operational funding is derived through an approved business plan with Nova Scotia's Department of Health and Wellness and through a letter of funding from the Department of Labour and Advanced Education. The current business plan ends March 31, 2021. Should both the Departments of Health and Wellness and the Department of Labour and Advanced Education substantially change their funding or the related terms and conditions with the Corporation, it would not be able to continue its operations at the current level.

Research Nova Scotia Corporation

Notes to financial statements

March 31, 2020

12 Financial Instruments

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. The Corporation is exposed to credit risk resulting from the possibility that a funder defaults on their financial obligations. The Corporation's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Corporation's receivables are from publically funded organizations which reduces their credit risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Corporation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Corporation is exposed to this risk in respect of its accounts payable and accrued liabilities and grants payable.

The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

Subsequent to year end, the risk has increased as a result of COVID-19. The Corporation maintains a portion of their assets in equity securities which have been negatively impacted by a decline (Note 15).

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, 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. The Corporation is exposed to other price risk through its investments in quoted shares.

The Corporation manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

Subsequent to year end, COVID-19 has increased the Corporation's other price risk in relations to its investments (Note 15).

14 Public Sector Compensation Disclosure

For the purposes of the Public Sector Compensation Disclosure Act, the Corporaton is considered a public sector body for the year ended March 31, 2020. Payments in excess of \$100,000 were made to the Chief Operating Officer Marli MacNeil, in the amount of \$126,988 and former Director, Programs Meredith Campbell in the amount of \$192,135.

15 Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. The Corporation has provided grants specifically focused on COVID 19 response projects through the Research Opportunities Fund and is continuing to monitor the impacts to ongoing project to which the Corporation has committed funding. The Corporation's investments include a mix of fixed income and equity. These investments are reported in these financial statements at their fair values on March 31, 2020. The Corporation receives daily reporting on the performance of the investments and expects that it has incurred a significant loss in the equity portion of its investments. This will impact the Corporation's cash flow in the future. The full extent of any future impact on the Corporation's investments or operations as a result of COVID-19 is unknown.