

TRIUMF

Summary Financial Statements
March 31, 2018



July 24, 2018

Independent Auditor's Report

To the Joint Venturers of TRIUMF

The accompanying summary financial statements of TRIUMF, which comprise the summary statement of financial position as at March 31, 2018 and the summary statement of combined funding/income and expenditures and changes in fund balances for the year then ended, and related notes, are derived from the audited financial statements of TRIUMF for the year ended March 31, 2018. We expressed an unmodified audit opinion on those financial statements in our report dated June 29, 2018. Those financial statements, and the summary financial statements, do not reflect the effect of events that occurred subsequent to the date of our report on the audited financial statements.

The summary financial statements do not contain all the disclosures required by section 11b of the TRIUMF joint venture agreement, and are prepared using the basis of accounting referred to in Note 2 of the accompanying summary financial statements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of TRIUMF.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of these summary financial statements on the basis described in the note 2 to the summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on these summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, these summary financial statements derived from the audited financial statements of TRIUMF for the year ended March 31, 2018 are a fair summary of those financial statements on the basis described in the note to the summary financial statements.

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TRIUMF**SUMMARY STATEMENT OF FINANCIAL POSITION**

As at March 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| | <u>\$</u> | <u>\$</u> |
| Assets | | |
| Cash and cash equivalents | 9,900,656 | 20,622,124 |
| Investments | 25,552,737 | 14,132,800 |
| Restricted cash and investments | 11,176,375 | 11,012,752 |
| Due from Joint Venturers | 1,472,091 | 1,018,703 |
| Funding receivable | 2,044,693 | 943,220 |
| | <u>50,146,552</u> | <u>47,729,599</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 3,083,074 | 2,499,419 |
| Funds received in advance | 6,011,915 | 17,762,570 |
| | <u>9,094,989</u> | <u>20,261,989</u> |
| Fund Balances | | |
| Externally restricted | | |
| National Research Council Fund | - | 878,814 |
| Natural Sciences and Engineering Research Council Fund | 1,977,708 | 1,911,810 |
| Institute for Advanced Medical Isotopes (Capital Fund) | 12,734,393 | - |
| NORDION Inc. Fund | 100,000 | 100,000 |
| Decommissioning Fund | 11,176,375 | 11,012,752 |
| | <u>25,988,476</u> | <u>13,903,376</u> |
| Internally designated | | |
| Commercial Revenue Fund | 7,147,022 | 6,048,450 |
| Intramural Accounts Fund | 4,250,581 | 3,794,456 |
| Project Initiatives Fund | 3,000,000 | 3,000,000 |
| | <u>14,397,603</u> | <u>12,842,906</u> |
| Unrestricted | | |
| General Fund | 665,484 | 721,328 |
| | <u>41,051,563</u> | <u>27,467,610</u> |
| Total liabilities and fund balances | <u>50,146,552</u> | <u>47,729,599</u> |

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

TRIUMF**SUMMARY STATEMENT OF COMBINED FUNDING/INCOME
AND EXPENDITURES AND CHANGES IN FUND BALANCES**

For the year ended March 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| | <u>\$</u> | <u>\$</u> |
| Funding/income | | |
| National Research Council Fund | 54,572,800 | 53,672,800 |
| Natural Sciences and Engineering Research Council Fund | 5,301,174 | 5,200,469 |
| Canada Foundation for Innovation (including Provincial Contribution) | 8,179,172 | 1,692,573 |
| Institute for Advanced Medical Isotopes (Capital Fund) | 12,250,000 | - |
| NORDION Inc. Fund | 4,508,268 | 4,266,120 |
| TRIUMF Innovations Fund | 508,702 | 495,029 |
| Decommissioning Fund | 163,623 | 157,646 |
| Affiliated Institutions Fund | 3,860,975 | 3,217,658 |
| Commercial Revenue Fund | 3,580,367 | 4,087,663 |
| Intramural Accounts Fund | 1,888,665 | 1,516,230 |
| General Fund | 399,753 | 388,086 |
| | <u>95,213,499</u> | <u>74,694,274</u> |
| Expenditures | | |
| Buildings and improvements | 1,364,740 | 1,241,045 |
| Computer | 1,726,155 | 2,041,203 |
| Consulting | 2,428,946 | 2,342,758 |
| Equipment | 14,959,079 | 7,124,492 |
| Power | 4,437,775 | 4,289,857 |
| Salaries and benefits | 48,136,571 | 45,577,335 |
| Supplies and other expenses | 6,009,529 | 5,926,048 |
| Telecommunications | 264,862 | 183,823 |
| Travel | 2,301,889 | 2,198,224 |
| | <u>81,629,546</u> | <u>70,924,785</u> |
| Surplus of funding over expenditures for the year | 13,583,953 | 3,769,489 |
| Fund balances - Beginning of year | <u>27,467,610</u> | <u>23,698,121</u> |
| Fund balances - End of year | <u>41,051,563</u> | <u>27,467,610</u> |

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

NOTES TO SUMMARY FINANCIAL STATEMENTS

1. Nature of operations

TRIUMF is Canada's national particle accelerator laboratory. It is owned and operated as a joint venture by a consortium of Canadian universities via a contribution through the National Research Council of Canada (NRC). As a registered charity, TRIUMF is not subject to income tax under paragraph 149 (1)(f) of the *Income Tax Act* (Canada).

At March 31, 2018, the members of the joint venture are the University of British Columbia, Simon Fraser University, University of Victoria, University of Alberta, University of Calgary, University of Regina, University of Manitoba, Carleton University, University of Guelph, Queen's University, University of Toronto, York University and l'Université de Montréal.

The University of Regina transitioned from associate member to a full member during the year.

Each university owns an undivided 7.69% interest in all the assets and liabilities of TRIUMF, except for the land and buildings occupied by TRIUMF, which are owned by the University of British Columbia.

These financial statements include only the assets, liabilities, funding and expenditures of the activities carried on under the control of TRIUMF and do not include the assets, liabilities, revenues and expenditures of the individual joint venture members.

Sources of funding include grants and contributions from the NRC, the Natural Sciences and Engineering Research Council, Canada Foundation for Innovation, Province of BC (Ministry of Health); advances and reimbursements from other sources; commercial revenues; and investment income. TRIUMF has established a number of separate funds to account for the various funding sources. The sources and purposes of these funds are:

National Research Council Fund (NRC)

Funding of operations, improvements and development; expansion of technical facilities (buildings excluded); and general support for experiments.

Natural Sciences and Engineering Research Council Fund (NSERC)

Funding to grantees for experiments related to TRIUMF activities. These funds are administered by TRIUMF on behalf of the grantees.

Canada Foundation for Innovation (CFI)

Funding to Canadian universities for capital projects related to TRIUMF initiatives and temporary operating funds for newly built infrastructure. These funds are administered by the universities and TRIUMF is reimbursed for expenditures undertaken in accordance with the terms of each grant. The funding that is reported under CFI includes any provincial and third-party matching funds required by the grant.

Institute for Advanced Medical Isotopes (Capital Fund)

Funding for the capital construction of a specialized infrastructure to support the expansion of TRIUMF's innovative world-class life sciences program. The funding is derived from federal, provincial and third-party sources.

NORDION Inc. Fund

Advances and reimbursements from NORDION Inc. for expenditures incurred at TRIUMF.

TRIUMF Innovations Fund (formerly Advanced Applied Physics Solutions Inc. Fund - AAPS)

Advances and reimbursements from TRIUMF Innovations Inc. (TI) for expenditures processed by TRIUMF.

Decommissioning Fund

While there is no intention of decommissioning the TRIUMF facilities, the TRIUMF joint venture members have complied with federal legislation by putting in place a decommissioning plan, including a funding plan, in the event TRIUMF is decommissioned. The decommissioning plan is updated regularly in compliance with TRIUMF's licensing requirements.

Consistent with TRIUMF's accounting policies (note 2), all decommissioning costs will be expensed in the period in which the costs are incurred.

At March 31, 2018, the balance in the fund, \$11.2 million, is held in an escrow account to fund decommissioning costs. The majority of the holdings are invested in cash and mutual funds of \$10.6 million (2017 - \$10.5 million), and a small holding is in equity investments of \$0.6 million (2017 - \$0.5 million). The funds are managed by an appointed escrow agent, Royal Trust Corporation of Canada, as agreed to by the Canadian Nuclear Safety Commission (CNSC), a joint venture of each member university and TRIUMF Accelerators Inc. (TAI), (holder of TRIUMF's operating license). Each member university has entered into an agreement confirming it will share the cost of any funding shortfall in the event decommissioning costs exceed funding available for decommissioning.

Affiliated Institutions Fund

Advances and reimbursements for expenditures undertaken on behalf of various Canadian and international institutions for scientific projects and experiments carried out at TRIUMF.

Commercial Revenue Fund

Royalties, revenues and expenditures relating to commercial activities and technology transfer.

Intramural Accounts Fund

Net recoveries generated by internal projects and services. The recoveries of expenditures are charged to the appropriate TRIUMF funding source by the appropriate internal project accounts.

Project Initiatives Fund

Funding for capital and project expenditures that are non-reimbursable and including ineligible expenditures associated with TRIUMF initiatives.

General Fund

Investment income generated that is used for non-qualifying discretionary expenditures incurred by TRIUMF.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with section 11(b) of the TRIUMF joint venture agreement. TRIUMF has elected to follow Canadian Public Sector Accounting Standards (PSAS), including accounting standards that apply to government not-for-profit organizations, except that all property, plant and equipment purchased or constructed for use at TRIUMF and related decommissioning costs (if any) are expensed in the period in which the costs are incurred.

These financial statements do not include the accounts of TAI, a not-for-profit federal corporation incorporated in 2006 and controlled by TRIUMF. The only asset held by TAI is the operating license issued by the CNSC, which was recorded at the exchange value of \$nil. Since inception, TAI has not incurred any expenses or liabilities and has not recognized any revenue.