

Richard George - Year End Reports

From: Martin Bussell <finance.mbussell@musqueam.bc.ca>
To: "richard.george@aandc.gc.ca" <richard.george@aandc.gc.ca>
Date: 7/29/2014 3:46 PM
Subject: Year End Reports
Attachments: 2014-03-31 Musqueam Indian Band CAFS.PDF; 2014-03-31 Musqueam Indian Band ChiefCouncil ScheduleRER.pdf; 2014-03-31 Musqueam Indian Band USO ScheduleRER.pdf

Hi Richard,

Please find attached the following information for the Year Ended March 31 2014:

- 1) Audited Financial Statements
- 2) Remuneration Schedule Chief and Council
- 3) Remuneration Schedule Unelected Senior Officials

Under separate cover I will forward to you the Program/Service/Activity Revenue and Expense Schedules.

Can you please confirm if you need me to forward a hard copy of these reports?

Regards

Martin Bussell
Acting CFO
Musqueam Indian Band
604-961-6435

Consolidated Financial Statements of

MUSQUEAM INDIAN BAND

Year ended March 31, 2014



MUSQUEAM INDIAN BAND

Index to Consolidated Financial Statements

Year ended March 31, 2014

	Page
Management’s Responsibility for Financial Reporting	1
Independent Auditors’ Report	2
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 27

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Musqueam Indian Band and all the information contained herein are the responsibility of Band management and have been approved by Chief and Council.

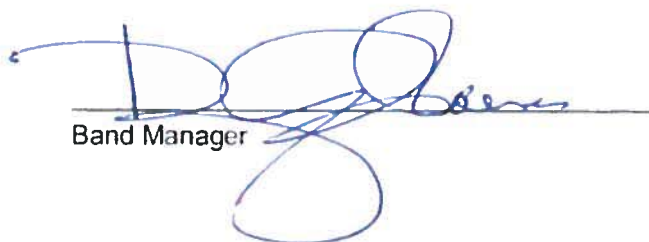
The consolidated financial statements have been prepared by Band management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, Band management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

Chief and Council, on behalf of General Band, is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Chief and Council carries out this responsibility principally through its *Finance Committee*.

The *Finance Committee*, composed of Musqueam Indian Band Members, reviews the Band's consolidated financial statements and recommends their approval to Chief and Council. The *Finance Committee* meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report. The *Finance Committee* reports its findings to Chief and Council for consideration when approving the consolidated financial statements for issuance to the Members. The *Finance Committee* also considers, for review by Chief and Council and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. KPMG LLP has full and free access to the *Finance Committee*.



Band Manager



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INDEPENDENT AUDITORS' REPORT

To the Chief and Council of Musqueam Indian Band

We have audited the accompanying consolidated financial statements of Musqueam Indian Band, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Musqueam Indian Band as at March 31, 2014, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

July 28, 2014

Burnaby, Canada

MUSQUEAM INDIAN BAND

Consolidated Statement of Financial Position


March 31, 2014, with comparative figures for 2013

	2014	2013
Financial Assets		
Cash	\$ 16,581,954	\$ 13,129,794
Restricted short-term investment	570,563	563,412
Accounts receivable – Band members (note 2)	356,348	236,265
Ground leases and other receivables	14,750	429,672
Contributions receivable (note 3)	337,335	11,669,961
Tax receivable	633,209	597,871
Inventory	78,393	67,135
Ottawa Trust Funds (note 4)	5,006,905	4,949,022
2010 Legacies Trust Funds (note 5)	3,231,687	3,281,015
Investment in and advances to government business enterprises (note 6)	34,707,427	28,168,647
	61,518,571	63,092,794
Liabilities		
Accounts payable and accrued liabilities	3,325,763	1,864,912
Security deposit	61,155	68,172
Accrued interest payable	15,757	16,632
Holdbacks payable	55,092	-
C.M.H.C. replacement reserve	522,205	432,351
Deferred revenue (note 7)	1,170,319	1,072,738
C.M.H.C. loans payable (note 8)	8,414,109	8,789,357
Capital lease obligations (note 9)	54,128	127,467
Government loans payable (note 10)	2,230,566	2,230,566
	15,849,094	14,602,195
Net financial assets	45,669,477	48,490,599
Non-Financial Assets		
Reconciliation agreement lands	177,277,060	176,354,408
Tangible capital assets (note 11)	83,633,522	79,358,300
Prepaid expenses	417,015	357,721
	261,327,597	256,070,429
Accumulated surplus	\$ 306,997,074	\$ 304,561,028

Commitments (note 9)
Contingent liabilities (note 12)
Guarantees (note 13)

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:

 Councillor

 Councillor

MUSQUEAM INDIAN BAND

Consolidated Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

	Budget 2014	Actual 2014	Actual 2013
	(note 1(h))		
Revenue:			
Government:			
Aboriginal Affairs and Northern Development Canada	\$ 3,697,397	\$ 5,328,951	\$ 4,065,626
Aboriginal Affairs and Northern Development Canada			
- Transfer from deferred revenue	-	51,080	626,331
Health and Welfare Canada	605,247	607,708	526,231
Ministry of Transportation - Gateway Program	-	102,010	5,169,463
Canada Mortgage and Housing Corporation	278,296	278,437	283,756
Department of Fisheries and Oceans	345,000	348,000	345,000
Government settlement	1,850,000	8,900,000	3,623,899
Human Resources Development Canada	-	-	364,846
Provincial settlement – Pearson Dogwood	-	-	11,000,000
First Nations Employment Society	159,247	180,887	180,367
Vancouver Coastal Health	-	79,051	107,016
Miscellaneous – government grants	395,942	613,650	649,512
C.M.H.C. RRAP	-	32,000	81,219
	7,331,129	16,521,774	27,023,266
Self-generated:			
Rent and lease revenue	3,048,644	2,974,033	2,995,904
Taxation Fund revenue	1,611,000	2,516,279	2,420,472
Miscellaneous revenues	641,831	3,623,931	2,934,356
Other investment income	1,400,519	984,475	924,572
Investment income from Ottawa Trust Fund	-	143,882	118,459
Modified equity income (loss) from government business enterprises	2,264,000	(929,526)	1,189,721
	8,965,994	9,313,074	10,583,484
Total revenue	16,297,123	25,834,848	37,606,750
Expenses:			
Administration Programs	7,190,822	11,921,042	8,781,536
Education Programs	1,969,597	1,803,735	1,671,855
Social Development Programs	1,709,146	2,017,336	1,980,076
Health Programs	752,272	752,867	647,492
Employment and Training Programs	424,942	1,128,030	1,503,934
Social Housing Programs	1,867,239	1,664,683	2,311,361
Land Claims Programs	630,586	511,926	497,901
Fisheries Programs	385,000	730,699	1,050,885
Other economic activities	-	1,562,749	1,790,746
Other projects	1,367,519	1,305,735	1,191,338
	16,297,123	23,398,802	21,427,124
Annual surplus	\$ -	2,436,046	16,179,626
Accumulated surplus, beginning of year		304,561,028	288,381,402
Accumulated surplus, end of year		\$ 306,997,074	\$ 304,561,028

See accompanying notes to consolidated financial statements.

MUSQUEAM INDIAN BAND

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2014, with comparative figures for 2013

	Budget 2014 (note 1(h))	2014	2013
Annual surplus	\$ -	\$ 2,436,046	\$ 16,179,626
Reconciliation agreement lands:			
Capitalized property taxes and other, net of refund	-	(922,652)	220,682
Tangible capital assets:			
Tangible capital asset acquisitions	-	(6,110,873)	(700,958)
Loss on disposal of tangible capital assets	-	-	10,256
Amortization of tangible capital assets	-	1,835,651	1,907,709
	-	(2,761,828)	1,217,007
Other non-financial assets:			
Decrease in prepaid expenses	-	357,721	167,268
Increase in prepaid expenses	-	(417,015)	(357,721)
	-	(59,294)	(190,453)
Increase (decrease) in net financial assets	\$ -	(2,821,122)	17,426,862
Net financial assets, beginning of year		48,490,599	31,063,737
Net financial assets, end of year		\$ 45,669,477	\$ 48,490,599

See accompanying notes to consolidated financial statements.

MUSQUEAM INDIAN BAND

Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 2,436,046	\$ 16,179,626
Items not involving cash:		
Amortization	1,835,651	1,907,709
Loss on disposal of tangible capital assets	-	10,256
Modified equity loss (income) from government business enterprises	929,526	(1,189,721)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivables - Band members	(120,083)	193,082
Decrease (increase) in ground leases and other receivables	414,922	(206,554)
Decrease (increase) in contributions receivable	11,332,626	(11,069,673)
Decrease (increase) in tax receivable	(35,338)	255,084
Decrease (increase) in inventory	(11,258)	14,690
Increase in prepaid expenses	(59,294)	(190,453)
Increase (decrease) in accounts payable and accrued liabilities	1,460,851	(435,669)
Decrease in security deposit	(7,017)	(33,005)
Decrease in accrued interest payable	(875)	(2,028)
Increase (decrease) in holdbacks payable	55,092	(1,037,950)
Increase in C.M.H.C. replacement reserve	89,854	432,351
Increase (decrease) in deferred revenue	97,581	(746,960)
Net change in cash from operating activities	18,418,284	4,080,785
Capital activities:		
Purchase of tangible capital assets	(6,110,873)	(700,958)
Costs capitalized to reconciliation agreement lands, net of refund	(922,652)	220,682
Net change in cash from capital activities	(7,033,525)	(480,276)
Financing activities:		
Principal payments of capital lease obligations	(73,339)	(70,643)
Repayment of C.M.H.C. loans	(375,248)	(406,933)
Net change in cash from financing activities	(448,587)	(477,576)
Investing activities:		
Change in restricted short-term investment	(7,151)	(7,394)
Net advances from (to) 2010 Legacies Trust	49,328	(26,179)
Net advances from (to) government business enterprises	(7,468,306)	672,217
Net Trust Funds withdrawn from (to) Ottawa Trust Funds	(57,883)	41,542
Net change in cash from investing activities	(7,484,012)	680,186
Net change in cash	3,452,160	3,803,119
Cash, beginning of year	13,129,794	9,326,675
Cash, end of year	\$ 16,581,954	\$ 13,129,794

See accompanying notes to consolidated financial statements.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements

Year ended March 31, 2014

Musqueam Indian Band is a self-governing First Nation that works to ensure enhanced quality of life for all generations of its people to develop a sustainable, self reliant, vibrant community that is built upon the historical and traditional values of its community.

1. Significant accounting policies:

The consolidated financial statements of the Musqueam Indian Band (the "Band") are the representation of management prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

(a) Basis of presentation and consolidation:

The consolidated financial statements reflect activities of the Band's Taxation Fund and its wholly-owned subsidiaries and partnerships.

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the Band. Controlled organizations are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The following organizations are controlled by the Band and are fully consolidated in these financial statements:

656243 B.C. Ltd.	Blocks A & B Land Ltd.
684348 B.C. Ltd.	Blocks A & B Land Limited Partnership
3770 Investments Ltd.	Blocks A & B Land General Partner Ltd.
Celtic Shores Holdings Ltd.	Block F Land Limited Partner Ltd.
Celtic Shores Properties Ltd.	Bridgepoint Land Ltd.
Musqueam Finance Ltd.	Bridgepoint Land Limited Partnership
Musqueam Capital Corp.	Bridgepoint Land General Partner Ltd.
Musqueam Mortgage Ltd.	Garden City Ventures Limited Partnership
0948599 B.C. Ltd.	Garden City Ventures Limited
0742052 B.C. Ltd.	Musqueam Cultural Association

(ii) Investments in government business enterprises:

The Band accounts for its investments in its government business enterprises using the modified equity method. Under this method, the Band's investment in the business enterprise and its net income and other changes in equity are recorded. No adjustment is made to conform the accounting policies of the government business enterprise to those of the Band. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions of assets that remain within the entities. The shares of these government business enterprises are held in trust by various council members on behalf of the Band.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(a) Basis of presentation and consolidation (continued):

(ii) Investments in government business enterprises (continued):

The following organizations are government business enterprises and are accounted for by the modified equity method:

562645 B.C. Ltd.	0996501 B.C. Ltd.
9220 Glenlyon Limited Partner Ltd.	Musqueam Salish Seas Limited Partner Ltd.
9220 Glenlyon Limited Partnership	Musqueam Marina Limited Partner Ltd.
9220 Glenlyon General Partner Ltd.	Musqueam Marina General Partner Ltd.
MIB Willingdon Limited Partner Ltd.	Salish Seas Fisheries General Partner Ltd.
MIB Willingdon General Partner Ltd.	

(iii) Investments in government partnerships:

Government partnerships that are business partnerships are accounted for by the modified equity method. Government partnerships that are not business partnerships are accounted for under the proportionate consolidation method, where the Band's share of the partnership is accounted for on a line-by-line basis on the financial statements.

The following organizations are government business partnerships and are accounted for by the modified equity method:

Salish Seas Fisheries Limited Partnership	Willingdon Developments (AQ/MIB/TWN)
9220 Glenlyon Limited Partnership	Limited Partnership
	Musqueam Marina Limited Partnership

(b) Use of accounting estimates:

The preparation of the consolidated 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 expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the allowance for doubtful accounts, the useful lives of non-financial assets for amortization and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

(c) Basis of accounting for revenue and expenses:

Contributions are recorded in the year the contribution becomes receivable under the terms of the applicable funding agreement. Contributions that are specifically designated to fund expenses of a future period, or that are unspent at the end of a period, are deferred and recognized in the period the related expenses are incurred.

Rents, leases and interest are recognized as revenue in the period earned, when collection is reasonably assured.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(c) Basis of accounting for revenue and expenses (continued):

The sales of goods and services are recognized as revenue in the period the good or service is provided to the recipient, when collection is reasonably assured.

Expenses are recognized as they are incurred and measurable as a result of goods and services and/or the creation of a legal obligation to pay.

(d) Restricted short-term investments:

Restricted short-term investments are recorded at the lower of cost and market value and mature within the next fiscal year.

(e) Inventories:

Inventories held for resale are recorded at the lower of cost or net realizable value.

(f) Non-financial assets:

Non-financial assets that are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver Band services, may be consumed in normal operations and are not for resale. Non-financial assets include reconciliation agreement lands, tangible capital assets and prepaid expenses.

(i) Tangible capital assets:

Tangible capital assets are carried at cost less accumulated amortization. The Band amortizes its tangible capital assets over the estimated useful life of each asset on a straight-line basis or declining balance basis as follows:

	<u>Straight line</u>
Aboriginal Pavilion	25 years
Automobile	10 years
Boat equipment	5 years
Building	15 years
Community Centre	25 years
Soccer field	25 years
Storage shed	25 years
Computer equipment	2 years
Field equipment	5 years
Furniture and fixtures	10 years
Longhouse	25 years
Playground	25 years
Pump station	25 years
Recreation fitness equipment	5 years
Roads and bridge	25 years
Housing trailer	10 years
	<u>Declining balance</u>
Band-owned homes	2.5% to 4.0%

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Leasehold improvements are amortized over the term of the lease.

When a tangible capital asset no longer contributes to the Band's ability to provide services, its carrying value is written down to its residual value.

(ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iii) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(g) Housing Equalization Program Credits:

Housing Equalization Program Credits earned by participating Band members are recorded as an expense when credits are applied against qualifying amounts as and when approved by Band management.

(h) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was approved by the Chief and Council of the Band on March 26, 2013.

(i) Segment disclosures:

A segment is defined as a distinguishable activity of group of activities of the Band, for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Band has provided definitions of segments used by the Band as well as presented financial information in segment format (note 14).

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

2. Accounts receivable – Band Members:

	2014	2013
Social Housing rents	\$ 488,647	\$ 721,588
Less: Allowance for doubtful accounts	(434,000)	(550,000)
	54,647	171,588
Private Housing	342,694	106,498
Less: Allowance for doubtful amounts	(53,155)	(51,798)
	289,539	54,700
Daycare and others	12,162	9,977
	\$ 356,348	\$ 236,265

3. Contributions receivable:

The following contributions receivable as at March 31, 2014 are expected to be received within the next fiscal year:

	2014	2013
Ministry of Transportation - Gateway Program	\$ 120,100	\$ 76,060
Aboriginal Affairs and Northern Development Canada	95,692	216,961
Department of Fisheries and Oceans	47,388	120,434
Canada Mortgage and Housing Corporation	23,333	23,191
Ministry of Advanced Education	-	75,539
First Nations Education Steering Committee	6,412	1,320
Provincial settlement – Pearson Dogwood	-	11,000,000
Other contributions receivable	44,410	156,456
Balance, end of the year	\$ 337,335	\$ 11,669,961

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

4. Ottawa Trust Funds:

A.A.N.D.C. Ottawa holds funds in trust on behalf of the Band. Amounts are comprised of the following:

	2014				2013
	Revenue	Ministerial Guarantee	Capital	Total	Total
Balance, beginning of year	\$ 4,618,010	\$ 330,000	\$ 1,012	\$ 4,949,022	\$ 4,990,564
Add:					
Interest received	140,758	-	-	140,758	115,288
B.C. Special	3,124	-	-	3,124	3,170
Property taxation receipts	36,550	-	-	36,550	-
	4,798,442	330,000	1,012	5,129,454	5,109,022
Less:					
Withdrawal	(86,000)	-	-	(86,000)	(160,000)
Transfer of Operating funds	(36,549)	-	-	(36,549)	-
Balance, end of year	\$ 4,675,893	\$ 330,000	\$ 1,012	\$ 5,006,905	\$ 4,949,022

5. 2010 Legacies Trust Funds:

Pursuant to an agreement dated June 13, 2008 between the Band and the Government of Canada, the Band received \$17 million to create a 2010 Olympic legacy fund. The money was deposited into a trust known as the "Musqueam 2010 Legacies Trust" (the "Trust") established for the benefit of the Band Members, present and future, for the purposes of acquiring lands, capacity building, enhancing skills and training, preserving and strengthening Musqueam culture and ceremonies, and economic opportunities for Musqueam and its members. The Trust is administered by an outside corporate trustee ("Administrative Trustee") that invests the funds in low-risk government guaranteed investments. The Board of Trustees consists of five Band Members.

During the year, pursuant to Band Council Resolutions, the Trust distributed \$72,948 (2013 - nil) to fund approved projects.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

6. Investment in and advances to government business enterprises:

Condensed financial information for the Band's government business enterprises and government business partnerships is as follows:

	Real estate business	Marine business	2014 Total	2013 Total
Cash	\$ 2,014,019	\$ 182,785	\$ 2,196,804	\$ 3,569,898
Accounts receivable/other receivable	338	8,889	9,227	170,235
Due from related parties	3,158,354	1,132	3,159,486	3,027,523
Investments	-	3,022,416	3,022,416	3,000,000
Other current assets	163,917	1,203	165,120	8,673
Investment properties	43,374,172	90,126	43,464,298	25,575,891
Total Assets	\$ 48,710,800	\$ 3,306,551	\$ 52,017,351	\$ 35,352,220
Accounts payable/Accrued liabilities	\$ 244,094	\$ 10,450	\$ 254,544	\$ 358,364
Due to related parties	21,779,344	245,841	22,025,185	23,380,300
Long-term debt	10,936,000	3,000,000	13,936,000	3,000,000
Other liabilities	117,462	-	117,462	513,639
Total Liabilities	33,076,900	3,256,291	36,333,191	27,252,303
Equity	15,633,900	50,260	15,684,160	8,099,917
Total Liabilities and Equity	\$ 48,710,800	\$ 3,306,551	\$ 52,017,351	\$ 35,352,220
Revenues	\$ 3,659,006	\$ 243,040	\$ 3,902,046	\$ 5,278,900
Expenses	3,862,444	40,983	3,903,427	3,142,084
Debt servicing (to related parties)	690,111	120,000	810,111	692,300
Debt servicing (Bank)	-	120,000	120,000	32,219
Total Expenses	4,552,555	280,983	4,833,538	3,866,603
Net Income (Loss)	\$ (893,549)	\$ (37,943)	\$ (931,492)	\$ 1,412,297

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

6. Investment in and advances to government business enterprises (continued):

The investment in and advances to government business enterprises are as follows:

	2014	2013
562645 B.C. Ltd.:		
Investment- 100% interest	\$ 11	\$ 11
Accumulated modified equity income	11,152,209	10,271,346
Accumulated net draws	(6,605,868)	(6,133,644)
	4,546,352	4,137,713
9220 Glenlyon:		
9220 Glenlyon Limited Partner Ltd.:		
Investment -100% interest	3	3
Notes receivable	22,035,411	23,345,300
Advances	(235,351)	-
Accumulated modified equity income	(970,904)	826,984
	20,829,159	24,172,287
9220 Glenlyon General Partner Ltd.:		
Investment	3	3
Advances	(76,306)	(482,421)
Accumulated modified equity income	42,621	34,554
	(33,682)	(447,864)
9220 Glenlyon Land Ltd.:		
Investment	3	5
9220 Glenlyon Limited Partnership:		
Investment	99,900	99,900
Salish Seas Fisheries:		
Musqueam Salish Seas Limited Partner Ltd. (see (a) below):		
Investment	3	3
Accumulated modified equity income	234,603	169,597
Net draws	(50,000)	(25,000)
	184,606	144,600
Salish Seas Fisheries Limited Partnership (see (a) below):		
Investment - 33.33% interest	27,000	27,000
Carried forward	25,653,338	28,133,641

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

6. Investment in and advances to government business enterprises (continued):

	2014	2013
Brought forward	\$ 25,653,338	\$ 28,133,641
<i>Willingdon Developments:</i>		
MIB Willingdon Limited Partner Ltd. (formerly Block K Land Limited Partner Ltd.) (see (b) below):		
Investment	3	-
Advances	(300)	-
Accumulated modified equity income	16,786	-
	16,489	-
MIB Willingdon General Partner Ltd. (see (b) below):		
Investment	3	-
Advances	153,433	-
	153,436	-
0996501 B.C. Ltd. - investment (see (b) below) - 33.33% interest	1	-
Willingdon Developments (AQ/MIB/TWN) Limited Partnership (see (b) below):		
Investment	8,884,260	-
<i>Musqueam Marina:</i>		
Musqueam Marina Limited Partner Ltd.:		
Investment -100% interest	3	3
Advances	102,401	35,000
Accumulated modified equity loss	(102,404)	-
	-	35,003
Musqueam Marina General Partner Ltd.:		
Investment	3	3
Musqueam Marina Limited Partnership (see (c) below):		
Investment	999	999
Advances	(1,099)	(999)
	(100)	-
	\$ 34,707,427	\$ 28,168,647

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

6. Investment in and advances to government business enterprises (continued):

- (a) In April 2012, the Band formed Salish Seas Fisheries Limited Partnership with two other First Nations, in order to sell fishing licenses and lease fishing vessels. The Partnership consists of one general partner and three limited partners, which separately represent one of each First Nations' interest.

Musqueam Salish Seas Limited Partner Ltd., a bare trustee, was incorporated in February, 2012, to hold the Band's interest as a limited partner in the Salish Seas Fisheries Limited Partnership. During the year, the Salish Seas Fisheries Limited Partnership has earned \$195,137 (2013 - \$508,792), of which \$65,006 (2013 - \$169,597) was allocated to the Band, representing 33.33% of the income.

- (b) In March 2014, the Band formed Willingdon Developments (AQ/MIB/TWN) Limited Partnership (the "Partnership") with the other two parties, which purchased a fee simple property from the Province. This property has been leased back to the Province on a short-term lease. Currently, the property title is held by 0996501 BC Ltd., a nominee for the Partnership.

The Partnership consists of Block K Land General Partner Ltd., as a general partner, and three limited partners representing each party's interest. Under the partnership agreement, profits and losses of the Partnership are allocated 0.01% to the general partner and 99.99% to the limited partners. The Band set up MIB Willingdon General Partner Ltd. and MIB Willingdon Limited Partner Ltd (formerly Block K Land Limited Partner) to hold 1/3 of the interest in Block K General Partner Ltd. and the Partnership, respectively.

As at March 31, 2014, the Partnership has a loan payable of \$32,808,000 (2013 - nil) which is secured by the assets of the Partnership.

- (c) As at March 31, 2014, Musqueam Marina Limited Partnership has a bank loan of \$3,000,000 (2013 - \$3,000,000) which is guaranteed by 9220 Glenlyon Limited Partnership. During the year, Musqueam Marine Limited Partnership incurred guarantee fees of \$120,000 (\$22,027) to 9220 Glenlyon Limited Partnership.
- (d) All related party transactions are considered to be in normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

7. Deferred revenue:

As at March 31, 2014, the following contributions and revenue amounts have been deferred:

	Balance, March 31, 2013	Funding Received 2014	Revenue recognized 2014	Balance, March 31, 2014
Government:				
AANDC	\$ 84,700	\$ 33,620	\$ 84,700	\$ 33,620
Other federal government	153,633	236,505	153,633	236,505
Total government	238,333	270,125	238,333	270,125
Self-generated and transfers	834,405	900,194	834,405	900,194
	\$ 1,072,738	\$ 1,170,319	\$ 1,072,738	\$ 1,170,319

8. C.M.H.C. loans payable:

C.M.H.C. Reference	Maturity	Monthly payment	Interest rate	2014	2013
10-437-697-009	Aug. 1, 2016	\$ 1,185	1.80%	\$ 33,613	\$ 47,102
10-437-697-010	Sept. 1, 2022	1,182	1.71%	171,920	190,559
10-437-697-011	Mar. 1, 2024	2,061	1.81%	226,159	246,612
10-437-697-012	Mar. 1, 2024	648	1.81%	71,116	77,548
19-362-037-001	Mar. 1, 2026	2,235	2.63%	275,984	295,311
19-362-037-002	Jan. 1, 2027	1,995	1.64%	276,997	296,241
19-362-037-003	Oct. 1, 2027	1,902	1.53%	279,898	298,304
19-362-037-004	Mar. 1, 2034	11,408	2.14%	2,227,566	2,315,973
19-362-037-007	Sept. 1, 2035	24,037	2.39%	4,850,856	5,021,707
				\$ 8,414,109	\$ 8,789,357

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

8. C.M.H.C. loans payable (continued):

C.M.H.C. loan payments:

The aggregate amount of C.M.H.C. loans required to be repaid by the Band in each of the next five years is as follows:

2015	\$	382,559
2016		390,933
2017		391,159
2018		393,754
2019		402,438
Thereafter		6,453,266
		\$ 8,414,109

The C.M.H.C. loans are secured by a Ministerial Guarantee and are guaranteed by the Band (note 13).

9. Commitments:

(a) Operating leases:

The Band leases various office equipment and a vehicle under operating leases which expire on various dates between 2015 and 2017.

The Band is obligated to make the following minimum lease payments under its operating leases during the years ending March 31:

2015	\$	30,480
2016		23,641
2017		13,197
		\$ 67,318

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

9. Commitments (continued):

(b) Capital leases:

The Band leases various fitness equipment, a lawn mower, and an office trailer under capital leases which expire on various dates between 2015 and 2018.

The Band is obligated to make the following minimum lease payments under its capital leases during the years ending March 31:

2015	\$	34,015
2016		12,385
2017		9,155
2018		763
Total minimum lease payments		56,318
Less imputed interest		2,190
Balance of capital lease obligation		\$ 54,128

(c) Housing Equalization Program:

During the year ended March 31, 2008, the Band implemented the Housing Equalization Program whereby each Band Member is eligible to earn credits to fund future repairs and maintenance and other qualifying amounts on their housing unit. Each participating Band Member can earn the following credits:

- up to \$ 49,500 basic benefits;
- \$ 10,000 land credit for in-fill lots; and
- \$ 20,000 land credit if the land used was previously privately held by their family.

As at March 31, 2014, the Band had contracted with 142 (2013 - 142) Band Members to participate in the Housing Equalization Program. The credits that can be earned by these individuals total approximately \$7,829,000 (2013 - \$7,809,000). The Band has the discretion to administer the disbursement of these credits as they deem appropriate, based on funding levels and the priority of the work required on the homes.

Under the Housing Equalization Program, each participating Band Member accrues equalization benefits on a monthly basis over a period of 15 years from the original mortgage interest adjustment date or the actual loan amortization period if less than 25 years. The Band is obligated to fund eligible repairs and maintenance and other qualifying amounts up to the amounts earned by the Members.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

9. Commitments (continued):

(c) Housing Equalization Program (continued):

As at March 31, 2014, \$616,471 (2013 - \$771,810) of credits for repairs and maintenance cost and other qualifying amounts are available to Band members. Based on contracts entered into by March 31, 2014, additional commitments are expected to accrue over the next five years ending March 31 as follows:

2015	\$	246,035
2016		246,035
2017		240,625
2018		237,920
2019		232,510
Thereafter		2,559,942
	\$	3,763,067

10. Government loans payable:

The following loans relate to the Land Claims Programs:

	2014	2013
Aboriginal Affairs and Northern Development Canada - loan is non-interest bearing and is repayable on the date the comprehensive Land Claims dispute is settled. During the years ended March 31, 1992, 1993, and 1994, loan amounts of \$75,000, \$100,000, and \$50,000, respectively, were received. The loan is secured by a promissory note	\$ 225,000	\$ 225,000
B.C. Treaty Commission - loan is non-interest bearing, commenced on February 8, 1995 and is repayable on the earlier of the Extended Due Date of February 8, 2017, the date a treaty is signed, or the date the Federal Minister demands repayment	2,005,566	2,005,566
	\$ 2,230,566	\$ 2,230,566

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

11. Tangible capital assets:

	Cost			Accumulated Amortization			NBV	
	Opening	Additions	Disposal	Opening	Amortization	Disposal	Closing	
								March 31, 2014 March 31, 2013
Tangible Capital Assets								
Aboriginal Pavilion	\$ 2,803,555	\$ -	\$ -	\$ 2,803,555	\$ 224,190	\$ 112,142	\$ -	\$ 2,467,223 \$ 2,579,365
Automobiles	271,322	61,279	-	332,601	134,244	26,361	-	171,996 137,078
Band owned homes	16,965,910	-	-	16,965,910	5,911,828	443,587	-	10,610,495 11,054,082
Boat equipment	136,871	-	-	136,871	97,215	13,219	-	26,437 39,656
Buildings	8,208,584	-	-	8,208,584	3,227,532	262,311	-	4,718,741 4,981,052
Company Lands	44,422,167	-	-	44,422,167	-	-	-	44,422,167 44,422,167
Company leasehold improvement	2,467,476	16,801	-	2,484,277	706,551	83,683	-	1,694,043 1,760,925
Community centre	9,267,552	-	-	9,267,552	370,702	370,702	-	8,526,148 8,896,850
Soccer field	2,642,003	-	-	2,642,003	105,680	105,680	-	211,360 2,430,643
Storage/shed	59,136	-	-	59,136	2,365	2,365	-	4,730 56,771
Computer equipment	886,228	157,890	(2,000)	1,042,118	825,643	132,260	(2,000)	86,215 60,585
Field equipment	105,680	16,928	-	122,608	37,962	24,522	-	60,124 67,718
Furniture & fixtures	1,166,014	30,207	-	1,196,221	792,812	61,936	-	341,473 373,202
Long house	293,767	-	-	293,767	30,474	11,751	-	251,542 263,293
Play ground - Elder Center	82,113	-	-	82,113	13,139	3,285	-	65,689 68,974
Pump Station	1,658,683	-	-	1,658,683	579,546	66,347	-	1,012,790 1,079,137
Recreation fitness equipment	105,438	-	-	105,438	40,780	21,088	-	43,570 64,658
Road & Bridge	1,132,896	-	-	1,132,896	443,750	49,568	-	639,578 689,146
Medical Equipment - Health	-	21,455	-	21,455	-	1,073	-	20,382 -
Land - Marpole	-	4,810,455	-	4,810,455	-	-	-	4,810,455 -
Assets Under Construction	92,675,395	5,115,015	(2,000)	97,788,410	13,544,413	1,791,880	(2,000)	82,454,117 79,130,982
Club house - soccer field	28,228	306,210	-	334,438	-	-	-	334,438 28,228
Watermain pipe project	-	689,648	-	689,648	-	-	-	689,648 -
	28,228	995,858	-	1,024,086	-	-	-	1,024,086 28,228
Leased Tangible Assets								
Computer - server on lease	115,098	-	-	115,098	115,098	-	-	- -
Computer - Time clock on lease	40,846	-	-	40,846	40,846	-	-	- -
Housing trailer on lease	195,641	-	-	195,641	71,735	19,564	-	104,342 123,906
Field equipment - on lease	77,650	-	-	77,650	22,710	15,530	-	39,410 54,940
Recreation fitness equipment on lease	43,382	-	-	43,382	23,138	8,677	-	11,567 20,244
	472,617	-	-	472,617	273,527	43,771	-	155,319 199,090
	\$ 93,176,240	\$ 6,110,673	\$ (2,000)	\$ 99,285,113	\$ 13,817,940	\$ 1,835,651	\$ (2,000)	\$ 83,633,522 \$ 79,358,300

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

11. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of approximately \$1,024,000 (2013 - \$28,000) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is nil (2013 - nil).

(c) Tangible capital assets recorded at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of Art and Historical Treasures:

The Band manages and controls various works of art and non-operational historical cultural assets, including building, artifacts, paintings, and sculptures located at Band sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

There were no writedowns of tangible capital assets during the year (2013 - nil).

12. Contingent liabilities:

Unexpended A.A.N.D.C. contributions:

Surpluses in A.A.N.D.C. funded programs are potentially refundable to A.A.N.D.C. and will be recorded as liabilities if A.A.N.D.C. requires repayment.

Forgivable C.M.H.C. RRAP loans:

During the year, the Band received from C.M.H.C. \$32,000 (2013 - \$81,219) for renovations to Band member homes. The loans will be earned over 5 years by the Band Members as long as the Band Members continue to own and occupy the homes during this earning period. As at March 31, 2014, the potential contingency is \$78,598 (2013 - \$75,641).

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

13. Guarantees:

Native individual loan:

The Band is contingently liable as a guarantor of a loan provided by a Native individual to 669142 B.C. Ltd., a corporation owned 50% by 656243 B.C. Ltd., a wholly-owned subsidiary of the Band. The Band's maximum potential liability under the guarantee is \$2.5 million (2013 - \$2.5 million).

Ministerial guarantees:

The Band is contingently liable as a guarantor of 40 (2013 - 36) housing mortgages for social housing and privately-owned units. The Band's maximum potential liability under the guarantee is \$9,131,710 (2013 - \$9,293,688). The outstanding principal and interest at March 31, 2014 is \$9,131,710 (2013 - \$9,293,688), of which \$6,198,456 (2013 - \$6,485,824) is included in C.M.H.C. loans payable (see also note 8). The total contingent liability for individual band members is \$2,933,254 (2003 - \$2,807,864).

The Band received nominal consideration for providing the guarantees.

14. Segment disclosure:

The Band provides a wide variety of services to its members. For segment disclosure, these services are grouped and reported under services areas/departments that are responsible for providing such services. They are as follows:

Administration - This comprises of Corporate Administration, Taxation and Public Works. Administration is responsible for the support and coordination of all Musqueam Departments, including Chief and Council, Band Operations, Finance, Communications, Human Resources and Information Technology. Taxation collects revenue from property taxation to sustain and enhance essential programs and services that are vital for a stable community. Public Works services include maintenance of day-to-day services (water, sewer, roads and Community owned Buildings) as well as large scale capital projects.

Education - The department provides support and services for Musqueam youth enrolled in pre-school/Children's House, elementary, secondary and post-secondary institutions. Services provided ensure the academic success as well as the personal development of the community's youth population.

Social Development Programs - The objectives of the department are to assist community members in maintaining a basic standard of living, developing family strengths and providing financial support to enhance their ability towards a more independent lifestyle.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

14. Segment disclosure (continued):

Health - The department works to provide all community members access to basic health, mental health, home and community care programs to assist them in living healthier, longer lives.

Employment and Training - Key mandates of the department include preparing unemployed and/or income assistant recipients for entry into the labour force through a variety of training and support programs and delivering high-quality training that support the long-term labour market success of the Musqueam people by matching labour market demand, employer needs and participant interests.

Social Housing - The department manages activities related to housing for the Musqueam community. Key activities include managing the housing priority list and social housing stock, administration of renovations and new builds, assisting Elders and people with disabilities maintain their homes and providing emergency repair and maintenance support.

Treaty, lands and resources - In close collaboration with Council, Community and Administration, the department works towards a stronger, healthier, self-governing and self-sustaining Musqueam Nation. Further collaboration is carried out with various governmental and non-governmental agencies to advance Musqueam's Title, Rights and Interests.

Fisheries - The department is mainly responsible for aquatic resource protection through consultation and negotiation with Department of Fisheries and adjacent First Nation communities. The group ensures compliance with regulations through regular monitoring and reporting.

Other economic activities (OGO) – Musqueam established a business company (MCC) to manage the Band's business activities, including golf courses, hotel, office building, real properties and other commercial developments.

Other projects – includes capital projects on private housing units, community centre, and soccer field; and special projects for services delivered on programs like Safe home, language and culture and community wellness.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

14. Segment disclosure (continued):

	2013							2014		2015				
	Administration	Education	Social Development	Health	Employment & Training	Social Housing	Lands claim	Fisheries	Other Economic activities	Other projects	Totals before adjustment	Consolidation ADJ	Consolidated Total	Consolidated Total
Revenue														
Federal Government funding	\$ 2,118,673	\$ 1,507,357	\$ 1,524,003	\$ 607,708	\$ 126,500	\$ 278,437	\$ 70,000	\$ 348,000	\$ -	\$ 113,276	\$ 6,693,954	\$ -	\$ 6,693,954	\$ 6,047,361
Province Government funding	8,900,000	75,661	81,051	-	508,948	-	29,000	102,010	-	-	9,696,670	-	9,696,670	20,968,488
Other revenues	5,571,258	31,710	8,228	33,672	363,648	585,031	128,153	185,774	-	372,356	7,279,830	-	7,279,830	4,101,005
Taxation income	2,516,279	-	-	-	-	-	-	-	-	-	2,516,279	-	2,516,279	2,420,472
Investment from GBE (929,526)	-	-	-	-	-	-	-	-	-	-	(929,526)	-	(929,526)	1,065,310
Other economic activities	-	-	-	-	-	-	-	-	577,641	-	577,641	-	577,641	3,004,114
Transfer from other programs	9,953,010	507,808	500,323	173,000	308,112	1,988,415	435,000	25,000	-	898,030	14,788,698	14,788,698	-	-
Total revenue	28,129,694	2,122,536	2,113,605	814,380	1,307,208	2,851,883	662,153	660,784	577,641	1,383,662	40,623,546	14,788,698	25,834,848	37,606,750
Expenses:														
Salary and benefits	2,656,150	318,130	508,843	442,970	534,426	121,960	338,640	445,848	-	480,424	5,847,391	-	5,847,391	5,474,195
Amortization	1,151,133	-	-	-	-	443,587	-	-	240,932	-	1,835,652	-	1,835,652	1,907,709
Other expenses	8,113,759	1,485,605	1,508,493	309,897	593,604	1,099,136	173,286	284,851	1,321,817	825,311	15,715,759	-	15,715,759	14,045,220
Transfer to other programs	10,979,397	197,677	44,117	61,409	141,566	1,192,771	148,767	106,179	-	378,303	13,250,186	-	13,250,186	-
Total expenses	22,900,439	2,001,412	2,061,453	814,276	1,269,596	2,857,454	660,693	836,878	1,562,749	1,684,038	36,648,988	13,250,186	23,398,802	21,427,124
Annual Surplus (Deficit)	\$ 5,229,255	\$ 121,124	\$ 52,152	\$ 104	\$ 37,612	\$ (5,571)	\$ 1,460	\$ (176,094)	\$ (985,108)	\$ (300,376)	\$ 3,974,558	\$ 1,538,512	\$ 2,436,046	\$ 16,179,626

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

15. Trust funds administered by the Band:

In prior years, the Band separately approved by referendum \$1,000 and \$5,000 cash distributions to be paid to each Band member. All Band members who are minors (under the age of 19 years) had their funds deposited in a separate bank account, in trust. Subsequent to the referendum, distributions made by the Band to Band members, who are minors, are deposited to these separate bank accounts, in trust, at the request of the parent or guardian of the minor. As these Band members reach the age of 19 years, these funds are to be released. As at March 31, 2014, the aggregate balance of these trust accounts amounted to \$1,753,220 (2013 - \$1,889,627). The value of the trust accounts are not reflected in these consolidated financial statements.

16. Comparative figures:

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