



Financial Statements

MEOPAR Incorporated

March 31, 2023

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Independent auditor's report

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To the Board of Directors of
MEOPAR Incorporated

Opinion

We have audited the financial statements of MEOPAR Inc. (the "Network"), which comprise the statement of financial position as at March 31, 2023 and 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 MEOPAR Inc. as at March 31, 2023, and its results of operations and its 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 Network 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 these 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 Network'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 Network or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Network'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 Network'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 Network'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 Network 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.

Halifax, Canada
December 14, 2023

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

MEOPAR Incorporated**Statements of operations and changes in net assets**

Year ended March 31

2023**2022**

Revenue

Government assistance – NSERC and SSHRC	\$ 1,417,622	\$ 5,290,378
Project	2,756,494	281,847
Other	376,397	67,095
	<u>4,550,513</u>	<u>5,639,320</u>

Grants

Research	32,671	1,956,594
Project	214,695	555,396
Joint research and development	-	326,228
	<u>247,366</u>	<u>2,838,218</u>

Excess revenue over grants

4,303,147 **2,801,102**

Expenses

Program Expenses

Communications and networking	102,312	54,279
Knowledge mobilization	2,774,329	1,520,802
Research programs	2,550	3,996
Training programs	31,259	372,714
	<u>2,910,450</u>	<u>1,951,791</u>

Administrative

Foreign exchange	21,144	-
Operations and management	147,659	117,075
Salaries	740,391	610,289
	<u>909,194</u>	<u>727,364</u>

Operating

Amortization	207,569	59,970
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4,027,213 **2,739,125**

Excess of revenue over expenses

\$ 275,934 **\$ 61,977**

Net assets, beginning of year

\$ 176,920 **\$ 114,943**

Excess of revenue over expenses

275,934 **61,977**

Net assets, end of year

\$ 452,854 **\$ 176,920**

See accompanying notes to the financial statements.

MEOPAR Incorporated

Statement of financial position

March 31

2023

2022

Assets

Current

Cash and cash equivalents	\$ 235,455	\$ 80,139
Receivables	174,793	17,423
Funds held in trust by Dalhousie University (Note 3)	695,112	2,477,430
HST receivable	147,156	69,210
Prepaid expenses	8,006	1,879
	<u>1,260,522</u>	<u>2,646,081</u>

Tangible capital assets (Note 4)

1,328,399 831,731

\$ 2,588,921 \$ 3,477,812

Liabilities

Current

Payables and accruals	\$ 178,656	\$ 51,754
Deferred revenue (Note 5)	<u>1,957,411</u>	<u>3,249,138</u>
	<u>2,136,067</u>	<u>3,300,892</u>

Net assets

Unrestricted net assets 452,854 176,920

\$ 2,588,921 \$ 3,477,812

On behalf of the Board



Director

See accompanying notes to the financial statements.

MEOPAR Incorporated

Statement of cash flows

March 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$ 275,934	\$ 61,977
Items not affecting cash and cash equivalents		
Amortization	<u>207,569</u>	<u>59,970</u>
	<u>483,503</u>	<u>121,947</u>

Change in non-cash operating working capital

Receivables	(157,370)	8,540
Funds held in trust by Dalhousie University	1,782,318	543,885
HST receivable	(77,946)	(61,279)
Prepaid expenses	(6,127)	3,076
Payables and accruals	126,902	(43,922)
Deferred revenue	<u>(1,291,727)</u>	<u>257,373</u>
	<u>859,553</u>	<u>829,620</u>

Investing

Purchase of capital assets	<u>(704,237)</u>	<u>(891,701)</u>
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Increase (decrease) in cash and cash equivalents 155,316 (62,081)

Cash and cash equivalents

Beginning of year	<u>80,139</u>	<u>142,220</u>
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End of year	<u>\$ 235,455</u>	<u>\$ 80,139</u>
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See accompanying notes to the financial statements.

MEOPAR Incorporated

Notes to the financial statements

March 31, 2023

1. Authority and purpose

MEOPAR Incorporated (the “Network”) was incorporated on February 17, 2012 under the Canada Corporations Act – Part II – as an income tax exempt not-for-profit organization. The Network provides funding to develop knowledge, tools, technology and highly qualified people through collaborative research.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions and term deposits.

Funds held in trust by Dalhousie University

Based on the funding agreement between the Natural Sciences and Engineering Research Council (“NSERC”), the Social Sciences and Humanities Research Council (“SSHRC”) and the Network, grant funds are considered restricted and are to be held in trust and administered by Dalhousie University, the Network’s host institution.

Revenue recognition

The Network follows the deferral method of accounting for contributions, which include government grants.

Contributions which have external restrictions governing the types of activities they can be used to fund are deferred until related spending on these activities is incurred.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets.

Unrestricted contributions are recorded as revenue when received or receivable, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

Project and other revenues are recognized as performance obligations are met and collection is reasonably assured.

Tangible Capital Assets

Tangible capital assets are amortized over their estimated useful lives once they are available for use as follows:

Equipment	20% declining balance
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Tangible capital assets are carried at cost less, where applicable, any accumulated amortization and impairment losses.

MEOPAR Incorporated

Notes to the financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Tangible Capital Assets (continued)

When an item of tangible capital assets is no longer able to provide long term service potential to the Network, the impairment is recognized as an expense in the Statement of Operations. Any write downs recognized are not reversed.

Contributed materials and services

Contributed materials and services are disclosed at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services used in the normal course of the Network's operations would otherwise have been purchased.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

Significant management estimates relate to the useful lives of tangible capital assets, and deferred revenue. These estimates are reviewed periodically and adjustments are recognized in the Statement of Operations as appropriate in the year they become known.

Financial instruments

Initial measurement

The Network's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Financial assets and financial liabilities obtained in related party transactions are initially measured at cost, except for certain instruments which are initially measured at fair value. The Network does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Subsequent measurement

At each reporting date, the Network measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, receivables, funds held in trust by Dalhousie University, HST receivable, and payables and accruals.

Subsequent measurement (continued)

For financial assets measured at cost or amortized cost, the Network regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Network determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the Statement of Operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

MEOPAR Incorporated

Notes to the financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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 Network's main credit risks relate to its receivables. The Network mitigates credit risk by regularly reviewing collectability of receivables. There was no significant change in exposure from the prior year.

The Network is not exposed to significant liquidity, interest, market or currency risk.

Employee future benefits

The Network's staff are eligible to join the Dalhousie Grant Paid and Associated Employees' registered retirement savings plan. Contributions for staff are approximately 5% of salary. The Network records contributions to this plan as expenditures in the year the contributions are made. Contributions to the plan made during the year amounted to \$21,315 (2022 - \$19,330).

3. Related party transactions

Grants from NCE

In 2017, NSERC and SSHRC agreed to contribute funding of \$28,527,978 to the Network over a five year period. In addition, in June 2020, NSERC provided a supplement to support trainees and research support personnel whose research was disrupted by COVID-19. The current funding schedule has been presented below:

Fiscal Year	
2017-2018	\$ 9,114,884
2018-2019	3,696,498
2019-2020	4,866,000
2020-2021	7,438,632
2021-2022	4,288,596
2022-2023	<u>-</u>
Total Grant	<u>\$ 29,404,610</u>

The annual contributions will be released subject to:

- Parliamentary appropriation of the funds in each fiscal period;
- Satisfactory progress, as determined by the NCE Secretariat, towards predetermined milestones for the NCE Network;
- Continuing eligibility of the NCE Network Host and the NCE Network; and
- Compliance with the terms of the funding agreement.

These financial statements include only the contributions received by the Network from the NCE program, its host institution and others, and disbursed on its behalf.

MEOPAR Incorporated

Notes to the financial statements

March 31, 2023

3. Related party transactions (continued)

As a result of COVID-19, the NCE Secretariat offered a one-year no cost extension to March 31, 2023 to the Network's current grant recognizing that more time might be needed to deliver on objectives. As of March 11, 2022 the NCE Secretariat confirmed that MEOPAR would automatically qualify for a further 12-month extension to disburse funds. Therefore, MEOPAR is able to use NCE grant funds until March 31, 2024 at which point any remaining NCE funds in MEOPAR accounts will be returned to the General Research Fund.

Grants from host institution

The Network has economic interest in Dalhousie University by virtue of the fact that the University is its host institution under the Networks of Centres of Excellence program.

Under a Host Agreement between the Network and the host institution, the University provides accounting and administrative support services as well as office space without charge to the Network. The value of the in-kind contributions received by means of services, equipment and facilities in fiscal 2023 is estimated by Dalhousie to be \$163,500 (2022 – \$163,500). These contributions have not been recognized in the financial statements.

Funds held in trust by Dalhousie University represents government contributions received, which are subject to NSERC and SSHRC eligibility requirements. The amount is held in accordance with the Host Agreement.

4. Tangible capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2023</u>	<u>Net Book Value 2022</u>
Equipment	\$ 1,595,938	\$ 267,539	\$ 1,328,399	\$ 539,726
Equipment not available for use	-	-	-	292,005
	<u>\$ 1,595,938</u>	<u>\$ 267,539</u>	<u>\$ 1,328,399</u>	<u>\$ 831,731</u>

5. Deferred revenue

	<u>2023</u>	<u>2022</u>
Balance beginning of year – NSERC and SSHRC	\$ 1,943,596	\$ 2,945,378
Contributions received from NSERC and SSHRC	-	4,288,596
NSERC and SSHRC revenue recognized	<u>(1,417,622)</u>	<u>(5,290,378)</u>
Balance end of year – NSERC and SSHRC	<u>525,974</u>	<u>1,943,596</u>
Balance beginning of year – Project	1,305,542	46,387
Contributions received from Project	2,882,389	1,520,000
Project revenue recognized	<u>(2,756,494)</u>	<u>(260,845)</u>
Balance end of year – Project	<u>1,431,437</u>	<u>1,305,542</u>
Total deferred revenue	<u>\$ 1,957,411</u>	<u>\$ 3,249,138</u>

MEOPAR Incorporated

Notes to the financial statements

March 31, 2023

6. Subsequent events

On November 30, 2023, the Network was awarded \$38.1 million in funding from Government of Canada as part of the Strategic Science Fund (SSF) competition. The funding will be received over a period of five-year period. The funding schedule has been presented below:

Fiscal Year

2024-2025	\$ 3,137,100
2025-2026	8,285,200
2026-2027	7,119,000
2027-2028	10,142,000
2028-2029	<u>9,449,200</u>
 Total Grant	 \$ <u>38,132,500</u>

The disbursement of these funds will be subject to conditions outline by the Government of Canada through the Contribution Agreement which will be received prior to receiving the funding.