

TRIUMF

Summary Financial Statements
March 31, 2016



August 17, 2016

Report of the independent auditor on the summary financial statements

To the Joint Venturers of TRIUMF

The accompanying summary financial statements, which comprise the summary statement of financial position as at March 31, 2016 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, 2016. We expressed an unmodified audit opinion on those financial statements in our report dated June 24, 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all of 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 a summary of the audited financial statements on the basis described in Note 2 of the summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the 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, the summary financial statements derived from the audited financial statements of TRIUMF for the year ended March 31, 2016 are a fair summary of those financial statements, on the basis described in Note 2 of the summary financial statements.

PricewaterhouseCoopers LLP

Chartered Professional Accountant

SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
Assets		
Cash and cash equivalents	5,172,391	6,979,272
Investments	14,142,903	7,076,065
Restricted cash and investments	10,855,106	10,750,766
Due from Joint Venturers	437,190	348,289
Funding receivable	1,412,637	1,214,098
	<u>32,020,227</u>	<u>26,368,490</u>
Liabilities		
Accounts payable and accrued liabilities	3,073,206	2,892,334
Funds received in advance	5,248,900	3,364,431
	<u>8,322,106</u>	<u>6,256,765</u>
Fund Balances		
Externally restricted		
National Research Council	902,272	-
Natural Sciences and Engineering Research Council Fund	2,035,533	2,126,198
NORDION Inc. Fund	100,000	100,000
Decommissioning Fund	10,855,106	10,750,766
	<u>13,892,911</u>	<u>12,976,964</u>
Internally designated		
Commercial Revenue Fund	5,930,005	3,865,021
Intramural Accounts Fund	3,268,358	2,758,798
	<u>9,198,363</u>	<u>6,623,819</u>
Unrestricted		
General Fund	606,847	510,942
	<u>23,698,121</u>	<u>20,111,725</u>
Total liabilities and fund balances	<u>32,020,227</u>	<u>26,368,490</u>

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

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

For the year ended March 31, 2016

	2016	2015
	\$	\$
Funding/income		
National Research Council Fund	50,832,800	45,000,000
Natural Sciences and Engineering Research Council Fund	6,223,956	6,672,462
Canada Foundation for Innovation (including Provincial Contribution)	1,877,073	4,642,134
Natural Resources Canada	197,113	699,919
NORDION Inc. Fund	4,518,114	4,254,275
Advanced Applied Physics Solutions Inc. Fund	1,039,454	1,276,291
Decommissioning Fund	104,340	185,097
Affiliated Institutions Fund	1,863,102	1,792,060
Commercial Revenue Fund	3,437,037	2,928,289
Intramural Accounts Fund	1,435,191	1,429,002
General Fund	344,445	253,782
	71,872,625	69,133,311
Expenditures		
Buildings and improvements	713,797	658,787
Computer	2,049,935	1,273,950
Consulting	1,336,209	1,115,182
Equipment	6,615,415	5,448,862
Power	3,911,147	3,889,433
Salaries and benefits	42,887,165	42,112,423
Supplies and other expenses	8,348,163	10,343,174
Telecommunications	224,223	198,790
Travel	2,200,175	1,613,368
	68,286,229	66,653,969
Surplus (deficit) of funding over expenditures for the year	3,586,396	2,479,342
Fund balances - Beginning of year	20,111,725	17,632,383
Fund balances - End of year	23,698,121	20,111,725

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 laboratory for particle and nuclear physics. 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.

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

At March 31, 2016, each university owned an undivided 8.33% 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 National Research Council, the Natural Sciences and Engineering Research Council, Canada Foundation for Innovation, Natural Resources Canada, 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 activities 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 the grant. The funding that is reported under CFI includes any provincial matching funds (usually from British Columbia Knowledge Development Fund (BCKDF) required by the grant.

Natural Resources Canada (NRCan)

Funding for projects related to TRIUMF activities that create a sustainable resource advantage for Canada.

NORDION Inc. Fund

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

Advanced Applied Physics Solutions Inc. (AAPS)

Advances and reimbursements from AAPS for expenditures incurred at 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, 2016, the balance in the fund, \$ 10.9 million, is held in an escrow account to fund decommissioning costs. The majority of the holdings are invested in cash and mutual funds of \$10.4 million (2015 - \$10.3 million), and a small holding in equity investments of \$0.5 million (2015 - \$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. (holder of TRIUMF's operating license). Each Member University has entered into an agreement confirming they 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 Intramural Accounts.

General Fund

Investment income generated 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 TRIUMF Accelerators Inc. (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 Canadian Nuclear Safety Commission, 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.