RESEARCH NOVA SCOTIA

ANNUAL REPORT

2025/26

1 June 2026

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	Pg. 2
NARRATIVE OF THE CORPORATION'S ACTIVITIES	Pg. 3
EVALUATION OF RESEARCH NOVA SCOTIA'S ACTIVITIES	Pg. 7
APPENDIX 1 INDEPENDENT AUDITOR'S REPORT & AUDITED 2025/26 FINANCIAL STATEMENTS	Pg. 13

Independent Auditor's Report

The Board of Directors appointed an auditor in November 2025 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, 2026, 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, 2026, 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.

Narrative of the Corporation's Activities

Overview

The 2025/26 fiscal year was one of significant transformation for Research Nova Scotia (RNS). Amendments to the Research Nova Scotia Act, which came into effect on 1 May 2025, established a new mandate for the Corporation, and the Minister of Advanced Education identified new priority sectors and outcomes on that same date. In response, RNS undertook an intensive process of strategic renewal, followed immediately by the launch of new investment vehicles designed to align research funding with the Province's economic development priorities.

By the end of the fiscal year, RNS had approved funding for ten projects totalling $4.33 million: two Focused Research Investments (FRI) totalling $2.2 million, and eight Ear to the Ground Research Investments (E2G) totalling $2.13 million.

In addition to undertaking the work to support 10 new projects, RNS continued to manage previously funded research. In 2025-26, staff administered more than 370 projects worth more $100 million. During the year, a total of 100 projects were deemed complete.

Strategic Plan

Section 7(2) of the Act requires the Corporation to develop and implement a strategic plan to increase the research capacity of the Province, support the research community, and align research funding with key research priorities. Work on a new RNS strategic plan began immediately following the Act coming into force.

Management worked with the Board of Directors to articulate how the Corporation would meet the government's expectations. An early draft was shared with approximately 40 individuals in Nova Scotia and beyond, including the research leads of universities, the Community College, and the health authorities. Based on feedback received, a revised draft was posted to the RNS website so that the broader research community could review the plan and offer suggestions. More than 80 individuals and organizations submitted comments.

The Board of Directors approved the strategic plan in September 2025, after which it was shared with the Department of Advanced Education and posted to the RNS website.

The strategy reflects an explicit shift toward an economic growth and productivity agenda. Three defining characteristics are embedded in the strategy and flow through to the operating plan:

- **A bimodal funding approach**, in which RNS is both responsive, selecting proposals from applicants within competitive rounds, and convening, funding co-ordinated efforts across multiple projects and research teams where active integration is required for success.
- **A defined scope of research**: "the systematic pursuit of new knowledge, understanding or technology through the application of scientific methods," producing knowledge that is repeatable, reusable, and relied upon across a broad variety of endeavours.

- **A focus on sector-level research** — investments that solve a sector's problem or create an opportunity, rather than supporting a single beneficiary.

The strategy sets out how RNS will operationalise the Minister's direction to invest in research leading to economic outcomes in three priority sectors:

- Natural resources, climate change, and clean energy;
- Life sciences and health sciences; and
- Construction and transportation.

Operating Plan

With the strategy approved, work focused on developing an implementation plan. The three-year operating plan came into effect on 1 April 2026. The 2025/26 fiscal year served as Year Zero — a pilot phase to test and refine two new investment vehicles before full implementation: Focused Research Investments (FRI) and Ear to the Ground Research Investments (E2G).

Investment Vehicles

RNS introduced two complementary investment vehicles in 2025/26, each designed to direct research funding toward economic outcomes in the Province's priority sectors.

<u>Ear to the Ground Research Investments (E2G)</u>

E2G is a competitive, responsive funding stream designed to support two categories of projects:

- Early-stage research and development projects that are high-potential but too early or high-risk to attract traditional investor financing (private, public, or philanthropic); and
- More advanced-stage R&D projects that require contributions from research providers to develop an invention or innovation for market.

The E2G pilot launched on 21 November 2025 with a call for proposals, shared with all universities, the Community College, the two health authorities, and other funding agencies, and promoted through RNS's social media channels, those of partner organizations, and the ResearchNS website.

The competition closed on 21 January 2026 with 68 applications received. Staff reviewed each submission for eligibility and alignment with RNS's definition of research, the priority sectors, and the economic development focus:

- 5 proposals were rejected due to ineligibility;
- 45 proposals were rejected due to misalignment with priority sectors or the definition of research; and
- 18 proposals were selected for further review.

Lead applicants for the 18 shortlisted proposals were invited to deliver a five-minute pitch to an external advisory panel, followed by a question-and-answer session.

Eight projects were shortlisted through the evaluation process and subsequently underwent scientific merit review by subject-matter experts. All eight received funding, totalling $2.13 million. RNS staff provided feedback to 37 unsuccessful applicants upon request.

Focused Research Investments (FRI)

FRI provides funding for a portfolio-sized unit of ambition — large enough to support numerous projects but sufficiently focused to be steered decisively toward desired outcomes. RNS worked with other investors to identify and develop projects meeting a set of strategic criteria. Eligible projects must:

- Represent a high-profile, sector-wide economic issue of provincial importance;
- Attract other funding partners that magnify the value of the RNS investment;
- Remove an impediment or open an opportunity on an issue of lower profile;
- Provide opportunities to support researchers across several research organizations; and
- Build on other RNS or provincial investments, such as research infrastructure.

Two FRIs were selected in 2025/26 — one at Acadia University and one at the Verschuren Centre — totalling $2.15 million.

Support for the Research Community

In addition to the selection and funding of research, RNS supports the province's research community. In 2025/26, RNS:

- Consulted extensively with the province's universities, community college, health authorities, and others in the development of the strategic plan.
- By invitation of the institutions, met with researchers at IWK, St. F.X, CBU, Acadia and MSVU.
- Represented the province's research community in meetings with Research Canada, Canada Foundation for Innovation, Mitacs, Research Money, and at the annual Canadian Science Policy Conference.
- Participated in the provincial Research and Innovation Committee and its Research Security Sub-Committee.
- Made presentations and engaged with numerous individuals and organizations such as: Net Zero Atlantic, Genome Atlantic, ISED, CIHR, ACOA, Nova Scotia Health, NS Department of Energy, NS Department of Agriculture, Invest Nova Scotia, Carbon to Sea, MEOPAR, Tribe Ventures, the NS Department of Growth and Development, SpringBoard Atlantic, Ocean Tracking Network, Ocean Frontier Institute, Carbon Removal Canada, Senator Colin Deacon, and Research New Brunswick.
- Sponsored and presented the 2025 Public Impact Award to Dr. Nicoletta Faraone of Acadia university for her work on tick chemistry and prevention of Lyme Disease.
- Sponsored Net Zero Atlantic's Offshore Wind Research Conference.

- Assumed responsibility for presenting the annual Falling Walls Atlantic Canada for the next three years.

Looking Forward

The 2025/26 fiscal year established the strategic and operational foundations for RNS's renewed mandate. The Year Zero pilots delivered $4.33 million in new research investments and generated important intelligence about how RNS's investment vehicles can best serve the province's economic development goals. Inroads were made in supporting Nova Scotia's research community.

For the coming year, RNS will move into full implementation of its three-year operating plan. RNS will run two E2G intake rounds in 2026/27: a Spring round, with decisions by the end of September, and a Fall round, with decisions by the end of March. RNS will support between 2 and 4 FRI in "opportunity spaces" — areas where a sector-level challenge inhibiting economic growth can be addressed through research, where there are partners with whom to work, private sector interest, and existing research capacity.

The Corporation is committed to investing in research that yields tangible economic benefits for Nova Scotians, and to working in close partnership with universities, the community college, health authorities, industry, and other funders to maximise the impact of the province's investment.

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, 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, 2025 to March 31, 2026
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, 2025 to March 31, 2026 (Submitted May 2026)
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, 2025 to March 31, 2026
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.	RNS by-laws: Section 4 (Meetings). - Notice of meeting within 10 days - Materials within 5 days - Minutes within 10 days	Yes	The board met 4 times in 2025-26 - April 4, 2025 - May 28, 2025 - September 11, 2025 - November 26, 2025 Notices for meetings were provided on schedule. Pre meeting materials were delivered on schedule. *Note: Logistically, the delivery of pre-meeting materials for the May meeting is not within RNS' control as it depends on external suppliers and a review by the FAR Committee.* Draft minutes were circulated on schedule.
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 four meetings were reviewed by RNS' COO. No new by-laws or changes to the existing by-laws occurred in 2023-24.

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 April 1, 2025 to September 30, 2025 (Submitted November 30, 2025) Research Nova Scotia Corporation Semi-Annual Report for the period October 1, 2025 to March 31, 2026 (Submitted May 2026) Research Nova Scotia Corporation Annual Report for the period April 1, 2025 to March 31, 2026 (Submitted May 2026)
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, 2025 to March 31, 2026
RNS met its regulatory disclosure requirements.	The *Public Sector Compensation Disclosure Act* requires disclosure of salaries greater than $100,000. The Act requires the disclosure be made public.	Yes	2025-26 Independent Auditor's Report. The Corporation's financial statements 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.	RNS has a comprehensive policy manual (corporate, HR, financial, operations) approved by the Board and periodically reviewed and updated.	YES	Minutes of the meetings of the Board of Directors
RNS' activities and expenditures adhered to a Board-approved strategic plan to organize, support and coordinate the funding of research in three priority sectors.	A new strategic plan was approved by the Board on September 24, 2025.	Yes	Record of email voting by directors.
RNS reviewed its processes through an equity, diversity, and inclusion (EDI) lens.	At its 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. *BE IT RESOLVED that, the self-declaration for EDI be provided to directors, employees and grant recipients as presented.*	Yes	RNS provides an EDI self-declaration form that is provided to all directors, employees and grant applicants. All RNS job postings conform to EDI inclusion best practices.

Programs

RNS is compliant with its service delivery targets. All of the projects it funded aligned with government priorities and the economic development mandate.

MEASURE	EXPLANATORY NOTE	COMPLIANT	EVIDENCE
RNS reviewed funding requests to ensure alignment with its strategy and mandate.	All applications for the Ear to the Ground Research Investment competition were reviewed for eligibility and alignment with the 2025 strategy.	Yes	In 2025-26 all approved projects aligned with RNS' strategy and mandate.

Appendix A

Research Nova Scotia Corporation
Financial Statements

For the year ended March 31, 2026

Research Nova Scotia Corporation
Financial Statements
For the period ended March 31, 2026

Research Nova Scotia Corporation
Financial Statements
For the period ended March 31, 2026

Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

Tel: 506-777-2980
Fax: 506-317-1370
www.bdo.ca

BDO Canada LLP
1111 Main Street
Suite 306
Moncton, NB E1C 1H3 Canada

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, 2026, 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, 2026, 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, 2026

Research Nova Scotia Corporation
Statement of Financial Position
For the period ended March 31, 2026

		2026		2025
ASSETS				
Current Assets				
Cash	$	**2,416,747**	$	2,078,977
Restricted cash		**9,214,176**		15,009,603
Restricted investments (Note 3)		**64,825,731**		59,828,519
Investments (Note 3)		**3,557,326**		3,324,562
Accounts receivable		**118,718**		-
Harmonized Sales Tax receivable (Note 4)		**42,778**		21,400
Interest receivable		**28,033**		49,791
		80,203,509		80,312,852
Tangible capital assets (Note 5)		**10,077**		-
TOTAL ASSETS	**$**	**80,213,586**	$	80,312,852
LIABILITIES				
Accounts payable and accrued liabilities	$	**122,297**	$	227,358
Grants payable		**1,518,032**		1,375,676
Deferred contributions (Note 6)		**74,927,667**		75,359,226
		76,567,996		76,962,260
Lease obligation (Note 7)				
Grant commitments (Note 8)				
		76,567,996		76,962,260
Net Assets				
Internally Restricted Reserve		**2,890,393**		2,595,395
Wind-up Reserve		**755,197**		755,197
Total net assets		**3,645,590**		3,350,592
TOTAL LIABILITIES & NET ASSETS	**$**	**80,213,586**	$	80,312,852

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 period ended March 31, 2026

Net Assets	Internally Restricted Reserve	Wind-up Reserve	**2026**	2025
Balance, beginning of year	$ 2,595,395	$ 755,197	**$ 3,350,592**	$ 3,018,112
Excess of revenue over expenses	294,998	-	**294,998**	332,480
Transfers	-	-	-	-
Balance, end of year	$ 2,890,393	$ 755,197	**$ 3,645,590**	$ 3,350,592

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation
Statement of Operations
For the period ended March 31, 2026

		2026		2025
REVENUES				
Province of Nova Scotia	**$**	**11,672,913**	$	12,530,452
Other funding		**136,544**		100,000
Interest and dividend income		**154,993**		125,812
Total Revenue		**11,964,450**		12,756,264
EXPENSES				
Program				
Research Opportunities Fund		**10,243,249**		10,688,575
Funds managed under contract		**135,000**		100,000
		10,378,249		10,788,575
Operational				
Wages and salaries		**1,047,402**		1,322,669
Administrative overhead		**382,262**		519,208
		1,429,664		1,841,877
Total Expenses		**11,807,913**		12,630,452
Excess of revenues over expenses before other income		**156,537**		125,812
OTHER INCOME				
Realized / unrealized gain on investments		**138,461**		206,668
Total other income		**138,461**		206,668
Excess of revenue over expenses		**294,998**		332,480

The notes are an integral part of these financial statements.

Research Nova Scotia Corporation
Statement of Cash Flow
For the period ended March 31, 2026

		2026		2025
OPERATING ACTIVITIES				
Excess of revenue over expenses	**$**	**294,998**	$	332,480
Items not affecting cash:				
Amortization		**258**		-
		295,256		332,480
Changes in non-cash working capital:				
Accounts receivable		**(118,718)**		6,964,650
Harmonized Sales Tax receivable		**(21,378)**		(16,085)
Interest receivable		**21,758**		16,040
Prepaid expenses		**-**		911
Accounts payable and accrued liabilities		**(105,061)**		81,950
Grants payable		**142,356**		198,545
Deferred contributions		**(431,559)**		558,150
		(217,346)		8,136,642
INVESTING ACTIVITIES				
Acquisition of capital assets		**(10,335)**		-
Increase in marketable securities		**(5,229,976)**		(5,132,954)
		(5,240,311)		(5,132,954)
Net (decrease) increase in cash		**(5,457,657)**		3,003,688
Cash, beginning of year	**$**	**17,088,580**		14,084,893
Cash, end of year	**$**	**11,630,923**	$	17,088,580
Cash	**$**	**2,416,747**	$	2,078,977
Restricted cash		**9,214,176**		15,009,603
	$	**11,630,923**	$	17,088,580

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) 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

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

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.

(g) Financial instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and fixed income securities are reported at fair value, with any change in fair value reported in deferred contributions. 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

			2026		2025
Cash and short term investments	0.02%	**$**	**12,000**	$	19,688
Fixed income, at fair value	39.27%	**$**	**26,853,091**	$	26,746,018
Equity, at fair value	60.71%	**$**	**41,517,966**	$	36,387,375
	100.00%	**$**	**68,383,057**	$	63,153,081

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 Tangible Capital Assets

	Computer equipment	Total
Cost		
Balance at 1 April 2025	-	-
Additions	10,335	10,335
Balance at 31 March 2026	10,335	10,335
Accumulated depreciation		
Balance at 1 April 2025	-	-
Depreciation	258	258
Balance at 31 March 2026	258	258
Carrying amounts		
Balance at 1 April 2025	-	-
Balance at 31 March 2026	10,077	10,077

6 Deferred Contributions

Deferred contributions represent funds received for program and project costs not yet incurred and are comprised of the following:

	2026	2025
A - Research Opportunities Fund (ROF)	**29,033,693**	22,530,810
B - ROF Commitments	**42,120,579**	47,988,204
C - Operations Fund	**269,400**	129,808
D - Third-Party Admin Fees	**409,920**	34,920
E - Grants Managed Under Contract	**730,498**	765,498
F - Unrealized Gains/Losses on Investments	**2,363,577**	3,909,986
Balance, end of year	**74,927,667**	75,359,226

A - ROF Funds available to be granted.
B - ROF funds subject to a grant agreement but not yet funded.
C - Funds transferred from Department of Advanced Education for annual operating expenses.
D - Administrative Funds received from third-party sources
E - Grants awarded by a third party but administered by the Corporation.
F - Unrealized Gain or Loss on the investments that support restricted funds

7 Lease Obligation

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

2027		111,168
2028		83,376
	$	**194,544**

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 seven years are as follows:

2027	15,393,034
2028	6,398,666
2029	5,742,497
2030	4,023,661
2031	3,165,582
2032	3,397,905
2033	3,994,235
	$ 42,115,579

9 Economic Dependence

The Corporation’s funding is provided by the Province of Nova Scotia’s Department of Advanced Education under a three year grant agreement covering 2025/26 through 2027/28. The funding in the agreement has been decreased by 20% for 2026/27 through 2027/28. The Corporation can currently still continue its operations at the current level. 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 confirm to the current year's presentation.