

Consolidated Financial Statements of

**MUSQUEAM INDIAN BAND**

Year ended March 31, 2017

# **MUSQUEAM INDIAN BAND**

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Year ended March 31, 2017

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## Management's Responsibility for Financial Reporting

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada and as such include amounts that are the best estimates and judgments of management.


Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements. Chief and Council carries out this responsibility principally through its Finance and Administration Standing Committee.


The Finance and Administration Standing 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 and Administration Standing Committee reports its findings to Chief and Council for consideration when approving the consolidated financial statements for issuance to the Members.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Musqueam Indian Band and meet when required.

On behalf of Musqueam Indian Band:

  
\_\_\_\_\_  
Band Manager (Acting)

07/18/2017  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Finance Manager

07/18/2017  
\_\_\_\_\_  
Date



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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, 2017 and the consolidated statements of operations, changes in net financial assets, 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.



*Musqueam Indian Band*  
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*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, 2017, 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 Professional Accountants

July 17, 2017  
Burnaby, Canada

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial Assets</b>		
Cash	\$ 18,349,328	\$ 14,211,352
Restricted cash	294,055	339,066
Restricted short-term investment	1,395,537	1,384,399
Accounts receivable – members of Musqueam (note 2)	641,350	480,759
Ground leases and other receivables	3,786,022	318,927
Contributions receivable (note 3)	883,022	473,077
Tax receivable	635,742	629,336
Inventory	66,082	104,446
Ottawa Trust Funds (note 4)	5,009,118	5,095,364
2010 Legacies Trust Funds (note 5)	985,571	1,606,430
Investment in and advances to government business enterprises (note 6)	74,455,172	49,658,948
	106,500,999	74,302,104
<b>Liabilities</b>		
Bank loans (note 7)	4,312,266	-
Accounts payable and accrued liabilities	3,005,074	2,457,332
Canada Mortgage and Housing Corporation (C.M.H.C.) - replacement reserve	553,767	573,804
Deferred revenue (note 8)	23,906,478	1,703,252
C.M.H.C. loans payable (note 9)	7,202,441	7,623,533
Capital lease obligations (note 10(b))	52,159	65,887
Government loans payable (note 11)	2,230,566	2,230,566
	41,262,751	14,654,374
<b>Net financial assets</b>	<b>\$ 65,238,248</b>	<b>\$ 59,647,730</b>
<b>Non-Financial Assets</b>		
Reconciliation agreement lands (note 12)	\$ 178,255,404	\$ 178,952,589
Tangible capital assets (note 13)	81,323,152	82,426,184
Prepaid expenses	403,219	419,037
	259,981,775	261,797,810
Commitments (note 10)		
Contingent liabilities (note 14)		
Guarantees (note 15)		
<b>Accumulated surplus</b>	<b>\$ 325,220,023</b>	<b>\$ 321,445,540</b>

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, 2017, with comparative information for 2016

	Budget 2017	Actual 2017	Actual 2016
	(Note 18)		
<b>Revenue:</b>			
<b>Government:</b>			
Indigenous and Northern Affairs Canada (I.N.A.C.)	\$ 4,567,300	\$ 5,276,879	\$ 4,467,598
I.N.A.C. - Transfer from (to) deferred revenue (note 14(a))	-	(55,780)	46,738
First Nations Health Authority (F.N.H.A.)	779,200	1,020,348	1,144,265
F.N.H.A. - Transfer to deferred revenue	-	(8,772)	(176,841)
C.M.H.C.	279,200	307,492	258,704
Department of Fisheries and Oceans (D.F.O.)	820,400	807,588	761,407
D.F.O. - Transfer from (to) deferred revenue	-	(12,736)	95,441
Government settlement	11,195,556	11,195,556	-
Vancouver Coastal Health Authority	102,000	107,069	100,022
Miscellaneous – grants	1,124,500	1,635,636	891,032
C.M.H.C. Residential Rehabilitation Assistance Program (R.R.A.P.) (note 14 (b))	-	2,000	14,000
	18,868,156	20,275,280	7,602,366
<b>Self-generated:</b>			
Rent and leases	2,152,760	5,318,725	2,214,772
Taxation Fund	2,209,395	2,484,178	2,714,703
Miscellaneous	1,781,900	2,400,961	2,646,591
Other economic activities	3,073,860	3,540,570	2,249,562
Other investment income	100,000	303,384	87,451
Investment income from Ottawa Trust Fund	120,000	98,754	105,885
	9,437,915	14,146,572	10,018,964
<b>Modified equity (loss) from government business enterprises:</b>			
Marine business	(476,990)	(347,314)	(1,312,656)
Real estate business	(272,813)	(2,320,016)	504,587
	(749,803)	(2,667,330)	(808,069)
<b>Total revenue</b>	<b>27,556,268</b>	<b>31,754,522</b>	<b>16,813,261</b>
<b>Expenses:</b>			
Administration	13,489,110	12,442,395	11,136,060
Education	2,012,200	1,988,048	1,827,139
Social Development	2,005,000	2,039,460	2,067,972
Health	971,700	976,170	995,401
Employment and Training	675,800	1,238,471	1,413,896
Social Housing	1,514,965	1,362,844	1,584,295
Treaty, land and resources	1,501,000	2,084,141	1,610,192
Fisheries	877,400	911,012	997,746
Other economic activities	3,531,408	3,386,478	2,055,818
Other projects	1,074,100	1,551,020	801,541
Loss on acquisition	-	-	1,674,417
	27,652,683	27,980,039	26,164,477
<b>Annual surplus (deficit)</b>	<b>(96,415)</b>	<b>3,774,483</b>	<b>(9,351,216)</b>
<b>Accumulated surplus, beginning of year</b>	<b>321,445,540</b>	<b>321,445,540</b>	<b>330,796,756</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 321,349,125</b>	<b>\$ 325,220,023</b>	<b>\$ 321,445,540</b>

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	Budget 2017 (Note 18)	2017	2016
Annual surplus (deficit)	\$ (96,415)	\$ 3,774,483	\$ (9,351,216)
Reconciliation agreement lands (note 12):			
Capitalized costs	-	(977,883)	(860,140)
Capitalized property taxes refunded in the year	-	1,675,068	-
	(96,415)	697,185	(860,140)
Tangible capital assets:			
Tangible capital asset acquisitions	(835,500)	(880,655)	(1,984,622)
Amortization of tangible capital assets	1,951,289	1,983,687	1,916,682
	1,115,789	1,103,032	(67,940)
Other non-financial assets:			
Use of prepaid expenses	-	419,037	140,209
Acquisition of prepaid expenses	-	(403,219)	(419,037)
	-	15,818	(278,828)
Increase (decrease) in net financial assets	1,019,374	5,590,518	(10,558,124)
Net financial assets, beginning of year	59,647,730	59,647,730	70,205,854
Net financial assets, end of year	\$ 60,667,104	\$ 65,238,248	\$ 59,647,730

See accompanying notes to consolidated financial statements.



# MUSQUEAM INDIAN BAND

## Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 3,774,483	\$ (9,351,216)
Items not involving cash:		
Amortization	1,983,687	1,916,682
Modified equity loss from government business enterprises	2,667,330	808,069
Changes in non-cash operating working capital:		
Increase in accounts receivables - members of Musqueam	(160,591)	(21,758)
Decrease (increase) in ground leases and other receivables	(3,467,095)	371,055
Increase in contributions receivable	(409,945)	(175,895)
Increase in tax receivable	(6,406)	(38,200)
Decrease (increase) in inventory	38,364	(24,635)
Decrease (increase) in prepaid expenses	15,818	(278,828)
Increase (decrease) in accounts payable and accrued liabilities	547,742	(74,321)
Decrease in C.M.H.C. replacement reserve	(20,037)	(25,311)
Increase in deferred revenue	22,203,226	384,859
Net change in cash from operating activities	27,166,576	(6,509,499)
Capital activities:		
Purchase of tangible capital assets	(880,655)	(1,921,352)
Costs capitalized to reconciliation agreement lands	(977,883)	(860,140)
Refund of property taxes capitalized to reconciliation agreement lands (note 12)	1,675,068	-
Net change in cash from capital activities	(183,470)	(2,781,492)
Financing activities:		
Increase (decrease) in bank loans	4,312,266	(7,359,130)
Principal payments of capital lease obligations	(13,728)	(18,894)
Repayment of C.M.H.C. loans	(421,092)	(406,378)
Net change in cash from financing activities	3,877,446	(7,784,402)
Investing activities:		
Increase in restricted short-term investment	(11,138)	(11,424)
Net change in 2010 Legacies Trust	620,859	72,901
Net advances from (to) government business enterprises	(27,463,554)	2,265,122
Net Trust Funds withdrawn from (deposited to) Ottawa Trust Funds	86,246	(105,884)
Net change in cash from investing activities	(26,767,587)	2,220,715
Increase (decrease) in cash	4,092,965	(14,854,678)
Cash from change in classification of business entity	-	16,201,732
Cash, beginning of year	14,550,418	13,203,364
Cash, end of year	\$ 18,643,383	\$ 14,550,418
Represented by:		
Cash	\$ 18,349,328	\$ 14,211,352
Restricted cash	294,055	339,066
Cash, end of year	\$ 18,643,383	\$ 14,550,418

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

Musqueam Indian Band ("Musqueam") is a 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 Musqueam are the representation of management prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada.

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

The consolidated financial statements reflect activities of Musqueam, its Taxation Fund, and its wholly-owned subsidiaries and partnerships.

#### (i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by Musqueam. 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 other government organizations ("OGO"s) controlled by Musqueam and are fully consolidated in these financial statements:

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0742052 BC Ltd.	Block F Land Limited Partner Ltd.
0948599 B.C. Ltd.	Block F Land Ltd.
0948593 B.C. Ltd.	Block F Land General Partner Ltd.
3770 Investments Ltd.	Block K Land Ltd.
656243 B.C. Ltd.	Bridgepoint Land Ltd.
684348 B.C. Ltd.	Bridgepoint Land Limited Partner Ltd.
9220 Glenlyon General Partner Ltd.	Bridgepoint Land Limited Partnership
9220 Glenlyon Limited Partnership	Bridgepoint Land General Partner Ltd.
9220 Glenlyon Land Ltd.	Garden City Ventures Limited Partnership
9220 Glenlyon Limited Partner Ltd.	Garden City Ventures Limited
Celtic Shores Holdings Ltd.	Musqueam Projects Limited Partner Ltd.
Celtic Shores Properties Ltd.	Musqueam Projects Limited Partnership
Blocks A & B Land Ltd.	Musqueam Finance Ltd.
Blocks A & B Land Limited Partnership	Musqueam Capital Corp. ("MCC")
Blocks A & B Land General Partner Ltd.	Musqueam Mortgage Ltd.
Blocks A & B Land Limited Partner Ltd.	Musqueam Cultural Association

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Musqueam has a non-controlling interest in MST Development Corporation, an OGO, which is proportionately consolidated in these consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

### 1. Significant accounting policies (continued):

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

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

Musqueam accounts for its investments in its government business enterprises using the modified equity method. Under this method, Musqueam'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 Musqueam. 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 Members of Musqueam.

The following organizations are government business enterprises ("GBE"s) and are accounted for by the modified equity method:

0996501 B.C. Ltd.	Musqueam (West Vancouver) General Partner Ltd.
1008729 B.C. Ltd.	MST (West Van) General Partner Ltd.
562645 B.C. Ltd.	Musqueam (Jericho) General Partner Ltd.
LDB Land General Partner Ltd.	MST (Jericho) General Partner Ltd.
MIB LDB General Partner Ltd.	MIB (Jericho 2016) General Partner Ltd.
MIB LDB Limited Partner Ltd.	MIB (Jericho 2016) Limited Partner Ltd.
MIB Willingdon Limited Partner Ltd.	MST (Jericho 2016) General Partner Ltd.
MIB Willingdon General Partner Ltd.	MST (Jericho) General Partner Ltd.
Willingdon (AQ/MIB/TWN) General Partner Ltd.	Musqueam Marina General Partner Ltd.
Musqueam (Federal) Limited Partner Ltd.	Musqueam Marina Limited Partner Ltd.
Musqueam (Fairmont) General Partner Ltd.	Musqueam Salish Seas Limited Partner Ltd.
MST (Fairmont) General Partner Ltd.	Salish Seas Fisheries General Partner Ltd.

##### (iii) Investments in government partnerships:

Government partnerships that are business partnerships are accounted for by the modified equity method.

The following organizations are government business partnerships ("GBP"s) and are accounted for by the modified equity method:

LDB Developments (AQ/MIB/SN/TWN) Limited Partnership	MST (Fairmont) Limited Partnership
Willingdon Developments (AQ/MIB/TWN) Limited Partnership	MST (Jericho) Limited Partnership
Salish Seas Fisheries Limited Partnership	MST (Jericho 2016) Limited Partnership
	MST (West Van) Limited Partnership
	Musqueam Marina Limited Partnership

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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### 1. Significant accounting policies (continued):

#### (b) Use of accounting estimates:

The preparation of these 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, liability for contaminated sites, 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.

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 guaranteed investment certificates with maturity dates within one year from the date of issuance that are restricted for the purpose of funding the C.M.H.C replacement reserve and the public works capital reserve.

#### (e) Inventory:

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

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

### 1. Significant accounting policies (continued):

#### (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 Musqueam 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. Musqueam amortizes its tangible capital assets on a straight-line basis over the estimated useful lives as follows:

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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 – Elder Center	25 years
Pump station	25 years
Recreation fitness equipment	5 years
Roads and bridge	25 years
Housing trailer	10 years
Watermain pipe project	25 years

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Musqueam-owned residential homes are amortized on a 15 to 25 year straight line basis or 4% declining balance basis depending on the nature of the building.

Leasehold improvements are amortized straight-line over the term of the lease.

When a tangible capital asset no longer contributes to Musqueam'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.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (f) Non-financial assets (continued):

#### (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.

#### (iv) Settlement lands:

Settlement lands to which no acquisition cost is attributable are not recognized as assets in the consolidated financial statements.

#### (v) Reconciliation agreement lands:

Reconciliation agreement lands are specific parcels of land acquired in 2008 as part of a reconciliation agreement. Certain costs including property tax, consulting fees and legal fees incurred towards the future development of these properties are capitalized.

### (g) Housing Equalization Program Credits:

Housing Equalization Program Credits earned by participating Members of Musqueam are recorded as an expense when credits are applied against qualifying amounts when approved by Musqueam management.

### (h) Segment disclosures:

A segment is defined as a distinguishable activity of group of activities of Musqueam, for which it is appropriate to separately report financial information to achieve the objectives of the standard. Musqueam has provided definitions of segments used by Musqueam as well as presented financial information in segment format (note 16).

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

### 1. Significant accounting policies (continued):

#### (i) Liability for contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Musqueam is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operations, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

### 2. Accounts receivable - members of Musqueam:

	2017	2016
Social Housing rents	\$ 597,868	\$ 522,156
Less: Allowance for doubtful accounts	(436,000)	(436,000)
	161,868	86,156
Private Housing	472,068	431,965
Less: Allowance for doubtful amounts	(48,058)	(52,797)
	424,010	379,168
Daycare and others	55,472	15,435
	\$ 641,350	\$ 480,759

### 3. Contributions receivable:

	2017	2016
D.F.O.	\$ 708,640	\$ 352,731
I.N.A.C.	22,750	-
C.M.H.C.	23,976	20,281
First Nations Education Steering Committee	3,500	5,316
Other contributions receivable	124,156	94,749
Balance, end of the year	\$ 883,022	\$ 473,077

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

## 4. Ottawa Trust Funds:

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

	2017				2016
	Revenue	Ministerial Guarantee	Capital	Total	Total
Balance, beginning of year	\$ 4,764,352	\$ 330,000	\$ 1,012	\$ 5,095,364	\$ 4,989,480
Add:					
Interest received	95,550	-	-	95,550	102,721
B.C. Special	3,204	-	-	3,204	3,163
	4,863,106	330,000	1,012	5,194,118	5,095,364
Less:					
Withdrawal	(185,000)	-	-	(185,000)	-
Balance, end of year	\$ 4,678,106	\$ 330,000	\$ 1,012	\$ 5,009,118	\$ 5,095,364

## 5. 2010 Legacies Trust Funds:

Pursuant to an agreement, dated June 13, 2008, between Musqueam and the Government of Canada, Musqueam 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 Members of Musqueam, 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 Members of Musqueam.

During the year, pursuant to Musqueam Council Resolutions, the Trust distributed \$611,920 (2016 - \$67,277) to fund approved projects and incurred a net loss of \$8,939 (2016 - \$5,624).



# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

### 6. Investment in and advances to government business enterprises:

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

	Real estate business	Marine business	2017 Total	2016 Total
Cash	\$ 15,699,247	\$ 134,153	\$ 15,833,400	\$ 1,144,312
Accounts receivable/other receivables	321,770	31,954	353,724	413,809
Due from related parties	793,378	-	793,378	5,646,327
Investments	-	1,902,741	1,902,741	2,018,508
Other current assets	63,283	1,586	64,869	30,749
Investment properties	159,744,491	208,111	159,952,602	79,231,960
<b>Total Assets</b>	<b>\$ 176,622,169</b>	<b>\$ 2,278,545</b>	<b>\$ 178,900,714</b>	<b>\$ 88,485,665</b>
Accounts payable/accrued liabilities	\$ 791,581	\$ 160,069	951,650	\$ 437,774
Due to related parties	27,978,704	3,824,800	31,803,504	3,814,189
Long-term debt	102,808,778	-	102,808,778	32,682,780
Other liabilities	188,682	-	188,682	131,496
<b>Total Liabilities</b>	<b>131,767,745</b>	<b>3,984,869</b>	<b>135,752,614</b>	<b>37,066,239</b>
Equity (deficit)	44,854,424	(1,706,324)	43,148,100	51,419,426
<b>Total Liabilities and Equity</b>	<b>\$ 176,622,169</b>	<b>\$ 2,278,545</b>	<b>\$ 178,900,714</b>	<b>\$ 88,485,665</b>
Revenues	4,613,904	33,164	4,647,068	4,193,699
Expenses:				
Operating expenses	3,867,106	380,478	4,247,584	3,697,991
Change in fair value of long-term debt	2,155,441	-	2,155,441	-
Debt servicing (to related parties)	136,055	-	136,055	-
Debt servicing (to third party financial institutions)	775,318	-	775,318	560,009
<b>Total Expenses</b>	<b>6,933,920</b>	<b>380,478</b>	<b>7,314,398</b>	<b>4,258,000</b>
<b>Net loss</b>	<b>\$ (2,320,016)</b>	<b>\$ (347,314)</b>	<b>\$ (2,667,330)</b>	<b>\$ (64,301)</b>

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

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

	2017	2016
<i>Shalimar Place (see (a) below):</i>		
562645 B.C. Ltd.:		
Investment - 100% interest	\$ 11	\$ 11
Accumulated modified equity income	14,159,812	13,189,931
Accumulated net draws	(9,160,975)	(3,589,552)
Advances	(793,378)	(5,571,423)
	4,205,470	4,028,967
<i>Salish Seas Fisheries (see (b) below):</i>		
Musqueam Salish Seas Limited Partner Ltd.:		
Investment - 100% interest	3	3
	3	3
Salish Seas Fisheries Limited Partnership:		
Investment - 33.33% interest	27,000	27,000
Accumulated modified equity income	472,222	493,396
Advances due to	(33)	(33)
Accumulated net draws	(140,000)	(110,000)
	359,189	410,363
<i>Willingdon Developments (see (c) below):</i>		
MIB Willingdon Limited Partner Ltd.:		
Investment - 100% interest	3	3
	3	3
MIB Willingdon General Partner Ltd.:		
Investment - 100% interest	3	3
Write-down of investment	(3)	(3)
Advances	26,843	3,145
Accumulated modified equity loss	(26,649)	(3,145)
	194	-
Willingdon Developments (AQ/MIB/TWN) Limited Partnership:		
Investment - 33% interest	8,884,260	8,884,260
Advances	(300)	(300)
Accumulated modified equity loss	(468,242)	(321,438)
	8,415,718	8,562,522
Carried forward	12,980,577	13,001,858

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

	2017	2016
Brought forward	\$ 12,980,577	\$ 13,001,858
<i>Musqueam Marina (see (d) below):</i>		
Musqueam Marina Limited Partner Ltd.:		
Investment - 100% interest	3	3
	3	3
Musqueam Marina General Partner Ltd.:		
Investment - 100% interest	3	3
Write-down of investment	(3)	(3)
Advances due from	153,196	5,115
Accumulated modified equity loss	(6,463)	(5,115)
	146,733	-
Musqueam Marina Limited Partnership:		
Investment - 100% interest	999	999
Write-down of investment	(999)	(999)
Advances due from	3,787,645	3,771,558
Accumulated modified equity loss	(2,027,657)	(1,732,865)
	1,759,988	2,038,693
<i>LDB Developments (see (e) below):</i>		
MIB LDB Limited Partner Ltd.:		
Investment - 100% interest	3	3
	3	3
MIB LDB General Partner Ltd.:		
Investment - 100% interest	3	3
Write-down of investment	(3)	(3)
Advances due from	27,521	3,239
Accumulated modified equity loss	(27,521)	(3,239)
	-	-
LDB Developments (AQ/MIB/SN/TWN) Limited Partnership:		
Investment - 25% interest	5,062,627	5,062,627
Advances	(250)	(250)
Accumulated modified equity income	81,711	59,321
	5,144,088	5,121,698
Carried forward	20,031,392	20,162,255

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

	2017	2016
Brought forward	\$ 20,031,392	\$ 20,162,255
<i>MST (Jericho/Fairmont/West Vancouver) (see (f) below):</i>		
Musqueam (Federal) Limited Partner Ltd.:		
Investment - 100% interest	3	3
	3	3
Musqueam (Jericho) General Partner Ltd.:		
Investment - 100% interest	3	3
Write-down of investment	(3)	(3)
Advances due from	40,525	3,602
Accumulated modified equity loss	(40,282)	(3,602)
	243	-
Musqueam (Fairmont) General Partner Ltd.:		
Investment - 100% interest	3	3
Write-down of investment	(3)	(3)
Advances due from	40,525	3,602
Accumulated modified equity loss	(40,282)	(3,602)
	243	-
Musqueam (West Vancouver) General Partner Ltd.:		
Investment - 100% interest	3	3
Write-down of investment	(3)	(3)
Advances due from	40,525	3,602
Accumulated modified equity loss	(40,282)	(3,602)
	243	-
MST (Jericho) Limited Partnership:		
Investment - 33.3% interest	22,629,559	22,629,559
Advances due from	31,333	7,000
Accumulated modified equity income	(1,539,213)	4,318
	21,121,679	22,640,877
MST (Fairmont) Limited Partnership:		
Investment - 33.3% interest	6,034,892	6,034,892
Advances due from	31,333	7,000
Accumulated modified equity loss	(1,402,603)	(445,680)
	4,663,622	5,596,212
MST (West Vancouver) Limited Partnership:		
Investment - 33.3% interest	1,281,597	1,281,597
Advances due from	31,333	7,000
Accumulated modified equity loss	(61,856)	(29,002)
	1,251,074	1,259,595
Carried forward	47,068,499	49,658,942

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

	2017	2016
Brought forward	\$ 47,068,499	\$ 49,658,942
<i>MST (Jericho 2016) (see (g) below):</i>		
MST (Jericho 2016) Limited Partnership:		
Investment - 25% interest	3,333	3,333
Notes receivable	27,686,694	-
Advances	74,333	(3,333)
Accumulated modified equity loss	(380,619)	-
	27,383,741	-
MIB (Jericho 2016) Limited Partner Ltd.:		
Investment - 100% interest	3	3
	3	3
MIB (Jericho 2016) General Partner Ltd.:		
Investment - 100% interest	3	3
Advances	96,654	-
Accumulated modified equity loss	(93,728)	-
	2,929	3
	\$ 74,455,172	\$ 49,658,948

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

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

	Real estate business	Marine business	2017 Total	2016 Total
Total investment at proportional interest	\$ 43,896,294	\$ 27,006	\$ 43,923,300	\$ 43,923,300
Total accumulated draws	(9,160,976)	(140,000)	(9,300,976)	(3,699,552)
Total accumulated modified equity income (loss)	10,119,106	(1,593,330)	8,525,776	11,195,677
Total equity (deficit)	44,854,424	(1,706,324)	43,148,100	51,419,425
Advances due from (to)	27,334,833	3,972,239	31,307,072	(1,760,477)
Total investment and advances to government business enterprises	\$ 72,189,257	\$ 2,265,915	\$ 74,455,172	\$ 49,658,948

(a) In 1998, Musqueam incorporated 562645 B.C. Ltd. to operate a multi-unit residential property known as Shalimar Place. In the current year, 562645 B.C. Ltd. declared a dividend in the amount of \$5,571,423, which reduced the amount of advances from Musqueam.

(b) In April 2012, Musqueam 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 Musqueam's interest as a limited partner in the Salish Seas Fisheries Limited Partnership.

(c) In March 2014, Musqueam formed Willingdon Developments (AQ/MIB/TWN) Limited Partnership with the other two parties, which purchased a fee simple property from the Province of British Columbia (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 Willingdon (AQ/MIB/TWN) General Partner Ltd., as a general partner, and three limited partners representing each party's interest. The principal business of the Partnership is to acquire and manage residential and commercial properties or to acquire and develop properties to sell as residential or commercial units. 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. Musqueam set up MIB Willingdon General Partner Ltd. and MIB Willingdon Limited Partner Ltd to hold its 1/3 of the interest in Willingdon (AQ/MIB/TWN) General Partner Ltd. and the Partnership, respectively.

As at March 31, 2017, the Partnership has a loan payable of \$34,019,822 (2016 - \$32,906,000) to Addenda Capital Inc. which is secured by the assets of the Partnership.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

- (d) In November 2011, Musqueam set up Musqueam Marina Limited Partnership that owns 50% interest in Milltown Marine & Boatyard Joint Venture to develop a marina on Richmond Island. The project was completed in the 2016 fiscal year and operations have commenced in the current year.
- (e) In July 2014, Musqueam formed LDB Developments (AQ/MIB/SN/TWN) Limited Partnership with the other three parties, which purchased fee simple property situated on East Broadway, Vancouver from the Province. Currently, the property title is held by 1008729 BC Ltd., a nominee for the Partnership. The principal business of the Partnership is to acquire and manage residential and commercial properties or to acquire and develop properties to be sold as residential or commercial units. The Partnership consists of LDB Land General Partner Ltd., as a general partner, and four limited partners representing each party's interest. Under the partnership agreement, 0.01% of the profits or losses of the Partnership is allocated to the general partner and 99.99% to the limited partners. Musqueam set up MIB LDB General Partner Ltd. and MIB LDB Limited Partner Ltd. to hold its 1/4 of the interest in LDB Land General Partner Ltd. and the Partnership respectively.
- (f) In September 2014, three separate land parcels were purchased by Canada Lands Company Limited ("CLC"), a Canada crown corporation. Soon after the purchase, Musqueam and two other First Nations formed three limited partnerships ("MST limited partnerships") to purchase 50% beneficial interest in the lands from CLC and participate in redevelopment of lands with CLC under joint venture agreements. The MST limited partnerships representing 50% of interest in the joint ventures are MST (Jericho) Limited Partnership, MST (Fairmont) Limited Partnership, and MST (West Vancouver) Limited Partnership. In these MST limited partnerships, the three nations are limited partners holding 99.99% of the each partnership units and MST (Jericho) General Partner Ltd, MST (Fairmont) General Partner Ltd and MST (West Vancouver) General Partner Ltd are the general partners holding 0.01% of each partnership units.

Musqueam set up Musqueam (Jericho) General Partner Ltd, Musqueam (Fairmont) General Partner Ltd, and Musqueam (West Vancouver) General Partner Ltd to hold 1/3 of interest in each of the general partners of the MST limited partnerships and set up Musqueam (Federal) Limited Partner Ltd to hold its 1/3 of the limited partner units in the partnerships.

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, 2017

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

- (g) In March 2016, Musqueam formed MST (Jericho 2016) Limited Partnership with two other First Nations to acquire and develop the property known as Provincial Jericho Lands. The three nations are the limited partners holding 99.99% of the partnership units and MST (Jericho 2016) General Partner Ltd. is the general partner holding 0.01% of the partnership units.

Musqueam set up MIB (Jericho 2016) Limited Partner Ltd. and MIB (Jericho 2016) General Partner Ltd. to hold its 1/3 of the interest in MST (Jericho 2016) Limited Partnership and MST (Jericho 2016) General Partner Ltd., respectively.

On March 31, 2016, the MST (Jericho 2016) Limited Partnership entered into an agreement with the Province to purchase the Provincial Jericho lands. The completion date on the first parcel of land was completed in November 2016. The second parcel of land has an expected completion date in November 2017.

## 7. Bank loans:

As at March 31, 2017, Musqueam has two demand loan facilities available with:

- (a) Bank of Montreal (BMO) demand loan for \$15,000,000 bearing interest at prime rate (2016 - prime rate plus 0.125%) per annum. As at March 31, 2017, the amount outstanding was \$4,312,266 (2016 - nil).
- (b) Royal Bank of Canada (RBC) demand loan bearing interest at RBC's prime rate plus 1.0% per annum. No amount was drawn on this loan at March 31, 2017 (2016 - nil).

## 8. Deferred revenue:

As at March 31, 2017, the following contributions and revenue amounts have been deferred:

	Balance, March 31, 2016	Funds received 2017	Revenue recognized 2017	Balance, March 31, 2017
Government				
I.N.A.C.	\$ 40,547	\$ 96,326	\$ 40,547	\$ 96,326
Government settlement (a)	-	33,586,667	11,195,556	22,391,111
Other federal government	580,236	300,832	580,236	300,832
Total Government	620,783	33,983,825	11,816,339	22,788,269
Self-generated and transfers	1,082,469	1,118,209	1,082,469	1,118,209
	\$ 1,703,252	\$ 35,102,034	\$ 12,898,808	\$ 23,906,478

- (a) During the year, Musqueam received accommodation funds of \$33,586,667 from the Province. The accommodation funds are recognized into income once the purchase of the parcels of Provincial Jericho lands are completed (note 6(g)) and the stipulations of the funding are met.



# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

### 9. C.M.H.C. loans payable:

C.M.H.C. Reference	Maturity	Monthly payment	Interest rate	2017	2016
10-437-697-009	Aug. 1, 2016	\$ 1,185	1.80%	\$ -	\$ 5,900
10-437-697-010	Sept. 1, 2022	1,812	1.71%	114,060	133,681
10-437-697-011	Mar. 1, 2024	2,072	1.92%	162,783	184,317
10-437-697-012	Mar. 1, 2024	652	1.92%	51,187	57,959
19-362-037-001	Mar. 1, 2026	2,083	1.14%	213,773	235,796
19-362-037-002	Jan. 1, 2027	1,963	1.31%	217,262	237,562
19-362-037-003	Oct. 1, 2027	1,902	1.53%	222,966	242,242
19-362-037-004	Mar. 1, 2034	11,302	2.04%	1,948,284	2,043,367
19-362-037-007	Sept. 1, 2035	20,970	0.94%	4,272,126	4,482,709
				<b>\$ 7,202,441</b>	<b>\$ 7,623,533</b>

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

2018	\$ 421,034
2019	426,769
2020	432,455
2021	438,374
2022	444,365
Thereafter	5,039,444
	<b>\$ 7,202,441</b>

The C.M.H.C. loans are secured by a Ministerial Guarantee and are guaranteed by Musqueam (note 15).

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

### 10. Commitments:

#### (a) Operating leases:

Musqueam leases various office equipment and a vehicle under operating leases which expire on various dates between 2018 and 2022.

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

2018	\$	54,441
2019		44,963
2020		35,507
2021		22,976
2022		3,335
	\$	161,222

#### (b) Capital lease obligations:

Musqueam leases a trailer, field equipment and other equipment under capital leases which expire on various dates between 2018 and 2021.

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

2018	\$	20,713
2019		14,566
2020		13,488
2021		5,620
Total minimum lease payments		54,387
Less imputed interest at rates of 2.64% to 3.84%		2,228
Balance of capital lease obligation	\$	52,159

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

### 10. Commitments (continued):

#### (c) Housing Equalization Program:

During the year ended March 31, 2008, Musqueam implemented the Housing Equalization Program whereby each Musqueam member is eligible to earn credits to fund future repairs and maintenance and other qualifying amounts on their housing unit. Each participating Musqueam 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, 2017, Musqueam had contracted with 145 (2016 - 144) members of Musqueam to participate in the Housing Equalization Program. The total credits that can be earned by these individuals total approximately \$8,037,500 (2016 - \$7,968,000). Musqueam 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 Musqueam 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. Musqueam is obligated to fund eligible repairs and maintenance and other qualifying amounts up to the amounts earned by Musqueam members.

As at March 31, 2017, Musqueam is obligated to fund up to \$741,135 (2016 - \$629,344) of repairs and maintenance cost and other qualifying amounts. Based on contracts entered into by March 31, 2017, additional commitments are expected to accrue over the next five years ending March 31 as follows:

2018	\$	246,424
2019		241,015
2020		239,983
2021		239,983
2022		244,108
Thereafter		1,999,000
	\$	3,210,513

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

## 11. Government loans payable:

The following loans relate to the Land Claims Programs:

	2017	2016
I.N.A.C. - 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, 2022, 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

## 12. Reconciliation agreement lands:

In 2008, specific parcels of land in Pacific Spirit Park, referred to as Block F and Block K, were acquired by Musqueam from the Province.

	2017	2016
Block F:		
Original acquisition cost	\$ 110,000,000	\$ 110,000,000
Capitalized professional services	3,183,225	2,209,485
Capitalized property taxes, net of refund (a)	4,143	908,001
	113,187,368	113,117,486
Block K:		
Original acquisition cost	65,000,000	65,000,000
Capitalized professional services	68,036	68,036
Capitalized property taxes, net of refund (a)	-	767,067
	65,068,036	65,835,103
	\$ 178,255,404	\$ 178,952,589

(a) Property taxes of \$1,675,068 had been previously capitalized for the 2012 to 2015 taxation years. Musqueam had appealed the property tax assessments on the parcels of land and, during the year, the Province refunded this amount.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

## 13. Tangible capital assets:

	Cost			Accumulated Amortization			Net Book Value	
	Opening	Additions	Closing	Opening	Amortization	Closing	March 31, 2017	March 31, 2016
<b>Tangible Capital Assets</b>								
Aboriginal Pavilion	\$ 2,803,555	\$ -	\$ 2,803,555	\$ 560,616	\$ 112,142	\$ 672,758	\$ 2,130,797	\$ 2,242,939
Automobiles	347,601	10,600	358,201	207,475	25,634	233,109	125,092	140,126
Band owned homes	16,965,910	-	16,965,910	7,222,169	404,058	7,626,227	9,339,683	9,743,741
Boat equipment	136,871	46,600	183,471	136,871	9,320	146,191	37,280	-
Buildings	8,208,584	-	8,208,584	3,997,796	246,085	4,243,881	3,964,703	4,210,788
OGO lands	49,222,168	-	49,222,168	-	-	-	49,222,168	49,222,168
OGO leasehold improvements	4,046,567	125,076	4,171,643	996,034	154,684	1,150,718	3,020,925	3,050,533
Community centre	9,267,552	-	9,267,552	1,482,808	370,702	1,853,510	7,414,042	7,784,744
Soccer field	2,642,003	-	2,642,003	422,720	105,680	528,400	2,113,603	2,219,283
Storage shed	59,136	202,400	261,536	9,460	10,461	19,921	241,615	49,676
Computer equipment	1,238,904	155,912	1,394,816	1,137,935	137,557	1,275,492	119,324	100,969
Field equipment	169,141	20,514	189,655	120,834	21,105	141,939	47,716	48,307
Furniture and fixtures	1,484,481	319,553	1,804,034	1,008,918	138,179	1,147,097	656,937	475,563
Longhouse	293,767	-	293,767	65,727	11,751	77,478	216,289	228,040
Play ground - Elder Center	82,113	-	82,113	22,994	3,285	26,279	55,834	59,119
Pump Station	1,658,683	-	1,658,683	778,587	66,347	844,934	813,749	880,096
Recreation fitness equipment	105,438	-	105,438	104,047	1,391	105,438	-	1,391
Road and Bridge	1,132,896	-	1,132,896	592,453	49,567	642,020	490,876	540,443
Medical Equipment - Health	21,455	-	21,455	3,219	1,073	4,292	17,163	18,236
Clubhouse - soccer field	598,870	-	598,870	23,955	23,955	47,910	550,960	574,915
Watermain pipe project	779,050	-	779,050	62,324	31,162	93,486	685,564	716,726
	101,264,745	880,655	102,145,400	18,956,942	1,924,138	20,881,080	81,264,320	82,307,803
<b>Leased Tangible Assets</b>								
Electronic equipment	219,214	-	219,214	174,398	31,635	206,033	13,181	44,816
Housing trailer	195,641	-	195,641	130,426	19,564	149,990	45,651	65,215
Field equipment	77,650	-	77,650	69,300	8,350	77,650	-	8,350
Recreation fitness equipment	43,382	-	43,382	43,382	-	43,382	-	-
	535,887	-	535,887	417,506	59,549	477,055	58,832	118,381
<b>Total</b>	<b>\$ 101,800,632</b>	<b>\$ 880,655</b>	<b>\$ 102,681,287</b>	<b>\$ 19,374,448</b>	<b>\$ 1,983,687</b>	<b>\$ 21,358,135</b>	<b>\$ 81,323,152</b>	<b>\$ 82,426,184</b>

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 13. Tangible capital assets (continued):

### (a) 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 (2016 - nil).

### (b) 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.

### (c) Works of Art and Historical Treasures:

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

### (d) Write-down of tangible capital assets:

There were nil write downs of tangible capital assets during the year (2016 - nil).

## 14. Contingent liabilities:

### (a) Unexpended I.N.A.C. contributions:

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

### (b) Forgivable C.M.H.C. loans:

During the year, Musqueam received from C.M.H.C. \$2,000 (2016 - \$14,000) for renovations to Musqueam member homes under the R.R.A.P. The loans will be earned over 5 years by members of Musqueam as long as the members continue to own and occupy the homes during this earning period. As at March 31, 2017, the potential contingency is \$42,000 (2016 - \$78,643).

Management does not expect any liabilities to Musqueam as a result of these forgivable loans and therefore, no amount is recorded in these consolidated financial statements.

### (c) Litigation:

Musqueam is, from time to time, engaged in or party to certain legal proceedings and other existing conditions involving uncertainty which may result in material losses. The outcome and amounts that may be payable, if any, under some of these claims, cannot be determined and accordingly only those claims in which a payment is considered likely and the amounts can be reasonably estimated have been recorded in these consolidated financial statements as a liability.

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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### 15. Guarantees:

Musqueam is contingently liable as a guarantor of 38 (2016 - 40) housing mortgages for social housing and privately-owned units. Musqueam's maximum potential liability under the guarantee is \$7,567,010 (2016 - \$8,187,103). The outstanding principal and interest at March 31, 2017 is \$7,567,010 (2016 - \$8,187,103), of which \$5,254,157 (2016 - \$5,580,164) is included in C.M.H.C. loans payable (see also note 9). The total contingent liability for individual Members of Musqueam is \$2,312,853 (2016 - \$2,606,939). Management does not expect any liabilities to Musqueam as a result of these guarantees and therefore, no amount is recorded in these consolidated financial statements.

Musqueam received nominal consideration for providing the guarantees.

### 16. Segment disclosure:

Musqueam 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, Musqueam 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** - The objectives of the department are to assist Musqueam 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, 2017

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## 16. 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 Chief and 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** - Musqueam established a business company (MCC) to manage Musqueam's business activities, including golf courses, 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, 2017

### 16. Segment disclosure (continued):

	Administration	Education	Social Development	Health	Employment and Training	Social Housing	Treaty, land and resources	Fisheries	Other economic activities	Other	Totals before adjustment	Consolidation adjustments	2017 Consolidated Total	2016 Consolidated Total
<b>Revenue</b>														
Federal Government funding	\$ 1,680,225	\$ 1,523,977	\$ 1,336,695	\$ 1,010,576	\$ -	\$ 237,760	\$ 90,879	\$ 854,511	\$ -	\$ 694,401	\$ 7,429,024	\$ -	\$ 7,429,024	\$ 6,737,408
Province Government funding	11,275,556	84,482	19,800	-	83,862	-	364,000	-	-	-	11,807,700	-	11,807,700	826,125
Other revenue	6,280,638	60,721	362,677	20,306	951,371	573,250	855,062	11,745	-	44,610	9,160,380	-	9,160,380	5,093,531
Taxation income	2,484,178	-	-	-	-	-	-	-	-	-	2,484,178	-	2,484,178	2,714,703
Investment from government business enterprises	(2,667,330)	-	-	-	-	-	-	-	-	-	(2,667,330)	-	(2,667,330)	-808,069
Other economic activities	-	-	-	-	-	-	-	-	3,540,570	-	3,540,570	-	3,540,570	2,249,563
Total before transfer from other programs	19,053,267	1,649,180	1,719,172	1,030,882	1,035,233	811,010	1,309,941	866,256	3,540,570	739,011	31,754,522	-	31,754,522	16,813,261
Transfer from other programs	8,943,645	488,902	642,930	105,000	189,300	973,651	837,840	96,954	-	555,493	12,833,715	(12,833,715)	-	-
Total revenue	27,996,912	2,138,082	2,362,102	1,135,882	1,224,533	1,784,661	2,147,781	963,210	3,540,570	1,294,504	44,588,237	(12,833,715)	31,754,522	16,813,261
<b>Expenses:</b>														
Salary and benefits	3,028,486	328,263	541,260	624,647	685,834	178,129	689,146	533,664	-	403,356	7,012,785	-	7,012,785	6,949,784
Amortization	1,225,215	-	-	-	-	404,057	-	-	354,415	-	1,983,687	-	1,983,687	1,916,682
Other expense	8,188,694	1,659,785	1,498,200	351,523	552,637	780,658	1,394,995	377,348	3,032,063	1,147,664	18,983,667	-	18,983,667	17,298,011
Total before transfer to other programs	12,442,395	1,988,048	2,039,460	976,170	1,238,471	1,362,844	2,084,141	911,012	3,386,478	1,551,020	27,980,039	-	27,980,039	26,164,477
Transfer to other programs	11,729,304	123,325	320,469	163,929	43,175	720,974	174,614	32,351	-	115,357	13,423,498	(13,423,498)	-	-
Total expenses	24,171,699	2,111,373	2,359,929	1,140,099	1,281,646	2,083,818	2,258,755	943,363	3,386,478	1,666,377	41,403,537	(13,423,498)	27,980,039	26,164,477
Annual surplus (deficit)	\$ 3,825,213	\$ 26,709	\$ 2,173	\$ (4,217)	\$ (67,113)	\$ (299,157)	\$ (110,974)	\$ 19,847	\$ 154,092	\$ (371,873)	\$ 3,184,700	\$ 589,783	\$ 3,774,483	\$ (9,351,216)

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## **17. Trust funds administered by Musqueam:**

In prior years, Musqueam separately approved by referendum \$1,000 and \$5,000 cash distributions to be paid to each Musqueam Member. All Members of Musqueam 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 Musqueam to the 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 Members reach the age of 19 years, these funds are to be released. As at March 31, 2017, the aggregate balance of these trust accounts amounted to \$1,436,921 (2016 - \$1,529,503). The value of the trust accounts are not reflected in these consolidated financial statements.

## **18. Budget:**

An annual budget was presented by the Chief and Council of Musqueam and approved by the members of Musqueam on March 30, 2016. The budget information presented in these consolidated financial statements is based upon this approved budget. The consolidated budget includes activities related to operations, capital and all business entities managed by MCC. Adjustments to the budgeted amounts are required to comply with PSAB standards for inclusion in the consolidated statement of operations and consolidated statement of changes in net financial assets.