

Cheam First Nation
Consolidated Financial Statements
March 31, 2021

Cheam First Nation

Contents

For the year ended March 31, 2021

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements	5
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	14
Schedule 2 - Segmented Information.....	15

Management's Responsibility

To the Members of Cheam First Nation:

The accompanying 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 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 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 financial statements.

The Cheam First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 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.

Original signed by Annie Silver

Administrator

To the Members of Cheam First Nation:

Qualified Opinion

We have audited the financial statements of Cheam First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian public sector accounting standards as the comparison of budgeted to actual results is a significant measurement of performance.

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 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 qualified 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 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.

In preparing the 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 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 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 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 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 financial statements, including the disclosures, and whether the 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

June 28, 2022

MNP LLP

Chartered Professional Accountants

Cheam First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents (Note 3)	4,423,710	9,101,006
Portfolio investments (Note 4)	6,580,829	606,116
Accounts receivable (Note 5)	2,358,990	1,530,835
Funds held in trust (Note 6)	887,041	883,472
Investment in Nation business entities (Note 7)	5,879,258	2,026,005
Total of assets	20,129,828	14,147,434
Liabilities		
Bank indebtedness (Note 8)	96,611	-
Accounts payable and accruals	858,188	688,520
Deferred revenue (Note 9)	206,091	126,699
Advance from related party (Note 10)	34,844	34,844
Long-term debt (Note 11)	5,247,653	5,156,341
Total of financial liabilities	6,443,387	6,006,404
Net financial assets	13,686,441	8,141,030
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	11,565,240	11,476,700
Accumulated surplus (Note 13)	25,251,681	19,617,730

Approved on behalf of the Council

Original signed by Andrew Victor

Chief

Original signed by Ray Douglas

Councillor

Original signed by Annie Silver

Councillor

Cheam First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	<i>Schedules</i>	2021	2020
Revenue			
Indigenous Services Canada		3,699,666	2,492,920
Contracts and other revenue		1,968,812	732,751
Province of BC		728,043	553,322
Other federal funding		235,592	259,277
First Nation Health Authority		449,490	388,524
Property tax		584,863	575,272
Canada Mortgage and Housing Corporation		54,373	78,128
Earnings from investment in Nation business entities		3,929,378	525,415
Settlement funds		1,000,000	-
Investment income		168,203	-
Rental income		141,910	139,476
Lease income		117,750	117,750
Interest income		110,151	239,068
Funding recoveries		(57,973)	(16,414)
		13,130,258	6,085,489
Expenditures			
Administration & Governance	2	3,288,127	2,650,194
Education & Training	3	770,133	674,713
Community Maintenance	4	1,033,409	473,124
Health Services	5	517,549	502,417
Social Development	6	847,669	589,249
Housing	7	430,279	312,956
Economic Development	8	136,143	36,458
Land Management	9	406,793	352,567
Taxation	10	66,205	413,311
Total expenditures		7,496,307	6,004,989
Annual surplus		5,633,951	80,500
Accumulated surplus, beginning of year		19,617,730	19,537,230
Accumulated surplus, end of year		25,251,681	19,617,730

Cheam First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2021

	2021	2020
Annual surplus	5,633,951	80,500
Purchases of tangible capital assets	(706,583)	(70,000)
Amortization of tangible capital assets	618,043	611,693
Use of prepaid expenses	-	50,000
Increase in net financial assets	5,545,411	672,193
Net financial assets, beginning of year	8,141,030	7,468,837
Net financial assets, end of year	13,686,441	8,141,030

Cheam First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	5,633,951	80,500
Non-cash items		
Amortization	618,043	611,693
Earnings from investment in Nation business entities	(3,929,378)	(525,415)
	2,322,616	166,778
Changes in working capital accounts		
Accounts receivable	(828,158)	561,653
Prepaid expenses	-	50,000
Accounts payable and accruals	169,671	(343,917)
Deferred revenue	79,392	(44,632)
Funds held in trust	(3,569)	3,571
Portfolio Investments	(1,174,713)	(6,116)
	565,239	387,337
Financing activities		
Advances of long-term debt	333,558	-
Repayment of advances of long-term debt	(242,246)	(185,851)
	91,312	(185,851)
Capital activities		
Purchases of tangible capital assets	(706,583)	(70,000)
Investing activities		
Purchase of portfolio investments	(5,000,000)	-
Proceeds on portfolio investments	200,000	5,400,000
Advances to Nation business entities	(317,091)	(25,614)
Advances from Nation business entities	393,216	771,314
	(4,723,875)	6,145,700
Increase in cash resources	(4,773,907)	6,277,186
Cash resources, beginning of year	9,101,006	2,823,820
Cash resources, end of year	4,327,099	9,101,006
Cash resources are composed of:		
Cash and cash equivalents (Note 3)	4,423,710	9,101,006
Bank indebtedness (Note 8)	(96,611)	-
	4,327,099	9,101,006
Supplementary cash flow information		
Interest paid	160,655	222,217

The accompanying notes are an integral part of these financial statements

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 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

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
- CFN Housing 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 by the First Nation 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
- 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.

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 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:

	Method	Rate
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.

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. Investment income earned from portfolio investments is recognized in the period the income is earned.

Measurement uncertainty

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related parties, 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, 2021.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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 financial statements.

3. Cash and cash equivalents

	2021	2020
Externally restricted		
CMHC operating reserve	241,804	163,190
CMHC replacement reserve	106,315	94,782
	348,119	257,972
Unrestricted		
Operating funds	4,075,591	8,843,034
	4,423,710	9,101,006

Replacement Reserve

Under agreements with CMHC, the First Nation established a replacement reserve, established by an annual allocation of \$17,000 (2020 - \$18,167) to ensure maintenance of buildings financed by CMHC. At March 31, 2021 this reserve was under funded by \$61,029 (2020 - \$90,707).

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, 2021, the reserve was fully funded (2020 - fully funded).

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

4. Portfolio investments

	2021	2020
Measured at cost:		
BMO Guaranteed Income Certificate, bearing interest at 0.95% per annum, maturing December 2, 2021.	5,015,486	-
RBC Term Deposits, bearing interest at between 2.20% and 2.49% per annum, maturing between October 24, 2021 and October 24, 2022.	404,173	606,116
	5,419,659	606,116
Measured at fair value:		
CIBC Wood Gundy investment portfolio	1,161,170	-
	6,580,829	606,116

5. Accounts receivable

	2021	2020
Funding and trade receivable	3,103,100	2,454,279
Member loans receivable	225,113	225,113
	3,328,213	2,679,392
Less: Allowance for doubtful accounts	969,223	1,148,557
	2,358,990	1,530,835

Included in the prior year allowance for doubtful accounts is \$239,563 relating to a corporation owned by an existing Council member. The allowance was approved by Council through the issuance of a Band Council Resolution.

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.

	2021	2020
Capital Trust		
Balance, beginning and end of year	875,560	875,560
Revenue Trust		
Balance, beginning of year	7,912	11,483
Interest	11,481	25,144
	19,393	36,627
Less: Transfers to Nation	7,912	28,715
Balance, end of year	11,481	7,912
	887,041	883,472

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Investments in Nation business entities

The First Nation has investments in the following entities:

			2021	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Cheam Enterprises Inc. - 100%	1	(50,716)	1,267,332	1,216,617
CFN Holdings LP - 99.99%	1	(92,500)	4,755,140	4,662,641
	2	(143,216)	6,022,472	5,879,258

				2020
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Cheam Enterprises Inc. - 100%	1	(67,091)	1,622,070	1,554,980
CFN Holdings LP - 99.99%	1	-	471,024	471,025
	2	(67,091)	2,093,094	2,026,005

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

	CFN Holdings LP As at December 31, 2020	Cheam Enterprises Inc. As at March 31, 2021
Balance Sheet		
Current assets	435,426	162,855
Long-term assets	5,388,698	1,068,965
Total assets	5,824,124	1,231,820
Liabilities	1,081,979	15,202
Equity	4,742,145	1,216,618
Total Liabilities and Equity	5,824,124	1,231,820
Income Statement		
Revenue	4,495,730	123,898
Expenses	211,184	529,353
Net Income (Loss)	4,284,546	(405,455)

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, 2021, Cheam First Nation has drawn \$96,611 of this line of credit (2020 - \$nil). The line of credit bears interest at BMO's prime rate plus 0.50%. The prime rate at March 31, 2021 was 2.45% (2020 - 2.45%). 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.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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	21,161	-	-	21,161
Deferred commercial rental income	87,188	87,188	87,188	87,188
FNHA	18,350	3,589	18,350	3,589
Other funding	-	92,823	-	92,823
Security Deposit	-	1,330	-	1,330
	126,699	184,930	105,538	206,091

10. Advance from related party

Advance from related party is comprised entirely of an advance from a related party, Cheam Fishing Village LP, totalling \$34,844 (2020 - \$34,844). The loan bears no interest and has no fixed terms of repayment.

11. Long-term debt

	2021	2020
BMO term loan, blended monthly payments of \$23,606 at prime rate plus 0.75% per annum, maturing July 31, 2041.	3,992,440	4,145,581
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.	793,206	848,841
Project #11 - All Nations Trust Company mortgage, blended monthly payments of \$1,323 at 1.3% per annum, renewal date of April 1, 2026, maturity date of April 1, 2046.	333,934	-
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.	128,073	150,951
Ford Credit Canada, blended monthly payments of \$1,135 at 7.64% per annum, paid out during the year.	-	10,968
	5,247,653	5,156,341

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:

2022	237,812
2023	244,614
2024	251,622
2025	258,842
2026	266,279

Bank of Montreal demand loan is 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.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

12. Contingent liabilities

The First Nation has been named as co-defendant in a lawsuit on behalf of itself, along with several other Cheam First Nation corporate entities and individuals, seeking to recover damage allegedly sustained by the plaintiff as a result of alleged fraud. The complaint with respect to this action generally alleges the First Nation was fraudulently and negligently inducing the company to enter into a five-year agreement for supply of construction and demolition material to landfills on the Nation's reserve, and then wrongfully preventing the company from availing itself of such landfills.

This lawsuit remains at an early stage of the proceeding and the plaintiff has not specified damages. Therefore, the likelihood and amount of potential loss cannot be reasonably estimated at this time. A reasonable estimate will be recorded once the lawsuit has progressed to a stage when sufficient information is available to support the estimate.

13. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Equity in Tangible Capital Assets	6,317,587	6,320,359
Operating Surplus	17,698,934	12,155,927
Equity in Ottawa Trust Funds	887,041	883,472
Equity in CMHC Replacement and Operating Reserves	348,119	257,972
	25,251,681	19,617,730

14. Comparative figures

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

15. 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, 2021

	<i>Automotive Equipment</i>	<i>Other Equipment</i>	<i>Land and Infrastructure</i>	<i>Buildings</i>	<i>Housing</i>	<i>2021</i>	<i>2020</i>
Cost							
Balance, beginning of year	50,639	375,881	3,992,917	8,570,355	5,828,018	18,817,810	18,747,810
Acquisition of tangible capital assets	18,492	179,426	-	-	-	197,918	70,000
Construction-in-progress	-	-	-	-	508,665	508,665	-
Balance, end of year	69,131	555,307	3,992,917	8,570,355	6,336,683	19,524,393	18,817,810
Accumulated amortization							
Balance, beginning of year	28,193	268,726	651,488	1,938,568	4,454,135	7,341,110	6,729,417
Annual amortization	8,188	39,471	91,601	322,685	156,098	618,043	611,693
Balance, end of year	36,381	308,197	743,089	2,261,253	4,610,233	7,959,153	7,341,110
Net book value of tangible capital assets	32,750	247,110	3,249,828	6,309,102	1,726,450	11,565,240	11,476,700
2020 Net book value of tangible capital assets	22,446	107,155	3,341,429	6,631,787	1,373,883	11,476,700	

Cheam First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2021

	Administration and Governance	Education & Training	Community Maintenance	Health Services	Social Development	Housing	Economic Development	Lands Management	Taxation	2021
Revenue										
ISC	\$ 331,712	\$ 687,859	\$ 822,330	\$ -	\$ 1,308,971	\$ 169,064	\$ 77,000	\$ 302,730	\$ -	\$ 3,699,666
Other government	498,454	48,000	177,791	499,115	(3,524)	54,373	4,019,986	57,708	35,904	5,387,807
Economic activities and other	100,526	43,047	44,663	4,800	20,853	122,346	1,218,204	1,902,984	585,362	4,042,785
	930,692	778,906	1,044,784	503,915	1,326,300	345,783	5,315,190	2,263,422	621,266	13,130,258
Expenses										
Amortization	526,191	-	-	-	-	91,853	-	-	-	618,044
Operating expenses	1,320,156	55,910	329,841	236,042	28,416	110,305	136,143	233,606	24,366	2,474,785
Salaries, wages and benefits	732,249	23,270	427,896	237,211	17,039	60,108	-	107,487	3,130	1,608,390
Program and services delivery expenses	709,531	690,953	275,672	44,296	802,214	168,013	-	65,700	38,709	2,795,088
	3,288,127	770,133	1,033,409	517,549	847,669	430,279	136,143	406,793	66,205	7,496,307
Surplus (deficit) before transfers	(2,357,435)	8,773	11,375	(13,634)	478,631	(84,496)	5,179,047	1,856,629	555,061	5,633,951
Transfers between programs	629,906	50,000	303,408	83,745	56,613	161,174	-	(730,651)	(554,195)	-
Annual surplus (deficit)	\$ (1,727,529)	\$ 58,773	\$ 314,783	\$ 70,111	\$ 535,244	\$ 76,678	\$ 5,179,047	\$ 1,125,978	\$ 866	\$ 5,633,951

	Administration and Governance	Education & Training	Community Maintenance	Health Services	Social Development	Housing	Economic Development	Lands Management	Taxation	2020
Revenue										
ISC	\$ 368,322	\$ 863,986	\$ 215,870	\$ -	\$ 719,761	\$ -	\$ 42,500	\$ 282,481	\$ -	\$ 2,492,920
Other government	649,942	-	-	388,524	13,586	78,128	659,557	15,000	-	1,804,737
Economic activities and other	247,249	5,430	98,721	14,419	-	130,197	70,000	646,543	575,273	1,787,832
	1,265,513	869,416	314,591	402,943	733,347	208,325	772,057	944,024	575,273	6,085,489
Expenses										
Amortization	519,841	-	-	-	-	91,852	-	-	-	611,693
Operating expenses	728,319	10,726	174,861	223,948	29,095	93,066	35,078	241,286	233,191	1,769,570
Salaries, wages and benefits	929,087	31,163	229,701	153,042	39,750	63,061	40	98,220	67,987	1,612,051
Program and services delivery expenses	472,946	632,823	68,561	125,427	520,405	64,977	1,340	13,061	112,133	2,011,673
	2,650,194	674,713	473,124	502,417	589,249	312,956	36,458	352,567	413,311	6,004,989
Surplus (deficit) before transfers	(1,384,681)	194,703	(158,533)	(99,474)	144,098	(104,631)	735,599	591,457	161,962	80,500
Transfers between programs	(258,308)	28,860	295,651	1,001,217	92,122	98,275	(912,297)	20,235	(365,755)	-
Annual surplus (deficit)	\$ (1,642,989)	\$ 223,563	\$ 137,118	\$ 901,743	\$ 236,220	\$ (6,356)	\$ (176,698)	\$ 611,692	\$ (203,793)	\$ 80,500