



ANNUAL REPORT

TO THE MINISTER OF ADVANCED EDUCATION

2022/23



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01. EXECUTIVE SUMMARY

This annual report covers the activities of the Research Nova Scotia Corporation (RNS) for the fiscal year 1 April 2022 to 31 March 2023.

The *Research Nova Scotia Corporation Funding Regulations* outline three components required in the annual report submitted to the Department of Advanced Education by 1 June of each year:

- The auditor's report required by Section 24 of the *Research Nova Scotia Corporation Act*,
- A narrative of the Corporation's activities during the fiscal year; and
- 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.

The audit was completed by BDO Canada, Chartered Professional Accountants. No issues of significance were identified. The audit results were considered and approved by the Board of Directors on 29 May 2023.

The narrative of the Corporation's activities outlines the key successes, areas of growth, innovative ideas put into action, and organizational actions that demonstrate RNS's achievements during the past fiscal year.

The evaluation of activities and assessment of compliance with standards applies the evaluation framework adopted by the Board to assess performance in finance, governance, management, and programming. The evaluation found that RNS was compliant in each performance category. The annual report is supplemented by semi-annual reports, submitted May 31 and November 30 of each year. The semi-annual reports share activities, project highlights and funding awarded during the reporting period.

We are pleased to submit this report to the Minister, Advanced Education for his consideration and review.

For questions on the organization and this report, please contact:

Stefan Leslie

Chief Executive Officer

Research Nova Scotia

stefan.leslie@researchnns.ca



02. INDEPENDENT AUDITOR'S REPORT

The Board of Directors appointed an auditor in November 2022 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, 2023, 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, 2023, 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 Appendix 1. This includes the independent auditor’s report and the audited financial statements.



03. NARRATIVE OF THE CORPORATION'S ACTIVITIES

Research Nova Scotia has a mandate to support, organize and coordinate research throughout Nova Scotia to achieve provincial priorities. With a broad range of initiatives underway, RNS is working to mobilize the extensive capacity of the research endeavour throughout the life cycle of projects. To do so, we operate in three main areas:

1. Intentional research: Proactively and deliberately seeking the projects, initiatives and mechanisms to implement RNS's missions outcomes framework;
2. Capacity building: Developing the skills and experience that the research community needs today and in the future;
3. Infrastructure and equipment: Ensuring that we have the technologies and tools needed to undertake research.

The following narrative provides updates on the corporation's activities across these three areas, focusing on the ways in which RNS is acting to ensure funding meets the needs of Nova Scotia.

INTENTIONAL RESEARCH FOR THE BENEFIT OF NOVA SCOTIANS

Intentional research starts with what we want to accomplish, and assembles the resources, people, and projects in pursuit of those goals. Unlike traditional funding models, intentional research uncovers solutions that address specific challenges, focusing on outcomes and appropriate mechanisms to achieve impact. This can take many forms, including identifying potential research teams, soliciting interest for ongoing work, connecting researchers with the potential end users of the research, and developing projects built around known knowledge gaps or questions.

In the past year, RNS's intentional research program has developed into a substantial component of RNS activities. Half of the grant funding awarded in 2022-23 was under the intentional research program, equal to \$6.3 million. These projects spanned healthcare delivery and implementation, climate change, the sustainable bioeconomy, and improved quality of life for Nova Scotians, and brought together more than 36 partners in pursuit of common goals.



Intentional research grants are the most labour-intensive of the programs offered at RNS, due to the significant time and energy required to work collaboratively with researchers to co-design projects that will address specific questions and have clear pathways to intended outcomes. To ensure the intentional research program is achieving its goals, RNS has developed formalized structures, processes, and an ongoing intake review process for all intentional research inquiries. In total, RNS staff shepherded more than 20 intentional projects and funded 12, including the second phases of wastewater surveillance research and research into far-UVC lights in long-term care facilities. In 2023-24, RNS will increase its staff capacity by adding two new FTEs to focus on the intentional research program.

RNS's role within the research community is increasingly that of partner and collaborator, rather than funder alone. This shift was a priority for the organization from its inception; in 2022-23, RNS saw clear confirmation that its approach and direction were bearing fruit, and that the research ecosystem is better able to understand the way we intend to operate to fulfill the mission-oriented strategy. By guiding or co-designing research projects, RNS demonstrates a clear prerogative to insist on research that will make a difference, and that has a distinct pathway to realizing impact in the hands of uptake organizations and end users. Knowledge mobilization, tech transfer and publications are not enough: RNS seeks and supports research that will make a difference, and that has a plan to get there.

BUILDING CAPACITY FOR NOVA SCOTIAN CHALLENGES

In 2022-23, RNS offered programs to build capacity across the research ecosystem, particularly in health and healthcare delivery. Supporting students and early-career researchers helps increase the future potential workforce in Nova Scotia, as well as building new knowledge in areas of importance to the province and our missions. During the past year, RNS expanded its regular capacity-building activities to add new opportunities to develop a thriving and future-focused research workforce.

Student support in health research: Each year, RNS offers Scotia Scholars Awards to undergraduate and graduate students pursuing research in topics of importance to the Department of Health and Wellness. The program supports the growth of health-focused future researchers while generating new knowledge to address priority areas the province needs. In 2022-23, RNS funded 76 Scotia Scholars Awards.

Early-career health researchers: RNS held the annual New Health Investigators competition in the summer of 2022, in partnership with the Department of Health and Wellness. Fifteen grants totalling \$1.4 million were awarded to examine issues in health policy and healthcare delivery services. The program provides (often) the researcher's first major peer-reviewed grant, and helps create a foundation for future research programs and larger grant success.



Supporting refugee researchers in Nova Scotia: In 2022, RNS launched a new program in response to the Russian invasion of Ukraine, providing immediate financial support for student researchers studying and working in Nova Scotia. To date, RNS has awarded three students, and is in conversations with potential supervisors to expand and increase the program's reach. With our counterparts at institutions across Nova Scotia, RNS has spent significant time in connecting students and potential placements. The grants are awarded based on eligibility and confirmation of enrolment or supervisor hire, and are designed to support Ukrainians in pursuing the work that was interrupted back home.

Developing successful researchers: In 2022, RNS launched the Competitive Edge Initiative, designed to help researchers build capacity and improve their ability to attract federal and other competitive research awards. The new program included the opportunity to learn about the peer review process and webinars on subjects based on the needs of researchers and research offices, gathered by survey in the design phase of the program. Offerings included:

- Peer review observation, to give trainees and early career researchers an opportunity to experience a peer review meeting
- Incorporating equity and diversity in grant applications
- Unwritten rules and best practices for applying to funding programs.

The Competitive Edge Initiative complements ongoing support provided by RNS's team of research administrators to the research community (including research offices and individual researchers) to understand RNS's strategic direction, the ways in which we operate, and the best practices to be successful in RNS opportunities and activities.

PARTNERING FOR RESULTS FOR NOVA SCOTIA

Part of RNS's ongoing commitment to achieving meaningful outcomes requires seeking out like-minded partners working toward common goals for Nova Scotia. Combining expertise and resources strengthens each organization's ability to achieve its objectives. More importantly, when we collaborate with partners to support research with tangible, real-world benefits, we ensure that research creates benefits for society.

RNS pursues partnerships that strengthen our ability to deliver results, whether by matching awards to increase the funding available to researchers, creating purpose-built initiatives to tackle complex challenges, or dedicating resources to sectors or areas of particular importance to Nova Scotia.

The following examples demonstrate some of the ways in which RNS is working with partners to increase the viability, relevance, and usefulness of research that we support.



Leveraging federal funds for equipment and infrastructure: RNS works with researchers and institutions to identify infrastructure and equipment that will improve research outcomes connected to provincial priorities. Institutions that are successful with Canada Foundation for Innovation competitions can apply to RNS for matched funding for equipment that will help achieve the missions. Institutions are encouraged to engage with RNS well in advance of submission to help ensure the applications are clearly connected to needed outcomes for Nova Scotia. In 2022-23, RNS invested more than \$3.14 million in 13 infrastructure projects with a total project value of \$73.8 million.

Partnering to support research on key topics: RNS partnered with the Canadian Statistical Sciences Institute (CANSSI) to hold a funding competition seeking research that tackles the impacts of climate change on Nova Scotia's coastal communities. Through a co-designed proposal process, the initiative sought to apply the significant data and statistical modelling expertise of Nova Scotia's research community to help communities prepare for and adapt to climate risks such as sea level rise, overland flooding, changing weather patterns and increasing hazards.

RNS also partnered with Cystic Fibrosis Canada to fund a Dalhousie-based researcher studying CF through a health equity lens, as well as funding two projects in partnership with the Canadian Institution for Health Research.

Focusing on sectoral research needs: In 2022, RNS launched its forestry research program in partnership with the Forestry Innovation Transition Trust. The program built on the research agenda developed for FITT to bring focus to its research funding; FITT asked RNS to deliver the program on behalf of the Trust. RNS has hired a dedicated forestry program manager to work directly with forestry industry players, community groups and conservation organizations to create and refine research projects that will support Nova Scotia's transition to a sustainable ecological forestry model.

GIVING SHAPE TO THE FUTURE OF THE ORGANIZATION

In our first three years of operation, RNS developed from a nascent organization into a fully going concern. In 2022-23 RNS focused on providing a clear pathway forward for the implementation of our strategy, missions, and mandate. In November 2022, RNS submitted a robust three-year operating plan to Government to outline the activities, priorities and intended outcomes of the organization from April 2023 to March 2026. The plan emphasized greater clarity and intention in Year 1, with ambitions and eventual expectations by Year 3.

RNS received \$25 million in December 2022 to implement the three-year operating plan, which provides stability and sufficient resources to achieve the activities outlined. This investment in research that serves provincial priorities will enable RNS to continue supporting, organizing,



and coordinating the funding of research throughout the province that achieves real results for the health and prosperity of Nova Scotians, and the sustainability of our natural resources and environment.

04. ANNUAL EVALUATION OF RESEARCH NOVA SCOTIA'S ACTIVITIES

The Research Nova Scotia Corporation's (RNS) Board of Directors has adopted measures in April 2021 to assess corporate performance in four categories: finance, governance, management, and programming. In this report on the evaluation completed on corporate performance in FY 2022-23, the following colour codes are used to summarize compliance on individual performance measures within a category.

No non-compliant measures
One non-compliant measure
Multiple / significant non-compliant measures
Insufficient data

Overall, this evaluation found that RNS was compliant with all performance categories, with one partial non-compliance in one of the measures. One performance measure did not yet have sufficient data to assess.

FINANCE

RNS is compliant with all its corporate financial performance measures.

Measure	Explanatory Note	Compliant	Evidence
RNS adopted and complied with an accounting system in accordance with the Canadian Accounting Standards for Not-For-Profit Organizations.	These standards were adopted by the Board and were applied effective April 1, 2019. Compliance evaluated annually by the independent audit.	Yes	Research Nova Scotia Corporation Annual Report for the period April 1, 2022 to March 31, 2023



Measure	Explanatory Note	Compliant	Evidence
RNS provided Advanced Education with a six-month financial forecast in accordance with the Regulations.	Regulation 4(5)(a)	Yes	Research Nova Scotia Corporation Semi-Annual Report for the period October 1, 2022 to March 31, 2023
RNS submitted an annual financial report prepared by independent auditors to Advanced Education.	Regulation 5(a)	Yes	Research Nova Scotia Corporation Annual Report for the period April 1, 2022 to March 31, 2023
RNS's investment performance was consistent with its investment policy.	This policy establishes investment goals, objectives and guidelines that relate to the cash and investment assets held by RNS. It was adopted by the Board on April 1, 2021.	Yes	January-March 2023 Quarterly Investment Report (Conducted by CIBC Wood Gundy)
RNS completed an annual internal audit to ensure compliance with financial delegations.	This policy delegates authorizations for payments, transfers, and operational expenses. It was adopted by the Board on April 1, 2021.	Yes	Internal audit conducted by BDO Canada LLP

GOVERNANCE

While RNS management is compliant in terms of the speed with which it provides documents and minutes to the board, it provided the board with insufficient notice of meetings. Management is compliant with all other corporate governance performance measures.

Measure	Explanatory Note	Compliant	Evidence
The requisite number of Board meetings were held. Sufficient notice was provided. The agenda, materials, and subsequent minutes were provided to directors as per the by-laws.	RNS by-laws: Section 4 (Meetings). <ul style="list-style-type: none"> - Notice of meeting within 10 days - Materials within 5 days - Minutes within 10 days 	Partially	The board met 3 times in 2022-23. <ul style="list-style-type: none"> - May 30, 2022 - September 9, 2022 - November 21, 2022 Notices for meetings were provided within the prescribed time period. Pre-meeting materials were delivered on time for two of three meetings. Materials for the end of May meeting did not make the five day requirement due to the timing of the audit completion and the FAR committee. Minutes were delivered on time.
The Board adhered to its by-laws and revised them as appropriate.	RNS by-laws: Section 8 (Enactment and Amendment of By-laws). The by-laws were adopted by the Board on April 18, 2019.	Yes	The minutes for all three meetings were reviewed by RNS' Evaluation Manager. No new by-laws or changes to the existing by-laws occurred in 2022-23.



Measure	Explanatory Note	Compliant	Evidence
RNS met the deadlines for providing Advanced Education with semi-annual and annual reports containing the required information.	Regulations 4(2)(a) and (b) and Regulation 5. November 30, May 31, and June 1 of each year.	Yes	Research Nova Scotia Corporation Semi-Annual Reports for the period April 1, 2022 to September 30, 2022 and October 1, 2022 to March 31, 2023. Research Nova Scotia Corporation Annual Report for the period April 1, 2022 to March 31, 2023.
RNS' budget was sufficient to meet its regulatory responsibilities and funding commitments.	RNS had the funds to pay for its required activities (e.g., annual audit) as well as its previous research commitments.	Yes	Research Nova Scotia Corporation Annual Report for the period April 1, 2022 to March 31, 2023
RNS met its regulatory disclosure requirements.	The <i>Public Sector Compensation Disclosure Act</i> requires disclosure of salaries greater than \$100,000. The Act requires the disclosure be made public.	Yes	2022-23 Independent Auditor's Report. The Corporation's Financial Statements for the Year Ending March 31, 2023 are posted on the website: https://researchns.ca/governance/financial-statements/

MANAGEMENT

Management's activities and expenditures are compliant with the corporate management performance measures. Newly enacted equity, diversity and inclusivity performance measures will be assessed for the 2023-24 Annual Report.

Measure	Explanatory Note	Compliant	Evidence
RNS implemented and abided by approved policies in the areas of human resources, financial management, corporate operations, and operational.	<p>At inception as an interim measure, RNS adopted the 'Administrative Policies, Procedures and Processes' manual from NSHRF.</p> <p>The Board then considered updated policies, on recommendation from Board committees, approving through motions.</p> <p>For example, at the November 21, 2022 meeting the Board adopted the following resolution:</p> <p><i>BE IT RESOLVED that, policies 2.1, 2.13, 2.14, 2.15, 4.5, 4.7, 4.8 and 4.10 be approved as presented; policies 1.11 and 2.4 be revised as presented; policy 1.3 be confirmed as presented, subject to legal review.</i></p>	Yes	<p>The following policies were <u>adopted</u>:</p> <p>Policy 2.1: Travel and hospitality</p> <p>Policy 2.13: Acceptable Use (IT)</p> <p>Policy 2.14: Cyber Security</p> <p>Policy 2.15: Business Continuity and Disaster Recovery</p> <p>Policy 4.5: Scientific Merit Review</p> <p>Policy 4.7: Code of Ethics</p> <p>Policy 4.8: Service Standards</p> <p>Policy 4.10: Ownership of Assets and IP</p> <p>The following policies were <u>amended</u>:</p> <p>Policy 1.11: Employee leaves</p> <p>Policy 2.4: Cell Phones</p> <p>The following policy was <u>reconfirmed</u>:</p> <p>Policy 1.3: COVID-19 Vaccine Requirement</p>

Measure	Explanatory Note	Compliant	Evidence
RNS' activities and expenditures adhered to a Board-approved strategic plan to organize, support, and coordinate the funding of research.	The strategic plan was approved by the Board June 30, 2020.	Yes	<p>A total of 123 grants and research projects were funded in 2022-23.</p> <p>Senior management convened a major research initiative by establishing a partnership with the Forestry Innovation Transition Trust. RNS continues to partner with Engage Nova Scotia in implementing the province's sustainable development goals. RNS also funded CBU to help build clinical trial research capacity within the Centre for Excellence in Healthy Aging.</p> <p>Senior staff held 14 meetings with institutions and/or researchers to learn about the funds/ capacity building/ connections required to support their programs of research. RNS launched the Competitive Edge Initiative, which offers workshops and webinars to improve the success of researchers' grant applications.</p>



Measure	Explanatory Note	Compliant	Evidence
			<p>RNS awarded 76 Scotia Scholar Award grants, which provided support and training opportunities to new researchers. It also awarded 15 New Health Investigator Grants to help develop the province's health researchers.</p> <p>In response to the extraordinary circumstance in Ukraine, RNS launched The Ukraine Emergency Research Support Program, which supported three Ukrainian researchers.</p>

Measure	Explanatory Note	Compliant	Evidence
RNS' operating ratio (management & administration / total expenditures) is appropriate and meets public expectations.	Evaluation will be based on whether the 3-year average RNS operating cost ratio fell within one standard deviation of the 3-year average of ten similar organizations. Based on publicly available data from organizations that will include similar Nova Scotia corporations, crowns, or agencies; other provinces' research organizations; and international mission-oriented funding organizations.	Yes	A 3-year average operating ratio was developed for 10 not-for-profit organizations that publicly report their finances. The 10 organizations include 4 from Nova Scotia as well as 6 research funding organizations (4 from Canada and 2 international). The group's 3-year average operating ratio was 22.7%. RNS' operating ratio over the same period was 10.1%. This falls well within one standard deviation of how the group of 10 organizations performed.
RNS reviewed its processes through an equity, diversity, and inclusion (EDI) lens.	At the November 21, 2022 meeting the Board adopted the following self-declaration approach, which was developed by Management and based on the EDI processes of similar organizations. <i>BE IT RESOLVED that, the self-declaration for EDI be provided to directors, employees and grant recipients as presented.</i>	n/a	RNS has begun the process of collecting the data that will allow the assessment of its compliance with the standards in the 2023-24 Annual Report.

PROGRAMS

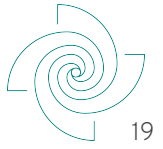
RNS' newly adopted service delivery targets were assessed informally as it prepares a more systematic approach that will be used in the 2023-24 Annual Report. The same is true in assessing the alignment of funded projects with RNS' strategy and values.

Measure	Explanatory Note	Compliant	Evidence
RNS established and met its service delivery targets.	<p>Service delivery standards based on those of similar organizations were developed by management and adopted by the Board on November 21, 2022.</p> <p>RESPONSE TIMES (business days)</p> <ul style="list-style-type: none"> • Pre-application discussion requests: 5 days • Confirmation of application: 1 day • Applications reviewed: 5 days • Funding decisions: 10 days • Communication from grant holders: 3 days • Grant payments: 15 days • Reporting reminders: 20 days prior • Extension requests: 10 days • General inquiries: 5 days • Letters of support: 15 days 	Yes	<p>The service standards have been in effect for less than a year. RNS' Evaluation Manager reviewed each point of contact and was able to determine that the organization was generally compliant. A more formal process will be developed and reported on in the 2023-24 Annual Report.</p>



Measure	Explanatory Note	Compliant	Evidence
RNS reviewed funding requests to ensure alignment with its strategy and research values.	Previously, an informal process was used to assess proposal alignment with RNS' strategy and values. As of April 2023, the process became more systematic. All funding requests must now stipulate how they align with RNS' strategy and research values.	Yes	Based on a review of all research projects managed at least in part by RNS, only 3% did not align with an RNS mission area (using the informal assessment process). Most of the exceptions predated RNS. Accurate and ongoing metrics of compliance with this performance measure will be available for the 2023-24 Annual Report.

05. APPENDIX 1



Research Nova Scotia Corporation
Financial Statements
For the year ended March 31, 2023

Research Nova Scotia Corporation
Financial Statements
For the year ended March 31, 2023

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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, 2023, 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, 2023, 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.

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.

Emphasis of Matter - Prior Period Restatement

We draw attention to Note 2 of the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

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

Halifax, Nova Scotia
May 30, 2023

Research Nova Scotia Corporation

Statement of Financial Position

March 31

	2023	2022 (Restated - Note 2)
ASSETS		
Current Assets		
Cash	\$ 7,982,147	\$ 5,672,889
Restricted cash	41,668,775	21,580,748
Investments (Note 4)	31,299,830	32,393,527
Accounts receivable	1,543,490	550,810
Harmonized Sales Tax receivable (Note 5)	15,656	29,760
Interest receivable	210,337	26,521
Prepaid expenses	19,528	15,755
	82,739,763	60,270,010
Tangible capital assets (Note 6)	71,953	60,156
TOTAL ASSETS	\$ 82,811,716	\$ 60,330,166
LIABILITIES		
Accounts payable and accrued liabilities	\$ 164,278	\$ 130,791
Grants payable	2,687,545	1,622,258
Deferred contributions (Note 7)	77,101,614	55,900,650
	79,953,437	57,653,699
Lease obligation (Note 8)		
Grant commitments (Note 9)		
	79,953,437	57,653,699
Net Assets		
Unrestricted	2,858,279	2,676,467
Total net assets	2,858,279	2,676,467
TOTAL LIABILITIES & NET ASSETS	\$ 82,811,716	\$ 60,330,166

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
March 31

Net Assets	Unrestricted	2023	2022	
			(Restated - Note 2)	
Balance, beginning of year	\$ 2,676,467	2,676,467	\$	2,630,445
Excess of revenue over expenses	181,812	181,812		46,022
Balance, end of year	\$ 2,858,279	2,858,279	\$	2,676,467

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Statement of Operations

For the year ended March 31

	2023	2022 (Restated - Note 2)
REVENUES		
Province of Nova Scotia	\$ 14,515,708	\$ 15,077,957
Other funding	202,163	659,801
Interest and dividend income	181,812	46,022
Total Revenue	14,899,683	15,783,780
EXPENSES		
Program		
Research Opportunities Fund	12,293,751	11,423,348
Funds managed under contract	202,163	657,301
Legacy commitments	513,468	2,005,519
	13,009,382	14,086,168
Operational		
Wages and salaries	1,323,830	1,251,193
Administrative overhead (Note 10)	384,659	400,397
	1,708,489	1,651,590
Total Expenses	14,717,871	15,737,758
Excess of revenue over expenses	\$ 181,812	\$ 46,022

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Statement of Cash Flow

For the year ended March 31

	2023	2022 (Restated - Note 2)
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 181,812	\$ 46,022
Items not affecting cash:		
Amortization	22,203	23,766
Loss on disposal of tangible capital asset	7,039	-
	211,054	69,788
Changes in non-cash working capital:		
Accounts receivable	(992,680)	(154,507)
Harmonized Sales Tax receivable	14,104	9,764
Interest receivable	(183,816)	948
Prepaid expenses	(3,773)	(1,077)
Accounts payable and accrued liabilities	33,487	2,187
Grants payable	1,065,287	(564,335)
Deferred contributions	22,704,522	19,815,588
	22,848,185	19,178,356
INVESTING ACTIVITIES		
Acquisition of capital assets	(41,039)	(4,271)
Purchases of marketable securities	(6,735,594)	(28,446,416)
Disposal of marketable securities	6,325,732	300,014
	(450,901)	(28,150,673)
Net increase (decrease) in cash	22,397,285	(8,972,317)
Cash, beginning of year	27,253,637	36,225,954
Cash, end of year	49,650,922	27,253,637
Cash	7,982,147	5,672,889
Restricted cash	41,668,775	21,580,748
	\$ 49,650,922	\$ 27,253,637

The notes are an integral part of these financial statements

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.

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

2 Prior Period Restatement

During the year, management became aware of a prior year error in respect to the treatment of unrealized and realized gains and losses on investments. The unrealized and realized gains and losses were incorrectly recorded within the statement of operations rather than recorded within deferred contributions. Consequently, the Corporation's net assets were overstated and excess of revenue over expenses and deferred contributions were understated. The results of this correction to the previously reported March 31, 2022 balances are as follows:

	As previously reported	Adjustment	As restated
Revenue - Province of Nova Scotia	\$ 14,887,252	\$ 190,705	\$ 15,077,957
Interest and dividend income	190,705	(144,683)	46,022
Realized/unrealized gain (loss) on investments	(92,929)	92,929	-
Deferred contributions	55,637,123	263,527	55,900,650
Opening unrestricted net assets - April 1, 2021	3,032,923	(402,478)	2,630,445
Closing unrestricted net assets - March 31, 2022	2,939,994	(263,527)	2,676,467

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 and restricted 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 or services are performed.

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.

Investment income is recognized in income only to the extent it relates to unrestricted contributions.

(c) Contributed services

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

3 Significant Accounting Policies (continued)

(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.

(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. 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. 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.

4 Investments

		2023	2022
Cash and short term investments	0.05%	\$ 15,040	\$ 25,086,343
Fixed income, at fair value	48.85%	15,290,211	5,046,967
Equity, at fair value	51.10%	15,994,579	2,260,217
	100.00%	\$ 31,299,830	\$ 32,393,527

5 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.

6 Tangible Capital Assets

	Computer equipment	Office equipment and furniture	Grant management system	Total
Cost				
Balance at April 1, 2022	\$ 254,662	\$ 228,120	\$ 72,484	\$ 555,266
Additions	26,103	14,936	-	41,039
Disposals	229,297	-	-	229,297
Balance at March 31, 2023	51,468	243,056	72,484	367,008
Accumulated depreciation				
Balance at April 1, 2022	237,037	221,106	36,967	495,110
Depreciation	8,323	3,225	10,655	22,203
Disposals	222,258	-	-	222,258
Balance at March 31, 2023	23,102	224,331	47,622	295,055
Net balance at April 1, 2022	17,625	7,014	35,517	60,156
Net balance at March 31, 2023	\$ 28,366	\$ 18,725	\$ 24,862	\$ 71,953

7 Deferred Contributions

Deferred contributions represent funds received for program and project costs not yet incurred.

a) Research Opportunities Fund deferred contributions:

	2023	2022 (Restated - Note 2)
Balance, beginning of year	\$ 48,652,585	\$ 26,489,565
Contributions	34,425,774	33,121,144
Interest income	1,150,619	359,923
Transfers	87,511	183,153
Recognized revenue	(12,293,751)	(11,408,271)
Realized / unrealized loss on investments (Note 11)	(1,503,558)	(92,929)
Balance, end of year	\$ 70,519,180	\$ 48,652,585

7 Deferred Contributions (continued)

b) Funds managed under contract deferred contributions:

	2023	2022 (Restated - Note 2)
Balance, beginning of year	\$ 5,799,999	\$ 6,234,841
Contributions	50,000	134,784
Transfers	-	(20,000)
Recognized revenue	(202,163)	(549,626)
Balance, end of year	\$ 5,647,836	\$ 5,799,999

c) Legacy commitments deferred contributions:

	2023	2022 (Restated - Note 2)
Balance, beginning of year	\$ 1,448,066	\$ 3,453,585
Recognized revenue	(513,468)	(2,005,519)
Balance, end of year	\$ 934,598	\$ 1,448,066
	\$ 77,101,614	\$ 55,900,650

8 Lease Obligation

The Corporation's lease obligation for premises requires the following minimum annual lease payments. This lease expires on December 31, 2027.

2024	\$ 95,857
2025	97,967
2026	104,299
2027	104,299
2028	78,224
	\$ 480,646

9 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 six years are as follows:

2024	\$ 6,757,356
2025	3,787,651
2026	970,181
2027	421,987
2028	238,398
2029	217,472
	\$ 12,393,045

10 Administrative Overhead

	2023	2022
Building rent	\$ 90,224	\$ 139,676
Marketing and communications	88,098	34,357
Professional fees	48,851	96,076
Information technology	39,927	32,079
Harmonized Sales Tax (Note 5)	25,196	28,636
Telephone and website	24,088	25,727
Amortization	22,203	23,766
Professional development	16,576	3,882
General office and administrative	9,529	6,200
Loss on disposal of tangible capital asset	7,039	-
Insurance	6,715	5,866
Travel and meeting	6,213	4,132
	\$ 384,659	\$ 400,397

11 Realized / Unrealized Gain (Loss) on Investments

The unrealized loss of \$1,648,068 (2022 - \$77,783) represents the change in market value from the date of purchase Principal Protected Notes. If held until maturity, there is no possibility for realizing a loss. The unrealized gain/loss each month reflects the current market value of these investments and is therefore reflected on the financial statements.

12 Economic Dependence

The Corporation's operational funding is derived from the Province of Nova Scotia's Department of Advanced Education with no written agreement in place. Should the Province of Nova Scotia 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.

13 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. Most of the Corporation's receivables are from publicly 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.

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.

14 Comparative Figures

Certain comparative figures in the Statement of Changes in Net Assets, the Statement of Operations, and the notes to the financial statements have been reclassified to conform to the current year's presentation.