

<b>SUBJECT</b>	<b>TRI-UNIVERSITIES MESON FACILITY ("TRIUMF") FINANCIAL STATEMENTS MARCH 31, 2018</b>
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<b>MEETING DATE</b>	<b>NOVEMBER 26, 2018</b>
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Forwarded on the Recommendation of the President

**APPROVED FOR  
SUBMISSION**



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Santa J. Ono, President and Vice-Chancellor

**FOR INFORMATION**

<b>Report Date</b>	November 1, 2018
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**Presented By** Peter Smailes, Vice-President Finance & Operations  
Stuart Mackenzie, Interim Comptroller

**EXECUTIVE SUMMARY**

The TRIUMF Board of Management has approved the audited financial statements for the year ended March 31, 2018. 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 thirteen Canadian universities (at March 2018), under a contribution from the National Research Council of Canada. These thirteen universities are the University of Alberta, the 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, York University and the University of Regina.

At March 31, 2018, each university owned an undivided 7.69% interest in all assets and was responsible for 7.69% 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  
 (Internal / External)     
  International

or a **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, using the proportionate consolidation method.

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<b>BENEFITS</b> Learning, Research, Financial, Sustainability & Reputational	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.
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<b>RISKS</b> Financial, Operational & Reputational	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.
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# **TRIUMF**

**Financial Statements  
March 31, 2018**



June 29, 2018

## **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, 2018, and the statements of combined funding and expenditures and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise 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, 2018 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 of 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, 2018**

	2018 \$	2017 \$
<b>Assets</b>		
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 (notes 4 and 10)	1,472,091	1,018,703
Funding receivable (note 3)	2,044,693	943,220
	<u>50,146,552</u>	<u>47,729,599</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,083,074	2,499,419
Funds received in advance (note 5)	6,011,915	17,762,570
	<u>9,094,989</u>	<u>20,261,989</u>
<b>Fund Balances</b>		
<b>Externally restricted</b>		
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>
<b>Internally designated</b>		
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>
<b>Unrestricted</b>		
General Fund	665,484	721,328
	<u>41,051,563</u>	<u>27,467,610</u>
<b>Total liabilities and fund balances</b>	<u>50,146,552</u>	<u>47,729,599</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 and Expenditures and Changes in Fund Balances For the year ended March 31, 2018

	2018 \$	2017 \$
<b>Funding/income</b>		
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>
<b>Expenditures</b>		
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>
<b>Surplus of funding over expenditures for the year</b>	13,583,953	3,769,489
<b>Fund balances - Beginning of year</b>	<u>27,467,610</u>	<u>23,698,121</u>
<b>Fund balances - End of year</b>	<u>41,051,563</u>	<u>27,467,610</u>

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

# TRIUMF

## Statement of Cash Flows

For the year ended March 31, 2018

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	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Surplus of funding over expenditures for the year	13,583,953	3,769,489
<b>Changes in working capital items</b>		
Increase in due from Joint Venturers	(453,388)	(484,880)
(Increase) decrease in funding receivable	(1,101,473)	372,784
Increase (decrease) in accounts payable and accrued liabilities	583,655	(197,787)
(Decrease) increase in funds received in advance	(11,750,655)	12,137,670
	<u>862,092</u>	<u>15,597,276</u>
<b>Investing activities</b>		
Increase in restricted cash and investments	(163,623)	(157,646)
Net (increase) decrease in investments	(11,419,937)	10,103
	<u>(11,583,560)</u>	<u>(147,543)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	(10,721,468)	15,449,733
<b>Cash and cash equivalents - Beginning of year</b>	<u>20,622,124</u>	<u>5,172,391</u>
<b>Cash and cash equivalents - End of year</b>	<u>9,900,656</u>	<u>20,622,124</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, 2018

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	2018 \$	2017 \$
<b>Funding</b>		
National Research Council	54,572,800	53,672,800
<b>Expenditures</b>		
Buildings and improvements	1,020,296	1,064,197
Computer	1,468,787	1,889,713
Consulting	981,560	648,016
Equipment	6,553,167	4,842,628
Power	4,437,775	4,289,857
Salaries and benefits	39,539,405	37,961,265
Supplies and other expenses	3,558,651	4,060,603
Telecommunications	259,696	166,262
Travel	935,973	904,757
Expenditure recoveries	(1,963,844)	(2,131,040)
	56,791,466	53,696,258
<b>Deficit of funding over expenditures for the year</b>	(2,218,666)	(23,458)
<b>Contribution from Commercial Revenue Fund</b>	1,339,852	-
<b>Fund balance - Beginning of year</b>	878,814	902,272
<b>Fund balance - End of year</b>	-	878,814

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, 2018

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	2018 \$	2017 \$
<b>Funding</b>		
Common grant awarded	3,774,841	3,558,372
Subgrants awarded	1,526,333	1,642,097
	<hr/> 5,301,174	<hr/> 5,200,469
<b>Expenditures</b>		
Computer	98,884	87,002
Consulting	192,659	286,896
Equipment	685,087	632,700
Salaries and benefits	2,800,190	2,689,434
Supplies and other expenses	429,450	704,034
Telecommunications	1,033	2,335
Travel	1,027,973	921,791
	<hr/> 5,235,276	<hr/> 5,324,192
<b>Surplus (deficit) of funding over expenditures for the year</b>	65,898	(123,723)
<b>Fund balance - Beginning of year</b>	<hr/> 1,911,810	<hr/> 2,035,533
<b>Fund balance - End of year</b>	<hr/> 1,977,708	<hr/> 1,911,810

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, 2018

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	2018 \$	2017 \$
<b>Funding</b>		
CFI capital contribution	4,639,760	825,448
Provincial capital contribution	3,130,478	133,327
CFI Infrastructure Operating Funds (IOF)	408,934	733,798
	<hr/> 8,179,172	<hr/> 1,692,573
<b>Expenditures</b>		
Buildings and improvements	230,527	8,161
Computer	24,122	9,543
Consulting	-	5,438
Equipment	6,171,381	572,863
Power	40,799	301,810
Salaries and benefits	1,069,356	645,397
Supplies and other expenses	638,958	143,878
Travel	4,029	5,483
	<hr/> 8,179,172	<hr/> 1,692,573
<b>Surplus of funding over expenditures for the year</b>	-	-
<b>Fund balance - Beginning of year</b>	<hr/> -	<hr/> -
<b>Fund balance - End of year</b>	<hr/> -	<hr/> -

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

# TRIUMF

## Statement of Funding and Expenditures and Changes in Fund Balance Institute for Advanced Medical Isotopes (Capital Fund) For the year ended March 31, 2018

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	2018 \$	2017 \$
<b>Funding</b>		
Federal funding	-	-
Provincial funding	12,250,000	-
Others	-	-
	<hr/> 12,250,000	<hr/> -
<b>Expenditures</b>		
Salaries and benefits	10,040	-
Supplies and other expenses	1,414	-
Travel	4,153	-
	<hr/> 15,607	<hr/> -
<b>Surplus of funding over expenditures for the year</b>	12,234,393	-
<b>Contribution from Intramural Accounts Fund</b>	500,000	-
<b>Fund balance - Beginning of year</b>	<hr/> -	<hr/> -
<b>Fund balance - End of year</b>	<hr/> 12,734,393	<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, 2018

	2018 \$	2017 \$
<b>Funding</b>		
Advances and reimbursements	4,508,268	4,266,120
<b>Expenditures</b>		
Buildings and improvements	72,886	122,294
Computer	34,557	24,502
Consulting	3,800	9,412
Equipment	390,746	311,548
Power	453,092	393,168
Salaries and benefits	3,292,429	3,047,860
Supplies and other expenses	259,747	351,782
Telecommunications	56	477
Travel	955	5,077
	4,508,268	4,266,120
<b>Surplus of funding over expenditures for the year</b>	-	-
<b>Fund balance - Beginning of year</b>	100,000	100,000
<b>Fund balance - End of year</b>	100,000	100,000

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

# TRIUMF

## Statement of Income and Expenditures and Changes in Fund Balance TRIUMF Innovations Fund For the year ended March 31, 2018

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	2018 \$	2017 \$
<b>Income</b>		
Advances and reimbursements	508,702	495,029
<b>Expenditures</b>		
Building and improvements	10,068	-
Computer	7,126	7,758
Salaries and benefits	461,658	463,593
Supplies and other expenses	27,862	23,540
Telecommunications	785	138
Travel	1,203	-
	508,702	495,029
<b>Surplus of income over expenditures for the year</b>	-	-
<b>Fund balance - Beginning of year</b>	-	-
<b>Fund balance - End of year</b>	-	-

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, 2018**

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	2018 \$	2017 \$
<b>Income</b>		
Investment income	163,623	157,646
<b>Expenditures</b>	-	-
<b>Surplus of income over expenditures for the year</b>	163,623	157,646
<b>Fund balance - Beginning of year</b>	11,012,752	10,855,106
<b>Fund balance - End of year</b>	11,176,375	11,012,752

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, 2018

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	2018 \$	2017 \$
<b>Funding</b>		
Advances and reimbursements	3,860,975	3,217,658
<b>Expenditures</b>		
Computer	67,567	18,877
Consulting	265,453	247,687
Equipment	940,257	690,182
Salaries and benefits	1,652,595	1,579,364
Supplies and other expenses	680,088	397,620
Telecommunications	119	874
Travel	254,896	283,054
	<u>3,860,975</u>	<u>3,217,658</u>
<b>Surplus of funding over expenditures for the year</b>	-	-
<b>Fund balance - Beginning of year</b>	-	-
<b>Fund balance - End of year</b>	<u>-</u>	<u>-</u>

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, 2018

	2018 \$	2017 \$
<b>Income</b>		
Royalties	2,245,463	2,704,815
Other commercial income	1,334,904	1,382,848
	<u>3,580,367</u>	<u>4,087,663</u>
<b>Expenditures</b>		
Building and improvements	646	1,499
Computer	38	105
Consulting	817,533	688,417
Equipment	26,615	2,557
Salaries and benefits	215,371	218,087
Supplies and other expenses	47,989	17,090
Travel	33,751	41,463
	<u>1,141,943</u>	<u>969,218</u>
<b>Surplus of income over expenditures for the year</b>	2,438,424	3,118,445
<b>Contribution to National Research Council Fund</b>	(1,339,852)	-
<b>Contribution to Project Initiatives Fund</b>	-	(3,000,000)
<b>Fund balance - Beginning of year</b>	<u>6,048,450</u>	<u>5,930,005</u>
<b>Fund balance - End of year</b>	<u>7,147,022</u>	<u>6,048,450</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, 2018

	2018 \$	2017 \$
<b>Income</b>		
Salaries and benefits recoveries	478,609	322,101
Rentals and other revenues	1,410,056	1,194,129
	<u>1,888,665</u>	<u>1,516,230</u>
<b>Expenditures</b>		
Buildings and improvements	30,317	44,894
Computer	22,351	3,703
Consulting	3,196	317,052
Equipment	191,826	72,014
Salaries and benefits	463,480	408,397
Supplies and other expenses	209,841	95,366
Telecommunications	3,174	13,737
Travel	8,355	34,969
	<u>932,540</u>	<u>990,132</u>
<b>Surplus of income over expenditures for the year</b>	956,125	526,098
<b>Contribution to Institute for Advanced Medical Isotopes (Capital Fund)</b>	(500,000)	-
<b>Fund balance - Beginning of year</b>	<u>3,794,456</u>	<u>3,268,358</u>
<b>Fund balance - End of year</b>	<u>4,250,581</u>	<u>3,794,456</u>

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

**TRIUMF****Statement of Funding and Expenditures and Changes in Fund Balance  
Project Initiatives Fund  
For the year ended March 31, 2018**

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	2018 \$	2017 \$
<b>Funding</b>	-	-
<b>Expenditures</b>	-	-
<b>Surplus of funding over expenditures for the year</b>	-	-
<b>Contribution from Commercial Revenue Fund</b>	-	3,000,000
<b>Fund balance - Beginning of year</b>	3,000,000	-
<b>Fund balance - End of year</b>	3,000,000	3,000,000

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, 2018**

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	2018 \$	2017 \$
<b>Income</b>		
Investment and other	399,753	388,086
<b>Expenditures</b>		
Escrow fees	49,041	48,222
Supplies and other expenses	406,556	225,383
	455,597	273,605
<b>(Deficit) surplus of income over expenditures for the year</b>	(55,844)	114,481
<b>Fund balance - Beginning of year</b>	721,328	606,847
<b>Fund balance - End of year</b>	665,484	721,328

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

# TRIUMF

## Notes to Financial Statements

March 31, 2018

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### 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 National Research Council, 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.

# **TRIUMF**

## **Notes to Financial Statements**

**March 31, 2018**

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### **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., (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.

# **TRIUMF**

## **Notes to Financial Statements**

**March 31, 2018**

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### **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 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 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.

### **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 IAMI Fund, the Decommissioning Fund, the NORDION Inc. Fund, the TRIUMF Innovations Fund and the Affiliated Institutions Fund. Contributions are recognized as revenue in the appropriate fund in the period in which they are received.

# TRIUMF

## Notes to Financial Statements

March 31, 2018

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b) Other revenue

Revenue received in advance for the Affiliated Institutions 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.

### 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 measured and subsequently carried 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, 2018, TRIUMF had \$25,250,000 (2017 - \$14,000,000) plus accrued interest in redeemable and non-redeemable investments with maturities in April 2018, May 2018, September 2018 and October 2018.

# TRIUMF

## Notes to Financial Statements

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### 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 assets and 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.

### New accounting pronouncements

Effective April 1, 2017, TRIUMF adopted sections PSAS 2200 - Related Party Disclosures, PSAS 3210 - Assets, PS 3320 - Contingent Assets, PS 3380 - Contractual Rights and PSAS 3420 - Inter-entity Transactions. The adoption of these standards did not have a material impact on the financial statements.

## 3 Funding receivable

	2018 \$	2017 \$
NORDION Inc. Fund	464,268	420,714
TRIUMF Innovations Fund	100,888	55,517
Affiliated Institutions Fund	690,743	151,847
Other receivable	659,103	304,006
GST/HST (net rebate)	129,691	11,136
	<u>2,044,693</u>	<u>943,220</u>

## 4 Due from Joint Venturers

	2018 \$	2017 \$
University of Victoria	-	191,359
Simon Fraser University	51,077	76,711
University of British Columbia	1,093,460	60,701
University of Winnipeg	93,905	189,866
University of Calgary	202,880	459,617
Others	30,769	40,449
	<u>1,472,091</u>	<u>1,018,703</u>

# TRIUMF

## Notes to Financial Statements

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### 5 Funds received in advance

	2018	2017
	\$	\$
Affiliated Institutions Fund	5,349,323	4,836,927
Carleton University	44,589	299,643
University of Victoria	408,741	-
Province of British Columbia	-	12,250,000
E. Vogt Medal Fund	176,000	176,000
M. Craddock Fund	-	200,000
Other	33,262	-
	<u>6,011,915</u>	<u>17,762,570</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 (Capital Fund). This capital project 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 that TRIUMF obtain matching funds.

During the year ended March 31, 2018, TRIUMF secured matching funds from the federal government. Accordingly, the province of BC's contribution of \$12.5 million was recognized into income in the current year. The confirmation of funding by the federal government was formally received in May 2018.

### 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 in place at the fiscal year-end, comprise:

	2018	2017
	\$	\$
National Research Council Fund	2,289,906	4,129,382
Natural Sciences and Engineering Research Council Fund	256,146	258,265
Canada Foundation for Innovation	8,322,882	1,661,655
NORDION Inc. Fund	194,069	60,876
Affiliated Institutions Fund	319,118	785,288
TRIUMF Innovations Fund	510	6,585
Commercial Revenue Fund	2,744	8,907
Intramural Accounts Fund	233,603	45,078
General Fund	243,122	-
	<u>11,862,100</u>	<u>6,956,036</u>

# TRIUMF

## Notes to Financial Statements

March 31, 2018

Commitments for the next fiscal years are as follows:

	2019	2020	2021	2022	Total by Fund
	\$	\$	\$	\$	\$
National Research Council Fund	1,720,392	422,825	106,626	40,063	2,289,906
Natural Sciences and Engineering Research Council Fund	256,065	81	-	-	256,146
Canada Foundation for Innovation	5,466,608	2,856,274	-	-	8,322,882
NORDION Inc. Fund	194,069	-	-	-	194,069
Affiliated Institutions Fund	238,997	80,121	-	-	319,118
TRIUMF Innovations Fund	510	-	-	-	510
Commercial Revenue Fund	2,744	-	-	-	2,744
Intramural Accounts Fund	233,603	-	-	-	233,603
General Fund	171,276	71,846	-	-	243,122
	<u>8,284,264</u>	<u>3,431,147</u>	<u>106,626</u>	<u>40,063</u>	<u>11,862,100</u>

## 7 Financial instruments and risk management

TRIUMF is exposed to a variety of financial risks, including market risk, credit risk and liquidity 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. TRIUMF is exposed to market risk and interest rate risk with regard to its cash and cash equivalents, investments and restricted cash and investments.

### Market risk

TRIUMF is exposed to market risk through the fluctuation of financial instrument fair values from 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. As the majority of TRIUMF's funding is from the Government of Canada through the NRC (note 9) and other federal and provincial government agencies for approved projects, this exposure is not significant.

At March 31, 2018, the following receivables were past due but not impaired:

	30 days	60 days	90 days	Over 90 days
	\$	\$	\$	\$
Due from Joint Venturers	1,472,091	-	-	-
Funding receivable	1,405,923	116,988	75,386	446,396

# TRIUMF

## Notes to Financial Statements

March 31, 2018

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

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

### 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.

### 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.

## 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 \$3,080,620 (2017 - \$2,864,031). In the event there is a future deficiency in the pension plans, the plans' 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.

# TRIUMF

## Notes to Financial Statements

March 31, 2018

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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 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 subgrants. 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 TRIUMF Innovations Inc. (TI) - formerly AAPS

TI 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. TI's sole founding member was TRIUMF.

TI 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). TI was funded to commercialize Canadian research and technology, which may include TRIUMF research and technology.

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

As of April 1, 2016, TI became a controlled entity of TRIUMF due to the operational funding support it receives from TRIUMF. During the year ended March 31, 2018, TRIUMF transferred \$817,533 to TI (2017 - \$687,400).

# TRIUMF

## Notes to Financial Statements

March 31, 2018

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The net assets, revenues and expenses of TI are not consolidated in TRIUMF's financial statements. The financial summary of TI as at March 31, 2018 is as follows:

	2018 \$ (Unaudited)	2017 \$ (Unaudited)
<b>Financial position</b>		
Total assets	3,482,538	3,412,685
<b>Revenue and expenses</b>		
Revenue	844,108	693,205
Expenses	(856,686)	(832,119)
<b>Excess of expenses over revenue</b>	(12,578)	(138,914)
<b>Cash flows</b>		
Cash flows from operating activities	(108,104)	(395,461)
Cash flows from investing activities	-	500,000

### 12 Endowment Fund

A permanent Endowment Fund has been established with the Vancouver Foundation, whereby \$350,000 from TRIUMF was transferred to the Vancouver Foundation during the year. The capital of the fund is held permanently by the Vancouver Foundation and accordingly is not recorded on the statement of financial position. Income from the Endowment Fund is to be distributed to TRIUMF every September, starting in 2018 and recorded in the Intramural Accounts Fund.