

Cheam First Nation
Consolidated Financial Statements
March 31, 2024

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, 2024, and the statements of operations and accumulated surplus, remeasurement gains and losses, 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 matters 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, 2024, and the results of its operations, its remeasurement gains and losses, 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

Canadian public sector accounting standards ("PSAS") Section PS 3280 Asset Retirement Obligations ("ARO") which was adopted by the First Nation as of April 1, 2022 requires the recognition of an ARO liability when there is a legal obligation that establishes a clear responsibility to incur retirement costs in relation to a tangible capital asset. While the First Nation has identified tangible capital assets with material ARO's as at March 31, 2024, we were unable to obtain reliable estimates of these ARO's. Consequently, we were not able to determine whether any adjustments would be necessary to the consolidated financial statements.

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 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 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

July 23, 2024

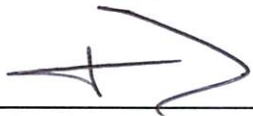

MNP LLP

Chartered Professional Accountants

Cheam First Nation
Consolidated Statement of Financial Position
As at March 31, 2024

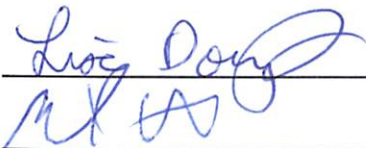
	2024	2023
Financial assets		
Cash and cash equivalents (Note 4)	20,167,128	15,388,567
Portfolio investments (Note 5)	1,534,357	1,364,994
Accounts receivable (Note 6)	1,667,641	1,694,321
Funds held in trust	-	1,242
Investment in Nation business entities (Note 7)	8,102,060	8,515,868
Total of assets	31,471,186	26,964,992
Liabilities		
Accounts payable and accruals	2,142,163	1,280,584
Deferred revenue (Note 9)	3,013,108	1,584,336
Long-term debt (Note 10)	5,004,729	5,227,683
Total of financial liabilities	10,160,000	8,092,603
Net financial assets	21,311,186	18,872,389
Contingencies (Note 11)		
Subsequent events (Note 12)		
Non-financial assets		
Tangible capital assets	17,976,653	12,151,948
Accumulated surplus (Note 13)	39,287,839	31,024,337
Accumulated surplus is comprised of:		
Accumulated Surplus	39,074,365	30,929,069
Accumulated Remeasurement Gains	213,474	95,268
	39,287,839	31,024,337

Approved on behalf of the Council

Chief

Councillor



Councillor

Councillor

Cheam First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2024

	<i>2024 Budget</i>	<i>2024</i>	<i>2023</i>
Revenue			
Indigenous Services Canada	2,911,643	3,165,289	3,428,186
Other federal funding	749,426	1,702,467	94,353
Province of BC	1,324,954	1,630,279	114,616
Property tax	877,317	877,317	740,997
First Nation Health Authority	602,779	666,377	705,909
BCFN Gaming Revenue Sharing LP	-	485,855	526,667
Contracts and own source revenue	736,345	457,393	1,194,266
Canada Mortgage and Housing Corporation	263,239	236,048	1,096,003
Earnings from investment in Nation business entities	-	4,309,612	2,725,784
Lease income	2,400,000	3,716,250	4,185,920
Interest income	815,000	962,646	234,859
Rental income	211,520	219,956	207,335
Investment income	-	52,126	32,484
	10,892,223	18,481,615	15,287,379
Expenses			
Administration and Governance	2,788,316	2,084,606	2,112,649
Education, Employment and Training	1,645,299	1,261,996	1,217,531
Social Development	986,909	803,828	738,167
Facilities Operations and Maintenance	811,191	794,017	505,297
Health Services	1,146,100	1,053,033	1,620,811
Language, Culture and Community	784,306	1,038,027	423,278
Lands and Resource Management and Economic Development	708,852	855,988	635,004
Housing	302,609	395,498	370,252
Rights and Title, Territorial Stewardship	140,000	970,980	340,334
Emergency Management and Climate Change Readiness	115,588	57,334	164,907
Taxation, Own Source Revenue, IBAs and Investments	42,108	84,334	51,507
Capital and Infrastructure Planning	1,204,636	10,700	-
Tangible Capital Assets	-	925,978	801,857
	10,675,914	10,336,319	8,981,594
Annual surplus	216,309	8,145,296	6,305,785
Accumulated surplus, beginning of year	30,929,069	30,929,069	24,623,284
Accumulated surplus, end of year	31,145,378	39,074,365	30,929,069

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

Cheam First Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2024

	2024	2023
Accumulated remeasurement gains, beginning of year	95,268	-
Unrealized gains (losses) attributable to:		
Portfolio investments	121,749	92,721
Amounts reclassified to the statement of operations:		
Portfolio investments	(3,543)	2,547
Accumulated remeasurement gains, end of year	213,474	95,268

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

Cheam First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2024

	<i>2024 Budget</i>	<i>2024</i>	<i>2023</i>
Annual surplus	216,309	8,145,296	6,305,785
Purchases of tangible capital assets	-	(6,645,255)	(825,187)
Amortization of tangible capital assets	-	820,551	734,996
Change in remeasurement gains for the year	-	118,205	95,268
Increase in net financial assets	216,309	2,438,797	6,310,862
Net financial assets, beginning of year	18,872,389	18,872,389	12,561,527
Net financial assets, end of year	19,088,698	21,311,186	18,872,389

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

Cheam First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	8,145,296	6,305,785
Non-cash items		
Amortization	820,551	734,996
Earnings from investment in Nation business entities	(4,309,612)	(2,725,784)
Change in remeasurement gains	118,205	95,268
	4,774,440	4,410,265
Changes in working capital accounts		
Accounts receivable	26,680	(429,791)
Funds held in trust	1,242	2,784
Accounts payable and accruals	861,578	(153,057)
Deferred revenue	1,428,772	1,125,336
	7,092,712	4,955,537
Financing activities		
Repayment of advances of long-term debt	(222,954)	(198,969)
Repayment of Advances from related parties	-	(34,844)
	(222,954)	(233,813)
Capital activities		
Purchases of tangible capital assets	(6,645,255)	(825,187)
Investing activities		
Advances to Nation business entities	(18,000)	(29,104)
Advances from Nation business entities	4,741,421	502,851
Change in portfolio investments	(169,363)	3,008,555
	4,554,058	3,482,302
Increase in cash resources	4,778,561	7,378,839
Cash resources, beginning of year	15,388,567	8,009,728
Cash resources, end of year	20,167,128	15,388,567

The accompanying notes are an integral part of these consolidated 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.

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 financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government 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 and departments:

- Pelólxw Historical Society
- CFN Housing Society
- Cheam First Nation Trust
- 1465814 BC Ltd.

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 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 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 government 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.

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 financial position, accumulated annual surplus.

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

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

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
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.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

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.

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

Revenue recognition *(Continued from previous page)*

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.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

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, 2024.

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.

Segments

The First Nation conducts its business through thirteen reportable segments as summarized in Note 15. 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.

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

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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.

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

Financial instruments *(Continued from previous page)*

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

3. Change in accounting policy

Revenue

Effective April 1, 2023, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions", as described in Note 2.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

4. Cash and cash equivalents

	2024	2023
Externally restricted		
CMHC operating reserve	296,938	424,996
CMHC replacement reserve	69,926	82,555
	366,864	507,551
Unrestricted		
Operating funds	19,800,264	14,881,016
	20,167,128	15,388,567

Replacement Reserve

Under agreements with CMHC, the First Nation established a replacement reserve, established by an annual allocation of \$22,560 (2023 - \$91,560) to ensure maintenance of buildings financed by CMHC. At March 31, 2024, this reserve was under funded by \$106,996 (2023 -\$162,055).

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, 2024, the reserve was fully funded (2023 - fully funded).

5. Portfolio investments

	2024	2023
Measured at cost:		
RBC Term Deposit, bearing interest at 3.45% per annum, maturing October 24, 2024	208,875	206,666
Measured at fair value:		
CIBC Wood Gundy portfolio	1,325,482	1,158,328
	1,534,357	1,364,994

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Accounts receivable

	2024	2023
Funding and trade receivable	2,411,651	2,435,930
Member loans receivable	225,213	227,614
	2,636,864	2,663,544
Less: Allowance for doubtful accounts	969,223	969,223
	1,667,641	1,694,321

7. Investment in Nation business entities

The First Nation has investments in the following entities:

			2024	
	<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	-	60,108	60,109
CFN Holdings LP - 99.99%	1	(4,698,297)	12,740,247	8,041,951
	2	(4,698,297)	12,800,355	8,102,060
				2023
	<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	-	57,669	57,670
CFN Holdings LP - 99.99%	1	25,122	8,433,075	8,458,198
	2	25,122	8,490,744	8,515,868

Continued on next page

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investment in Nation business entities *(Continued from previous page)*

The investments in Cheam Enterprises Inc. and CFN Holdings LP were established for the purposes of generating additional revenue to be used in Nation operations.

Summary financial information for each First Nation Government Business Enterprise, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Cheam Enterprises Inc. As at December 31, 2023</i>	<i>CFN Holdings LP As at December 31, 2023</i>
Assets		
Cash	-	1,631,041
Accounts receivable	-	274,143
Investments	1,988	9,486,234
Loans receivable	62,820	1,052,796
Property, plant and equipment	-	24,204
Total assets	64,808	12,468,418
Liabilities		
Accounts payable and accruals	4,698	187,891
Short-term debt	-	78,343
Deficit on investments	-	279,596
Total liabilities	4,698	545,830
Net assets excluding accumulated other comprehensive income	60,110	11,922,588
Total revenue	4,539	6,127,242
Total expenses	2,100	1,819,638
Net income	2,439	4,307,604
Comprehensive income	2,439	4,307,604

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, 2024, Cheam First Nation has drawn \$nil of this line of credit (2023 - \$nil). The line of credit bears interest at BMO's prime rate plus 0.50%. The prime rate at March 31, 2024 was 7.20% (2023 - 6.70%). 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.

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	136,445	897,793	204,540	829,698
Province of BC	913,659	1,970,568	1,465,712	1,418,515
Other funding	192,437	813,927	462,226	544,138
Security Deposit	1,795	400	300	1,895
Natural Resources Canada	340,000	49,999	340,000	49,999
Canada Mortgage and Housing Corporation	-	195,000	41,024	153,976
Government of Canada	-	30,206	15,319	14,887
	1,584,336	3,957,893	2,529,121	3,013,108

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

10. Long-term debt

	2024	2023
BMO term loan, blended monthly payments of \$27,943 at 5.81% per annum, maturing March 31, 2025.	3,645,426	3,750,863
Project #10 - All Nations Trust Company mortgage, blended monthly payments of \$6,715 at 3.74% per annum, maturity date of April 1, 2033.	620,508	677,800
Project #11 - All Nations Trust Company mortgage, blended monthly payments of \$1,323 at 1.3% per annum, maturity date of April 1, 2046.	304,834	316,670
BMO demand loan, blended monthly payments of \$3,074 at 5.81% per annum, maturing March 31, 2025.	223,843	246,065
BMO term loan, blended monthly payments of \$1,009 at 5.81% per annum, maturing March 31, 2025.	152,034	154,622
Project #9 - All Nations Trust Company mortgage, blended monthly payments of \$2,031 at 1.12% per annum, maturity date of August 1, 2026.	58,084	81,663
	5,004,729	5,227,683

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:

2025	248,722
2026	260,589
2027	258,839
2028	261,619
2029	275,238

Interest on long-term debt amounted to \$265,162 (2023 - \$253,733).

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.

11. Contingencies

- 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.

- The First Nation has provided guarantee in the amount of \$11,980,000 (2023 - \$11,980,000) on a credit facility demand loan to Copper Raven Limited Partnership, a subsidiary of CFN Holdings LP. The First Nation is contingently liable up to \$11,980,000.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

12. Subsequent event

Subsequent to year, the First Nation agreed to purchase two properties for a combined consideration of \$6,525,000.

13. Accumulated surplus

Accumulated surplus consists of the following:

	2024	2023
Equity in Tangible Capital Assets	12,971,924	6,924,266
Operating Surplus	17,633,517	14,980,142
Equity in Funds Held in Trust	-	1,242
Equity in CMHC Reserves	366,864	507,551
Accumulated Remeasurement Gains	213,474	95,268
Investment in Nation Business Entities	8,102,060	8,515,868
	39,287,839	31,024,337

14. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair Value of Financial Instruments

Financial instruments measured at fair value on the statement of financial position include portfolio investments quoted in active markets.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The First Nation is exposed to interest rate price risk with respect to its term deposits which are at fixed rates of interest.

The First Nation is exposed to interest rate price risk with respect to mortgages included in long term debt which have fixed rates of interest.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase and sell portfolio investments for which the market price fluctuates.

15. Segments

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

Administration and 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, Employment & Training

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

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.

Facilities Operations & Maintenance

Includes activities related to the maintenance of facilities, including funding for expenses related to repair and maintenance of Cheam's lands, water systems, roads, equipment and buildings.

Health Services

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

Language, Culture & Community

Includes activities and programs related to cultural teachings, traditions and language.

Lands and Resource Management and Economic Development

Includes activities related to the management and planning of lands and resources, including community safety and enforcement measures.

Housing Program

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

Rights & Title, Territorial Stewardship

Xwchíyò:m have never ceded or surrendered title to their lands, rights to their resources, or authority to make decisions within their territory by this group of initiatives and projects. Includes programs related to rights & title and advocacy.

Emergency Management & Climate Change Readiness

Includes activities to support community preparedness and response in the event of natural disasters, the COVID-19 response and atmospheric river impacts.

Taxation, Own Source Revenue, IBAs and Investments

Includes activities related to property taxation, own source revenue and other investments,

Capital & Infrastructure Planning

Includes revenues to support the planning, engineering and development of major infrastructure and comprehensive community planning.

Tangible Capital Assets

Includes the communities tangible capital assets and amortization expense.

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

For the year ended March 31, 2024

	<i>Automotive Equipment</i>	<i>Other Equipment</i>	<i>Land and Infrastructure</i>	<i>Buildings</i>	<i>Housing</i>	<i>2024</i>	<i>2023</i>
Cost							
Balance, beginning of year	164,444	678,473	4,399,748	9,827,360	6,494,698	21,564,723	20,739,536
Acquisition of tangible capital assets	-	13,818	3,290,920	3,228,145	112,372	6,645,255	825,187
Balance, end of year	164,444	692,291	7,690,668	13,055,505	6,607,070	28,209,978	21,564,723
Accumulated amortization							
Balance, beginning of year	82,484	413,011	967,504	2,974,013	4,975,763	9,412,775	8,677,779
Annual amortization	16,392	42,901	123,176	450,821	187,260	820,550	734,996
Balance, end of year	98,876	455,912	1,090,680	3,424,834	5,163,023	10,233,325	9,412,775
Net book value of tangible capital assets	65,568	236,379	6,599,988	9,630,671	1,444,047	17,976,653	12,151,948
Net book value of tangible capital assets (2023)	81,960	265,462	3,432,244	6,853,347	1,518,935	12,151,948	

Cheam First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2024

	Administration	Education, Employment & Training	Social Development	Facilities, Operation & Maintenance	Health Services	Language, Culture & Community	Lands and Economic Development	Housing Program	Rights & Title, Territorial Stewardship	2024 Subtotal
Revenue										
Indigenous Services Canada	\$ 363,757	\$ 799,605	\$ 1,175,562	\$ 238,228	\$ 293,637	\$ 7,843	\$ 212,501	\$ 51,812	\$ -	\$ 3,142,945
Other government	75,779	204,150	23,279	-	786,424	-	19,227	236,048	865,677	2,210,584
Economic activities and other	884,544	84,228	2,818	96,514	-	78,267	3,755,621	202,650	17,330	5,121,972
	1,324,080	1,087,983	1,201,659	334,742	1,080,061	86,110	3,987,349	490,510	883,007	10,475,501
Expenses										
Amortization	-	-	-	-	-	-	-	-	-	-
Operating expenses	922,318	147,064	3,899	281,708	117,349	97,932	504,306	123,602	425,836	2,624,014
Salaries, wages and benefits	1,136,440	111,603	170,574	379,227	708,649	20,146	141,198	94,643	-	2,762,480
Program and services delivery expenses	25,848	1,003,330	629,355	133,080	227,035	919,948	210,483	177,253	545,144	3,871,476
	2,084,606	1,261,996	803,828	794,017	1,053,033	1,038,027	855,988	395,498	970,980	9,257,972
Surplus (deficit) before transfers	(760,526)	(174,013)	397,831	(459,275)	27,028	(951,917)	3,131,361	95,012	(87,973)	1,217,529
Transfers between programs	378,403	(23,851)	6,673	422,950	205,037	3,861,981	(675,159)	(218,134)	73,809	4,031,709
Annual surplus (deficit)	\$ (382,123)	\$ (197,864)	\$ 404,504	\$ (36,325)	\$ 232,065	\$ 2,910,064	\$ 2,456,202	\$ (123,122)	\$ (14,164)	\$ 5,249,238

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	Administration	Education, Employment & Training	Social Development	Facilities, Operation & Maintenance	Health Services	Language, Culture & Community	Lands and Economic Development	Housing Program	Rights & Title, Territorial Stewardship	2023 Subtotal
Revenue										
Indigenous Services Canada	\$ 403,212	\$ 753,820	\$ 1,141,509	\$ 188,698	\$ 263,778	\$ 97,007	\$ 306,548	\$ 143,624	\$ -	\$ 3,298,196
Other government	43,167	146,353	42,356	-	827,596	57,000	-	1,096,003	17,500	2,229,975
Economic activities and other	282,044	133,691	17,409	50,359	1,000	13,200	4,359,403	183,783	4,933	5,045,822
	728,423	1,033,864	1,201,274	239,057	1,092,374	167,207	4,665,951	1,423,410	22,433	10,573,993
Expenses										
Amortization	-	-	-	-	-	-	-	-	-	-
Operating expenses	981,635	35,956	128,273	132,935	559,392	21,784	358,539	117,033	340,334	2,675,881
Salaries, wages and benefits	1,110,496	162,148	43,792	202,184	816,329	3,426	273,433	74,608	-	2,686,419
Program and services delivery expenses	20,515	1,019,428	566,104	170,174	245,087	398,066	3,033	178,614	-	2,601,021
	2,112,649	1,217,531	738,167	505,297	1,620,811	423,278	635,004	370,252	340,334	7,963,323
Surplus (deficit) before transfers	(1,384,226)	(183,667)	463,107	(266,240)	(528,437)	(256,071)	4,030,947	1,053,158	(317,901)	2,610,670
Transfers between programs	(1,329,760)	49,679	(87,627)	576,368	487,175	(2,543,150)	(407,959)	(677,020)	282,255	(3,650,039)
Annual surplus (deficit)	\$ (2,713,986)	\$ (133,988)	\$ 375,480	\$ 310,128	\$ (41,262)	\$ (2,799,221)	\$ 3,622,988	\$ 376,138	\$ (35,646)	\$ (1,039,369)

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Cheam First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2024

	2024 Subtotal	Emergency Management & Climate Change Readiness	Taxation, Own Source Revenue, IBAs and Investments	Capital & Infrastructure Planning	Tangible Capital Assets	2024 Total
Revenue						
ISC	\$ 3,142,945	\$ -	\$ -	\$ 10,700	\$ 11,644	\$ 3,165,289
Other government	2,210,584	40,000	4,795,464	-	1,905,794	8,951,842
Economic activities and other	5,121,972	-	1,242,664	-	(152)	6,364,484
	10,475,501	40,000	6,038,128	10,700	1,917,286	18,481,615
Expenses						
Amortization	-	-	-	-	820,551	820,551
Operating expenses	2,624,014	4,506	82,157	10,700	61,711	2,783,088
Salaries, wages and benefits	2,762,480	42,772	-	-	5,583	2,810,835
Program and services delivery expenses	3,871,476	10,056	2,177	-	38,133	3,921,842
	9,257,970	57,334	84,334	10,700	925,978	10,336,319
Surplus (deficit) before transfers	1,217,531	(17,334)	5,953,794	-	991,308	8,145,294
Transfers between programs	4,031,709	15,508	(5,101,721)	-	1,054,505	-
Annual surplus (deficit)	\$ 5,249,240	\$ (1,826)	\$ 852,073	\$ -	\$ 2,045,813	\$ 8,145,294

	2023 Subtotal	Emergency Management & Climate Change Readiness	Taxation, Own Source Revenue, IBAs and Investments	Capital & Infrastructure Planning	Tangible Capital Assets	2023 Total
Revenue						
ISC	\$ 3,298,196	\$ 93,250	\$ -	\$ -	\$ 36,740	\$ 3,428,186
Other government	2,229,975	21,597	3,257,448	-	24,582	5,533,602
Economic activities and other	5,045,822	-	1,279,769	-	-	6,325,591
	10,573,993	114,847	4,537,217	-	61,322	15,287,379
Expenses						
Amortization	-	-	-	-	734,996	734,996
Operating expenses	2,675,881	150,342	51,507	-	3,138	2,880,868
Salaries, wages and benefits	2,686,419	3,022	-	-	36,713	2,726,154
Program and services delivery expenses	2,601,021	11,543	-	-	27,010	2,639,574
	7,963,323	164,907	51,507	-	801,857	8,981,594
Surplus (deficit) before transfers	2,610,670	(50,060)	4,485,710	-	(740,535)	6,305,785
Transfers between programs	(3,650,039)	10,449	(2,002,736)	10,546	5,631,780	-
Annual surplus (deficit)	\$ (1,039,369)	\$ (39,611)	\$ 2,482,974	\$ 10,546	\$ 4,891,245	\$ 6,305,785