



Financial Statements

Northern Ontario School of Medicine University

April 30, 2022

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Independent Auditor's Report

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To the Board of Directors of
Northern Ontario School of Medicine University

Opinion

We have audited the financial statements of Northern Ontario School of Medicine University (the "University"), which comprise the statement of financial position as at April 30, 2022, 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 University as at April 30, 2022, 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 NOSM University 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 University'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 University'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 University 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 21, 2022

Chartered Professional Accountants
Licensed Public Accountants

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Statement of Financial Position

(Thousands of Dollars)

	As at April 30, 2022	As at April 30, 2021
Assets		
Current assets:		
Cash - operating	\$ 21,652	\$ 23,279
Accounts receivable (Note 3)	2,322	872
Prepaid expenses	492	631
	<u>24,466</u>	<u>24,782</u>
Capital assets (Note 5)	5,127	4,616
	<u>\$ 29,593</u>	<u>\$ 29,398</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 11,027	\$ 9,046
Government payroll remittances payable	546	545
Due to host campus universities (Note 4)	79	133
Deferred revenue (Note 7)	4,407	4,459
	<u>16,059</u>	<u>14,183</u>
Deferred capital contributions (Note 8)	5,127	4,616
	<u>21,186</u>	<u>18,799</u>
Net assets:		
Internally restricted (Note 9)	8,407	10,599
	<u>\$ 29,593</u>	<u>\$ 29,398</u>

Funds Held in Trust

Assets

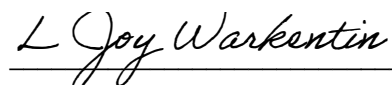
Cash held in trust (Note 10)	\$ 19,109	\$ 14,280
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Liabilities

Funds held in trust (Note 10)	\$ 19,109	\$ 14,280
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The accompanying notes are an integral part of these financial statements.

On behalf of the Board:



Chair, Board of Governors



President, Vice-Chancellor, Dean and CEO

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Statement of Operations

Year ended April 30, 2022, with comparative figures for 2021
(Thousands of dollars)

	2022	2021
Revenue:		
Government grants - Ministry of Colleges and Universities	\$ 24,344	\$ 23,127
Government grants - Ministry of Health	16,020	16,145
Government grants - Paymaster Program (Note 11)	15,824	15,368
Government grants - Medical Student Bursary Program (Note 12)	520	602
Government and other grants for restricted purposes	2,258	2,510
Tuition fees	5,940	6,012
Investment income	150	156
Bursary and Advancement income	1,301	1,211
Miscellaneous income	1,163	1,018
Amortization of deferred capital contributions	961	964
Total revenue	\$ 68,481	\$ 67,113
Expenses:		
Salaries, benefits, and other compensation	\$ 40,699	\$ 39,089
Salaries, benefits, and other compensation - Paymaster Program (Note 11)	15,824	15,368
Travel and accommodations	270	156
Travel and accommodations - Learners	2,556	2,164
Office	1,787	1,744
Bad debt expense (Note 4)	-	1,268
Curriculum and faculty development	1,520	1,171
Library	948	971
Technology and telecommunications	1,298	1,327
Facilities	1,225	1,182
Research - General Expenses and Supplies	794	1,357
Consulting	946	677
Medical Student Bursary Program (Note 12)	520	629
Bursaries	1,325	1,368
Amortization of capital assets	961	964
Total expenses	\$ 70,673	\$ 69,435
Deficit of revenue over expenses	\$ (2,192)	\$ (2,322)
Transfers - Internally Restricted Net Assets	\$ 2,192	\$ 2,322
Change in Unrestricted Net Assets	\$ -	\$ -

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

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Statement of Changes in Net Assets

Year ended April 30, 2022, with comparative figures for 2021
(Thousands of dollars)

	Unrestricted	Internally Restricted	Total 2022	Total 2021
Net assets, beginning of year	\$ -	\$ 10,599	\$ 10,599	\$ 12,921
Deficit of revenue over expenses	(2,192)	-	(2,192)	(2,322)
Transfers	2,192	(2,192)	-	-
Net assets, end of year	\$ -	\$ 8,407	\$ 8,407	\$ 10,599

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

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2022, with comparative figures for 2021

(Thousands of dollars)

	2022	2021
Operating Funds		
Cash flows from operating activities:		
Deficit of revenue over expenses	\$ (2,192)	\$ (2,322)
Items not involving cash:		
Amortization of deferred capital contributions	(961)	(964)
Amortization of capital assets	961	964
Changes in non-cash working capital (Note 13)	565	3,666
	(1,627)	1,344
Cash flows from financing and investing activities:		
Deferred capital contributions	1,472	833
Capital assets acquired	(1,472)	(833)
	-	-
Net increase/(decrease) in cash	(1,627)	1,344
Cash, beginning of year	23,279	21,935
Cash, end of year	\$ 21,652	\$ 23,279
Represented by:		
Cash - operating	\$ 21,652	\$ 23,279
Funds Held in Trust		
Cash flows from financing and investing activities:		
Research Chair in Aboriginal and Rural Health Trust Funds		
Investment income	\$ 30	\$ 28
AMS Hannah Chair in the History of Aboriginal Health Trust Funds		
Investment income	26	24
Disbursements	(62)	-
Northern Ontario Academic Medicine Association Transitional Funds		
Funds granted	16,117	7,392
Investment income	73	60
Disbursements	(13,623)	(7,792)
Change in NOAMA Payables	2,268	(6)
	4,829	(294)
Cash, beginning of year	14,280	14,574
Cash, end of year	\$ 19,109	\$ 14,280
Represented by:		
Cash held in trust	\$ 19,109	\$ 14,280

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

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

General

On June 3, 2021 the Government of Ontario passed the NOSM University Act, to make the Northern Ontario School of Medicine (NOSM) a university. On April 1, 2022, the Act received proclamation and the Northern Ontario School of Medicine (NOSM) became Northern Ontario School of Medicine University ("NOSM University" or "University"), Canada's first independent medical university.

The NOSM University was incorporated without share capital under the laws of Ontario. Located on the campuses of Lakehead University and Laurentian University ("host campus universities"), the purpose of the University is to establish and operate in a way that is responsive to the needs of students and to the healthcare needs of the people of Northern Ontario.

The University 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. Amendments to accounting policies:

The Canadian Accounting Standards Board recently issued amendments to Section 3856 Financial Instruments, which outline the accounting guidelines related to the classification and measurement of financial assets and financial liabilities in related party transactions.

Financial instruments in related party transactions

The University applied the new accounting policy retrospectively, subject to certain transitional provisions. The adoption of the amendments did not have a significant impact on the University's financial statements.

2. Significant accounting policies:

The financial statements of the University 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 University 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.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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.

(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 University 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.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

2. Significant accounting policies (continued):

(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.

Financial instruments in related party transactions:

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The University does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the University initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the University has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

(h) Employee Future Benefits:

The University 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 University accounts for the Notional DC SuRP component of the pension plan using the immediate recognition approach. The University 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.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

3. Accounts receivable:

	2022		2021	
Government and other grants and miscellaneous receivables	\$	488	\$	406
Harmonized sales tax recoverable		406		334
Ministry of Colleges and Universities		1,409		26
Ministry of Health		19		106
	\$	2,322	\$	872

4. Due to/(from) host campus universities:

	2022		2021	
Lakehead University	\$	123	\$	76
Laurentian University		(44)		57
	\$	79	\$	133

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 University prior to that date, related to tuition and research, could now be doubtful. In the fiscal year ended April 30, 2021 a bad debt expense totaling \$1,268 was recorded related to \$1,226 in tuition and \$42 in research grants and other receivables. This reduction was recorded against NOSM University's receivable from Laurentian as at April 30, 2021 and the balance remains outstanding as of April 30, 2022.

5. Capital assets:

	2022			2021		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 22,959	\$ 21,420	\$ 1,539	\$ 22,474	\$ 21,066	\$ 1,408
Computer software	1,483	1,483	-	1,483	1,483	-
Leasehold improvements	6,014	2,426	3,588	5,393	2,185	3,208
	\$ 30,456	\$ 25,329	\$ 5,127	\$ 29,350	\$ 24,734	\$ 4,616

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

6. Accounts payable and accrued liabilities:

	2022	2021
Accounts payable and accrued liabilities	\$ 3,093	\$ 2,657
Accrued salaries, benefits, and other compensation	1,953	1,964
Ministry of Colleges and Universities	690	-
Ministry of Health	5,291	4,425
	<u>\$ 11,027</u>	<u>\$ 9,046</u>

7. 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:

	2022	2021
Ministry of Health	\$ 380	\$ 424
Ministry of Colleges and Universities	-	812
Tuition fees	450	449
Bursary and Advancement income	2,363	1,598
Government and other grants and miscellaneous income	1,214	1,176
	<u>\$ 4,407</u>	<u>\$ 4,459</u>

8. 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:

	2022	2021
Balance, beginning of year	\$ 4,616	\$ 4,747
MCU funding	929	833
Other grants	543	-
Amortization of deferred capital contributions	(961)	(964)
	<u>\$ 5,127</u>	<u>\$ 4,616</u>

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022

(Thousands of dollars)

9. Internally restricted net assets:

	2022	2021
Student Bursaries	\$ 591	\$ 704
Advancement funds	1,670	1,350
Research funds	2,200	2,053
Research equipment	400	400
Clinical education infrastructure	-	14
IT infrastructure	853	1,164
Facilities regeneration	365	508
Accreditation costs	47	47
Union negotiations	51	182
Legal costs	78	81
Recruitment costs	61	62
Strategic plan implementation & initiatives	243	1,268
General reserves	1,553	2,471
Self-insurance	295	295
Balance, end of year	\$ 8,407	\$ 10,599

10. Funds held in trust:

	2022	2021
Research Chair in Aboriginal and Rural Health - Trust Funds	3,758	3,728
AMS Hannah Chair in the History of Aboriginal Health – Trust Funds	3,220	3,256
Northern Ontario Academic Medicine Association – Trust Funds	12,131	7,296
Balance, end of year	\$ 19,109	\$ 14,280

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

During a previous fiscal year, the University 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, \$30 (2021 - \$28) was earned on these funds and \$NIL (2021 - \$NIL) of disbursements were charged to these funds, to bring the funds held in trust to \$3,758 (2021 - \$3,728).

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

During previous fiscal years, the University received \$2,000 from Associated Medical Services Incorporated and the University 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, \$26 (2021 - \$24) was earned on these funds and \$62 (2021 - \$NIL) of disbursements were charged to these funds, bringing the funds held in trust to \$3,220 (2021 - \$3,256).

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

10. Funds held in trust (continued)

(c) Northern Ontario Academic Medicine Association – Trust Funds

During the current fiscal year, the University received \$16,117 (2021 - \$7,392) from the Ministry of Health to hold in trust for the Northern Ontario Academic Medicine Association (“NOAMA”). These funds are to be used by the NOAMA to fund the operations of the Academic Health Science Centre Alternative Funding Plan. In a service agreement with NOAMA, the University provides the accounts payable processing on NOAMA’s behalf and holds NOAMA’s funds in trust. The balance of these funds held by the University at April 30, 2022 is \$12,131 (2021 - \$7,296).

11. Paymaster Agreement

On July 1, 2007, the University accepted residents into its own accredited Post Graduate Family Medicine program and into its own Post Graduate Specialty Medicine programs in subsequent fiscal years. In an agreement with the Ministry of Health, the University 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 University paid residents’ salaries totaling \$15,824 (2021 – \$15,368). During the fiscal year, the University received funding related to residents’ salaries totaling \$15,824 (2021 - \$15,368).

12. Medical Student Bursary Program

Beginning in January 2013, the University 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 University paid bursaries and administration costs totaling \$520 (2021 - \$602). During the fiscal year, the University received funding related to bursaries and administration costs totaling \$520 (2021 - \$629).

13. Changes in non-cash working capital:

	2022	2021
Cash provided by (used in):		
Accounts receivable	\$ (1,450)	\$ 692
Due to host campus universities	(54)	(25)
Prepaid expenses	139	(189)
Accounts payable and accrued liabilities	1,981	1,399
Government payroll remittances payable	1	35
Deferred revenue	(52)	1,754
	\$ 565	\$ 3,666

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

14. Financial Instruments:

(a) Fair Values

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

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

(b) Risks arising from Financial Instruments

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

Credit Risk

Credit risk is the risk of financial loss to the University if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the University's accounts receivable and short term investments. The University 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 University will not be able to meet all cash flow obligations as they come due. The University mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

15. Related party transactions:

		Lakehead University	Laurentian University
Goods and services	- 2022	\$ 1,359	\$ 1,281
	- 2021	\$ 1,315	\$ 1,133
Endowment funds	- 2022	\$ 215	\$ -
	- 2021	\$ 303	\$ 398

The host campus universities and NOSM University collaborate via a Relationship Agreement in connection with services. Some of these services will continue after April 1, 2022, when the NOSM University Act received proclamation and NOSM became an independent University. These continuing services include facilities and support services, technology, and telecommunications services, and other educational, research, and operational matters.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

15. Related party transactions (continued):

The host campus universities currently hold and administer the endowment funds on behalf of the NOSM University. The University is in discussions with both host campus universities with respect to the transfer of these endowment funds to NOSM University. The use of these funds is restricted for NOSM University student bursaries. The balance of the funds held at Lakehead University as at April 30, 2022 is \$13,115 (2021 - \$14,245 and 2020 - \$12,477). The balance of the funds held at Laurentian at April 30, 2022 is \$14,600. The balance as at April 30, 2021 was unconfirmed due to the CCAA process, however, the balance at April 30, 2020 was \$14,006. The aggregate balance at April 30, 2022 was \$27,715 and at April 30, 2020 was \$26,483.

16. Other information:

The 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:

(a) Prior to September 30, 2021, the University operated a defined contribution pension plan in which the University contributes a set amount to the plan in respect of individual employees. Employer contributions made by the University during the year ended April 30, 2022 amounted to approximately \$574 (2021 - \$1,343).

Effective September 30, 2021, the University wound up the University run defined contribution pension plan. The University joined the Healthcare of Ontario Pension Plan (HOOPP) on October 1, 2021. All employees of the University received the option of joining HOOPP or managing their own personal retirement options. Employer contributions made by the University to HOOPP during the year ended amounted to approximately \$1,072 (2021 - \$NIL).

Variances between actuarial funding estimates and actual experience may be material and any differences are to be funded proportionately by the employees and the employer. The most recent actuarial valuation of the Plan as at December 31, 2021 indicates the Plan is 120% funded.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

17. Pension Plan (continued):

- (b) Prior to January 1, 2005, some NOSM University 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 University 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, 2022, are equal to \$356 (2021 - \$350). The assets as at April 30, 2022 that consist of cash and cash equivalents, are equal to \$94 (2021 - \$92). The pension expense for the fiscal year ended April 30, 2022 is a charge of \$12 (2021 – charge of \$10). The expense includes \$16 (2021 - \$15) in expected interest costs during the fiscal year. The assets set aside for the Notional DC SuRP are part of NOSM University's general assets. No cash payments of future benefits were made during the fiscal year (2021 – NIL).

18. Economic Dependence:

The University 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 University 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, 2022 financial statements.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2022
(Thousands of dollars)

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 University prior to that date, related to tuition and research, could now be doubtful and a bad debt expense was incurred in the fiscal year ended April 30, 2021 (Note 4).

Endowment funds held by Laurentian University on behalf of NOSM University are invested by Laurentian University and income earned on the investments are paid as bursaries to NOSM University students each year (Note 15). Laurentian University did not pay student bursaries from these funds to NOSM University students in the year. NOSM University did receive alternative funds from donors and paid those funds to NOSM University students during the year, to offset the potential impact to the NOSM University students. The Laurentian CCAA may continue to have a direct impact on the ability of the University to pay student bursaries from these funds to NOSM University students. There is a continued risk that the University will need to generate new income to fund future annual bursary payments to NOSM University students should the endowment funds not be received, 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 University.

As endowment funds held by Laurentian University, on behalf of NOSM University, do not directly impact NOSM University's financial position and only directly impacts NOSM University students, it is not viewed as impacting the University's going concern assumptions.

22. Subsequent Event:

On September 14, 2022, the Plan of Compromise and Arrangement related to the Laurentian University CCAA proceedings was voted upon and approved. As a result, the NOSM University Endowment Funds held by Laurentian University as of April 30, 2022, of approximately \$14.6 million will be transferred to NOSM University at an Implementation Date to be determined. The actual amount of the NOSM Endowment Funds that will be transferred to NOSM University will be updated to reflect further investment income and gain or losses earned between year end and the Implementation Date.