

Consolidated Financial Statements of

**MUSQUEAM INDIAN BAND**

Year ended March 31, 2018

# **MUSQUEAM INDIAN BAND**

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Year ended March 31, 2018

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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 of Musqueam are the responsibility of management prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

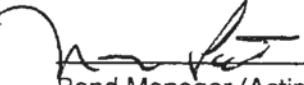
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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 auditor's 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, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted 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)  
\_\_\_\_\_  
July 16, 2018  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Chief Financial Officer  
\_\_\_\_\_  
July 16, 2018  
\_\_\_\_\_  
Date



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## INDEPENDENT AUDITOR'S 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, 2018 and the Consolidated Statements of Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and 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.

### *Auditor's 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.



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Musqueam Indian Band as at March 31, 2018, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other Matters*

The comparative figures presented in these financial statements for the year ended March 31, 2017 were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion in their report dated July 17, 2017.

*BDO Canada LLP*

Chartered Professional Accountants

July 16, 2018  
Vancouver, Canada

# MUSQUEAM INDIAN BAND

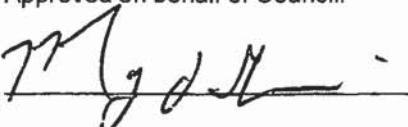
## Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial Assets</b>		
Cash	\$ 29,647,984	\$ 18,349,328
Restricted cash	296,775	294,055
Restricted short-term investment	1,407,151	1,395,537
Accounts receivable – members of Musqueam (note 2)	782,338	641,350
Ground leases and other receivables	4,178,766	3,786,022
Contributions receivable (note 3)	1,387,622	883,022
Tax receivable	684,624	635,742
Inventory	98,198	66,082
Ottawa Trust Funds (note 4)	10,396	5,009,118
2010 Legacies Trust Funds (note 5)	979,796	985,571
Investment in and advances to government business enterprises (note 6)	187,232,818	74,455,172
	226,706,468	106,500,999
<b>Liabilities</b>		
Bank loans (note 7)	-	4,312,266
Accounts payable and accrued liabilities	2,357,495	3,005,074
Canada Mortgage and Housing Corporation (C.M.H.C) - replacement reserve	547,000	553,767
Deferred revenue (note 8)	3,679,011	23,906,478
C.M.H.C. loans payable (note 9)	6,781,275	7,202,441
Capital lease obligations (note 10(b))	94,037	52,159
Government loans payable (note 11)	2,230,566	2,230,566
	15,689,384	41,262,751
Net financial assets	\$ 211,017,084	\$ 65,238,248
<b>Non-Financial Assets</b>		
Reconciliation agreement lands (note 12)	\$ 65,068,036	\$ 178,255,404
Tangible capital assets (note 13)	80,034,281	81,323,152
Prepaid expenses	143,093	403,219
	145,245,410	259,981,775
Commitments (note 10)		
Contingent liabilities (note 14)		
Guarantees (note 15)		
Accumulated surplus (note 19)	\$ 356,262,494	\$ 325,220,023

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, 2018, with comparative information for 2017

	Budget 2018	Actual 2018	Actual 2017
(note 18)			
<b>Revenue:</b>			
Government:			
Indigenous and Northern Affairs Canada (I.N.A.C.)	\$ 4,596,900	\$ 8,393,238	\$ 5,276,879
I.N.A.C. - Transfer to deferred revenue (note 14(a))	-	(204,828)	(55,780)
First Nations Health Authority (F.N.H.A.)	967,700	1,071,558	1,020,348
F.N.H.A. - Transfer from (to) deferred revenue	150,000	(54,449)	(8,772)
C.M.H.C.	234,500	251,682	307,492
Department of Fisheries and Oceans (D.F.O.)	348,000	642,103	807,588
D.F.O. - Transfer to deferred revenue	-	(8,267)	(12,736)
Government settlement	22,391,111	22,391,111	11,195,556
Vancouver Coastal Health Authority	80,000	124,583	107,069
Miscellaneous – grants	1,049,300	2,534,112	1,635,636
C.M.H.C. Residential Rehabilitation Assistance Program (R.R.A.P.) (note 14 (b))	-	-	2,000
	29,817,511	35,140,843	20,275,280
Self-generated:			
Rent and leases	3,044,500	3,185,410	4,092,725
Non-government agreements	9,174,239	9,889,239	1,226,000
Taxation Fund	2,452,556	2,670,267	2,484,178
Miscellaneous	1,986,100	2,542,659	2,400,961
Other economic activities	3,183,593	3,569,207	3,540,570
Other investment income	190,000	217,415	303,384
Investment income from Ottawa Trust Fund	-	65,707	98,754
	20,030,988	22,139,904	14,146,572
Modified equity income (loss) from government business enterprises:			
Marine business	(61,227)	126,919	(347,314)
Real estate business	4,752,469	6,457,154	(2,320,016)
	4,691,242	6,584,073	(2,667,330)
Total revenue	54,539,741	63,864,820	31,754,522
<b>Expenses:</b>			
Administration	13,068,231	15,455,880	12,442,395
Education	2,202,200	2,193,498	1,988,048
Social Development	2,033,000	2,173,815	2,039,460
Health	1,073,900	1,047,126	976,170
Employment and Training	1,024,000	2,476,066	1,238,471
Social Housing	1,529,366	1,543,433	1,362,844
Treaty, land and resources	1,192,500	2,046,431	2,084,141
Fisheries	408,500	742,457	911,012
Other economic activities	4,204,240	3,961,658	3,386,478
Other projects	802,300	1,181,985	1,551,020
	27,538,237	32,822,349	27,980,039
Annual surplus	27,001,504	31,042,471	3,774,483
Accumulated surplus, beginning of year	325,220,023	325,220,023	321,445,540
Accumulated surplus, end of year	\$ 352,221,527	\$ 356,262,494	\$ 325,220,023

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	Budget 2018 (note 18)	2018	2017
Annual surplus	\$ 27,001,504	\$ 31,042,471	\$ 3,774,483
Reconciliation agreement lands (note 12):			
Capitalized costs	-	(195,537)	(977,883)
Capitalized property taxes refunded in the year	-	-	1,675,068
Transfer of beneficial interest of Block F	-	113,382,905	-
	-	113,187,368	697,185
Tangible capital assets:			
Tangible capital asset acquisitions	(310,350)	(656,334)	(880,655)
Amortization of tangible capital assets	1,956,525	1,945,205	1,983,687
	1,646,175	1,288,871	1,103,032
Other non-financial assets:			
Use of prepaid expenses	-	403,219	419,037
Acquisition of prepaid expenses	-	(143,093)	(403,219)
	-	260,126	15,818
Increase in net financial assets	28,647,679	145,778,836	5,590,518
Net financial assets, beginning of year	65,238,248	65,238,248	59,647,730
Net financial assets, end of year	\$ 93,885,927	\$ 211,017,084	\$ 65,238,248

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
<b>Cash provided by (used in):</b>		
Operating transactions:		
Annual surplus	\$ 31,042,471	\$ 3,774,483
Items not involving cash:		
Amortization	1,945,205	1,983,687
Modified equity (income) loss from government business enterprises	(6,584,073)	2,667,330
Changes in non-cash operating working capital:		
Increase in accounts receivables – members of Musqueam	(140,988)	(160,591)
Increase in ground leases and other receivables	(392,744)	(3,467,095)
Increase in contributions receivable	(504,600)	(409,945)
Increase in tax receivable	(48,882)	(6,406)
(Increase) decrease in inventory	(32,116)	38,364
Decrease in prepaid expenses	260,126	15,818
(Decrease) increase in accounts payable and accrued liabilities	(647,579)	547,742
Decrease in C.M.H.C. replacement reserve	(6,767)	(20,037)
(Decrease) increase in deferred revenue	(20,227,467)	22,203,226
Net change in cash from operating activities	4,662,586	27,166,576
Capital transactions:		
Purchase of tangible capital assets	(656,334)	(880,655)
Costs capitalized to reconciliation agreement lands	(195,537)	(977,883)
Refund of property taxes capitalized to reconciliation agreement lands (note 12)	-	1,675,068
Net change in cash from capital activities	(851,871)	(183,470)
Financing transactions:		
(Decrease) increase in bank loans	(4,312,266)	4,312,266
Principal payments of capital lease obligations	(31,154)	(13,728)
New capital lease obligations	73,032	-
Repayment of C.M.H.C. loans	(421,166)	(421,092)
Net change in cash from financing activities	(4,691,554)	3,877,446
Investing transactions:		
Increase in restricted short-term investment	(11,614)	(11,138)
Net change in 2010 Legacies Trust	5,775	620,859
Net advances from (to) government business enterprises	7,189,332	(27,463,554)
Net Trust Funds withdrawn from Ottawa Trust Funds	4,998,722	86,246
Net change in cash from investing activities	12,182,215	(26,767,587)
Increase in cash	11,301,376	4,092,965
Cash, beginning of year	18,643,383	14,550,418
<b>Cash, end of year</b>	<b>\$ 29,944,759</b>	<b>\$ 18,643,383</b>
Represented by:		
Cash	\$ 29,647,984	\$ 18,349,328
Restricted cash	296,775	294,055
<b>Cash, end of year</b>	<b>\$ 29,944,759</b>	<b>\$ 18,643,383</b>

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements

Year ended March 31, 2018, with comparative information for 2017

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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 responsibility of management prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as prescribed by the Public Sector Accounting Board of the 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 its partnerships.

##### (i) Consolidated entities:

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018, with comparative information for 2017

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## 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 consolidated Band entity. 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.
Musqueam Block F Land Ltd.	Block F Land Limited Partner Ltd.
Block F Land General Partner Ltd.	

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#### (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:

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

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# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018, with comparative information for 2017

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## 1. Significant accounting policies (continued):

### (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, 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 C.M.H.C. operating reserve.

### (e) Inventory:

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018, with comparative information for 2017

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## 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
Automobiles	10 years
Boat equipment	5 years
Buildings	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
Medical equipment - Health	20 years
Watermain pipe project	25 years
Electric equipment	2 years
Housing trailer	10 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.

Company leased tangible assets are amortized on a 20% declining balance basis.

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, 2018, with comparative information for 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 or 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, 2018, with comparative information for 2017

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## 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 operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

## 2. Accounts receivable – members of Musqueam:

	2018	2017
Social Housing rents	\$ 744,314	\$ 597,868
Less: Allowance for doubtful accounts	(436,000)	(436,000)
	308,314	161,868
Private Housing	461,951	472,068
Less: Allowance for doubtful amounts	(47,008)	(48,058)
	414,943	424,010
Daycare and others	59,081	55,472
	<hr/> \$ 782,338	<hr/> \$ 641,350

## 3. Contributions receivable:

	2018	2017
D.F.O.	\$ 657,634	\$ 708,640
I.N.A.C.	422,967	22,750
C.M.H.C.	27,656	23,976
First Nations Education Steering Committee	1,700	3,500
Health Canada & Youth	9,360	-
Other contributions receivable	268,305	124,156
	<hr/> \$ 1,387,622	<hr/> \$ 883,022

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018, with comparative information for 2017

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## 4. Ottawa Trust Funds:

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

	2018			2017	
	Revenue	Ministerial Guarantee	Capital	Total	Total
Balance, beginning of year	\$ 4,678,106	\$ 330,000	\$ 1,012	\$ 5,009,118	\$ 5,095,364
Add:					
Interest received	62,514	-	-	62,514	95,550
B.C. Special	3,193	-	-	3,193	3,204
	4,743,813	330,000	1,012	5,074,825	5,194,118
Less:					
Withdrawal	(4,734,429)	(330,000)	-	(5,064,429)	(185,000)
Balance, end of year	\$ 9,384	\$ -	\$ 1,012	\$ 10,396	\$ 5,009,118

During the year, Musqueam received a withdrawal from Ottawa Trust Fund of \$5,064,429. These amounts were deposited in a separate bank account of Musqueam. The balance at year end is included as cash.

## 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 nil (2017 - \$611,920) to fund approved projects and incurred a net loss of \$5,775 (2017 - \$8,939).

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018, with comparative information for 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	2018 Total	2017 Total
Cash	\$ 53,354,435	\$ 167,276	\$ 53,521,711	\$ 15,833,400
Accounts receivable/other receivable	372,357	97,838	470,195	353,724
Due from related parties	1,394,163	33	1,394,196	793,378
Investments	-	1,946,564	1,946,564	1,902,741
Other current assets	96,989	1,330	98,319	64,868
Investment properties	523,123,898	257,738	523,381,636	159,965,345
<b>Total Assets</b>	<b>\$ 578,341,842</b>	<b>\$ 2,470,779</b>	<b>\$ 580,812,621</b>	<b>\$ 178,913,456</b>
Accounts payable/accrued liabilities	\$ 3,515,800	\$ 234,905	3,750,705	\$ 964,392
Due to related parties	308,796,146	3,738,304	312,534,450	31,803,504
Long-term debt	151,825,415	106,263	151,931,678	102,808,778
Other liabilities	62,810,165	500	62,810,665	188,682
<b>Total Liabilities</b>	<b>526,947,526</b>	<b>4,079,972</b>	<b>531,027,498</b>	<b>135,765,356</b>
Equity (deficit)	51,394,316	(1,609,193)	49,785,123	43,148,100
<b>Total Liabilities and Equity</b>	<b>\$ 578,341,842</b>	<b>\$ 2,470,779</b>	<b>\$ 580,812,621</b>	<b>\$ 178,913,456</b>
Revenues	5,273,712	363,261	5,636,973	4,654,186
Expenses:				
Operating expenses	3,857,446	232,186	4,089,632	4,247,582
Change in fair value of long-term debt	(5,866,636)	-	(5,866,636)	2,155,441
Debt servicing (to related parties)	454,363	-	454,363	136,055
Debt servicing (to third party financial institutio	387,972	3,944	391,916	775,318
<b>Total Expenses (income)</b>	<b>(1,166,855)</b>	<b>236,130</b>	<b>(930,725)</b>	<b>7,314,396</b>
Net income (loss)	\$ 6,440,567	\$ 127,131	\$ 6,567,698	\$ (2,660,210)

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018, with comparative information for 2017

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

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

	2018	2017
Shalimar Place (see (a) below)		
Investment	\$ 11	\$ 11
Accumulated net draws	(9,160,975)	(9,160,975)
Advances (non-interest bearing, no specific repayment terms)	(1,394,163)	(793,378)
Accumulated modified equity income	15,374,387	14,159,812
	4,819,260	4,205,470
Salish Seas Fisheries (see (b) below)		
Investment	27,003	27,003
Accumulated net draws	(170,000)	(140,000)
Advances (non-interest bearing, no specific repayment terms)	(33)	29,967
Accumulated modified equity income	481,018	442,222
	337,988	359,192
Willingdon Developments (see (c) below)		
Investment	8,884,266	8,884,266
Advances (non-interest bearing, no specific repayment terms)	30,662	26,543
Accumulated modified equity loss	(767,503)	(494,894)
	8,147,425	8,415,915
Musqueam Marina (see (d) below)		
Investment	1,005	1,005
Advances (non-interest bearing, no specific repayment terms)	3,897,931	3,940,841
Accumulated modified equity loss	(1,946,999)	(2,035,122)
	1,951,937	1,906,724
LDB Developments (see (e) below)		
Investment	5,062,633	5,062,633
Advances (non-interest bearing, no specific repayment terms)	33,219	27,271
Accumulated modified equity income	82,551	54,187
	5,178,403	5,144,091
Carried forward	20,435,013	20,031,392

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018, with comparative information for 2017

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

	2018	2017
Brought forward	\$ 20,435,013	\$ 20,031,392
MST (Jericho/Fairmont/West Vancouver) (see (f) below)		
Investment	29,946,060	29,946,060
Advances (non-interest bearing, no specific repayment terms)	550,008	215,574
Accumulated modified equity loss	(2,616,286)	(3,124,527)
	27,879,782	27,037,107
MST (Jericho 2016) (see (g) below)		
Investment	3,339	3,339
Notes receivable (interest bearing at prime, due on demand)	27,941,072	27,686,694
Advances (non-interest bearing, no specific repayment terms)	236,312	170,987
Accumulated modified equity loss (income)	4,509,645	(474,347)
	32,690,368	27,386,673
Musqueam Block F (see (h) below)		
Investment	99,911	-
Notes receivable (see (h) below)	105,663,498	-
Advances (non-interest bearing, no specific repayment terms)	469,660	-
Accumulated modified equity loss	(5,414)	-
	106,227,655	-
	<b>\$187,232,818</b>	<b>\$ 74,455,172</b>

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 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	2018 Total	2017 Total
Total investment at proportional interest	\$ 43,996,220	\$ 28,008	\$ 44,024,228	\$ 43,923,300
Total accumulated draws	(9,160,975)	(170,000)	(9,330,975)	(9,300,976)
<u>Total accumulated modified equity income (loss)</u>	<u>16,577,380</u>	<u>(1,465,981)</u>	<u>15,111,399</u>	<u>8,525,776</u>
Total equity (deficit)	51,412,625	(1,607,973)	49,804,652	43,148,100
Advances and notes receivable	133,530,268	3,897,898	137,428,166	31,307,072
<b>Total investment and advances to government business enterprises</b>	<b>\$ 184,942,893</b>	<b>\$ 2,289,925</b>	<b>\$ 187,232,818</b>	<b>\$ 74,455,172</b>

- (a) In 1998, Musqueam incorporated 562645 B.C. Ltd. to operate a multi-unit residential property known as Shalimar Place.
- (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, 2018, the Partnership has a loan payable of \$34,763,689 (2017 - \$34,019,822) 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, 2018

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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.
- (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.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 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 was completed in November 2017.

(h) In May 2017, Musqueam formed Block F Limited Partnership to develop the property known as Block F. Musqueam is the limited partner holding 99.9% of the partnership units through Block F Land Limited Partner Ltd., and Block F Land General Partner Ltd. is the general partner holding 0.1% of the partnership units. Currently, the property title is held by Musqueam Block F Land Ltd., a nominee for the Partnership.

The Block F lands were transferred from the Band to the Partnership in June 2017 at fair market value. As this was a government business enterprise transaction, the gain from this transaction was eliminated upon consolidation.

The note receivable from Block F Limited Partnership is secured by a general security agreement granted by Block F Limited Partnership, bearing interest at prime plus 0.01% per annum and due on demand.

## 7. Bank loans:

As at March 31, 2018, Musqueam has two demand loan facilities available with:

(a) Bank of Montreal (BMO) demand loan for \$15,000,000 bearing interest at prime rate (2017 – prime rate) per annum. As at March 31, 2018, the amount outstanding was nil (2017 - \$4,312,266).

(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, 2018 (2017 - nil).

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 8. Deferred revenue:

As at March 31, 2018, the following contributions and revenue amounts have been deferred:

	Balance, March 31, 2017	Funds received 2018	Revenue recognized 2018	Balance, March 31, 2018
Government				
I.N.A.C.	\$ 96,326	\$ 301,155	\$ 96,326	\$ 301,155
Government settlement (a)	22,391,111	-	22,391,111	-
Other federal government	300,832	2,100,586	300,832	2,100,586
Total Government	22,788,269	2,401,741	22,788,269	2,401,741
Self-generated and transfers	1,118,209	1,277,270	1,118,209	1,277,270
	\$ 23,906,478	\$ 3,679,011	\$ 23,906,478	\$ 3,679,011

The unspent portion of deferred revenues are held as cash within the Band's operating bank account.

(a) In 2017, Musqueam received accommodation funds of \$33,586,667 from the Province and deferred \$22,391,111 as at March 31, 2017. The deferred accommodation funds were recognized into income during the year when the purchase of the parcels of Provincial Jericho lands were completed (note 6(g)) and the stipulations of the funding were met.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

C.M.H.C. Reference	Maturity	Monthly payment	Interest rate	2018	2017
10-437-697-010	Sept. 1, 2022	\$ 1,818	1.84%	\$ 94,136	\$ 114,060
10-437-697-011	Mar. 1, 2024	2,072	1.92%	140,841	162,783
10-437-697-012	Mar. 1, 2024	652	1.92%	44,287	51,187
19-362-037-001	Mar. 1, 2026	2,083	1.14%	191,086	213,773
19-362-037-002	Jan. 1, 2027	1,963	1.31%	196,419	217,262
19-362-037-003	Oct. 1, 2027	1,943	1.97%	203,505	222,966
19-362-037-004	Mar. 1, 2034	11,302	2.04%	1,851,345	1,948,284
19-362-037-007	Sept. 1, 2035	20,970	0.94%	4,059,656	4,272,126
				\$ 6,781,275	\$ 7,202,441

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:

---

2019	\$ 425,868
2020	431,652
2021	437,673
2022	443,769
2023	439,027
Thereafter	4,603,286
	\$ 6,781,275

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, 2018

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## 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:

---

2019	\$ 49,000
2020	35,543
2021	22,991
2022	3,335
	<hr/>
	\$ 110,869

### (b) Capital lease obligations:

Musqueam leases field equipment and other equipment under capital leases which expire on various dates between 2018 and 2023.

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

---

2019	\$ 30,503
2020	29,425
2021	21,557
2022	15,937
2023	2,482
<hr/>	
Total minimum lease payments	99,904
<hr/>	
Less imputed interest at rates of 2.64% to 6.87%	5,867
<hr/>	
Balance of capital lease obligation	\$ 94,037

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 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, 2018, Musqueam had contracted with 145 (2017 - 145 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 (2017 - \$8,037,500). 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, 2018, Musqueam is obligated to fund up to \$822,901 (2017 - \$741,135) of repairs and maintenance cost and other qualifying amounts. Based on contracts entered into by March 31, 2018, additional commitments are expected to accrue over the next five years ending March 31 as follows:

---

2019	\$ 241,015
2020	239,983
2021	239,983
2022	233,738
2023	222,574
Thereafter	1,786,729
	\$ 2,964,022

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 11. Government loans payable:

The following loans relate to the Land Claims Programs:

	2018	2017
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
	<hr/> \$ 2,230,566	<hr/> \$ 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. In 2018, the beneficial interest of Block F was transferred to Block F Limited Partnership, a government business enterprise.

	2018	2017
Block F		
Original acquisition cost	\$ 110,000,000	\$ 110,000,000
Capitalized professional services	3,378,762	3,183,225
Transfer of beneficial interest	(113,382,905)	-
Capitalized property taxes, net of refund (a)	4,143	4,143
	-	113,187,368
Block K		
Original acquisition cost	65,000,000	65,000,000
Capitalized professional services	68,036	68,036
	65,068,036	65,068,036
	<hr/> \$ 65,068,036	<hr/> \$ 178,255,404

(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, in 2017, the Province refunded this amount.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 13. Tangible capital assets:

	Cost			Accumulated Amortization			Net Book Value	
	Opening	Additions	Closing	Opening	Amortization	Closing	March 31, 2018	March 31, 2017
<b>Tangible Capital Assets</b>								
Aboriginal Pavilion	\$ 2,803,555	\$ 35,087	\$ 2,838,642	\$ 672,758	\$ 113,546	\$ 786,304	\$ 2,052,338	\$ 2,130,797
Automobiles	358,201	-	358,201	233,109	25,633	258,742	99,459	125,092
Band owned homes	16,965,910	46,509	17,012,419	7,626,227	389,432	8,015,659	8,996,760	9,339,683
Boat equipment	183,471	14,551	198,022	146,191	12,230	158,421	39,601	37,280
Buildings	8,208,584	-	8,208,584	4,243,881	241,103	4,484,984	3,723,600	3,964,703
Company Lands	49,222,168	-	49,222,168	-	-	-	49,222,168	49,222,168
Company leasehold improvement	4,171,643	93,308	4,264,951	1,150,718	151,968	1,302,686	2,962,265	3,020,925
Community centre	9,267,552	-	9,267,552	1,853,510	370,702	2,224,212	7,043,340	7,414,042
Soccer field	2,642,003	-	2,642,003	528,400	105,680	634,080	2,007,923	2,113,603
Storage shed	261,536	5,990	267,526	19,921	10,701	30,622	236,904	241,615
Computer equipment	1,394,816	134,121	1,528,937	1,275,492	140,034	1,415,526	113,411	119,324
Field equipment	189,655	23,635	213,290	141,939	21,522	163,461	49,829	47,716
Furniture and fixtures	1,577,954	160,925	1,738,879	966,310	122,827	1,089,137	649,742	611,644
Longhouse	293,767	24,205	317,972	77,478	12,719	90,197	227,775	216,289
Play ground - Elder Center	82,113	-	82,113	26,279	3,285	29,564	52,549	55,834
Pump Station	1,658,683	11,862	1,670,545	844,934	66,822	911,756	758,789	813,749
Recreation fitness equipment	105,438	-	105,438	105,438	-	105,438	-	-
Road and Bridge	1,132,896	33,109	1,166,005	642,020	50,891	692,911	473,094	490,876
Medical Equipment - Health	21,455	-	21,455	4,292	1,073	5,365	16,090	17,163
Club house - soccer field	598,870	-	598,870	47,910	23,955	71,865	527,005	550,960
Watermain pipe project	779,050	-	779,050	93,486	31,162	124,648	654,402	685,564
	101,919,320	583,302	102,502,622	20,700,293	1,895,285	22,595,578	79,907,044	81,219,027
<b>Leased Tangible Assets</b>								
Electronic equipment	219,214	-	219,214	206,033	13,181	219,214	-	13,181
Housing trailer	195,641	-	195,641	149,990	19,564	169,554	26,087	45,651
Field equipment	77,650	-	77,650	77,650	-	77,650	-	-
Company leased tangible assets	222,024	73,032	295,056	176,731	17,175	193,906	101,150	45,293
Recreation fitness equipment	43,382	-	43,382	43,382	-	43,382	-	-
	757,911	73,032	830,943	653,786	49,920	703,706	127,237	104,125
<b>Total</b>	<b>\$ 102,677,231</b>	<b>\$ 656,334</b>	<b>\$ 103,333,565</b>	<b>\$ 21,354,079</b>	<b>\$ 1,945,205</b>	<b>\$ 23,299,284</b>	<b>\$ 80,034,281</b>	<b>\$ 81,323,152</b>

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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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 (2017 - 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 (2017 - 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. nil (2017 - \$2,000) 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, 2018, the potential contingency is \$19,600 (2017 - \$42,000).

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, 2018

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## **15. Guarantees:**

Musqueam is contingently liable as a guarantor of 39 (2017 - 38) housing mortgages for social housing and privately-owned units. Musqueam's maximum potential liability under the guarantee is \$7,085,939 (2017 - \$7,567,010). The outstanding principal and interest at March 31, 2018 is \$7,085,939 (2017 - \$7,567,010), of which \$4,929,930 (2017 - \$5,254,157) is included in C.M.H.C. loans payable (see also note 9). The total contingent liability for individual Members of Musqueam is \$2,156,009 (2017 - \$2,312,853). 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.

Additionally, Musqueam acts as a guarantor for Block F Land Limited Partnership in the maximum amount of \$10,544,900 in respect of a bank facility provided by Bank of Montreal to the partnership. As at March 31, 2018 there were no borrowings against the facility.

## **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, 2018

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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, land 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, 2018

### 16. Segment disclosure (continued):

	Administration	Education	Social Development	Health	Employment and Training	Social Housing	Treaty, land and resources	Fisheries	Other economic activities	Other projects	2018 Consolidated Total	2017 Consolidated Total
<b>Revenue</b>												
Federal Government funding	\$ 4,290,331	\$ 1,602,600	\$ 1,334,928	\$ 1,016,109	\$ 1,046,102	\$ 235,419	\$ 603,455	\$ 653,377	\$ -	\$ 411,075	\$ 11,193,396	\$ 7,429,024
Province Government funding	22,386,111	-	-	-	66,088	-	511,993	-	-	30,000	22,994,192	11,807,700
Other revenue	13,894,844	187,681	271,329	42,900	1,068,591	535,713	782,916	5,000	-	64,711	16,853,685	9,160,380
Taxation income	2,670,267	-	-	-	-	-	-	-	-	-	2,670,267	2,484,178
Investment from government business enterprises	6,584,073	-	-	-	-	-	-	-	-	-	6,584,073	(2,667,330)
Other economic activities	-	-	-	-	-	-	-	-	3,569,207	-	3,569,207	3,540,570
<b>Total revenue</b>	<b>49,825,626</b>	<b>1,790,281</b>	<b>1,606,257</b>	<b>1,059,009</b>	<b>2,180,781</b>	<b>771,132</b>	<b>1,898,364</b>	<b>658,377</b>	<b>3,569,207</b>	<b>505,786</b>	<b>63,864,820</b>	<b>31,754,522</b>
<b>Expenses:</b>												
Salary and benefits	2,814,534	382,699	582,974	744,994	994,637	134,047	1,091,666	431,385	-	437,128	7,614,064	7,012,785
Amortization	1,225,475	-	-	-	-	389,432	-	-	330,298	-	1,945,205	1,983,687
Other expenses	11,415,871	1,810,799	1,590,841	302,132	1,481,429	1,019,954	954,765	311,072	3,631,360	744,857	23,263,080	18,983,567
<b>Total expenses</b>	<b>15,455,880</b>	<b>2,193,498</b>	<b>2,173,815</b>	<b>1,047,126</b>	<b>2,476,066</b>	<b>1,543,433</b>	<b>2,046,431</b>	<b>742,457</b>	<b>3,961,658</b>	<b>1,181,985</b>	<b>32,822,349</b>	<b>27,980,039</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 34,369,746</b>	<b>\$ (403,217)</b>	<b>\$ (567,558)</b>	<b>\$ 11,883</b>	<b>\$ (295,285)</b>	<b>\$ (772,301)</b>	<b>\$ (148,067)</b>	<b>\$ (84,080)</b>	<b>\$ (392,451)</b>	<b>\$ (676,199)</b>	<b>\$ 31,042,471</b>	<b>\$ 3,774,483</b>

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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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, 2018, the aggregate balance of these trust accounts amounted to \$1,384,736 (2017 - \$1,436,921). 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, 2017. 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 PSAS for inclusion in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Financial Assets.

## 19. Accumulated surplus:

	2018	2017
General	\$278,028,700	\$246,142,353
Ottawa Trust Fund (note 4)	5,074,825	5,009,118
Investment in tangible capital assets	73,158,969	74,068,552
Accumulated surplus	\$356,262,494	\$325,220,023

## 20. Contractual rights:

Musqueam is party to several agreements that are anticipated to provide it with future revenues. These agreements are with the Province, Crown Corporations, and private sector entities and are for terms that vary from 3 years to 30 years. Some of these agreements are fixed receipt amounts while others are tied to third-party revenue amounts. Amounts anticipated to be received over future years are as follows:

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2019	\$ 10,210,000
2020	9,460,000
2021	6,630,000
2022	6,630,000
2023	5,400,000
2024 – 2047	129,600,000
	\$167,930,000

# **MUSQUEAM INDIAN BAND**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## **21. Comparative figures:**

Certain comparative figures have been reclassified to conform with the current year presentation.