

**TL'ETINQOX GOVERNMENT**  
**FINANCIAL STATEMENTS**

**March 31, 2019**

**TL'etinqox Government  
Financial Statements  
For the year ended March 31, 2019**

**Financial Statements**

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## **TL'ETINQOX GOVERNMENT**

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### **CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of Tl'etinqox Government are the responsibility of management and have been approved by Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. 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.

Tl'etinqox Government 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 Nation's assets are appropriately accounted for and adequately safeguarded.

Tl'etinqox Government is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through the Nation's Council.

Chief and Council review the Nation's financial statements and recommend their approval. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. Chief and Council also appoint the engagement of the external auditors.

The financial statements have been audited by PricewaterhouseCoopers LLP in accordance with Canadian generally accepted auditing standards on behalf of the members PricewaterhouseCoopers LLP has full access to the Nation Council.

Chief

Councilor

## Independent auditor's report

To the Chief and Council of Tl'etinqox Government

### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tl'etinqox Government (the Government) as at March 31, 2019 and the results of its operations, changes in its net debt, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **What we have audited**

The Government's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Basis for opinion*

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Government in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### *Responsibilities of management and those charged with governance for the 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.

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In preparing the financial statements, management is responsible for assessing the Government'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 Government or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Government's financial reporting process.

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### *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 Government'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 Government'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 Government 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.

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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

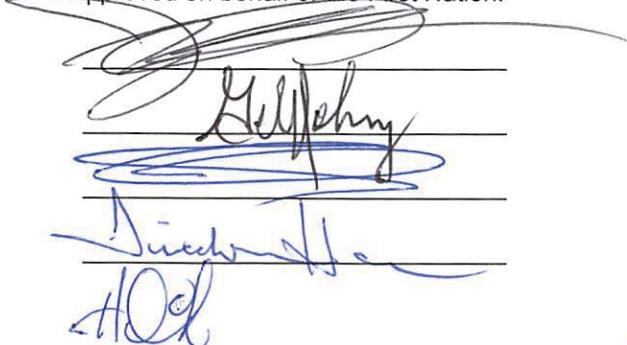
Prince George, British Columbia  
August 16, 2019

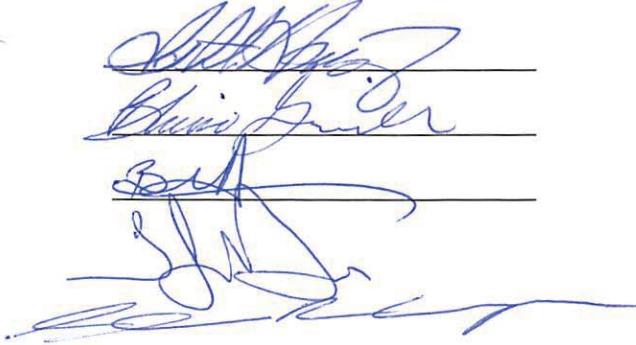
**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF FINANCIAL POSITION**

March 31, 2019

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Restricted cash (Note 3)	\$ 88,001	\$ 82,438
Cash (Note 2)	309,216	-
Accounts receivable (Note 4)	1,534,599	1,875,455
Investment in government business entities (Note 9)	996,576	845,020
Investment property	100,569	100,059
Due from related parties (Note 14)	80,553	-
Inventory	<u>95,510</u>	<u>48,836</u>
	<u>3,205,024</u>	<u>2,951,808</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 2)	-	1,248,547
Accounts payable (Note 5)	1,215,197	1,114,119
Deferred revenue (Note 15)	3,384,522	983,352
Due to related parties (Note 14)	-	33,855
Long term debt (Note 6)	<u>1,712,844</u>	<u>1,775,634</u>
	<u>6,312,563</u>	<u>5,155,507</u>
<b>NET FINANCIAL DEBT</b>	<u>(3,107,539)</u>	<u>(2,203,699)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	75,370	170,677
Tangible capital assets (Note 7)	<u>18,952,429</u>	<u>18,811,789</u>
	<u>19,027,799</u>	<u>18,982,466</u>
<b>ACCUMULATED SURPLUS (Note 8)</b>	<u>\$ 15,920,260</u>	<u>\$ 16,778,767</u>

Approved on behalf of the First Nation:





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

**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**For the year ended March 31, 2019**

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>Budget</b> (Note 17)	<b>2019</b>	<b>2018</b>
<b>REVENUE (NOTE 16)</b>			
Indigenous Services Canada	\$ 6,358,901	<b>\$ 4,872,298</b>	\$ 5,157,028
First Nations Health Authority	2,612,114	<b>2,212,972</b>	1,367,691
Province of British Columbia	709,890	<b>777,200</b>	3,496,919
First Nations Education Steering Committee	437,000	<b>593,413</b>	360,489
CCATEC	92,284	<b>50,758</b>	62,741
Canada Mortgage and Housing Corporation	-	-	12,450
Government of Canada - Justice	28,436	<b>28,436</b>	-
Gas Bar Sales	-	<b>2,330,314</b>	1,975,254
Rental Revenue	169,800	<b>106,185</b>	321,249
Income from Investment in Business Enterprises	-	<b>151,600</b>	620,326
Other Revenue	280,400	<b>721,334</b>	417,947
Interest	1,200	<b>1,947</b>	1,852
Gain on Disposal of Tangible Capital Assets	<u>-</u>	<u>4,899</u>	<u>26,900</u>
	<u>10,690,025</u>	<u><b>11,851,356</b></u>	<u>13,820,846</u>
<b>EXPENSES (NOTE 12 AND 16)</b>			
Band Administration	1,138,263	<b>1,319,199</b>	1,214,397
Education	2,306,916	<b>2,399,409</b>	2,223,034
Social Development	1,692,638	<b>1,492,998</b>	969,764
Capital Projects and Public Works	1,123,710	<b>2,244,179</b>	1,594,907
Housing	244,250	<b>261,596</b>	91,187
Own Source	475,500	<b>437,557</b>	136,704
Emergency Operations Centre	-	<b>383,152</b>	4,236,982
Health	1,846,117	<b>1,713,268</b>	1,264,533
Natural Resource Opportunities	-	<b>329,805</b>	285,511
Gas Bar Expenses	<u>-</u>	<u><b>2,128,700</b></u>	<u>1,837,866</u>
	<u>8,827,394</u>	<u><b>12,709,863</b></u>	<u>13,854,885</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u><b>\$ 1,862,631</b></u>	<u><b>(858,507)</b></u>	<u>(34,039)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF THE YEAR</b>		<b>16,778,767</b>	16,812,806
<b>ACCUMULATED SURPLUS, END OF THE YEAR</b>	<u><b>\$ 15,920,260</b></u>	<u><b>\$ 16,778,767</b></u>	

**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF CHANGES IN NET DEBT**  
**For the year ended March 31, 2019**

	<b>2019</b> <b>Budget</b> (Note 17)	<b>2019</b>	<b>2018</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 1,862,631</b>	<b>\$ (858,507)</b>	<b>\$ (34,039)</b>
<b>TANGIBLE CAPITAL ASSETS</b>			
Purchase of tangible capital assets	(435,436)	(1,120,521)	(613,842)
Amortization of tangible capital assets	-	979,280	929,043
Proceeds on sale of tangible capital assets	-	5,500	37,500
(Gain) loss on disposal of tangible capital assets	-	(4,899)	(26,900)
	<b>(435,436)</b>	<b>(140,640)</b>	<b>325,801</b>
<b>NON-FINANCIAL ASSETS</b>			
Change in prepaid expense	-	95,307	(135,069)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>1,427,195</b>	<b>(903,840)</b>	<b>156,693</b>
<b>NET FINANCIAL DEBT, BEGINNING OF THE YEAR</b>	<b>(2,203,699)</b>	<b>(2,203,699)</b>	<b>(2,360,392)</b>
<b>NET FINANCIAL DEBT, END OF THE YEAR</b>	<b>\$ (776,504)</b>	<b>\$ (3,107,539)</b>	<b>\$ (2,203,699)</b>

**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (858,507)	\$ (34,039)
Items not involving cash:		
Trust income	(5,563)	(5,443)
Income from Investment in Business Enterprises	(151,556)	(619,888)
Gain on disposal of tangible capital assets	(4,899)	(26,900)
Amortization of tangible capital assets	<u>979,280</u>	<u>929,043</u>
	<u>(41,245)</u>	<u>242,773</u>
Changes in non-cash working capital items:		
Accounts receivable (Note 4)	340,856	(1,275,900)
Inventory	(46,674)	9,243
Prepaid expenses	95,307	(135,069)
Accounts payable (Note 5)	101,078	370,495
Deferred revenue (Note 15)	<u>2,401,170</u>	<u>549,634</u>
	<u>2,891,737</u>	<u>(481,597)</u>
Cash from operations	<u>2,850,492</u>	<u>(238,824)</u>
<b>CAPITAL ACTIVITIES</b>		
Proceeds from disposal of tangible capital assets	5,500	37,500
Acquisition of tangible capital assets	<u>(1,120,521)</u>	<u>(613,842)</u>
	<u>(1,115,021)</u>	<u>(576,342)</u>
<b>INVESTING ACTIVITIES</b>		
Repayment of loans and advances from related parties	(114,408)	(21,374)
Investment property additions	<u>(510)</u>	<u>(100,059)</u>
	<u>(114,918)</u>	<u>(121,433)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt advances	111,757	224,532
Long-term debt repayment	<u>(174,547)</u>	<u>(194,182)</u>
	<u>(62,790)</u>	<u>30,350</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>1,557,763</b>	<b>(906,249)</b>
<b>BANK INDEBTEDNESS, BEGINNING OF THE YEAR</b>	<b>(1,248,547)</b>	<b>(342,298)</b>
<b>CASH (BANK INDEBTEDNESS), END OF THE YEAR</b>	<b>\$ 309,216</b>	<b>\$ (1,248,547)</b>

**Tl'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2019**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CPA Canada Public Sector Accounting Handbook which encompasses the following principles.

Reporting Entity and Principles of Financial Reporting

Tl'etinqox Government (the “Nation”) reporting entity includes Tl'etinqox Government and all related entities, which are accountable to Tl'etinqox Government and are either owned or controlled by the Tl'etinqox Government.

Investments in Government Business Entities

Business entities, which are owned or controlled by the Tl'etinqox Government and which are not dependent on the Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Klatassine Resources Ltd.
- Klatassine Resources LLP
- Dechen Ventures Ltd.
- Dechen Ventures LP

Financial Instruments

The Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on the initial recognition. Financial instruments are subsequently measured at amortized cost as the Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on the active market. Since no financial instruments are measured at fair value after the initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

Financial assets measured at cost include restricted cash, accounts receivable, and due from related parties.

Financial liabilities measured at cost include the bank indebtedness, accounts payable, due to related parties and long-term debt.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is measured using the average weighted cost method.

**TI'etinqox Government  
Financial Statements  
For the year ended March 31, 2019**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

Revenue Recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability in which case are recognized as deferred revenue and recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose.

Rental revenue is recognized when a tenant commences occupancy and rent is due. TI'etinqox Government retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

All other revenue is recognized in the period in which the events that give rise to the revenue occurs.

Funding Recoveries and Reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

Ottawa Trust Fund

TI'etinqox Government uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in the revenue of the Nation upon withdrawal from the Ottawa Trust Fund.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Cash

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.

**TI'etinqox Government  
Financial Statements  
For the year ended March 31, 2019**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

Impairment of Long-lived Assets

In the event that facts and circumstances indicate that the Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Nation considers that no circumstances exist that would require such an evaluation.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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. Significant estimates included in these financial statements include the valuation of accounts receivable, accuracy of accounts payable, the useful life of tangible capital assets and the calculation of deferred revenue.

Tangible Capital Assets

Tangible capital assets are initially recorded at acquisition cost or cost of construction. Contributed tangible capital assets are recorded at their fair value at date of contribution.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure.

Amortization

Tangible capital assets are amortized annually with a corresponding reduction in equity in tangible capital assets. Tangible capital assets are amortized over their expected useful lives on a declining balance basis at the following rates:

Automotive equipment	30%
Buildings	4%
Computers and software	100%
Infrastructure	4%
Office and furniture equipment	30%

Assets under construction are not amortized until fully in use.

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2019**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

Leased Assets

Leases are entered into that transfer substantially all of the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset, and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

**2. CASH (BANK INDEBTEDNESS)**

Cash is held in Canadian Chartered Banks and earns interest at the current prevailing rates for business operating accounts.

Bank indebtedness includes operating lines of credit totaling \$1,500,000 (2018 - \$1,500,000), at a variable rate of prime plus 0.5%. Prime for the year ended March 31, 2019 was 3.95% (2018 – 3.45%) with a total variable rate of 4.45% (2018 – 3.95%). Bank indebtedness is secured by general security agreement.

**3. RESTRICTED CASH**

	<b>2019</b>	<b>2018</b>
Ottawa Trust revenue fund	\$ <b>69,814</b>	\$ 69,814
Ottawa Trust capital fund	<b>18,187</b>	12,624
	<b><u>\$ 88,001</u></b>	<b><u>\$ 82,438</u></b>

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2019**

**4. ACCOUNTS RECEIVABLE**

Accounts receivable by program area is summarized as follows:

	<b>2019</b>	<b>2018</b>
Operating		
Account receivable - ISC	\$ 418,224	\$ 297,058
Account receivable - other	632,170	431,729
Accrued receivable - wildfire	<u>484,205</u>	<u>1,146,668</u>
	<u><u>\$ 1,534,599</u></u>	<u><u>\$ 1,875,455</u></u>

During the summer of 2017 the community of the TL'etinqox Government was impacted by wildfires.

As a result the Nation recorded:

	<b>2019</b>	<b>2018</b>
Accrued wildfire receivables	817,317	1,479,780
Less allowance for doubtful accounts	<u>(333,112)</u>	<u>(333,112)</u>
Net accrued wildfire receivables	<u><u>\$ 484,205</u></u>	<u><u>\$ 1,146,668</u></u>

It is the Nation's policy to record management's best estimate of the amount of expenses related to the wildfire that will be recoverable. Actual amounts received could be different.

**5. ACCOUNTS PAYABLE**

	<b>2019</b>	<b>2018</b>
Operating	\$ 971,919	\$ 901,200
Funding recoverable	205,407	205,407
Government remittances payable	<u>37,871</u>	<u>7,512</u>
	<u><u>\$ 1,215,197</u></u>	<u><u>\$ 1,114,119</u></u>

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2019**

**6. LONG TERM DEBT**

	<b>2019</b>	<b>2018</b>
Mortgage term loan, Bank of Montreal, repayable in monthly instalments of \$3,080, including fixed interest at 4.91% per annum, secured by a Government of Canada ministerial guarantee, maturing November 11th, 2020.	\$ 321,856	\$ 347,590
Mortgage term loan, Bank of Montreal, repayable in monthly instalments of \$3,815, including interest at 5.85% per annum, secured by a Government of Canada ministerial guarantee, maturing December 2019.	219,184	244,095
Demand loan, Peace Hills Trust repayable in monthly average instalments of \$2,451, including interest is at prime plus 0.5% per annum (prime was 3.95% at March 31, 2019) secured by a general security agreement.	234,696	253,739
Fixed term loan, Bank of Montreal, repayable in monthly installments of \$4,181, fixed interest rate of 3.14% per annum, secured by a general security agreement, maturing February 28th, 2022.	651,082	680,318
First Truck Centre Vancouver repayable in monthly installments of \$1,278, including fixed interest at 5.9% per annum, secured by specific equipment with a net book value of \$66,122 maturing September 3rd, 2021.	35,565	48,393
Inland Kenworth Loan repayable in monthly installments of \$4,309, including fixed interest at 5.69% per annum, secured by specific equipment with a net book value of \$247,760 maturing August 29th, 2022.	160,196	201,499
Ford Credit Loan repayable in bi-weekly installments, including 0.00% financing, maturing June 22, 2022.	36,759	-
Ford Credit Loan repayable in monthly installments, including 0.00% financing, maturing June 22, 2022.	53,506	-
Less loan on demand	1,712,844	1,775,634
Less current portion	234,696	253,739
	<u>190,281</u>	<u>193,492</u>
	<u><u>\$ 1,287,867</u></u>	<u><u>\$ 1,328,403</u></u>

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2019**

**6. LONG TERM DEBT, continued**

Under the terms of the Bank of Montreal loan agreements, compliance is required with certain financial covenants. As at March 31, 2019 the Debt Service Coverage ratio covenant was in violation. The Government is currently in discussions with the bank around remediation of the covenant.

Anticipated annual principal repayments over the next five years and thereafter are as follows:

2020	\$ 190,281
2021	198,626
2022	199,647
2023	148,355
2024 and thereafter	975,951

**7. TANGIBLE CAPITAL ASSETS**

	<u>2019</u>	<u>2018</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Automotive equipment	\$ 1,620,776	\$ 1,166,371	\$ 1,488,681	\$ 1,042,064
Buildings	16,884,431	6,143,238	16,884,431	5,704,607
Computers and software	77,315	21,738	39,768	5,965
Infrastructure	10,965,185	4,198,739	10,738,202	3,921,532
Office and furniture equipment	<u>2,000,892</u>	<u>1,066,084</u>	<u>1,299,995</u>	<u>965,120</u>
	<u>\$ 31,548,599</u>	<u>\$ 12,596,170</u>	<u>\$ 30,451,077</u>	<u>\$ 11,639,288</u>
Net book value	<u><u>\$ 18,952,429</u></u>		<u><u>\$ 18,811,789</u></u>	

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**7. TANGIBLE CAPITAL ASSETS, continued**

						2019
	Automotive	Buildings	Computer and software	Infrastructure	Office and furniture	Total
<b>Cost</b>						
Opening balance	\$ 1,488,681	\$ 16,884,431	\$ 39,768	\$ 10,738,202	\$ 1,299,995	\$ 30,451,077
Additions	155,095	-	37,547	226,983	700,896	1,120,521
Disposals	(23,000)	-	-	-	-	(23,000)
Closing balance	<u>1,620,776</u>	<u>16,884,431</u>	<u>77,315</u>	<u>10,965,185</u>	<u>2,000,891</u>	<u>31,548,598</u>
<b>Accumulated amortization</b>						
Opening balance	1,042,064	5,704,607	5,965	3,921,532	965,120	11,639,288
Amortization	146,706	438,631	15,773	277,206	100,964	979,280
Disposals	(22,399)	-	-	-	-	(22,399)
Closing balance	<u>1,166,371</u>	<u>6,143,238</u>	<u>21,738</u>	<u>4,198,738</u>	<u>1,066,084</u>	<u>12,596,169</u>
<b>Net book value</b>	<u><u>\$ 454,405</u></u>	<u><u>\$ 10,741,193</u></u>	<u><u>\$ 55,577</u></u>	<u><u>\$ 6,766,447</u></u>	<u><u>\$ 934,807</u></u>	<u><u>\$ 18,952,429</u></u>

						2018
	Automotive	Buildings	Computer and software	Infrastructure	Office and furniture	Total
<b>Cost</b>						
Opening balance	\$ 1,192,332	\$ 16,884,431	\$ -	\$ 10,668,567	\$ 1,197,905	\$ 29,943,235
Additions	402,349	-	39,768	69,635	102,090	613,842
Disposals	(106,000)	-	-	-	-	(106,000)
Closing balance	<u>1,488,681</u>	<u>16,884,431</u>	<u>39,768</u>	<u>10,738,202</u>	<u>1,299,995</u>	<u>30,451,077</u>
<b>Accumulated amortization</b>						
Opening balance	1,041,265	5,247,789	-	3,638,955	877,636	10,805,645
Amortization	96,199	456,818	5,965	282,577	87,484	929,043
Disposals	(95,400)	-	-	-	-	(95,400)
Closing balance	<u>1,042,064</u>	<u>5,704,607</u>	<u>5,965</u>	<u>3,921,532</u>	<u>965,120</u>	<u>11,639,288</u>
<b>Net book value</b>	<u><u>\$ 446,617</u></u>	<u><u>\$ 11,179,824</u></u>	<u><u>\$ 33,803</u></u>	<u><u>\$ 6,816,670</u></u>	<u><u>\$ 334,875</u></u>	<u><u>\$ 18,811,789</u></u>

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**8. ACCUMULATED SURPLUS**

	<b>2019</b>	<b>2018</b>
Operating Deficit	\$ (792,544)	\$ (107,223)
Equity in Tangible Capital Assets	<u>16,624,803</u>	<u>16,803,552</u>
Equity in Government Trust	<u>88,001</u>	<u>82,438</u>
	<b><u>\$ 15,920,260</u></b>	<b><u>\$ 16,778,767</u></b>

**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES**

The Nation has investments in the following entities

	<b>2019</b>	<b>2018</b>
Dechen Ventures Limited Partnership - 99%	\$ 805,839	\$ 541,600
Dechen Ventures Ltd. - 100%	5,216	3,580
Klatassine Resources LLP - 99%	44,379	156,069
Klatassine Resources Ltd. - 100%	<u>141,142</u>	<u>143,771</u>
	<b><u>\$ 996,576</u></b>	<b><u>\$ 845,020</u></b>

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**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Dechen Ventures Limited Partnership**

Dechen Ventures Limited Partnership ("Dechen LP"), a partnership between TI'etinqox Government and Dechen Ventures Ltd. is registered under the Companies Act of the Province of BC. The partnership operates in the forest industry.

A summary of the financial results for the year then ended is presented as follows:

**BALANCE SHEET  
March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current Assets	\$ 733,949	\$ 584,141
Equipment	<u>264,665</u>	-
	<u><u>\$ 998,614</u></u>	<u><u>\$ 584,141</u></u>
<b>LIABILITIES</b>		
Current Liabilities	\$ 184,634	\$ 37,070
<b>PARTNERS' EQUITY</b>	<u>813,980</u>	<u>547,071</u>
	<u><u>\$ 998,614</u></u>	<u><u>\$ 584,141</u></u>

**INCOME STATEMENT  
For the Year Ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>	<u>\$ 1,545,387</u>	<u>\$ 1,239,594</u>
<b>EXPENSES</b>	<u>1,278,478</u>	816,232
<b>NET INCOME FOR THE YEAR</b>	<u><u>\$ 266,909</u></u>	<u><u>\$ 423,362</u></u>

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**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

Dechen Ventures Limited Partnership, continued

**STATEMENT OF PARTNERS' EQUITY**  
**For the Year Ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>EQUITY, TL'ETQUINOX GOVERNMENT</b>		
Balance, beginning of the year	\$ 541,600	\$ 123,709
Income for the year	<u>264,239</u>	<u>417,891</u>
	<b><u>805,839</u></b>	<b><u>541,600</u></b>
<b>EQUITY, DECHEN VENTURES LTD.</b>		
Balance, beginning of the year	5,471	-
Income for the year	<u>2,670</u>	<u>5,471</u>
	<b><u>8,141</u></b>	<b><u>5,471</u></b>
<b>BALANCE AT END OF THE YEAR</b>	<b><u>\$ 813,980</u></b>	<b><u>\$ 547,071</u></b>

**Tl'etinqox Government**  
**Financial Statements**  
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**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Dechen Ventures Ltd.**

Dechen Ventures Ltd., is a wholly-owned subsidiary of Tl'etinqox Government, is incorporated under the Business Corporations Act of British Columbia and was established to generate funds used to support the activities of the Tl'etinqox Government.

**BALANCE SHEET**  
**March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>	<b>\$ 8,707</b>	<b>\$ 5,571</b>
<b>LIABILITIES</b>		
Current Liabilities	<b>\$ 3,491</b>	<b>\$ 1,991</b>
<b>SHAREHOLDERS EQUITY</b>		
Share Capital	100	100
Retained Earnings	<b>5,116</b>	<b>3,480</b>
	<b>5,216</b>	<b>3,580</b>
	<b>\$ 8,707</b>	<b>\$ 5,571</b>

**INCOME STATEMENT**  
**For the Year Ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>	<b>\$ 3,136</b>	<b>\$ 5,471</b>
<b>EXPENSES</b>	<b>1,500</b>	<b>1,991</b>
<b>NET INCOME</b>	<b>1,636</b>	<b>3,480</b>
<b>RETAINED EARNINGS, BEGINNING OF THE YEAR</b>	<b>3,480</b>	<b>-</b>
<b>RETAINED EARNINGS, YEAR END</b>	<b>\$ 5,116</b>	<b>\$ 3,480</b>

**TI'etinqox Government**  
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**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Klatassine Resources LLP**

Klatassine Resources LLP (“Klatassine LLP”), a partnership between TI’etinqox Government and Klatassine Resources Ltd. is registered under the Companies Act of the Province of BC. The partnership operates in the forest industry, and equipment rental operations in Alexis Creek.

A summary of the financial results for the year then ended is presented as follows:  
 Klatassine Resources LLP, continued

**BALANCE SHEET**  
**March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current Assets	\$ 386,347	\$ 360,938
<b>PROPERTY AND EQUIPMENT</b>	<u>134,557</u>	<u>66,584</u>
	<u>\$ 520,904</u>	<u>\$ 427,522</u>
<b>LIABILITIES</b>		
Current Liabilities	\$ 476,076	\$ 269,877
<b>PARTNERSHIP EQUITY</b>	<u>44,828</u>	<u>157,645</u>
	<u>\$ 520,904</u>	<u>\$ 427,522</u>

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**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Klatassine Resources LLP, continued**

**INCOME STATEMENT**

**For the Year Ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>	<b>\$ 267,285</b>	<b>\$ 298,244</b>
<b>EXPENSES</b>	<b>380,103</b>	<b>98,326</b>
<b>NET (LOSS) INCOME</b>	<b>(112,818)</b>	<b>199,918</b>
<b>PARTNERSHIP EQUITY (DEFICIENCY), BEGINNING OF THE YEAR</b>	<b>157,645</b>	<b>(42,273)</b>
<b>PARTNERSHIP EQUITY, END OF THE YEAR</b>	<b>\$ 44,827</b>	<b>\$ 157,645</b>

**STATEMENT OF PARTNERS' EQUITY**

**For the Year Ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>EQUITY, TL'ETQUINOX GOVERNMENT</b>		
Balance, beginning of the year	\$ 156,069	\$ (42,273)
Income for the year	<u>(111,690)</u>	<u>198,342</u>
	<b>44,379</b>	<b>156,069</b>
<b>EQUITY, KLATASSINE RESOURCES LTD.</b>		
Balance, beginning of the year	1,576	-
Income for the year	<u>(1,128)</u>	<u>1,576</u>
	<b>448</b>	<b>1,576</b>
<b>BALANCE AT END OF THE YEAR</b>	<b>\$ 44,827</b>	<b>\$ 157,645</b>

**TL'etinqox Government**  
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**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Klatassine Resources Ltd.**

Klatassine Resources Ltd., is a wholly-owned subsidiary of TL'etinqox Government. Klatassine Resources Ltd. is incorporated under the Business Corporations Act of British Columbia and was established to generate funds used to support the activities of the TL'etinqox Government.

A summary of the financial results for the year then ended is presented as follows:

<b>BALANCE SHEET</b>			
<b>March 31, 2019</b>			
	<b>2019</b>	<b>2018</b>	
<b>ASSETS</b>			
PARTNERSHIP INTEREST	\$ 448	\$ 1,576	
DUE FROM RELATED PARTY	<u>143,695</u>	<u>143,695</u>	
	<u><u>\$ 144,143</u></u>	<u><u>\$ 145,271</u></u>	
<b>LIABILITIES</b>			
Current Liabilities	<u>3,000</u>	<u>1,500</u>	
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	1	1	
Retained Earnings	<u>141,142</u>	<u>143,770</u>	
	<u><u>141,143</u></u>	<u><u>143,771</u></u>	
	<u><u>\$ 144,143</u></u>	<u><u>\$ 145,271</u></u>	

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**9. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

Klatassine Resources Ltd., continued

A summary of the financial results for the year then ended is presented as follows:

**INCOME STATEMENT**  
**For the Year Ended March 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>	<b>\$ (1,128)</b>	<b>\$ 1,576</b>
<b>EXPENSES</b>	<b>1,500</b>	<b>1,500</b>
<b>NET INCOME</b>	<b>(2,628)</b>	<b>76</b>
<b>RETAINED EARNINGS, BEGINNING OF THE YEAR</b>	<b>143,770</b>	<b>143,694</b>
<b>RETAINED EARNINGS, YEAR END</b>	<b>\$ 141,142</b>	<b>\$ 143,770</b>

**10. COMMITMENTS**

TL'etinqox Government is required to make the following future minimum lease payments on operating lease obligations over the next five years:

2020	\$ 18,970
2021	7,313
2022	6,480
2023	7,020
2024	-
	<b><u>\$ 39,783</u></b>

**11. EMPLOYEE BENEFITS**

The Nation has a defined contribution plan providing pension benefits to certain employees. The pension cost charge represents contributions payable by the Nation to the plans and amount to \$126,080 (2018 - \$96,412).

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**12. EXPENSE BY OBJECT**

	<b>2019</b>	<b>2018</b>
Activities	\$ 37,650	\$ 72,654
Advertising	9,260	13,734
Allowance	512,384	533,632
Amortization	979,280	929,043
Bad debts	(12,716)	334,543
Band Member Assistance	16,863	10,849
Bank Charges	25,764	33,338
Catering	311,301	176,527
Computer Maintenance	54,108	31,803
Consulting Fees	518,101	289,863
Contract Services	998,847	900,288
Cost of Sales, Gas Bar	1,817,348	1,565,365
Donations	130,167	31,605
Equipment Rental	98,565	446,124
Facility Rental	78,473	170,007
Fees and Dues	18,884	23,599
Freight	11,209	8,171
Fuel	138,108	188,758
Honoraria	157,116	138,405
Hot Lunch	-	51,000
Incentives	33,459	53,089
Income Assistance	845,293	559,975
Insurance	127,497	130,704
Interest on Long-Term Debt	76,323	71,871
Patient Travel	116,042	139,754
Postage	3,467	2,715
Professional Fees	308,207	394,071
Repairs and Maintenance	203,426	209,143
Room and Board	78,275	85,973
Security	35,353	29,709
Supplies	564,118	885,271
Telephone	73,970	72,812
Travel and Accommodation	371,247	296,879
Tuition	264,425	194,109
Utilities	240,267	179,704
Wages and Benefits	3,345,320	4,531,712
Workshops and Training	122,462	68,086
	<b><u>\$ 12,709,863</u></b>	<b><u>\$ 13,854,885</u></b>

**13. ECONOMIC DEPENDENCE**

The Nation received a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada 41% (2018 – 37%) and First Nation Health Authority 18% (2018 – 10%) for the year ended March 31, 2019.

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**14. DUE (TO) FROM RELATED PARTIES**

	<b>2019</b>	<b>2018</b>
Dechen Ventures LP	\$ (13,610)	\$ (41,766)
Klatassine Resources Ltd.	<u>94,163</u>	<u>7,911</u>
	<b><u>\$ 80,553</u></b>	<b><u>\$ (33,855)</u></b>

Loan received from related parties are unsecured, non-interest bearing, and with no specific terms of repayment.

**15. DEFERRED REVENUE**

	<b>2018</b>	<b>Additions</b>	<b>Releases</b>	<b>2019</b>
Indigenous Services Canada	\$ 497,104	\$ 2,415,312	\$ (428,283)	<b>\$ 2,484,133</b>
First Nations Health Authority	386,248	449,338	(30,197)	<b>805,389</b>
Other	<u>100,000</u>	<u>95,000</u>	<u>(100,000)</u>	<u><b>95,000</b></u>
	<b><u>\$ 983,352</u></b>	<b><u>\$ 2,959,650</u></b>	<b><u>\$ (558,480)</u></b>	<b><u>\$ 3,384,522</u></b>

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**16. SEGMENT DISCLOSURE**

TI'etinqox Government is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**Band Administration**

This item relates to the revenues and expenses that relate to the operations of TI'etinqox Government itself and cannot be directly attributed to a specific segment.

**Education**

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of TI'etinqox Government's Members.

**Social Development**

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

**Capital Projects and Public Works**

This service area provides services relating to the development, maintenance and service of TI'etinqox Government's assets, infrastructure and common property.

**Housing**

This service area provides for social housing to the Members.

**Health**

This service area provides for health-related services and programs to the Members.

**Own Source**

This segment represents revenue and expenses from band activities and investments in government business entities

**Natural Resource Management**

This service area includes exploration of natural resources and development of natural resource revenues.

**TI'etinqox Gas Bar**

This service area includes selling gas and grocery to the Members and visitors.

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**16. SEGMENT DISCLOSURE, continued**

**2019**

	Band Administration	Education	Social Development	Capital Projects and Public Works	Housing	Health	Own Source	Natural Resource	Emergency Operations Centre	Tl'etinqox Gas Bar	Total
<b>Revenue</b>											
INAC	\$ 788,658	\$ 1,808,952	\$ 1,394,565	\$ 666,314	\$ 34,849	\$ 1,406,693	\$ -	\$ -	\$ 178,960	\$ -	\$ 4,872,298
FNHA	-	-	15,000	791,279	-	-	-	-	-	-	2,212,972
Other	358,025	665,561	207,417	64,899	15,247	91,370	214,710	577,585	240,958	2,330,314	4,766,086
	<b>1,146,683</b>	<b>2,474,513</b>	<b>1,616,982</b>	<b>1,522,492</b>	<b>50,096</b>	<b>1,498,063</b>	<b>214,710</b>	<b>577,585</b>	<b>419,918</b>	<b>2,330,314</b>	<b>11,851,356</b>
<b>Expenses</b>											
Payroll	567,640	700,146	343,043	427,600	1,270	821,561	116,863	30,371	104,765	231,093	3,344,352
Travel	41,932	73,445	31,195	21,116	146	265,740	-	46,627	5,786	1,300	487,287
Other	709,628	1,625,817	1,118,760	816,183	260,180	625,967	320,694	252,807	272,601	1,896,307	7,898,944
	<b>-</b>	<b>-</b>	<b>-</b>	<b>979,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>979,280</b>
	<b>1,319,200</b>	<b>2,399,408</b>	<b>1,492,998</b>	<b>2,244,179</b>	<b>261,596</b>	<b>1,713,268</b>	<b>437,557</b>	<b>329,805</b>	<b>383,152</b>	<b>2,128,700</b>	<b>12,709,863</b>
	<b>\$ (172,517)</b>	<b>\$ 75,105</b>	<b>\$ 123,984</b>	<b>\$ (721,687)</b>	<b>\$ (211,500)</b>	<b>\$ (215,205)</b>	<b>\$ (222,847)</b>	<b>\$ 247,780</b>	<b>\$ 36,766</b>	<b>\$ 201,614</b>	<b>\$ (858,507)</b>

**2018**

	Band Administration	Education	Social Development	Capital Projects and Public Works	Housing	Health	Own Source	Natural Resources	Emergency Operations Centre	Tl'etinqox Gas Bar	Total
<b>Revenue</b>											
INAC	\$ 738,551	\$ 1,989,112	\$ 819,108	\$ 267,705	\$ -	\$ 1,244,872	885,599	589,595	\$ 1,342,552	\$ -	\$ 5,157,028
Other	45,695	656,190	312,721	255,785	29,326	-	-	-	2,668,781	1,975,254	8,663,810
	<b>784,246</b>	<b>2,645,302</b>	<b>1,131,829</b>	<b>523,490</b>	<b>29,326</b>	<b>1,244,872</b>	<b>885,599</b>	<b>589,595</b>	<b>4,011,333</b>	<b>1,975,254</b>	<b>13,820,846</b>
<b>Expenses</b>											
Payroll	477,968	727,067	217,182	209,080	12,450	476,691	78,117	-	2,108,697	224,460	4,531,712
Other	736,429	1,495,967	752,582	456,784	78,737	787,842	58,587	285,511	2,128,285	1,613,406	8,394,130
	<b>-</b>	<b>-</b>	<b>-</b>	<b>929,043</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>929,043</b>
	<b>1,214,397</b>	<b>2,223,034</b>	<b>969,764</b>	<b>1,594,907</b>	<b>91,187</b>	<b>1,264,533</b>	<b>136,704</b>	<b>285,511</b>	<b>4,236,982</b>	<b>1,837,866</b>	<b>13,854,885</b>
	<b>\$ (430,151)</b>	<b>\$ 422,268</b>	<b>\$ 162,065</b>	<b>\$ (1,071,417)</b>	<b>\$ (61,861)</b>	<b>\$ (19,661)</b>	<b>\$ 748,895</b>	<b>\$ 304,084</b>	<b>\$ (225,649)</b>	<b>\$ 137,388</b>	<b>\$ (34,039)</b>

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**17. BUDGETED FIGURES**

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the TL'etinqox Government Band Council Resolution dated August 20, 2018.