


SUBJECT	TRI-UNIVERSITIES MESON FACILITY - FINANCIAL STATEMENTS MARCH 31, 2019
MEETING DATE	NOVEMBER 26, 2019

Forwarded on the Recommendation of the President

**APPROVED FOR
SUBMISSION**



Santa J. Ono, President and Vice-Chancellor

FOR INFORMATION

Report Date	November 1, 2019
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Presented By Peter Smailes, Vice-President Finance & Operations
Karamjeet Heer, Comptroller

EXECUTIVE SUMMARY

The Tri-Universities Meson Facility (“TRIUMF”) Board of Management has approved the audited financial statements for the year ended March 31, 2019. 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 fourteen Canadian universities (at March 2019), under a contribution from the National Research Council of Canada. These fourteen 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, McMaster University and the University of Regina.

At March 31, 2019, each university owned an undivided 7.14% interest in all assets and was responsible for 7.14% 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.

STRATEGIC CORE AREAS SUPPORTED

- People and Places Research Excellence Transformative Learning Local / Global Engagement

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.

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.

Learning, Research,
Financial,
Sustainability &
Reputational

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.

Financial,
Operational &
Reputational

TRIUMF

Financial Statements
March 31, 2019



Independent auditor's report

To the Joint Venturers of TRIUMF

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TRIUMF (the Entity) as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note 2 of the financial statements.

What we have audited

The Entity's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statements of combined funding and expenditures and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which comprise a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Emphasis of matter – basis of accounting and restriction on use

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 and should not be used by parties other than TRIUMF and the joint venturers of TRIUMF. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in note 2 of the financial statements, this includes determining that the financial reporting framework is acceptable in the circumstances, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, BC
July 25, 2019

TRIUMF

Statement of Financial Position

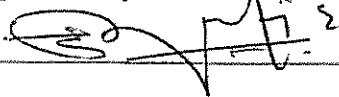
As at March 31, 2019

	2019 \$	2018 \$
Assets		
Cash and cash equivalents	8,293,331	9,900,656
Investments	30,980,726	25,552,737
Restricted cash and Investments	11,534,794	11,176,375
Due from Joint Venturers (notes 4 and 10)	1,821,063	1,472,091
Funding receivable (note 3)	2,135,854	2,044,693
	<u>54,765,768</u>	<u>50,146,552</u>
Liabilities		
Accounts payable and accrued liabilities	4,539,005	3,083,074
Funds received in advance (note 5)	4,743,606	6,011,915
	<u>9,282,611</u>	<u>9,094,989</u>
Fund Balances		
Externally restricted		
National Research Council Fund	276,484	-
Natural Sciences and Engineering Research Council Fund	3,033,818	1,977,708
Institute for Advanced Medical Isotopes (Capital Fund)	13,937,306	12,734,393
BWXT Fund	100,000	100,000
Decommissioning Fund	11,534,794	11,176,375
	<u>28,882,402</u>	<u>25,988,476</u>
Internally designated		
Commercial Revenue Fund	8,820,497	7,147,022
Intramural Accounts Fund	3,937,798	4,250,581
Project Initiatives Fund	3,000,000	3,000,000
	<u>15,758,295</u>	<u>14,397,603</u>
Unrestricted		
General Fund	842,460	665,484
	<u>45,483,157</u>	<u>41,051,563</u>
Total liabilities and fund balances	<u>54,765,768</u>	<u>50,146,552</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, 2019

	2019 \$	2018 \$
Funding/income		
National Research Council Fund	57,280,490	54,572,800
Natural Sciences and Engineering Research Council Fund	6,516,489	5,301,174
Canada Foundation for Innovation (including provincial contribution)	7,072,556	8,179,172
Western Economic Diversification Fund	4,955	-
Institute for Advanced Medical Isotopes (Capital Fund)	-	12,250,000
BWXT Fund	4,722,355	4,508,268
TRIUMF Innovations Fund	562,012	508,702
Decommissioning Fund	358,419	163,623
Affiliated Institutions Fund	3,579,261	3,860,975
Commercial Revenue Fund	4,669,284	3,580,367
Intramural Accounts Fund	1,538,253	1,888,665
General Fund	959,510	399,753
	<u>87,263,584</u>	<u>95,213,499</u>
Expenditures		
Buildings and improvements	1,413,462	1,364,740
Computer	1,878,188	1,726,155
Consulting	3,893,586	2,428,946
Equipment	10,923,871	14,959,079
Power	4,232,901	4,437,775
Salaries and benefits	50,987,442	48,136,571
Supplies and other expenses	6,729,177	6,009,529
Telecommunications	222,912	264,862
Travel	2,550,451	2,301,889
	<u>82,831,990</u>	<u>81,629,546</u>
Surplus of funding over expenditures for the year	4,431,594	13,583,953
Fund balances – Beginning of year	41,051,563	27,467,610
Fund balances – End of year	<u>45,483,157</u>	<u>41,051,563</u>

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

TRIUMF

Statement of Cash Flows

For the year ended March 31, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Surplus of funding over expenditures for the year	4,431,594	13,583,953
Changes in working capital items		
Increase in due from Joint Venturers	(348,972)	(453,388)
Increase in funding receivable	(91,161)	(1,101,473)
Increase in accounts payable and accrued liabilities	1,455,931	583,655
Decrease in funds received in advance	(1,268,309)	(11,750,655)
	<u>4,179,083</u>	<u>862,092</u>
Changes in non-cash items – Restricted cash and investments	(358,419)	(163,623)
	3,820,664	698,469
Investing activities		
Net increase in investments	<u>(5,427,989)</u>	<u>(11,419,937)</u>
Decrease in cash and cash equivalents	(1,607,325)	(10,721,468)
Cash and cash equivalents – Beginning of year	<u>9,900,656</u>	<u>20,622,124</u>
Cash and cash equivalents – End of year	<u>8,293,331</u>	<u>9,900,656</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, 2019

	2019 \$	2018 \$
Funding		
National Research Council	57,280,490	54,572,800
Expenditures		
Buildings and improvements	944,358	1,020,296
Computer	1,576,508	1,468,787
Consulting	1,155,018	981,560
Equipment	4,818,807	6,553,167
Power	4,232,901	4,437,775
Salaries and benefits	41,550,874	39,539,405
Supplies and other expenses	3,766,941	3,558,651
Telecommunications	218,055	259,696
Travel	978,106	935,973
Expenditure recoveries	(2,237,562)	(1,963,844)
	<u>57,004,006</u>	<u>56,791,466</u>
Surplus (deficit) of funding over expenditures for the year	276,484	(2,218,666)
Contribution from Commercial Revenue Fund	-	1,339,852
Fund balance – Beginning of year	<u>-</u>	<u>878,814</u>
Fund balance – End of year	<u>276,484</u>	<u>-</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, 2019

	2019 \$	2018 \$
Funding		
Common grant awarded	4,668,618	3,774,841
Subgrants awarded	1,847,871	1,526,333
	<u>6,516,489</u>	<u>5,301,174</u>
Expenditures		
Computer	63,263	98,884
Consulting	168,302	192,659
Equipment	584,220	685,087
Salaries and benefits	3,015,334	2,800,190
Supplies and other expenses	474,005	429,450
Telecommunications	1,069	1,033
Travel	1,154,186	1,027,973
	<u>5,460,379</u>	<u>5,235,276</u>
Surplus of funding over expenditures for the year	1,056,110	65,898
Fund balance – Beginning of year	1,977,708	1,911,810
Fund balance – End of year	<u>3,033,818</u>	<u>1,977,708</u>

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, 2019

	2019 \$	2018 \$
Funding		
CFI capital contribution	2,365,943	4,639,760
Provincial capital contribution	3,805,160	3,130,478
CFI Infrastructure Operating Funds (IOF)	901,453	408,934
	<hr/> 7,072,556	<hr/> 8,179,172
Expenditures		
Buildings and improvements	133,505	230,527
Computer	34,027	24,122
Consulting	869	-
Equipment	3,741,582	6,171,381
Power	38,990	40,799
Salaries and benefits	1,968,104	1,069,356
Supplies and other expenses	1,146,427	638,958
Travel	9,052	4,029
	<hr/> 7,072,556	<hr/> 8,179,172
Surplus of funding over expenditures for the year	-	-
Fund balance – Beginning of year	<hr/> -	<hr/> -
Fund balance – End of year	<hr/> <hr/> -	<hr/> <hr/> -

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

Western Economic Diversification Fund

For the year ended March 31, 2019

	2019 \$	2018 \$
Income		
Advances and reimbursements	4,955	-
	<hr/>	<hr/>
Expenditures		
Equipment	4,803	-
Supplies and other expenses	50	-
Travel	102	-
	<hr/>	<hr/>
	4,955	-
	<hr/>	<hr/>
Surplus of income 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

Institute for Advanced Medical Isotopes (Capital Fund)

For the year ended March 31, 2019

	2019 \$	2018 \$
Funding		
Federal funding	-	-
Provincial funding	-	12,250,000
Others	-	-
	<hr/>	<hr/>
	-	12,250,000
	<hr/>	<hr/>
Expenditures		
Buildings and improvements	145,531	-
Computer	6,148	-
Consulting	1,397,482	-
Equipment	2,195	-
Salaries and benefits	233,666	10,040
Supplies and other expenses	27,322	1,414
Travel	2,433	4,153
	<hr/>	<hr/>
	1,814,777	15,607
	<hr/>	<hr/>
(Deficit) surplus of funding over expenditures for the year	(1,814,777)	12,234,393
Contribution from Commercial Revenue Fund	2,017,690	-
Contribution from Intramural Accounts Fund	1,000,000	500,000
Fund balance – Beginning of year	12,734,393	-
	<hr/>	<hr/>
Fund balance – End of year	13,937,306	12,734,393
	<hr/>	<hr/>

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

TRIUMF

Statement of Funding and Expenditures and Changes in Fund Balance

BWXT Fund

For the year ended March 31, 2019

	2019 \$	2018 \$
Funding		
Advances and reimbursements	4,722,355	4,508,268
	<hr/>	<hr/>
Expenditures		
Buildings and improvements	133,547	72,886
Computer	24,795	34,557
Consulting	37,508	3,800
Equipment	630,218	390,746
Power	423,662	453,092
Salaries and benefits	3,108,912	3,292,429
Supplies and other expenses	363,418	259,747
Telecommunications	-	56
Travel	295	955
	<hr/>	<hr/>
	4,722,355	4,508,268
	<hr/>	<hr/>
Surplus of funding 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 Income and Expenditures and Changes in Fund Balance

TRIUMF Innovations Fund

For the year ended March 31, 2019

	2019 \$	2018 \$
Income		
Advances and reimbursements	562,012	508,702
	<hr/>	<hr/>
Expenditures		
Building and improvements	-	10,068
Computer	4,180	7,126
Equipment	3,082	-
Salaries and benefits	518,112	461,658
Supplies and other expenses	32,871	27,862
Telecommunications	1,261	785
Travel	2,506	1,203
	<hr/>	<hr/>
	562,012	508,702
	<hr/>	<hr/>
Surplus of income 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 Income and Expenditures and Changes in Fund Balance

Decommissioning Fund

For the year ended March 31, 2019

	2019 \$	2018 \$
Income		
Investment income	358,419	163,623
Expenditures	-	-
Surplus of income over expenditures for the year	358,419	163,623
Fund balance – Beginning of year	<u>11,176,375</u>	<u>11,012,752</u>
Fund balance – End of year	<u>11,534,794</u>	<u>11,176,375</u>

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, 2019

	2019 \$	2018 \$
Funding		
Advances and reimbursements	3,579,261	3,860,975
Expenditures		
Computer	151,121	67,567
Consulting	222,807	265,453
Equipment	1,003,282	940,257
Salaries and benefits	1,613,255	1,652,595
Supplies and other expenses	255,757	680,088
Telecommunications	46	119
Travel	332,993	254,896
	<u>3,579,261</u>	<u>3,860,975</u>
Surplus of funding over expenditures for the year	-	-
Fund balance -- Beginning of year	-	-
Fund balance -- End of year	<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, 2019

	2019 \$	2018 \$
Income		
Royalties	3,442,101	2,245,463
Other commercial income	1,227,183	1,334,904
	<hr/> 4,669,284	<hr/> 3,580,367
Expenditures		
Building and improvements	-	646
Computer	4,233	38
Consulting	716,073	817,533
Equipment	6,564	26,615
Salaries and benefits	251,249	215,371
Supplies and other expenses	-	47,989
Travel	-	33,751
	<hr/> 978,119	<hr/> 1,141,943
Surplus of income over expenditures for the year	3,691,165	2,438,424
Contribution to National Research Council Fund	-	(1,339,852)
Contribution to Institute for Advanced Medical Isotopes (Capital Fund)	(2,017,690)	-
Fund balance – Beginning of year	<hr/> 7,147,022	<hr/> 6,048,450
Fund balance – End of year	<hr/> 8,820,497	<hr/> 7,147,022

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, 2019

	2019 \$	2018 \$
Income		
Salaries and benefits recoveries	370,773	478,609
Rentals and other revenues	1,167,480	1,410,056
	<hr/> 1,538,253	<hr/> 1,888,665
Expenditures		
Buildings and improvements	50,709	30,317
Computer	13,913	22,351
Consulting	-	3,196
Equipment	129,118	191,826
Salaries and benefits	473,819	463,480
Supplies and other expenses	176,471	209,841
Telecommunications	2,481	3,174
Travel	4,525	8,355
	<hr/> 851,036	<hr/> 932,540
Surplus of income over expenditures for the year	687,217	956,125
Contribution to Institute for Advanced Medical Isotopes (Capital Fund)	(1,000,000)	(500,000)
Fund balance – Beginning of year	<hr/> 4,250,581	<hr/> 3,794,456
Fund balance – End of year	<hr/> <hr/> 3,937,798	<hr/> <hr/> 4,250,581

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, 2019

	2019 \$	2018 \$
Funding	-	-
Expenditures	-	-
Surplus of funding over expenditures for the year	-	-
Fund balance – Beginning of year	<u>3,000,000</u>	<u>3,000,000</u>
Fund balance – End of year	<u>3,000,000</u>	<u>3,000,000</u>

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, 2019

	2019 \$	2018 \$
Income		
Investment and other	959,510	399,753
	<hr/>	<hr/>
Expenditures		
Escrow fees	52,870	49,041
Supplies and other expenses	729,664	406,556
	<hr/>	<hr/>
	782,534	455,597
	<hr/>	<hr/>
Surplus (deficit) of income over expenditures for the year	176,976	(55,844)
Fund balance – Beginning of year	665,484	721,328
	<hr/>	<hr/>
Fund balance – End of year	842,460	665,484
	<hr/>	<hr/>

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

TRIUMF

Notes to Financial Statements

March 31, 2019

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, 2019, 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, McMaster University and l'Université de Montréal.

McMaster University transitioned from associate member to a full member during the year.

Each university owns an undivided 7.14% 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, 2019

Western Economic Diversification Fund (WD)

Funding for projects related to TRIUMF activities that enhance and strengthen the economy of Western Canada.

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.

BWXT Fund (formerly NORDION Inc. Fund)

Advances and reimbursements from BWXT for expenditures incurred at TRIUMF.

TRIUMF Innovations Fund

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, 2019, the balance in the fund, \$11.5 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 (2018 - \$10.6 million), and a small holding is in equity investments of \$1.1 million (2018 - \$0.6 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.

TRIUMF

Notes to Financial Statements

March 31, 2019

Affiliated Institutions Fund

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

Commercial Revenue Fund

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

Intramural Accounts Fund

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

Project Initiatives Fund

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

General Fund

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

2 Significant accounting policies

Basis of presentation

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

These financial statements do not include the accounts of 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.

TRIUMF

Notes to Financial Statements

March 31, 2019

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 WD Fund, the Capital Fund, the Decommissioning Fund, the BWXT 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.

- 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.

TRIUMF

Notes to Financial Statements

March 31, 2019

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, 2019, TRIUMF had \$30.5 million (2018 - \$25.3 million) plus accrued interest in redeemable and non-redeemable investments with maturities in April 2019, September 2019, October 2019 and December 2019.

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.

3 Funding receivable

	2019 \$	2018 \$
BWXT Fund	558,442	464,268
TRIUMF Innovations Fund	39,984	100,888
Affiliated Institutions Fund	1,133,438	690,743
Others	403,990	788,794
	<hr/> 2,135,854	<hr/> 2,044,693

TRIUMF

Notes to Financial Statements

March 31, 2019

4 Due from Joint Venturers

	2019 \$	2018 \$
University of Victoria	1,100,124	-
Simon Fraser University	288,785	51,077
University of British Columbia	170,694	1,093,460
University of Winnipeg	17,947	93,905
University of Calgary	63,538	202,880
University of Guelph	137,263	28,590
Others	42,712	2,179
	<hr/>	<hr/>
	1,821,063	1,472,091

5 Funds received in advance

	2019 \$	2018 \$
Affiliated Institutions Fund	4,516,406	5,349,323
Carleton University	-	44,589
University of Victoria	-	408,741
E. Vogt Medal Fund	176,000	176,000
Other	51,200	33,262
	<hr/>	<hr/>
	4,743,606	6,011,915

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:

	2019 \$	2018 \$
National Research Council Fund	2,950,996	2,289,906
Natural Sciences and Engineering Research Council Fund	335,476	256,146
Canada Foundation for Innovation	6,555,193	8,322,882
Institute for Advanced Medical Isotopes (Capital Fund)	2,031,577	-
BWXT Fund	380,925	194,069
Affiliated Institutions Fund	667,356	319,118
TRIUMF Innovations Fund	21,062	510
Commercial Revenue Fund	27	2,744
Intramural Accounts Fund	283,328	233,603
General Fund	87,642	243,122
	<hr/>	<hr/>
	13,313,582	11,862,100

TRIUMF

Notes to Financial Statements

March 31, 2019

Commitments for the next fiscal years are as follows:

	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	Total by Fund \$
National Research Council Fund	2,804,966	105,967	40,063	-	-	2,950,996
Natural Sciences and Engineering Research Council Fund	335,476	-	-	-	-	335,476
Canada Foundation for Innovation	6,555,193	-	-	-	-	6,555,193
Institute for Advanced Medical Isotopes (Capital Fund)	2,016,246	11,977	3,354	-	-	2,031,577
BWXT Fund	380,925	-	-	-	-	380,925
Affiliated Institutions Fund	667,356	-	-	-	-	667,356
TRIUMF Innovations Fund	5,188	4,430	4,430	4,430	2,584	21,062
Commercial Revenue Fund	27	-	-	-	-	27
Intramural Accounts Fund	283,328	-	-	-	-	283,328
General Fund	87,642	-	-	-	-	87,642
	<u>13,136,347</u>	<u>122,374</u>	<u>47,847</u>	<u>4,430</u>	<u>2,584</u>	<u>13,313,582</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.

TRIUMF

Notes to Financial Statements

March 31, 2019

At March 31, 2019, the following receivables were past due but not impaired:

	30 days \$	60 days \$	90 days \$	Over 90 days \$
Due from Joint Venturers	1,629,424	96,552	21,359	73,728
Funding receivable	1,503,609	170,292	22,995	437,710

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

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 \$3,297,900 (2018 - \$3,080,620). 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, 2019

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. In its 2014-15 budget announcement, the Government of Canada announced 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. On January 14, 2019, the Government of Canada amended the NRC 2015-2020 Contribution Agreement which provided TRIUMF an additional operating funding in the amount of \$2 million.

On March 19, 2019, the Government of Canada announced in its Budget 2019 to provide TRIUMF with \$292.7 million over the next five-year period from April 1, 2020 to March 31, 2025.

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)

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, 2019, TRIUMF transferred \$716,073 to TI (2018 - \$817,533).

TRIUMF

Notes to Financial Statements

March 31, 2019

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, 2019 is as follows:

	2019 \$	2018 \$
Financial position		
Total assets	2,580,248	3,482,538
Revenue and expenses		
Revenue	800,133	844,108
Expenses	(1,620,225)	(856,686)
Excess of expenses over revenue	(820,092)	(12,578)
Cash flows		
Cash flows from operating activities	(374,599)	(108,104)
Cash flows from investing activities	275,014	-

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 ended March 31, 2018. The capital of the fund is held permanently by the Vancouver Foundation and accordingly is not recorded on the statement of financial position. As at March 31, 2019, TRIUMF received \$12,085 income from the Endowment Fund and recorded in the Intramural Accounts Fund.