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

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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
TBD

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.