

**Cheam First Nation  
Consolidated Financial Statements**  
*March 31, 2022*

# **Cheam First Nation Contents**

*For the year ended March 31, 2022*

---

	Page
<b>Management's Responsibility</b>	
<b>Independent Auditors' Report</b>	
<b>Consolidated Financial Statements</b>	
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
<b>Notes to the Consolidated Financial Statements.....</b>	<b>5</b>
<b>Schedules</b>	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	15
Schedule 2 - Segmented Information.....	16

## **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 fulfills 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*

Chief Administrative  
Officer

---

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, 2022, 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, 2022, 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

October 25, 2022

**MNP LLP**

Chartered Professional Accountants

**Cheam First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	8,009,728	4,423,710
Portfolio investments (Note 5)	4,373,550	6,580,829
Accounts receivable (Note 6)	1,264,529	2,358,990
Funds held in trust (Note 7)	4,026	887,041
Investment in Nation business entities (Note 8)	6,263,831	5,879,258
<b>Total of assets</b>	<b>19,915,664</b>	20,129,828
<b>Liabilities</b>		
Bank indebtedness (Note 9)	-	96,611
Accounts payable and accruals	1,433,642	858,188
Deferred revenue (Note 10)	459,000	206,091
Advance from related party (Note 11)	34,844	34,844
Long-term debt (Note 12)	5,426,652	5,247,653
<b>Total of financial liabilities</b>	<b>7,354,138</b>	6,443,387
<b>Net financial assets</b>	<b>12,561,526</b>	13,686,441
<b>Contingencies (Note 13)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	12,061,757	11,565,240
<b>Accumulated surplus (Note 14)</b>	<b>24,623,284</b>	25,251,681

**Approved on behalf of the Council**

*Original Signed by: Chief Andrew Victor*

**Chief**

*Original Signed by: Stephanie Fredette*

**Councillor**

*Original Signed by: Melvin Wilson*

**Councillor**

*Original Signed by: Annie Silver*

**Councillor**

**Cheam First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2022*

	<i>Schedules</i>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Indigenous Services Canada		3,514,706	3,699,666
Contracts and other revenue		1,357,496	2,042,221
Province of BC		602,441	728,043
Other federal funding		163,657	235,592
First Nation Health Authority		580,168	449,490
Property tax		702,815	511,454
Canada Mortgage and Housing Corporation		64,460	54,373
Earnings from investment in Nation business entities		1,436,169	3,929,378
Settlement funds		-	1,000,000
Investment income		17,355	168,203
Rental income		180,615	141,910
Lease income		88,688	117,750
Interest income		104,483	110,151
Funding recoveries		(7,782)	(57,973)
		<b>8,805,271</b>	<b>13,130,258</b>
<b>Expenditures</b>			
Administration & Governance	2	4,357,912	3,289,482
Education & Training	3	1,016,851	770,133
Community Maintenance	4	945,912	1,033,409
Health Services	5	852,823	517,549
Social Development	6	852,371	847,669
Housing	7	796,775	430,279
Economic Development	8	89,506	134,473
Land Management	9	461,803	407,108
Taxation	10	59,715	66,205
<b>Total expenditures</b>		<b>9,433,668</b>	<b>7,496,307</b>
<b>Annual surplus (deficit)</b>		<b>(628,397)</b>	<b>5,633,951</b>
<b>Accumulated surplus, beginning of year</b>		<b>25,251,681</b>	<b>19,617,730</b>
<b>Accumulated surplus, end of year</b>		<b>24,623,284</b>	<b>25,251,681</b>

**Cheam First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Annual surplus (deficit)</b>	<b>(628,397)</b>	5,633,951
Purchases of tangible capital assets	(1,215,144)	(706,583)
Amortization of tangible capital assets	718,626	618,043
<b>Increase in net financial assets</b>	<b>(1,124,915)</b>	5,545,411
<b>Net financial assets, beginning of year</b>	<b>13,686,441</b>	8,141,030
<b>Net financial assets, end of year</b>	<b>12,561,526</b>	13,686,441

**Cheam First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	(628,397)	5,633,951
Non-cash items		
Amortization	718,626	618,043
Earnings from investment in Nation business entities	(1,436,169)	(3,929,378)
	(1,345,940)	2,322,616
Changes in working capital accounts		
Accounts receivable	1,094,460	(828,158)
Accounts payable and accruals	575,453	169,671
Deferred revenue	252,909	79,392
Funds held in trust	883,015	(3,569)
Portfolio Investments	7,280	(1,174,713)
	1,467,177	565,239
<b>Financing activities</b>		
Advances of long-term debt	438,160	333,558
Repayment of advances of long-term debt	(259,160)	(242,246)
	179,000	91,312
<b>Capital activities</b>		
Purchases of tangible capital assets	(1,215,144)	(706,583)
<b>Investing activities</b>		
Purchase of portfolio investments	(3,000,000)	(5,000,000)
Proceeds on portfolio investments	5,200,000	200,000
Advances to Nation business entities	(112,131)	(317,091)
Advances from Nation business entities	1,163,727	393,216
	3,251,596	(4,723,875)
<b>Increase in cash resources</b>	<b>3,682,629</b>	<b>(4,773,907)</b>
<b>Cash resources, beginning of year</b>	<b>4,327,099</b>	<b>9,101,006</b>
<b>Cash resources, end of year</b>	<b>8,009,728</b>	<b>4,327,099</b>
<b>Cash resources are composed of:</b>		
Cash and cash equivalents (Note 4)	8,009,728	4,423,710
Bank indebtedness (Note 9)	-	(96,611)
	8,009,728	4,327,099
<b>Supplementary cash flow information</b>		
Interest paid	165,217	160,655

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**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:

- Pelólxw 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.

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**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:

	<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, 2022*

---

**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. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

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.

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**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. Recent accounting pronouncement**

***PS 3280 Asset Retirement Obligations (New)***

In August 2018, new PS 3280 Assets Retirement Obligations was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations (ARO). As asset retirement obligations associated with landfills are included in the scope of new PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability will be withdrawn.

The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic matter.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- The best method to estimate the liability is often a present value technique.

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted.

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**4. Cash and cash equivalents**

	2022	2021
<b>Externally restricted</b>		
CMHC operating reserve	245,286	241,804
CMHC replacement reserve	86,815	106,315
	<hr/>	<hr/>
<b>Unrestricted</b>	332,101	348,119
Operating funds	7,677,627	4,075,591
	<hr/>	<hr/>
	<b>8,009,728</b>	4,423,710
	<hr/>	<hr/>

**Replacement Reserve**

Under agreements with CMHC, the First Nation established a replacement reserve, established by an annual allocation of \$22,560 (2021 - \$17,000) to ensure maintenance of buildings financed by CMHC. At March 31, 2022 this reserve was under funded by \$76,644 (2021 - \$61,029).

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, 2022, the reserve was fully funded (2021 - fully funded).

**5. Portfolio investments**

	2022	2021
Measured at cost:		
BMO Guaranteed Income Certificate, bearing interest at 0.55% per annum, maturing December 5, 2022.	3,005,244	5,015,486
RBC Term Deposit, bearing interest at 2.49% per annum, maturing October 24, 2022.	202,156	404,173
	<hr/>	<hr/>
	3,207,400	5,419,659
Measured at fair value:		
CIBC Wood Gundy investment portfolio	1,166,150	1,161,170
	<hr/>	<hr/>
	<b>4,373,550</b>	6,580,829
	<hr/>	<hr/>

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**6. Accounts receivable**

	<b>2022</b>	<b>2021</b>
Funding and trade receivable	2,003,639	3,103,100
Member loans receivable	230,113	225,113
	<hr/>	<hr/>
Less: Allowance for doubtful accounts	2,233,752	3,328,213
	969,223	969,223
	<hr/>	<hr/>
	1,264,529	2,358,990
	<hr/>	<hr/>

**7. 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>2022</b>	<b>2021</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	875,560	875,560
	<hr/>	<hr/>
Less: Transfers to Nation	875,560	-
	<hr/>	<hr/>
Balance, end of year	-	875,560
	<hr/>	<hr/>
<b>Revenue Trust</b>		
Balance, beginning of year	11,481	7,912
Interest	11,982	11,481
	<hr/>	<hr/>
Less: Transfers to Nation	23,463	19,393
	19,437	7,912
	<hr/>	<hr/>
Balance, end of year	4,026	11,481
	<hr/>	<hr/>
	4,026	887,041
	<hr/>	<hr/>

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**8. Investments in Nation business entities**

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>	2022
<b>First Nation Government Business Enterprises</b>					
Cheam Enterprises Inc. - 100%	1	-	49,751	49,751	
CFN Holdings LP - 99.99%	1	33,131	6,180,947	6,214,079	
	<b>2</b>	<b>33,131</b>	<b>6,230,698</b>	<b>6,263,831</b>	

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>	2021
<b>First Nation Government Business Enterprises</b>					
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	
	<b>2</b>	<b>(143,216)</b>	<b>6,022,472</b>	<b>5,879,258</b>	

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:

	<b>CFN Holdings LP</b> As at December 31, 2021	<b>Cheam Enterprises Inc.</b> As at March 31, 2022
<b>Balance Sheet</b>		
Current assets	2,505,599	51,496
Long-term assets	4,615,243	1,285
Total assets	7,120,842	52,781
Liabilities	939,245	3,029
Equity	6,181,597	49,752
Total Liabilities and Equity	7,120,842	52,781
<b>Income Statement</b>		
Revenue	2,651,358	956
Expenses	1,204,944	12,440
Net Income (Loss)	1,447,798	(11,484)

**9. 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, 2022, Cheam First Nation has drawn \$nil of this line of credit (2021 - \$96,611). The line of credit bears interest at BMO's prime rate plus 0.50%. The prime rate at March 31, 2022 was 2.70% (2021 - 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 December 9, 2021.

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**10. 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	130,932	15,648	136,445
Deferred commercial rental income	87,188	-	87,188	-
FNHA	3,589	-	3,589	-
Other funding	92,823	71,000	92,823	71,000
Security Deposit	1,330	225	-	1,555
Natural Resources Canada	-	250,000	-	250,000
	<b>206,091</b>	<b>452,157</b>	<b>199,248</b>	<b>459,000</b>

**11. 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 (2021 - \$34,844). The loan bears no interest and has no fixed terms of repayment.

**12. Long-term debt**

	2022	2021
BMO term loan, blended monthly payments of \$23,606 at prime rate plus 0.75% per annum, maturing July 31, 2041.	3,835,009	3,992,440
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.	736,220	793,206
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.	328,363	333,934
BMO demand loan, blended monthly payments of \$2,699 at prime rate plus 0.50% per annum, maturing September 30, 2031.	265,671	-
BMO term loan, blended monthly payments of \$745 at prime rate plus 0.50% per annum, maturing December 31, 2046.	156,409	-
Project #9 - All Nations Trust Company mortgage, blended monthly payments of \$2,031 at 1.12% per annum, maturity date of August 1, 2026.	104,980	128,073
	<b>5,426,652</b>	<b>5,247,653</b>

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:

2023	274,933
2024	283,116
2025	291,560
2026	300,272
2027	295,008

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 December 9, 2021.

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**13. 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.

**14. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2022</b>	<b>2021</b>
Equity in Tangible Capital Assets	<b>6,635,105</b>	6,317,587
Operating Surplus	<b>17,652,052</b>	17,698,934
Equity in Ottawa Trust Funds	<b>4,026</b>	887,041
Equity in CMHC Replacement and Operating Reserves	<b>332,101</b>	348,119
	<b>24,623,284</b>	25,251,681

**15. Comparative figures**

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

**Cheam First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

**16. 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, 2022*

	<i>Automotive Equipment</i>	<i>Other Equipment</i>	<i>Land and Infrastructure</i>	<i>Buildings</i>	<i>Housing</i>	2022	2021
<b>Cost</b>							
Balance, beginning of year	69,131	555,307	3,992,917	8,570,355	6,336,683	19,524,393	18,817,810
Acquisition of tangible capital assets	95,313	123,166	377,018	461,631	158,015	1,215,143	197,918
Construction-in-progress	-	-	-	-	-	-	508,665
Balance, end of year	<b>164,444</b>	<b>678,473</b>	<b>4,369,935</b>	<b>9,031,986</b>	<b>6,494,698</b>	<b>20,739,536</b>	<b>19,524,393</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	36,381	308,197	743,089	2,261,253	4,610,233	7,959,153	7,341,110
Annual amortization	25,613	57,699	112,076	340,471	182,767	718,626	618,043
Balance, end of year	<b>61,994</b>	<b>365,896</b>	<b>855,165</b>	<b>2,601,724</b>	<b>4,793,000</b>	<b>8,677,779</b>	<b>7,959,153</b>
<b>Net book value of tangible capital assets</b>	<b>102,450</b>	<b>312,577</b>	<b>3,514,770</b>	<b>6,430,262</b>	<b>1,701,698</b>	<b>12,061,757</b>	<b>11,565,240</b>
2021 Net book value of tangible capital assets	32,750	247,110	3,249,828	6,309,102	1,726,450	11,565,240	

**Cheam First Nation**  
**Schedule 2 - Segmented Information**  
*For the year ended March 31, 2022*

	Administration and Governance	Education & Training	Community Maintenance	Health Services	Social Development	Housing	Economic Development	Lands Management	Taxation	2022
<b>Revenue</b>										
ISC	\$ 325,393	\$ 866,387	\$ 555,365	\$ -	\$ 1,112,161	\$ 331,502	\$ 27,000	\$ 296,898	\$ -	\$ 3,514,706
Other government	406,302	358,624	169,662	681,155	152,779	64,460	1,436,169	-	91,096	3,360,247
Economic activities and other	157,023	5,452	70,229	9,100	6,173	158,871	67,356	679,735	776,379	1,930,318
	888,718	1,230,463	795,256	690,255	1,271,113	554,833	1,530,525	976,633	867,475	8,805,271
<b>Expenses</b>										
Amortization	509,339	-	-	26,522	-	182,765	-	-	-	718,626
Operating expenses	1,248,234	120,697	335,943	219,601	138,463	111,274	89,505	201,197	34,496	2,499,410
Salaries, wages and benefits	1,525,463	178,459	510,951	502,778	22,969	70,483	-	208,286	4,177	3,023,566
Program and services delivery expenses	1,074,876	717,695	99,018	103,922	690,939	432,252	-	52,320	21,042	3,192,064
	4,357,912	1,016,851	945,912	852,823	852,371	796,775	89,506	461,803	59,715	9,433,668
<b>Surplus (deficit) before transfers</b>	<b>(3,469,194)</b>	<b>213,612</b>	<b>(150,656)</b>	<b>(162,568)</b>	<b>418,742</b>	<b>(241,942)</b>	<b>1,441,019</b>	<b>514,830</b>	<b>807,760</b>	<b>(628,397)</b>
<b>Transfers between programs</b>	<b>2,326,467</b>	<b>50,000</b>	<b>(290,820)</b>	<b>131,825</b>	<b>168,603</b>	<b>25,000</b>	<b>(1,366,582)</b>	<b>(354,125)</b>	<b>(690,368)</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>\$ (1,142,727)</b>	<b>\$ 263,612</b>	<b>\$ (441,476)</b>	<b>\$ (30,743)</b>	<b>\$ 587,345</b>	<b>\$ (216,942)</b>	<b>\$ 74,437</b>	<b>\$ 160,705</b>	<b>\$ 117,392</b>	<b>\$ (628,397)</b>

	Administration and Governance	Education & Training	Community Maintenance	Health Services	Social Development	Housing	Economic Development	Lands Management	Taxation	2021
<b>Revenue</b>										
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
<b>Expenses</b>										
Amortization	526,191	-	-	-	-	91,852	-	-	-	618,043
Operating expenses	1,321,511	55,910	329,841	236,042	28,416	110,305	134,474	233,921	24,366	2,474,786
Salaries, wages and benefits	732,247	23,270	427,895	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
	3,289,482	770,133	1,033,409	517,549	847,669	430,279	134,473	407,108	66,205	7,496,307
<b>Surplus (deficit) before transfers</b>	<b>(2,358,790)</b>	<b>8,773</b>	<b>11,375</b>	<b>(13,634)</b>	<b>478,631</b>	<b>(84,496)</b>	<b>5,180,717</b>	<b>1,856,314</b>	<b>555,061</b>	<b>5,633,951</b>
<b>Transfers between programs</b>	<b>629,908</b>	<b>50,000</b>	<b>303,408</b>	<b>83,745</b>	<b>56,613</b>	<b>161,173</b>	<b>-</b>	<b>(730,651)</b>	<b>(554,196)</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>\$ (1,728,882)</b>	<b>\$ 58,773</b>	<b>\$ 314,783</b>	<b>\$ 70,111</b>	<b>\$ 535,244</b>	<b>\$ 76,677</b>	<b>\$ 5,180,717</b>	<b>\$ 1,125,663</b>	<b>\$ 865</b>	<b>\$ 5,633,951</b>