

MUSQUEAM INDIAN BAND
Consolidated Financial Statements
For the year ended March 31, 2021

MUSQUEAM INDIAN BAND
Consolidated Financial Statements
For the year ended March 31, 2021

Contents

Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2-3
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 34

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

October 18, 2021

Date



Chief Financial Officer

OCTOBER 18, 2021

Date

Independent Auditor's Report

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, 2021, 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, 2021 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 18, 2021

MUSQUEAM INDIAN BAND

Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash (note 5)	\$ 42,868,459	\$ 29,241,392
Restricted cash	867,958	305,618
Restricted short-term investment	55,412	594,055
Accounts receivable - members of Musqueam (note 2)	811,790	633,577
Ground leases and other receivables (note 3)	4,565,587	8,831,021
Contributions receivable (note 4)	997,345	1,251,107
Tax receivable	778,011	678,138
Inventory	307,972	409,954
Ottawa Trust Funds (note 5)	4,189	4,235
2010 Legacies Trust Funds (note 6)	961,531	977,451
Investment in and advances to government business enterprises and partnerships (note 7)	169,186,602	174,988,244
	221,404,856	217,914,792
Liabilities		
Accounts payable and accrued liabilities	4,843,032	3,843,200
Deferred revenue (note 9)	7,881,544	5,233,456
Canada Mortgage Housing Corporation (C.M.H.C.) loans payable (note 10)	6,493,652	6,967,395
Capital lease obligations (note 11(b))	495,224	70,038
	19,713,452	16,114,089
Net financial assets	\$ 201,691,404	\$ 201,800,703
Non-Financial Assets		
Reconciliation agreement lands (note 12)	\$ 65,068,036	\$ 65,068,036
Tangible capital assets (note 13)	82,047,024	82,244,107
Prepaid expenses	457,773	503,459
	147,572,833	147,815,602
Commitments (note 11)		
Contingent liabilities (note 14)		
Guarantees (note 15)		
Accumulated surplus	\$ 349,264,237	\$ 349,616,305

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:

 Michele Point

Councillor

 Allyson Liaser

Councillor

MUSQUEAM INDIAN BAND

Consolidated Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
	(note 18)		
Revenue:			
Government:			
Indigenous Services Canada (I.S.C)	\$ 6,383,500	\$ 8,307,846	\$ 5,413,238
I.S.C. - Transfers to deferred revenue (note 14(a))	100,000	(872,761)	(197,314)
First Nations Health Authority (F.N.H.A.)	1,283,400	1,833,987	1,354,101
F.N.H.A. - Transfers from (to) deferred revenue	162,900	(13,969)	225,656
C.M.H.C.	807,900	312,600	285,294
Department of Fisheries and Oceans (D.F.O.)	855,700	817,789	907,026
D.F.O. - Transfers to deferred revenue	-	(252,325)	(242,810)
Vancouver Coastal Health Authority	81,700	97,879	84,600
Forgiveness of government loans payable	-	-	2,230,566
Miscellaneous - grants	5,651,100	3,911,333	5,098,826
	15,326,200	14,142,379	15,159,183
Self-generated:			
Rent and leases	3,341,900	3,320,693	3,277,692
Non-government agreements	15,700,600	7,205,384	7,115,000
Taxation Fund	2,494,579	2,598,720	2,660,379
Miscellaneous	3,167,200	3,182,605	2,242,922
Other economic activities	10,196,375	8,892,968	4,240,543
Other investment income	250,000	106,262	377,864
Investment income from Ottawa Trust Fund (note 5)	-	34,457	107,610
	35,150,654	25,341,089	20,022,010
Modified equity income (loss) from government business enterprises and partnerships (note 7):			
Marine business	236,616	951,169	350,116
Real estate business	705,129	(649,038)	(2,623,925)
	941,745	302,131	(2,273,809)
Total revenue	51,418,599	39,785,599	32,907,384
Expenses (note 16):			
Administration	25,320,725	16,306,236	15,831,915
Education	3,262,400	2,753,745	2,737,063
Social development	2,389,600	2,416,792	2,378,188
Health	1,635,100	1,600,745	1,520,836
Employment and training	1,171,700	1,512,119	2,343,530
Social Housing	2,150,335	2,057,557	1,886,816
Treaty, land and resources	4,944,500	2,686,985	2,406,954
Fisheries	971,814	895,479	738,395
Other economic activities	12,395,485	9,528,527	5,977,529
Other projects	2,323,000	379,482	504,315
	56,564,659	40,137,667	36,325,541
Annual deficit	(5,146,060)	(352,068)	(3,418,157)
Accumulated surplus, beginning of year	349,616,305	349,616,305	353,034,462
Accumulated surplus, end of year	\$ 344,470,245	\$ 349,264,237	\$ 349,616,305

See accompanying notes to consolidated financial statements.

MUSQUEAM INDIAN BAND

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
	(note 18)		
Annual deficit	\$ (5,146,060)	\$ (352,068)	\$ (3,418,157)
Tangible capital assets:			
Tangible capital asset acquisitions	(473,886)	(2,089,289)	(1,912,868)
Proceeds from sale of tangible capital assets	-	-	25,000
Gain on sale of tangible capital assets	-	-	(5,084)
Amortization of tangible capital assets	2,280,695	2,286,372	2,091,990
	1,806,809	197,083	199,038
Other non-financial assets:			
Use of prepaid expenses	-	503,459	477,654
<u>Acquisition of prepaid expenses</u>	-	(457,773)	(503,459)
	-	45,686	(25,805)
Decrease in net financial assets	(3,339,251)	(109,299)	(3,244,924)
Net financial assets, beginning of year	201,800,703	201,800,703	205,045,627
Net financial assets, end of year	\$ 198,461,452	\$ 201,691,404	\$201,800,703

See accompanying notes to consolidated financial statements.

MUSQUEAM INDIAN BAND

Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual deficit	\$ (352,068)	\$ (3,418,157)
Items not involving cash:		
Amortization	2,286,372	2,091,990
Gain on sale of tangible capital assets	-	(5,084)
Modified equity loss (income) from government business enterprises and partnerships	(302,131)	2,273,809
Forgiveness of government loans payable	-	(2,230,566)
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivables - members of Musqueam	(178,213)	25,546
Decrease in ground leases and other receivables	4,265,434	516,913
Decrease (increase) in contributions receivable	253,762	(310,640)
Decrease (increase) in tax receivable	(99,873)	23,939
Decrease (increase) in inventory	101,982	(331,137)
Decrease (increase) in prepaid expenses	45,686	(25,805)
Increase in accounts payable and accrued liabilities	999,832	66,981
Increase in deferred revenue	2,648,088	389,017
Net change in cash from operating transactions	9,668,871	(933,194)
Capital transactions:		
Purchase of tangible capital assets	(2,089,289)	(1,912,868)
Proceeds from sale of tangible capital assets	-	25,000
Net change in cash from capital transactions	(2,089,289)	(1,887,868)
Financing transactions:		
Principal payments of capital lease obligations	(63,865)	(32,171)
Proceeds on sale/leaseback of tangible capital assets	489,051	36,007
Repayment of C.M.H.C. loans	(473,743)	(464,577)
Net change in cash from financing transactions	(48,557)	(460,741)
Investing transactions:		
Decrease (increase) in restricted short-term investment	538,643	(11,458)
Net change in 2010 Legacies Trust	15,920	417
Net advances from government business enterprises and partnerships	6,103,773	4,667,609
Net change in Ottawa Trust Funds	46	70
Net change in cash from investing transactions	6,658,382	4,656,638
Increase in cash	14,189,407	1,374,835
Cash, beginning of year	29,547,010	28,172,175
Cash, end of year	\$ 43,736,417	\$ 29,547,010
Represented by:		
Cash	\$ 42,868,459	\$ 29,241,392
Restricted cash	867,958	305,618
Cash, end of year	\$ 43,736,417	\$ 29,547,010
Non-cash transaction		
Leased tangible capital assets acquired	\$ 222,721	\$ -

See accompanying notes to consolidated financial statements.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

Musqueam Indian Band (“Musqueam” or “Band”) 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.

(a) Basis of presentation and consolidation:

The consolidated financial statements reflect activities of Musqueam, its Taxation Fund, and its controlled 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:

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

Musqueam has shared control in MST Development Corporation, a government partnership, which is proportionately consolidated in these financial statements.

Musqueam has 1/3 shared control in MST Employment & Training Society which is proportionately consolidated in these financial statements.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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 in proportion to its percentage ownership. No adjustment is made to conform the accounting policies of the government business enterprise to those of Musqueam. Inter-organizational transactions and balances are not 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. - 33.33% interest
562645 B.C. Ltd.	Musqueam (Jericho) General Partner Ltd.
LDB Land General Partner Ltd. - 25% interest	MST (Jericho) General Partner Ltd. - 33.33% interest
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. - 33.33% interest
MIB Willingdon General Partner Ltd.	Musqueam Marina General Partner Ltd.
Willingdon (AQ/MIB/TWN) General Partner Ltd. - 33.33% interest	Musqueam Marina Limited Partner Ltd.
Musqueam (Federal) Limited Partner Ltd.	Musqueam Salish Seas Limited Partner Ltd.
Musqueam (Fairmont) General Partner Ltd.	Salish Seas Fisheries General Partner Ltd. - 33.33% interest
MST (Fairmont) General Partner Ltd. - 33.33% interest	
Block F Land Limited Partner Ltd.	
Block F Land General Partner Ltd.	

Investments in government partnerships:

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

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

LDB Developments (AQ/MIB/SN/TWN) Limited Partnership - 25% interest	MST (Fairmont) Limited Partnership - 33.33% interest
Willingdon Developments (AQ/MIB/TWN) Limited Partnership - 33.33% interest	MST (Jericho) Limited Partnership - 33.33% interest
Salish Seas Fisheries Limited Partnership - 33.33% interest	MST (Jericho 2016) Limited Partnership - 33.33% interest
Musqueam Marina Limited Partnership	MST (West Van) Limited Partnership - 33.33% interest
Block F Limited Partnership	

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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:

Restricted transfers from other governments are initially deferred to the extent they contain a stipulation that gives rise to a liability. Amounts deferred are recognized as revenue in the period the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 restricted and unspent at the end of a period, are deferred and recognized in the period the related expenses are incurred.

Rents, leases, contributions from non-government agreements, accommodation fees 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 goods or services are provided to the recipient, and collection is reasonably assured.

Taxation revenues are recognized when authorized by the Council, the taxable event has occurred, and the definition of an asset is met.

Other economic activities represent activities of subsidiaries and partnerships controlled by Musqueam. Revenue from economic activities consists of sale of goods and services, government transfers, management fees, accommodation fees and lease revenue.

Expenses are recognized as they are incurred and measurable as a result of goods and services being received 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.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(e) Inventory:

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

(f) Non-financial assets:

Non-financial assets that are acquired, constructed or developed 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 as follows:

Assets	Useful life in years
Computer equipment	2
Furniture, vehicles, and equipment	5 to 23
Roads and bridges	20 to 25
Sewer infrastructure	25
Water infrastructure	25
Equipment under capital leases	2 to 10

Buildings and facilities and Musqueam-owned residential homes are amortized on a 10 to 25 year straight line basis or 4% declining balance basis depending on the nature of the building.

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

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

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

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

(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.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(v) Reconciliation agreement lands:

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

(g) Housing Equalization Program Credits:

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

(h) Segment disclosures:

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

(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, 2020 and 2021, no liability for contaminated sites has been recorded.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

2. Accounts receivable - members of Musqueam:

	2021	2020
Social Housing rents	\$ 1,019,477	\$ 878,105
Less: Allowance for doubtful accounts	(807,900)	(681,000)
	211,577	197,105
Private Housing	437,129	440,501
Less: Allowance for doubtful amounts	(55,214)	(50,503)
	381,915	389,998
Daycare and others	218,298	46,474
	\$ 811,790	\$ 633,577

3. Ground leases and other receivables:

	2021	2020
Parcel A lease	\$ 712,689	\$ 378,397
YVR profit sharing	3,059,053	7,111,000
Other receivable	793,845	1,341,624
	\$ 4,565,587	\$ 8,831,021

On April 30, 2021, Musqueam received \$2,684,053 from Vancouver Airport Authority.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

4. Contributions receivable:

	2021	2020
D.F.O.	\$ 812,994	\$ 699,645
I.S.C.	-	360,690
C.M.H.C.	68,393	32,401
First Nations Education Steering Committee	110,195	4,770
Health Canada & Youth	608	134,402
Other contributions receivable	5,155	19,199
	<hr/>	<hr/>
	\$ 997,345	\$ 1,251,107
	<hr/>	<hr/>

5. Ottawa Trust Funds:

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

	2021	2020		
	Revenue	Capital	Total	Total
Balance, beginning of year	\$ 3,223	\$ 1,012	\$ 4,235	\$ 4,305
Add:				
Interest received	36	-	36	40
B.C. Special	3,142	-	3,142	3,183
	<hr/>	<hr/>	<hr/>	<hr/>
	6,401	1,012	7,413	7,528
Less:				
Withdrawal	(3,224)	-	(3,224)	(3,293)
Balance, end of year	\$ 3,177	\$ 1,012	\$ 4,189	\$ 4,235

In addition to these funds, Musqueam has funds related to the Ottawa Trust Funds held as cash. The funds currently held as cash were originally held by I.S.C. and deposited to Musqueam in 2018.

The breakdown of funds is as follows:

	2021	2020
Included in cash	\$ 5,311,627	\$ 5,277,124
Funds held by I.S.C.	4,189	4,235
	<hr/>	<hr/>
	\$ 5,315,816	\$ 5,281,359

During the year, total monies related to the Ottawa Trust Funds earned income of \$34,457 (2020 - \$107,610).

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

6. 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 (2020 - nil) to fund approved projects and incurred a net loss of \$15,920 (2020 - \$417).

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

7. Investment in and advances to government business enterprises and partnerships:

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

	Real estate business	Marine business	2021 Total	2020 Total
Cash	\$ 96,979,517	\$ 82,566	\$ 97,062,083	\$ 103,867,388
Accounts receivable/other receivable	1,362,304	94,978	1,457,282	632,481
Due from related parties	1,653,081	33	1,653,114	2,629,543
Investments	-	-	-	2,401,743
Other current assets	191,739	2,177	193,916	2,191,734
Investment properties	422,522,628	437,894	422,960,522	376,912,831
Total Assets	\$ 522,709,269	\$ 617,648	\$523,326,917	\$ 488,635,720
Accounts payable/accrued liabilities	\$ 11,858,900	\$ 118,228	11,977,128	\$ 4,877,441
Due to related parties	143,486,474	1,109,507	144,595,981	142,777,990
Long-term debt	201,158,463	-	201,158,463	169,292,951
Other liabilities	132,062,265	-	132,062,265	133,384,706
Total Liabilities	488,566,102	1,227,735	489,793,837	450,333,088
Equity (deficit)	34,143,167	(610,087)	33,533,080	38,302,632
Total Liabilities and Equity	\$ 522,709,269	\$ 617,648	\$523,326,917	\$ 488,635,720
Revenues	7,680,787	124,194	7,804,981	7,446,072
Expenses:				
Operating expenses	4,711,537	(434,609)	4,276,928	4,606,980
Change in fair value of long-term debt	2,975,520	-	2,975,520	4,147,887
Debt servicing (to related parties)	2,200,244	-	2,200,244	1,660,699
Debt servicing (to third party financial institutions)	527,922	251	528,173	780,251
Total Expenses (income)	10,415,223	(434,358)	9,980,865	11,195,817
Net income (loss)	\$ (2,734,436)	\$ 558,552	\$ (2,175,884)	\$ (3,749,745)
Net loss before consolidation adjustments			\$ (2,175,884)	\$ (3,749,745)
Elimination of Block F interest expense on note receivable (see note 7(h))			2,099,170	1,461,853
Accumulated equity loss not recognized			378,845	14,083
Equity income (loss)	\$ 302,131	\$ (2,273,809)		

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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

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

	2021	2020
Shalimar Place (see (a) below)		
Investment	\$ 11	\$ 11
Accumulated net draws	(11,737,867)	(9,160,975)
Advances (non-interest bearing, no specific repayment terms)	261,186	(1,379,509)
<u>Accumulated modified equity income</u>	<u>19,613,605</u>	<u>18,143,794</u>
	8,136,935	7,603,321
Salish Seas Fisheries (see (b) below)		
Investment	36	36
Accumulated net draws	(159,776)	(143,000)
Advances (non-interest bearing, no specific repayment terms)	(33)	(33)
<u>Accumulated modified equity income</u>	<u>720,013</u>	<u>658,684</u>
	560,240	515,687
Willingdon Developments (see (c) below)		
Investment	8,884,266	8,884,266
Advances (non-interest bearing, no specific repayment terms)	88,472	66,467
<u>Accumulated modified equity loss</u>	<u>(1,856,607)</u>	<u>(1,579,310)</u>
	7,116,131	7,371,423
Musqueam Marina (see (d) below)		
Investment	1,005	1,005
Advances (non-interest bearing, no specific repayment terms)	1,199,956	4,080,058
<u>Accumulated modified equity loss</u>	<u>(776,720)</u>	<u>(1,666,560)</u>
	424,241	2,414,503
LDB Developments (see (e) below)		
Investment	5,062,633	5,062,633
Advances (non-interest bearing, no specific repayment terms)	65,729	61,574
<u>Accumulated modified equity (loss) income</u>	<u>122,285</u>	<u>(47,329)</u>
	5,250,647	5,076,878
Carried forward	21,488,194	22,981,812

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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

	2021	2020
Brought forward	\$ 21,488,194	\$ 22,981,812
 MST (Jericho/Fairmont/West Vancouver) (see (f) below)		
Investment	29,946,059	29,946,059
Advances (non-interest bearing, no specific repayment terms)	5,791,710	5,580,639
Accumulated modified equity loss	(6,077,607)	(4,675,546)
	29,660,162	30,851,152
 MST (Jericho 2016) (see (g) below)		
Investment	3,339	3,339
Notes receivable (interest bearing at prime, due on demand)	28,011,733	28,008,291
Advances (non-interest bearing, no specific repayment terms)	(27,311)	109,300
Accumulated modified equity loss	(9,771,523)	(7,083,421)
	18,216,238	21,037,509
 Musqueam Block F (see (h) below)		
Investment	99,906	99,906
Notes receivable (see (h) below)	92,294,309	96,847,230
Advances (non-interest bearing, no specific repayment terms)	2,617,617	439,456
Accumulated modified equity income	4,810,176	2,731,179
	99,822,008	100,117,771
	<hr/>	<hr/>
	\$ 169,186,602	\$ 174,988,244

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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

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

	Real estate business	Marine business	2021 Total	2020 Total
Total investment at proportional interest	\$ 43,996,214	\$ 1,041	\$ 43,997,255	\$ 43,997,255
Total accumulated draws	(11,737,867)	(159,776)	(11,897,643)	(9,303,975)
Total accumulated modified equity income (loss)	6,840,329	(56,707)	6,783,622	6,481,491
Total equity (deficit)	39,098,676	(215,442)	38,883,234	41,174,771
Advances and notes receivable	129,103,445	1,199,923	130,303,368	133,813,473
Total investment and advances to government business enterprises and partnerships	\$ 168,202,121	\$ 984,481	\$ 169,186,602	\$ 174,988,244

(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, 2021, the Partnership has a loan payable of \$37,285,595 (2020 - \$36,357,813) 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, 2021, with comparative information for 2020

7. Investment in and advances to government business enterprises and partnerships (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.

During the year ended March 31, 2020, MST (Jericho) Limited Partnership and MST (Fairmont) Limited Partnership each entered in an agreement to purchase the remaining 50% of the beneficial interest in the land owned by CLC. Completion of the transaction is expected to occur in three phases of approximately equal amounts in fiscal years 2025, 2027 and 2030. Payments for the settlement of each phase will ultimately be based on the area included within that phase relative to the area of the total lands. Closing for each phase is to occur immediately following adoption and enactment of acceptable rezoning and subdivision of such phase.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

7. Investment in and advances to government business enterprises and partnerships (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 the property under development and investment property of Block F Limited Partnership, subordinated to the security on the facilities provided to Block F Limited Partnership, bearing an interest rate calculated semi-annually not to exceed the yield on the ten-year Government of Canada benchmark bond on the day the rate is fixed, plus an adjustment of up to 0.50%. During the year, the interest rate was 0.87% (2020 - N/A) and due on demand. An amount of \$25,330,107 (2020 - nil) was drawn from these facilities provided to Block F Limited Partnership at March 31, 2021.

8. Demand loan facilities:

As at March 31, 2021, 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, 2021 (2020 - 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, 2021 (2020 - nil).

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

9. Deferred revenue:

As at March 31, 2021, the following contributions and revenue amounts have been deferred:

	Balance, March 31, 2020	Funds received 2021	Revenue recognized 2021	Balance, March 31, 2021
Government				
I.S.C.	\$ 371,919	\$ 1,608,062	\$ 371,919	\$ 1,608,062
Other governments	2,288,272	2,197,274	1,830,089	2,655,457
Total Government	2,660,191	3,805,336	2,202,008	4,263,519
Self-generated and other miscellaneous grants	2,573,265	3,618,025	2,573,265	3,618,025
	\$ 5,233,456	\$ 7,423,361	\$ 4,775,273	\$ 7,881,544

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, 2021, with comparative information for 2020

10. C.M.H.C. loans payable:

C.M.H.C. Reference	Maturity	Monthly payment	Interest rate	2021	2020
10-437-697-010	Sept. 1, 2022	\$ 1,818	1.84%	\$ 32,243	\$ 53,255
10-437-697-011	Mar. 1, 2024	2,069	1.86%	72,401	95,657
10-437-697-012	Mar. 1, 2024	651	1.86%	22,766	30,079
19-362-037-001	Mar. 1, 2026	2,083	1.14%	121,456	144,934
19-362-037-002	Jan. 1, 2027	1,963	1.31%	132,235	153,914
19-362-037-003	Oct. 1, 2027	1,943	1.97%	143,858	164,138
19-362-037-004	Mar. 1, 2034	11,383	2.14%	1,549,821	1,652,278
19-362-037-007	Sept. 1, 2035	20,603	0.70%	3,408,245	3,628,769
19-362-037-008	Mar. 1, 2044	4,635	2.14%	1,010,627	1,044,371
				\$ 6,493,652	\$ 6,967,395

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:

2022	\$ 481,769
2023	477,432
2024	472,771
2025	446,162
2026	451,973
Thereafter	4,163,545
	\$ 6,493,652

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, 2021, with comparative information for 2020

11. Commitments:

(a) Operating leases:

Musqueam leases various office equipment and a vehicle under operating leases which expire on various dates between 2022 and 2025.

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

2022	\$ 52,382
2023	31,301
2024	16,365
2025	8,830
	<hr/>
	\$ 108,878

(b) Capital lease obligations:

Musqueam leases field equipment and other equipment under capital leases which expire on various dates between 2022 and 2026.

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

2022	\$ 121,998
2023	108,542
2024	101,014
2025	97,074
2026	104,950
<hr/>	
Total minimum lease payments	533,578
<hr/>	
Less imputed interest at rates of 2.98% to 8.42%	38,354
<hr/>	
Balance of capital lease obligation	\$ 495,224

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

11. 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, 2021, Musqueam had contracted with 153 (2020 - 151 members) of Musqueam to participate in the Housing Equalization Program. The total credits that can be earned by these individuals total approximately \$8,523,500 (2020 - \$8,384,500). 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, 2021, Musqueam is obligated to fund up to \$1,106,720 (2020 - \$969,469) of repairs and maintenance cost and other qualifying amounts. Based on contracts entered into by March 31, 2021, additional commitments are expected to accrue over the next five years ending March 31 as follows:

2022	\$ 255,169
2023	244,005
2024	231,359
2025	212,283
2026	206,892
Thereafter	1,514,683
	<hr/>
	\$ 2,664,391

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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.

	2021	2020
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, 2021, with comparative information for 2020

13. Tangible capital assets:

	Cost			Accumulated Amortization			Net Book Value	
	Opening	Additions	Closing	Opening	Amortization	Closing	March 31, 2021	March 31, 2020
Tangible Capital Assets								
Band owned homes	\$ 18,145,571	\$ -	\$ 18,145,571	\$ 8,845,451	\$ 392,463	\$ 9,237,914	\$ 8,907,657	\$ 9,300,120
Buildings and facilities	24,929,250	8,565	24,937,815	10,314,970	903,777	11,218,747	13,719,068	14,614,280
Computer equipment	2,249,607	730,577	2,980,184	1,953,490	365,414	2,318,904	661,280	296,117
Construction-in-progress	-	618,067	618,067	-	-	-	618,067	-
Furniture, vehicles and equipment	4,313,028	196,894	4,509,922	2,394,331	264,157	2,658,488	1,851,434	1,918,697
Lands	51,606,634	-	51,606,634	-	-	-	51,606,634	51,606,634
Leasehold improvements	4,308,003	-	4,308,003	1,592,000	146,254	1,738,254	2,569,749	2,716,003
Roads and bridges	1,247,961	-	1,247,961	798,238	54,170	852,408	395,553	449,723
Sewer infrastructure	1,697,372	26,471	1,723,843	1,047,546	67,996	1,115,542	608,301	649,826
Water infrastructure	779,050	-	779,050	186,972	31,162	218,134	560,916	592,078
	109,276,476	1,580,574	110,857,050	27,132,998	2,225,393	29,358,391	81,498,659	82,143,478
Leased Tangible Assets								
Equipment under capital leases	398,529	508,715	907,244	297,900	60,979	358,879	548,365	100,629
	398,529	508,715	907,244	297,900	60,979	358,879	548,365	100,629
Total	\$ 109,675,005	\$ 2,089,289	\$ 111,764,294	\$ 27,430,898	\$ 2,286,372	\$ 29,717,270	\$ 82,047,024	\$ 82,244,107

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

13. Tangible capital assets (continued):

During the year, Blocks A & B Limited Partnership entered into a sale/lease-back agreement with BMO for equipment. Assets with carrying value of \$270,390 were transferred from equipment to equipment under capital leases during the year.

(a) 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.

(b) 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.

(c) Write-down of tangible capital assets:

There were nil write-downs of tangible capital assets during the year (2020 - nil).

14. Contingent liabilities:

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.

There are no claims currently outstanding that have not been recorded and for which management believes there is a potential for material loss.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

15. Guarantees:

Musqueam is a guarantor of 38 (2020 - 40) housing mortgages for social housing and privately-owned units. Musqueam's maximum potential liability under the guarantee is \$9,656,324 (2020 - \$10,146,423). The outstanding principal and interest at March 31, 2021 is \$9,656,324 (2020 - \$10,146,423), of which \$6,493,652 (2020 - \$6,967,395) is included in C.M.H.C. loans payable for social housing (see also note 10). The net amount guaranteed by Musqueam for mortgages of individual Members of Musqueam is \$3,155,312 (2020 - \$3,179,028). Management does not expect any liabilities to Musqueam as a result of these individual 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 \$8,269,565 or 30% of the remaining bank facility provided by Bank of Montreal to the partnership. As at March 31, 2021 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.

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.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

16. Segment disclosure (continued):

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 - This represents Musqueam's business activities, less the direct costs of administration, 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, 2021, with comparative information for 2020

16. Segment disclosure (continued):

	Administration	Education	Social development	Health	Employment and training	Social housing	Treaty, land and resources	Fisheries	Other economic activities	Other projects	2021 Consolidated Total	2020 Consolidated Total
Revenue												
Federal Government funding	\$ 3,372,141	2,391,222	\$ 1,642,961	\$ 1,715,024	\$ 1,328,630	\$ 312,600	\$ 1,148,679	\$ 670,050	\$ -	\$ 70,366	\$ 12,651,673	\$ 11,977,368
Province Government funding	626,321	11,857	30,000	1,404	42,980	-	778,144	-	-	-	1,490,706	3,149,473
Other revenue	11,566,277	310,388	3,000	312	-	576,974	1,373,575	18,875	-	-	13,849,401	13,153,430
Taxation income	2,598,720	-	-	-	-	-	-	-	-	-	2,598,720	2,660,379
Investment from government business and partnerships	-	-	-	-	-	-	-	-	302,131	-	302,131	(2,273,809)
Other economic activities	-	-	-	-	-	-	-	-	8,892,968	-	8,892,968	4,240,543
Total revenue	18,163,459	2,713,467	1,675,961	1,716,740	1,371,610	889,574	3,300,398	688,925	9,195,099	70,366	39,785,599	32,907,384
Expenses:												
Salary and benefits	3,716,870	765,541	871,603	1,126,145	323,276	420,456	1,726,105	680,916	-	-	9,630,912	8,456,832
Amortization	1,508,734	-	-	-	-	392,463	-	-	385,176	-	2,286,373	2,091,990
Other expenses	11,080,632	1,988,204	1,545,189	474,600	1,188,843	1,244,638	960,880	214,563	9,143,351	379,482	28,220,382	25,776,719
Total expenses	16,306,236	2,753,745	2,416,792	1,600,745	1,512,119	2,057,557	2,686,985	895,479	9,528,527	379,482	40,137,667	36,325,541
Annual Surplus (Deficit)	\$ 1,857,223	\$ (40,278)	\$ (740,831)	\$ 115,995	\$ (140,509)	\$ (1,167,983)	\$ 613,413	\$ (206,554)	\$ (333,428)	\$ (309,116)	\$ (352,068)	\$ (3,418,157)

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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, 2021, the aggregate balance of these trust accounts amounted to \$1,088,817 (2020 - \$1,232,526). The balance of the trust accounts is not reflected in these consolidated financial statements.

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

18. Budget:

An annual budget was presented by the Chief and Council of Musqueam and approved by the members of Musqueam on August 5, 2020. 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.

Approved budgeted revenue	\$	44,691,100
Add: OGOs budgeted revenue		9,587,893
Add: Taxation Fund budgeted revenue		2,494,579
Add: MST Development Corporation budgeted revenue		608,482
Add: budgeted equity income from GBEs		941,745
Less: budgeted Taxation Fund cash receipts		(1,785,800)
Less: budgeted prior year transfers		(1,435,400)
Less: budgeted cash receipt from GBEs		(3,684,000)
 Budgeted revenue presented on consolidated financial statements	\$	51,418,599
 Approved budgeted expenditures	\$	42,836,400
Add: OGOs budgeted expenditures		11,783,274
Add: Taxation Fund budgeted expenditures		2,168,691
Add: amortization expense		1,901,196
Add: mortgage interest expense		92,972
Add: MST Development Corporation budgeted expenses		612,212
Less: budgeted Taxation Fund cash payments		(1,785,800)
Less: TCA additions		(473,886)
Less: Budgeted mortgage payments		(570,400)
 Budgeted expenses presented on consolidated financial statements	\$	56,564,659

MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021, with comparative information for 2020

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:

2022	\$ 5,680,000
2023	7,550,000
2024	6,483,000
2025	6,483,000
2026	6,483,000
<u>2027 - 2047</u>	<u>131,811,000</u>
	\$ 164,490,000

Amounts above include estimates tied to third-party revenue amounts based on prior year results.

20. Comparative figures:

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

21. Impact of COVID-19:

The COVID-19 pandemic "COVID-19" has had a significant impact on the economy of Canada and globally. Musqueam has experienced a material decrease in the YVR revenue sharing agreement from \$5.7 million to \$2.7 million which has been reflected in the consolidated statement of operations. As the impacts of COVID-19 continue, there could be further impact on Musqueam, its members, employees, suppliers and other third party business associates that could impact the timing and amounts realized on Musqueam's assets and future ability to deliver services and projects. Given the dynamic nature of these circumstances, the duration of disruption and the additional related financial impact cannot be reasonably estimated at this time.