

**Research Nova Scotia Corporation**  
**Financial Statements**  
**For the year ended March 31, 2025**

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For the year ended March 31, 2025

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## Independent Auditor's Report

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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, 2025, 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, 2025, 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, 2025

**Research Nova Scotia Corporation**  
Statement of Financial Position  
For the year ended March 31, 2025

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 2,078,977	\$ 413,234
Restricted cash	15,009,603	13,671,659
Restricted investments (Note 3)	59,828,519	58,020,127
Investments (Note 3)	3,324,562	-
Accounts receivable	-	6,964,650
Harmonized Sales Tax receivable (Note 4)	21,400	5,315
Interest receivable	49,791	65,832
Prepaid expenses	-	911
<b>TOTAL ASSETS</b>	<b>\$ 80,312,852</b>	<b>\$ 79,141,728</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 227,358	\$ 145,408
Grants payable	1,375,676	1,177,131
Deferred contributions (Note 5)	75,359,226	74,801,076
	<b>76,962,260</b>	<b>76,123,615</b>
Lease obligation (Note 6)		
Grant commitments (Note 7)		
	<b>76,962,260</b>	<b>76,123,615</b>
<b>Net Assets</b>		
Internally Restricted Reserve	2,595,395	2,262,916
Wind-up Reserve	755,197	755,197
<b>Total net assets</b>	<b>3,350,592</b>	<b>3,018,113</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 80,312,852</b>	<b>\$ 79,141,728</b>

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, 2025

Net Assets	Internally Restricted Reserve	Wind-up Reserve	2025	2024
<b>Balance, beginning of year</b>	\$ 2,262,915	\$ 755,197	\$ <b>3,018,112</b>	\$ 2,858,278
Excess of revenue over expenses	332,480	-	332,480	159,834
Transfers	-	-	-	-
<b>Balance, end of year</b>	\$ 2,595,395	\$ 755,197	\$ <b>3,350,592</b>	\$ 3,018,112

The notes are an integral part of these financial statements.

**Research Nova Scotia Corporation**  
Statement of Operations  
For the year ended March 31, 2025

	2025	2024
<b>REVENUES</b>		
Province of Nova Scotia	\$ 12,530,452	\$ 12,774,625
Other funding	100,000	365,314
Interest and dividend income	125,812	159,834
<b>Total Revenue</b>	<b>12,756,264</b>	<b>13,299,773</b>
<b>EXPENSES</b>		
<b>Program</b>		
Research Opportunities Fund	10,688,575	10,697,890
Funds managed under contract	100,000	365,314
Legacy commitments and grants	-	224,500
	<b>10,788,575</b>	<b>11,287,703</b>
<b>Operational</b>		
Wages and salaries	1,322,669	1,427,130
Administrative overhead	519,208	425,106
	<b>1,841,877</b>	<b>1,852,236</b>
<b>Total Expenses</b>	<b>12,630,452</b>	<b>13,139,939</b>
Excess of revenues over expenses before other income	125,812	159,834
<b>OTHER INCOME</b>		
Realized / unrealized gain on investments	206,668	-
<b>Total other income</b>	<b>206,668</b>	<b>-</b>
<b>Excess of revenue over expenses</b>	<b>332,480</b>	<b>159,834</b>

The notes are an integral part of these financial statements.

**Research Nova Scotia Corporation**

## Statement of Cash Flow

For the year ended March 31, 2025

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 332,480	\$ 159,834
Items not affecting cash:		
Amortization	-	74,505
	<b>332,480</b>	<b>234,339</b>
Changes in non-cash working capital:		
Accounts receivable	6,964,650	(5,421,160)
Harmonized Sales Tax receivable	(16,085)	10,341
Interest receivable	16,040	144,505
Prepaid expenses	911	18,617
Accounts payable and accrued liabilities	81,950	(18,870)
Grants payable	198,545	(1,510,414)
Deferred contributions	558,150	(2,300,538)
	<b>8,136,642</b>	<b>(8,843,180)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	-	(2,552)
Increase in marketable securities	(5,132,954)	(26,720,297)
Disposal of marketable securities	-	-
	<b>(5,132,954)</b>	<b>(26,722,849)</b>
Net (decrease) increase in cash	<b>3,003,688</b>	<b>(35,566,029)</b>
Cash, beginning of year	\$ 14,084,893	49,650,922
<b>Cash, end of year</b>	<b>\$ 17,088,580</b>	<b>\$ 14,084,893</b>
Cash	\$ 2,078,977	\$ 413,234
Restricted cash	15,009,603	13,671,659
	<b>\$ 17,088,580</b>	<b>\$ 14,084,893</b>

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 Investments**

		<b>2025</b>		<b>2024</b>
Cash and short term investments	0.03%	\$ 19,688	\$	2,247,966
Fixed income, at fair value	42.35%	\$ 26,746,018	\$	26,398,568
Equity, at fair value	57.62%	\$ 36,387,375	\$	29,373,592
	100.00%	\$ 63,153,081	\$	58,020,127

**4 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.

**5 Deferred Contributions**

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

	2025	2024
A - Research Opportunities Fund (ROF)	\$ 72,968,516	\$ 72,279,764
B - ROF matching legacy	\$ 678,107	\$ 678,107
C - Operations Fund	\$ 947,106	\$ 992,983
D - Grants Managed Under Contract	\$ 765,498	\$ 850,222
<b>Balance, end of year</b>	<b>\$ 75,359,226</b>	<b>\$ 74,801,076</b>

*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.*

**6 Lease Obligation**

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

2026	107,484
2027	107,484
2028	93,542
<b>\$</b>	<b>308,510</b>

**7 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:

2026	39,641,122
2027	4,563,715
2028	2,049,448
2029	1,072,859
2030	428,974
2031	287,564
<b>\$</b>	<b>48,043,682</b>

*\*\*\* The commitments for 2026 include certain amounts that have been committed, but for which a payment schedule has not been finalized as of the date of these financial statements. As a result, the aggregate commitments have been included in 2026 and total \$26,926,088.*

## **8 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 beyond March 31, 2025. 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.

## **9 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. At year end, there are no amounts owing to the Corporation.

### *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.