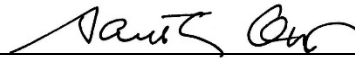


SUBJECT	TRI-UNIVERSITIES MESON FACILITY FINANCIAL STATEMENTS MARCH 31, 2017
MEETING DATE	DECEMBER 5, 2017

Forwarded to the Board of Governors on the Recommendation of the President

APPROVED FOR SUBMISSION



 Santa J. Ono, President and Vice-Chancellor

FOR INFORMATION

Report Date	November 1, 2017
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Presented By Andrew Simpson, Vice-President Finance & Operations
 Stuart Mackenzie, Director, Financial Reporting & Budgeting

EXECUTIVE SUMMARY

The TRIUMF Board of Management has approved the audited financial statements for the year ended March 31, 2017. The financial statements were prepared by TRIUMF and have been audited by PricewaterhouseCoopers LLP.

TRIUMF is Canada’s national laboratory for particle and nuclear physics, owned and operated as a joint venture by twelve Canadian universities (at March 2017), under a contribution from the National Research Council of Canada. These twelve universities are the University of Alberta, University of Calgary, Carleton University, the University of Victoria, Simon Fraser University, the University of British Columbia (UBC), the University of Toronto, the University of Guelph, the University of Manitoba, l’Université de Montréal, Queen’s University and York University.

At March 31, 2017, each university owned an undivided 8.33% interest in all assets and was responsible for 8.33% of all liabilities and obligations of TRIUMF, except for the land and building occupied by TRIUMF, which are owned by UBC.

As a registered charity, TRIUMF is not subject to income tax.

INSTITUTIONAL STRATEGIC PRIORITIES SUPPORTED

- Learning
 Research
 Innovation
 Engagement
 International
 (Internal / External)

or Operational

DESCRIPTION & RATIONALE

UBC is required to prepare audited consolidated financial statements on an annual basis, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. The financial statements of TRIUMF are included in the audited consolidated financial statements of UBC.

BENEFITS UBC is ranked amongst the best worldwide and is regarded as a globally influential university with a reputation for excellence in advanced research and learning. Ensuring that the operating activities of related organizations are aligned with the University's objectives, and that the financial statements of related organizations are included in the consolidated financial statements in accordance with the required accounting framework, would continue to support the University in maintaining its reputation and credibility.

RISKS In light of funding constraints and continuing changes to the relevant accounting standards, it is imperative to ensure that the financial statements of related organizations are included in the consolidated financial statements in accordance with the required accounting framework. Otherwise it may result in further financial pressures, restrictions on the University's ability to maintain required service levels, negative impacts to the University's reputation, in addition to other risks.

TRIUMF

Financial Statements
March 31, 2017



July 4, 2017

Independent Auditor's Report

**To the Joint Venturers of
TRIUMF**

We have audited the accompanying financial statements of TRIUMF, which comprise the statement of financial position as at March 31, 2017 and the statements of combined funding/income and expenditures and changes in fund balances and cash flows for the year then ended, and the related notes, including a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management using the basis of accounting described in note 2 of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in note 2 of the financial statements, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TRIUMF as at March 31, 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the basis of accounting described in note 2 of the financial statements.

Basis of accounting and restriction of use

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist TRIUMF to comply with the reporting provisions of the TRIUMF joint venture agreement. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Joint Venturers of TRIUMF.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

TRIUMF

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 (notes 4 and 10)	1,018,703	533,823
Funding receivable (note 3)	943,220	1,316,004
	<u>47,729,599</u>	<u>32,020,227</u>
Liabilities		
Accounts payable and accrued liabilities	2,499,419	2,697,206
Funds received in advance (note 5)	17,762,570	5,624,900
	<u>20,261,989</u>	<u>8,322,106</u>
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
	<u>13,903,376</u>	<u>13,892,911</u>
Internally designated		
Commercial Revenue Fund	6,048,450	5,930,005
Intramural Accounts Fund	3,794,456	3,268,358
Project Initiative Fund	3,000,000	-
	<u>12,842,906</u>	<u>9,198,363</u>
Unrestricted		
General Fund	721,328	606,847
	<u>27,467,610</u>	<u>23,698,121</u>
Total liabilities and fund balances	<u>47,729,599</u>	<u>32,020,227</u>
Commitments (note 6)		
Economic dependence (note 9)		

Approved by the Board of Directors



Director



Director

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

TRIUMF

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
	<u>74,694,274</u>	<u>71,872,625</u>
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
	<u>70,924,785</u>	<u>68,286,229</u>
Surplus of funding over expenditures for the year	3,769,489	3,586,396
Fund balances - Beginning of year	<u>23,698,121</u>	<u>20,111,725</u>
Fund balances - End of year	<u>27,467,610</u>	<u>23,698,121</u>

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

TRIUMF

Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016
	\$	\$
Cash provided by (used in)		
Operating activities		
Surplus of funding over expenditures for the year	3,769,489	3,586,396
Changes in working capital items		
Increase in due from Joint Venturers	(484,880)	(88,901)
Decrease (increase) in funding receivable	372,784	(198,539)
(Decrease) increase in accounts payable and accrued liabilities	(197,787)	180,872
Increase in funds received in advance	12,137,670	1,884,469
	<u>15,597,276</u>	<u>5,364,297</u>
Investing activities		
Increase in restricted cash and investments	(157,646)	(104,340)
Net decrease (increase) in investments	10,103	(7,066,838)
	<u>(147,543)</u>	<u>(7,171,178)</u>
Increase (decrease) in cash and cash equivalents	15,449,733	(1,806,881)
Cash and cash equivalents - Beginning of year	<u>5,172,391</u>	<u>6,979,272</u>
Cash and cash equivalents - End of year	<u>20,622,124</u>	<u>5,172,391</u>

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

National Research Council Fund

For the year ended March 31, 2017

	2017 \$	2016 \$
Funding		
National Research Council	53,672,800	50,832,800
Expenditures		
Buildings and improvements	1,064,197	571,787
Computer	1,889,713	1,805,682
Consulting	648,016	582,551
Equipment	4,842,628	4,655,795
Power	4,289,857	3,911,147
Salaries and benefits	37,961,265	34,884,243
Supplies and other expenses	4,060,603	4,840,130
Telecommunications	166,262	175,900
Travel	904,757	911,569
Expenditure recoveries	(2,131,040)	(1,318,076)
	<u>53,696,258</u>	<u>51,020,728</u>
Deficit of funding over expenditures for the year	(23,458)	(187,928)
Contribution from Commercial Revenue Fund	-	1,090,200
Fund balance - Beginning of year	<u>902,272</u>	-
Fund balance - End of year	<u>878,814</u>	<u>902,272</u>

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

Natural Sciences and Engineering Research Council Fund

For the year ended March 31, 2017

	2017 \$	2016 \$
Funding		
Common grant awarded	3,558,372	4,688,187
Subgrants awarded	1,642,097	1,535,769
	<hr/> 5,200,469	<hr/> 6,223,956
Expenditures		
Computer	87,002	78,515
Consulting	286,896	320,427
Equipment	632,700	448,144
Salaries and benefits	2,689,434	2,755,485
Supplies and other expenses	704,034	1,808,476
Telecommunications	2,335	430
Travel	921,791	903,144
	<hr/> 5,324,192	<hr/> 6,314,621
Deficit of funding over expenditures for the year	(123,723)	(90,665)
Fund balance - Beginning of year	<hr/> 2,035,533	<hr/> 2,126,198
Fund balance - End of year	<hr/> 1,911,810	<hr/> 2,035,533

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

Canada Foundation for Innovation

For the year ended March 31, 2017

	2017 \$	2016 \$
Funding		
CFI Capital Contribution	825,448	933,878
Provincial Capital Contribution	133,327	41,336
CFI Infrastructure Operating Funds (IOF)	733,798	901,859
	<hr/>	<hr/>
Total advances and reimbursements	1,692,573	1,877,073
	<hr/>	<hr/>
Expenditures		
Buildings and improvements	8,161	46,068
Computer	9,543	35,023
Power	301,810	28,521
Consulting	5,438	-
Equipment	572,863	451,419
Salaries and benefits	645,397	901,172
Supplies and other expenses	143,878	400,024
Travel	5,483	14,846
	<hr/>	<hr/>
	1,692,573	1,877,073
	<hr/>	<hr/>
Surplus of funding over expenditures for the year	-	-
Fund balance - Beginning of year	-	-
	<hr/>	<hr/>
Fund balance - End of year	-	-
	<hr/>	<hr/>

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

Natural Resources Canada

For the year ended March 31, 2017

	2017 \$	2016 \$
Funding		
Advances and reimbursements	-	197,113
	<hr/>	
Expenditures		
Computer	-	5,577
Equipment	-	1,583
Salaries and benefits	-	153,714
Supplies and other expenses	-	27,201
Telecommunications	-	143
Travel	-	8,895
	<hr/>	
	-	197,113
	<hr/>	
Surplus of funding over expenditures for the year	-	-
Fund balance - Beginning of year	-	-
	<hr/>	
Fund balance - End of year	-	-
	<hr/>	

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

TRIUMF**Statement of Funding and Expenditures and Changes in Fund Balance****NORDION Inc. Fund****For the year ended March 31, 2017**

	2017 \$	2016 \$
Income		
Advances and reimbursements	4,266,120	4,518,114
	<hr/>	<hr/>
Expenditures		
Buildings and improvements	122,294	17,395
Computer	24,502	30,129
Consulting	9,412	19,631
Equipment	311,548	424,537
Power	393,168	403,623
Salaries and benefits	3,047,860	2,987,646
Supplies and other expenses	351,782	634,204
Telecommunications	477	360
Travel	5,077	589
	<hr/>	<hr/>
	4,266,120	4,518,114
	<hr/>	<hr/>
Surplus of income over expenditures for the year	-	-
Fund balance - Beginning of year	100,000	100,000
	<hr/>	<hr/>
Fund balance - End of year	100,000	100,000
	<hr/>	<hr/>

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

Advance Applied Physics Solutions Inc. Fund

For the year ended March 31, 2017

	2017 \$	2016 \$
Income		
Advances and reimbursements	495,029	1,039,454
Expenditures		
Building and improvements	-	21,487
Computer	7,758	13,519
Consulting	-	862
Equipment	-	35,551
Salaries and benefits	463,593	930,842
Supplies and other expenses	23,540	34,485
Telecommunications	138	36
Travel	-	2,672
	495,029	1,039,454
Surplus of income over expenditures for the year	-	-
Fund balance - Beginning of year	-	-
Fund balance - End of year	-	-

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

TRIUMF**Statement of Income and Expenditures and Changes in Fund Balance****Decommissioning Fund****For the year ended March 31, 2017**

	2017	2016
	\$	\$
Income		
Investment income	157,646	104,340
Expenditures		
Expenditures	-	-
Surplus of income over expenditures for the year	157,646	104,340
Fund balance - Beginning of year	10,855,106	10,750,766
Fund balance - End of year	11,012,752	10,855,106

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

Affiliated Institutions Fund

For the year ended March 31, 2017

	2017 \$	2016 \$
Funding		
Advances and reimbursements	3,217,658	1,863,102
Expenditures		
Computer	18,877	72,982
Consulting	247,687	253,950
Equipment	690,182	488,345
Salaries and benefits	1,579,364	497,480
Supplies and other expenses	397,620	255,823
Telecommunications	874	272
Travel	283,054	294,250
	3,217,658	1,863,102
Surplus of funding over expenditures for the year	-	-
Fund balance - Beginning of year	-	-
Fund balance - End of year	-	-

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

TRIUMF

Statement of Income and Expenditures and Changes in Fund Balance

Commercial Revenue Fund

For the year ended March 31, 2017

	2017 \$	2016 \$
Income		
Royalties	2,704,815	2,283,598
Other commercial income	1,382,848	1,153,439
	<u>4,087,663</u>	<u>3,437,037</u>
Expenditures		
Buildings and improvements	1,499	-
Computer	105	213
Consulting	688,417	11,080
Equipment	2,557	1,432
Salaries and benefits	218,087	227,262
Supplies and other expenses	17,090	18,516
Telecommunications	-	3
Travel	41,463	23,347
	<u>969,218</u>	<u>281,853</u>
Surplus of income over expenditures for the year	3,118,445	3,155,184
Contribution to National Research Council Fund	-	(1,090,200)
Contribution to Project Initiative Fund	(3,000,000)	-
Fund balance - Beginning of year	<u>5,930,005</u>	<u>3,865,021</u>
Fund balance - End of year	<u>6,048,450</u>	<u>5,930,005</u>

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

TRIUMF

Statement of Income and Expenditures and Changes in Fund Balance

Intramural Accounts Fund

For the year ended March 31, 2017

	2017 \$	2016 \$
Income		
Salaries and benefits recoveries	322,101	387,526
Rentals	1,194,129	1,047,665
	<hr/> 1,516,230	<hr/> 1,435,191
Expenditures		
Buildings and improvements	44,894	57,060
Computer	3,703	8,294
Consulting	317,052	31,248
Equipment	72,014	108,609
Salaries and benefits	408,397	435,253
Supplies and other expenses	95,366	200,639
Telecommunications	13,737	47,079
Travel	34,969	37,449
	<hr/> 990,132	<hr/> 925,631
Surplus of income over expenditures for the year	526,098	509,560
Fund balance - Beginning of year	<hr/> 3,268,358	<hr/> 2,758,798
Fund balance - End of year	<hr/> <hr/> 3,794,456	<hr/> <hr/> 3,268,358

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

TRIUMF

Statement of Income and Expenditures and Changes in Fund Balance

Project Initiatives Fund

For the year ended March 31, 2017

	2017 \$	2016 \$
Funding		
Advances and reimbursements	-	-
	<hr/>	<hr/>
Expenditures		
Buildings and improvements	-	-
Computer	-	-
Equipment	-	-
Salaries and benefits	-	-
Supplies and other expenses	-	-
Telecommunications	-	-
Travel	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Surplus of funding over expenditures for the year	-	-
Contribution from Commercial Revenue Fund	3,000,000	-
Fund balance - Beginning of year	-	-
	<hr/>	<hr/>
Fund balance - End of year	3,000,000	-
	<hr/>	<hr/>

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

TRIUMF**Statement of Income and Expenditures and Changes in Fund Balance****General Fund****For the year ended March 31, 2017**

	2017 \$	2016 \$
Income		
Investment and other	388,086	344,445
Expenditures		
Escrow fees	48,222	47,559
Supplies and other expenses	225,383	200,981
	273,605	248,540
Surplus of income over expenditures for the year	114,481	95,905
Fund balance - Beginning of year	606,847	510,942
Fund balance - End of year	721,328	606,847

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

TRIUMF

Notes to Financial Statements

March 31, 2017

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).

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 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 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 the grant. The funding that is reported under CFI includes any provincial matching fund required by the grant.

TRIUMF

Notes to Financial Statements

March 31, 2017

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 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, 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 transfers.

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.

TRIUMF

Notes to Financial Statements

March 31, 2017

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 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.

Revenue recognition

a) Contributions and funding for restricted funds

TRIUMF follows the restricted fund method of accounting for contributions to the NRC Fund, the NSERC Fund, the CFI Fund, the NRCan Fund, the Decommissioning Fund, the NORDION Inc. Fund, the AAPS Fund and the Affiliated Institutions Fund. Contributions are recognized as revenue in the appropriate fund in the period in which they are received.

b) Other revenue

Revenue received in advance for the Affiliated Institution Fund is deferred as a liability on the statement of financial position, and recognized as revenue in the period the related services or expenses are incurred.

Commercial revenue is considered to be realized or realizable and earned when all of the following criteria are met: persuasive evidence of a sales arrangement exists; delivery has occurred or services have been rendered; the price is fixed or determinable; and collectability is reasonably assured. These criteria are generally met when services are rendered or at the time of product shipment when the risk of loss and title passes to the customer or distributor.

TRIUMF

Notes to Financial Statements

March 31, 2017

Operating costs

Operating supplies are expensed in the period they are acquired.

Financial instruments

Financial instruments consist of cash and cash equivalents, investments, restricted cash and investments, due from Joint Venturers, funding receivable, accounts payable and accrued liabilities and funds received in advance.

Cash and cash equivalents, investments, restricted cash and investments, (other than the holding in equity investments) due from Joint Venturers, funding receivable, accounts payable and accrued liabilities and funds received in advance are initially measured at fair value and subsequently carried at amortized cost. Investments that are held in equities are initially and subsequently measured at fair value.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term investments with a maturity of less than three months that are readily convertible to a known amount of cash.

Investments

Investments consist of guaranteed investment certificates that are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. Interest earned is recognized as income in the General Fund. As at March 31, 2017, TRIUMF had \$14,000,000 (2016 - \$14,000,000), plus accrued interest in redeemable and non-redeemable investments with maturities in April 2017, May 2017, September 2017 and October 2017.

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Foreign currency

Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date, and revenue and expenses expressed in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Foreign exchange gains and losses are included in the results of the General Fund.

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Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

3 Funding receivable

	2017 \$	2016 \$
Natural Resources Canada	-	281,681
NORDION Inc. Fund	420,714	567,609
Advanced Applied Physics Solutions Inc. Fund	55,517	207,469
Affiliated Institutions Fund	151,847	147,257
Other receivable	304,006	97,889
GST/HST (net rebate)	11,136	14,099
	<u>943,220</u>	<u>1,316,004</u>

4 Due from Joint Venturers

	2017 \$	2016 \$
University of Victoria	191,359	328,748
Simon Fraser University	76,711	30,190
University of British Columbia	60,701	126,559
University of Winnipeg	189,866	32,663
University of Calgary	459,617	-
Others	40,449	15,663
	<u>1,018,703</u>	<u>533,823</u>

5 Funds received in advance

	2017 \$	2016 \$
Affiliated Institutions Fund	4,836,927	5,165,325
Carleton University	299,643	83,575
Province of British Columbia	12,250,000	-
E. Vogt Medal Fund	176,000	176,000
M. Craddock Fund	200,000	200,000
	<u>17,762,570</u>	<u>5,624,900</u>

On March 31, 2017, TRIUMF received \$12.25 million from the Province of BC for the creation of the Institute for Advanced Medical Isotopes (IAMI). IAMI is a capital project that will revitalize TRIUMF's aging life sciences infrastructure, and ensure that Canada remains on the forefront of nuclear medicine research and radioisotope production. Among the various stipulations attached to the funding is the requirement from TRIUMF to obtain matching funds from non provincial government agencies.

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6 Commitments

In addition to the accounts payable reflected on the statement of financial position, outstanding commitments, representing the estimated costs of purchase commitments and contracts placed at the fiscal year-end, comprise:

	2017 \$	2016 \$
National Research Council Fund	4,129,382	3,616,967
Natural Sciences and Engineering Research Council Fund	258,265	251,407
Canada Foundation for Innovation	1,661,655	110,617
Natural Resources Canada	-	4,008
NORDION Inc. Fund	60,876	113,467
Affiliated Institutions Fund	785,288	600,448
Advanced Applied Physics Solutions Inc. Fund	6,585	25,803
Commercial Revenue Fund	8,907	6,665
Intramural Accounts Fund	45,078	308,672
General Fund	-	77,642
	<u>6,956,036</u>	<u>5,115,696</u>

Commitments for the next fiscal years are as follows:

	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	Total by Fund \$
National Research Council Fund	3,246,324	408,537	407,526	66,995	-	4,129,382
Natural Sciences and Engineering Research Council Fund	258,265	-	-	-	-	258,265
Canada Foundation for Innovation	1,656,355	5,300	-	-	-	1,661,655
Natural Resources Canada	-	-	-	-	-	-
NORDION Inc. Fund	60,876	-	-	-	-	60,876
Affiliated Institutions Fund	614,012	85,638	85,638	-	-	785,288
Advanced Applied Physics Solutions Inc. Fund	6,585	-	-	-	-	6,585
Commercial Revenue Fund	8,907	-	-	-	-	8,907
Intramural Accounts Fund	45,078	-	-	-	-	45,078
General Fund	-	-	-	-	-	-
	<u>5,896,402</u>	<u>499,475</u>	<u>493,164</u>	<u>66,995</u>	<u>-</u>	<u>6,956,036</u>

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7 Financial instruments and risk management

Risk management

TRIUMF is exposed to a variety of financial risks, including market risk, credit risk, liquidity risk and currency fluctuation risk. However, this exposure is not significant. TRIUMF's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on TRIUMF's financial performance.

Market risk

TRIUMF is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. Due to the nature of the financial instruments, this exposure is not significant.

Credit risk

TRIUMF is exposed to credit risk in the event of non-payment by funding agencies or Joint Venturers. Due to the fact that the majority of TRIUMF's funding is from the Government of Canada through the NRC (see note 9) and other federal and provincial government agencies for approved projects, this exposure is not significant.

At March 31, 2017, the following receivables were past due but not impaired:

	30 days \$	60 days \$	90 days \$	Over 120 days \$
Due from Joint Venturers	868,892	149,811	-	-
Funding receivable	712,663	117,024	12,881	100,652

At March 31, 2016, the following receivables were past due but not impaired:

	30 days \$	60 days \$	90 days \$	Over 120 days \$
Due from Joint Venturers	533,823	-	-	-
Funding receivable	887,674	81,954	78,236	268,140

Interest rate risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility of these rates. TRIUMF is exposed to interest rate risk on its fixed income instruments, however the exposure is not significant.

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Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk). TRIUMF is not exposed to other price risk.

Liquidity risk

Liquidity risk is the risk that TRIUMF will not be able to meet its financial obligations as they come due. TRIUMF's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flows to fund operations and settle liabilities when due. All TRIUMF's accounts payable and accrued liabilities are due to be settled in six months or less.

Currency fluctuation risk

TRIUMF has expenses that are denominated in US dollars, and TRIUMF's operational costs and expenses are incurred in Canadian dollars. Therefore, a decrease in the value of the Canadian dollar relative to the US dollar represents a currency risk.

TRIUMF uses derivative financial instruments to manage foreign currency risk. This includes net US dollar cash flows arising from US dollar denominated transactions and specific transaction risks in other currencies. TRIUMF enters into currency forward exchange contracts to manage this risk. Unrealized gains and losses from currency contracts are included in the statement of income and expenditures using year-end exchange or market rates. TRIUMF does not apply hedge accounting.

As at March 31, 2017, TRIUMF had foreign exchange forward contracts in places consisting of US\$4 million maturing at various dates in fiscal year 2018.

8 Pension arrangements

The employees of TRIUMF are members of the pension plan administered by the university that sponsors their employment. TRIUMF records the pension expense as cash contributions are made to the plans based on a prescribed percentage of employee earnings. The pension expense for the year was \$2,864,031 (2016 - \$2,700,621). In the event there is a future deficiency in the pension plans, the plan's policy for balancing benefits and funding requires a reduction in benefits, starting with future indexing. Consequently, TRIUMF is not required to fund any such deficiency.

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9 Economic dependence

TRIUMF's operations are funded under a contribution from the Government of Canada through the NRC. TRIUMF is economically dependent upon this funding source for its ongoing viability. On March 4, 2010, the Government of Canada announced a commitment of \$222.3 million to fund TRIUMF over the five years from April 1, 2010 to March 31, 2015. In its 2014-15 budget announcement, the Government of Canada has renewed its commitment to TRIUMF with a \$222.3 million funding base for the five years beginning 2015-16. As part of its Economic Plan 2015 announced on April 21, 2015, the Government of Canada made an additional commitment to TRIUMF of \$44.99 million over five years commencing April 1, 2015.

10 Related party transactions

TRIUMF enters into transactions with the members of the joint venture in the normal course of operations. The members of the joint venture are considered related parties to TRIUMF. Amounts due from Joint Venturers are disclosed in note 4. Revenues from Joint Venturers are recorded in the CFI Fund and NSERC Fund for sub grants. Salaries and benefits are paid by the University of British Columbia, TRIUMF's paymaster, and are recorded in the applicable funds.

Under the terms of the joint venture agreement, the University of British Columbia provides the land and buildings occupied by TRIUMF for \$100 per year to the joint venture. TRIUMF pays for all other goods and services provided by the University of British Columbia and the other Joint Venturers on a fee-for-service basis.

Balances with related parties are unsecured, non-interest bearing, and are due in the normal course of business.

11 Advanced Applied Physics Solutions Inc. (AAPS)

AAPS is a not-for-profit organization incorporated under Part II of the Canada Corporations Act on February 21, 2008, and was continued under the Canada Not-For-Profit Corporations Act in November, 2014. AAPS' sole Founding Member was TRIUMF.

AAPS received start-up funding totalling \$14,955,575 in April 2008 from the Government of Canada's Networks of Centres of Excellence Program through the Centres of Excellence for Commercialization and Research Initiative (CECR). AAPS was funded to commercialize Canadian research and technology, which may include TRIUMF research and technology.

At the end of fiscal year March 31, 2016, AAPS had exhausted CECR funding and successfully exited the CECR program.

As of April 1st, 2016, AAPS became a controlled entity of TRIUMF due to the operational funding support it receives from TRIUMF. The ongoing funding support is in exchange for providing the services of a business interface for the industry partnering activities for TRIUMF. This ensures AAPS has the liquidity it requires to continue as a going concern. During fiscal year 2016-17, TRIUMF transferred \$687,400 to AAPS.

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The net assets, revenues and expenses of AAPS are not consolidated in TRIUMF's financial statements. The financial summary of AAPS as at March 31, 2017 is as follows:

	2017 \$ (Unaudited)	2016 \$ (Unaudited)
Financial position		
Total assets	3,412,685	3,785,810
Revenue and expenses		
Revenue	693,205	1,306,004
Expenses	(832,618)	(1,617,641)
Excess of expenses over revenue	<u>(139,413)</u>	<u>(311,637)</u>
Cash flows		
Cash flows from operating activities	(395,460)	(1,014,837)
Cash flows from investing activities	500,000	833,422