

**Cheam First Nation
Consolidated Financial Statements**
March 31, 2025

Cheam First Nation Contents

For the year ended March 31, 2025

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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, 2025, 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, 2025, 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, 2025, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 25, 2025

MNP LLP

Chartered Professional Accountants

Cheam First Nation
Consolidated Statement of Financial Position
As at March 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents <i>(Note 3)</i>	15,229,877	20,167,128
Portfolio investments <i>(Note 4)</i>	1,665,828	1,534,357
Accounts receivable <i>(Note 5)</i>	2,290,478	1,667,641
Funds held in trust <i>(Note 6)</i>	30,275	-
Investment in Nation business entities <i>(Note 7)</i>	22,960,593	8,102,060
Total of financial assets	42,177,051	31,471,186
Liabilities		
Accounts payable and accruals	4,807,139	2,142,163
Deferred revenue <i>(Note 9)</i>	4,297,836	3,013,108
Long-term debt <i>(Note 10)</i>	19,959,464	5,004,729
Total of financial liabilities	29,064,439	10,160,000
Net financial assets	13,112,612	21,311,186
Contingencies <i>(Note 11)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	30,572,377	17,976,653
Prepaid expenses	36,082	-
Accumulated surplus <i>(Note 12)</i>	43,721,071	39,287,839
Accumulated surplus is comprised of:		
Surplus	43,423,298	39,074,365
Accumulated Remeasurement Gains	297,773	213,474
	43,721,071	39,287,839

Approved on behalf of the Council

<u>Original signed by Chief Darwin Douglas</u>	Chief	<u>Original signed by Raymond Douglas</u>	Councillor
<u>Original signed by Michael Victor</u>	Councillor	<u>Original signed by Stephanie Fredette</u>	Councillor

Cheam First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2025

	2025 Budget	2025	2024
Revenue			
Contracts and other revenue	6,897,712	8,428,904	457,393
Indigenous Services Canada	3,441,511	3,860,285	3,165,289
Other federal funding	49,999	2,713,944	1,702,467
Property tax	900,000	879,724	877,317
First Nation Health Authority	657,749	671,888	666,377
Province of BC	1,199,865	563,396	1,630,279
BCFN Gaming revenue	400,000	391,302	485,855
Canada Mortgage and Housing Corporation	864,869	222,966	236,048
Interest income	900,500	891,854	962,646
Lease income	-	420,500	3,716,250
Rental income	83,620	243,529	219,956
Earnings from investment in Nation business entities	1,050,000	25,680	4,309,612
Investment income	-	54,729	52,126
	16,445,825	19,368,701	18,481,615
Expenditures			
Administration and Governance	2,902,982	2,156,987	2,084,605
Education, Employment and Training	1,560,078	1,448,614	1,270,404
Social Development	1,201,816	1,071,997	803,528
Child and Family	-	271,228	-
Facilities Operations and Maintenance	811,448	840,435	804,915
Health Services	1,458,146	1,127,828	1,044,925
Language, Culture and Community	2,012,168	1,190,070	1,038,027
Lands and Resource Management and Economic Development	963,333	2,047,321	846,400
Housing	912,824	654,671	395,498
Rights and Title, Territorial Stewardship	120,000	1,422,485	970,980
Emergency Management and Climate Change Readiness	104,736	96,902	57,334
Taxation, Own Source Revenue, IBAs and Investments	-	1,508,396	94,669
Capital and Infrastructure Planning	62,620	89,980	16,237
Tangible Capital Assets	-	1,092,854	908,797
	12,110,151	15,019,768	10,336,319
Annual surplus	4,335,674	4,348,933	8,145,296
Accumulated surplus, beginning of year	39,074,365	39,074,365	30,929,069
Accumulated surplus, end of year	43,410,039	43,423,298	39,074,365

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, 2025

	2025	2024
Accumulated remeasurement gains, beginning of year	213,474	95,268
Unrealized gains attributable to:		
Portfolio investments	88,634	121,749
Amounts reclassified to the statement of operations:		
Portfolio investments	(4,335)	(3,543)
Change in remeasurement gains, for the year	84,299	118,206
Accumulated remeasurement gains, end of year	297,773	213,474

Cheam First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2025

	2025 Budget	2025	2024
Annual surplus	4,335,674	4,348,933	8,145,296
Purchases of tangible capital assets	-	(13,680,096)	(6,645,255)
Amortization of tangible capital assets	-	1,072,854	820,551
Proceeds of disposal of tangible capital assets	-	11,518	-
	-	(12,595,724)	(5,824,704)
Acquisition of prepaid expenses	-	(36,082)	-
Change in remeasurement gains for the year	-	84,299	118,205
	-	48,217	118,205
Increase (decrease) in net financial assets	4,335,674	(8,198,574)	2,438,797
Net financial assets, beginning of year	21,311,186	21,311,186	18,872,389
Net financial assets, end of year	25,646,860	13,112,612	21,311,186

Cheam First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	4,348,933	8,145,296
Non-cash items		
Amortization	1,072,854	820,551
Earnings from investment in Nation business entities	(25,680)	(4,309,612)
Change in remeasurement gains	84,299	118,205
	5,480,406	4,774,440
Changes in working capital accounts		
Accounts receivable	(622,837)	26,680
Funds held in trust	(30,275)	1,242
Prepaid expenses	(36,082)	-
Accounts payable and accruals	2,664,977	861,578
Deferred revenue	1,284,728	1,428,772
	8,740,917	7,092,712
Financing activities		
Advances of long-term debt	15,458,397	-
Repayment of advances of long-term debt	(503,662)	(222,954)
	14,954,735	(222,954)
Capital activities		
Purchases of tangible capital assets	(13,680,096)	(6,645,255)
Proceeds of disposal of tangible capital assets	11,518	-
	(13,668,578)	(6,645,255)
Investing activities		
Advances to Nation business entities	(17,261,113)	(18,000)
Advances from Nation business entities	2,428,260	4,741,421
Change in portfolio investments	(131,472)	(169,363)
	(14,964,325)	4,554,058
Increase (decrease) in cash resources	(4,937,251)	4,778,561
Cash resources, beginning of year	20,167,128	15,388,567
Cash resources, end of year	15,229,877	20,167,128

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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:

- Pelólkw Historical Society
- CFN Housing Society
- Cheam First Nation Trust
- 1465814 B.C. Ltd.
- 1486504 B.C. Ltd.
- 1474917 B.C. 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.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

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 surplus (deficit).

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:

	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.

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.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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.

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, 2025.

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, 2025

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

Segments

The First Nation conducts its business through fourteen 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.

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, 2025. 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.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Financial instruments *(Continued from previous page)*

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 surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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. Cash and cash equivalents

	2025	2024
Externally restricted		
CMHC operating reserve	351,786	296,938
CMHC replacement reserve	55,873	69,926
	<hr/> 407,659	366,864
Unrestricted		
Operating funds	14,822,218	19,800,264
	<hr/> 15,229,877	20,167,128

Replacement Reserve

Under agreements with CMHC, the First Nation established a replacement reserve, established by an annual allocation of \$22,560 (2024 - \$22,560) to ensure maintenance of buildings financed by CMHC. At March 31, 2025, this reserve was under funded by \$132,124 (2024 - \$106,996 under funded).

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, 2025, the reserve was fully funded (2024 - fully funded).

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

4. Portfolio investments

	2025	2024
Measured at cost:		
RBC Term Deposit, bearing interest at 3.30% per annum, maturing October 24, 2025	216,081	208,875
Measured at fair value:		
CIBC Wood Gundy, diversified portfolio	1,449,747	1,325,482
	1,665,828	1,534,357

5. Accounts receivable

	2025	2024
Funding and trade receivable	2,050,441	1,898,370
Rent receivable	983,047	513,281
Member loans receivable	226,213	225,213
	3,259,701	2,636,864
Less: Allowance for doubtful accounts	969,223	969,223
	2,290,478	1,667,641

6. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of various government agreements, with the consent of the First Nation's Council.

	2025	2024
Capital Trust		
Revenue Trust		
Interest	483	-
Distribution	29,792	-
Balance, end of year	30,275	-

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

7. Investment 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</i>	<i>Total investment</i>	2025
First Nation Government Business Enterprises					
Cheam Enterprises Inc. - 100%	1	-	58,116	58,117	
CFN Holdings LP - 99.99%	1	10,134,557	12,767,918	22,902,476	
	2	10,134,557	12,826,034	22,960,593	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>Total investment</i>	2024
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	

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, 2024</i>	<i>CFN Holdings LP As at December 31, 2024</i>
Assets		
Cash	-	1,685,956
Accounts receivable	-	42,501
Investments	1,991	7,634,135
Loans receivable	60,825	100,856
Property, plant and equipment	-	1,222,301
Total assets	62,816	10,685,749
Liabilities		
Accounts payable and accruals	4,697	103,360
Short-term debt	-	521,276
Long-term debt	-	272,106
Deficit on investments	-	259,523
Total liabilities	4,697	1,156,265
Equity	58,119	9,529,484
Total revenue	3	2,290,357
Total expenses	1,995	2,262,682
Net income (loss)	(1,992)	27,675

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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, 2025, Cheam First Nation has drawn \$nil of this line of credit (2024 - \$nil). The line of credit bears interest at BMO's prime rate plus 0.50%. The prime rate at March 31, 2025 was 5.20% (2024 - 7.20%). 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	829,698	2,811,986	627,109	3,014,575
Province of BC	1,418,515	115,839	1,418,515	115,839
Other funding	544,138	643,962	544,139	643,961
Security Deposit	1,895	-	300	1,595
Natural Resources Canada	49,999	341,737	49,999	341,737
Canada Mortgage and Housing Corporation	153,976	-	153,976	-
New Relationships Trust	-	175,142	-	175,142
Government of Canada	14,887	4,987	14,887	4,987
	3,013,108	4,093,653	2,808,925	4,297,836

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

10. Long-term debt

	2025	2024
BMO term loan, monthly payments of \$30,000 plus interest at 6.45% per annum, maturing September 2029.	8,790,000	-
BMO term loan, blended monthly payments of \$23,636 at 5.30% per annum, maturing July 2026.	3,865,196	-
BMO term loan, blended monthly payments of \$25,535 at 4.65% per annum, maturing February 2027.	3,502,071	3,645,426
BMO term loan, blended monthly payments of \$19,129 at 5.70% per annum, maturing July 2026.	2,567,004	-
Project #10 - All Nations Trust Company mortgage, blended monthly payments of \$6,715 at 3.74% per annum, maturing April 2033.	561,928	620,508
Project #11 - All Nations Trust Company mortgage, blended monthly payments of \$1,323 at 1.30% per annum, maturing April 2046.	292,825	304,834
BMO term loan, blended monthly payments of \$2,949 at 4.65% per annum, maturing February 2027.	198,213	223,843
BMO term loan, blended monthly payments of \$906 at 4.65% per annum, maturing February 2027.	147,988	152,034
Project #9 - All Nations Trust Company mortgage, blended monthly payments of \$2,031 at 1.12% per annum, maturing August 2026.	34,239	58,084
	19,959,464	5,004,729

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:

2026	798,561
2027	804,742
2028	815,794
2029	838,040
2030	861,408

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.

The terms of the BMO loans require that a certain measurable covenant is met. As at March 31, 2025, the First Nation is in compliance with the covenant.

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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 (2024 - \$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.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2025	2024
Accumulated Remeasurement Gains	297,773	213,474
Equity in CMHC Replacement and Operating Reserves	407,659	366,864
Equity in Nation Business Entities	22,960,593	8,102,060
Equity in Ottawa Trust Funds	30,275	-
Equity in Tangible Capital Assets	10,612,913	12,971,924
Internally Restricted Equity (Note 14)	328,428	-
Operating surplus	9,083,430	17,633,517
	43,721,071	39,287,839

13. Budget information

The disclosed budget information has been approved by the Chief and Council of Cheam First Nation at the Chief and Council meeting held on June 25, 2024. The budget information is projected by management based on operating expenses to be incurred during the year on a program by program basis.

14. Internally restricted equity

	2025	2024
Funded reserves consist of the following:		
Contingency reserve	25,000	-
Community infrastructure reserve	303,428	-
	328,428	-

Cheam First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

15. Segments

The First Nation conducts its business through fourteen 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.

Child and Family

Includes activities related to Child and Family programs offered to community members.

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
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

16. 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.

Cheam First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2025

	<i>Automotive Equipment</i>	<i>Other Equipment</i>	<i>Land and Infrastructure</i>	<i>Buildings</i>	<i>Housing</i>	2025	2024
Cost							
Balance, beginning of year	164,444	692,291	7,690,668	13,055,505	6,607,070	28,209,978	21,564,723
Acquisition of tangible capital assets	204,527	338,570	11,864,659	1,125,922	146,418	13,680,096	6,645,255
Disposal of tangible capital assets	(11,518)	-	-	-	-	(11,518)	-
Balance, end of year	357,453	1,030,861	19,555,327	14,181,427	6,753,488	41,878,556	28,209,978
Accumulated amortization							
Balance, beginning of year	98,876	455,912	1,090,680	3,424,834	5,163,023	10,233,325	9,412,775
Annual amortization	51,715	77,430	197,815	580,476	165,418	1,072,854	820,550
Balance, end of year	150,591	533,342	1,288,495	4,005,310	5,328,441	11,306,179	10,233,325
Net book value of tangible capital assets	206,862	497,519	18,266,832	10,176,117	1,425,047	30,572,377	17,976,653
Net book value of tangible capital assets (2024)	65,568	236,379	6,599,988	9,630,671	1,444,047	17,976,653	

Cheam First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2025

	Administration	Education, Employment & Training	Social Development	Child and Family	Facilities, Operation & Maintenance	Health Services	Language, Culture & Community	Lands and Economic Development	Housing Program	Rights & Title, Territorial Stewardship	2025 Subtotal
Revenue											
Indigenous Services Canada	\$ 420,881	\$ 746,198	\$ 789,585	\$ 233,555	\$ 315,111	\$ -	\$ 302,357	\$ 600,958	\$ 382,340	\$ -	\$ 3,790,985
Other government	95,684	480,561	6,721	382,482	62,767	759,673	62,895	725,364	233,204	1,507,579	4,316,930
Economic activities and other	666,371	3,500	1,600	-	10,444	4,000	31,170	627,615	215,291	617,007	2,176,998
	1,182,936	1,230,259	797,906	616,037	388,322	763,673	396,422	1,953,937	830,835	2,124,586	10,284,913
Expenses											
Amortization	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	458,657	206,027	182,294	63,164	330,049	217,892	105,393	1,127,158	160,863	1,352,606	4,204,103
Salaries, wages and benefits	1,523,120	176,654	252,163	29,907	435,096	766,709	929	726,742	88,982	59,057	4,059,359
Program and services delivery expenses	175,210	1,065,933	637,540	178,157	75,290	143,227	1,083,748	193,421	404,826	10,822	3,968,174
	2,156,987	1,448,614	1,071,997	271,228	840,435	1,127,828	1,190,070	2,047,321	654,671	1,422,485	12,231,636
Surplus (deficit) before transfers	(974,051)	(218,355)	(274,091)	344,809	(452,113)	(364,155)	(793,648)	(93,384)	176,164	702,101	(1,946,723)
Transfers between programs	223,900	159,702	147,698	(345,506)	404,493	(28,224)	699,298	(1,350,754)	(164,291)	8,115	(245,569)
Annual surplus (deficit)	\$ (750,151)	\$ (58,653)	\$ (126,393)	\$ (697)	\$ (47,620)	\$ (392,379)	\$ (94,350)	\$ (1,444,138)	\$ 11,873	\$ 710,216	\$ (2,192,292)

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	Administration	Education, Employment & Training	Social Development	Child and Family	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	\$ 802,839	\$ 1,168,251	\$ 297,714	\$ 249,872	\$ -	\$ 7,843	\$ 212,501	\$ 51,812	\$ -	\$ 3,154,589
Other government	75,779	280,294	23,279	-	60,518	786,424	1,500	8,892	236,048	865,677	2,338,411
Economic activities and other	884,542	8,084	2,818	-	35,996	-	76,767	3,755,620	202,650	17,330	4,983,807
	1,324,078	1,091,217	1,194,348	297,714	346,386	786,424	86,110	3,977,013	490,510	883,007	10,476,807
Expenses											
Amortization	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	889,706	142,502	1,146	-	284,896	112,806	72,142	487,972	121,945	425,836	2,538,951
Salaries, wages and benefits	1,136,443	111,666	170,574	-	384,810	708,586	20,146	141,198	94,643	-	2,768,066
Program and services delivery expenses	58,456	1,016,236	631,808	-	135,209	223,533	945,739	217,230	178,910	545,144	3,952,265
	2,084,605	1,270,404	803,528	-	804,915	1,044,925	1,038,027	846,400	395,498	970,980	9,259,282
Surplus (deficit) before transfers	(760,527)	(179,187)	390,820	297,714	(458,529)	(258,501)	(951,917)	3,130,613	95,012	(87,973)	1,217,525
Transfers between programs	378,402	10,750	6,673	(163,666)	422,950	334,102	3,861,981	(675,159)	(218,134)	73,809	4,031,708
Annual surplus (deficit)	\$ (382,125)	\$ (168,437)	\$ 397,493	\$ 134,048	\$ (35,579)	\$ 75,601	\$ 2,910,064	\$ 2,455,454	\$ (123,122)	\$ (14,164)	\$ 5,249,233

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Cheam First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2025

	2025 Subtotal	Emergency Management & Climate Change Readiness	Taxation, Own Source Revenue, IBAs and Investments	Capital & Infrastructure Planning	Tangible Capital Assets	2025 Total
Revenue						
Indigenous Services Canada	\$ 3,790,985	\$ 20,000	\$ -	\$ 49,300	\$ -	\$ 3,860,285
Other government	4,316,930	122,905	641,498	3,000	-	5,084,333
Economic activities and other	2,176,998	360	8,246,725	-	-	10,424,083
	10,284,913	143,265	8,888,223	52,300	-	19,368,701
Expenses						
Amortization	-	-	-	-	1,072,854	1,072,854
Operating expenses	4,204,103	37,543	1,152,682	58,815	20,000	5,473,143
Salaries, wages and benefits	4,059,359	38,686	1,086	25,000	-	4,124,131
Program and services delivery expenses	3,968,174	20,673	354,628	6,165	-	4,349,640
	12,231,636	96,902	1,508,396	89,980	1,092,854	15,019,768
Surplus (deficit) before transfers	(1,946,723)	46,363	7,379,827	(37,680)	(1,092,854)	4,348,933
Transfers between programs	(245,569)	(53,253)	(3,009,431)	(22,075)	3,330,328	-
Annual surplus (deficit)	\$ (2,192,292)	\$ (6,890)	\$ 4,370,396	\$ (59,755)	\$ 2,237,474	\$ 4,348,933

	2024 Subtotal	Emergency Management & Climate Change Readiness	Taxation, Own Source Revenue, IBAs and Investments	Capital & Infrastructure Planning	Tangible Capital Assets	2024 Total
Revenue						
Indigenous Services Canada	\$ 3,154,589	\$ -	\$ -	\$ 10,700	\$ -	\$ 3,165,289
Other government	2,338,411	40,000	571,035	916,556	989,086	4,855,088
Economic activities and other	4,983,807	-	5,477,431	-	-	10,461,238
	10,476,807	40,000	6,048,466	927,256	989,086	18,481,615
Expenses						
Amortization	-	-	-	-	820,551	820,551
Operating expenses	2,538,951	4,507	90,245	16,237	52,242	2,702,182
Salaries, wages and benefits	2,768,066	42,771	-	-	-	2,810,837
Program and services delivery expenses	3,952,265	10,056	4,424	-	36,004	4,002,749
	9,259,282	57,334	94,669	16,237	908,797	10,336,319
Surplus (deficit) before transfers	1,217,525	(17,334)	5,953,797	911,019	80,289	8,145,296
Transfers between programs	4,031,708	15,508	(5,101,721)	(911,019)	1,965,524	-
Annual surplus (deficit)	\$ 5,249,233	\$ (1,826)	\$ 852,076	\$ -	\$ 2,045,813	\$ 8,145,296