



Financial Statements

Northern Ontario School of Medicine

April 30, 2021

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 17

# Independent Auditor's Report

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To the Board of Directors of  
Northern Ontario School of Medicine

## Opinion

We have audited the financial statements of Northern Ontario School of Medicine ("School"), which comprise the statement of financial position as at April 30, 2021, 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 Northern Ontario School of Medicine as at April 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-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 School 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 non-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 School's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the School or to cease operations, or has no realistic alternative but to do so.

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

*Grant Thornton LLP*

Thunder Bay, Canada  
September 22, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# NORTHERN ONTARIO SCHOOL OF MEDICINE

## Statement of Financial Position

(Thousands of Dollars)

	As at April 30, 2021	As at April 30, 2020
<b>Assets</b>		
Current assets:		
Cash - operating	\$ 23,609	\$ 22,271
Accounts receivable (Note 2)	872	1,564
Prepaid expenses	631	442
	25,112	24,277
Capital assets (Note 4)	4,616	4,747
	\$ 29,728	\$ 29,024
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (Note 5)	\$ 9,376	\$ 7,983
Government payroll remittances payable	545	510
Due to host universities (Note 3)	133	158
Deferred revenue (Note 6)	4,459	2,705
	14,513	11,356
Deferred capital contributions (Note 7)	4,616	4,747
	19,129	16,103
Net assets:		
Internally restricted (Note 8)	10,599	12,921
	\$ 29,728	\$ 29,024

### Funds Held in Trust

#### Assets

Cash held in trust (Note 9)	\$ 13,950	\$ 14,238
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#### Liabilities

Funds held in trust (Note 9)	\$ 13,950	\$ 14,238
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The accompanying notes are an integral part of these financial statements.

On behalf of the Board:



Chair, Board of Directors



Dean, President and CEO

# NORTHERN ONTARIO SCHOOL OF MEDICINE

## Statement of Operations

Year ended April 30, 2021, with comparative figures for 2020  
(Thousands of dollars)

	2021	2020
<b>Revenue:</b>		
Government grants - Ministry of Colleges and Universities	\$ 23,127	\$ 22,915
Government grants - Ministry of Health	16,145	16,192
Government grants - Paymaster Program (Note 10)	15,368	14,041
Government grants - Medical Student Bursary Program (Note 11)	602	547
Government and other grants for restricted purposes	2,510	2,723
Tuition fees	6,012	6,036
Administrative Services Fees (Note 12)	-	29
Investment income	156	431
Bursary and Advancement income	1,211	702
Miscellaneous income	1,018	1,125
Amortization of deferred capital contributions	964	889
<b>Total revenue</b>	<b>\$ 67,113</b>	<b>\$ 65,630</b>
<b>Expenses:</b>		
Salaries, benefits, and other compensation	\$ 39,089	\$ 36,572
Salaries, benefits, and other compensation - Paymaster Program (Note 10)	15,368	14,041
Travel and accommodations	156	1,423
Travel and accommodations - Learners	2,164	2,742
Office	1,746	1,404
Bad debt expense (Note 3)	1,268	-
Curriculum and faculty development	1,171	1,926
Library	971	843
Technology and telecommunications	1,327	1,321
Facilities	1,182	1,346
Research - General Expenses and Supplies	1,357	1,152
Consulting	677	809
Medical Student Bursary Program (Note 11)	629	547
Bursaries	1,366	981
Amortization of capital assets	964	889
<b>Total expenses</b>	<b>\$ 69,435</b>	<b>\$ 65,996</b>
<b>Deficit of revenue over expenses</b>	<b>\$ (2,322)</b>	<b>\$ (366)</b>
Transfers - Internally Restricted Net Assets	\$ 2,322	\$ 366
<b>Change in Unrestricted Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

## Statement of Changes in Net Assets

Year ended April 30, 2021, with comparative figures for 2020  
(Thousands of dollars)

	Unrestricted	Internally Restricted	Total 2021	Total 2020
Net assets, beginning of year	\$ -	\$ 12,921	\$ 12,921	\$ 13,287
Deficit of revenue over expenses	(2,322)	-	(2,322)	(366)
Transfers	2,322	(2,322)	-	-
<b>Net assets, end of year</b>	<b>\$ -</b>	<b>\$ 10,599</b>	<b>\$ 10,599</b>	<b>\$ 12,921</b>

The accompanying notes are an integral part of these financial statements.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

## Statement of Cash Flows

Year ended April 30, 2021, with comparative figures for 2020  
(Thousands of dollars)

	2021	2020
<b>Operating Funds</b>		
Cash flows from operating activities:		
Deficit of revenue over expenses	\$ (2,322)	\$ (366)
Items not involving cash:		
Amortization of deferred capital contributions	(964)	(889)
Amortization of capital assets	964	889
Changes in non-cash working capital (Note 13)	3,660	(518)
	1,338	(884)
Cash flows from financing and investing activities:		
Deferred capital contributions	833	1,270
Capital assets acquired	(833)	(1,270)
	-	-
<b>Net increase in cash</b>	<b>1,338</b>	<b>(884)</b>
Cash, beginning of year	22,271	23,155
<b>Cash, end of year</b>	<b>\$ 23,609</b>	<b>\$ 22,271</b>
Represented by:		
Cash - operating	\$ 23,609	\$ 22,271
<b>Funds Held in Trust</b>		
Cash flows from financing and investing activities:		
Research Chair in Aboriginal and Rural Health Trust Funds		
Investment income	\$ 28	\$ 76
AMS Hannah Chair in the History of Aboriginal Health Trust Funds		
Investment income	24	66
Northern Ontario Academic Medicine Association Transitional Funds		
Funds granted	7,392	7,749
Investment income	60	161
Disbursements	(7,792)	(7,976)
	(288)	76
Cash, beginning of year	14,238	14,162
<b>Cash, end of year</b>	<b>\$ 13,950</b>	<b>\$ 14,238</b>
Represented by:		
Cash held in trust	\$ 13,950	\$ 14,238

The accompanying notes are an integral part of these financial statements.



# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021

(Thousands of dollars)

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## General

The Northern Ontario School of Medicine ("School") was incorporated without share capital under the laws of Ontario. Working under the auspices of Lakehead University and Laurentian University ("host universities"), the purpose of the School is to establish and operate a medical school which is responsive to the needs of students and to the healthcare needs of the people of Northern Ontario.

The School has received full accreditation for its educational program leading to a medical doctorate from the Liaison Committee on Medical Education and the Committee on Accreditation of Canadian Medical Schools.

### 1. Significant accounting policies:

The financial statements of the School have been prepared in accordance with Canadian accounting standards for not for profit organizations and follow the accounting policies summarized below:

#### (a) Revenue recognition:

The School accounts for contributions under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.

Tuition fees which relate to academic terms or parts thereof occurring after April 30 are recorded as deferred revenue.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Any surplus that is repayable to the contributor is recorded as accounts payable.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

#### (b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances, and guaranteed investment certificates with a duration of less than three months.

#### (c) Investments:

Investments, which consist of deposit receipts and guaranteed investment certificates, are carried at fair market value.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021  
(Thousands of dollars)

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## 1. Significant accounting policies (continued):

### (d) Capital assets:

Capital asset purchases are recorded at cost with amortization provided for in the period in which the assets are put into use. Capital assets are amortized on a straight line basis over their estimated useful lives, which are:

Computer software	2 years
Furniture and equipment	5 years
Leasehold improvements	25 years

### (e) Internally restricted net assets:

The School restricts use of portions of its operating surplus for specific future uses. When incurred, the related expenses are charged to operations, and the balance of internally restricted net assets is reduced accordingly. Internally restricted net assets are established through Board resolution or Board approved policies.

### (f) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not for profit organizations 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Areas of key estimation include allowance for doubtful accounts, asset useful lives, conditional grant revenue earned/repayable, and allocation of shared expenses. Actual results could differ from those estimates.

### (g) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. Changes in fair value of financial instruments related to trust funds are recorded directly in net assets. All other financial instruments are subsequently reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instruments for those measured at amortized cost.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021

(Thousands of dollars)

## 1. Significant accounting policies (continued):

### (h) Employee Future Benefits:

The School accrues its obligation under the Notional DC SuRP benefit plan as the employees render the services necessary to earn the pension and other retirement benefits.

The School accounts for the Notional DC SuRP component of the pension plan using the immediate recognition approach. The School recognizes the amount of the accrued benefit obligation, net of the fair value of the plan assets measured at year-end, adjusted for any valuation allowance, in the statement of financial position. Experienced gains and losses are included in the cost of the plan for the year. The accrued benefit obligation for the pension plan is determined based on an actuarial valuation using accounting assumptions.

## 2. Accounts receivable:

	2021	2020
Government and other grants and miscellaneous receivables	\$ 432	\$ 912
Harmonized sales tax recoverable	334	642
Ministry of Health	106	10
	<b>\$ 872</b>	<b>\$ 1,564</b>

## 3. Due to/(from) host universities:

	2021	2020
Lakehead University	\$ 76	\$ 312
Laurentian University	57	(154)
	<b>\$ 133</b>	<b>\$ 158</b>

The balances are non-interest bearing without fixed terms of repayment.

On February 1, 2021, Laurentian University filed for creditor protection under the Companies' Creditors Arrangement Act (CCAA). This filing means that the collection of funds held or received by Laurentian on behalf of NOSM prior to that date, related to tuition and research, could now be doubtful. A bad debt expense totaling \$1,268 has been recorded related to \$1,226 in tuition and \$42 in research grants and other receivables. This reduction is recorded against NOSM's receivable from Laurentian at April 30, 2021.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021

(Thousands of dollars)

## 4. Capital assets:

	2021			2020		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 22,474	\$ 21,066	\$ 1,408	\$ 21,830	\$ 20,441	\$ 1,389
Computer software	1,483	1,483	-	1,483	1,359	124
Leasehold improvements	5,393	2,185	3,208	5,204	1,970	3,234
	\$ 29,350	\$ 24,734	\$ 4,616	\$ 28,517	\$ 23,770	\$ 4,747

## 5. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable and accrued liabilities	\$ 2,987	\$ 2,512
Accrued salaries, benefits, and other compensation	1,964	1,691
Ministry of Health	4,425	3,780
	\$ 9,376	\$ 7,983

## 6. Deferred revenue:

Deferred revenue represents unspent externally restricted monies received in the current and prior years for services to be provided in a future year as follows:

	2021	2020
Ministry of Health	\$ 424	\$ 590
Ministry of Colleges and Universities	812	403
Tuition fees	449	460
Bursary and Advancement income	1,598	87
Government and other grants and miscellaneous income	1,176	1,165
	\$ 4,459	\$ 2,705

# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021

(Thousands of dollars)

## 7. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of grants utilized for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2021	2020
Balance, beginning of year	\$ 4,747	\$ 4,366
MCU funding	833	1,270
Amortization of deferred capital contributions	(964)	(889)
Balance, end of year	\$ 4,616	\$ 4,747

## 8. Internally restricted net assets:

	2021	2020
Student Bursaries	\$ 704	\$ 854
Advancement funds	1,350	905
Research funds	2,053	1,655
Research equipment	400	400
Clinical education infrastructure	14	14
IT infrastructure	1,164	1,319
Facilities regeneration	508	654
Accreditation costs	47	77
Union negotiations	182	264
Legal costs	81	170
Recruitment costs	62	79
Short-term leave	-	300
Strategic plan implementation & initiatives	1,268	2,586
General reserves	2,471	3,349
Self-insurance	295	295
Balance, end of year	\$ 10,599	\$ 12,921

# NORTHERN ONTARIO SCHOOL OF MEDICINE

## Notes to Financial Statements

Year ended April 30, 2021

(Thousands of dollars)

### 9. Funds held in trust:

	2021	2020
Research Chair in Aboriginal and Rural Health - Trust Funds	3,728	3,700
AMS Hannah Chair in the History of Aboriginal Health – Trust Funds	3,256	3,232
Northern Ontario Academic Medicine Association – Trust Funds	6,966	7,306
Balance, end of year	\$ 13,950	\$ 14,238

#### (a) Research Chair in Aboriginal and Rural Health - Trust Funds

During a previous fiscal year, the School received \$1,500 from the Ministry of Colleges and Universities to establish a Research Chair in Aboriginal and Rural Health. This grant was matched with a grant of \$1,500 from the Heart and Stroke Foundation of Ontario to bring the total funds held in trust to \$3,000. During the current fiscal year, \$28 (2020 - \$76) was earned on these funds and \$NIL (2020 - \$NIL) of disbursements were charged to these funds, to bring the funds held in trust to \$3,728 (2020 - \$3,700).

#### (b) AMS Hannah Chair in the History of Aboriginal Health - Trust Funds

During previous fiscal years, the School received \$2,000 from Associated Medical Services Incorporated and the School internally allocated \$1,000, the required amount of matching funds to establish a Research Chair in the History of Aboriginal Health. During the current fiscal year, \$24 (2020 - \$66) was earned on these funds bringing the funds held in trust to \$3,256 (2020 - \$3,232).

#### (c) Northern Ontario Academic Medicine Association – Trust Funds

During the current fiscal year, the School received \$7,392 (2020 - \$7,749) from the Ministry of Health to hold in trust for the Northern Ontario Academic Medicine Association. These funds are to be used by the Northern Ontario Academic Medicine Association to fund the operations of the Academic Health Science Centre Alternative Funding Plan. The balance of these funds held by the school at April 30, 2021 is \$6,966 (2020 - \$7,306).

### 10. Paymaster Agreement

On July 1, 2007, the School accepted residents into its own accredited Post Graduate Family Medicine program. In an agreement with the Ministry of Health, the School provides the payroll services for these residents' salaries and benefits in accordance with the Professional Association of Residents of Ontario (PARO) agreement.

During the fiscal year, the School paid residents' salaries totaling \$15,368 (2020 – \$14,041). During the fiscal year, the School received funding related to residents' salaries totaling \$15,368 (2020 - \$14,041).

# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021  
(Thousands of dollars)

## 11. Medical Student Bursary Program

Beginning in January 2013, the School entered into a funding agreement to administer the Final Year Medical Student Bursary Program that provides bursary payments to medical students in their final year of medical school. The agreement provided funding to pay the bursaries to the students as well as administration costs.

During the fiscal year, the School paid bursaries and administration costs totaling \$602 (2020 - \$547). During the fiscal year, the School received funding related to bursaries and administration costs totaling \$629 (2020 - \$547).

## 12. Administrative Services Fees:

The School entered into service agreements to provide administrative services to third parties. The School provides accounting and payment services under these agreements and is reimbursed for all incurred expenses and charges an administrative service fee for providing these services.

## 13. Changes in non-cash working capital:

	2021	2020
Cash provided by (used in):		
Accounts receivable	\$ 692	\$ 439
Due to host universities	(25)	(240)
Prepaid expenses	(189)	60
Accounts payable and accrued liabilities	1,393	(868)
Government payroll remittances payable	35	37
Deferred revenue	1,754	54
	<b>\$ 3,660</b>	<b>\$ (518)</b>

## 14. Financial Instruments:

### (a) Fair Values

The School's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, and due to/from host universities.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and due to/from host universities approximate their carrying value because of the short term nature of these instruments.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021  
(Thousands of dollars)

## 14. Financial Instruments (continued):

### (b) Risks arising from Financial Instruments

It is management's opinion that the School is not exposed to significant currency or interest rate risk.

#### Credit Risk

Credit risk is the risk of financial loss to the School if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the School's accounts receivable and short term investments. The School mitigates its potential credit risk from accounts receivable through credit evaluation, approval, and monitoring processes. Furthermore, it evaluates the collectability of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected.

#### Liquidity Risk

Liquidity risk is the risk that the School will not be able to meet all cash flow obligations as they come due. The School mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

## 15. Related party transactions:

	Lakehead University	Laurentian University
Goods and services - 2021	\$ 1,315	\$ 1,133
- 2020	\$ 1,494	\$ 1,413
Endowment funds - 2021	\$ 303	\$ 398
- 2020	\$ 386	\$ 430

The host universities and the School have agreed to collaborate via a Relationship Agreement in connection with services. These services include facilities and support services, technology and telecommunications services, registration and fee collection, development support, bursary receipt and disbursement, and other educational, research, and operational matters.

The host universities hold and administer the endowment funds on behalf of the School. The use of these funds is restricted for student bursaries. The balance of these funds held at Lakehead University as at April 30, 2021 is \$12,370 (2020 - \$11,482). The balance of the funds held at Laurentian at April 30, 2021 are unconfirmed at this time due to the CCAA process, however, the balance at April 30, 2020 was \$14,006. The aggregate balance at April 30, 2020 was \$25,488.



# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021  
(Thousands of dollars)

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## 16. Other information:

The School, as a result of its affiliation with Laurentian University and Lakehead University, is participating in a reciprocal exchange of insurance risks in association with fifty-eight Canadian universities. This self-insurance co-operative involves a contractual agreement to share the insurance property and liability risks of member universities. In the event that premiums are not sufficient to cover claim settlements, the member universities would be subject to an assessment in proportion to their participation.

## 17. Pension plan:

The School operates a defined contribution pension plan in which the School contributes a set amount to the plan in respect of individual employees. Contributions made by the School during the year ended April 30, 2021 amounted to approximately \$1,343 (2020 - \$1,258).

Effective September 30, 2021 the School will be winding up the School run defined contribution pension plan. The School will be joining Healthcare of Ontario Pension Plan (HOOPP) on October 1, 2021. All employees of the School will have the option of joining HOOPP or managing their own personal retirement options.

Prior to January 1, 2005, some NOSM employees participated in the Retirement Plan for the Staff of Laurentian University of Sudbury and its Federated and Affiliated Colleges (1975). Two employees have also accumulated benefits in the Laurentian Supplementary Retirement Plan (SuRP) for compensation of benefits in excess of the limits prescribed by the Income Tax Act. This Laurentian SuRP has been transferred to NOSM as approved by a resolution of the Board of Directors in May 2007 and set up as a Notional DC SuRP.

The benefit obligations as per the most recent actuarial valuation performed as at April 30, 2021, are equal to \$350 (2020 - \$294). The assets as at April 30, 2021 that consist of cash and cash equivalents, are equal to \$92 (2020 - \$91). The pension expense for the fiscal year ended April 30, 2021 is a charge of \$10 (2020 - charge of \$11). The expense includes \$15 (2020 - \$15) in expected interest costs during the fiscal year ended April 30, 2021. The assets set aside for the Notional DC SuRP are part of NOSM's general assets. No cash payments of future benefits were made during the fiscal year (2020 - NIL).

The Fiscal year 2021/2022 expense is estimated to equal \$12. The final 2021/2022 expense will be adjusted to incorporate actual interest credited on the notional account balances and investment returns upon the valuation scheduled as at April 30, 2022. The calculation of the fiscal 2020/2021 and estimated fiscal 2021/2022 Notional DC SuRP pension expense are based on actual interest cost of 5.10% per annum in 2020/2021 and expected cost of 4.55% per annum in 2021/2022 and actual return on assets of 1.80% per annum in 2020/2021 and expected return on assets of 1.80% per annum in 2021/2022. The plan's experienced gains and losses shall be fully recognized in the year that they occur.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

## Notes to Financial Statements

Year ended April 30, 2021  
(Thousands of dollars)

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### 18. Economic Dependence:

The School is dependent upon transfer payments from the Ministry of Colleges and Universities, the Ministry of Health, and other various government agencies to finance its continuing operations. These government agencies also set guidelines and limits on the total learner numbers, learner intake numbers, and tuition increases or decreases.

### 19. Contingencies:

The School is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

### 20. Comparative Financial Statements:

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the April 30, 2021 financial statements.

### 21. Laurentian University CCAA:

On February 1, 2021, Laurentian University filed for creditor protection under the Companies' Creditors Arrangement Act (CCAA). This filing means that the collection of funds held or received by Laurentian on behalf of NOSM prior to that date, related to tuition and research, could now be doubtful and a bad debt expense has been incurred (Note 3).

Endowment funds held by Laurentian University on behalf of NOSM are invested by Laurentian University and income earned on the investments are paid as bursaries to NOSM students each year (Note 15). The Laurentian CCAA will likely have a direct impact on the ability of the School to pay student bursaries from these funds to NOSM students. There is a risk that the School will need to generate new income to fund future annual bursary payments to NOSM students should the endowment funds be forfeited to creditors, at risk due to the Laurentian University CCAA process. The loss of these funds or the inability to pay student bursaries from these funds, could have an undetermined future financial and reputational impact on the School.

As at April 30, 2021, management has assessed the going concern assumptions related to the Laurentian University CCAA and the impact on the School and believes there are no issues, given the School has a strong working capital base and access to liquid resources to support operations in the coming year. Any additional adverse effects on the School's business, reputation, and financial and operational performance as a result of the Laurentian University CCAA are uncertain and difficult to assess at this time. As endowment funds held by Laurentian University, on behalf of NOSM, do not directly impact NOSM's financial operations and only directly impact NOSM students, it is not viewed as impacting the School's going concern assumptions.

# NORTHERN ONTARIO SCHOOL OF MEDICINE

Notes to Financial Statements

Year ended April 30, 2021  
(Thousands of dollars)

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## 22. COVID-19:

In March 2020, the World Health Organization declared the spread of coronavirus ("COVID-19") to constitute a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out of and within Canada, barring gathering of people and requirements to stay at home. These restrictions impacted the operations of the School and resulted in the closure of physical premises of all post-secondary institutions. The impact of COVID-19 also adversely impacted global commercial activity and contributed to the significant volatility in certain equity and debt markets. This led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue.

The extent of such adverse effects on the School's business and financial and operational performance are uncertain and difficult to assess. The financial impacts will depend on future developments, including the duration, spread and severity of the outbreak, physical distancing requirements, the duration and geographic scope of related travel advisories and restrictions, and the extent of the disruptions to businesses globally and its related impact on the economy.

As at April 30, 2021, the School did not have significant adjustments to reflect the possible future impact of COVID-19. Extra emphasis was put on the collectability of receivables and other estimates with the financial statements as at April 30, 2021. Management has assessed the going concern assumptions and believes there are no issues, given the School has a strong working capital base and access to liquid resources to support operations in the coming year. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.

## 23. Subsequent Event:

On June 3, 2021, the Government of Ontario passed the NOSM University Act, to make the Northern Ontario School of Medicine (NOSM) a university. In order to proceed as a university, several regulations and proclamation of the Act by the Lieutenant Governor in Council are still required and are to occur over the coming months.