

TRIUMF

Summary Financial Statements
March 31, 2017



July 27, 2017

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, 2017 and 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, 2017. We expressed an unmodified audit opinion on those financial statements in our report dated July 4, 2017.

The summary financial statements do not contain all of the disclosures required by section 11(b) 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, 2017 are a fair summary of those financial statements, on the basis described in Note 2 of the summary financial statements.

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SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2017

	2017	2016
	\$	\$
Assets		
Cash and cash equivalents	20,622,124	5,172,391
Investments	14,132,800	14,142,903
Restricted cash and investments	11,012,752	10,855,106
Due from Joint Venturers	1,018,703	533,823
Funding receivable	943,220	1,316,004
	47,729,599	32,020,227
Liabilities		
Accounts payable and accrued liabilities	2,499,419	2,697,206
Funds received in advance	17,762,570	5,624,900
	20,261,989	8,322,106
Fund Balances		
Externally restricted		
National Research Council	878,814	902,272
Natural Sciences and Engineering Research Council Fund	1,911,810	2,035,533
NORDION Inc. Fund	100,000	100,000
Decommissioning Fund	11,012,752	10,855,106
	13,903,376	13,892,911
Internally designated		
Commercial Revenue Fund	6,048,450	5,930,005
Intramural Accounts Fund	3,794,456	3,268,358
Project Initiatives Fund	3,000,000	
	12,842,906	9,198,363
Unrestricted		
General Fund	721,328	606,847
	27,467,610	23,698,121
Total liabilities and fund balances	47,729,599	32,020,227

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, 2017

	2017	2016
	\$	\$
Funding/income		
National Research Council Fund	53,672,800	50,832,800
Natural Sciences and Engineering Research Council Fund	5,200,469	6,223,956
Canada Foundation for Innovation (including Provincial Contribution)	1,692,573	1,877,073
Natural Resources Canada	-	197,113
NORDION Inc. Fund	4,266,120	4,518,114
Advanced Applied Physics Solutions Inc. Fund	495,029	1,039,454
Decommissioning Fund	157,646	104,340
Affiliated Institutions Fund	3,217,658	1,863,102
Commercial Revenue Fund	4,087,663	3,437,037
Intramural Accounts Fund	1,516,230	1,435,191
General Fund	388,086	344,445
	74,694,274	71,872,625
Expenditures		
Buildings and improvements	1,241,045	713,797
Computer	2,041,203	2,049,935
Consulting	2,342,758	1,336,209
Equipment	7,124,492	6,615,415
Power	4,289,857	3,911,147
Salaries and benefits	45,577,335	42,887,165
Supplies and other expenses	5,926,048	8,348,163
Telecommunications	183,823	224,223
Travel	2,198,224	2,200,175
	70,924,785	68,286,229
Surplus (deficit) of funding over expenditures for the year	3,769,489	3,586,396
Fund balances - Beginning of year	23,698,121	20,111,725
Fund balances - End of year	27,467,610	23,698,121

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 under paragraph 149 (1)(f) of the *Income Tax Act* (Canada).

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, 2017, 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.

The University of Regina has applied for membership of the joint venture and the transition to full membership is expected to be complete by March 31, 2018.

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, 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 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, 2017, the balance in the fund, \$ 11.0 million (2016 - \$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 \$10.5 million (2016 - \$10.4 million), and a small holding in equity investments of \$0.5 million (2016 - \$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.

Project Initiative Fund

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

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.