

CHEAM INDIAN BAND  
FINANCIAL STATEMENTS  
MARCH 31, 2015 AND 2014

**CHEAM INDIAN BAND**

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**MARCH 31, 2015**

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## STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those, it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Cheam Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the band's assets are appropriately accounted for and adequately safeguarded.

The Cheam Indian Band Council is responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Council 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 its responsibilities, and to review the financial statements and the external auditor's report.

The financial statements have been audited by Enns & Company in accordance with Canadian auditing standards on behalf of the members. Enns & Company has full and free access to the Chief and Council with regard to audit requirements.

Shelley Douglas Chief

Eric Grey Councillor

Cliff Councillor

## INDEPENDENT AUDITOR'S REPORT

To the Members of:  
Cheam Indian Band

We have audited the accompanying financial statements of the Cheam Indian Band which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statement of changes in accumulated surplus, consolidated statement of revenues and expenditures, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for first nations organizations, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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, these financial statements present fairly, in all material respects, the financial position of the Cheam Indian Band as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for first nations organizations.



ENNS & COMPANY  
Chartered Professional Accountants

Burnaby, B.C., Canada  
July 15, 2015

**CHEAM INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2015 AND 2014**

|  | 2015                | 2014                |
|--|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                                    |                     |                     |
| Bank   | \$ 1,868,857        | \$ 350,654          |
| Accounts receivable (Note 3)                               | 1,303,387           | 939,213             |
| Net investment in Government Business Enterprises (Note 6) | -                   | 165,043             |
| Portfolio investment (Note 5)                              | 730,862             | 725,583             |
| Ottawa Trust Fund (Note 4)                                 | 1,048,911           | 1,220,380           |
| Due from related company (Note 12)                         | 100,000             | -                   |
| Replacement reserve fund (Note 10)                         | 27,101              | 26,906              |
| <b>TOTAL FINANCIAL ASSETS</b>                              | <b>5,079,118</b>    | <b>3,427,779</b>    |
| <b>LIABILITIES</b>   |                     |                     |
| Accounts payable and accrued liabilities                   | 1,348,302           | 590,856             |
| Net investment in Government Business Enterprises (Note 6) | 73,675              | -                   |
| Replacement reserve (Note 10)                              | 178,277             | 162,420             |
| Deferred revenue (Note 8)                                  | 9,150               | 23,243              |
| Deferred revenue relating to capital assets (Note 9)       | 2,729,373           | 876,495             |
| Mortgages payable (Note 11)                                | 1,618,443           | 1,748,392           |
| <b>TOTAL LIABILITIES</b>                                   | <b>5,957,220</b>    | <b>3,401,406</b>    |
| <b>NET FINANCIAL ASSETS (LIABILITIES) (Page 6)</b>         | <b>(878,102)</b>    | <b>26,373</b>       |
| <b>NON-FINANCIAL ASSETS</b>                                |                     |                     |
| Tangible capital assets (Note 7)                           | 4,046,267           | 4,307,326           |
| Construction in progress                                   | 1,475,788           | 572,346             |
| Prepaid expenses   | 55,422              | 54,376              |
| <b>TOTAL NON-FINANCIAL ASSETS</b>                          | <b>5,577,477</b>    | <b>4,934,048</b>    |
| <b>ACCUMULATED SURPLUS (Page 4)</b>                        | <b>\$ 4,699,375</b> | <b>\$ 4,960,421</b> |

**Contingencies (Note 14)**

**APPROVED BY:**

odley Dauph \_\_\_\_\_ Chief  
Erie Gray \_\_\_\_\_ Councillor  
Cliff \_\_\_\_\_ Councillor

The accompanying notes are an integral part of these financial statements

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**CHEAM INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2015 AND 2014**

|  | <b>2015</b>         | <b>2014</b>         |
|--|---------------------|---------------------|
| <b>BALANCE, BEGINNING OF YEAR</b>                    | \$ 4,960,421        | \$ 4,789,136        |
| Excess (deficiency) of revenues over expenses        | (89,576)            | (78,390)            |
| Net receipt (payment) in Ottawa Trust Fund (Page 22) | (171,470)           | 249,675             |
| <b>BALANCE, END OF YEAR</b>                          | <b>\$ 4,699,375</b> | <b>\$ 4,960,421</b> |
| <br><b>Represented by:</b>                           |                     |                     |
| Accumulated surplus - Operations fund (Page 23)      | \$ 2,476,225        | \$ 1,485,256        |
| Accumulated surplus - Ottawa Trust Fund (Page 22)    | 1,048,910           | 1,220,380           |
| Accumulated surplus - Capital fund (Page 21)         | 1,174,240           | 2,254,785           |
|  | <b>\$ 4,699,375</b> | <b>\$ 4,960,421</b> |

The accompanying notes are an integral part of these financial statements

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**CHEAM INDIAN BAND**  
**CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED MARCH 31, 2015 AND 2014**

|   | <b>2015</b>        | <b>2014</b>        |
|---|--------------------|--------------------|
| <b>REVENUES</b>   |                    |                    |
| Aboriginal Affairs and Northern Development Canada (AANDC)    | \$ 1,766,588       | \$ 1,583,788       |
| Gravel sales/royalties  | 337,523            | 326,841            |
| Rental income   | 259,438            | 249,533            |
| Property taxes  | 335,538            | 326,890            |
| Health Canada   | 256,664            | 242,944            |
| Aboriginal rights and title revenue                           | 804,660            | 698,404            |
| C.M.H.C. subsidies  | 92,917             | 94,496             |
| MCFD  | -                  | 3,420              |
| Province of BC -FN Clean Energy                               | -                  | 24,000             |
| First Nations Education Steering Committee                    | 21,421             | 17,785             |
| SASET Employment & Career Counsel                             | (3,580)            | -                  |
| SASET - Other   | (3,536)            | (637)              |
| Environmental site assessment -Non AANDC                      | 122,700            | -                  |
| Deferred contributions related to capital assets release      | 10,700             | 10,700             |
| Other income  | 179,027            | 249,983            |
|   | 4,180,060          | 3,828,147          |
| <b>EXPENDITURES</b>   |                    |                    |
| Band revenue - Operations                                     | 47,361             | 155,061            |
| Property taxation expenses                                    | 21,172             | 30,217             |
| Health and social programs                                    | 915,096            | 891,476            |
| Education programs  | 648,759            | 576,284            |
| Administration  | 1,426,785          | 1,671,522          |
| Non-profit housing  | 333,344            | 292,358            |
| Maintenance   | 187,149            | 119,451            |
| Aboriginal rights and title                                   | 235,297            | 69,151             |
| Economic programs   | 260,955            | 83,818             |
| Family wellness   | -                  | 18,440             |
|   | 4,075,918          | 3,907,778          |
| <b>NET OPERATING INCOME (LOSS) FOR THE YEAR</b>               | <b>104,142</b>     | <b>(79,631)</b>    |
| Share of earnings (losses) in Government Business Enterprises | (193,718)          | 1,241              |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>      | <b>\$ (89,576)</b> | <b>\$ (78,390)</b> |

The accompanying notes are an integral part of these financial statements

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**CHEAM INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2015 AND 2014**

|  | <b>2015</b>         | <b>2014</b>      |
|--|---------------------|------------------|
| <b>SURPLUS (DEFICIENCY) FOR YEAR</b>                       | \$ (89,576)         | \$ (78,390)      |
| Revenue not available for spending - Ottawa<br>Trust Fund  | (171,469)           | 249,675          |
| Acquisition of tangible capital assets                     | (20,362)            | (23,144)         |
| Amortization of tangible capital assets                    | 281,421             | 284,297          |
| Capital project funding                                    | (903,442)           | (333,334)        |
| Acquisition of prepaid expenses                            | (55,422)            | (54,376)         |
| <u>Use of prepaid expenses</u>                             | <u>54,376</u>       | <u>68,944</u>    |
| <b>CHANGE IN NET FINANCIAL ASSETS</b>                      | <b>(904,474)</b>    | <b>113,672</b>   |
| <b>NET FINANCIAL ASSETS, BEGINNING OF<br/>YEAR</b>         | <b>26,373</b>       | <b>(87,299)</b>  |
| <b>NET FINANCIAL ASSETS (LIABILITIES),<br/>END OF YEAR</b> | <b>\$ (878,101)</b> | <b>\$ 26,373</b> |

The accompanying notes are an integral part of these financial statements

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**CHEAM INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2015 AND 2014**

|   | <b>2015</b>         | <b>2014</b>       |
|---|---------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>                                     |                     |                   |
| Excess (deficiency) of revenues over expenditures for year      | \$ (89,576)         | \$ (78,390)       |
| Add: non-working capital charges                                | 281,421             | 284,296           |
| Amortization of capital assets                                  | 193,718             | (1,241)           |
| Share of losses (earnings) of Government Business Enterprises   | 385,563             | 204,665           |
| Net change in non-cash working capital balances from operations |                     |                   |
| Accounts receivable   | (364,176)           | 134,502           |
| Prepaid expenses  | (1,046)             | 14,568            |
| Accounts payable  | 757,445             | 87,377            |
| Deferred revenue  | (14,093)            | 18,052            |
| Funded reserves   | 15,857              | (33,465)          |
|   | 779,550             | 425,699           |
| <b>FINANCING ACTIVITIES</b>                                     |                     |                   |
| Repayments of mortgages payable                                 | (129,949)           | (129,467)         |
| Due from related company  | (100,000)           | -                 |
| Due to Government Business Enterprises                          | 45,001              | 32,035            |
|   | (184,948)           | (97,432)          |
| <b>INVESTING ACTIVITIES</b>                                     |                     |                   |
| Acquisitions of capital assets                                  | (20,362)            | (23,144)          |
| Deferred contributions related to capital assets                | 1,852,878           | 402,052           |
| Construction in progress increase                               | (903,442)           | (333,334)         |
| Increase (decrease) in investments                              | (5,278)             | (2,257)           |
|   | 923,796             | 43,317            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | <b>1,518,398</b>    | <b>371,584</b>    |
| <b>NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>         | <b>377,560</b>      | <b>5,976</b>      |
| <b>NET CASH AND CASH EQUIVALENTS, END OF YEAR</b>               | <b>\$ 1,895,958</b> | <b>\$ 377,560</b> |
| <b>REPRESENTED BY</b>   |                     |                   |
| Bank  | \$ 1,868,857        | \$ 350,654        |
| Replacement reserve fund  | 27,101              | 26,906            |
|   | <b>\$ 1,895,958</b> | <b>\$ 377,560</b> |

The accompanying notes are an integral part of these financial statements

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**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

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**1. OPERATIONS**

Cheam Indian Band is an unincorporated band empowered entity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

Cheam Indian Band's policy is to follow accounting policies generally accepted for First Nations in Canada. The financial statements have been prepared in accordance with Canadian Public Sector Accounting standards.

**Fund accounting**

Cheam Indian Band follows the restricted fund method of accounting for contributions.

The Operations Fund accounts for the band's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets and liabilities related to the band's capital assets.

**Revenue recognition**

Revenues received, pursuant to annual funding agreements with the Minister of Aboriginal Affairs and Northern Development Canada ("AANDC") are recognised as they become receivable under the terms of the funding agreements.

Other funding revenues are recognised as they become receivable under the terms of the funding agreements.

Rental revenue is recognized monthly as it becomes receivable under the terms of the applicable rental agreements.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash and investments which are readily convertible into cash or have a maturity date of 90 days or less from date of acquisition and are not subject to significant risk of changes in value.

**Short-term investments**

Short-term investments represent guaranteed investment certificates and other savings deposits with maturity dates ranging from 91 days to twelve months from date of acquisition.

**Investments**

Investments are fixed income investments with maturity dates greater than twelve months from date of acquisition.

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Non-financial assets**

Tangible capital and other non-financial assets are accounted for as assets by Cheam Indian Band because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Band until they are sold.

**Expenses**

Expenses are accounted for on the accrual basis

**Financial instruments**

All financial assets except for investments that are quoted in an active market are measured at amortized cost. Amortized cost is the amount at which a financial asset is measured at initial fair value plus financing fees and transaction costs that are directly attributable to their acquisition. These equity securities are thereafter carried at cost plus the cumulative amortization of any difference between that initial amount and the maturity amount using the straight line amortization method.

Equity instruments, if any that are quoted in an active market are stated at fair value. Changes in fair value are recognized in income in the period the changes occur. Transaction costs to acquire or dispose of these securities are recognized in net income in the period during which they are incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the recoverable amount that could be realized from selling the financial asset or the amount that the society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Financial liabilities, including accounts payable and accrued liabilities are measured at amortized cost.

**Prepaid expenses**

Prepaid expenses primarily comprise advance payments made to vendors in the current fiscal year for goods and services to be recognized in the next fiscal year.

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Liability for contaminated sites**

Contaminated sites are the result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the band is directly responsible or accepts responsibility; and
- (iv) a reasonable estimate of the amount can be made.

**Tangible capital assets and amortization**

Capital assets are recorded at cost as an addition to capital assets with a corresponding increase in equity in capital assets. These additions which are not funded through capital financing are also charged as an expense to operations and matched with the applicable revenue source in the year of expenditure.

|                                |                          |
|--------------------------------|--------------------------|
| Office furniture and equipment | 20% reducing balance     |
| Computer equipment             | 30% reducing balance     |
| Farm equipment                 | 10% reducing balance     |
| Machinery and equipment        | 10% reducing balance     |
| Vehicles                       | 20% reducing balance     |
| Buildings                      | 4% straight-line basis   |
| Tennis court                   | 5% straight-line basis   |
| Roads and paving               | 5% straight-line basis   |
| Waterworks and sewers          | 2.5% straight-line basis |
| Dykes                          | 2% straight-line basis   |

**Use of estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Government Business Enterprises**

The band as a First Nation, accounts for its share in the operations of Government Business Enterprises under the modified equity method as outlined in the CICA Public Sector Accounting Handbook.

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable balance includes an amount of approximately \$740,000 (2014:\$694,000) that is receivable from band members as overdue rent. In accordance with the Cheam Indian Band's housing policy, mortgages are taken by the band to fund the construction of homes and the member tenants are then charged rent by the band. Later on, once the mortgage is fully repaid, the tenants become entitled to a certificate of possession ("CP") of their house making them legal owners

However, in accordance with that same housing policy, those tenants will not be entitled to the CP until they have cleared all rent arrears and other loans due to the band. Accordingly, the chief and council are of the opinion that no provision is required with regard to those long overdue rent arrears and loans.

**4. OTTAWA TRUST FUND**

Funds on deposit with the Department of Aboriginal Affairs and Northern Development Canada are held in trust in the Consolidated Revenue Fund of the Government of Canada and are managed by the department under Sections 63 to 69 of the Indian Act. The amounts on the financial statements have been provided by the Government of Canada.

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**5. PORTFOLIO INVESTMENT AT COST**

The investment represents a 100% ownership in the Pilalt Historical Society that was incorporated on January 29, 1996 under the Society Act of the Province of British Columbia. The main objective of the Society is to protect, preserve and promote the archaeological culture and spiritual heritage of the people of the Cheam Indian Band. At the balance sheet date, the investment in Pilalt Historical Society and the results and financial position of the subsidiary, based on audited financial statements were as follows:

|  | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
| <b><u>Net investment</u></b>                                     |             |             |
| Investment at cost   | \$ 730,862  | \$ 725,583  |
| Total net investment at cost                                     | \$ 730,862  | \$ 725,583  |
| <br>   |             |             |
| Share of losses since incorporation not accounted for            | \$ 294,603  | \$ 289,300  |
| <br>   |             |             |
| <b><u>Financial Information of Pilalt Historical Society</u></b> |             |             |
| Current assets   | \$ 484      | \$ 508      |
| Property   | 435,775     | 435,775     |
| Total assets   | \$ 436,259  | \$ 436,283  |
| <br>   |             |             |
| Due to Cheam Indian Band   | \$ 730,862  | \$ 725,583  |
| Equity   | (294,603)   | (289,300)   |
| Total liabilities and net assets                                 | \$ 436,259  | \$ 436,283  |
| <br>   |             |             |
| Revenue  | \$ -        | \$ -        |
| Expenses   | (5,303)     | (5,171)     |
| <br>   |             |             |
|  | \$ (5,303)  | \$ (5,171)  |

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

**(i) Cheam Landfill**

The investment represents a 100% ownership in Cheam Landfill that operates a landfill site. As the organization meets the criteria of a Government Business Enterprise, the investment has been accounted for under the modified equity method. At the balance sheet date, the investment in Cheam Landfill and the results and financial position of the subsidiary, based on audited financial statements were as follows:

|   | 2015 | 2014      |
|---|------|-----------|
| <b><u>Net investment</u></b>                          |      |           |
| Investment  | \$ - | \$ -      |
| Total net investment at cost                          | \$ - | \$ -      |
| Share of earnings in Cheam Landfill                   | \$ - | \$ 18,750 |
| <b><u>Financial Information of Cheam Landfill</u></b> |      |           |
| Bank  | \$ - | \$ -      |
| Due from Cheam Indian Band                            | \$ - | \$ -      |
| Revenues  | \$ - | \$ 26,643 |
| Expenses  | \$ - | (7,893)   |
| Net (loss) surplus                                    | \$ - | \$ 18,750 |

On October 31, 2011, Cheam Landfill discontinued its landfill business and at March 31, 2012, completed most of the landfill closure operations including all clean-up and other remedial work requirements.

On December 31, 2013, the management completed the dissolution of the enterprise after completing the closure of its bank and tax accounts, releasing the excess provision for closure costs and transferring the remaining assets and liabilities to its owner, Cheam Indian Band who will assume any future potential liabilities.

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

**6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (CONTINUED)**

**(ii) Cheam Enterprises Inc.**

The investment represents a 100% ownership in Cheam Enterprises Inc. that is engaged in various business activities for the benefits of the band members. At the balance sheet date, the investment in Cheam Enterprises Inc. and the results and financial position of the subsidiary, based on audited financial statements were as follows:

|   | <b>2015</b>        | <b>2014</b>        |
|---|--------------------|--------------------|
| <b><u>Investment</u></b>                                      |                    |                    |
| Net investment  | \$ (166,599)       | \$ (166,599)       |
| Due from Cheam Enterprises Inc.                               | 170,250            | 170,250            |
| <b>Total net investment at cost</b>                           | <b>\$ 3,651</b>    | <b>\$ 3,651</b>    |
| Share of earnings in Cheam Enterprises Inc.                   | \$ (12,723)        | \$ (35,169)        |
| <b><u>Financial Information of Cheam Enterprises Inc.</u></b> |                    |                    |
| Bank  | \$ 35,733          | \$ 9,054           |
| Accounts receivable   | 4,425              | 2,064              |
| Capital assets  | 206                | 411                |
| <b>Total assets</b>   | <b>\$ 40,364</b>   | <b>\$ 11,529</b>   |
| Accounts payable  | \$ 49,435          | \$ 7,878           |
| Due to Cheam Indian Band                                      | 170,250            | 170,250            |
| Equity  | (179,321)          | (166,599)          |
| <b>Total liabilities and net assets</b>                       | <b>\$ 40,364</b>   | <b>\$ 11,529</b>   |
| Revenues  | \$ 53,452          | \$ 70,834          |
| Expenses  | (66,175)           | (106,003)          |
| <b>Net (loss) surplus</b>                                     | <b>\$ (12,723)</b> | <b>\$ (35,169)</b> |

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (CONTINUED)**

**(iii) Cheam Holding Limited Partnership**

The investment represents a 99.99% interest in Cheam Holding Limited Partnership that in turn, holds a 49.9% in Smamelet Siya:m Limited Partnership which is engaged in various business activities. At the balance sheet date, the investment in Cheam Holdings LP and its share of the earnings in the limited partnership, based on unaudited financial statements at December 31, 2014 were as follows:

|  | December 31,<br>2014 | March 31,<br>2014 |
|--|----------------------|-------------------|
| <b>Investment</b>                                |                      |                   |
| Net investment                                   | \$ 161,392           | \$ 161,392        |
| <hr/>  |                      |                   |
| Share of earnings (loss) in Cheam Holding LP     | \$ (180,995)         | \$ 17,661         |
| <hr/>  |                      |                   |
| <b>Financial Information of Cheam Holding LP</b> |                      |                   |
| Bank   | \$ 7,451             | \$ 89,656         |
| Accounts and notes receivable                    | 19,449               | 10,734            |
| Investment in Smamelet Siya:m LP                 | (88,700)             | 64,223            |
| Total assets                                     | \$ (61,800)          | \$ 164,613        |
| <hr/>  |                      |                   |
| Accounts payable                                 | \$ 2,800             | \$ 3,200          |
| Partners capital - Cheam Indian Band             | (64,603)             | 161,392           |
| Partners capital - Cheam Holdings Ltd            | 3                    | 21                |
| Total liabilities and net assets                 | \$ (61,800)          | \$ 164,613        |
| <hr/>  |                      |                   |
| Revenues   | \$ (152,129)         | \$ 65,029         |
| Expenses   | (28,884)             | (47,366)          |
| Net (loss) surplus                               | \$ (181,013)         | \$ 17,663         |
| <hr/>  |                      |                   |
| <b>NET INVESTMENT SUMMARY</b>                    |                      |                   |
|  | <b>2015</b>          | <b>2014</b>       |
| Cheam Landfill                                   | \$ -                 | \$ -              |
| Cheam Enterprises Inc.                           | (9,072)              | 3,651             |
| Cheam Holding LP                                 | (64,603)             | 161,392           |
| Total net investment at cost                     | \$ (73,675)          | \$ 165,043        |

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**7. TANGIBLE CAPITAL ASSETS**

|   | Cost                | Accumulated<br>Amortization | Net<br>2015         | Net<br>2014         |
|---|---------------------|-----------------------------|---------------------|---------------------|
| Automotive                              | \$ 37,210           | \$ 31,278                   | \$ 5,932            | \$ 7,415            |
| Computer equipment                      | 28,386              | 19,924                      | 8,462               | 12,760              |
| Dykes                                   | 755,366             | 120,877                     | 634,489             | 649,596             |
| Farm equipment                          | 40,264              | 34,233                      | 6,031               | 6,701               |
| Machinery and equipment                 | 147,032             | 98,913                      | 48,119              | 54,017              |
| Office furniture &<br>equipment         | 52,325              | 44,737                      | 7,588               | 9,485               |
| Roads & paving                          | 157,368             | 94,740                      | 62,628              | 67,847              |
| Tennis court                            | 19,300              | 19,299                      | 1                   | 1                   |
| Waterworks/sewers                       | 514,407             | 100,038                     | 414,369             | 427,158             |
| Band-owned housing -<br>non-residential | 1,483,925           | 834,580                     | 649,345             | 681,035             |
| Band-owned housing -<br>residential     | 344,000             | 343,992                     | 8                   | 8                   |
| Non-Profit Housing -<br>CMHC            | 4,550,197           | 2,340,902                   | 2,209,295           | 2,391,303           |
|   | <b>\$ 8,129,780</b> | <b>\$ 4,083,513</b>         | <b>\$ 4,046,267</b> | <b>\$ 4,307,326</b> |

**8. DEFERRED REVENUE**

Deferred contributions represent unspent resources funding received in the current or prior period that are related to the subsequent period as follows:

|                        | 2015            | 2014             |
|------------------------|-----------------|------------------|
| School District #33    | \$ 3,650        | \$ 3,225         |
| Sign - Prepaid revenue | 1,500           | 1,500            |
| Health Canada          | 4,000           | 18,518           |
|                        | <b>\$ 9,150</b> | <b>\$ 23,243</b> |

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets represent the unamortized portion of contributions towards the construction of social housing units and the construction in progress of the new health and community centre.

The changes for the year in the deferred contributions balances are as follows:

|                         | Grant<br>revenue    | Accumulated<br>Amortization | Net<br>2015         | Net<br>2014       |
|-------------------------|---------------------|-----------------------------|---------------------|-------------------|
| AANDC-Housing units     | \$ 267,509          | \$ 53,500                   | \$ 214,009          | \$ 224,709        |
| Health Canada-Multiplex | 536,689             | -                           | 536,689             | 536,689           |
| Water system            | 1,869,789           | -                           | 1,869,789           | 115,097           |
| Wastewater system       | 108,886             | -                           | 108,886             | -                 |
|                         | <b>\$ 2,782,873</b> | <b>\$ 53,500</b>            | <b>\$ 2,729,373</b> | <b>\$ 876,495</b> |

**10. REPLACEMENT RESERVE**

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited annually through a transfer from the operating account. This fund along with accumulated interest, must be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At the year end, the balance was as follows:

|   | 2015           | 2014           |
|---|----------------|----------------|
| Opening balance                         | \$ 162,420     | \$ 195,885     |
| Transfer from Housing operating account | 30,000         | 30,000         |
| Interest income                         | 214            | 722            |
| Expenditures-current                    | (14,357)       | (31,366)       |
| Expenditures-prior                      | -              | (32,821)       |
| Closing balance                         | <b>178,277</b> | <b>162,420</b> |
| Replacement reserve funds               | 27,101         | 26,906         |
| Amount underfunded                      | \$ 151,176     | \$ 135,514     |

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

**11. MORTGAGES PAYABLE**

|  | 2015                | 2014                |
|--|---------------------|---------------------|
| CMHC   |                     |                     |
| Loan secured on non-profit housing project VII requiring monthly principal and interest payment of \$2,856 with interest at 1.82% per annum and maturing on June 1, 2019.    | 140,055             | 171,145             |
| Royal bank   |                     |                     |
| Loan secured on non-profit housing project VIII requiring monthly principal and interest payment of \$2,361 with interest at 2.0% per annum and maturing on October 1, 2018. | 97,909              | 123,746             |
| CMHC   |                     |                     |
| Loan secured on non-profit housing project IX requiring monthly principal and interest payment of \$2,103 with interest at 1.8% per annum and maturing on October 1, 2016.   | 260,353             | 280,722             |
| CMHC   |                     |                     |
| Loan secured on housing project X requiring monthly principal and interest payment of \$5,981 with interest at 1.67% per annum and maturing on June 1, 2018.                 | 1,120,126           | 1,172,778           |
|  | 1,618,443           | 1,748,392           |
| Less: Current portion  | (132,277)           | (117,201)           |
|  | <u>\$ 1,486,166</u> | <u>\$ 1,631,191</u> |

Mortgage repayments over the next 5 years are as follows:

|            |            |
|------------|------------|
| 2016       | \$ 132,277 |
| 2017       | 134,718    |
| 2018       | 137,203    |
| 2019       | 129,025    |
| 2020       | 89,694     |
| Thereafter | 995,524    |

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

**12. DUE FROM RELATED COMPANY**

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The amount due bears no interest, is unsecured and has no specific term of repayment

**13. BANK FACILITIES**

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The bank overdraft is secured by a general security agreement covering all the assets of the band including the Cheam Landfill's assets and bank accounts and by a collateral mortgage in the amount of \$300,000 constituting a first fixed charge on the land owned by Pilalt Historical Society.

**14. CONTINGENCIES**

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**Disputed invoice**

Cheam is currently in dispute with one of its contractors regarding some reclamation work for \$100,000 that was performed a few years ago by that contractor and which apparently, may not have been approved and agreed by Cheam. It is currently reviewing all past agreements made between that contractor and the previous Chief & Council to determine whether both the work and compensation were approved at that time. As the outcome of this case is still uncertain, no provision has been made in the accounts in that respect.

**Contaminated site**

The band operated a landfill under Cheam Landfill that was an unincorporated band empowered entity within the meaning of the Income Taxes Act (Canada) and exempt from income taxes.

The landfill was located on the reserve and provided landfill services to the community at large. It was treated as a Government Business Enterprise ("GBE") under the definitions of the Public Sector Handbook and on October 31, 2011, Cheam Landfill discontinued the landfill operations and at March 31, 2012, completed most of the closure operations including all clean-up and remedial work requirements.

On December 31, 2013, the band completed the dissolution of the Cheam Landfill after completing the closure of its bank and tax accounts, released the excess provision for closure costs and transferred the remaining assets and liabilities to the Cheam Indian Band which will assume any potential future liabilities.

**Breach of contract**

Cheam is currently a defendant in a civil claim by a consultant for alleged unpaid services. The consultant, as plaintiff entered into a "Fee for Services contract" with Cheam to provide various services as a funding officer including researching available funding grants and making the necessary applications for the identified fundings. The consultant, as part of the compensation for the services would be entitled to 5% of acquired funds. However, there is now a dispute about the interpretation of "acquired funds" between the two parties and the plaintiff is claiming damages for breach of contract of approximately \$320,000. In the opinion of management and legal counsel, the outcome of the claim is undeterminable and accordingly, no provision has been made in the accounts in that regard.

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015**

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**15. FINANCIAL RISKS**

The band, as part of its operations, carries a number of financial instruments. It is management's opinion that the band is not exposed to any significant risk as a result of these financial instruments.

Credit risk

The band is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The society does not obtain collateral to support the accounts receivable subject to credit risk except for rental tenants (Note 3) but mitigates this risk by dealing only with what management believes to be financially sound counterparties and accordingly, does not anticipate significant loss for non-performance.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The band is not exposed to such currency risk as all its transactions are conducted in Canadian dollar.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The band is not exposed to material interest risk on its fixed income securities as such investment is either not significant or the investment is held by the Ottawa Trust Fund that is controlled by the Government of Canada.

Liquidity risk

Liquidity risk is the risk that the society will be unable to fulfill its obligations on a timely basis. The society manages its liquidity risk by monitoring its operating requirements and by preparation of a budget to ensure that it has sufficient funds to fulfill its obligations.

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**16. COMPARATIVES**

Certain comparatives for the previous year were restated in order to conform with the current year's presentation.

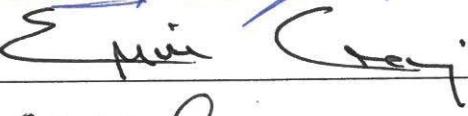
**CHEAM INDIAN BAND**  
**STATEMENT OF FINANCIAL POSITION - CAPITAL FUND**  
**AS AT MARCH 31, 2015 AND 2014**

|  | <b>2015</b>         | <b>2014</b>         |
|--|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                              | \$ -                | \$ -                |
| <b>LIABILITIES</b>                                   |                     |                     |
| Current portion of mortgages payable (Note 11)       | 132,277             | 117,201             |
| Mortgages payable - non-current (Note 11)            | 1,486,166           | 1,631,191           |
| Deferred revenue relating to capital assets (Note 9) | 2,729,373           | 876,495             |
| <b>TOTAL LIABILITIES</b>                             | <b>4,347,816</b>    | <b>2,624,887</b>    |
| <b>NET DEBT</b>                                      | <b>(4,347,816)</b>  | <b>(2,624,887)</b>  |
| <b>NON-FINANCIAL ASSETS</b>                          |                     |                     |
| Tangible capital assets (Note 7)                     | 4,046,267           | 4,307,326           |
| Construction in progress                             | 1,475,789           | 572,346             |
| <b>ACCUMULATED SURPLUS</b>                           | <b>\$ 1,174,240</b> | <b>\$ 2,254,785</b> |

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS**

|                                   |                     |                     |
|-----------------------------------|---------------------|---------------------|
| <b>BALANCE, BEGINNING OF YEAR</b> | \$ 2,254,785        | \$ 2,455,188        |
| Interfund transfers               | (1,080,545)         | (200,403)           |
| <b>BALANCE, END OF YEAR</b>       | <b>\$ 1,174,240</b> | <b>\$ 2,254,785</b> |

**APPROVED BY:**

 Chief  
 Councillor  
 Councillor

The accompanying notes are an integral part of these financial statements

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**CHEAM INDIAN BAND**  
**STATEMENT OF FINANCIAL POSITION - OTTAWA TRUST FUND**  
**AS AT MARCH 31, 2015 AND 2014**

|                                      | 2015         | 2014         |
|--------------------------------------|--------------|--------------|
| <b>FINANCIAL ASSETS</b>              |              |              |
| Ottawa Trust Fund - Revenue (Note 4) | \$ 173,350   | \$ 344,820   |
| Ottawa Trust Fund - Capital (Note 4) | 875,560      | 875,560      |
| <b>TOTAL FINANCIAL ASSETS</b>        | 1,048,910    | 1,220,380    |
| <b>LIABILITIES</b>                   | -            | -            |
| <b>ACCUMULATED SURPLUS</b>           | \$ 1,048,910 | \$ 1,220,380 |

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS**

|   | Revenue    | Capital    | 2015         | 2014         |
|---|------------|------------|--------------|--------------|
| <b>BALANCE, BEGINNING OF YEAR</b>       | \$ 344,820 | \$ 875,560 | \$ 1,220,380 | \$ 970,704   |
| CN claim settlement                     | -          | -          | -            | 515,472      |
| Multiplex funding out of CN settlement  | -          | -          | -            | (297,655)    |
| Land use improvements                   | (100,000)  | -          | (100,000)    | -            |
| Lafarge fund receipt                    | -          | -          | -            | 174,635      |
| Interest income                         | 28,130     | -          | 28,130       | 172,229      |
| Fund distribution - Annual              | (99,600)   | -          | (99,600)     | (97,200)     |
| Special distribution from CN settlement | -          | -          | -            | (217,805)    |
|   | (171,470)  | -          | (171,470)    | 249,676      |
| <b>BALANCE, END OF YEAR</b>             | \$ 173,350 | \$ 875,560 | \$ 1,048,910 | \$ 1,220,380 |

APPROVED BY:

*Ashley Douglas* \_\_\_\_\_ Chief

*Eric Grey* \_\_\_\_\_ Councillor

*Cell 3* \_\_\_\_\_ Councillor

The accompanying notes are an integral part of these financial statements

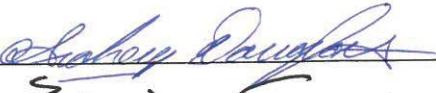
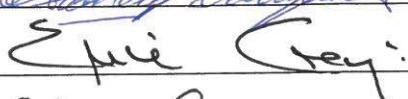
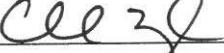
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**CHEAM INDIAN BAND**  
**STATEMENT OF FINANCIAL POSITION - OPERATIONS FUND**  
**AS AT MARCH 31, 2015 AND 2014**

|  | 2015                | 2014                |
|--|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                                    |                     |                     |
| Bank   | \$ 1,868,857        | \$ 350,654          |
| Accounts receivable  | 1,303,387           | 939,213             |
| Net investment in Government Business Enterprises (Note 6) | -                   | 165,043             |
| Portfolio investment (Note 5)                              | 730,862             | 725,583             |
| Due from related company                                   | 100,000             | -                   |
| Replacement reserve fund (Note 10)                         | 27,101              | 26,906              |
| <b>TOTAL FINANCIAL ASSETS</b>                              | <b>4,030,207</b>    | <b>2,207,399</b>    |
| <b>LIABILITIES</b>   |                     |                     |
| Accounts payable and accrued liabilities                   | 1,348,302           | 590,856             |
| Net investment in Government Business Enterprises (Note 6) | 73,675              | -                   |
| Replacement reserve (Note 10)                              | 178,277             | 162,420             |
| Deferred revenues (Note 8)                                 | 9,150               | 23,243              |
| <b>TOTAL LIABILITIES</b>                                   | <b>1,609,404</b>    | <b>776,519</b>      |
| <b>NET FINANCIAL ASSETS</b>                                | <b>2,420,803</b>    | <b>1,430,880</b>    |
| <b>NON-FINANCIAL ASSETS</b>                                |                     |                     |
| Prepaid expenses   | 55,422              | 54,376              |
| <b>TOTAL NON-FINANCIAL ASSETS</b>                          | <b>55,422</b>       | <b>54,376</b>       |
| <b>ACCUMULATED SURPLUS</b>                                 | <b>\$ 2,476,225</b> | <b>\$ 1,485,256</b> |
| <b>STATEMENT OF CHANGES IN ACCUMULATED SURPLUS</b>         |                     |                     |
|  | 2015                | 2014                |
| <b>BALANCE, BEGINNING OF YEAR</b>                          | <b>\$ 1,485,256</b> | <b>\$ 1,363,243</b> |
| Excess (Deficiency) of revenues over expenses for year     | (89,576)            | (78,390)            |
|  | 1,395,680           | 1,284,853           |
| Interfund transfers  | 1,080,545           | 200,403             |
| <b>BALANCE, END OF YEAR</b>                                | <b>\$ 2,476,225</b> | <b>\$ 1,485,256</b> |

**Contingencies (Note 14)**

**APPROVED BY:**

 Shirley Daugler \_\_\_\_\_ Chief  
 Eric Grey \_\_\_\_\_ Councillor  
 Cllr 3d \_\_\_\_\_ Councillor

The accompanying notes are an integral part of these financial statements

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