

PRIVATE & CONFIDENTIAL

August 15, 2017

6112 Sussex Avenue
Burnaby British Columbia
Canada V5H 3C3

☎ 604 434 5800
Fax 604 433 6200

Ms Stephanie Vallejo
A/Funding Services Officer
ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA
600 – 1138 Melville Street
Vancouver, BC V6E 4S3

Dear Stephanie

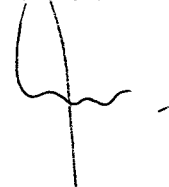
We have prepared and enclose the following for the Band's year ended March 31, 2017

- 1 First Package (To be Published Online pursuant to AANDC) consists of
 - a Audited Consolidated Financial Statements and Notes
 - b Schedule of Remuneration and Expenses of Chief and Councillors
- 2 Second Package (Not to be Published Online pursuant to AANDC) consists of
 - a Program/Service/Activity Revenues and Expenses Schedules
 - b Schedule of Remuneration and Expenses (Unelected/Appointed Senior Officials)
 - c Reconciliation of Revenue
 - d Statement of Moveable Assets Reserve– no 'moveable assets'
Reserve therefore no Statement prepared

If you have any questions regarding any of the above matters, please do not hesitate to contact the undersigned

Yours truly,

ENNS & COMPANY



Robert L. Enns CPA CGA

RLE/jz

Enclosures

CC Cheam Indian Band

**CHEAM INDIAN BAND
FINANCIAL STATEMENTS
MARCH 31, 2017**

2017 AUG 17 PM 12 50

CHEAM INDIAN BAND

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MARCH 31, 2017

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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

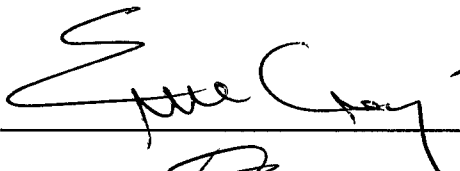
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it 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.

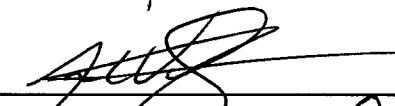
The Cheam Indian Band Council is responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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.

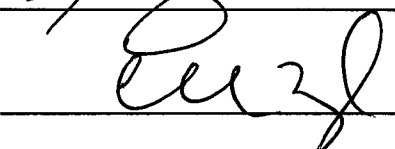
The financial statements have been audited by Enns & Company in accordance with Canadian auditing standards on behalf of the members. Enns & Company has full and free access to the Chief and Council with regard to audit requirements.



Chief



Councillor



Councillor

6112 Sussex Avenue
Burnaby British Columbia
Canada V5H 3C3

INDEPENDENT AUDITOR'S REPORT

☎ 604 434 5800
Fax 604 433 6200

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, 2017 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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.

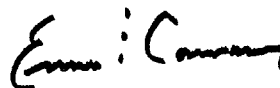
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements whether due to fraud or 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, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Burnaby B.C. Canada
August 3 2017

ENNS & COMPANY
Chartered Professional Accountants

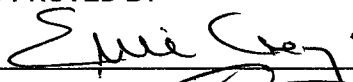

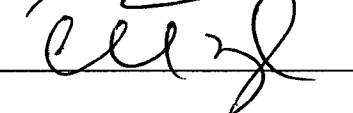
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**CHEAM INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Bank	\$ 1 736 890	\$ 784 509
Accounts receivable (Note 3)	947 602	948 337
Portfolio investment (Note 5)	742 862	736 862
Ottawa Trust Fund (Note 4)	884 762	996 016
Due from related company (Note 12)	100 150	100 000
Replacement reserve fund (Note 10)	129 209	100 581
TOTAL FINANCIAL ASSETS	4 541 475	3 666 305
LIABILITIES		
Accounts payable and accrued liabilities	1,608 475	1 628 546
Net investment in Government Business Enterprises (Note 6)	123 481	192 282
Replacement reserve (Note 10)	225 861	206 164
Deferred revenue (Note 8)	12 215	8 150
Deferred revenue relating to capital assets (Note 9)	4 899,769	2 718 673
Mortgages payable (Note 11)	4 418 960	1 485 612
TOTAL LIABILITIES	11 288 761	6 239 427
NET FINANCIAL ASSETS (LIABILITIES) (Page 6)	(6 747 286)	(2 573 122)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	3 515 875	3,775 236
Construction in progress (Note 15)	8 496 072	3 038 685
Prepaid expenses	56 945	59 868
TOTAL NON-FINANCIAL ASSETS	12 068 892	6 873 789
ACCUMULATED SURPLUS (Page 4)	\$ 5 321 606	\$ 4 300 667

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, 2017

	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 4 300,667	\$ 4 699 374
Excess (deficiency) of revenues over expenses	1 132,193	(345 813)
Net receipt (payment) in Ottawa Trust Fund (Page 23)	(111 254)	(52 894)
BALANCE, END OF YEAR	\$ 5 321 606	\$ 4 300 667
Represented by		
Accumulated surplus - Operations fund (Page 24)	\$ 1 743 626	\$ 695 015
Accumulated surplus - Ottawa Trust Fund (Page 23)	884 762	996 016
Accumulated surplus - Capital fund (Page 22)	2 693 218	2 609 636
	\$ 5 321 606	\$ 4 300 667

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, 2017

	2017	2017 Budget (Unaudited)	2016
REVENUES			
Indigenous and Northern Affairs Canada (INAC)	\$ 1 862 484	\$ 1 691 464	\$ 1 883 346
INAC Recoveries - prior year	(90 567)	-	-
Gravel sales/royalties	329 392	344 000	339 136
Rental income	320 271	287 175	299 414
Property taxes	378 744	377 537	357 371
Health Canada	285 110	270 102	323 655
Aboriginal rights and title revenue	1 856 016	231 390	881,786
C M H C subsidies	132 135	94 999	92 893
Non-INAC Education revenue	38 391	4 306	35 880
SASET - Education	-	24 170	-
SASET Training & Career Counsel (Net)	(1 906)	62 751	(2 066)
Environmental site assessment -Non INAC	44 700	-	98,100
Deferred contributions related to capital assets release	10 700	-	10,700
Other income	178,421	16 500	84 891
	5 343 891	3 404 394	4 405 106
EXPENDITURES			
Band revenue - Operations	15 079	-	73 042
Property taxation expenses	74 389	10 700	32 959
Health and social programs	914,524	961 343	874 566
Education programs	746 269	690 987	722 308
Administration	1,414 537	1 379 221	1,191,703
Non-profit housing	353 594	321 328	689 591
Maintenance	138 315	206 992	135 312
Aboriginal rights and title	411 203	-	633,403
Economic programs	209 590	73 648	279,427
	4 277 500	3 644 219	4 632 311
NET OPERATING INCOME (LOSS) FOR THE YEAR	1 066 391	(239,825)	(227 205)
Share of earnings (losses) in Government Business Enterprises	68 802		(118 608)
Housing receivables provision (Note 3)	(3 000)		-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1 132 193		\$ (345 813)

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, 2017**

	2017	2016
SURPLUS (DEFICIENCY) FOR YEAR	\$ 1 132 193	\$ (345 813)
Revenue not available for spending - Ottawa Trust Fund	(111 254)	(52 894)
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	259 361	271 030
Capital project funding	(5 457 387)	(1,562 898)
Acquisition of prepaid expenses	(56 945)	(59 868)
Use of prepaid expenses	59 868	55 422
CHANGE IN NET FINANCIAL ASSETS	(4 174 164)	(1 695 021)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	(2 573 122)	(878 101)
NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR	\$(6 747 286)	\$(2 573 122)

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, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures for year	\$ 1,132 193	\$ (345 813)
Add non-working capital charges		
Amortization of capital assets	259 361	271 030
Share of losses (earnings) of Government Business Enterprises	(68 802)	118 608
	1 322 752	43 825
Net change in non-cash working capital balances from operations		
Accounts receivable	736	354 846
Prepaid expenses	2,923	(4,446)
Accounts payable	(20 071)	280,449
Deferred revenue	4 065	(1,000)
Funded reserves	19 696	27 887
	1 330 101	701 561
FINANCING ACTIVITIES		
Repayments of mortgages payable	(133 871)	(132 831)
Due from related company	(150)	-
Addition to mortgage payable	3 067 219	-
	2 933 198	(132 831)
INVESTING ACTIVITIES		
Deferred contributions related to capital assets increase	2 181 096	(10,700)
Construction in progress increase	(5 457 387)	(1,562,897)
Increase (decrease) in investments	(6 000)	(6 000)
	(3 282 291)	(1 579 597)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	981 008	(1 010 867)
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	885 091	1 895 958
NET CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,866 099	\$ 885 091
REPRESENTED BY		
Bank	\$ 1 736 890	\$ 784 510
Replacement reserve fund	129 209	100 581
	\$ 1 866 099	\$ 885 091

The accompanying notes are an integral part of these financial statements

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**ENNS &
COMPANY**

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

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

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 the 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 Indigenous and Northern Affairs Canada ("INAC") 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, 2017**

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017**

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 CPA Public Sector Accounting Handbook

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

3 ACCOUNTS RECEIVABLE

Accounts receivable balance includes an amount of approximately \$378 000 (2016 \$375 000) net of allowance of \$378 000 (2016 \$375 000) that is receivable from band members as long overdue rent. In accordance with the Cheam Indian Band's housing policy and following the new Cheam Land Code now operational, mortgages are taken by the band to fund the construction of homes for the members and on occupation the member tenants are charged rent by the band to fund the mortgage repayments. Once a mortgage is fully repaid, Chief and Council will review and determine if those tenants become entitled to a certificate of possession ("CP") of their house making them legal owners.

However, in accordance with that same housing policy and Land Code, those tenants won't be considered for their CP until they have cleared all rent arrears and other loans due to the band. Cheam Indian Band is currently working on a proposed new framework agreement on First Nations Land Management which will allow different types of legal land interests and flexible legal land governance in the future. Once completed, the chief and council are of the opinion that this may result in an increase of the value of the land and will motivate more members to obtain their CP after settlement of their housing debts.

Accordingly, the chief and council are of the opinion that only a 50% provision is required with regard to those long overdue rent arrears and loans.

4 OTTAWA TRUST FUND

Funds on deposit with the Department of Indigenous and Northern Affairs 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, 2017**

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 unaudited financial statements at March 31, 2017 were as follows:

	2017	2016
<u>Net investment</u>		
Investment at cost	\$ 742 862	\$ 736 862
Total net investment at cost	\$ 742 862	\$ 736 862
Share of losses since incorporation not accounted for	\$ 302 875	\$ 298 780
<u>Financial Information of Pilalt Historical Society</u>		
Current assets	\$ 4 212	\$ 2 307
Property	435 775	435 775
Total assets	\$ 439 987	\$ 438 082
Due to Cheam Indian Band	\$ 742 862	\$ 736 862
Equity	(302,875)	(298 780)
Total liabilities and net assets	\$ 439 987	\$ 438 082
Revenue	\$ -	\$ -
Expenses	(4 095)	(4 178)
	\$ (4 095)	\$ (4 178)

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

6 INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

(i) 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 management accounts as at March 31 2017 were as follows

	2017	2016
<u>Investment</u>		-
Net investment	\$ (153 961)	\$ (170 488)
Due from Cheam Enterprises Inc	170 251	170 251
Total net investment at cost	\$ 16 290	\$ (237)
 Share of earnings in Cheam Enterprises Inc	 \$ 16 528	 \$ (12 723)
 <u>Financial Information of Cheam Enterprises Inc</u>		
Bank (overdraft)	\$ (14 152)	\$ 7 813
Accounts receivable	77 660	67 233
Investment	9 634	-
Capital assets	70	247
Total assets	\$ 73 212	\$ 75 293
 Accounts payable	 \$ 57 023	 \$ 75 531
Due to Cheam Indian Band	170 250	170 250
Equity	(154 061)	(170 488)
Total liabilities and net assets	\$ 73 212	\$ 75 293
 Revenues	 \$ 526 064	 \$ 95 818
Expenses	(509 536)	(86 984)
Net (loss) surplus	\$ 16 528	\$ 8 834

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

6 INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (CONTINUED)

(ii) 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, 2016 were as follows:

	2017	2016
Investment		
Net investment	\$ (139,771)	\$ (192,045)
Share of earnings (loss) in Cheam Holding LP	\$ 52,274	\$ (127,442)

**Financial Information of Cheam Holding LP at
December 31, 2016**

Bank	\$ 6,240	\$ 8,005
Accounts and notes receivable	13,699	13,699
Investment in Smamelet Siya m LP	(157,714)	(211,759)
Total assets	\$ (137,775)	\$ (190,055)
Accounts payable	\$ 2,000	\$ 2,000
Partners capital - Cheam Indian Band	(139,771)	(192,045)
Partners capital - Cheam Holdings Ltd	(4)	(10)
Total liabilities and net assets	\$ (137,775)	\$ (190,055)
Revenues	\$ (30,614)	\$ (123,060)
Expenses	(1,765)	(3,195)
Net (loss) surplus	\$ (32,379)	\$ (126,255)

NET INVESTMENT SUMMARY

	2017	2016
Cheam Enterprises Inc	\$ 16,290	\$ (237)
Cheam Holding LP	(139,771)	(192,045)
Total net investment at cost	\$ (123,481)	\$ (192,282)

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

7 TANGIBLE CAPITAL ASSETS

COST

	Opening balance	Additions	Disposals	Closing balance
Automotive	\$ 37 210	\$ -	\$ -	\$ 37,210
Computer equipment	28 385	-	-	28 385
Dykes	755 366	-	-	755 366
Farm equipment	40 264	-	-	40 264
School building	1	-	-	1
Machinery and equipment	147 032	-	-	147 032
Office furniture & equipment	52 324	-	-	52 324
Roads & paving	157 368	-	-	157,368
Tennis court	19 300	-	-	19 300
Waterworks/sewers	514 407	-	-	514 407
Band-owned housing - non-residential	1 483 925	-	-	1 483 925
Band-owned housing - residential	344,000	-	-	344 000
Non-Profit Housing - CMHC	5 484 018	-	-	5 484 018
	\$ 9 063 600	\$ -	\$ -	\$ 9 063 600

AMORTIZATION

	Opening balance	Amortization	Amortization on disposals	Closing balance
Automotive	\$ 32 464	\$ 950	\$ -	\$ 33 414
Computer equipment	22 462	1 777	-	24 239
Dykes	135 983	12 388	-	148 371
Farm equipment	34 836	543	-	35 379
School building	-	-	-	-
Machinery and equipment	103 724	4 331	-	108 055
Office furniture & equipment	46 256	1,212	-	47 468
Roads & paving	99 959	2 870	-	102 829
Tennis court	19 299	-	-	19 299
Waterworks/sewers	112 827	10 039	-	122 866
Band-owned housing - non-residential	879 831	43 243	-	923,074
Band-owned housing - residential	343 992	-	-	343 992
Non-Profit Housing - CMHC	3 456 731	182,008	-	3 638 739
	\$ 5 288 364	\$ 259 361	\$ -	\$ 5 547 725

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

7 TANGIBLE CAPITAL ASSETS - continued

NET BOOK VALUE

	March 31 2017	March 31 2016
Automotive	\$ 3 796	\$ 4 746
Computer equipment	4,146	5 923
Dykes	606 995	619 383
Farm equipment	4 885	5 428
School building	1	1
Machinery and equipment	38 977	43 308
Office furniture & equipment	4 856	6 068
Roads & paving	54 539	57 409
Tennis court	1	1
Waterworks/sewers	391,541	401 580
Band-owned housing - non residential	560 851	604 094
Band-owned housing - residential	8	8
Non-Profit Housing - CMHC	1 845 279	2 027 287
	\$ 3 515 875	\$ 3 775 236

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

	2017	2016
School District #33	\$ 3 150	\$ 3 150
Sign - Prepaid revenue	1 500	1 500
Others	7 565	3 500
	\$ 12 215	\$ 8 150

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

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 revenue	Accumulated Amortization	Net 2017	Net 2016
AANDC-Housing units	\$ 267 509	\$ 74,900	\$ 192 609	\$ 203 309
Multiplex	2 741 255	-	2 741,255	536 689
Water system	1 869 789	-	1 869 789	1 869 789
Wastewater system	46 116	-	46,116	108 886
Campsite	50 000	-	50 000	-
	\$ 4 974 669	\$ 74 900	\$ 4 899 769	\$ 2 718 673

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

	2017	2016
Opening balance	\$ 206,164	\$ 178 277
Transfer from Housing operating account	30 000	30 000
Expenditures-current	(10 303)	(2 113)
Closing balance	225 861	206 164
Replacement reserve funds	129 209	100 581
Amount underfunded	\$ 96 652	\$ 105 583

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

11 MORTGAGES PAYABLE

	2017	2016
Bank of Montreal Portion of Real Estate loan advance totalling \$4 705 000 (Note 13) secured on the Band's multiplex requiring monthly principal and interest payment of \$24 674 starting August 31 2017 with interest at 3.7% per annum and maturing on July 31 2041	3 067 219	-
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 Collateralized by land and building having a net carrying value of \$161 860 (2016 \$184 982)	75 585	108 068
CMHC 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 Collateralized by land and building having a net carrying value of \$217 565 (2016 \$244 760)	44 201	71 288
CMHC Loan secured on non-profit housing project IX requiring monthly principal and interest payment of \$2 026 with interest at 1.03% per annum and maturing on October 1 2021 Collateralized by land and building having a net carrying value of \$268 934 (2016 \$293 383)	218 370	239 626
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 Collateralized by land and building having a net carrying value of \$1 078 459 (2016 \$1,145 865)	1 013 585	1 066 630
	4 418 960	1 485 612
Less Current portion	(218 487)	(132 277)
	\$ 4 200 473	\$ 1 353 335

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

11 MORTGAGES PAYABLE (Continued)

Mortgage repayments over the next 5 years are as follows

2018	\$ 218 487
2019	254 360
2020	219 119
2021	216 660
2022	223 248
Thereafter	3 287 086

12 DUE FROM RELATED COMPANY

The amount due is from an unincorporated entity that is indirectly owned by the band bears no interest is unsecured and has no specific term of repayment

13 BANK FACILITIES

The bank facilities from the Royal bank of Canada are 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 (Note 5) At March 31 2017 none of the facilities were utilized

Bank facilities provided by the Bank of Montreal totalled \$6,130 000 and consist of the following

Operating facility of \$300 000 bearing interest at prime plus 0.5% and is repayable on demand

Real Estate facility for the multiplex of \$4 705 000 bearing interest at prime plus 0.75% and is repayable over a maximum period of 25 years

Credit card facility and settlement risk product facility of \$125 000

On-reserve Housing loan facility of \$1 000 000 bearing interest at prime plus 0.75% and is repayable over 300 months

At March 31 2017 only \$3 067 219 of the Real Estate facility was utilized

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

14 CONTINGENCIES

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 future potential liabilities. All additional clean-up and remedial work requirements have been met and performed to date by the Band.

15 CONSTRUCTION IN PROGRESS

The construction in progress includes a multi-purpose centre consisting of an administration office, health centre, community hall and gym that is under construction and was around 94% complete at the year end. Total costs to date at March 31, 2017 for the multiplex were approximately \$6.6 million that were partly funded by Health Canada to the extent of around \$2.0 million.

**CHEAM INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017**

16 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.

17 COMPARATIVES

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


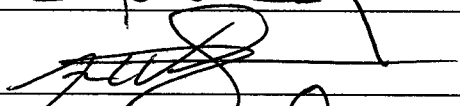
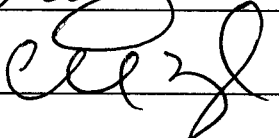
**CHEAM INDIAN BAND
STATEMENT OF FINANCIAL POSITION - CAPITAL FUND
AS AT MARCH 31, 2017**

	2017	2016
FINANCIAL ASSETS	\$ -	\$ -
LIABILITIES		
Current portion of mortgages payable (Note 11)	218 487	132 277
Mortgages payable - non-current (Note 11)	4 200 473	1 353 335
Deferred revenue relating to capital assets (Note 9)	4 899 769	2 718 673
TOTAL LIABILITIES	9 318 729	4 204 285
NET DEBT	(9 318 729)	(4 204 285)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	3 515 875	3 775 236
Construction in progress	8 496 072	3 038 685
ACCUMULATED SURPLUS	\$ 2 693 218	\$ 2 609 636

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

BALANCE, BEGINNING OF YEAR	\$ 2 609 636	\$ 1 174 238
Interfund transfers	83 582	1 435 398
BALANCE, END OF YEAR	\$ 2 693 218	\$ 2 609 636

APPROVED BY


 _____ Chief

 _____ Councillor

 _____ Councillor

The accompanying notes are an integral part of these financial statements

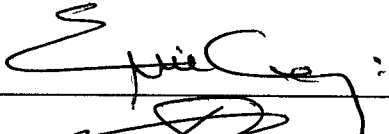
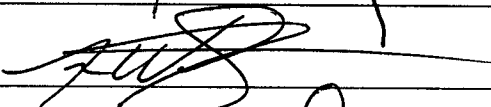
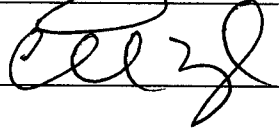
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**CHEAM INDIAN BAND
STATEMENT OF FINANCIAL POSITION - OTTAWA TRUST FUND
AS AT MARCH 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Ottawa Trust Fund - Revenue (Note 4)	\$ 9 202	\$ 120 456
Ottawa Trust Fund - Capital (Note 4)	875 560	875 560
TOTAL FINANCIAL ASSETS	884 762	996 016
LIABILITIES	-	-
ACCUMULATED SURPLUS	\$ 884 762	\$ 996 016

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS				
	Revenue	Capital	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 120 456	\$ 875 560	\$ 996 016	\$ 1 048 911
Interest income	18 729	-	18 729	22 255
Fund distributions	(129 983)	-	(129 983)	(75 150)
	(111 254)	-	(111 254)	(52 895)
BALANCE, END OF YEAR	\$ 9 202	\$ 875 560	\$ 884 762	\$ 996 016

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 _____ Chief

 _____ Councillor

 _____ Councillor

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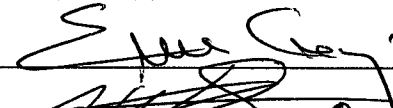
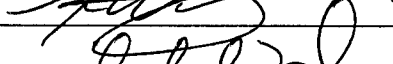

**CHEAM INDIAN BAND
STATEMENT OF FINANCIAL POSITION - OPERATIONS FUND
AS AT MARCH 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Bank	\$ 1 736 890	\$ 784 509
Accounts receivable	947 602	948 337
Portfolio investment (Note 5)	742 862	736 862
Due from related company	100 150	100 000
Replacement reserve fund (Note 10)	129 209	100,581
TOTAL FINANCIAL ASSETS	3 656,713	2,670 289
LIABILITIES		
Accounts payable and accrued liabilities	1 608 475	1 628 546
Net investment in Government Business Enterprises (Note 6)	123 481	192 282
Replacement reserve (Note 10)	225 861	206 164
Deferred revenues (Note 8)	12 215	8 150
TOTAL LIABILITIES	1 970,032	2 035,142
NET FINANCIAL ASSETS	1,686,681	635,147
NON FINANCIAL ASSETS		
Prepaid expenses	56 945	59 868
TOTAL NON FINANCIAL ASSETS	56,945	59 868
ACCUMULATED SURPLUS (Page 25)	\$ 1 743 626	\$ 695 015

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 695 015	\$ 2 476 226
Excess (Deficiency) of revenues over expenses for year	1 132,193	(345 813)
	1 827 208	2 130 413
Interfund transfers	(83 582)	(1,435,398)
BALANCE, END OF YEAR	\$ 1 743 626	\$ 695 015

APPROVED BY

 Chief
 Councillor
 Councillor

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CHEAM INDIAN BAND
SCHEDULE OF SALARIES, HONORARIA, TRAVEL EXPENSES AND OTHER REMUNERATION
ELECTED OR APPOINTED OFFICIALS
FOR THE YEAR ENDED MARCH 31, 2017

Name of	Position	Number of	Honoraria	Salary and	Other	Total	Travel
Individuals	Title	Months		Benefits	Remuneration	Remuneration	& Meeting Expenses
Ernie Crey	Chief/ED	12	47 816	9 640		\$ 57 456	3 727
Chad Douglas	Councillor	12	29 850	55		29 905	1 494
Darwin Douglas	Councillor	12	22,350		57 260	79 610	5 209
Dionne Shaw	Councillor/DM	12	26 728	47 718		74 446	1 582
Andrew Victor	Councillor/ED	12	26 139	24 416		50 555	1,319
Muriel Victor	Councillor/DM	12	23 831	47 165		70 997	2 939
			<u>176 714</u>	<u>128 994</u>	<u>57 260</u>	<u>\$ 362 969</u>	<u>16 270</u>

Chief Ernie Crey has held executive director position for a period of April to August 24 for the fiscal year
Councillor Andrew Victor has held the executive director position for a period of August 25 to March 31 2017
Councillor Dionne Shaw has held Executive Leadership Facilitator position
Councillor Muriel Victor has held Social Development and Health Manager position
ED Executive Director
DM Department Manager