

**CHEAM INDIAN BAND  
FINANCIAL STATEMENTS  
MARCH 31, 2014**

CHEAM INDIAN BAND

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MARCH 31, 2014

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## STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Cheam Indian Band are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Cheam Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the band's assets are appropriately accounted for and adequately safeguarded.


The Cheam Indian Band Council is responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the financial statements.


Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The financial statements have been audited by Enns & Company in accordance with generally accepted auditing standards on behalf of the members. Enns & Company has full and free access to the Chief and Council with regard to audit requirements.

  
\_\_\_\_\_ Chief

  
\_\_\_\_\_ Councillor

  
\_\_\_\_\_ Councillor



## INDEPENDENT AUDITOR'S REPORT

To the Members of:  
Cheam Indian Band

We have audited the accompanying financial statements of the Cheam Indian Band which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statement of changes in accumulated surplus, consolidated statement of revenues and expenditures, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for first nations organizations, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cheam Indian Band as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for first nations organizations.



ENNS & COMPANY  
Certified General Accountants

Burnaby, B.C., Canada  
June 20, 2014

**CHEAM INDIAN BAND  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Bank	\$ 350,654	\$ -
Accounts receivable	939,213	1,073,715
Net investment in Government Business Enterprises (Note 5)	165,043	195,838
Portfolio investment (Note 4)	725,583	723,326
Ottawa Trust Fund (Note 3)	1,220,380	970,705
Replacement reserve fund (Note 9)	26,906	84,019
<b>TOTAL FINANCIAL ASSETS</b>	<b>3,427,779</b>	<b>3,047,603</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 11)	-	78,043
Accounts payable and accrued liabilities	590,856	503,480
Replacement reserve (Note 9)	162,420	195,885
Deferred revenue (Note 7)	23,243	5,192
Deferred revenue relating to capital assets (Note 8)	876,495	474,443
Mortgages payable (Note 10)	1,748,392	1,877,859
<b>TOTAL LIABILITIES</b>	<b>3,401,406</b>	<b>3,134,902</b>
<b>NET FINANCIAL ASSETS (Page 6)</b>	<b>26,373</b>	<b>(87,299)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	4,307,326	4,568,478
Construction in progress	572,346	239,012
Prepaid expenses	54,376	68,944
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>4,934,048</b>	<b>4,876,434</b>
<b>ACCUMULATED SURPLUS (Page 4)</b>	<b>\$ 4,960,421</b>	<b>\$ 4,789,135</b>

**Contingencies (Note 12 )**

**APPROVED BY:**

 Chief

 Councillor

 Councillor



The accompanying notes are an integral part of these financial statements



**CHEAM INDIAN BAND  
CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 4,789,135	\$ 5,147,188
Excess (deficiency) of revenues over expenses	(78,390)	(582,495)
Net receipt (payment) in Ottawa Trust Fund (Page 21)	249,676	224,442
<b>BALANCE, END OF YEAR</b>	<b>\$ 4,960,421</b>	<b>\$ 4,789,135</b>
<b>Represented by:</b>		
Accumulated surplus - Operations fund (Page 22)	\$ 1,485,256	\$ 1,363,243
Accumulated surplus - Ottawa Trust Fund (Page 21)	1,220,380	970,704
Accumulated surplus - Capital fund (Page 20)	2,254,785	2,455,188
	<b>\$ 4,960,421</b>	<b>\$ 4,789,135</b>

The accompanying notes are an integral part of these financial statements



**CHEAM INDIAN BAND  
CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
<b>REVENUES</b>		
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 1,583,788	\$ 1,600,128
Gravel sales/royalties	326,841	376,383
Rental income	249,533	231,392
Property taxes	326,890	324,189
Health Canada	242,944	235,502
Aboriginal rights and title revenue	698,404	698,490
C.M.H.C. subsidies	94,496	142,574
Environment Canada	-	67,142
MCFD	3,420	41,000
Province of BC -FN Clean Energy	24,000	16,000
First Nations Education Steering Committee	17,785	21,742
SASET - Education	-	12,367
SASET Employment & Career Counsel	-	14,274
SASET - Other	(637)	4,517
Deferred contributions related to capital assets release	10,700	10,700
Other income	249,983	152,960
	<b>3,828,147</b>	<b>3,949,350</b>

<b>EXPENDITURES</b>		
Band revenue - Operations	155,061	96,622
Property taxation expenses	30,217	49,730
Health and social programs	891,476	879,122
Education programs	576,284	718,937
Administration	1,671,522	1,866,637
Non-profit housing	292,358	515,050
Maintenance	119,451	128,782
Capital projects	-	25,078
Aboriginal rights and title	69,151	92,885
Resource programs	-	150
Economic programs	83,818	138,165
Family wellness	18,440	77,809
	<b>3,907,778</b>	<b>4,588,967</b>
<b>NET OPERATING INCOME (LOSS) FOR THE YEAR</b>	<b>(79,631)</b>	<b>(639,617)</b>
Share of earnings (losses) in Government Business Enterprises	1,241	57,122
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (78,390)</b>	<b>\$ (582,495)</b>

The accompanying notes are an integral part of these financial statements

**CHEAM INDIAN BAND  
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
<b>SURPLUS (DEFICIENCY) FOR YEAR</b>	<b>\$ (78,390)</b>	<b>\$ (582,495)</b>
Revenue not available for spending - Ottawa Trust Fund	249,675	224,442
Acquisition of tangible capital assets	(23,144)	(12,735)
Amortization of tangible capital assets	284,297	298,601
Capital project funding	(333,334)	(25,000)
Acquisition of prepaid expenses	(54,376)	(68,944)
Use of prepaid expenses	68,944	89,769
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>113,672</b>	<b>(76,362)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>(87,299)</b>	<b>(10,937)</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 26,373</b>	<b>\$ (87,299)</b>

The accompanying notes are an integral part of these financial statements

Page 6.



**CHEAM INDIAN BAND  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures for year	\$ (78,390)	\$ (582,495)
Add: non-working capital charges		
Amortization of capital assets	284,296	298,601
Share of losses (earnings) of Government Business Enterprises	(1,241)	(57,122)
Capital assets funding	-	(25,000)
	204,665	(366,016)
Net change in non-cash working capital balances from operations		
Accounts receivable	134,502	(27,420)
Prepaid expenses	14,568	20,825
Accounts payable	87,377	(152,687)
Deferred revenue	18,052	(11,164)
Funded reserves	(33,465)	31,682
	425,699	(504,780)
<b>FINANCING ACTIVITIES</b>		
Repayments of mortgages payable	(129,467)	(120,451)
Due to Government Business Enterprises	32,035	8,058,644
	(97,432)	7,938,193
<b>INVESTING ACTIVITIES</b>		
Acquisitions of capital assets	(23,144)	(12,735)
Initial investment in Government Business Enterprises	-	(2)
Deferred contributions related to capital assets	402,052	-
Construction in progress increase	(333,334)	-
Increase (decrease) in investments	(2,257)	(3,947)
	43,317	(16,684)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	371,584	7,416,729
<b>NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	5,976	(7,410,753)
<b>NET CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	\$ 377,560	\$ 5,976
<b>REPRESENTED BY</b>		
Bank	\$ 350,654	\$ (78,043)
Replacement reserve fund	26,906	84,019
	\$ 377,560	\$ 5,976

The accompanying notes are an integral part of these financial statements

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**1. OPERATIONS**

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Cheam Indian Band is an unincorporated band empowered entity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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**Basis of presentation**

Cheam Indian Band's policy is to follow accounting policies generally accepted for First Nations in Canada. The financial statements have been prepared using guidelines issued by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants.

**Fund accounting**

Cheam Indian Band follows the restricted fund method of accounting for contributions.

The Operations Fund accounts for the band's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets and liabilities related to the band's capital assets.

**Revenue recognition**

Revenues received, pursuant to annual funding agreements with the Minister of Aboriginal Affairs and Northern Development Canada ("AANDC") are recognised as they become receivable under the terms of the funding agreements.

Other funding revenues are recognised as they become receivable under the terms of the funding agreements.

Rental revenue is recognized monthly as it becomes receivable under the terms of the applicable rental agreements.

**Non-financial assets**

Tangible capital and other non-financial assets are accounted for as assets by Cheam Indian Band because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Band until they are sold.

**Expenses**

Expenses are accounted for on the accrual basis

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Tangible capital assets and amortization**

Capital assets are recorded at cost as an addition to capital assets with a corresponding increase in equity in capital assets. These additions which are not funded through capital financing are also charged as an expense to operations and matched with the applicable revenue source in the year of expenditure.

Effective April 1, 2009, the band retroactively adopted the new Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) recommendation on tangible capital assets (PS3150) which requires that all capital assets be recorded at cost and amortized at rates calculated to write off the costs over their estimated useful lives as follows:

Office furniture and equipment	20% reducing balance
Computer equipment	30% reducing balance
Farm equipment	10% reducing balance
Machinery and equipment	10% reducing balance
Vehicles	20% reducing balance
Buildings	4% straight-line basis
Tennis court	5% straight-line basis
Roads and paving	5% straight-line basis
Waterworks and sewers	2.5% straight-line basis
Dykes	2% straight-line basis

**Financial instruments**

Short term investments are stated at cost plus accrued interest.

Equity instruments, if any that are quoted in an active market are stated at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the recoverable amount that could be realized from selling the financial asset or the amount that the society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**Use of estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Government Business Enterprises**

The band as a First Nation, accounts for its share in the operations of Government Business Enterprises under the modified equity method as outlined in the CICA Public Sector Accounting Handbook.

**3. OTTAWA TRUST FUND**

Funds on deposit with the Department of Aboriginal Affairs and Northern Development Canada are held in trust in the Consolidated Revenue Fund of the Government of Canada and are managed by the department under Sections 63 to 69 of the Indian Act. The amounts on the financial statements have been provided by the Government of Canada.

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014**

**4. PORTFOLIO INVESTMENT AT COST**

The investment represents a 100% ownership in the Pilalt Historical Society that was incorporated on January 29, 1996 under the Society Act of the Province of British Columbia. The main objective of the Society is to protect, preserve and promote the archaeological culture and spiritual heritage of the people of the Cheam Indian Band. At the balance sheet date, the investment in Pilalt Historical Society and the results and financial position of the subsidiary, based on audited financial statements were as follows:

	2014	2013
<b><u>Net investment</u></b>		
Investment at cost	\$ 725,583	\$ 723,326
Total net investment at cost	\$ 725,583	\$ 723,326
Share of losses since incorporation not accounted for	\$ 289,300	\$ 284,129
<b><u>Financial Information of Pilalt Historical Society</u></b>		
Current assets	\$ 508	\$ 3,422
Property	435,775	435,775
Total assets	\$ 436,283	\$ 439,197
Due to Cheam Indian Band	\$ 725,583	\$ 723,326
Equity	(289,300)	(284,129)
Total liabilities and net assets	\$ 436,283	\$ 439,197
Revenue	\$ -	\$ 25
Expenses	(5,171)	(5,589)
	\$ (5,171)	\$ (5,564)

CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014

**5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

**(i) Cheam Landfill**

The investment represents a 100% ownership in Cheam Landfill that operates a landfill site. As the organization meets the criteria of a Government Business Enterprise, the investment has been accounted for under the modified equity method. At the balance sheet date, the investment in Cheam Landfill and the results and financial position of the subsidiary, based on audited financial statements were as follows:

	2014	2013
<b>Net investment</b>		
Investment	\$ -	\$ 8,979,484
Due to Cheam Landfill	-	(8,986,447)
<b>Total net investment at cost</b>	<b>\$ -</b>	<b>\$ (6,963)</b>

Share of earnings in Cheam Landfill	\$ 18,750	\$ (406,792)
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**Financial Information of Cheam landfill**

Bank	\$ -	\$ 8,230,745
Due from Cheam Indian Band	-	782,802
Capital assets	-	23,643
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 9,037,190</b>
Accounts payable	-	62,029
Equity	-	8,975,161
<b>Total liabilities and net assets</b>	<b>\$ -</b>	<b>\$ 9,037,190</b>
Revenues	\$ 26,643	\$ 1,092,178
Expenses	(7,893)	(1,498,970)
<b>Net (loss) surplus</b>	<b>\$ 18,750</b>	<b>\$ (406,792)</b>

On October 31, 2011, Cheam Landfill discontinued its landfill business and at March 31, 2012, completed most of the landfill closure operations including all clean-up and other remedial work requirements.

On December 31, 2013, the management completed the dissolution of the enterprise after completing the closure of its bank and tax accounts, releasing the excess provision for closure costs and transferring the remaining assets and liabilities to its owner, Cheam Indian Band who will assume any future potential liabilities.

CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (CONTINUED)

(ii) Cheam Enterprises Inc.

The investment represents a 100% ownership in Cheam Enterprises Inc. that is engaged in various business activities for the benefits of the band members. At the balance sheet date, the investment in Cheam Enterprises Inc. and the results and financial position of the subsidiary, based on audited financial statements were as follows:

	2014	2013
<u>Investment</u>		-
Net investment	\$ (166,599)	\$ (131,430)
Due from Cheam Enterprises Inc.	170,250	150,000
Total net investment at cost	\$ 3,651	\$ 18,570

Share of earnings in Cheam Enterprises Inc. \$ (35,169) \$ (131,431)

Financial Information of Cheam Enterprises Inc.

Bank	\$ 9,054	\$ 17,111
Accounts receivable	2,064	2,000
Capital assets	411	720
Total assets	\$ 11,529	\$ 19,831
Accounts payable	\$ 7,878	\$ 1,261
Due to Cheam Indian Band	170,250	150,000
Equity	(166,599)	(131,430)
Total liabilities and net assets	\$ 11,529	\$ 19,831
Revenues	\$ 70,834	\$ 927
Expenses	(106,003)	(132,358)
Net (loss) surplus	\$ (35,169)	\$ (131,431)

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014**

**5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (CONTINUED)**

**(iii) Cheam Holding Limited Partnership**

The investment represents a 99.99% interest in Cheam Holding Limited Partnership that in turn, holds a 49.9% in Smamelet Siya:m Limited Partnership which is engaged in various business activities. At the balance sheet date, the investment in Cheam Holdings LP and its share of the earnings in the limited partnership, based on unaudited financial statements at December 31, 2013 were as follows:

	December 31, 2013	March 31, 2013
<b><u>Investment</u></b>		
Net investment	\$ 161,392	\$ 184,231
Share of earnings in Cheam Holding LP	\$ 17,661	\$ 184,230

**Financial Information of Cheam Holding LP**

Bank	\$ 89,656	\$ -
Accounts and note receivable	10,734	45,002
Investment in Smamelet Siya:m LP	64,223	142,448
<b>Total assets</b>	<b>\$ 164,613</b>	<b>\$ 187,450</b>
Accounts payable	\$ 3,200	\$ 3,200
Partners capital - Cheam Indian Band	161,392	184,231
Partners capital - Cheam Holdings Ltd	21	19
<b>Total liabilities and net assets</b>	<b>\$ 164,613</b>	<b>\$ 187,450</b>
Revenues	\$ 65,029	\$ 185,448
Expenses	(47,366)	(1,200)
<b>Net (loss) surplus</b>	<b>\$ 17,663</b>	<b>\$ 184,248</b>

**NET INVESTMENT SUMMARY**

	2014	2013
Cheam Landfill	\$ -	\$ (6,963)
Cheam Enterprises Inc.	3,651	18,570
Cheam Holding LP	161,392	184,231
<b>Total net investment at cost</b>	<b>\$ 165,043</b>	<b>\$ 195,838</b>



**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014**

**6. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2014	Net 2013
Automotive	\$ 37,210	\$ 29,795	\$ 7,415	\$ 9,269
Computer equipment	28,385	15,625	12,760	11,137
Dykes	755,366	105,770	649,596	664,703
Farm equipment	40,264	33,563	6,701	7,446
Machinery and equipment	147,032	93,015	54,017	57,538
Office furniture & equipment	52,325	42,840	9,485	11,856
Roads & paving	157,368	89,521	67,847	73,066
Tennis court	19,300	19,299	1	1
Waterworks/sewers	514,407	87,249	427,158	439,946
Band-owned housing - non-residential	1,471,925	790,890	681,035	707,634
Band-owned housing - residential	344,000	343,992	8	8
Non-Profit Housing - CMHC	5,484,018	3,092,715	2,391,303	2,585,874
	<b>\$ 9,051,600</b>	<b>\$ 4,744,274</b>	<b>\$ 4,307,326</b>	<b>\$ 4,568,478</b>

**7. DEFERRED REVENUE**

Deferred contributions represent unspent resources funding received in the current or prior period that are related to the subsequent period as follows:

	2014	2013
CMHC - RRAP mortgage	\$ -	\$ 889
School District #33	3,225	3,150
AANDC	-	153
FVACFSS	-	1,000
Sign - Prepaid revenue	1,500	-
Health Canada	18,518	-
	<b>\$ 23,243</b>	<b>\$ 5,192</b>

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014**

**8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets represent the unamortized portion of contributions towards the construction of social housing units and the construction in progress of the new health and community centre.

The changes for the year in the deferred contributions balances are as follows:

	Grant revenue	Accumulated Amortization	Net 2014	Net 2013
AANDC-Housing units	\$ 267,509	\$ 42,800	\$ 224,709	\$ 235,409
Health Canada-Multiplex	536,689	-	536,689	239,034
Water system	115,097	-	115,097	-
	\$ 919,295	\$ 42,800	\$ 876,495	\$ 474,443

**9. REPLACEMENT RESERVE**

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited annually through a transfer from the operating account. This fund along with accumulated interest, must be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At the year end, the balance was as follows:

	2014	2013
Opening balance		\$ 164,203
Transfer from Housing operating account	\$ 195,885	\$ 30,738
Interest income	30,000	722
Expenditures-current	722	944
Expenditures-prior	(31,366)	-
	(32,821)	-
Closing balance	162,420	195,885
Replacement reserve funds	26,906	84,019
Amount underfunded	\$ 135,514	\$ 111,866

**CHEAM INDIAN BAND  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014**

**10. MORTGAGES PAYABLE**

	2014	2013
CMHC		
Loan secured on non-profit housing project VII requiring monthly principal and interest payment of \$2,909 with interest at 2.61% per annum and maturing on September 1, 2014.	171,145	201,629
Royal bank		
Loan secured on non-profit housing project VIII requiring monthly principal and interest payment of \$2,402 with interest at 3.37% per annum and maturing on April 3, 2014.	123,746	148,734
CMHC		
Loan secured on non-profit housing project IX requiring monthly principal and interest payment of \$2,103 with interest at 1.8% per annum and maturing on October 1, 2016.	280,722	301,186
CMHC		
Loan secured on housing project requiring monthly principal and interest payment of \$5,981 with interest at 1.67% per annum and maturing on June 1, 2018.	1,172,780	1,226,309
	1,748,393	1,877,858
Less: Current portion	(117,201)	(123,654)
	\$ 1,631,192	\$ 1,754,204

Mortgage repayments over the next 5 years are as follows:

2015	\$ 117,201
2016	120,650
2017	124,205
2018	127,869
2019	131,533
Thereafter	1,009,734

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**11. BANK FACILITIES**

The bank overdraft is secured by a general security agreement covering all the assets of the band including the Cheam Landfill's assets and bank accounts and by a collateral mortgage in the amount of \$300,000 constituting a first fixed charge on the land owned by Pilait Historical Society.

**12. CONTINGENCIES**

**Disputed invoice**

Cheam is currently in dispute with one of its contractors regarding some reclamation work for \$100,000 that was performed a few years ago by that contractor and which apparently, may not have been approved and agreed by Cheam. It is currently reviewing all past agreements made between that contractor and the previous Chief & Council to determine whether both the work and compensation were approved at that time. As the outcome of this case is still uncertain, no provision has been made in the accounts in that respect.

**13. FINANCIAL RISKS**

The band, as part of its operations, carries a number of financial instruments. It is management's opinion that the band is not exposed to any significant risk as a result of these financial instruments.

**Credit risk**

The band is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The society does not obtain collateral to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and accordingly, does not anticipate significant loss for non-performance.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The band is not exposed to such currency risk as all its transactions are conducted in Canadian dollar.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The band is not exposed to material interest risk on its fixed income securities as such investment is either not significant or the investment is held by the Ottawa Trust Fund that is controlled by the Government of Canada.

**CHEAM INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**13. FINANCIAL RISKS (continued)**

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Liquidity risk

Liquidity risk is the risk that the society will be unable to fulfill its obligations on a timely basis. The society manages its liquidity risk by monitoring its operating requirements and by preparation of a budget to ensure that it has sufficient funds to fulfill its obligations.

**14. COMPARATIVES**

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Certain comparatives for the year were restated in order to conform with the current year's presentation.





**CHEAM INDIAN BAND  
STATEMENT OF FINANCIAL POSITION - CAPITAL FUND  
AS AT MARCH 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>	\$ -	\$ -
<b>LIABILITIES</b>		
Current portion of mortgages payable (Note 10)	117,201	123,654
Mortgages payable - non-current (Note 10)	1,631,191	1,754,205
Deferred revenue relating to capital assets (Note 8)	876,495	474,443
<b>TOTAL LIABILITIES</b>	<b>2,624,887</b>	<b>2,352,302</b>
<b>NET DEBT</b>	<b>(2,624,887)</b>	<b>(2,352,302)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	4,307,326	4,568,478
Construction in progress	572,346	239,012
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,254,785</b>	<b>\$ 2,455,188</b>

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS**

<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,455,188	\$ 2,609,903
<b>Interfund transfers</b>		
Deferred revenue relating to capital assets net of amortization	(402,052)	(14,300)
Repayment of mortgages	129,467	120,451
Acquisitions of capital assets	23,144	12,735
Additions to construction in progress	333,334	25,000
Amortization for year	(284,296)	(298,601)
<b>BALANCE, END OF YEAR</b>	<b>\$ 2,254,785</b>	<b>\$ 2,455,188</b>

**APPROVED BY:**

 Chief  
 Councillor  
 Councillor  
 COL 34

The accompanying notes are an integral part of these financial statements

**CHEAM INDIAN BAND  
STATEMENT OF FINANCIAL POSITION - OTTAWA TRUST FUND  
AS AT MARCH 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Ottawa Trust Fund - Revenue (Note 3)	\$ 344,820	\$ 269,779
Ottawa Trust Fund - Capital (Note 3)	875,560	700,925
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,220,380</b>	<b>970,704</b>
<b>LIABILITIES</b>	-	-
<b>ACCUMULATED SURPLUS</b>	<b>\$ 1,220,380</b>	<b>\$ 970,704</b>

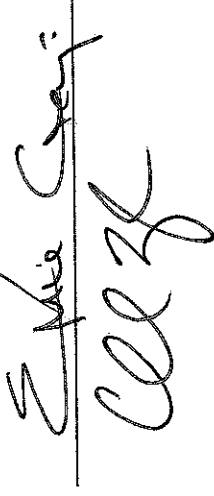
**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS**

	Revenue	Capital	2014	2013
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 269,779	\$ 700,925	\$ 970,704	\$ 746,262
CN claim settlement	515,472	-	515,472	-
Multiplex funding out of CN settlement	(297,655)	-	(297,655)	-
Lafarge fund receipt (Note )	-	174,635	174,635	174,634
Interest income	172,229	-	172,229	145,408
Fund distribution - Annual	(97,200)	-	(97,200)	(95,600)
Special distribution from CN settlement	(217,805)	-	(217,805)	-
	75,041	174,635	249,676	224,442
<b>BALANCE, END OF YEAR</b>	<b>\$ 344,820</b>	<b>\$ 875,560</b>	<b>\$ 1,220,380</b>	<b>\$ 970,704</b>

APPROVED BY:

 Chief

 Councillor

 Councillor

The accompanying notes are an integral part of these financial statements

**CHEAM INDIAN BAND  
STATEMENT OF FINANCIAL POSITION - OPERATIONS FUND  
AS AT MARCH 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Bank	\$ 350,654	\$ -
Accounts receivable	939,213	1,073,715
Net investment in Government Business Enterprises (Note 5)	165,041	195,838
Portfolio investment (Note 4)	725,583	723,326
Replacement reserve fund (Note 9)	26,906	84,019
<b>TOTAL FINANCIAL ASSETS</b>	<b>2,207,397</b>	<b>2,076,898</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 11)	-	78,043
Accounts payable and accrued liabilities	590,854	503,479
Replacement reserve (Note 9)	162,420	195,885
Deferred revenues (Note 7)	23,243	5,192
<b>TOTAL LIABILITIES</b>	<b>776,517</b>	<b>782,599</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,430,880</b>	<b>1,294,299</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	54,376	68,944
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>54,376</b>	<b>68,944</b>
<b>ACCUMULATED SURPLUS (Page 23)</b>	<b>\$ 1,485,256</b>	<b>\$ 1,363,243</b>

The accompanying notes are an integral part of these financial statements

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**CHEAM INDIAN BAND  
STATEMENT OF FINANCIAL POSITION - OPERATIONS FUND  
AS AT MARCH 31, 2014**

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS	2014	2013
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,363,243	\$ 1,791,024
Excess (Deficiency) of revenues over expenses for year	(78,390)	(582,495)
<b>Interfund transfers</b>	1,284,853	1,208,529
Repayment of mortgages	(129,467)	(120,452)
Amortization of deferred revenue relating to capital assets	(10,700)	(10,700)
Acquisitions of capital assets	(23,144)	(12,735)
Receipt less expenditure re Multiplex construction	79,418	-
Amortization for year	284,296	298,601
<b>BALANCE, END OF YEAR</b>	\$ 1,485,256	\$ 1,363,243

Contingencies and commitments (Note 12)

APPROVED BY:

 \_\_\_\_\_ Chief

 \_\_\_\_\_ Councillor

 \_\_\_\_\_ Councillor



The accompanying notes are an integral part of these financial statements