

**ATHLII GWAII LEGACY TRUST**

**Financial Statements**

**As at September 30, 2019**

*(Unaudited)*

## Independent Practitioner's Review Engagement Report

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To the Trustees of Athlii Gwaii Legacy Trust:

We have reviewed the accompanying financial statements of Athlii Gwaii Legacy Trust that comprise the statement of financial position as at September 30, 2019, and the statements of revenue and expenses, changes in net assets and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's 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 not-for-profit 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.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Athlii Gwaii Legacy Trust as at September 30, 2019, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Terrace, British Columbia

October 29, 2019

*MNP LLP*

Chartered Professional Accountants

**ATHLII GWAII LEGACY TRUST**  
**Statement of Financial Position**  
**As at September 30, 2019**  
*(Unaudited)*

	2019 <i>(September 30)</i>	2018 <i>(December 31)</i>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 627,533	\$ 177,811
Investment income receivable	244	58,751
Prepaid expense	1,657	634
	<b>629,434</b>	<b>237,196</b>
Long term investments <i>(Notes 4, 5)</i>	<b>49,491,356</b>	<b>45,602,951</b>
	<b>\$ 50,120,790</b>	<b>\$ 45,840,147</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 78,182	\$ 85,748
Advances from Gwaii Trust Society <i>(Note 6)</i>	48,750	48,750
	<b>126,932</b>	<b>134,498</b>
Program funding payable <i>(Note 7)</i>	<b>39,915</b>	<b>39,915</b>
	<b>166,847</b>	<b>174,413</b>
<b>Net assets</b>		
Unrestricted	<b>20,430,384</b>	<b>16,547,451</b>
Restricted <i>(Note 8)</i>	<b>29,523,559</b>	<b>29,118,283</b>
	<b>49,953,943</b>	<b>45,665,734</b>
	<b>\$ 50,120,790</b>	<b>\$ 45,840,147</b>

On behalf of the Board

 \_\_\_\_\_  
Trustee

 \_\_\_\_\_  
Trustee

See notes to financial statements

**ATHLII GWAI LEGACY TRUST**  
**Statement of Revenues and Expenses**  
**Period Ended September 30, 2019**  
*(Unaudited)*

	<b>2019</b> <i>(9 months)</i>	<b>2018</b> <i>(12 months)</i>
<b>Revenue</b>		
Investment income <i>(Note 9)</i>	<b>\$ 4,200,983</b>	<b>\$ 3,468,510</b>
<b>Investment management and regulatory expenses</b>		
Custodial fees	<b>34,473</b>	44,763
Investment management	<b>140,824</b>	193,572
Professional fees	<b>29,722</b>	31,604
Trust protector fees	<b>20,860</b>	24,818
	<b>225,879</b>	294,757
<b>Net trust earnings</b>	<b>3,975,104</b>	<b>3,173,753</b>
<b>Expenses</b>		
Advertising and promotion	<b>3,950</b>	402
Bank charges	<b>808</b>	65
Honoraria	<b>15,000</b>	24,000
Communication	<b>112</b>	112
Insurance	<b>3,037</b>	4,060
Management salaries	<b>93,750</b>	120,000
Meetings and conventions	<b>11,876</b>	12,000
Facility costs	<b>11,250</b>	17,000
Travel	<b>7,500</b>	17,000
Vehicle	<b>3,000</b>	5,000
	<b>150,283</b>	199,639
Excess of revenue over expenses before unrealized gains on long term investments	<b>3,824,821</b>	2,974,114
Unrealized gains (losses)		
Unrealized gains (losses) on long term investments	<b>461,907</b>	(4,444,738)
Unrealized foreign exchange gains	<b>1,481</b>	348,213
	<b>463,388</b>	(4,096,525)
<b>Excess (deficiency) of revenue over expenses for the period</b>	<b>\$ 4,288,209</b>	<b>\$ (1,122,411)</b>

**ATHLII GWAII LEGACY TRUST**  
**Statement of Changes in Net Assets**  
**Period Ended September 30, 2019**  
*(Unaudited)*

	Unrestricted	Restricted	2019 <i>(September 30)</i>	2018 <i>(December 31)</i>
<b>Net assets - beginning of period</b>	\$ 16,547,451	\$ 29,118,283	<b>\$ 45,665,734</b>	\$ 46,788,145
Excess (deficiency) of revenue over expenses	4,288,209	-	<b>4,288,209</b>	(1,122,411)
Grant inflation protection <i>(Note 8)</i>	(405,276)	405,276	-	-
<b>Net assets - end of period</b>	<b>\$ 20,430,384</b>	<b>\$ 29,523,559</b>	<b>\$ 49,953,943</b>	<b>\$ 45,665,734</b>

**ATHLII GWAII LEGACY TRUST**  
**Statement of Cash Flow**  
**Period Ended September 30, 2019**  
*(Unaudited)*

	<b>2019</b> <i>(9 months)</i>	<b>2018</b> <i>(12 months)</i>
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	<b>\$ 4,288,209</b>	<b>\$ (1,122,411)</b>
Changes in non-cash working capital:		
Investment income receivable	<b>58,506</b>	685
Accounts payable and accrued liabilities	<b>(7,565)</b>	28,679
Prepaid expenses	<b>(1,023)</b>	-
	<b>49,918</b>	29,364
Cash flow from (used by) operating activities	<b>4,338,127</b>	<b>(1,093,047)</b>
<b>Financing activity</b>		
Net change in investments	<b>(3,888,405)</b>	1,172,092
<b>Increase in cash</b>	<b>449,722</b>	79,045
<b>Cash - beginning of period</b>	<b>177,811</b>	98,766
<b>Cash - end of period</b>	<b>\$ 627,533</b>	<b>\$ 177,811</b>

**ATHLII GWAII LEGACY TRUST**  
**Notes to Financial Statements**  
**Period Ended September 30, 2019**  
*(Unaudited)*

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**1. Purpose of the organization**

The Athlii Gwaii Legacy Trust was settled on March 29, 2007 under the terms of the Deed of Trust. The Trust was established to provide a vehicle for the repatriation of the funds contributed under the South Moresby Agreement by the Province of British Columbia and the Government of Canada to Haida Gwaii. The funds endowed by the Federal and Provincial governments are for the purpose of increasing the sustainable forest management on Haida Gwaii and to increase community stability through enhancing the forest related economy of Haida Gwaii.

The Charitable Trust is a non-profit organization under the Income Tax Act and accordingly is exempt from income taxes.

**2. Future operations and funding commitment**

Under the terms of the Deed of Trust referred to in Note 1, the Athlii Gwaii Legacy Trust is required to maintain, at a minimum, funds equal to the initial endowment of \$24,000,000 adjusted for inflation annually.

The Trustees of the Athlii Gwaii Legacy Trust had previously suspended any further disbursements of Trust assets for program funding up to December 31, 2014. As the market value of the investment portfolio of the Trust of \$49,491,356 at September 30, 2019 has risen above the the inflation adjusted endowment value of \$29,523,559, the Trustees committed to resuming disbursements of Trust assets for program funding.

**3. Summary of significant accounting policies**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

**Cash and cash equivalents**

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and other short term instruments and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

**ATHLII GWAII LEGACY TRUST**  
**Notes to Financial Statements**  
**Period Ended September 30, 2019**  
*(Unaudited)*

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**3. Summary of significant accounting policies (continued)**

Financial instruments policy

The Trust recognizes its financial instruments when the Trust becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions.

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

The Trust subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or 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. 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 less impairment. With the exception of financial liabilities indexed to a measure of the Trust's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Other investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Program funding

Program funding for approved projects is recorded as a program funding expense and related program funding liability at the time of project approval. Any subsequent adjustments or reductions in the specific program funding amounts are recorded as program de-commitments when the final amounts become known.



**ATHLII GWAII LEGACY TRUST**  
**Notes to Financial Statements**  
**Period Ended September 30, 2019**  
*(Unaudited)*

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**3. Summary of significant accounting policies (continued)**

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Revenue recognition

Athlii Gwaii Legacy Trust follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the year in which they become known.

**ATHLII GWAII LEGACY TRUST**  
**Notes to Financial Statements**  
**Period Ended September 30, 2019**  
*(Unaudited)*

**4. Investments**

	<i>September 30</i> <b>2019</b>		<i>December 31</i> <b>2018</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
Cash	\$ 36,046	\$ 36,142	\$ 80,191	\$ 80,191
Treasury bills and short term investments	748,815	692,587	821,964	821,964
Federal and Provincial Government bonds	11,535,630	10,767,983	4,423,210	4,330,713
Corporate bonds	3,488,172	3,499,957	8,948,213	8,744,864
Mortgage funds	-	-	380,986	386,028
Equities	9,124,099	9,240,195	7,320,809	7,876,829
International equities	13,069,835	18,084,817	13,025,894	16,728,522
Equities - real estate investment trusts	3,230,100	7,169,675	3,274,041	6,633,840
	<b>\$ 41,232,697</b>	<b>\$ 49,491,356</b>	<b>\$ 38,275,308</b>	<b>\$ 45,602,951</b>

**ATHLII GWAII LEGACY TRUST**  
**Notes to Financial Statements**  
**Period Ended September 30, 2019**  
*(Unaudited)*

**5. Statement of investment policies and procedures**

The investment strategies of the Athlil Gwaii Legacy Trust (the "Trust") are guided by the Statement of Investment Policies and Procedures (SIPP). The SIPP has been written in order to assist the Trustees in establishing the guidelines for the investment of the assets of the Trust (the "Fund") and in monitoring and evaluating the investment performance achieved by the Fund. A summary of the current investment guidelines contained in the SIPP and the current asset mix of the Fund is as follows.

Period end: September 30, 2019

	Portfolio Value (\$\$)		% of Portfolio		AGLT Current SIPP %		
	Cost	Market	Cost	Market	Min	Target	Max
Canadian equities	\$ 9,124,099	\$ 9,240,195	22%	19%	15%	20%	25%
International equities	13,069,835	18,084,817	32%	37%	28%	33%	48%
Total equities	22,193,934	27,325,012	54%	55%	43%	53%	73%
Real return bonds	-	-	0%	0%	5%	6%	20%
Government bonds - Federal	8,131,344	7,443,914	20%	15%			
Government bonds - Provincial and municipal	3,404,286	3,324,069	8%	7%			
Corporate bonds	3,488,172	3,499,957	8%	7%			
Total nominal bonds	15,023,802	14,267,940	36%	29%	12%	17%	22%
High yield bonds	-	-	0%	0%	0%	5%	10%
Global bonds	-	-	0%	0%	0%	5%	5%
Total bonds	15,023,802	14,267,940	36%	29%	17%	33%	57%
Mortgage fund	-	-	0%	0%			
Real estate funds	3,230,100	7,169,675	8%	14%			
Total mortgage and real estate	3,230,100	7,169,675	8%	14%	5%	10%	22%
Private Placement	-	-	0%	0%	0%	4%	10%
Cash	36,046	36,142	0%	0%			
Treasury bills and short term investments	748,815	692,587	2%	1%			
Cash/Short term notes	784,861	728,729	2%	1%	0%	0%	5%
	\$ 41,232,697	\$ 49,491,356	100%	100%	65%	100%	167%

**ATHLII GWAII LEGACY TRUST**  
**Notes to Financial Statements**  
**Period Ended September 30, 2019**  
*(Unaudited)*

**6. Related party transaction**

During the period administration fees of \$146,250 were paid to the Gwaii Trust Society. These fees represent operating costs paid by the Gwaii Trust Society on behalf of the Athlii Gwaii Legacy Trust. The administration costs have been calculated and allocated as follows to represent the actual costs of operating and administering the Athlii Gwaii Legacy Trust. The Gwaii Trust Society is the trustee of the Athlii Gwaii Legacy Trust.

	<i>September 30</i> <b>2019</b>	<i>December 31</i> <b>2018</b>
Advertising and promotion	\$ 3,750	\$
Bank charges	750	
Board honoraria	15,000	24,000
Meetings	11,250	12,000
Rent and utilities	11,250	17,000
Travel	7,500	17,000
Vehicle expense	3,000	5,000
Wages and benefits	93,750	120,000
	<b>\$ 146,250</b>	<b>\$ 195,000</b>

Balances outstanding consist of the administration fees or other operating costs paid by the Gwaii Trust Society on behalf of the Athlii Gwaii Legacy Trust and are due on demand.

**7. Program funding payable**

The Athlii Gwaii Legacy Trust funds projects that are in general agreement with its aims and objectives. The balance outstanding represents projects approved by the Trustees which were not completed as at the fiscal year end.

	<i>September 30</i> <b>2019</b>	<i>December 31</i> <b>2018</b>
Committed balance - end of period	<b>\$ 39,915</b>	<b>\$ 39,915</b>

**8. Restricted net assets**

The Athlii Gwaii Legacy Trust Grant Fund represents the initial endowment of \$24,000,000 received from the Governments of Canada and British Columbia. The Fund is adjusted annually by the inflation rate for the year to protect the value of the original grant for future generations. The fund has been established as a perpetual investment fund and, as such, the original endowment with the accumulated inflation adjustments can never be touched, allocated or expended.

The annual inflation adjustment is based on the Canadian Consumer Price Index (CPI). The change for the period ended September 30, 2019 has been calculated at the CPI index of 1.9% (2018 - 2.0%) for the period.

**ATHLII GWAI LEGACY TRUST**  
**Notes to Financial Statements**  
**Period Ended September 30, 2019**  
*(Unaudited)*

**9. Investment income**

	<i>September 30</i> <b>2019</b> <i>(9 months)</i>	<i>December 31</i> <b>2018</b> <i>(12 months)</i>
Interest income	<b>\$ 391,324</b>	<b>\$ 483,231</b>
Dividend income	<b>233,930</b>	<b>374,422</b>
Other investment income	<b>1,549,811</b>	<b>2,487,958</b>
Realized gain on investments	<b>2,025,918</b>	<b>122,900</b>
	<b>\$ 4,200,983</b>	<b>\$ 3,468,511</b>

**10. Financial instruments**

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of September 30, 2019.

**Market risk**

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

**Currency risk**

Foreign 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 Trust enters into transactions to denominated in United States currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations.

During the period, the value of the Canadian dollar appreciated by \$0.04 against the US dollar. The Trust has significant investments in US dollars. As a result, the change in the exchange rate has increased the Trust's foreign currency risk exposure, resulting in an increase of \$1,481 in unrealized foreign exchange gains.

**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 Trust is exposed to interest rate cash flow risk with respect to it's investment portfolio.

**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 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 company is exposed to other price risk through its investment in quoted shares.



**Athlii Gwaii Legacy Trust**  
**Year End: September 30, 2019**  
**Trial Balance**

Approved by:



Account	Prelim	Adj's	Reclass	Rep	Rep 12/18	%Chg	Leadsheet
1025 NSCU Chequing	627,500.44	0.00	0.00	627,500.44	177,778.51	253	A
1050 NSCU Shares	32.61	0.35	0.00	32.96	32.61	1	A
1100 Investment earnings receivable	80,438.93	-80,195.28	0.00	243.65	58,750.61	-100	C
1300 Prepaid expense	-1,401.53	3,058.90	0.00	1,657.37	634.03	161	F
1400 Long term investments - PH&M	20,760,214.60	3,054,302.29	0.00	23,814,516.89	21,895,181.67	9	N
1410 Investment account - PH&N C	73,397.95	-44,923.26	0.00	28,474.69	72,560.83	-61	N
1415 FMV - PH&N	1,334,234.44	-948,030.13	0.00	386,204.31	265,216.73	46	N
1420 Long term investments - Temp	6,960,737.07	1,320,389.14	0.00	8,281,126.21	8,281,126.21	0	N. 1
1435 FMV adjustment - Templeton	912,262.65	-1,737,804.43	0.00	-825,541.78	-1,166,418.74	-29	N. 1
1450 Long Term Investment - Nicola	5,623,910.00	6,899.00	0.00	5,630,809.00	5,630,809.00	0	N. 2
1455 Nicola - Cash	7,210.97	64.03	0.00	7,275.00	7,226.70	1	N. 2
1460 Investment earnings/FMV adj.	6,090,409.00	710,456.00	0.00	6,800,865.00	5,699,213.60	19	N. 2
1465 Nicola - \$US Cash	296.00	0.00	0.00	296.00	296.00	0	N. 2
1470 Nicola - US\$ investments	2,388,000.00	0.00	0.00	2,388,000.00	2,388,000.00	0	N. 2
1475 Nicola investment inc/FMF adj	1,495,186.00	169,698.00	0.00	1,664,884.00	1,216,773.00	37	N. 2
1480 Foreign exchange adjustment	1,143,685.45	170,761.55	0.00	1,314,447.00	1,312,966.13	0	N. 2
2020 Accounts payable	-57,604.69	0.00	49,920.91	-7,683.78	-32,248.66	-76	BB
2050 Accounts payable - other	-67,310.00	-3,190.00	0.00	-70,500.00	-53,500.00	32	BB
2060 Accounts payable - Gwaii Trus	1,170.91	0.00	-49,920.91	-48,750.00	-48,750.00	0	JJ
2605 Project Balances - Opening	-39,914.50	0.00	0.00	-39,914.50	-39,914.50	0	OO
3100 Core Grant	-24,000,000.00	0.00	0.00	-24,000,000.00	-24,000,000.00	0	WW
3200 Grant inflation protection	-5,053,222.00	-470,337.00	0.00	-5,523,559.00	-5,118,283.00	8	WW
3600 Unrestricted surplus	-18,589,789.38	2,447,614.65	0.00	-16,142,174.73	-17,669,861.99	-9	WW. 1
4100 Interest income - Royal Trust	0.00	-391,323.67	0.00	-391,323.67	-483,229.61	-19	20
4105 Interest income - other	0.00	-0.35	0.00	-0.35	-0.35	0	20
4150 Dividend income	0.00	-233,930.13	0.00	-233,930.13	-374,422.39	-38	20
4160 Other investment income	0.00	-1,549,810.70	0.00	-1,549,810.70	-2,487,957.95	-38	20
4175 Realized gain (loss) on invest	0.00	-2,025,918.17	0.00	-2,025,918.17	-122,899.66	1548	20
4200 Unrealized gain (loss) on inve	0.00	-461,907.28	0.00	-461,907.28	4,444,737.79	-110	20. 1
4205 Foreign exchange gain (loss)	0.00	-1,480.87	0.00	-1,480.87	-348,212.95	-100	20. 1
5025 Investment management fees	116,024.48	24,799.95	0.00	140,824.43	193,571.80	-27	30
5035 Custodian fees	0.00	34,472.59	0.00	34,472.59	44,762.67	-23	30
5105 Accounting and audit	8,287.90	2,370.38	0.00	10,658.28	13,775.44	-23	40
5110 Legal fees	19,064.12	0.00	0.00	19,064.12	17,828.46	7	40
5115 Protector fees	14,859.84	6,000.00	0.00	20,859.84	24,817.96	-16	40
5125 Advertising	199.99	0.00	3,750.00	3,949.99	401.66	883	40
5150 Administration fees	146,250.00	0.00	-146,250.00	0.00	0.00	0	40
5175 Bank charges	59.00	0.00	750.00	809.00	66.40	1118	40
5200 Honoraria	0.00	0.00	15,000.00	15,000.00	24,000.00	-38	40
5205 Insurance	5,072.22	-2,035.56	0.00	3,036.66	4,060.00	-25	40
5210 Meetings and functions	625.54	0.00	11,250.00	11,875.54	12,000.00	-1	40
5450 Rent and utilities	0.00	0.00	11,250.00	11,250.00	17,000.00	-34	40
5500 Telephone and internet	111.99	0.00	0.00	111.99	111.99	0	40
5525 Travel	0.00	0.00	7,500.00	7,500.00	17,000.00	-56	40
5575 Vehicle expense	0.00	0.00	3,000.00	3,000.00	5,000.00	-40	40
5600 Wages and benefits	0.00	0.00	93,750.00	93,750.00	120,000.00	-22	40
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0</u>	
<b>Net Income (Loss)</b>	<b>-310,555.08</b>			<b>4,288,208.73</b>	<b>-1,122,411.26</b>	<b>-482</b>	

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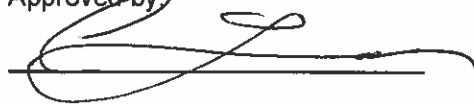
Preparer BM 29/10/2019	Detailed MAJ 29/10/2019	Supervisory
Peer	Tax	

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Approved by



**Athlii Gwail Legacy Trust**  
**Year End: September 30, 2019**  
**Adjusting Journal Entries**  
**Date: 01/01/2019 To 30/09/2019**

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
MAR01	30/03/2019	Grant inflation protection	3200	WW. 2		106,893.00		
MAR01	30/03/2019	Unrestricted surplus	3600	WW. 2	106,893.00			
To record Q1 grant inflation								
JUNE01	30/06/2019	Grant inflation protection	3200			156,144.00		
JUNE01	30/06/2019	Unrestricted surplus	3600		156,144.00			
2nd quarter grant inflation								
JUNE04	30/06/2019	Accounts payable - other	2050	BB. 2		12,000.00		
JUNE04	30/06/2019	Protector fees	5115	BB. 2	12,000.00			
To accrue Trust protector fees								
SEPT01	30/09/2019	Investment earnings receivable	1100			21,688.32		
SEPT01	30/09/2019	Prepaid expense	1300		1,023.34			
SEPT01	30/09/2019	Long term investments - PH&N	1400		334,967.07			
SEPT01	30/09/2019	Investment account - PH&N Cash	1410			837.12		
SEPT01	30/09/2019	FMV - PH&N	1415			1,069,017.71		
SEPT01	30/09/2019	Long term investments - Templeton	1420		1,320,389.14			
SEPT01	30/09/2019	FMV adjustment - Templeton	1435			2,078,681.39		
SEPT01	30/09/2019	Long Term Investment - Nicola	1450		6,899.00			
SEPT01	30/09/2019	Nicola - Cash	1455		15.73			
SEPT01	30/09/2019	Investment earnings/FMV adj. - Nico	1460			391,195.40		
SEPT01	30/09/2019	Nicola investment inc/FMF adj-\$US	1475			278,413.00		
SEPT01	30/09/2019	Foreign exchange adjustment	1480		169,280.68			
SEPT01	30/09/2019	Accounts payable - other	2050		13,810.00			
SEPT01	30/09/2019	Grant inflation protection	3200			65,061.00		
SEPT01	30/09/2019	Unrestricted surplus	3600		65,061.00			
SEPT01	30/09/2019	Unrestricted surplus	3600		1,979,648.03			
SEPT01	30/09/2019	Unrestricted surplus	3600			2,370.38		
SEPT01	30/09/2019	Investment management fees	5025		13,799.95			
SEPT01	30/09/2019	Accounting and audit	5105		2,370.38			
To adjust prior year net earnings to actual								
SEPT02	30/09/2019	NSCU Shares	1050		0.35			
SEPT02	30/09/2019	Investment earnings receivable	1100		3,579.58			
SEPT02	30/09/2019	Long term investments - PH&N	1400		382,287.74			
SEPT02	30/09/2019	Investment account - PH&N Cash	1410		44,881.27			
SEPT02	30/09/2019	FMV - PH&N	1415		1,876,317.20			
SEPT02	30/09/2019	FMV adjustment - Templeton	1435		353,747.45			
SEPT02	30/09/2019	Nicola - Cash	1455		34.73			
SEPT02	30/09/2019	Investment earnings/FMV adj. - Nico	1460		1,016,861.97			
SEPT02	30/09/2019	Nicola investment inc/FMF adj-\$US	1475		467,799.00			
SEPT02	30/09/2019	Foreign exchange adjustment	1480			55,671.13		
SEPT02	30/09/2019	Interest income - Royal Trust	4100			250,880.90		
SEPT02	30/09/2019	Interest income - other	4105			0.35		
SEPT02	30/09/2019	Dividend income	4150			140,898.98		
SEPT02	30/09/2019	Other investment income	4160			1,484,695.70		
SEPT02	30/09/2019	Realized gain (loss) on investments	4175			58,281.67		
SEPT02	30/09/2019	Unrealized gain (loss) on invest	4200			2,230,107.39		
SEPT02	30/09/2019	Foreign exchange gain (loss)	4205		55,671.13			
SEPT02	30/09/2019	Custodian fees	5035		19,355.70			
To record Q1 and Q2 investment transactions								
SEPT03	30/09/2019	Prepaid expense	1300	F. 2	2,035.56			
SEPT03	30/09/2019	Insurance	5205	F. 2		2,035.56		
To adjust prepaids to actual								
SEPT04	30/09/2019	FMV adjustment - Templeton	1435	B. 3		12,870.49		
SEPT04	30/09/2019	Unrealized gain (loss) on invest	4200	B. 3	12,870.49			

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Preparer EM 29/10/2019	Detailed MAJ 29/10/2019	Supervisory
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**Athlii Gwali Legacy Trust**  
**Year End: September 30, 2019**  
**Adjusting Journal Entries**  
**Date: 01/01/2019 To 30/09/2019**

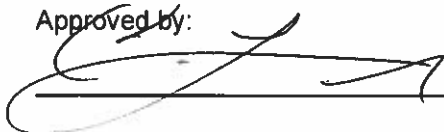
Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
To record Templeton Q3 investment transactions								
SEPT05	30/09/2019	Investment earnings receivable	1100	B. 2		62,086.54		
SEPT05	30/09/2019	Long term investments - PH&N	1400	B. 2	19,336,259.86			
SEPT05	30/09/2019	Long term investments - PH&N	1400	B. 2		17,063,744.60		
SEPT05	30/09/2019	Investment account - PH&N Cash	1410	B. 2		88,967.41		
SEPT05	30/09/2019	FMV - PH&N	1415	B. 2		1,690,797.40		
SEPT05	30/09/2019	Interest income - Royal Trust	4100	B. 2		139,251.26		
SEPT05	30/09/2019	Interest income - Royal Trust	4100	B. 2		1,049.67		
SEPT05	30/09/2019	Interest income - Royal Trust	4100	B. 2		141.84		
SEPT05	30/09/2019	Dividend income	4150	B. 2		93,031.15		
SEPT05	30/09/2019	Realized gain (loss) on investments	4175	B. 2		1,903,104.28		
SEPT05	30/09/2019	Unrealized gain (loss) on invest	4200	B. 2	1,690,797.40			
SEPT05	30/09/2019	Custodian fees	5035	B. 2	15,116.89			
To record PH&N Q3 transactions								
SEPT06	30/09/2019	Long term investments - PH&N	1400	B. 9	64,532.22			
SEPT06	30/09/2019	FMV - PH&N	1415	B. 9		64,532.22		
SEPT06	30/09/2019	Realized gain (loss) on investments	4175	B. 9		64,532.22		
SEPT06	30/09/2019	Unrealized gain (loss) on invest	4200	B. 9	64,532.22			
To adjust PH&N Inflation Linked Bond Error								
SEPT07	30/09/2019	Nicola - Cash	1455	B. 6	13.57			
SEPT07	30/09/2019	Investment earnings/FMV adj. - Nico	1460	B. 6	84,789.43			
SEPT07	30/09/2019	Nicola investment inc/FMF adj-\$US	1475	B. 6		19,688.00		
SEPT07	30/09/2019	Foreign exchange adjustment	1480	B. 6	57,152.00			
SEPT07	30/09/2019	Other investment income	4160	B. 6		84,803.00		
SEPT07	30/09/2019	Other investment income	4160	B. 6	19,688.00			
SEPT07	30/09/2019	Foreign exchange gain (loss)	4205	B. 6		57,152.00		
To record Nicola Q3 investment transactions								
SEPT09	30/09/2019	Accounts payable - other	2050	BB. 2		11,000.00		
SEPT09	30/09/2019	Accounts payable - other	2050	BB. 2	6,000.00			
SEPT09	30/09/2019	Investment management fees	5025	BB. 2	11,000.00			
SEPT09	30/09/2019	Protector fees	5115	BB. 2		6,000.00		
To adjust payables to actual								
SEPT10	30/09/2019	Grant inflation protection	3200	WW. 2		142,239.00		
SEPT10	30/09/2019	Unrestricted surplus	3600	WW. 2	142,239.00			
To recrod Q3 grant inflation								
					29,909,864.08	29,909,864.08		
Net Income (Loss)			4,288,208.73					

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Preparer	Detailed	Supervisory
EM 29/10/2019	MAJ 29/10/2019	
Peer	Tax	

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Approved by:



**Athili Gwail Legacy Trust**  
**Year End: September 30, 2019**  
**Reclassifying Journal Entries**  
**Date: 01/01/2019 To 30/09/2019**

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
JUNE-RC1	30/09/2019	Advertising	5125		1,250.00			
JUNE-RC1	30/09/2019	Administration fees	5150			48,750.00		
JUNE-RC1	30/09/2019	Bank charges	5175		250.00			
JUNE-RC1	30/09/2019	Honoraria	5200		5,000.00			
JUNE-RC1	30/09/2019	Meetings and functions	5210		3,750.00			
JUNE-RC1	30/09/2019	Rent and utilities	5450		3,750.00			
JUNE-RC1	30/09/2019	Travel	5525		2,500.00			
JUNE-RC1	30/09/2019	Vehicle expense	5575		1,000.00			
JUNE-RC1	30/09/2019	Wages and benefits	5600		31,250.00			
To reclassify admin fee								
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SEPT-RC1	30/09/2019	Accounts payable	2020		49,920.91			
SEPT-RC1	30/09/2019	Accounts payable - Gwail Trust	2060			49,920.91		
Re-classify related party A/P								
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SEPT-RC1	30/09/2019	Advertising	5125	40	1,250.00			
SEPT-RC1	30/09/2019	Administration fees	5150	40		48,750.00		
SEPT-RC1	30/09/2019	Bank charges	5175	40	250.00			
SEPT-RC1	30/09/2019	Honoraria	5200	40	5,000.00			
SEPT-RC1	30/09/2019	Meetings and functions	5210	40	3,750.00			
SEPT-RC1	30/09/2019	Rent and utilities	5450	40	3,750.00			
SEPT-RC1	30/09/2019	Travel	5525	40	2,500.00			
SEPT-RC1	30/09/2019	Vehicle expense	5575	40	1,000.00			
SEPT-RC1	30/09/2019	Wages and benefits	5600	40	31,250.00			
To reclassify admin fee								
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SEPT-RC1	30/09/2019	Advertising	5125		1,250.00			
SEPT-RC1	30/09/2019	Administration fees	5150			48,750.00		
SEPT-RC1	30/09/2019	Bank charges	5175		250.00			
SEPT-RC1	30/09/2019	Honoraria	5200		5,000.00			
SEPT-RC1	30/09/2019	Meetings and functions	5210		3,750.00			
SEPT-RC1	30/09/2019	Rent and utilities	5450		3,750.00			
SEPT-RC1	30/09/2019	Travel	5525		2,500.00			
SEPT-RC1	30/09/2019	Vehicle expense	5575		1,000.00			
SEPT-RC1	30/09/2019	Wages and benefits	5600		31,250.00			
To record Q3 admin fee payable to GTS.								
					196,170.91	196,170.91		
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Net Income (Loss)			4,288,208.73					

