Doane Grant Thornton

Financial Statements

Perennia Food & Agriculture Corporation

March 31, 2025

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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 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.

Those charged with governance (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, Doane 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 Corporation and meet when required.

On behalf of Perennia Food & Agriculture Corporation

Signed by:
Greg Morrow
99C2CDEDA3ED419...

Hon. Greg Morrow
Minister of Agriculture

Signed by:
Lynne Godlien
B2331409435EF454...

Lynne Godlien
Chief Executive Officer

June 24, 2025
Date

Independent Auditor's Report

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To the Directors of Perennia Food & Agriculture Corporation

Opinion

We have audited the financial statements of Perennia Food & Agriculture Corporation (the "Company"), which comprise the statement of financial position as at March 31, 2025, 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 Corporation as at March 31, 2025, 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.

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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.

Doane Grant Thornton LLP

Kentville, Canada
June 24, 2025

Chartered Professional Accountants

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Perennia Food & Agriculture Corporation
Statement of Operations

Year ended March 31	Budget	2025	2024
Revenue			
Government operating grants	$ 2,631,801	**$ 3,039,801**	$ 2,835,801
Federal projects	5,417,452	**5,157,328**	6,402,533
Provincial consulting fees and project management	5,266,788	**5,085,661**	4,346,405
General consulting fees	2,379,998	**1,364,908**	1,378,975
Investment income	253,000	**506,097**	241,638
Other revenue	35,000	**73,007**	245,915
Lease and rental income	30,303	**29,621**	31,153
Loss on disposal of investments	-	**(5,345)**	(6,461)
	16,014,342	**15,251,078**	15,475,959
Expenses			
Advertising and promotional	83,000	**22,611**	26,050
Amortization	321,603	**336,702**	391,288
Bad debt	-	**8,035**	-
Donations	-	**-**	2,080
Dues and memberships	17,616	**26,221**	21,782
Insurance	15,000	**15,926**	15,522
Interest, bank and investment	75,000	**64,222**	62,365
IT	65,213	**92,638**	71,827
Lab and field supplies	247,500	**201,105**	214,995
Maintenance	184,000	**138,969**	170,606
Meeting	41,950	**24,045**	16,696
Office supplies	60,300	**38,725**	32,327
Other project related	6,524,494	**6,388,650**	7,009,916
Professional development	149,835	**68,786**	82,461
Professional services	211,000	**133,072**	156,278
Rent/lease	107,501	**130,185**	112,137
Salaries and wages	7,717,955	**7,026,773**	6,845,851
Telecommunications	142,720	**96,430**	100,372
Travel	230,650	**171,699**	189,274
	16,195,337	**14,984,794**	15,521,827
Annual surplus (deficit) before government capital grants	(180,995)	**266,284**	(45,868)
Government capital grants (Note 12)	20,000	**208,529**	56,977
Annual surplus (deficit)	(160,995)	**474,813**	11,109
Accumulated annual surplus, beginning of year (Note 8)	2,140,148	**2,140,148**	2,129,039
Accumulated annual surplus, end of year (Note 8)	$ 1,979,153	**$ 2,614,961**	$ 2,140,148

See accompanying notes to the financial statements

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Perennia Food & Agriculture Corporation
Statement of Financial Position

March 31	2025	2024
Financial assets		
Cash and cash equivalents	**$ 17,665,863**	$ 8,719,262
Receivables (Note 3)	**856,862**	3,784,751
Portfolio investments (Note 4)	**13,763,332**	9,148,559
Restricted investments (Note 4)	**600,000**	600,000
	32,886,057	22,252,572
Financial liabilities		
Accounts payable and accrued liabilities	**1,017,392**	1,108,207
Deferred revenue	**28,972,460**	18,969,914
Deposits held in trust	**714**	677
	29,990,566	20,078,798
Net financial assets	**2,895,491**	2,173,774
Non-financial assets		
Tangible capital assets (Note 5)	**1,311,583**	1,363,848
Prepaid expenses	**145,082**	124,909
	1,456,665	1,488,757
Accumulated surplus (Note 8)	**$ 4,352,156**	$ 3,662,531

Commitments and contingency (Notes 6 and 10)

On behalf of the Department of Agriculture

Signed by:
Greg Morrow
99C2CDEDA3FD419...
Minister of Agriculture

Signed by:
Lynne Godlien
B235140945EF454...
Chief Executive Officer

See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation
Statement of Changes in Net Financial Assets

Year ended March 31	2025	2024
Annual deficit	**$ 474,813**	$ 11,109
Net remeasurement gains	**214,812**	202,508
Additions to tangible capital assets	**(284,437)**	(118,351)
Amortization	**336,702**	391,288
	267,077	475,445
Acquisition of prepaid expense	**(258,531)**	(246,736)
Consumption of prepaid expense	**238,358**	189,689
	246,904	418,398
Increase in net financial assets	**721,717**	429,507
Net financial assets, beginning of year	**2,173,774**	1,744,267
Net financial assets, end of year	**$ 2,895,491**	$ 2,173,774

See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation
Statement of Remeasurement Gains

Year ended March 31		2025		2024
Accumulated remeasurement gains, beginning of year	**$**	**922,383**	$	719,875
Unrealized gains attributable to portfolio investments		**214,812**		202,508
Accumulated remeasurement gains, end of year (Note 8)	**$**	**1,137,195**	$	922,383

See accompanying notes to the financial statements

Perennia Food & Agriculture Corporation
Statement of Cash Flows

Year ended March 31	2025	2024
Increase (decrease) in cash and cash equivalents		
Operating		
Annual deficit	**$ 474,813**	$ 11,109
Non-cash item		
Amortization	**336,702**	391,288
	811,515	402,397
Change in non-cash working capital		
Receivables	**2,927,889**	2,584,151
Account payable and accrued liabilities	**(90,815)**	(563,320)
Prepaid expenses	**(20,173)**	(57,047)
Deferred revenue	**10,002,546**	3,341,781
Deposits held in trust	**37**	(87)
	13,630,999	5,707,875
Investing		
Net change in portfolio investments and restricted investments	**(4,399,961)**	(2,862,726)
Capital		
Acquisition of tangible capital assets	**(284,437)**	(118,351)
Net change in cash and cash equivalents during the year	**8,946,601**	2,726,798
Cash and cash equivalents, beginning of year	**8,719,262**	5,992,464
Cash and cash equivalents, end of year	**$ 17,665,863**	$ 8,719,262

See accompanying notes to the financial statements

1. Nature of operations

Perennia Food & Agriculture Corporation (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.

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.

Non-financial assets
Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

2. Summary of significant accounting policies (continued)

Budget figures
As recommended by the Public Sector Accounting Board of CPA Canada, the financial statements show a comparison of actual results with the budget.

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.

Government transfers
Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

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

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.

2. Summary of significant accounting policies (continued)

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.

Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

Financial instruments classification

The following table provides the carrying amount information of the Company's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

	2025		2024	
Financial Instrument	**Amortized cost / cost**	**Fair value**	Amortized cost / cost	Fair value
Cash	**$ 17,665,863**	**$ -**	$ 8,719,262	$ -
Receivables	**856,862**	**-**	3,784,751	-
Investments	**12,033,360**	**2,329,972**	7,593,866	2,154,693
Accounts payable	**1,017,392**	**-**	1,108,207	-

The following table provides an analysis of financial instruments that are subsequently measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2025			
Financial Instrument	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Pooled funds	**$ 2,329,972**	**$ -**	**$ -**	**$2,329,972**

3. Receivables		2025		2024
Province of Nova Scotia	**$**	**255,225**	$	3,101,371
Province of New Brunswick		**43,650**		55,834
Province of Prince Edward Island		**3,230**		18,472
Government of Canada		**271,993**		347,859
Other		**279,343**		216,789
HST receivable		**13,989**		45,754
		867,430		3,786,079
Allowance for doubtful accounts		**(10,568)**		(1,328)
	$	**856,862**	$	3,784,751

4. Portfolio investments		2025		2024
Investments in bond pooled funds, Canadian equities pooled funds, US equities pooled funds and international equities pooled funds. The cost of these investments is $2,691,366 (2024 - $2,524,575).	**$**	**2,329,972**	$	2,154,693
Investment in GIC's maturing May 2025 and carrying a 4.55% interest rate.		**5,772,327**		1,238,663
Investment in GIC's maturing April 2025 and carrying a 4.55% interest rate.		**6,261,033**		6,355,203
		14,363,332		9,748,559
Less: restricted investments		**600,000**		600,000
	$	**13,763,332**	$	9,148,559

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.

5. Tangible capital assets

	Computer hardware	Computer software	Office equipment	Equipment / freight trucks/ trailers	Buildings	Leasehold improvements	**Total 2025**	Total 2024
Cost as of April 1	$ 362,413	$ 8,856	$ 156,458	$ 3,678,385	$ 12,989	$ 498,210	**$ 4,717,310**	$ 4,598,959
Additions	34,935	7,100	5,028	237,374	-	-	**284,437**	118,351
Disposals	-	-	-	-	-	-	**-**	-
Total cost as of March 31	397,348	15,956	161,486	3,915,759	12,989	498,210	**5,001,747**	4,717,310
Accumulated amortization as of April 1	305,740	8,856	121,656	2,433,786	7,678	475,746	**3,353,462**	2,962,174
Amortization	35,809	3,550	7,002	269,073	531	20,737	**336,702**	391,288
Disposals	-	-	-	-	-	-	**-**	-
Total accumulated amortization as of March 31	341,549	12,406	128,658	2,702,859	8,209	496,483	**3,690,164**	3,353,462
Total net book value as of March 31	$ 55,799	$ 3,550	$ 32,828	$ 1,212,900	$ 4,780	$ 1,727	**$ 1,311,583**	$ 1,363,848

6. Commitments

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

- Office space in Dartmouth, NS for one year beginning March 2025 with annual rent of $31,616;
- Office space in Kentville, NS for five years beginning May 2021 with annual rent of $60,495 amended July 2024 to annual rent of $64,245;
- Lab space in Wolfville, NS for one year beginning September 2024 with annual rent of $15,400;
- Building and land lease in Kentville, NS for five years beginning April 2021 with annual rent of $8,000.
- Tractor lease for five years beginning July 2023 with annual lease payments of $4,763; and
- Truck lease for five years beginning May 2024 with annual lease payments of $9,208.

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 $264,621 (2024 - $258,343) to the plan during the year.

8. Accumulated surplus

		2025		2024
Annual surplus	**$**	**474,813**	$	11,109
Remeasurement gains		**214,812**		202,508
	$	**689,625**	$	213,617
Accumulated annual surplus	**$**	**2,614,961**	$	2,140,148
Accumulated remeasurement gains		**1,137,195**		922,383
Fund for general contingencies		**600,000**		600,000
	$	**4,352,156**	$	3,662,531

9. 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.

9. Compensation disclosure required pursuant to the Public Sector Compensation Disclosure Act (continued)

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, 2025, the following employees received compensation of $100,000 or more:

Lynne Godlien	$	144,152
Gregor Reid		111,658
Jody Wipp		106,581
Stephen Emberly		101,525
Leah Lewis-Mccrea		101,163
Margo Coughlin		100,235

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

10. 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.

11. Related party transactions

The Company leases facilities from the Province of Nova Scotia, a related party, in Bible Hill, Nova Scotia where its Food and Beverage Innovation Centre is located, at an annual cost of $1.00. The previous lease agreement expired on August 30, 2023, and the lease has continued on a month to month basis. The lease expense has been measured in these financial statements at the exchange amount, which is the amount agreed upon by the related parties.

12. Government capital grants

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

		2025		2024
Centre for Marine Applied Research Equipment	**$**	**97,023**	$	52,844
Weather stations		**76,564**		-
Lab equipment		**25,031**		1,293
Computer software		**5,800**		-
Computer equipment		**4,111**		2,840
	$	**208,529**	$	56,977

13. Deferred revenue

	Opening balance	Funding received	Funding recognized as revenue	2024 Total
Province of Nova Scotia	$ 16,701,499	$ 15,672,510	$ 6,449,233	**$ 25,924,776**
Government of Canada	2,250,000	5,152,799	4,420,886	**2,981,913**
Other	18,415	131,800	84,444	**65,771**
	18,969,914	20,957,109	10,954,563	**$ 28,972,460**

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 $10,568 (2024 - $1,328) and recovered bad debts of $Nil (2024 - $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.

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to current risk through their portfolio investments in US equity pooled funds and international equity pooled funds.