



Financial Statements

Perennia Food & Agriculture Incorporated

March 31, 2022

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Management's Responsibility for the Financial Statements

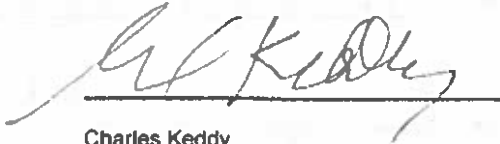
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these financial statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

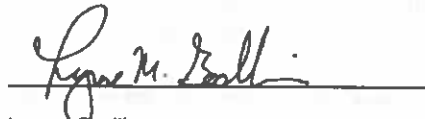
The Board of Directors (the "Board") are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements yearly.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Perennia Food & Agriculture Incorporated and meet when required.

On behalf of Perennia Food & Agriculture Incorporated



Charles Keddy
Chair of the Board of Directors



Lynne Godlien
Chief Executive Officer

June 16, 2022

Independent auditor's report

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To the Directors of Perennia Food & Agriculture Incorporated

Opinion

We have audited the financial statements of Perennia Food & Agriculture Incorporated (the "Company"), which comprise the statement of financial position as at March 31, 2022, the statements of operations, changes in net financial assets, remeasurement gains and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Perennia Food & Agriculture Incorporated as at March 31, 2022, 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 Company 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 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Truro, Canada
June 16, 2022

Grant Thornton LLP

Chartered Professional Accountants

Perennia Food & Agriculture Incorporated

Statement of Operations

Year ended March 31	Budget (Note 8)	2022	2021
Revenue			
Government operating grants	\$ 2,458,000	\$ 2,597,459	\$ 3,770,659
Federal projects	666,635	1,019,537	7,432,157
Provincial consulting fees and project management	3,091,937	4,922,417	3,064,311
General consulting fees	1,748,890	2,085,312	1,847,761
Investment income	-	51,949	62,418
Other revenue	121,944	346,640	76,346
Lease and rental income	42,500	40,119	58,534
Gain on disposal of tangible capital assets	-	-	190
	<u>8,129,906</u>	<u>11,063,433</u>	<u>16,312,376</u>
Expenses			
Advertising and promotional expenses	60,000	37,272	41,016
Amortization	500,720	514,301	468,242
Bad debt expense	-	2,002	52,345
Donations	-	613	3,000
Dues and memberships	10,500	21,661	22,045
Insurance	7,590	8,982	7,533
Interest, bank and investment expenses	55,000	59,027	54,417
IT expenses	61,663	68,902	101,341
Lab and field supplies	166,700	279,331	241,164
Maintenance expenses	67,817	114,346	86,583
Meeting expenses	13,000	28,777	5,040
Office supplies	46,250	63,656	71,790
Other project related	3,551,289	2,822,960	8,416,357
Professional development	41,000	43,036	43,817
Professional services	278,927	272,240	318,586
Rent/lease expenses	112,500	107,734	143,747
Salaries and wages	3,430,405	6,578,670	6,250,945
Telecommunications expenses	143,567	131,067	124,680
Travel expenses	83,700	90,577	55,406
	<u>8,630,628</u>	<u>11,245,154</u>	<u>16,508,054</u>
Annual deficit before government capital grants	(500,722)	(181,721)	(195,678)
Government capital grants (Note 13)	392,000	102,462	299,850
Annual (deficit) surplus	(108,722)	(79,259)	104,172
Transfer to fund for general contingencies	-	-	(200,000)
Transfer from fund for future AgriFlex expenses	-	-	127,591
Accumulated annual surplus, beginning of year (Note 9)	2,229,799	2,229,799	2,198,036
Accumulated annual surplus, end of year (Note 9)	\$ 2,121,077	\$ 2,150,540	\$ 2,229,799

See accompanying notes to the financial statements

Perennia Food & Agriculture Incorporated

Statement of Financial Position

March 31
2022
2021

Financial assets

Cash and cash equivalents	\$	1,946,499	\$	2,344,161
Receivables (Note 3)		6,717,173		5,212,580
Portfolio investments (Note 4)		5,979,838		4,892,904
Restricted investments (Note 4)		<u>600,000</u>		<u>600,000</u>
		<u>15,243,510</u>		<u>13,049,645</u>

Financial liabilities

Accounts payable and accrued liabilities		648,805		975,020
Deferred revenue		13,370,440		10,719,742
Deposits held in trust		<u>5,163</u>		<u>5,163</u>
		<u>14,024,408</u>		<u>11,699,925</u>

Net financial assets (page 6)

		<u>1,219,102</u>		<u>1,349,720</u>
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Non-financial assets

Tangible capital assets (Note 5)		1,916,802		2,070,531
Prepaid expenses		<u>350,103</u>		<u>94,556</u>
		<u>2,266,905</u>		<u>2,165,087</u>

Accumulated surplus (Note 9)

	\$	<u>3,486,007</u>	\$	<u>3,514,807</u>
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Commitments and contingency (Notes 6 and 11)

On behalf of the Board


 _____ Director


 _____ Director

Perennia Food & Agriculture Incorporated

Statement of Changes in Net Financial Assets

Year ended March 31

2022

2021

Annual (deficit) surplus	\$ <u>(79,259)</u>	\$ <u>104,172</u>
Net remeasurement gains	50,459	247,822
Additions to tangible capital assets	(360,572)	(587,268)
Disposal of tangible capital assets	-	60
Amortization	<u>514,301</u>	<u>468,242</u>
	204,188	128,856
Acquisition of prepaid expense	(563,423)	(251,201)
Consumption of prepaid expense	<u>307,876</u>	<u>190,274</u>
	<u>(51,359)</u>	<u>67,929</u>
(Decrease) increase in net financial assets	(130,618)	172,101
Net financial assets, beginning of year	<u>1,349,720</u>	<u>1,177,619</u>
Net financial assets, end of year	\$ <u>1,219,102</u>	\$ <u>1,349,720</u>

See accompanying notes to the financial statements

Perennia Food & Agriculture Incorporated
Statement of Remeasurement Gains

Year ended March 31	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 685,008	\$ 437,186
Unrealized gains attributable to portfolio investments	<u>50,459</u>	<u>247,822</u>
Accumulated remeasurement gains, end of year (Note 9)	<u>\$ 735,467</u>	<u>\$ 685,008</u>

See accompanying notes to the financial statements

Perennia Food & Agriculture Incorporated

Statement of Cash Flows

Year ended March 31 2022 2021

Increase (decrease) in cash and cash equivalents		
Operating		
Annual (deficit) surplus	\$ (79,259)	\$ 104,172
Non-cash items		
Amortization	514,301	468,242
Gain on disposal of tangible capital assets	-	(190)
	435,042	572,224
Change in non-cash working capital		
Receivables	(1,504,593)	66,019
Account payable and accrued liabilities	(326,215)	230,852
Prepaid expenses	(255,547)	(60,927)
Deferred revenue	2,650,698	127,359
Deposits held in trust	-	300
	999,385	935,827
Investing		
Net change in portfolio investments and restricted investments	(1,036,475)	1,529,611
Capital		
Acquisition of tangible capital assets	(360,572)	(587,268)
Proceeds on disposal of tangible capital assets	-	250
	(360,572)	(587,018)
Net change in cash and cash equivalents during the year	(397,662)	1,878,420
Cash and cash equivalents, beginning of year	2,344,161	465,741
Cash and cash equivalents, end of year	\$ 1,946,499	\$ 2,344,161

See accompanying notes to the financial statements

Perennia Food & Agriculture Incorporated

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

Perennia Food & Agriculture Incorporated (the "Company") is a provincial crown corporation.

The Company's objective is to support growth, transformation and economic development in Nova Scotia's agriculture, seafood, and food and beverage sectors.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments are held for the purpose of meeting short-term cash commitments rather than for investment.

Portfolio investments

The Company invests in fixed income bonds, equities and guaranteed investment certificates. The Company measures their investments at fair value. The change in the fair value of the portfolio investments is recognized in the statement of remeasurement gains. At the time when the portfolio investment is derecognized, the accumulated measurement gain or loss associated with the derecognized item is reversed and reclassified to the statement of operations.

Tangible capital assets

Tangible capital assets are stated at cost. Amortization is provided by the diminishing balance method at the following annual rates:

Buildings	10%
Computer hardware	55%
Computer software	100%
Equipment and office equipment	20%
Freight trucks and trailers	30%

Leaseholds are being amortized by the straight-line method over the lease term.

Amortization of tangible capital assets commences when they are put in use. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Company's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than the net book value.

Perennia Food & Agriculture Incorporated

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition

The Company uses the deferral method of accounting for revenue. Revenue related to the Province of Nova Scotia's annual contribution is recognized equally over the year in which it is received.

Investment income is recognized as revenue when earned.

Consulting and fee income is recognized as revenue when earned.

Contribution and project revenue is recognized as revenue when the related expenses are incurred.

Capital revenue is recognized when all the eligibility criteria and/or stipulations have been met and the amounts are authorized.

Interest revenue on loans receivable is recognized when earned. Interest revenue ceases to be accrued on a loan when the collectability of either the principal or interest is not reasonably assured.

Lease and rental income is recognized when earned and when collection is reasonably assured.

Financial instruments

Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Company subsequently measures all its financial assets and financial liabilities at amortized cost, except for portfolio investments that are quoted in an active market, which are measured at fair value. The quoted prices in active markets represent a Level 1 in the fair value hierarchy used to measure fair value.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the statement of operations.

Transaction costs

The Company recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Income taxes

The Company and its property are exempt from taxation under Section 149(1)(d) of the *Income Tax Act*.

Perennia Food & Agriculture Incorporated

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Employee future benefits

The Company participates in a defined contribution group RRSP matching plan for its full-time, permanent employees who have been employed with the Company for at least three months. The plan is not mandatory for the employees. Contributions are expensed in the period incurred.

Funds and reserves

Certain amounts, as approved by the Board of Directors, have been set aside in accumulated surplus for general contingencies. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Measurement uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the useful life of capital assets, rates for amortization and allowance for doubtful accounts.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

3. Receivables	<u>2022</u>	<u>2021</u>
Province of Nova Scotia	\$ 6,372,217	\$ 4,257,748
Government of Canada	102,686	441,954
Other	228,570	492,362
HST receivable	<u>25,101</u>	<u>38,770</u>
	6,728,574	5,230,834
Allowance for doubtful accounts	<u>(11,401)</u>	<u>(18,254)</u>
	<u>\$ 6,717,173</u>	<u>\$ 5,212,580</u>

4. Portfolio investments	<u>2022</u>	<u>2021</u>
Investments in bond pooled funds, Canadian equities pooled funds, US equities pooled funds and international equities pooled funds. The cost of these investments is \$2,229,934 (2021 - \$2,096,205)	\$ 2,048,417	\$ 2,022,418
Investments in GIC's maturing May 2022 and carrying a 1.25% interest rate	<u>4,531,421</u>	<u>3,470,486</u>
	6,579,838	5,492,904
Less: Restricted investments	<u>600,000</u>	<u>600,000</u>
	<u>\$ 5,979,838</u>	<u>\$ 4,892,904</u>

The Board of Directors approved that \$600,000 of the long-term investments be internally restricted for the purposes of covering emergency cash flow requirements and general contingencies.

Perennia Food & Agriculture Incorporated

Notes to the Financial Statements

March 31, 2022

5. Tangible capital assets

	Computer hardware	Computer software	Office equipment	Equipment / freight trucks/ trailers	Buildings improvements	Leasehold improvements	Total 2022	Total 2021
Cost as of April 1	\$ 257,854	\$ 8,856	\$ 139,701	\$ 3,216,584	\$ 12,989	\$ 417,149	\$ 4,053,133	\$ 3,467,403
Additions	34,089	-	16,756	228,666	-	81,061	360,572	587,268
Disposals	-	-	-	-	-	-	-	(1,538)
Total cost as of March 31	<u>291,943</u>	<u>8,856</u>	<u>156,457</u>	<u>3,445,250</u>	<u>12,989</u>	<u>498,210</u>	<u>4,413,705</u>	<u>4,053,133</u>
Accumulated amortization as of April 1	203,469	4,692	91,124	1,342,912	5,703	334,702	1,982,602	1,515,838
Amortization	38,473	4,164	10,955	408,772	729	51,208	514,301	468,242
Disposals	-	-	-	-	-	-	-	(1,478)
Total accumulated amortization as of March 31	<u>241,942</u>	<u>8,856</u>	<u>102,079</u>	<u>1,751,684</u>	<u>6,432</u>	<u>385,910</u>	<u>2,496,903</u>	<u>1,982,602</u>
Total net book value as of March 31	<u>\$ 50,001</u>	<u>\$ -</u>	<u>\$ 54,378</u>	<u>\$ 1,693,566</u>	<u>\$ 6,557</u>	<u>\$ 112,300</u>	<u>\$ 1,916,802</u>	<u>\$ 2,070,531</u>

Perennia Food & Agriculture Incorporated

Notes to the Financial Statements

March 31, 2022

6. Commitments

The Company has entered into lease agreements for office and lab space with the following commitments:

- Office space in Kentville, NS for five years beginning May 2021 with annual rent of \$60,495;
- Lab space in Wolfville, NS for two years beginning September 2021 with annual rent of \$15,400;
and
- Building and land lease in Kentville, NS for five years beginning April 2021 with annual rent of \$8,000.

The Company has entered into an agreement with an arms-length party to perform information technology related contract services for the period August 1, 2021 to July 31, 2022. The annual contract is limited to a maximum of \$62,000, plus HST. Services will be rendered on an as needed basis.

7. Employee future benefits

The Company participates in a defined contribution group RRSP matching plan for its full-time, permanent employees who have been employed with the Company for at least three months. The plan is not mandatory for the employees. Contributions are expensed in the period incurred. The Company contributed \$205,190 (2021 - \$180,663) to the plan during the year.

8. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the board in its original fiscal plan.

9. Accumulated surplus	<u>2022</u>	<u>2021</u>
Annual (deficit) surplus	\$ (79,259)	\$ 104,172
Remeasurement gains	<u>50,459</u>	<u>247,822</u>
	\$ <u>(28,800)</u>	\$ <u>351,994</u>
Accumulated annual surplus	\$ 2,150,540	\$ 2,229,799
Accumulated remeasurement gains	735,467	685,008
Fund for general contingencies	<u>600,000</u>	<u>600,000</u>
	<u>\$ 3,486,007</u>	<u>\$ 3,514,807</u>

Perennia Food & Agriculture Incorporated

Notes to the Financial Statements

March 31, 2022

10. Compensation disclosure required pursuant to the Public Sector Compensation Disclosure Act

Section 3 of the Public Sector Compensation Disclosure Act of the Province of Nova Scotia requires public sector bodies to publicly disclose the amount of compensation it pays or provides, directly or indirectly, to any person in the fiscal year if the compensation to that person is one hundred thousand dollars or more including compensation paid to, or for the benefit of, each of its board members, officers, employees, contractors and consultants.

Section 4 of the Act requires that the information reported be disclosed in the body of the audited financial statements of the Company or in a statement prepared for the purposes of the Act and certified by its auditors. The Company has chosen to disclose this required information as part of its audited financial statements.

For the year ended March 31, 2022, the following employees received compensation of \$100,000 or more:

Lynne Godlien	\$	128,377
Edmund Halfyard		109,077
Gregor Reid		100,942

Compensation as reported above include salaries and the employer portion of benefits.

11. Contingency

There is a legal claim against the Company related to a customer's losses resulting from the handling of strawberry virus for 2012-14. The likelihood of loss or estimate of loss is undeterminable at time of issue of these financial statements.

12. Related party transactions

On December 18, 2015, the Company entered into an agreement to lease the facilities in Bible Hill, Nova Scotia where its Food and Beverage Innovation Centre is located from the Province of Nova Scotia at an annual cost of \$1.00. This lease agreement expires August 30, 2023.

Perennia Food & Agriculture Incorporated

Notes to the Financial Statements

March 31, 2022

13. Government capital grants

During the year, the Company received contributions from the Province of Nova Scotia to fund the acquisition of tangible capital assets related to:

	<u>2022</u>	<u>2021</u>
Centre for Marine Applied Research Equipment	\$ 58,000	\$ 100,050
Cooler	-	5,483
Texture analyzer	-	36,629
Monitoring system	-	24,895
Tractor	-	116,400
Mower	-	16,393
Nematode VWR	9,952	-
Nematode Trimble	4,249	-
Nematode - Centrifuge	10,461	-
Nematode GeoGel imaging system	15,109	-
Plant Health Lab	4,691	-
	<u>\$ 102,462</u>	<u>\$ 299,850</u>

14. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations at the statement of financial position date.

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 Company's main credit risks relate to its accounts receivable. The Company provides credit to its clients in the normal course of its operations. During the year, the Company has recorded an allowance for bad debts of \$11,401 (2021 - \$18,254) and recovered bad debts of \$nil (2021 - \$nil).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The fixed-rate instruments subject the Company to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

