

**NOVA SCOTIA HEALTH RESEARCH FOUNDATION**

**Financial Statements**

**Year Ended March 31, 2019**

**NOVA SCOTIA HEALTH RESEARCH FOUNDATION**

**Index to Financial Statements**

**Year Ended March 31, 2019**

---

|   | Page   |
|---|--------|
| INDEPENDENT AUDITOR'S REPORT                          | 1 - 2  |
| FINANCIAL STATEMENTS                                  |        |
| Statement of Operations                               | 3 - 4  |
| Statement of Change in Net Financial Assets           | 5      |
| Statement of Financial Position ( <i>Schedule 1</i> ) | 6      |
| Statement of Cash Flows                               | 7      |
| Notes to Financial Statements                         | 8 - 14 |



Member of The AC Group of Independent Accounting Firms

---

**INDEPENDENT AUDITOR'S REPORT**

---

To the Chief Executive Officers of Nova Scotia Health Research Foundation

*Opinion*

We have audited the financial statements of Nova Scotia Health Research Foundation (the Foundation), which comprise the statements of operations, change in net financial 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 Foundation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*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 Foundation 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 public sector accounting standards, 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

(continues)

Independent Auditor's Report to the Chief Executive Officers of Nova Scotia Health Research Foundation  
(continued)

*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 Foundation'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 Foundation'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 Foundation 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.

*AC Hunter Tellier Belgrave Adamson*

Dartmouth, Nova Scotia  
June 12, 2019

AC HUNTER TELLIER BELGRAVE ADAMSON  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**NOVA SCOTIA HEALTH RESEARCH FOUNDATION**

**Statement of Operations**

**Year Ended March 31, 2019**

|   | Budget<br>2019 | 2019         | 2018         |
|---|----------------|--------------|--------------|
| <b>REVENUE</b>  |                |              |              |
| Grant - Province of Nova Scotia   | \$ 4,598,000   | \$ 4,598,000 | \$ 4,981,000 |
| Other revenue ( <i>Note 9</i> )   | 1,362,250      | 1,388,291    | 1,226,797    |
| Investment income   | 75,000         | 113,328      | 91,115       |
| Allocation recoveries   | 70,000         | 62,104       | 111,555      |
|   | 6,105,250      | 6,161,723    | 6,410,467    |
| <b>PROGRAM EXPENDITURES</b>   |                |              |              |
| Project grants  | 3,352,100      | 3,415,193    | 2,865,132    |
| Program salaries  | 773,796        | 762,475      | 699,242      |
| Matching grants   | 100,000        | 518,700      | 1,036,253    |
| Program costs   | 472,500        | 506,587      | 430,764      |
| Fellowship salaries   | 105,415        | 176,921      | 89,211       |
| Innovation salaries   | 142,020        | 145,850      | 140,662      |
| Evaluation salaries   | 121,644        | 123,985      | 119,588      |
| Communications, public awareness and research findings                  | 101,000        | 121,534      | 39,565       |
| REAL Knowledge  | 161,000        | 65,453       | 68,464       |
| Electronic grants management system                                     | 64,500         | 37,170       | 45,726       |
| Peer review of grant applications                                       | 35,000         | 29,311       | 30,471       |
| Program travel  | 26,385         | 22,729       | 17,239       |
| Professional development  | 4,750          | 1,054        | 1,998        |
| REDI building program   | -              | -            | 15,000       |
| Library access  | 50,000         | -            | -            |
|   | 5,510,110      | 5,926,962    | 5,599,315    |
|   | 595,140        | 234,761      | 811,152      |
| Administrative salaries   | 502,490        | 660,195      | 454,798      |
| Rent  | 135,000        | 136,882      | 136,801      |
| Amortization  | 50,000         | 26,843       | 36,792       |
| Professional fees   | 37,500         | 71,189       | 36,721       |
| Professional development  | 59,600         | 37,682       | 29,071       |
| Travel and meetings   | 52,000         | 28,576       | 24,680       |
| Office supplies   | 24,650         | 8,975        | 10,587       |
| Telephone, fax and website maintenance                                  | 12,500         | 8,111        | 8,660        |
| Insurance   | 6,000          | 5,038        | 4,843        |
|   | 879,740        | 983,491      | 742,953      |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>OVER EXPENSES FROM OPERATIONS</b> | (284,600)      | (748,730)    | 68,199       |

(continues)

**NOVA SCOTIA HEALTH RESEARCH FOUNDATION****Statement of Operations (continued)****Year Ended March 31, 2019**

|  | Budget<br>2019 | 2019                  | 2018      |
|--|----------------|-----------------------|-----------|
| <b>OTHER INCOME (EXPENSES)</b>   |                |                       |           |
| Realized gain (loss) on disposal of investments                              | -              | <b>108,321</b>        | (39,999)  |
| Research Nova Scotia implementation<br>revenue (Note 7)                      | -              | <b>93,461</b>         | 3,949     |
| Unrealized gain (loss) on investments<br>Research Nova Scotia implementation | -              | -                     | 18,841    |
| expense (Note 7)   | -              | <b>(93,461)</b>       | (3,949)   |
| Transfer to Province of Nova Scotia (Note 15)                                | -              | <b>(443,835)</b>      | -         |
|  | -              | <b>(335,514)</b>      | (21,158)  |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER<br/>EXPENSES</b>                      | \$ (284,600)   | \$ <b>(1,084,244)</b> | \$ 47,041 |

**NOVA SCOTIA HEALTH RESEARCH FOUNDATION****Statement of Change in Net Financial Assets****Year Ended March 31, 2019**

|   | <b>2019</b>        | 2018       |
|---|--------------------|------------|
| <b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b> | <b>\$ 983,317</b>  | \$ 913,135 |
| Annual surplus (deficit)                        | <b>(1,084,244)</b> | 47,041     |
| Acquisition of tangible capital assets          | <b>(14,660)</b>    | (12,157)   |
| Transfer of tangible capital assets             | <b>82,238</b>      | -          |
| Amortization of tangible capital assets         | <b>26,843</b>      | 36,792     |
| Net investment in prepaid expenses              | <b>6,506</b>       | (1,494)    |
| <b>NET FINANCIAL ASSETS - END OF YEAR</b>       | <b>\$ -</b>        | \$ 983,317 |

**NOVA SCOTIA HEALTH RESEARCH FOUNDATION****Statement of Financial Position****Year Ended March 31, 2019**

|   | <b>2019</b> | 2018         |
|---|-------------|--------------|
| <b>FINANCIAL ASSETS</b>                 |             |              |
| Cash                                    | \$ -        | \$ 251,324   |
| Marketable securities ( <i>Note 6</i> ) | -           | 4,849,637    |
| Accounts receivable                     | -           | 495,035      |
| Interest receivable                     | -           | 13,882       |
| Government remittances                  | -           | 30,544       |
| Funds held in trust                     | -           | 8,987,538    |
|   | -           | 14,627,960   |
| <b>LIABILITIES</b>                      |             |              |
| Accounts payable                        | -           | 107,522      |
| Deferred revenue ( <i>Note 7</i> )      | -           | 808,487      |
| Grants payable - current portion        | -           | 2,584,124    |
| Trust liability                         | -           | 8,987,539    |
|   | -           | 12,487,672   |
| Long term grants payable                | -           | 1,156,971    |
|   | -           | 13,644,643   |
| <b>NET FINANCIAL ASSETS</b>             | -           | 983,317      |
| <b>NON-FINANCIAL ASSETS</b>             |             |              |
| Prepaid expenses                        | -           | 6,506        |
| Capital assets ( <i>Note 8.</i> )       | -           | 94,422       |
|   | -           | 100,928      |
| <b>ACCUMULATED SURPLUS</b>              | \$ -        | \$ 1,084,245 |

**Commitments (Note 13)****ON BEHALF OF THE BOARD**\_\_\_\_\_  
**Director**\_\_\_\_\_  
**Director**



**NOVA SCOTIA HEALTH RESEARCH FOUNDATION****Statement of Cash Flows****Year Ended March 31, 2019**

|   | <b>2019</b>        | 2018              |
|---|--------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>                           |                    |                   |
| Excess (deficiency) of revenue over expenses          | \$ (1,084,244)     | \$ 47,041         |
| Item not affecting cash:                              |                    |                   |
| Amortization of property, plant and equipment         | 26,843             | 36,792            |
|   | <b>(1,057,401)</b> | 83,833            |
| Changes in non-cash working capital:                  |                    |                   |
| Accounts receivable                                   | 495,035            | (427,387)         |
| Interest receivable                                   | 13,882             | 3,461             |
| Accounts payable                                      | (107,525)          | (148,373)         |
| Deferred revenue                                      | (808,487)          | 555,220           |
| Prepaid expenses                                      | 6,506              | (1,494)           |
| Government remittances                                | 30,544             | 6,871             |
| Grants payable - current portion                      | (2,584,124)        | (804,757)         |
| Long term grants payable                              | (1,156,971)        | 352,176           |
|   | <b>(4,111,140)</b> | (464,283)         |
| Cash flow used by operating activities                | <b>(5,168,541)</b> | (380,450)         |
| <b>INVESTING ACTIVITIES</b>                           |                    |                   |
| Purchase of property, plant and equipment             | (14,660)           | (12,157)          |
| Proceeds on disposal of property, plant and equipment | 82,239             | -                 |
| Cash flow from (used by) investing activities         | <b>67,579</b>      | (12,157)          |
| <b>FINANCING ACTIVITY</b>                             |                    |                   |
| Marketable securities                                 | 4,849,637          | 356,582           |
| <b>DECREASE IN CASH FLOW</b>                          | <b>(251,325)</b>   | (36,025)          |
| Cash - beginning of year                              | 251,324            | 287,349           |
| <b>CASH - END OF YEAR</b>                             | <b>\$ -</b>        | <b>\$ 251,324</b> |
| <b>CASH CONSISTS OF:</b>                              |                    |                   |
| Cash  | \$ -               | \$ 251,324        |

# NOVA SCOTIA HEALTH RESEARCH FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2019

---

### 1. DESCRIPTION OF ENTITY

The Nova Scotia Health Research Foundation, was a not-for-profit organization established by the Health Research Foundation Act of the Province of Nova Scotia (Bill No. 22), given Royal Assent on December 3, 1998 and became effective on January 1, 2000. As stated in the Act, the objects of the Foundation were to assist, collaborate with and fund individuals and organizations conducting health research in the Province including the fields of health policy, health promotion and health care and without limiting the generality of the foregoing, assist health-services research, health outcome research, health public policy research and medical research.

On April 18, 2018 Bill 104 received Royal Assent in the Nova Scotia Legislature. The legislation established Research Nova Scotia Corporation (“the Corporation”) as an arms-length entity to operate as a not-for profit entity beginning on April 1, 2019. The Government of Nova Scotia and the Corporation entered into a transition plan to address the existing commitments of Nova Scotia Research and Innovation Trust (NSRIT) and the Nova Scotia Health Research Foundation (“the Foundation”), both of which were merged into the new Corporation as of April 1, 2019 (see note 15).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Public Sector Accounting standards.

#### Revenue recognition

The Foundation followed the deferral method of accounting for contributions, whereby unrestricted contributions were recognized as revenue when received or receivable if the amount to be received could be reasonably estimated and collection was reasonably assured.

Certain amounts were received pursuant to legislation, regulation, or agreement, and were only used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts were recognized as revenue in the fiscal year in which the related expenses were incurred, services were performed, or when stipulations were met. Similarly, restricted contributions were recognized as revenue in the year in which the related expenses were incurred and the restrictions were satisfied.

Investment income consisted of dividends and interest income, and realized and unrealized gains and losses. Unrealized gains and losses were recognized as revenue in the statement of operations, deferred, or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Other investment income was reported in the statement of revenues and expenditures.

#### HST recovery

As a registered charity, the Foundation was entitled to a rebate of 50% of the HST paid on eligible expenses. The practice of the Foundation was to record expenditures net of refundable HST.

#### Accounting estimates

Accounting estimates were included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include expense accruals and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

*(continues)*

# NOVA SCOTIA HEALTH RESEARCH FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2019

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash

Cash includes cash less outstanding cheques plus outstanding deposits.

#### Investments

Marketable securities were carried at fair market value and consist of cash and cash equivalents, fixed income investments and investments in mutual funds.

#### Grants payable

Grants payable were carried at the contract amount. Amounts payable beyond one year from the date of the Statement of Financial Position were classified as long term.

#### Property, plant and equipment

|                                |          |                          |
|--------------------------------|----------|--------------------------|
| Equipment and furniture        | 20%      | declining balance method |
| Computer hardware and software | 30%      | declining balance method |
| Grant management system        | 30%      | declining balance method |
| Leasehold improvements         | 10 years | straight-line method     |

### 3. FINANCIAL INSTRUMENTS

Equity investments and fixed income securities were carried at fair value.

Due to their short-term nature, all other financial instruments were considered to be carried at amounts which approximate their fair value.

When available, fair value was determined by reference to the bid price at the end of the year in an active market. When the bid price was not available, or the market for a financial instrument is not active, fair value was determined by reference to published price quotations and to the fair value of other financial instruments which bear similar risks and returns.

The Foundation does not enter into hedging activities and does not engage in derivative transactions.

#### Concentration of Credit Risk

Substantially all of the Foundation's bank accounts were with one financial institution.

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation managed exposure through its normal operating and financing activities. The Foundation was exposed to interest rate risk primarily through its floating interest rate on its short-term investments. Management managed its interest rate risk by investing in fixed income marketable securities with varying maturity dates and terms.

#### Market Price Risk

Market price risk is the risk that the value of a financial instrument might be adversely affected by a change in the stock price of its investment holdings. The Foundation was exposed to market price risk primarily through price fluctuations on its short-term investments. Management managed its risk by diversifying its portfolio through a mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

# NOVA SCOTIA HEALTH RESEARCH FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2019

---

### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Consistent with similar government not-for-profit organizations, Nova Scotia Health Research Foundation's risk management policies were part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identified risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management did not enter into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considered avoidance of undue concentrations of risk, and employed appropriate investment and credit management policies to manage the Foundation's exposure.

### 5. DISTRIBUTION OF FUNDING

The annual provincial grant made to the Foundation was provided from funds appropriated by the Nova Scotia legislature. The distribution of the funding was outlined in the Health Research Foundation Regulations, as amended by Cabinet on August 5, 2005. The Regulations specified that funding be distributed in accordance with the objects of the Foundation as follows:

- a) 30% shall be spent on medical research;
- b) 10% shall be spent on health-outcome research;
- c) 10% shall be spent on health-services research;
- d) 10% shall be spent on health public-policy research;
- e) a minimum of 20% may be spent on any or all of the following:
  - (i) innovative health research programming and capacity development,
  - (ii) increasing the public knowledge and awareness of the Foundation,
  - (iii) communicating research findings,
  - (iv) targeting health research priorities; and
- f) a maximum of 20% may be spent on administering the Foundation.

If in any of the categories a) through d), less than the total money allocated was spent, the remaining portion was reallocated to one of the remaining categories a) through d) in a manner determined by the Board.

### 6. MARKETABLE SECURITIES

The Foundation had an investment policy in place which restricted the types of investments it can hold. The Foundation was not permitted to invest in unsecured instruments or non-interest bearing accounts. The Foundation was not permitted to invest directly in mortgages, equities, real estate, foreign investments, and derivative securities. The Foundation was permitted to invest in mutual funds that hold these classes of investments.

Effective March 29, 2019 the Foundation transferred investments consisting of cash, fixed income investments, and mutual funds to the Province of Nova Scotia (see note 15). As at March 31, 2019 the total market value of the investments was \$NIL (2018 - \$4,849,637) and the book value of the investments was \$NIL (2018 - \$4,822,528).

# NOVA SCOTIA HEALTH RESEARCH FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2019

### 7. DEFERRED REVENUE

In compliance with the deferral method of accounting for contributions as disclosed in note 2, the Foundation recorded \$NIL (2018 - \$808,487) deferred revenues. The balance of deferred revenue transferred to the Province of Nova Scotia on March 31, 2019 (see note 15) is detailed below:

|   | 2018              | Funds received      | Revenue recognized (RNST funds disbursed) | 2019                |
|---|-------------------|---------------------|---|---------------------|
| Strategy for Children and Youth                               | \$ 84,832         | \$ -                | \$ (31,185)                               | \$ <b>53,647</b>    |
| Early Years Centres   | -                 | 50,000              | (18,700)                                  | <b>31,300</b>       |
| National Alliance of Provincial Health Research Organizations | 51,160            | 131,905             | (121,228)                                 | <b>61,837</b>       |
| Mental Health and Addictions Workforce Competency Profile     | 5,368             | -                   | -   | <b>5,368</b>        |
| Evidence Review Synthesis Centres                             | 219,009           | 700,000             | (562,377)                                 | <b>356,632</b>      |
| Fellowship recovery   | 1,164             | -                   | (1,164)                                   | -                   |
| Poverty Indicators  | 22,960            | -                   | (22,960)                                  | -                   |
| Department of Health & Wellness grant recoveries              | 225,489           | 20,000              | (116,697)                                 | <b>128,792</b>      |
| Department of Labour & Advanced Education remuneration        | 27,454            | -                   | (27,454)                                  | -                   |
| Research Nova Scotia Implementation Funds                     | 171,052           | -                   | (93,461)                                  | <b>77,591</b>       |
| Nova Scotia Status of Women Grant                             | -                 | 600,000             | -   | 600,000             |
| Research Nova Scotia Trust funds                              | -                 | 1,146,969           | (1,146,947)                               | 22                  |
|   | <b>\$ 808,488</b> | <b>\$ 2,648,874</b> | <b>\$ (2,142,173)</b>                     | <b>\$ 1,315,189</b> |

The Foundation received funding from the Department of Community Services to work together with The Strategy for Children and Youth to improve the evaluation, research and knowledge translation activities related to the strategy.

The Foundation received funding from the Margaret and Wallace McCain Family Foundation to manage, administer, and to support research and evaluation of the Early Years Centres in Nova Scotia.

The Foundation received funding from the National Alliance of Provincial Health Research Organizations (NAPHRO) to coordinate and support the work of the Alliance.

The Foundation received funding from the Department of Health and Wellness to complete work related to the Mental Health and Addictions Workforce Competency Profile in partnership with the Nova Scotia Health Authority.

The Foundation received funding from the Public Health Agency of Canada to fund Evidence Review Synthesis Centres that support the Canadian Task Force on Preventive Health Care guidelines and recommendations.

The Foundation recovered unused funds from a fellowship that will be applied to a future grant competition from the same institution.

The Foundation received funding from the Department of Community Services to fund research into poverty indicators and inventory available programs aimed at reducing poverty.

# NOVA SCOTIA HEALTH RESEARCH FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2019

### 7. DEFERRED REVENUE (continued)

The Foundation recovered unused funds from projects completed without utilizing their budget allocation, to be allocated to specific projects identified by the Department of Health & Wellness.

The Foundation received funding from the Department of Labour & Advanced Education to facilitate staffing related to the Nova Scotia Research and Innovation Trust.

The Foundation received funding from the Province of Nova Scotia, to support the start-up and implementation of Research Nova Scotia. See additional information in note 15.

The Foundation received funding from the Council on the Status of Women to manage a multi-year grant program.

The Foundation administered grants on behalf of Research Nova Scotia Trust. No revenues or expenses were recognized related to these funds.

As of March 31, 2019 the balance of deferred revenues was transferred to the Province of Nova Scotia.

### 8. PROPERTY, PLANT AND EQUIPMENT

|                                | 2019 |                          | 2018       |                          |
|--------------------------------|------|--------------------------|------------|--------------------------|
|                                | Cost | Accumulated amortization | Cost       | Accumulated amortization |
| Equipment and furniture        | \$ - | \$ -                     | \$ 122,007 | \$ 104,884               |
| Computer hardware and software | -    | -                        | 229,395    | 205,503                  |
| Leasehold improvements         | -    | -                        | 106,113    | 106,113                  |
| Grant management system        | -    | -                        | 163,252    | 109,845                  |
|                                | \$ - | \$ -                     | \$ 620,767 | \$ 526,345               |
| Net book value                 | \$ - | \$ -                     | \$ 94,422  |                          |

### 9. OTHER REVENUE

|   | 2019         | 2018         |
|---|--------------|--------------|
| External Grants and Projects              | \$ 829,691   | \$ 896,646   |
| Evaluation Services Cost Recovery Program | 393,117      | 118,395      |
| NAPHRO Funds                              | 121,227      | 108,490      |
| REAL Knowledge Program Cost Recovery      | 44,256       | 103,266      |
|   | \$ 1,388,291 | \$ 1,226,797 |

### 10. INCOME TAX STATUS

According to Bill 22, which was given Royal Assent effective January 1, 2000, the Foundation and its property were exempt from taxation imposed by or under the authority of an enactment of the Province of Nova Scotia. The Foundation was a registered charitable organization under the Income Tax Act and was therefore exempt from income taxes.

# NOVA SCOTIA HEALTH RESEARCH FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2019

---

### 11. ECONOMIC DEPENDENCE

The Province of Nova Scotia provided the Foundation with funding necessary to provide grant support. The Foundation's ability to issue research grants was dependant on receiving adequate funding from the Province of Nova Scotia.

### 12. LEASE COMMITMENTS

The Foundation leased office space under an operating lease arrangement. As of March 31, 2019 the Province of Nova Scotia assumed this liability of the Foundation (see note 15). Minimum lease payments in the agreement, were as follows:

|      |    |                |
|------|----|----------------|
| 2020 | \$ | 136,703        |
| 2021 |    | 136,703        |
| 2022 |    | <u>102,527</u> |
|      | \$ | <u>375,933</u> |

### 13. PENSION OBLIGATIONS

The Foundation participated in a defined benefit pension plan sponsored and administered by the Health Association Nova Scotia (HANS) a multi-employer plan available to all its members. Contributions were made to the pension fund by employees based on 7.82% or 10.18% and by the Foundation based on 9.22% or 11.58% of pensionable earnings, depending on income level. In the year, the Foundation contributed \$124,969 (2018 - \$128,714) to the pension.

An actuarial valuation for funding purposes was performed at July 1, 2017 by Mercer. At that time, the fund was fully funded. The Foundation had no additional obligations to the pension plan beyond their ongoing contribution requirements as described in the preceding paragraph.

### 14. PUBLIC SECTOR COMPENSATION DISCLOSURES ACT

The Public Sector Compensation Disclosure Act requires the Foundation to disclose the amount of compensation paid to any employee earning in excess of \$100,000 per year. For the fiscal year ended March 31, 2018 the following employees received total compensation in excess of \$100,000.

Section heading

|                   |    |                |
|-------------------|----|----------------|
| Krista Connell    | \$ | <b>179,738</b> |
| Marilyn MacNeil   |    | <b>121,598</b> |
| Nancy Carter      |    | <b>102,210</b> |
| Meredith Campbell |    | <b>102,210</b> |

# NOVA SCOTIA HEALTH RESEARCH FOUNDATION

## Notes to Financial Statements

Year Ended March 31, 2019

---

### 15. MERGER

On April 18, 2018 Bill 104 received Royal Assent in the Nova Scotia Legislature. The legislation established Research Nova Scotia Corporation ("the Corporation") as an arms-length entity to operate as a not-for profit entity beginning on April 1, 2019. The Government of Nova Scotia and the Corporation entered into a transition plan to address the existing commitments of Nova Scotia Research and Innovation Trust and the Nova Scotia Health Research Foundation ("the Foundation"), both of which were merged into the new Corporation as of April 1, 2019.

As outlined in the Province of Nova Scotia Legislation, the Province requested that as of March 31, 2019 the Foundation transfer all assets and liabilities to a "qualified donee" according to the CRA regulations (i.e. the Province of Nova Scotia). On March 29, 2019 the Foundation transferred its remaining cash balance of \$725,566 to the Province. An additional entry was made on March 31, 2019 transferring the remaining assets and liabilities of the Foundation to the Province. These transfers were recognized as an expense in the year ended March 31, 2019.

At the request of the Province of Nova Scotia, all commitments and responsibilities, inclusive of the responsibility of funding administrator, were passed to the Province of Nova Scotia at the time the funds were transferred into their possession.

As of March 29, 2019, the Foundation held \$11,584,531 in cash, on behalf of Research Nova Scotia Innovation Trust (RNSIT) and recognized the respective "Trust liability" in the Statement of Financial Position. The funds were physically transferred into the possession of the Province of Nova Scotia on March 29, 2019 and as a result, the Foundation offset the \$11,584,531 in RNSIT cash with the \$11,584,531 in trust liability. No impact to the March 31, 2019 Statement of Operations has been recorded as a result.

### 16. GOING CONCERN

The accompanying financial statements have not been prepared on the going concern assumption, as the Foundation was merged into Research Nova Scotia effective April 1, 2019 (note 15).

### 17. COMPARATIVE FIGURES

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