



Financial Statements

Northern Ontario School of Medicine University

April 30, 2024

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Independent Auditor's Report

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

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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, 2024, 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, 2024, 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 18, 2024

Chartered Professional Accountants
Licensed Public Accountants

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Statement of Financial Position

(Thousands of Dollars)

	As at April 30, 2024	As at April 30, 2023
Assets		
Current assets:		
Cash	\$ 29,909	\$ 26,202
Accounts receivable (Note 2)	3,761	1,821
Prepaid expenses	478	429
Investment portfolio - Short-term - Endowments restricted (Note 3)	7,843	2,112
	41,991	30,564
Investment portfolio - Endowments restricted (Note 3)	51,805	24,407
Capital assets (Note 4)	4,723	4,887
	\$ 98,519	\$ 59,858
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (Note 5)	\$ 13,605	\$ 11,334
Government payroll remittances payable	67	62
Deferred revenue (Note 6)	6,602	4,934
	20,274	16,330
Deferred capital contributions (Note 7)	4,723	4,887
	24,997	21,217
Net assets:		
Internally restricted (Note 8)	10,370	9,380
Endowments restricted (Note 9)	63,152	29,261
	73,522	38,641
	\$ 98,519	\$ 59,858

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, 2024, with comparative figures for 2023

(Thousands of dollars)

	2024	2023
Revenue:		
Government grants - Ministry of Colleges and Universities	\$ 30,107	\$ 31,384
Government grants - Ministry of Health	18,686	16,191
Government grants - Paymaster Program (Note 11)	17,731	15,289
Government grants - Medical Student Bursary Program (Note 12)	602	565
Government and other grants for restricted purposes	4,414	3,442
Tuition fees	6,533	6,301
Bank interest income	1,182	848
Investment returns (Note 3)	965	121
Bursary and advancement income	1,259	1,599
Miscellaneous income	1,721	1,223
Amortization of deferred capital contributions	886	983
Total revenue	\$ 84,086	\$ 77,946
Expenses:		
Salaries, benefits, and other compensation	\$ 46,334	\$ 43,066
Salaries, benefits, and other compensation - Paymaster Program (Note 11)	17,731	15,289
Travel and accommodations	1,393	888
Travel and accommodations - Learners	3,167	3,061
Office	2,075	2,067
Curriculum and faculty development	2,212	1,795
Library	1,352	1,352
Technology and telecommunications	1,435	1,179
Facilities	2,001	2,162
Research - General Expenses and Supplies	1,088	1,136
Consulting	931	1,111
Medical Student Bursary Program (Note 12)	620	565
Bursaries	1,871	1,518
Amortization of capital assets	886	983
Total expenses	\$ 83,096	\$ 76,172
Excess of revenue over expenses	\$ 990	\$ 1,774
Transfers - Internally Restricted Net Assets	\$ (990)	\$ (1,774)
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, 2024, with comparative figures for 2023
(Thousands of dollars)

	Unrestricted	Internally Restricted (Note 8)	Endowments Restricted (Note 9)	Total 2024	Total 2023
Net assets, beginning of year	-	9,380	29,261	38,641	15,385
Change in endowments during the year - Laurentian University transfer (Notes 9 & 15)	-	-	-	-	14,251
Change in endowments during the year - Lakehead University transfer (Notes 9 & 15)	-	-	15,171	15,171	-
Endowment contributions - External donors (Note 9)	-	-	13,367	13,367	6,417
Chair fund donations - External donors (Note 9)	-	-	4,000	4,000	-
Transfer from internally restricted to endowments	-	-	-	-	-
Investment returns allocated to external endowments (Note 3)	-	-	2,187	2,187	755
Bank interest earned on external endowments (Note 9)	-	-	131	131	180
Allocation for spending of externally endowed accumulated investment returns (Note 3)	-	-	(965)	(965)	(121)
Excess of revenue over expenses	990	-	-	990	1,774
Transfer from unrestricted to internally restricted	(990)	990	-	-	-
Net assets, end of year	\$ -	\$ 10,370	\$ 63,152	\$ 73,522	\$ 38,641

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, 2024, with comparative figures for 2023

(Thousands of dollars)

	2024	2023
Operating Funds		
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 990	\$ 1,774
Items not involving cash:		
Amortization of deferred capital contributions	(886)	(983)
Amortization of capital assets	886	983
Changes in non-cash working capital (Note 13)	1,955	835
	<u>2,945</u>	<u>2,609</u>
Cash flows from financing and investing activities:		
Endowment funds received - Laurentian University	-	14,251
Endowment funds received - Lakehead University	15,171	
Endowment funds received - External donations	13,367	6,417
Endowment funds received - Chair Funds	4,000	
Endowment funds bank interest earned - Externally restricted endowments	131	180
Allocation for spending of externally endowed accumulated investment returns (Note 3)	(965)	(121)
Transferred to investment portfolio	(30,942)	(25,764)
Deferred capital contributions	722	743
Capital assets acquired	(722)	(743)
	<u>762</u>	<u>(5,037)</u>
Net decrease in cash	3,707	(2,428)
Cash, beginning of year	26,202	28,630
Cash, end of year	\$ 29,909	\$ 26,202
Represented by:		
Cash - operating	\$ 29,909	\$ 26,202

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, 2024
(Thousands of dollars)

General

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.

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 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. 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 are recorded as revenue in the period the academic term runs. 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 other than external endowment 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.

Endowment contributions having externally imposed restrictions are recognized as direct increases in endowment net assets.

Unrestricted investment income is recognized as revenue during the period in which it is earned.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Investment returns attributed to the capital preservation of external endowments is recognized as increases to endowment net assets. Investment returns on external endowments allocated for spending is recognized as revenue in the statement of operations.

Investment returns attributed to internal (Board) endowments is recognized as revenue in the statement of operations and transferred to internal (Board) endowments in the statement of changes in net assets if intended for the capital preservation of the net 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 are recorded at fair value. The value of investments recorded in the combined financial statements is determined as follows:

- i) Guaranteed Investment Certificates ("GIC"), savings accounts and money market funds, are valued at cost plus accrued interest which together approximates fair value. Some short-term investments meet the definition of cash and cash equivalents but are held for investment rather than liquidity purposes and are classified as investments.
- ii) Canadian equities consist of Canadian and private equities. Canadian equities are traded on the open market. Fair values are based on the latest closing price. Private equities are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.
- iii) Foreign equities consist of U.S., non-North American, global and private equities. U.S., non-North American and global equities are traded on the open market. Fair values are based on the latest closing price. Private equities are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.
- iv) Fixed income includes Canadian bonds, securities, and income funds. Canadian bonds, securities, and income funds are traded on the open market and fair values are based on the latest closing price.

(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

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

1. Significant accounting policies (continued):

(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.

(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 or as increases in external endowment net assets. In addition, all bonds and GICs have been designated to be in the fair value category, with gains and losses reported in operations or as increases in external endowment net assets. GICs are valued at cost plus accrued interest which together approximates fair value. 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.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

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 in related party transactions 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:

- i) 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. Experience 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.

- ii) The University offers a multiemployer defined benefit pension plan to employees called Healthcare of Ontario Pension Plan (HOOPP). Due to the nature of the plan, the University does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multiemployer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period when the University is obligated to make contributions for services rendered by the employee.

2. Accounts receivable:

	2024	2023
Government and other grants and miscellaneous receivables	\$ 711	\$ 569
Harmonized sales tax recoverable	478	445
Lakehead University	490	8
Ministry of Colleges and Universities	2,073	764
Ministry of Health	9	35
	\$ 3,761	\$ 1,821

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

3. Investment Portfolio – Endowments restricted:

The University's investment portfolio is comprised of a number of different securities carrying a variety of terms and conditions. Investments consist of the following:

	2024		2023	
	Market	Cost	Market	Cost
Endowed				
Canadian equities	\$ 12,493	\$ 11,965	\$ 6,416	\$ 6,292
Canadian fixed income	32,111	31,642	14,968	14,641
Foreign equities	7,201	6,362	3,023	2,783
Cash and equivalents account	7,843	7,843	2,112	2,112
	\$ 59,648	\$ 57,812	\$ 26,519	\$ 25,828
Less : Short-term	(7,843)	(7,843)	(2,112)	(2,112)
Long-term investments	\$ 51,805	\$ 49,969	\$ 24,407	\$23,716

Endowed investments consist of externally restricted funds held in perpetuity and received by the University for student awards and bursaries and research chairs. These funds are for the benefit of current and future generations.

Investment returns allocated to external endowments are comprised of the following:

	2024	2023
Unrealized gains on investments	\$ 932	\$ 450
Realized gains/(losses) on investments	(8)	(27)
Interest and dividend income	1,263	332
Investment returns	\$ 2,187	\$ 755

Investment returns allocated for spending are calculated as follows:

	2024	2023
Investment returns	\$ 2,187	\$ 755
Investment returns allocated to external endowments	(2,187)	(755)
Allocation for spending of externally endowed accumulated investment returns	965	121
Investment returns	\$ 965	\$ 121

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

4. Capital assets:

	2024			2023		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 23,711	\$ 22,619	\$ 1,092	\$ 23,450	\$ 22,076	\$ 1,374
Computer software	1,483	1,483	-	1,483	1,483	-
Leasehold improvements	6,567	2,936	3,631	6,186	2,673	3,513
	\$ 31,761	\$ 27,038	\$ 4,723	\$ 31,119	\$ 26,232	\$ 4,887

5. Accounts payable and accrued liabilities:

	2024	2023
Accounts payable and accrued liabilities	\$ 3,279	\$ 3,363
Accrued salaries, benefits, and other compensation	2,560	2,381
Laurentian University	91	309
Ministry of Colleges and Universities	787	740
Ministry of Health	6,888	4,541
	\$ 13,605	\$ 11,334

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:

	2024	2023
Ministry of Health	\$ 824	\$ 368
Tuition fees	425	380
Ministry of Colleges and Universities	92	-
Bursary and Advancement income	2,370	2,110
Government and other grants and miscellaneous income	2,891	2,076
	\$ 6,602	\$ 4,934

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(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:

	2024	2023
Balance, beginning of year	\$ 4,887	\$ 5,127
MCU funding	722	743
Amortization of deferred capital contributions	(886)	(983)
Balance, end of year	\$ 4,723	\$ 4,887

8. Net Assets - Internally restricted:

	2024	2023
Student Bursaries	\$ 1,610	\$ 1,120
Advancement funds	1,370	968
Research funds	2,423	2,418
Research equipment	400	400
IT infrastructure	1,016	938
Facilities regeneration	537	451
Accreditation costs	43	43
Union negotiations	-	84
Legal costs	83	79
Recruitment costs	43	60
Strategic plan implementation & initiatives	160	225
General reserves	2,395	2,279
Self-insurance	290	315
Balance, end of year	\$ 10,370	\$ 9,380

9. Net Assets – Endowments restricted:

Externally restricted net assets include externally restricted donations received by the University where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

9. Net Assets – Endowments restricted (continued):

	2024	2023
Research Chair in Aboriginal and Rural Health	\$ 4,011	\$ 3,895
AMS Hannah Chair in the History of Aboriginal Health	3,318	3,252
Dr. Gilles Arcand Centre for Health Equity Fund	3,083	-
Department of Pathology Chair	1,000	-
Donor Restricted Student Awards and Bursaries	51,740	22,114
Balance, end of year	\$ 63,152	\$ 29,261

(a) Research Chair in Aboriginal and Rural Health

During a previous fiscal year, the University received \$1,500 from the Ministry of Colleges and Universities to establish an externally restricted endowment for 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 to \$3,000. During the current fiscal year, \$184 (2023 - \$137) was earned on these funds and \$68 (2023 - \$NIL) of disbursements were charged to these funds, to bring the funds held to \$4,011 (2023 - \$3,895).

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

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 an externally restricted endowment for a Research Chair in the History of Aboriginal Health. During the current fiscal year, \$156 (2023 - \$117) was earned on these funds and \$90 (2023 - \$85) of disbursements were charged to these funds, bringing the funds held to \$3,318 (2023 - \$3,252).

(c) Dr. Gilles Arcand Centre for Health Equity Fund

During the current fiscal year, the University received \$3,000 to establish the Dr. Gilles Arcand Centre for Health Equity Fund. These funds are to support the Dr. Gilles Arcand Centre for Health Equity. During the current fiscal year, \$83 was earned on these funds and no disbursements were charged to these funds, bringing the funds held to \$3,083.

(d) Department of Pathology Chair

During the current fiscal year, the University received \$1,000 to establish a Department of Pathology Chair. During the current fiscal year, no income was earned on these funds and no disbursements were charged to these funds, bringing the funds held to \$1,000.

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

9. Net Assets – Endowments restricted (continued):

(e) Donor Restricted Student Awards and Bursaries

During the previous fiscal year, the University established an Endowment Management Policy and began managing and maintaining donations in accordance with the Policy.

In April 2024, NOSM University received confirmation that the NOSM Endowment Funds of \$15,171 that were being held by Lakehead University (Note 15) would be transferred. On April 23, 2024, \$14,591 was transferred to NOSM University with the remaining \$580 transferred on July 25, 2024, subsequent to year end.

In the previous fiscal year on November 28, 2022, NOSM University received NOSM Endowment Funds of \$14,251 that were being held by Laurentian University (Note 15).

During the current fiscal year, the University received \$13,367 (2023 - \$6,417) in donations for endowed awards and bursaries. On the endowed awards and bursaries funds, the University earned \$1,895 (2023 - \$681) in interest and investment income on the donor restricted funds held for endowed awards and bursaries. The University awarded \$807 (2023 - \$36) from these funds during the year and the total of the funds for donor restricted awards and bursaries at year end is \$51,740 (2023 - \$22,114).

	2024	2023
Balance, beginning of year	\$ 29,261	\$ 6,978
Laurentian University transfer	-	14,251
Lakehead University transfer	15,171	-
Chair fund donations	4,000	-
External donations	13,367	6,417
Transfer from internally restricted net assets	-	801
Bank interest earned	131	180
Investment returns allocated (Note 4)	2,187	755
Allocation for spending – Bursaries (Note 4)	(807)	(36)
Allocation for spending – Expenses (Note 4)	(158)	(85)
Balance, end of year	\$ 63,152	\$ 29,261

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

10. Funds held in trust:

	2024	2023
Northern Ontario Academic Medicine Association – Trust Funds	12,646	12,143
Balance, end of year	\$ 12,646	\$ 12,143

Northern Ontario Academic Medicine Association – Trust Funds

During the current fiscal year, the University received \$14,440 (2023 - \$14,503) from the Ministry of Health to hold in trust for the Northern Ontario Academic Medicine Association (“NOAMA”). These funds earned bank interest income of \$670 (2023 - \$419). These funds are to be used by the NOAMA to fund the operations of the Academic Health Science Centre Alternative Funding Plan and disbursements totaling \$14,779 (2023 - \$14,882) were made in the current fiscal year.

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, 2024, is \$12,646 (2023 - \$12,143) and are not recorded in the Statement of Financial Position.

11. Paymaster Program

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 \$17,731 (2023 – \$15,289). During the fiscal year, the University received funding related to residents’ salaries totaling \$17,731 (2023 - \$15,289).

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 \$620 (2023 - \$565). During the fiscal year, the University received funding related to bursaries and administration costs totaling \$602 (2023 - \$565).

NORTHERN ONTARIO SCHOOL OF MEDICINE UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

13. Changes in non-cash working capital:

	2024	2023
Cash provided by (used in):		
Accounts receivable	\$ (1,940)	\$ 545
Prepaid expenses	(49)	63
Accounts payable and accrued liabilities	2,271	184
Government payroll remittances payable	5	(484)
Deferred revenue	1,668	527
	<u>\$ 1,955</u>	<u>\$ 835</u>

14. Financial Instruments:

(a) Fair Values

The University's financial instruments are comprised of cash, accounts receivable, investments, and accounts payable and accrued liabilities.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value because of the short term nature of these instruments. The fair value of investments is disclosed in Note 3.

(b) Financial Risk

The primary risk exposures for financial instruments are foreign currency, interest rate, market, and credit risks. The University's Investment Policy governs the asset mix among equity, fixed income, and alternative investments, requiring diversification within categories, and setting limits on the size of exposure to individual investments and counterparties.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The University has limits on the amount of investments in foreign currency, to mitigate any uncertainty for future financial results.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The University is subject to interest rate risk with respect to certain investments. The University currently has no debt.

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Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

14. Financial Instruments (continued):

Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Management mitigates this risk through diversification of its investment portfolio as stipulated in the University's Investment Policy.

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 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. The University's investments must adhere to minimum quality standard ratings as stipulated in the University's Investment Policy.

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.

There have been significant changes to the risk exposures during the current fiscal year with the in year receipt of the endowment funds previously held at Lakehead University and in year investment of these endowment funds by NOSM University.

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Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

15. Lakehead University and Laurentian University transactions:

		Lakehead University	Laurentian University
Goods and services purchased from	- 2024	\$ 1,649	\$ 974
	- 2023	\$ 1,735	\$ 1,270
Endowment funds transferred (from)	- 2024	\$ (15,171)	\$ -
	- 2023	\$ -	\$ (14,251)

Lakehead University and Laurentian University both individually collaborate with NOSM University via Relationship Agreements in connection with services. Some of these services have continued 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.

Lakehead University and Laurentian University both individually held and administered endowment funds on behalf of NOSM University. The use of these funds was restricted for NOSM University student bursaries.

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 \$14,251 were to be transferred to NOSM University on November 28, 2022.

In April 2024, NOSM University received confirmation that NOSM Endowment Funds of \$15,171 that were being held by Lakehead University would be transferred. On April 23, 2024, \$14,591 was transferred to NOSM University with the remaining \$590 transferred on July 25, 2024, subsequent to year end and set up as accounts receivable. The balance of the funds held by Lakehead University as at April 30, 2023 was \$14,219.

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.

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Notes to Financial Statements

Year ended April 30, 2024
(Thousands of dollars)

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 amounted to approximately \$NIL (2022 - \$574).

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 \$2,183 (2023 - \$1,937).

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 valuation of the Plan as at December 31, 2023 indicates the Plan is 115% funded.

- (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 was 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, 2024, are equal to \$384 (2023 - \$374). The assets as at April 30, 2024 that consist of cash and cash equivalents, are equal to \$99 (2023 - \$96). The pension expense for the fiscal year ended April 30, 2024 is a charge of \$14 (2023 – charge of \$14). The expense includes \$19 (2023 - \$19) 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. Cash payments of future benefits totaling \$20 (2023 – NIL) were made during the fiscal year.

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.

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Notes to Financial Statements

Year ended April 30, 2024
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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, 2024 financial statements.