

Consolidated Financial Statements of

**MUSQUEAM INDIAN BAND**

Year ended March 31, 2018

# MUSQUEAM INDIAN BAND

Index to Consolidated Financial Statements

Year ended March 31, 2018

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|  | <b>Page</b> |
|--|-------------|
| <b>Management's Responsibility for Financial Reporting</b> | 1           |
| <b>Independent Auditor's Report</b>                        | 2-3         |
| <b>Consolidated Financial Statements:</b>                  |             |
| 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 - 32      |

## Management's Responsibility for Financial Reporting

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

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


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

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

The Finance and Administration Standing Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report. The Finance and Administration Standing Committee reports its findings to Chief and Council for consideration when approving the consolidated financial statements for issuance to the Members.

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

On behalf of Musqueam Indian Band:

  
\_\_\_\_\_  
Band Manager (Acting)  
July 16, 2018  
\_\_\_\_\_  
Date

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



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## INDEPENDENT AUDITOR'S REPORT

To the Chief and Council of Musqueam Indian Band

We have audited the accompanying consolidated financial statements of Musqueam Indian Band, which comprise the Consolidated Statement of Financial Position as at March 31, 2018 and the Consolidated Statements of Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and a summary of significant accounting policies, and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



*Opinion*

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

*Other Matters*

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

*BDO Canada LLP*

Chartered Professional Accountants

July 16, 2018  
Vancouver, Canada

# MUSQUEAM INDIAN BAND

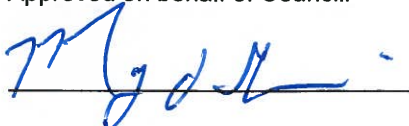
## Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

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

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:

 Councillor

 Councillor

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Operations

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

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

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Consolidated Statement of Changes in Net Financial Assets

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

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

See accompanying notes to consolidated financial statements.



# MUSQUEAM INDIAN BAND

## Consolidated Statement of Cash Flows

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

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

See accompanying notes to consolidated financial statements.

# MUSQUEAM INDIAN BAND

## Notes to Consolidated Financial Statements

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

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

### 1. Significant accounting policies:

The consolidated financial statements of Musqueam are the responsibility of management prepared in accordance with Canadian Public Sector Accounting Standards (“PSAS”) as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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

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

#### (i) Consolidated entities:

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

The following organizations are other government organizations (“OGO”)s controlled by Musqueam and are fully consolidated in these financial statements:

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

## 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)<br>General Partner Ltd. | Musqueam Marina General Partner Ltd.           |
| Musqueam (Federal) Limited Partner Ltd.         | Musqueam Marina Limited Partner Ltd.           |
| Musqueam (Fairmont) General Partner Ltd.        | Musqueam Salish Seas Limited Partner Ltd       |
| MST (Fairmont) General Partner Ltd.             | Salish Seas Fisheries General Partner Ltd.     |
| Musqueam Block F Land Ltd.                      | Block F Land Limited Partner Ltd.              |
| Block F Land General Partner Ltd.               |  |

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(iii) Investments in government partnerships:

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

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

---

|   |  |
|---|--|
| LDB Developments (AQ/MIB/SN/TWN)<br>Limited Partnership     | MST (Fairmont) Limited Partnership     |
| Willingdon Developments (AQ/MIB/TWN)<br>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    |

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# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

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## 1. Significant accounting policies (continued):

### (b) Use of accounting estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the allowance for doubtful accounts, the useful lives of non-financial assets for amortization, liability for contaminated sites, and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

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

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

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

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

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

### (d) Restricted short-term investments:

Restricted short-term investments are guaranteed investment certificates with maturity dates within one year from the date of issuance that are restricted for the purpose of funding the C.M.H.C replacement reserve and the C.M.H.C. operating reserve.

### (e) Inventory:

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

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## 1. Significant accounting policies (continued):

### (f) Non-financial assets:

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

### (i) Tangible capital assets:

Tangible capital assets are carried at cost less accumulated amortization. Musqueam amortizes its tangible capital assets on a straight-line basis over the estimated useful lives as follows:

---

|                              |          |
|------------------------------|----------|
| Aboriginal Pavilion          | 25 years |
| Automobiles                  | 10 years |
| Boat equipment               | 5 years  |
| Buildings                    | 15 years |
| Community Centre             | 25 years |
| Soccer field                 | 25 years |
| Storage shed                 | 25 years |
| Computer equipment           | 2 years  |
| Field equipment              | 5 years  |
| Furniture and fixtures       | 10 years |
| Longhouse                    | 25 years |
| Playground – Elder Center    | 25 years |
| Pump station                 | 25 years |
| Recreation fitness equipment | 5 years  |
| Roads and bridge             | 25 years |
| Medical equipment - Health   | 20 years |
| Watermain pipe project       | 25 years |
| Electric equipment           | 2 years  |
| Housing trailer              | 10 years |

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

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

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

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

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

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## 1. Significant accounting policies (continued):

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

#### (iii) Leased tangible capital assets:

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

#### (iv) Settlement lands:

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

#### (v) Reconciliation agreement lands:

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

### (g) Housing Equalization Program Credits:

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

### (h) Segment disclosures:

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

## 1. Significant accounting policies (continued):

### (i) Liability for contaminated sites:

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

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

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

## 2. Accounts receivable – members of Musqueam:

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

## 3. Contributions receivable:

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

## 4. Ottawa Trust Funds:

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

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

During the year, Musqueam received a withdrawal from Ottawa Trust Fund of \$5,064,429.

These amounts were deposited in a separate bank account of Musqueam. The balance at year end is included as cash.

## 5. 2010 Legacies Trust Funds:

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

During the year, pursuant to Musqueam Council Resolutions, the Trust distributed nil (2017 - \$611,920) to fund approved projects and incurred a net loss of \$5,775 (2017 - \$8,939).



# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

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

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

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

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

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

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

- (a) In 1998, Musqueam incorporated 562645 B.C. Ltd. to operate a multi-unit residential property known as Shalimar Place.
- (b) In April 2012, Musqueam formed Salish Seas Fisheries Limited Partnership with two other First Nations, in order to sell fishing licenses and lease fishing vessels. The Partnership consists of one general partner and three limited partners, which separately represent one of each First Nations' interest.

Musqueam Salish Seas Limited Partner Ltd., a bare trustee, was incorporated in February 2012, to hold Musqueam's interest as a limited partner in the Salish Seas Fisheries Limited Partnership.

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

The Partnership consists of Willingdon (AQ/MIB/TWN) General Partner Ltd., as a general partner, and three limited partners representing each party's interest. The principal business of the Partnership is to acquire and manage residential and commercial properties or to acquire and develop properties to sell as residential or commercial units. Under the partnership agreement, profits and losses of the Partnership are allocated 0.01% to the general partner and 99.99% to the limited partners. Musqueam set up MIB Willingdon General Partner Ltd. and MIB Willingdon Limited Partner Ltd to hold its 1/3 of the interest in Willingdon (AQ/MIB/TWN) General Partner Ltd. and the Partnership, respectively.

As at March 31, 2018, the Partnership has a loan payable of \$34,763,689 (2017 - \$34,019,822) to Addenda Capital Inc. which is secured by the assets of the Partnership.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

---

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

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

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

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

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

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

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

## 7. Bank loans:

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

- (a) Bank of Montreal (BMO) demand loan for \$15,000,000 bearing interest at prime rate (2017 – prime rate) per annum. As at March 31, 2018, the amount outstanding was nil (2017 - \$4,312,266).
- (b) Royal Bank of Canada (RBC) demand loan bearing interest at RBC's prime rate plus 1.0% per annum. No amount was drawn on this loan at March 31, 2018 (2017 - nil).

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 8. Deferred revenue:

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

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

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

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

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

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

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



# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 10. Commitments:

(a) Operating leases:

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

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

---

|      |    |         |
|------|----|---------|
| 2019 | \$ | 49,000  |
| 2020 |    | 35,543  |
| 2021 |    | 22,991  |
| 2022 |    | 3,335   |
|      |    |         |
|      | \$ | 110,869 |

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(b) Capital lease obligations:

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

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

---

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

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# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 10. Commitments (continued):

### (c) Housing Equalization Program:

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

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

As at March 31, 2018, Musqueam had contracted with 145 (2017 - 145 members of Musqueam to participate in the Housing Equalization Program. The total credits that can be earned by these individuals total approximately \$8,037,500 (2017 - \$8,037,500). Musqueam has the discretion to administer the disbursement of these credits as they deem appropriate, based on funding levels and the priority of the work required on the homes.

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

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

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|            |              |
|------------|--------------|
| 2019       | \$ 241,015   |
| 2020       | 239,983      |
| 2021       | 239,983      |
| 2022       | 233,738      |
| 2023       | 222,574      |
| Thereafter | 1,786,729    |
|            | <hr/>        |
|            | \$ 2,964,022 |

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# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 11. Government loans payable:

The following loans relate to the Land Claims Programs:

|   | 2018                | 2017                |
|---|---------------------|---------------------|
| I.N.A.C. - loan is non-interest bearing and is repayable on the date the comprehensive Land Claims dispute is settled. During the years ended March 31, 1992, 1993, and 1994, loan amounts of \$75,000, \$100,000, and \$50,000, respectively, were received. The loan is secured by a promissory note. | \$ 225,000          | \$ 225,000          |
| B.C. Treaty Commission - loan is non-interest bearing, commenced on February 8, 1995 and is repayable on the earlier of the extended due date of February 8, 2022, the date a treaty is signed, or the date the Federal Minister demands repayment.   | 2,005,566           | 2,005,566           |
|   | <u>\$ 2,230,566</u> | <u>\$ 2,230,566</u> |

## 12. Reconciliation agreement lands:

In 2008, specific parcels of land in Pacific Spirit Park, referred to as Block F and Block K, were acquired by Musqueam from the Province. In 2018, the beneficial interest of Block F was transferred to Block F Limited Partnership, a government business enterprise.

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

- (a) Property taxes of \$1,675,068 had been previously capitalized for the 2012 to 2015 taxation years. Musqueam had appealed the property tax assessments on the parcels of land and, in 2017, the Province refunded this amount.

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 13. Tangible capital assets:

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 13. Tangible capital assets (continued):

### (a) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is nil (2017 - nil).

### (b) Tangible capital assets recorded at nominal values:

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

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

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

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

There were nil writedowns of tangible capital assets during the year (2017 - nil).

## 14. Contingent liabilities:

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

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

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

During the year, Musqueam received from C.M.H.C. nil (2017 - \$2,000) for renovations to Musqueam member homes under the R.R.A.P. The loans will be earned over 5 years by members of Musqueam as long as the members continue to own and occupy the homes during this earning period. As at March 31, 2018, the potential contingency is \$19,600 (2017 - \$42,000).

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

### (c) Litigation:

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 15. Guarantees:

Musqueam is contingently liable as a guarantor of 39 (2017 - 38) housing mortgages for social housing and privately-owned units. Musqueam's maximum potential liability under the guarantee is \$7,085,939 (2017 - \$7,567,010). The outstanding principal and interest at March 31, 2018 is \$7,085,939 (2017 - \$7,567,010), of which \$4,929,930 (2017 - \$5,254,157) is included in C.M.H.C. loans payable (see also note 9). The total contingent liability for individual Members of Musqueam is \$2,156,009 (2017 - \$2,312,853). Management does not expect any liabilities to Musqueam as a result of these guarantees and therefore, no amount is recorded in these consolidated financial statements.

Musqueam received nominal consideration for providing the guarantees.

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

## 16. Segment disclosure:

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

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

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

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 16. Segment disclosure (continued):

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

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

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

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

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

**Other economic activities** - Musqueam established a business company (MCC) to manage Musqueam's business activities, including golf courses, real properties and other commercial developments.

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

# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 16. Segment disclosure (continued):

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



# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 17. Trust funds administered by Musqueam:

In prior years, Musqueam separately approved by referendum \$1,000 and \$5,000 cash distributions to be paid to each Musqueam Member. All Members of Musqueam who are minors (under the age of 19 years) had their funds deposited in a separate bank account, in trust. Subsequent to the referendum, distributions made by Musqueam to the Members, who are minors, are deposited to these separate bank accounts, in trust, at the request of the parent or guardian of the minor. As these Members reach the age of 19 years, these funds are to be released. As at March 31, 2018, the aggregate balance of these trust accounts amounted to \$1,384,736 (2017 - \$1,436,921). The value of the trust accounts are not reflected in these consolidated financial statements.

## 18. Budget:

An annual budget was presented by the Chief and Council of Musqueam and approved by the members of Musqueam on March 30, 2017. The budget information presented in these consolidated financial statements is based upon this approved budget. The consolidated budget includes activities related to operations, capital and all business entities managed by MCC. Adjustments to the budgeted amounts are required to comply with PSAS for inclusion in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Financial Assets.

## 19. Accumulated surplus:

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

## 20. Contractual rights:

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

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

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# MUSQUEAM INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## **21. Comparative figures:**

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