

**Cheam First Nation**  
**Consolidated Financial Statements**  
*March 31, 2020*

**Cheam First Nation**  
**Contents**

*For the year ended March 31, 2020*

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## Management's Responsibility

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To the Members of Cheam First Nation:

The accompanying consolidated financial statements of Cheam First Nation are the responsibility of management and have been approved by the Chief and Council.

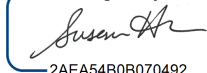
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Cheam First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

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Executive Director

**Susan Hollister**  
**Chief Administrative Officer**

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## Independent Auditor's Report

To the Members of Cheam First Nation:

### Opinion

We have audited the consolidated financial statements of Cheam First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chilliwack, British Columbia

October 12, 2021

*MNP LLP*

Chartered Professional Accountants

# Cheam First Nation

## Consolidated Statement of Financial Position

As at March 31, 2020

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	9,101,006	3,344,073
Portfolio investments (Note 4)	606,116	6,000,000
Accounts receivable (Note 5)	1,530,835	2,092,488
Funds held in trust (Note 6)	883,472	887,043
Investment in Nation business entities (Note 7)	2,026,005	2,246,290
<b>Total of assets</b>	<b>14,147,434</b>	<b>14,569,894</b>
<b>Liabilities</b>		
Bank indebtedness (Note 8)	-	520,253
Accounts payable and accruals	688,520	1,032,437
Deferred revenue (Note 9)	126,699	171,331
Advances from related Nation entities (Note 10)	34,844	34,844
Long-term debt (Note 11)	5,156,341	5,342,192
<b>Total of financial liabilities</b>	<b>6,006,404</b>	<b>7,101,057</b>
<b>Net financial assets</b>	<b>8,141,030</b>	<b>7,468,837</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	11,476,700	12,018,393
Prepaid expenses	-	50,000
<b>Total non-financial assets</b>	<b>11,476,700</b>	<b>12,068,393</b>
<b>Accumulated surplus (Note 12)</b>	<b>19,617,730</b>	<b>19,537,230</b>

### Approved on behalf of the Council

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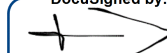
Councillor Bruce Douglas

Councillor Lincoln Douglas

Councillor Stephanie Fredette

Chief Andrew Victor

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Councillor Darwin Douglas

Councillor Rick Quipp

**Cheam First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2020*

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Contracts and other revenue	1,002,726	732,751	2,698,096
Indigenous Services Canada	2,098,719	2,492,920	2,244,471
Other federal funding	364,710	259,277	466,984
Property tax	576,887	575,272	432,850
First Nation Health Authority	395,628	388,524	394,682
Province of BC	487,126	553,322	300,811
Canada Mortgage and Housing Corporation	53,637	78,128	148,888
Earnings from investment in Nation business entities	250,000	525,415	1,739,266
Interest income	-	239,068	219,276
Lease income	-	117,750	141,663
Rental income	113,870	139,476	192,340
Funding recoveries	-	(16,414)	(8,794)
	<b>5,343,303</b>	<b>6,085,489</b>	<b>8,970,533</b>
<b>Program expenses</b>			
Administration & Governance	1,663,198	2,404,902	3,166,561
Education & Training	773,785	674,713	719,729
Community Maintenance	537,975	473,124	363,436
Health Services	489,491	502,417	523,326
Social Development	660,695	589,249	816,858
Housing	88,241	312,956	525,049
Economic Development	332,917	321,353	1,091,707
Land Management	522,192	312,964	297,199
Taxation	281,154	413,311	158,933
<b>Total expenditures</b>	<b>5,349,648</b>	<b>6,004,989</b>	<b>7,662,798</b>
<b>Annual surplus (deficit)</b>	<b>(6,345)</b>	<b>80,500</b>	<b>1,307,735</b>
<b>Accumulated surplus, beginning of year</b>	<b>19,537,230</b>	<b>19,537,230</b>	<b>18,229,495</b>
<b>Accumulated surplus, end of year (Note 12)</b>	<b>19,530,885</b>	<b>19,617,730</b>	<b>19,537,230</b>

**Cheam First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2020*

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
<b>Annual surplus (deficit)</b>	<b>(6,345)</b>	<b>80,500</b>	1,307,735
Purchases of tangible capital assets	-	<b>(70,000)</b>	(1,216)
Amortization of tangible capital assets	-	<b>611,693</b>	618,050
	-	<b>541,693</b>	616,834
Acquisition of prepaid expenses	-	-	(50,000)
Use of prepaid expenses	-	<b>50,000</b>	96,236
	-	<b>50,000</b>	46,236
<b>Increase (decrease) in net financial assets</b>	<b>(6,345)</b>	<b>672,193</b>	1,970,805
<b>Net financial assets, beginning of year</b>	<b>7,468,837</b>	<b>7,468,837</b>	5,498,032
<b>Net financial assets, end of year</b>	<b>7,462,492</b>	<b>8,141,030</b>	7,468,837

*The accompanying notes are an integral part of these financial statements*



**Cheam First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2020*

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	80,500	1,307,735
Non-cash items		
Amortization	611,693	618,050
Earnings from investment in Nation business entities and partnerships	(525,415)	(1,739,266)
	166,778	186,519
Changes in working capital accounts		
Accounts receivable	561,653	(70,115)
Prepaid expenses	50,000	46,236
Accounts payable and accruals	(343,917)	171,872
Deferred revenue	(44,632)	162,715
Funds held in trust	3,571	(1,455)
Portfolio investments	(6,116)	-
	387,337	495,772
<b>Financing activities</b>		
Repayment of advances of long-term debt	(185,851)	(230,396)
<b>Capital activities</b>		
Purchases of tangible capital assets	(70,000)	(1,216)
<b>Investing activities</b>		
Proceeds on portfolio investments	5,400,000	1,000,000
Advances to Nation business entities	(25,614)	-
Advances from Nation business entities	771,314	72,232
<b>Increase in cash resources</b>	6,277,186	1,336,392
<b>Cash resources, beginning of year</b>	2,823,820	1,487,428
<b>Cash resources, end of year</b>	9,101,006	2,823,820
<b>Cash resources are composed of:</b>		
Cash and cash equivalents (Note 3)	9,101,006	3,344,073
Bank indebtedness (Note 8)	-	(520,253)
	9,101,006	2,823,820
<b>Supplementary cash flow information</b>		
Interest paid	222,217	227,210

The accompanying notes are an integral part of these financial statements

# Cheam First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2020*

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### 1. Operations

Cheam First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Cheam First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

#### ***Impact of COVID-19 on operations***

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on communities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The First Nation's operations were not materially impacted by COVID-19.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation's operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/ isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's operations.

### 2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

#### ***Reporting entity - consolidated***

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Cheam First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Pilalt Historical Society

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Cheam First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- CFN Holdings Limited Partnership (LP)
- Cheam Enterprises Inc.

#### ***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

# Cheam First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2020*

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### 2. Significant accounting policies *(Continued from previous page)*

#### **Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

#### **Net financial assets**

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated annual surplus.

#### **Cash and cash equivalents**

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less.

#### **Portfolio investments**

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

#### **Funds held in Ottawa Trust Fund**

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

#### **Tangible capital assets**

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

#### **Amortization**

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b>Method</b>	<b>Rate</b>
Automobile equipment	declining balance	20 %
Other equipment	declining balance	10-30 %
Infrastructure	straight-line	20-50 years
Buildings	straight-line	25 years
Housing	straight-line	25 years

#### **Long-lived assets**

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the First Nation determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**2. Significant accounting policies** *(Continued from previous page)*

***Revenue recognition***

***Government Transfers***

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

***Own source revenue***

Own source revenue derived from such sources as resource based revenues, interest income and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Funds held in Ottawa Trust Fund***

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

***Rental revenue***

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

***Investments***

The First Nation uses the modified equity method to account for its' investment in Nation business entities as listed under reporting entity - consolidated. Investment income earned from portfolio investments is recognized in the period the income is earned.

***Measurement uncertainty***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related Nation entities and departments, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

***Liability for contaminated site***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. Management has determined that no liability exists as at March 31, 2020.

# Cheam First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2020*

### 2. Significant accounting policies *(Continued from previous page)*

#### Segments

The First Nation conducts its business through nine reportable segments: Administrative & Governance, Education & Training, Community Maintenance, Health Services, Social Development, Housing, Economic Development, Land Management, and Taxation. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

### 3. Cash and cash equivalents

	2020	2019
<b>Externally restricted</b>		
CMHC operating reserve	163,190	101,056
CMHC replacement reserve	94,782	82,976
	<b>257,972</b>	184,032
<b>Unrestricted</b>		
Operating funds	8,843,034	3,160,041
	<b>9,101,006</b>	3,344,073

#### Replacement Reserve

Under agreements with CMHC, the First Nation established a replacement reserve, established by an annual allocation of \$18,167 (2019 - \$27,000), to ensure replacement of buildings financed by CMHC. At March 31, 2020 this reserve was under funded by \$90,707 (2019 - \$104,340).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

#### Operating Reserve

Under agreements with CMHC, the First Nation established an operating reserve resulting from annual surplus after the payment of all costs and expenses including allocation to the replacement reserve.

These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise mutually agreed to by the First Nation and CMHC. These funds may only be used for the ongoing operating costs of the housing projects committed under the agreement with CMHC. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. At March 31, 2020, the reserve was fully funded.

The difference between externally restricted cash reserves and Equity in CMHC Replacement and Operating Reserves (Note 12), results from the under funded replacement reserve and over funded operating reserve.

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**4. Portfolio investments**

	<b>2020</b>	<b>2019</b>
BMO Term Deposit, bearing interest at 2.10 % per annum, matured November 1, 2019.	-	5,000,000
RBC Term Deposits, bearing interest at between 2.20% and 2.49% per annum, maturing between October 24, 2020 and October 24, 2022.	<b>606,116</b>	1,000,000
	<b>606,116</b>	6,000,000

**5. Accounts receivable**

	<b>2020</b>	<b>2019</b>
Funding and trade receivable	<b>2,214,716</b>	2,875,369
Member loans receivable	<b>225,113</b>	225,113
Less: Allowance for doubtful accounts	<b>908,994</b>	1,007,994
	<b>1,530,835</b>	2,092,488

**6. Funds held in trust**

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	<b>2020</b>	<b>2019</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>875,560</b>	875,560
<b>Revenue Trust</b>		
Balance, beginning of year	<b>11,483</b>	10,028
Interest	<b>25,144</b>	11,483
	<b>36,627</b>	21,511
Less: Transfers to Nation	<b>28,715</b>	10,028
Balance, end of year	<b>7,912</b>	11,483
	<b>883,472</b>	887,043

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**7. Investments in Nation business entities**

The First Nation has investments in the following entities:

			<i>2020</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>			
CFN Holdings LP - 99.99%	1	-	471,024
			<b>471,025</b>
<b>First Nation Government Business Enterprises</b>			
Cheam Enterprises Inc.	1	(67,091)	1,622,070
			<b>1,554,980</b>
	2	(67,091)	2,093,094
			<b>2,026,005</b>

			<i>2019</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>			
CFN Holdings LP - 99.99%	1	-	346,407
			346,408
<b>First Nation Government Business Enterprises</b>			
Cheam Enterprises Inc.	1	(95,706)	1,995,587
			1,899,882
	2	(95,706)	2,341,994
			2,246,290

Summary financial information for the First Nation Business Partnership and the First Nation Business Enterprises, accounted for using the modified equity method, for the respective year-ends are as follows:

	<b>CFN Holdings LP</b> <b>As as December 31, 2019</b>	<b>Cheam Enterprises Inc.</b> <b>As at March 31, 2020</b>
<b>Balance Sheet</b>		
Current assets	731,804	1,743,612
Long-term assets	(43,219)	393,776
<b>Total assets</b>	<b>688,585</b>	<b>2,137,388</b>
Liabilities	217,486	515,316
Equity	471,099	1,622,072
<b>Total Liabilities and Equity</b>	<b>688,585</b>	<b>2,137,388</b>
<b>Income Statement</b>		
Revenue	326,006	1,147,016
Expenses	28,133	919,444
<b>Net Income</b>	<b>297,873</b>	<b>227,572</b>

# Cheam First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2020*

### 8. Bank indebtedness

Under a line of credit arrangement with the Bank of Montreal (BMO), Cheam First Nation may borrow up to \$300,000. As at March 31, 2020, Cheam First Nation had not drawn this line of credit (2019 - \$278,780). The line of credit bears interest at BMO's prime rate plus 0.50%. The prime rate at March 31, 2020 was 2.45% (2019 - 3.95%). The facility is secured by a band council resolution authorizing the facility, based on the terms outlined in the Letter of Agreement from BMO signed and accepted by Cheam First Nation on July 18, 2017.

Under a line of credit arrangement with the Royal Bank of Canada (RBC), Cheam First Nation may borrow up to \$200,000. As at March 31, 2020, Cheam First Nation had not drawn on this line of credit (2019 - nil). The line of credit bears interest at RBC's prime rate plus 1.75%. The prime rate at March 31, 2020 was 2.45% (2019 - 3.95%). The facility is secured by:

1. A general security agreement - floating charge on land on the Bank's form 923 signed by Cheam First Nation constituting a floating charge on all present and after-acquired real property of Cheam First Nation and a first ranking security interest in all personal property of Cheam First Nation; and,

2. Guarantee and postponement of claim on RBC's form 812 in the amount of \$300,000 signed by Pilalt Historical Society, supported by a collateral mortgage in the amount of \$300,000 constituting a first fixed charge on the lands and improvements located at 50891 Yale Road, Chilliwack, British Columbia.

### 9. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada	71,528	-	50,367	21,161
Shadow Produce	87,188	87,188	87,188	87,188
FNHA	-	18,350	-	18,350
Other	12,615	-	12,615	-
	<b>171,331</b>	<b>105,538</b>	<b>150,170</b>	<b>126,699</b>

### 10. Advances from related Nation entities

Advances from related Nation entities is comprised entirely of an advance from a related partnership, Cheam Fishing Village LP, totalling \$34,844 (2019 - \$34,844). The loan bears no interest and has no fixed terms of repayment.



**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**11. Long-term debt**

	<b>2020</b>	<b>2019</b>
BMO term loan, blended monthly payments of \$23,606 at 3.20% per annum, maturing July 31, 2041.	<b>4,145,581</b>	4,233,828
Project #10 - All Nations Trust Company mortgage, blended monthly payments of \$6,339 at 2.5% per annum, renewal date of June 1, 2023, maturity date of April 1, 2033.	<b>848,841</b>	903,016
Project #9 - All Nations Trust Company mortgage, blended monthly payments of \$2,027 at 1.03% per annum, renewal date of October 1, 2021, maturity date of August 1, 2026.	<b>150,951</b>	173,589
Ford Credit Canada, blended monthly payments of \$1,135 at 7.64% per annum, maturing February 18, 2021.	<b>10,968</b>	23,221
Project #7 - All Nations Trust Company mortgage, blended monthly payments of \$2,856 at 1.82% per annum, matured June 1, 2019.	-	8,538
	<b>5,156,341</b>	5,342,192

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2021	242,162
2022	237,798
2023	244,600
2024	251,608
2025	258,827

The Ford Credit Canada loan is secured by a 2016 Ford 350 truck. The net book value of the truck pledged as security is \$20,983.

Bank of Montreal demand loans are secured by a band council resolution authorizing the facilities, based on the terms outlined in the Letter of Agreement from BMO signed and accepted by Cheam First Nation on July 18, 2017.

**12. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2020</b>	<b>2019</b>
Equity in Tangible Capital Assets	<b>6,320,359</b>	6,676,202
Operating Surplus	<b>12,315,588</b>	11,780,230
Equity in Ottawa Trust Funds	<b>883,472</b>	887,043
Equity in CMHC Replacement and Operating Reserves	<b>98,311</b>	193,755
	<b>19,617,730</b>	19,537,230

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**13. Segments**

The First Nation conducts its business through nine reportable segments, which are differentiated by major activities, accountability and control relationships. The reportable segments and their activities are as follows:

**Administrative & Governance**

Includes general operation, support, and financial management of the First Nation, as well as activities related to the general governance, and leadership of the community and its members.

**Education & Training**

Includes revenue and expenses related to primary, secondary and post secondary education and training of the members of the First Nation.

**Community Maintenance**

Includes revenues and expenses for services related to general community infrastructure maintenance and public works.

**Health Services**

Includes activities related to the provision of health services for the community and its members.

**Social Development**

Includes services offered to community members. Services include, but are not limited to, income assistance, child and family support, assisted living, and early childhood development.

**Housing**

Includes property management related to the mortgaged homes owned by the First Nation and the administration of social housing programs.

**Economic Development**

Includes activities related to the growth of the revenue producing projects within the First Nation.

**Land Management**

Includes revenue and expenses related to general governance activities and lands administration.

**Taxation**

Includes revenues and expenses for services related to property taxation that falls within Cheam First Nation's lands authority.

**Cheam First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2020*

	<i>Automotive Equipment</i>	<i>Other Equipment</i>	<i>Land and Infrastructure</i>	<i>Buildings</i>	<i>Housing</i>	<i>2020</i>	<i>2019</i>
<b>Cost</b>							
Balance, beginning of year	50,639	375,881	3,922,917	8,570,355	5,828,018	18,747,810	18,746,594
Acquisition of tangible capital assets	-	-	70,000	-	-	70,000	1,216
Balance, end of year	50,639	375,881	3,992,917	8,570,355	5,828,018	18,817,810	18,747,810
<b>Accumulated amortization</b>							
Balance, beginning of year	22,581	247,356	559,860	1,601,583	4,298,037	6,729,417	6,111,367
Annual amortization	5,612	21,370	91,628	336,985	156,098	611,693	618,050
Balance, end of year	28,193	268,726	651,488	1,938,568	4,454,135	7,341,110	6,729,417
<b>Net book value of tangible capital assets</b>	<b>22,446</b>	<b>107,155</b>	<b>3,341,429</b>	<b>6,631,787</b>	<b>1,373,883</b>	<b>11,476,700</b>	<b>12,018,393</b>
Net book value of tangible capital assets 2019	28,058	128,525	3,363,057	6,968,772	1,529,981	12,018,393	

**Cheam First Nation**  
**Schedule 2 - Segmented Information**  
*For the year ended March 31, 2020*

	Administration and Governance	Education & Training	Community Maintenance	Health Services	Social Development	Housing	Economic Development	Lands Management	Taxation	2020
<b>Revenue</b>										
ISC	\$ 368,322	\$ 863,986	\$ 215,870	\$ -	\$ 703,347	\$ -	\$ 42,500	\$ 282,481	\$ -	\$ 2,476,506
Other government	396,980	-	-	388,524	30,000	78,128	927,520	-	-	1,821,152
Economic activities and other	247,249	5,430	98,721	14,419	-	130,196	70,056	646,488	575,272	1,787,833
	1,012,552	869,416	314,591	402,943	733,347	208,324	1,040,075	928,969	575,272	6,085,489
<b>Expenses</b>										
Amortization	519,841	-	-	-	-	91,852	-	-	-	611,693
Operating expenses	714,928	10,726	174,862	223,950	29,095	93,065	51,730	238,020	233,192	1,769,569
Salaries, wages and benefits	697,007	31,163	229,700	153,042	39,752	63,062	268,337	62,006	67,987	1,612,056
Program and services delivery expenses	473,126	632,825	68,561	125,426	520,402	64,977	1,285	12,937	112,132	2,011,671
	2,404,902	674,713	473,124	502,417	589,249	312,956	321,353	312,964	413,311	6,004,989
<b>Surplus (deficit) before transfers</b>	(1,392,350)	194,702	(158,533)	(99,474)	144,098	(104,631)	718,722	616,005	161,961	80,500
<b>Transfers between programs</b>	(349,767)	28,860	295,651	1,001,217	92,122	98,275	(820,603)	20,000	(365,755)	-
<b>Annual surplus (deficit)</b>	\$ (1,742,117)	\$ 223,563	\$ 137,119	\$ 901,743	\$ 236,220	\$ (6,356)	\$ (101,882)	\$ 636,005	\$ (203,794)	\$ 80,500

	Administration and Governance	Education & Training	Community Maintenance	Health Services	Social Development	Housing	Economic Development	Lands Management	Taxation	2019
<b>Revenue</b>										
ISC	\$ 322,002	\$ 739,753	\$ 135,989	\$ -	\$ 693,447	\$ -	\$ 208,986	\$ 139,897	\$ -	\$ 2,240,074
Other government	33,148	-	-	394,680	30,000	148,888	695,122	150,000	-	1,451,838
Economic activities and other	2,010,533	23,930	86,587	3,778	103	186,793	1,315,049	1,218,996	432,851	5,278,622
	2,365,683	763,683	222,576	398,460	723,550	335,681	2,219,157	1,508,893	432,851	8,970,533
<b>Expenses</b>										
Amortization	475,878	-	-	-	-	142,171	-	-	-	618,049
Operating expenses	691,105	18,340	117,082	250,442	37,166	73,790	752,625	151,800	76,951	2,169,303
Salaries, wages and benefits	851,152	42,900	182,483	148,770	86,327	59,544	244,644	109,407	17,592	1,742,818
Program and services delivery expenses	1,148,426	658,489	63,871	124,114	693,365	249,544	94,438	35,992	64,390	3,132,628
	3,166,561	719,729	363,436	523,326	816,858	525,049	1,091,707	297,199	158,933	7,662,798
<b>Surplus (deficit) before transfers</b>	(800,878)	43,954	(140,860)	(124,866)	(93,308)	(189,368)	1,127,450	1,211,694	273,918	1,307,735
<b>Transfers between programs</b>	-	-	-	-	-	-	-	-	-	-
<b>Annual surplus (deficit)</b>	\$ (800,878)	\$ 43,954	\$ (140,860)	\$ (124,866)	\$ (93,308)	\$ (189,368)	\$ 1,127,450	\$ 1,211,694	\$ 273,918	\$ 1,307,735