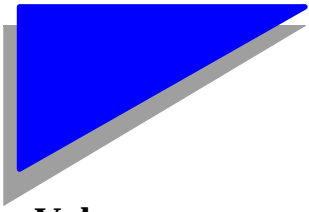


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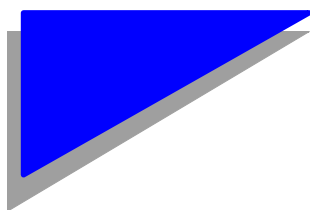
PRINCE RUPERT LEGACY INC.
Financial Statements
Year Ended December 31, 2023



Vohora LLP
CPAs & Business Advisors

PRINCE RUPERT LEGACY INC.
Index to Financial Statements
Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Balance Sheet	4
Statement of Retained Earnings	5
Statement of Income	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 9



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prince Rupert Legacy Inc.

Opinion

We have audited the financial statements of Prince Rupert Legacy Inc. (the Company), which comprise the balance sheet as at December 31, 2023, and the statements of retained earnings, income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

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 are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 of the financial statements which describes the applicable financial reporting framework. The financial statements are prepared only for management purposes and the shareholder's oversight of the company regarding its financial performance, in accordance with Canadian accounting standards for private enterprises. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.

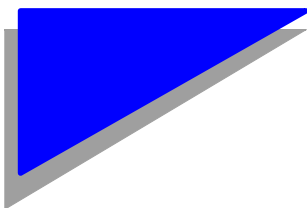
Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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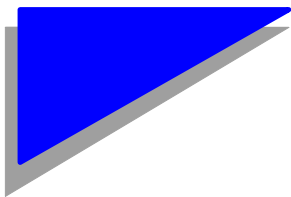
INDEPENDENT AUDITOR'S REPORT (*continued*)

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 Company'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 Company'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 Company 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.



Vohora LLP
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT (*continued*)

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.

Prince Rupert, BC
April 11, 2024

Vohora LLP
Chartered Professional Accountants

PRINCE RUPERT LEGACY INC.

Balance Sheet

December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 9,467,665	\$ 14,445,209
Accounts receivable	158,869	94,278
Loan receivable, current portion <i>(Note 3)</i>	93,641	19,595
	<u>9,720,175</u>	<u>14,559,082</u>
PROPERTY <i>(Note 2)</i>	6,553,500	5,998,792
LOANS <i>(Note 3)</i>	925,980	1,019,621
	<u>\$ 17,199,655</u>	<u>\$ 21,577,495</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 94,206	\$ 28,626
Deferred income, current portion	521,461	700,636
Due to City of Prince Rupert	4,284,566	7,420,627
	<u>4,900,233</u>	<u>8,149,889</u>
DEFERRED INCOME <i>(Note 4)</i>	1,643,779	1,871,648
	<u>6,544,012</u>	<u>10,021,537</u>
SHAREHOLDERS' EQUITY		
Share capital <i>(Note 5)</i>	1	1
Contributed surplus <i>(Note 6)</i>	1,088,810	1,088,810
Retained earnings	9,566,832	10,467,147
	<u>10,655,643</u>	<u>11,555,958</u>
	<u>\$ 17,199,655</u>	<u>\$ 21,577,495</u>

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

PRINCE RUPERT LEGACY INC.
Statement of Retained Earnings
Year Ended December 31, 2023

	2023	2022
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 10,467,147	\$ 14,115,368
NET INCOME	<u>3,299,685</u>	<u>3,651,779</u>
	13,766,832	17,767,147
DIVIDEND DECLARED	<u>(4,200,000)</u>	<u>(7,300,000)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 9,566,832</u>	<u>\$ 10,467,147</u>

See notes to financial statements

PRINCE RUPERT LEGACY INC.

Statement of Income

Year Ended December 31, 2023

	2023	2022
INCOME		
Rental	\$ 2,418,755	\$ 2,639,060
Interest	135,990	83,681
Throughput	1,287,326	1,403,760
Expense recoveries	-	7,698
Grant of options to lease	-	50,000
	<u>3,842,071</u>	<u>4,184,199</u>
EXPENSES		
Amortization	54,042	38,553
Contract services	207,131	245,223
Bad debts	1,500	-
Lease costs	97,970	93,953
Professional services	17,349	18,912
Repairs and maintenance	116,699	105,292
Travel	47,695	30,487
	<u>542,386</u>	<u>532,420</u>
NET INCOME	<u>\$ 3,299,685</u>	<u>\$ 3,651,779</u>

See notes to financial statements

PRINCE RUPERT LEGACY INC.

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Net income	\$ 3,299,685	\$ 3,651,779
Item not affecting cash:		
Amortization	<u>54,042</u>	<u>38,553</u>
	<u>3,353,727</u>	<u>3,690,332</u>
Changes in non-cash working capital:		
Accounts receivable	(64,591)	316,828
Accounts payable and accrued liabilities	65,577	10,416
Deferred Income	<u>(407,042)</u>	<u>(788)</u>
	<u>(406,056)</u>	<u>326,456</u>
Cash flow from operating activities	<u>2,947,671</u>	<u>4,016,788</u>
INVESTING ACTIVITIES		
Purchase of property	(608,749)	(933,651)
Repayment of loans	<u>19,595</u>	<u>-</u>
Cash flow used by investing activities	<u>(589,154)</u>	<u>(933,651)</u>
FINANCING ACTIVITIES		
Dividend	(4,200,000)	(7,300,000)
Due to City of Prince Rupert	<u>(3,136,061)</u>	<u>5,545,643</u>
Cash flow used by financing activities	<u>(7,336,061)</u>	<u>(1,754,357)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(4,977,544)</u>	<u>1,328,780</u>
Cash - beginning of year	<u>14,445,209</u>	<u>13,116,429</u>
CASH - END OF YEAR	<u>\$ 9,467,665</u>	<u>\$ 14,445,209</u>

See notes to financial statements

PRINCE RUPERT LEGACY INC.

Notes to Financial Statements

Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and are not prepared, in all material respects, within the applicable financial reporting framework. Under Public Sector Accounting Standards, international financial reporting standards would normally be applied, but management is of the opinion that special purpose framework financial statements are appropriate under Part II of the Chartered Professional Accountants Canada Handbook.

Cash comprise demand accounts and term deposits with maturity dates of less than eighteen months.

Property are reported at market value at acquisition date. Leasehold improvements are amortized over 25 years.

Income and expenses are reported on an accrual basis. Income is recognized when the service is delivered and the value of the transaction can be measured. Income received in advance of a service being delivered is deferred until the conditions for recognition have been met.

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the amounts reported. Estimates include the useful life of property and accrued liabilities. Actual results could differ from those estimates.

The company measures financial assets and liabilities at market value at the date of acquisition. It is management's opinion that the company's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks.

The company is exempt from income taxes under section 149 of the Income Tax Act.

2. PROPERTY

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 1,816,230	\$ -	\$ 1,816,230	\$ 1,806,275
Land improvements	3,548,347	-	3,548,347	3,305,801
Leasehold improvements	1,307,244	118,321	1,188,923	886,716
	\$ 6,671,821	\$ 118,321	\$ 6,553,500	\$ 5,998,792

3. LOANS

	2023	2022
Prince Rupert Airport Authority; payments include interest at 2.5% per annum, secured by mortgage on Airport Lands.		
\$24,080 due January 28 and July 28 each year with a final payment on January 28, 2033.	\$ 405,312	\$ 405,312
\$16,054 due April 6 and October 6 each year with a final payment on April 6, 2033.	270,209	282,750

(continues)

PRINCE RUPERT LEGACY INC.
Notes to Financial Statements
Year Ended December 31, 2023

3. LOANS (*continued*)

	<u>2023</u>	<u>2022</u>
\$9,030 due June 20 and December 20 each year with a final payment on June 20, 2033.	151,992	159,046
\$10,033 due February 28 and \$7,742 due August 28 each year with a final payment on August 28, 2034.	<u>192,108</u>	<u>192,108</u>
	1,019,621	1,039,216
Amounts receivable within one year	<u>(93,641)</u>	<u>(19,595)</u>
	<u>\$ 925,980</u>	<u>\$ 1,019,621</u>
Principal repayment terms are approximately:		
2024	\$ 93,641	
2025	95,981	
2026	98,381	
2027	100,840	
2028	<u>103,361</u>	
	<u>\$ 492,204</u>	

4. DEFERRED INCOME

	<u>2023</u>
Rental	\$ 2,165,240
Current portion	<u>(521,461)</u>
Non-current portion	<u>\$ 1,643,779</u>

5. SHARE CAPITAL

Issued 100 Common shares without par value.

6. CONTRIBUTED SURPLUS

Contributed surplus is the market value of land transferred by the City of Prince Rupert to the company on June 14, 2014 less transfer costs.