

Consolidated Financial Statements of

**MUSQUEAM INDIAN BAND**

Year ended March 31, 2019

# **MUSQUEAM INDIAN BAND**

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Year ended March 31, 2019

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## **Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements of the Musqueam Indian Band ('Musqueam') 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:

Chief Administration Officer

2019-10-24

Date

Chief Financial Officer

2019-10-24

Date

## Independent Auditor's Report

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### To the Chief and Council of Musqueam Indian Band

#### Opinion

We have audited the consolidated financial statements of the Musqueam Indian Band and its controlled entities (the "Consolidated Entity") which comprise the consolidated Statement of Financial Position as at March 31, 2019, and the Consolidated Statements of Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Entity as at March 31, 2019 and its results of operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally-accepted auditing standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of the Consolidated Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement whether due to fraud or error.

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

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



### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

Chartered Professional Accountants

Vancouver, British Columbia  
October 24, 2019

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial Assets</b>		
Cash (note 4)	\$ 27,871,418	\$ 29,647,984
Restricted cash	300,757	296,775
Restricted short-term investment	582,597	1,407,151
Accounts receivable – members of Musqueam (note 2)	651,021	782,338
Ground leases and other receivables (note 21)	9,356,036	4,178,766
Contributions receivable (note 3)	940,467	1,387,622
Tax receivable	702,077	684,624
Inventory	78,817	98,198
Ottawa Trust Funds (note 4)	4,305	10,396
2010 Legacies Trust Funds (note 5)	977,868	979,796
Investment in and advances to government business enterprises (note 6)	181,929,662	187,232,818
	223,395,025	226,706,468
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,776,219	2,357,495
Deferred revenue (note 8)	4,844,439	4,226,011
C.M.H.C. loans payable (note 9)	7,431,972	6,781,275
Capital lease obligations (note 10(b))	66,202	94,037
Government loans payable (note 11)	2,230,566	2,230,566
	18,349,398	15,689,384
Net financial assets	\$ 205,045,627	\$ 211,017,084
<b>Non-Financial Assets</b>		
Reconciliation agreement lands (note 12)	\$ 65,068,036	\$ 65,068,036
Tangible capital assets (note 13)	82,443,145	80,034,281
Prepaid expenses	477,654	143,093
	147,988,835	145,245,410
Commitments (note 10)		
Contingent liabilities (note 14)		
Guarantees (note 15)		
Accumulated surplus	\$ 353,034,462	\$ 356,262,494

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, 2019, with comparative information for 2018

	Budget 2019	Actual 2019	Actual 2018
(note 18)			
<b>Revenue:</b>			
Government:			
Indigenous Services Canada (I.S.C.)	\$ 4,777,264	\$ 5,576,171	\$ 8,393,238
I.S.C. - Transfer to deferred revenue (note 14(a))	-	(403,254)	(204,828)
First Nations Health Authority (F.N.H.A.)	1,014,500	1,369,745	1,071,558
F.N.H.A. - Transfer from (to) deferred revenue	200,000	(216,507)	(54,449)
C.M.H.C.	335,200	234,153	251,682
Department of Fisheries and Oceans (D.F.O.)	352,600	410,716	642,103
D.F.O. - Transfer to deferred revenue	-	(16,684)	(8,267)
Government settlement	-	-	22,391,111
Vancouver Coastal Health Authority	80,700	82,492	124,583
Miscellaneous – grants	3,545,100	4,504,428	2,534,112
	10,305,364	11,541,260	35,140,843
Self-generated:			
Rent and leases	3,181,000	3,314,052	3,185,410
Non-government agreements	8,059,800	8,563,148	9,889,239
Taxation Fund	2,524,818	2,726,677	2,670,267
Miscellaneous	1,061,663	1,781,104	2,542,659
Other economic activities	3,493,969	5,868,319	3,569,207
Other investment income	100,000	279,030	217,415
Investment income from Ottawa Trust Fund	-	98,924	65,707
	18,421,250	22,631,254	22,139,904
Modified equity income (loss) from government business			
Enterprises (note 6):			
Marine business	918,123	108,023	126,919
Real estate business	(7,598,030)	(6,463,843)	6,457,154
	(6,679,907)	(6,355,820)	6,584,073
Total revenue	22,046,707	27,816,694	63,864,820
<b>Expenses (note 16):</b>			
Administration	12,644,216	12,693,575	15,455,880
Education	2,103,200	2,278,374	2,193,498
Social development	2,075,700	1,970,348	2,173,815
Health	1,194,200	1,092,904	1,047,126
Employment and training	1,441,900	2,131,088	2,476,066
Social Housing	1,795,087	1,675,221	1,543,433
Treaty, land and resources	3,443,100	2,644,727	2,046,431
Fisheries	543,900	710,770	742,457
Other economic activities	5,198,945	4,732,108	3,961,658
Other projects	1,119,800	1,115,611	1,181,985
	31,560,048	31,044,726	32,822,349
Annual surplus (deficit)	(9,513,341)	(3,228,032)	31,042,471
Accumulated surplus, beginning of year	356,262,494	356,262,494	325,220,023
Accumulated surplus, end of year	\$ 346,749,153	\$ 353,034,462	\$ 356,262,494

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	Budget 2019	2019	2018
	(note 18)		
Annual surplus (deficit)	\$ (9,513,341)	\$ (3,228,032)	\$ 31,042,471
Reconciliation agreement lands (note 12):			
Capitalized costs	-	-	(195,537)
Transfer of beneficial interest of Block F	-	-	113,382,905
	-	-	113,187,368
Tangible capital assets:			
Tangible capital asset acquisitions	(1,797,209)	(4,503,167)	(656,334)
Amortization of tangible capital assets	2,113,038	2,094,303	1,945,205
	315,829	(2,408,864)	1,288,871
Other non-financial assets:			
Use of prepaid expenses	-	143,093	403,219
<u>Acquisition of prepaid expenses</u>	-	(477,654)	(143,093)
	-	(334,561)	260,126
Increase (decrease) in net financial assets	(9,197,512)	(5,971,457)	145,778,836
Net financial assets, beginning of year	211,017,084	211,017,084	65,238,248
Net financial assets, end of year	\$ 201,819,572	\$ 205,045,627	\$ 211,017,084

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating transactions:</b>		
Annual surplus (deficit)	\$ (3,228,032)	\$ 31,042,471
Items not involving cash:		
Amortization	2,094,303	1,945,205
Modified equity loss (income) from government business enterprises	6,355,820	(6,584,073)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivables – members of Musqueam	131,317	(140,988)
Increase in ground leases and other receivables	(5,177,270)	(392,744)
Decrease (increase) in contributions receivable	447,155	(504,600)
Increase in tax receivable	(17,453)	(48,882)
Decrease (increase) in inventory	19,381	(32,116)
(Increase) decrease in prepaid expenses	(334,561)	260,126
Increase (decrease) in accounts payable and accrued liabilities	1,418,724	(647,579)
Increase (decrease) in deferred revenue	618,428	(20,234,234)
Net change in cash from operating transactions	2,327,812	4,662,586
<b>Capital transactions:</b>		
Purchase of tangible capital assets	(4,503,167)	(656,334)
Costs capitalized to reconciliation agreement lands	-	(195,537)
Net change in cash from capital transactions	(4,503,167)	(851,871)
<b>Financing transactions:</b>		
Decrease in bank loans	-	(4,312,266)
Principal payments of capital lease obligations	(27,835)	(31,154)
New capital lease obligations	-	73,032
Proceeds from C.M.H.C. loans	1,052,443	-
Repayment of C.M.H.C. loans	(401,746)	(421,166)
Net change in cash from financing transactions	622,862	(4,691,554)
<b>Investing transactions:</b>		
Decrease (increase) in restricted short-term investment	824,554	(11,614)
Net change in 2010 Legacies Trust	1,928	5,775
Net advances (to) from government business enterprises	(1,052,664)	7,189,332
Net change in Ottawa Trust Funds	6,091	4,998,722
Net change in cash from investing transactions	(220,091)	12,182,215
<b>(Decrease) increase in cash</b>	<b>(1,772,584)</b>	<b>11,301,376</b>
<b>Cash, beginning of year</b>	<b>29,944,759</b>	<b>18,643,383</b>
<b>Cash, end of year</b>	<b>\$ 28,172,175</b>	<b>\$ 29,944,759</b>
<b>Represented by:</b>		
Cash	\$ 27,871,418	\$ 29,647,984
Restricted cash	300,757	296,775
<b>Cash, end of year</b>	<b>\$ 28,172,175</b>	<b>\$ 29,944,759</b>

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements

Year ended March 31, 2019, with comparative information for 2018

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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 and prepared in accordance with Canadian Public Sector Accounting Standards (“PSAS”) as prescribed by the Public Sector Accounting Board of the CPA 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:

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 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.
MIB Lot 32 Land General Partner Ltd.	Garden City Ventures Limited
MIB Lot 32 Land Limited Partnership	Partnership
MIB Lot 32 Land Ltd.	Garden City Ventures Limited
MIB Lot 32 Limited Partner Ltd.	Musqueam Projects Limited Partner Ltd.
Celtic Shores Properties Ltd.	Musqueam Projects Limited Partnership
Blocks A & B Land Limited Partnership	Musqueam Finance Ltd.
Blocks A & B Land General Partner Ltd.	Musqueam Capital Corp. (“MCC”)
Musqueam Cultural Association	Musqueam Mortgage 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.

During the year, MST Employment & Training Society was established. Musqueam has a non-controlling interest in this Society which is proportionately consolidated in these financial statements. The Society had no operations or balances for the year ended March 31, 2019.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019, with comparative information for 2018

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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:

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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.
Block F Land Limited Partner Ltd.	Block F Land 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:

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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
Block F Limited Partnership	MST (West Van) Limited Partnership
	Musqueam Marina Limited Partnership

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019, with comparative information for 2018

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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 cash and short-term investments:

Restricted cash is held in a separate bank account and is restricted to fund the C.M.H.C. replacement reserve and operating reserve.

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, 2019, with comparative information for 2018

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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.

OGO 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, 2019, with comparative information for 2018

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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, 2019, with comparative information for 2018

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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.

As at March 31, 2018 and 2019, no liability for contaminated sites has been recorded.

## 2. Accounts receivable – members of Musqueam:

	2019	2018
Social Housing rents	\$ 780,068	\$ 744,314
Less: Allowance for doubtful accounts	(579,000)	(436,000)
	201,068	308,314
Private Housing	455,368	461,951
Less: Allowance for doubtful amounts	(50,246)	(47,008)
	405,122	414,943
Daycare and others	44,831	59,081
	<hr/> \$ 651,021	<hr/> \$ 782,338

## 3. Contributions receivable:

	2019	2018
D.F.O.	\$ 421,831	\$ 657,634
I.S.C.	185,433	422,967
C.M.H.C.	22,405	27,656
First Nations Education Steering Committee	4,626	1,700
Health Canada & Youth	80,181	9,360
Other contributions receivable	225,991	268,305
	<hr/> \$ 940,467	<hr/> \$ 1,387,622

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019, with comparative information for 2018

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## 4. Ottawa Trust Funds:

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

	2019			2018	
	Revenue	Capital	Total	Total	
Balance, beginning of year	\$ 9,384	\$ 1,012	\$ 10,396	\$ 5,009,118	
Add:					
Interest received	96	-	96	62,514	
B.C. Special	3,197	-	3,197	3,193	
	12,677	1,012	13,689	5,074,825	
Less:					
Withdrawal	(9,384)	-	(9,384)	(5,064,429)	
Balance, end of year	\$ 3,293	\$ 1,012	\$ 4,305	\$ 10,396	

During the year, I.S.C transferred \$9,384 (2018 - \$5,064,429) to Musqueam. \$5,064,429 was deposited in a separate bank account of Musqueam. As at March 31, 2019, \$5,073,813 (2018 - \$5,064,429) with accrued interest of \$95,631 (2018 – nil) are included as cash. The breakdown of funds is as follows:

	2019	2018
Included in Cash	\$ 5,169,444	\$ 5,064,429
Funds held by I.S.C.	4,305	10,396
	\$ 5,173,749	\$ 5,074,825

## 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 (2018 - nil) to fund approved projects and incurred a net loss of \$1,928 (2018 - \$5,775).

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019, with comparative information for 2018

## 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	2019 Total	2018 Total
Cash	\$ 39,801,023	\$ 81,937	\$ 39,882,960	\$ 53,521,711
Accounts receivable/other receivable	694,740	19,955	714,695	470,195
Due from related parties	1,390,990	407	1,391,397	1,394,196
Investments	-	2,089,607	2,089,607	1,946,564
Other current assets	1,797,824	1,663	1,799,487	98,319
Investment properties	365,649,814	345,303	365,995,117	350,693,309
<b>Total Assets</b>	<b>\$ 409,334,391</b>	<b>\$ 2,538,872</b>	<b>\$ 411,873,263</b>	<b>\$ 408,124,294</b>
Accounts payable/accrued liabilities	\$ 3,885,718	\$ 138,508	4,024,226	\$ 3,750,705
Due to related parties	139,037,550	3,901,938	142,939,488	139,846,123
Long-term debt	161,504,653	-	161,504,653	151,931,678
Other liabilities	61,352,519	-	61,352,519	62,810,665
Total Liabilities	365,780,440	4,040,446	369,820,886	358,339,171
Equity (deficit)	43,553,951	(1,501,574)	42,052,377	49,785,123
<b>Total Liabilities and Equity</b>	<b>\$ 409,334,391</b>	<b>\$ 2,538,872</b>	<b>\$ 411,873,263</b>	<b>\$ 408,124,294</b>
Revenues	6,632,107	195,772	6,827,879	5,636,973
Expenses:				
Operating expenses	4,836,296	84,471	4,920,767	4,089,632
Change in fair value of long-term debt	7,460,785	-	7,460,785	(5,866,636)
Debt servicing (to related parties)	1,401,494	-	1,401,494	454,363
Debt servicing (to third party financial institution)	773,897	3,682	777,579	391,916
Total Expenses (income)	14,472,472	88,153	14,560,625	(930,725)
Net income (loss)	\$ (7,840,365)	\$ 107,619	\$ (7,732,746)	\$ 6,567,698
Net income (loss) before consolidation adjustments			\$ (7,732,746)	\$ 6,567,698
Block F interest expense on note receivable (see note 6(h))			1,388,949	-
Adjustment relating to prior years			(12,023)	16,375
Equity income (loss)			\$ (6,355,820)	\$ 6,584,073

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019, with comparative information for 2018

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

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

	2019	2018
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)	(1,385,845)	(1,394,163)
Accumulated modified equity income	16,707,306	15,374,387
	6,160,497	4,819,260
Salish Seas Fisheries (see (b) below)		
Investment	36	36
Accumulated net draws	(143,000)	(143,000)
Advances (non-interest bearing, no specific repayment terms)	(33)	(33)
Accumulated modified equity income	561,733	480,985
	418,736	337,988
Willingdon Developments (see (c) below)		
Investment	8,884,266	8,884,266
Advances (non-interest bearing, no specific repayment terms)	74,446	30,662
Accumulated modified equity loss	(1,219,469)	(767,503)
	7,739,243	8,147,425
Musqueam Marina (see (d) below)		
Investment	1,005	1,005
Advances (non-interest bearing, no specific repayment terms)	4,019,341	3,897,931
Accumulated modified equity loss	(1,919,725)	(1,946,999)
	2,100,621	1,951,937
LDB Developments (see (e) below)		
Investment	5,062,633	5,062,633
Advances (non-interest bearing, no specific repayment terms)	52,846	33,219
Accumulated modified equity income	63,724	82,551
	5,179,203	5,178,403
Carried forward	21,598,300	20,435,013

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019, with comparative information for 2018

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

	2019	2018
Brought forward	\$ 21,598,300	\$ 20,435,013
MST (Jericho/Fairmont/West Vancouver) (see (f) below)		
Investment	29,946,059	29,946,060
Advances (non-interest bearing, no specific repayment terms)	5,276,206	550,008
Accumulated modified equity loss	(4,230,866)	(2,616,286)
	30,991,399	27,879,782
MST (Jericho 2016) (see (g) below)		
Investment	3,339	3,339
Notes receivable (interest bearing at prime, due on demand)	27,972,225	27,941,072
Advances (non-interest bearing, no specific repayment terms)	286,522	236,312
Accumulated modified equity (loss) income	(2,290,506)	4,509,645
	25,971,580	32,690,368
Musqueam Block F (see (h) below)		
Investment	99,906	99,911
Notes receivable (see (h) below)	102,185,374	105,663,498
Advances (non-interest bearing, no specific repayment terms)	-	469,660
Accumulated modified equity income (loss)	1,083,103	(5,414)
	103,368,383	106,227,655
	<hr/> \$ 181,929,662	<hr/> \$ 187,232,818

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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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	\$	2,019	\$	2,018
			Total		Total	
Total investment at proportional interest	\$ 43,996,214	\$ 1,041	\$ 43,997,255	\$ 43,997,261		
Total accumulated draws	(9,160,975)	(143,000)	(9,303,975)	(9,303,975)		
Total accumulated modified equity income (loss)	10,113,292	(1,357,992)	8,755,300	15,111,366		
Total equity (deficit)	44,948,531	(1,499,951)	43,448,580	49,804,652		
Advances and notes receivable	134,461,774	4,019,308	138,481,082	137,428,166		
Total investment and advances to government business enterprises	\$ 179,410,305	\$ 2,519,357	\$ 181,929,662	\$ 187,232,818		

(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, 2019, the Partnership has a loan payable of \$34,810,689 (2018 - \$34,763,689) 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, 2019

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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 each of the 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.

In December 2018, MST (West Vancouver) Limited Partnership acquired the other 50% of the beneficial interest in the land owned by CLC and the West Vancouver Joint Venture subsequently ceased operations.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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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.

(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. Demand loan facilities:

As at March 31, 2019, Musqueam has two demand loan facilities available with:

- (a) Bank of Montreal (BMO) demand loan for \$15,000,000 bearing interest at prime rate per annum. No amount was drawn on this loan at March 31, 2019 (2018 - nil).
- (b) Royal Bank of Canada (RBC) demand loan for \$2,000,000 bearing interest at RBC's prime rate plus 1.0% per annum. No amount was drawn on this loan at March 31, 2019 (2018 - nil).

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 8. Deferred revenue:

As at March 31, 2019, the following contributions and revenue amounts have been deferred:

	Balance, March 31, 2018	Funds received 2019	Revenue recognized 2019	Balance, March 31, 2019
Government				
I.S.C.	\$ 301,155	\$ 704,409	\$ 301,155	\$ 704,409
Other federal government	2,647,586	2,425,950	2,232,820	2,840,716
Total Government	2,948,741	3,130,359	2,533,975	3,545,125
Self-generated and transfers	1,277,270	1,299,314	1,277,270	1,299,314
	\$ 4,226,011	\$ 4,429,673	\$ 3,811,245	\$ 4,844,439

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

C.M.H.C. Reference	Maturity	Monthly payment	Interest rate	2019	2018
10-437-697-010	Sept. 1, 2022	\$ 1,818	1.84%	\$ 73,882	\$ 94,136
10-437-697-011	Mar. 1, 2024	2,069	1.86%	118,475	140,841
10-437-697-012	Mar. 1, 2024	651	1.86%	37,254	44,287
19-362-037-001	Mar. 1, 2026	2,083	1.14%	168,139	191,086
19-362-037-002	Jan. 1, 2027	1,963	1.31%	175,303	196,419
19-362-037-003	Oct. 1, 2027	1,943	1.97%	184,011	203,505
19-362-037-004	Mar. 1, 2034	11,383	2.14%	1,752,419	1,851,345
19-362-037-007	Sept. 1, 2035	20,970	0.94%	3,845,184	4,059,656
19-362-037-008	Mar. 1, 2044	4,635	2.14%	1,077,305	-
				\$ 7,431,972	\$ 6,781,275

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:

---

2020	\$ 464,513
2021	471,426
2022	478,283
2023	474,373
2024	470,225
Thereafter	5,073,152
	\$ 7,431,972

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, 2019

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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 2020 and 2022.

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

---

2020	\$ 44,352
2021	32,199
2022	12,830
	\$ 89,381

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### (b) Capital lease obligations:

Musqueam leases field equipment and other equipment under capital leases which expire on various dates between 2020 and 2023.

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

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2020	\$ 29,425
2021	21,557
2022	15,937
2023	2,482
 Total minimum lease payments	69,401
 Less imputed interest at rates of 2.64% to 6.87%	3,199
 Balance of capital lease obligation	\$ 66,202

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# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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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, 2019, Musqueam had contracted with 149 (2018 – 145 members) of Musqueam to participate in the Housing Equalization Program. The total credits that can be earned by these individuals total approximately \$8,255,500 (2018 - \$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, 2019, Musqueam is obligated to fund up to \$881,860 (2018 - \$822,901) of repairs and maintenance cost and other qualifying amounts. Based on contracts entered into by March 31, 2019, additional commitments are expected to accrue over the next five years ending March 31 as follows:

---

2020	\$ 250,463
2021	250,463
2022	244,218
2023	233,053
2024	220,958
Thereafter	1,739,697
	<hr/>
	\$ 2,938,852

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 11. Government loans payable:

The following loans relate to the Land Claims Programs:

	2019	2018
I.S.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. (see note 21)	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.

	2019	2018
Block F		
Original acquisition cost	\$ 110,000,000	\$ 110,000,000
Capitalized professional services	3,378,762	3,378,762
Transfer of beneficial interest	(113,382,905)	(113,382,905)
Capitalized property taxes, net of refund	4,143	4,143
	-	-
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/> \$ 65,068,036

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

## 13. Tangible capital assets:

	Cost			Accumulated Amortization			Net Book Value	
	Opening	Additions	Closing	Opening	Amortization	Closing	March 31, 2019	March 31, 2018
<b>Tangible Capital Assets</b>								
Aboriginal Pavilion	\$ 2,838,642	\$ 16,892	\$ 2,855,534	\$ 786,304	\$ 114,221	\$ 900,525	\$ 1,955,009	\$ 2,052,338
Automobiles	358,201	99,678	457,879	258,742	30,741	289,483	168,396	99,459
Band owned homes	17,012,419	1,133,152	18,145,571	8,015,659	422,579	8,438,238	9,707,333	8,996,760
Boat equipment	198,022	185,000	383,022	158,421	49,230	207,651	175,371	39,601
Buildings	8,208,584	-	8,208,584	4,484,984	236,320	4,721,304	3,487,280	3,723,600
OGO Lands	49,222,168	2,384,466	51,606,634	-	-	-	51,606,634	49,222,168
OGO leasehold improvement	4,264,951	5,825	4,270,776	1,302,686	149,587	1,452,273	2,818,503	2,962,265
Community centre	9,267,552	16,789	9,284,341	2,224,212	371,374	2,595,586	6,688,755	7,043,340
Soccer field	2,642,003	-	2,642,003	634,080	105,680	739,760	1,902,243	2,007,923
Storage shed	267,526	-	267,526	30,622	10,701	41,323	226,203	236,904
Computer equipment	1,528,937	271,722	1,800,659	1,415,526	202,448	1,617,974	182,685	113,411
Field equipment	213,290	46,023	259,313	163,461	27,341	190,802	68,511	49,829
Furniture and fixtures	1,738,879	243,432	1,982,311	1,089,137	141,108	1,230,245	752,066	649,742
Longhouse	317,972	-	317,972	90,197	12,719	102,916	215,056	227,775
Play ground - Elder Center	82,113	-	82,113	29,564	3,285	32,849	49,264	52,549
Pump Station	1,670,545	26,827	1,697,372	911,756	67,895	979,651	717,721	758,789
Recreation fitness equipment	105,438	-	105,438	105,438	-	105,438	-	-
Road and Bridge	1,166,005	42,667	1,208,672	692,911	52,598	745,509	463,163	473,094
Medical Equipment - Health	21,455	2,694	24,149	5,365	1,207	6,572	17,577	16,090
Club house - soccer field	598,870	-	598,870	71,865	23,955	95,820	503,050	527,005
Trailer for primary care clinic	-	28,000	28,000	-	-	-	28,000	-
Watermain pipe project	779,050	-	779,050	124,648	31,162	155,810	623,240	654,402
	102,502,622	4,503,167	107,005,789	22,595,578	2,054,151	24,649,729	82,356,060	79,907,044
<b>Leased Tangible Assets</b>								
Electronic equipment	219,214	-	219,214	219,214	-	219,214	-	-
Housing trailer	195,641	-	195,641	169,554	19,564	189,118	6,523	26,087
Field equipment	77,650	-	77,650	77,650	-	77,650	-	-
OGO leased tangible assets	295,056	-	295,056	193,906	20,588	214,494	80,562	101,150
Recreation fitness equipment	43,382	-	43,382	43,382	-	43,382	-	-
	830,943	-	830,943	703,706	40,152	743,858	87,085	127,237
<b>Total</b>	<b>\$ 103,333,565</b>	<b>\$ 4,503,167</b>	<b>\$ 107,836,732</b>	<b>\$ 23,299,284</b>	<b>\$ 2,094,303</b>	<b>\$ 25,393,587</b>	<b>\$ 82,443,145</b>	<b>\$ 80,034,281</b>

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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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 (2018 - 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 writedowns of tangible capital assets during the year (2018 - nil).

## **14. Contingent liabilities:**

### **(a) Unexpended I.S.C. contributions:**

Surpluses in I.S.C. funded programs may be refundable to I.S.C. and will be recorded as liabilities in the period I.S.C. requires repayment.

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

During the year, Musqueam received from C.M.H.C. nil (2018 - nil) 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, 2019, the potential contingency is \$3,600 (2018 - \$19,600).

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, 2019

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## **15. Guarantees:**

Musqueam is contingently liable as a guarantor of 39 (2018 - 39) housing mortgages for social housing and privately-owned units. Musqueam's maximum potential liability under the guarantee is \$7,663,182 (2018 - \$7,085,939). The outstanding principal and interest at March 31, 2019 is \$7,663,182 (2018 - \$7,085,939), of which \$5,657,074 (2018 - \$4,929,930) is included in C.M.H.C. loans payable (see also note 9). The total contingent liability for individual Members of Musqueam is \$2,006,118 (2018 - \$2,156,009). 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 no consideration for providing the guarantees.

Additionally, Musqueam acts as a guarantor for Block F Land Limited Partnership in the maximum amount of \$9,544,396 or 30% of the remaining bank facility provided by Bank of Montreal to the partnership. As at March 31, 2019 there were no borrowings against the facility.

## **16. Segment disclosure:**

Musqueam provides a wide variety of services to its members. For the purposes of segment disclosure, these services are grouped and reported under services areas/departments that are responsible for providing such services, 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 Musqueam owned buildings) as well as large scale capital projects.

**Education** - This 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 Musqueam'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, 2019

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## 16. Segment disclosure (continued):

**Health** - This 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 assistance 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** - This 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** – This department works towards a stronger, healthier, self-governing and self-sustaining Musqueam Nation. Collaboration is carried out with various government and non-government agencies to advance Musqueam's title, rights and interests.

**Fisheries** - This department is mainly responsible for aquatic resource protection through consultation and negotiation with Department of Fisheries and adjacent First Nation communities. The department 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 and special projects for services delivered on programs related to safety, language and culture and community wellness.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

## 16. Segment disclosure (continued):

	Administration	Education	Social Development	Health	Employment and Training	Social Housing	Treaty, land resources	Fisheries	Other economic activities	Consolidated projects	2019 Consolidated Total	2018 Consolidated Total
<b>Revenue</b>												
Federal Government funding	\$ 1,568,175	\$ 1,650,115	\$ 1,325,593	\$ 1,125,337	\$ 527,637	\$ 238,528	\$ 824,976	\$ 394,032	\$ -	\$ 176,471	\$ 7,830,864	\$ 11,193,396
Province Government funding	-	-	-	-	612,011	-	1,439,123	-	-	30,000	2,081,134	22,994,192
Other revenue	12,652,719	211,242	125,878	28,875	769,844	530,519	1,180,775	129,000	-	36,668	15,665,520	16,853,685
Taxation income	2,726,677	-	-	-	-	-	-	-	-	-	2,726,677	2,670,267
Investment from government business enterprises	(6,355,820)	-	-	-	-	-	-	-	-	-	(6,355,820)	6,584,073
Other economic activities	-	-	-	-	-	-	-	-	5,868,319	-	5,868,319	3,569,207
<b>Total revenue</b>	<b>10,591,751</b>	<b>1,861,357</b>	<b>1,451,471</b>	<b>1,154,212</b>	<b>1,909,492</b>	<b>769,047</b>	<b>3,444,874</b>	<b>523,032</b>	<b>5,868,319</b>	<b>243,139</b>	<b>27,816,694</b>	<b>63,864,820</b>
<b>Expenses:</b>												
Salary and benefits	3,255,232	384,060	582,768	791,812	600,992	112,586	1,299,802	427,479	-	429,291	7,884,022	7,614,064
Amortization	1,346,316	-	-	-	-	422,579	-	-	325,408	-	2,094,303	1,945,205
Other expenses	8,092,027	1,894,314	1,387,580	301,092	1,530,096	1,140,056	1,344,925	283,291	4,406,700	686,320	21,066,401	23,263,080
<b>Total expenses</b>	<b>12,693,575</b>	<b>2,278,374</b>	<b>1,970,348</b>	<b>1,092,904</b>	<b>2,131,088</b>	<b>1,675,221</b>	<b>2,644,727</b>	<b>710,770</b>	<b>4,732,108</b>	<b>1,115,611</b>	<b>31,044,726</b>	<b>32,822,349</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (2,101,824)</b>	<b>\$ (417,017)</b>	<b>\$ (518,877)</b>	<b>\$ 61,308</b>	<b>\$ (221,596)</b>	<b>\$ (906,174)</b>	<b>\$ 800,147</b>	<b>\$ (187,738)</b>	<b>\$ 1,136,211</b>	<b>\$ (872,472)</b>	<b>\$ (3,228,032)</b>	<b>\$ 31,042,471</b>

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 17. Trust funds administered by Musqueam:

In prior years, Musqueam approved by separate referendums \$1,000 and \$5,000 cash distributions to be paid to each Musqueam Member. All Members of Musqueam who were minors (under the age of 19 years) had their funds deposited in a separate bank account, 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 released. As at March 31, 2019, the aggregate balance of these trust accounts amounted to \$1,337,549 (2018 - \$1,384,736). 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 27, 2018. 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.

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Approved budgeted revenue	\$ 30,337,727
Add: OGOs budgeted revenue	3,020,486
Add: Taxation Fund budgeted revenue	2,524,818
Add: MST Development Corporation revenue	473,483
Add: equity loss from GBEs	(6,679,907)
Less: budgeted Taxation Fund cash receipts	(1,740,000)
Less: budgeted prior year transfers	(1,226,600)
Less: budgeted mortgage proceed	(1,070,300)
<u>Less: budgeted cash receipt from GBEs</u>	<u>(3,593,000)</u>

<u>Budgeted revenue presented on consolidated financial statements</u>	<u>\$ 22,046,707</u>
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Approved budgeted expenditures	\$ 25,849,527
Add: OGOs budgeted expenditures	4,736,374
Add: Taxation Fund budgeted expenditures	2,197,674
Add: amortization expense	1,768,894
Add: mortgage interest expense	426,608
Add: MST Development Corporation expenses	462,571
Less: budgeted Taxation Fund cash payments	(1,740,000)
Less: TCA additions	(1,538,800)
<u>Less: Budgeted mortgage payments</u>	<u>(602,800)</u>

<u>Budgeted expenses presented on consolidated financial statements</u>	<u>\$ 31,560,048</u>
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# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## **19. 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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2020	\$ 9,460,000
2021	6,630,000
2022	6,630,000
2023	5,400,000
2024	5,400,000
2025 – 2047	124,200,000
	\$ 157,720,000

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## **20. Comparative figures:**

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

## **21. Subsequent events:**

Subsequent to year end, Musqueam received the letter from the Minister of Crown-Indigenous Relations stating that the comprehensive land claim negotiation loans will be forgiven. As at March 31, 2019, the loan payable is \$2,005,566 (see note 11). This loan payable will be recognized as income when the loan is legally forgiven.

On April 29, 2019, Musqueam received \$5,644,148 from Vancouver Airport Authority. This amount was included in ground leases and other receivables as at March 31, 2019.