

ANNUAL REPORT

TO THE MINISTER OF ADVANCED EDUCATION

April 2023 – March 2024



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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 2023 to 31 March 2024.

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 2024.

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@researchns.ca



02. INDEPENDENT AUDITOR'S REPORT

The Board of Directors appointed an auditor in November 2023 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, 2024, 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, 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.”

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 in service of provincial priorities. RNS has focused on three main areas:

1. Intentional research: Proactively and deliberately seeking the projects, initiatives and mechanisms to implement RNS's 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 priority research.

GRANTING ACTIVITY SUMMARY

A total of 137 grants and research projects were funded in 2023-24, including 18 projects with matching funds to support the province's research strengths.

RNS awarded 14 New Health Investigator grants valued at \$1.37 million to early career researchers. \$1.15 million was granted to 73 students at the PhD, Master's, undergraduate and diploma levels through the Scotia Scholar program, which provided support and training opportunities to new researchers.

RNS continues to partner with the Forestry Innovation Transition Trust, Genome Atlantic, and Engage Nova Scotia, supporting projects in partnership with these organization.

RNS funded two projects as part of the Atlantic Climate Research Collaboration.

Discussions were held with 8 PSE institutions about the potential of adding another Scotia Scholars program for research in sectors other than health.

RNS launched the International Nursing Research Program, supporting bilateral nursing research projects between Nova Scotia, India and the Philippines.

In 2023-24, RNS continued the Ukraine Research Support Program, by supporting an additional three Ukrainian student researchers.



ALIGNING WITH PROVINCIAL PRIORITIES

In 2023/24, RNS further concentrated its efforts on research priorities identified by the province.

RNS built on its partnership with the Department of Health and Wellness, adopting its priority topics for two major capacity building programs, Scotia Scholars Awards and the New Health Investigators Grant. For 2023/24, DHW identified priorities as research that:

1. contributes to recruitment and retention of healthcare professionals;
2. focused on access to people-centred, flexible, quality healthcare;
3. contributes to healthcare delivery excellence, including:
 - Opportunities for team-based care
 - The ability of healthcare providers to work to their full scope of practice
 - Innovative models to reduce wait times
4. addresses the factors affecting health and well-being of Nova Scotians, including emerging issues in population health and harm reduction, and;
5. demonstrates the potential to have an impact on the healthcare system.

Provincial priorities were also reflected in the projects supported with funds to match a national award and through RNS's intentional research program. Projects receiving funds included:

- Advancing rural health care in Cape Breton
- Biorefining of agri-forestry feedstock to bioenergy
- Research program for heart failure prevention
- Exploring the changing water cycle in Atlantic Canada
- Agriculture biotechnology centre at NSCC Truro
- Investigation of psilocybin for the treatment of mental health disorders

Forty-eight projects classified as matching or intentional research, valued at \$11.28 million, were supported during the year.



DEVELOPING THE RESEARCH SUPPORT MODEL

More can be done to match the province's research power to the significant challenges facing Nova Scotia. At the end of 2023/24 Research Nova Scotia had been operating for five years.



Through this development period, RNS has progressively tightened the connection between provincial priorities and research investments.

In the 2016 Speech from the Throne, which introduced the idea of Research Nova Scotia, the ambition was only to support research in important areas. When the Research Nova Scotia Corporation Act was passed two years later, research was required not just in important areas, but research that "produces opportunities and outcomes to advance ... key priorities".

Building on the need to have research produce opportunities and outcomes, RNS released its mission-oriented strategy in 2020, focusing on initiatives to "help Nova Scotia solve some of its biggest challenges." In the 2022 operating and implementation plan, we proposed "...a model to pursue large-scale, resource-intensive and audacious missions through focused research efforts... with the greatest potential to drive change for Nova Scotia."

We have moved from research in important areas, to research that produces outcomes, to solving challenges, to research driving change. RNS has continuously adapted its funding choices and organizing mechanisms to pursue this growing precision in our mandate.



The progression to purposefully investing in research to improve the lives of Nova Scotians led to RNS's biggest undertaking yet, the Focused Research Investment initiative, or FRI. This has been the dominant effort of RNS in 2023/24.

FRI has been designed to support highly focused, collaborative and determined research across disciplines, to work on the salient Nova Scotia issues of our time, producing discoveries that will solve problems. The vision is to support multidisciplinary research teams working with the beneficiaries of their work to define projects that, when executed, would produce outcomes that would impact the present and future of this province.

The purpose is to *so/ve*. This is society directing research, and research in service to society.

In September 2023, the Board of Directors supported the concept and approved the development of the initiative. In November, the Board approved the FRI program with notional budget. A consultation paper was released to the research community and our government partners in January 2024, providing a comprehensive overview of FRI and inviting engagement and improvement. The request for expressions of interest was launched in early March. The Board approved the FRI budget in April 2024, providing \$25 million to fund two to three projects of five to seven years duration, requiring between \$5 million and \$20 million.

In 2024/25, RNS will execute on this vision, opening a new chapter in research support in Nova Scotia.



04. ANNUAL EVALUATION OF RESEARCH NOVA SCOTIA'S ACTIVITIES

CORPORATE PERFORMANCE

RNS' corporate performance measures were adopted by the Board of Directors in April 2021. They fall into four categories: finance, governance, management, and programming. The following colour codes are used to summarize compliance within a category.

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

Overall, where data was available, RNS was compliant with all performance measures.

Finance
Governance
Management
Programming

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, 2023 to March 31, 2024
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, 2023 to March 31, 2024 (Submitted May 31, 2024)
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, 2023 to March 31, 2024
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 2024 Quarterly Investment Report (conducted by CIBC)
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

RNS is compliant with all its 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.	<p>RNS by-laws: Section 4 (Meetings).</p> <ul style="list-style-type: none"> - Notice of meeting within 10 days - Materials within 5 days - Minutes within 10 days 	Yes	<p>The board met 4 times in 2023-24.</p> <ul style="list-style-type: none"> - April 4, 2023 - May 29, 2023 - September 18, 2023 - November 28, 2023 <p>Notices for meetings were provided ahead of schedule.</p> <p>Pre meeting materials were delivered a head of schedule. <i>Note: Logistically, the delivery of pre-meeting materials for the May 30 meeting is not within RNS' control as it depends on external suppliers and a review by the FAR.</i></p> <p>Draft minutes were circulated ahead of schedule.</p>
The Board adhered to its by-laws, and revised them as appropriate.	<p>RNS by-laws: Section 8 (Enactment and Amendment of By-laws). The by-laws were adopted by the Board on April 18, 2019.</p>	Yes	<p>The minutes for all four meetings were reviewed by RNS' Evaluation Manager. No new by-laws or changes to the existing by-laws occurred in 2023-24.</p>



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 Report for the period October 1, 2023 to March 31, 2024 (Submitted May 31, 2024) Research Nova Scotia Corporation Annual Report for the period April 1, 2023 to March 31, 2024 (Submitted May 31, 2024)
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, 2023 to March 31, 2024
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 (e.g., in the body of the audited financial statement for the fiscal year)	Yes	2023-24 Independent Auditor's Report. The Corporation's Financial Statements for the Year Ending March 31, 2024 are posted on the website: https://researchns.ca/governance/financial-statements/



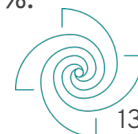
MANAGEMENT

Management's activities and expenditures are compliant with the corporate management performance measures.

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>RNS has a comprehensive policy manual (corporate, HR, financial, operations) approved by the Board and periodically reviewed and updated.</p> <p>At the November 28, 2023 meeting the Board adopted the following resolution:</p> <p><i>BE IT RESOLVED that, policies 1.3, 1.4, 1.6 and 1.11 be revised as presented.</i></p>	YES	<p>The following policies were <u>amended</u>:</p> <p>Policy 1.3: COVID Vaccine Requirement</p> <p>Policy 1.4: Remote Work</p> <p>Policy 1.6: Performance Management</p> <p>Policy 1.11: Employee Leaves</p>
RNS' activities and expenditures adhered to a Board-approved strategic plan to organize, support and coordinate the funding of research.	<p>The strategic plan was approved by the Board June 30, 2020.</p> <p>It commits RNS to the following areas of activity:</p> <ul style="list-style-type: none"> - Support the strengths of the research ecosystem - Convene intentional partnerships, coalitions and commissioned activity - Operate funding opportunities and partnerships in collaboration with other organizations 	Yes	<p>A total of 137 grants and research projects were funded in 2023-24, including 18 projects with matching funds to support the province's research strengths and 14 New Health Investigator Grants to help develop the province's early career health researchers.</p> <p>RNS awarded 73 Scotia Scholar grants, which provided support and training opportunities to new researchers.</p> <p>RNS continues to partner with the Forestry Innovation Transition Trust, Genome</p>



MEASURE	EXPLANATORY NOTE	COMPLIANT	EVIDENCE
	<ul style="list-style-type: none"> - Build capacity, training, support services and grant response coordination for the research ecosystem - Develop non-traditional, innovative, rapid response or extraordinary activity to meet the challenges 		<p>Atlantic, and Engage Nova Scotia.</p> <p>RNS funded two projects as part of the Atlantic Climate Research Collaboration.</p> <p>Discussions were held with 8 PSE institutions about the potential of adding another Scotia Scholars program for research in sectors other than health.</p> <p>RNS launched the International Nursing Research Program, supporting bilateral nursing research projects between Nova Scotia, India and the Philippines.</p> <p>In 2023-24, RNS continued the Ukraine Research Support Program, by supporting an additional three Ukrainian student researchers.</p>
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	Yes	A 3-year average operating ratio was developed for 10 not-for-profit organizations that publicly report their finances. The 10 organizations include 2 from Nova Scotia as well as 8 research funding organizations (5 from Canada and 3 international). The group's 3-year average operating ratio was 15.8%.



MEASURE	EXPLANATORY NOTE	COMPLIANT	EVIDENCE
	organizations; and international mission-oriented funding organizations.		RNS' operating ratio over the same period was 9.9%. 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.	<p>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.</p> <p><i>BE IT RESOLVED that, the self-declaration for EDI be provided to directors, employees and grant recipients as presented.</i></p>	Yes	<p>RNS has developed an EDI self-declaration form that has been provided to all directors, employees and grant applicants.</p> <p>In addition, all RNS job postings conform to EDI inclusion best practices.</p> <p>RNS' Evaluation Manager has reviewed all institutional granting agreements and found they all included clauses prioritizing EDI.</p>

PROGRAMS

RNS is compliant with its service delivery targets. All of the projects it funded aligned with government priorities and RNS' mission areas.

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	RNS' Evaluation Manager reviewed each point of contact and was able to determine that, except for a two-month staffing transition due to a parental leave, all standards were met and no complaints about the organization's responsiveness were received.



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	In 2023-24, all approved projects aligned with RNS' strategy and values.

05. APPENDIX 1

Research Nova Scotia Corporation
Financial Statements
For the year ended March 31, 2024

Research Nova Scotia Corporation
Financial Statements
For the year ended March 31, 2024

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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, 2024, 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, 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.

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

Halifax, Nova Scotia
May 29, 2024

Research Nova Scotia Corporation
Statement of Financial Position
For the year ended March 31, 2024

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 413,234	\$ 7,982,147
Restricted cash	13,671,659	41,668,775
Restricted investments (Note 3)	58,020,127	31,299,830
Accounts receivable (Note 4)	6,964,650	1,543,490
Harmonized Sales Tax receivable (Note 5)	5,315	15,656
Interest receivable	65,832	210,337
Prepaid expenses	911	19,528
	79,141,728	82,739,763
Tangible capital assets	-	71,953
TOTAL ASSETS	\$ 79,141,728	\$ 82,811,716
LIABILITIES		
Accounts payable and accrued liabilities	\$ 145,408	\$ 164,278
Grants payable	1,177,131	2,687,545
Deferred contributions (Note 6)	74,801,076	77,101,614
	76,123,615	79,953,437
Lease obligation (Note 7)		
Grant commitments (Note 8)		
	76,123,615	79,953,437
Net Assets		
Internally Restricted Reserve	2,262,916	2,858,279
Wind-up Reserve	755,197	-
Total net assets	3,018,113	2,858,279
TOTAL LIABILITIES & NET ASSETS	\$ 79,141,728	\$ 82,811,716

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, 2024

Net Assets	Internally Restricted Reserve	Wind-up Reserve	2024	2023
Balance, beginning of year	\$ 2,858,279	\$ -	\$ 2,858,279	\$ 2,676,467
Excess of revenue over expenses	159,834	-	159,834	181,812
Transfers	(755,197)	755,197	-	
Balance, end of year	\$ 2,262,916	\$ 755,197	\$ 3,018,113	\$ 2,858,279

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Statement of Operations

For the year ended

March 31, 2024

	2024	2023
REVENUES		
Province of Nova Scotia	\$ 12,774,625	\$ 14,515,708
Other funding	365,314	202,163
Interest and dividend income	159,834	181,812
Total Revenue	13,299,773	14,899,683
EXPENSES		
Program		
Research Opportunities Fund	10,697,890	12,293,751
Funds managed under contract	365,313	202,163
Legacy commitments and grants	224,500	513,468
	11,287,703	13,009,382
Operational		
Wages and salaries	1,427,130	1,323,830
Administrative overhead	425,106	384,659
	1,852,236	1,708,489
Total Expenses	13,139,939	14,717,871
Excess of revenue over expenses	\$ 159,834	\$ 181,812

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation

Statement of Cash Flow

For the year ended

March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 159,834	\$ 181,812
Items not affecting cash:		
Amortization	74,505	22,203
Loss on disposal of capital asset	-	7,039
	<u>234,339</u>	<u>211,054</u>
Changes in non-cash working capital:		
Accounts receivable	(5,421,160)	(992,680)
Harmonized Sales Tax receivable	10,341	14,104
Interest receivable	144,505	(183,816)
Prepaid expenses	18,617	(3,773)
Accounts payable and accrued liabilities	(18,870)	33,487
Grants payable	(1,510,414)	1,065,287
Deferred contributions	(2,300,538)	22,704,522
	<u>(8,843,180)</u>	<u>22,848,185</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(2,552)	(41,039)
Purchases of marketable securities	(26,720,297)	(409,862)
Disposal of marketable securities	-	-
	<u>(26,722,849)</u>	<u>(450,901)</u>
Net (decrease) increase in cash	(35,566,029)	22,397,285
Cash, beginning of year	49,650,922	27,253,637
Cash, end of year	\$ 14,084,893	\$ 49,650,922
Cash	\$ 413,234	\$ 7,982,147
Restricted cash	13,671,659	41,668,775
	<u>\$ 14,084,893</u>	<u>\$ 49,650,922</u>

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 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 the unrestricted contributions.

(c) Contributed services

The Corporation does not record the value of volunteers 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.

2 Significant Accounting Policies (continued)

(e) Net assets

The Internally restricted reserve represents net assets restricted by the Board of Directors for specific purposes. These amounts are not available for other purposes without the approval of the Board of Directors. Transfers from the reserve are based on the Corporation's policies approved by the Board of Directors.

The windup reserve is to be used for operational expenses in the event that the Corporation is wound up. It is reviewed and adjusted annually following the methodology approved by the Board of Directors in policy.

(f) 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.

3 Restricted Investments

			2024		2023
Cash and short term investments	3.87%	\$	2,247,966	\$	15,040
Fixed income, at fair value	45.50%	\$	26,398,568	\$	15,290,211
Equity, at fair value	50.63%	\$	29,373,592	\$	15,994,579
	100.00%	\$	58,020,127	\$	31,299,830

4 Accounts Receivable

The accounts receivable balance includes the annual transfer from the Department of Advanced Education in the amount of \$6,796,000.

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 Deferred Contributions

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

	2024	2023
A - Research Opportunities Fund (ROF)	\$ 72,279,764	\$ 73,970,686
B - ROF matching legacy	\$ 678,107	\$ 934,598
C - Operations Fund	\$ 992,983	\$ 1,042,562
D - Grants Managed Under Contract	\$ 850,222	\$ 1,153,769
Balance, end of year	\$ 74,801,076	\$ 77,101,614

A - Funds available to be granted and funds subject to a grant agreement but not yet funded.

B - Grants awarded by predecessor organizations absorbed by RNS on April 1st, 2019.

C - Funds transferred from DAE for annual operating expenses.

D - Grants awarded by a third party but administered by RNS.

7 Lease Obligation

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

2025	97,967
2026	104,299
2027	104,299
2028	78,224
\$	384,789

8 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 eight years are as follows:

2025	15,981,318
2026	2,795,074
2027	1,104,753
2028	713,589
2029	535,772
2030	89,200
2031	120,000
\$	21,339,705

9 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.

10 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.

11 Comparative Figures

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