

**CHEAM INDIAN BAND  
FINANCIAL STATEMENTS  
MARCH 31, 2015 AND 2014**

**CHEAM INDIAN BAND**

**INDEX**

**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.

 \_\_\_\_\_ Chief

 \_\_\_\_\_ Councillor

 \_\_\_\_\_ 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**

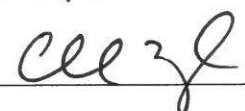
	2015	2014
<b>FINANCIAL ASSETS</b>		
Bank	\$ 1,868,857	\$ 350,654
Accounts receivable (Note 3)	1,303,387	939,213
Net investment in Government Business Enterprises (Note 6)	-	165,043
Portfolio investment (Note 5)	730,862	725,583
Ottawa Trust Fund (Note 4)	1,048,911	1,220,380
Due from related company (Note 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:**

 Chief

 Councillor

 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>
<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**

	2015	2014
<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>	104,142	(79,631)
Share of earnings (losses) in Government Business Enterprises	(193,718)	1,241
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (89,576)	\$ (78,390)

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**

	2015	2014
<b>SURPLUS (DEFICIENCY) FOR YEAR</b>	\$ (89,576)	\$ (78,390)
Revenue not available for spending - Ottawa 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)
Use of prepaid expenses	54,376	68,944
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(904,474)	113,672
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	26,373	(87,299)
<b>NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR</b>	\$ (878,101)	\$ 26,373

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**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures for year	\$ (89,576)	\$ (78,390)
Add: non-working capital charges		
Amortization of capital assets	281,421	284,296
Share of losses (earnings) of Government Business Enterprises	193,718	(1,241)
	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>	1,518,398	371,584
<b>NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	377,560	5,976
<b>NET CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,895,958	\$ 377,560
<b>REPRESENTED BY</b>		
Bank	\$ 1,868,857	\$ 350,654
Replacement reserve fund	27,101	26,906
	\$ 1,895,958	\$ 377,560

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**

**1. OPERATIONS**

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

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**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**

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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**

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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:

	2015	2014
<b><u>Net investment</u></b>		
Investment at cost	\$ 730,862	\$ 725,583
Total net investment at cost	\$ 730,862	\$ 725,583
Share of losses since incorporation not accounted for	\$ 294,603	\$ 289,300
<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
Due to Cheam Indian Band	\$ 730,862	\$ 725,583
Equity	(294,603)	(289,300)
Total liabilities and net assets	\$ 436,259	\$ 436,283
Revenue	\$ -	\$ -
Expenses	(5,303)	(5,171)
	\$ (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
Total net investment at cost	\$ 3,651	\$ 3,651
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
Total assets	\$ 40,364	\$ 11,529
Accounts payable	\$ 49,435	\$ 7,878
Due to Cheam Indian Band	170,250	170,250
Equity	(179,321)	(166,599)
Total liabilities and net assets	\$ 40,364	\$ 11,529
Revenues	\$ 53,452	\$ 70,834
Expenses	(66,175)	(106,003)
Net (loss) surplus	\$ (12,723)	\$ (35,169)

**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, 2014	March 31, 2014
<b><u>Investment</u></b>		
Net investment	\$ 161,392	\$ 161,392
Share of earnings (loss) in Cheam Holding LP	\$ (180,995)	\$ 17,661
<b><u>Financial Information of Cheam Holding LP</u></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
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
Revenues	\$ (152,129)	\$ 65,029
Expenses	(28,884)	(47,366)
Net (loss) surplus	\$ (181,013)	\$ 17,663

**NET INVESTMENT SUMMARY**

	2015	2014
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**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2015</b>	<b>Net 2014</b>
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 & 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 - non-residential	1,483,925	834,580	649,345	681,035
Band-owned housing - residential	344,000	343,992	8	8
Non-Profit Housing - 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:

	<b>2015</b>	<b>2014</b>
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:

	<b>Grant revenue</b>	<b>Accumulated Amortization</b>	<b>Net 2015</b>	<b>Net 2014</b>
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:

	<b>2015</b>	<b>2014</b>
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	178,277	162,420
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)
	\$ 1,486,166	\$ 1,631,191

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**

**15. FINANCIAL RISKS**

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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.

**16. COMPARATIVES**

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


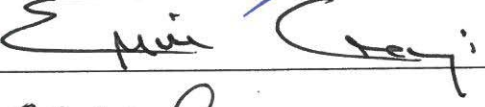

**CHEAM INDIAN BAND  
STATEMENT OF FINANCIAL POSITION - CAPITAL FUND  
AS AT MARCH 31, 2015 AND 2014**

	2015	2014
<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>	4,347,816	2,624,887
<b>NET DEBT</b>	(4,347,816)	(2,624,887)
<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>	\$ 1,174,240	\$ 2,254,785

**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>	\$ 1,174,240	\$ 2,254,785

**APPROVED BY:**

 Chief  
 Councillor  
 Councillor

The accompanying notes are an integral part of these financial statements

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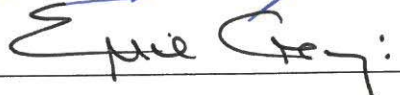
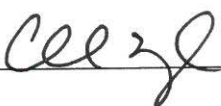
**CHEAM INDIAN BAND**  
**STATEMENT OF FINANCIAL POSITION - OTTAWA TRUST FUND**  
**AS AT MARCH 31, 2015 AND 2014**

	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

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 Chief  
 Councillor  
 Councillor

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


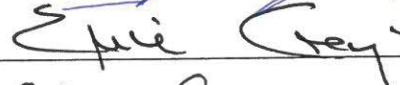
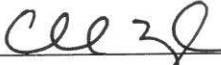
	2015	2014
<b>FINANCIAL ASSETS</b>		
Bank	\$ 1,868,857	\$ 350,654
Accounts receivable	1,303,387	939,213
Net investment in Government Business Enterprises (Note 6)	-	165,043
Portfolio investment (Note 5)	730,862	725,583
Due from related company	100,000	-
Replacement reserve fund (Note 10)	27,101	26,906
<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>

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS**

	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)**

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 Chief  
 Councillor  
 Councillor

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