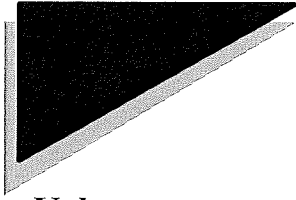


Vohora LLP
CPAs & Business Advisors

PRINCE RUPERT LEGACY INC.

Financial Statements

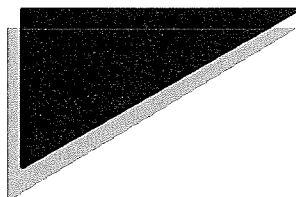
Year Ended December 31, 2024



Vohora LLP
CPAs & Business Advisors

PRINCE RUPERT LEGACY INC.
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Year Ended December 31, 2024

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Vohora LLP
CPAs & Business Advisors

Unit 111 – 101 1st Avenue East
Prince Rupert, BC V8J 3X4

Phone: (250) 624-2300
Fax: (604) 541-9845
Toll Free Phone: (800) 281-5214
Email: firm@vohora.ca
www.vohora.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholder 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, 2024, 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, 2024, 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

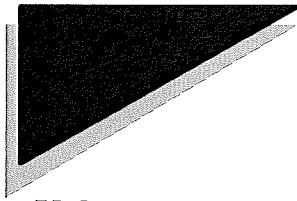
Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud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

(continues)





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.

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 LEGACY INC.

Balance Sheet

December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 8,289,866	\$ 9,467,665
Accounts receivable	214,848	158,869
Loan receivable, current portion <i>(Note 3)</i>	103,212	93,641
	<u>8,607,926</u>	<u>9,720,175</u>
PROPERTY <i>(Note 2)</i>	6,913,130	6,553,500
LOANS <i>(Note 3)</i>	829,998	925,980
	<u>\$ 16,351,054</u>	<u>\$ 17,199,655</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 502,723	\$ 94,206
Deferred income, current portion <i>(Note 4)</i>	648,407	521,461
Due to City of Prince Rupert	3,394,669	4,284,566
	<u>4,545,799</u>	<u>4,900,233</u>
DEFERRED INCOME <i>(Note 4)</i>	1,188,041	1,643,779
	<u>5,733,840</u>	<u>6,544,012</u>
SHAREHOLDER'S EQUITY		
Share capital <i>(Note 5)</i>	1	1
Contributed surplus <i>(Note 6)</i>	1,088,810	1,088,810
Retained earnings	9,528,403	9,566,832
	<u>10,617,214</u>	<u>10,655,643</u>
	<u>\$ 16,351,054</u>	<u>\$ 17,199,655</u>

APPROVED BY THE DIRECTORS

Director

Director

See notes to financial statements

PRINCE RUPERT LEGACY INC.
Statement of Retained Earnings
Year Ended December 31, 2024

	2024	2023
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 9,566,832	\$ 10,467,147
NET INCOME	<u>3,211,571</u>	<u>3,299,685</u>
	12,778,403	13,766,832
DIVIDEND DECLARED	<u>(3,250,000)</u>	<u>(4,200,000)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 9,528,403</u>	<u>\$ 9,566,832</u>

PRINCE RUPERT LEGACY INC.

Statement of Income

Year Ended December 31, 2024

	2024	2023
INCOME		
Rental	\$ 2,295,089	\$ 2,418,755
Interest	143,840	135,990
Throughput	1,310,728	1,287,326
Province of British Columbia grant	150,000	-
	<u>3,899,657</u>	<u>3,842,071</u>
EXPENSES		
Amortization	54,042	54,042
Contract services	304,850	207,131
Bad debts	-	1,500
Lease costs	130,072	97,970
Office and sundry	186	-
Professional services	59,933	17,349
Repairs and maintenance	56,401	116,699
Travel	82,602	47,695
	<u>688,086</u>	<u>542,386</u>
NET INCOME	<u>\$ 3,211,571</u>	<u>\$ 3,299,685</u>

PRINCE RUPERT LEGACY INC.

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Net income	\$ 3,211,571	\$ 3,299,685
Item not affecting cash:		
Amortization	54,042	54,042
	<u>3,265,613</u>	<u>3,353,727</u>
Changes in non-cash working capital:		
Accounts receivable	(55,979)	(64,591)
Accounts payable and accrued liabilities	408,519	65,577
Deferred Income	(328,794)	(407,042)
	<u>23,746</u>	<u>(406,056)</u>
Cash flow from operating activities	<u>3,289,359</u>	<u>2,947,671</u>
INVESTING ACTIVITIES		
Purchase of property	(413,672)	(608,749)
Repayment of loans	86,411	19,595
Cash flow used by investing activities	<u>(327,261)</u>	<u>(589,154)</u>
FINANCING ACTIVITIES		
Dividend	(3,250,000)	(4,200,000)
Due to City of Prince Rupert	(889,897)	(3,136,061)
Cash flow used by financing activities	<u>(4,139,897)</u>	<u>(7,336,061)</u>
DECREASE IN CASH FLOW	<u>(1,177,799)</u>	<u>(4,977,544)</u>
Cash - beginning of year	<u>9,467,665</u>	<u>14,445,209</u>
CASH - END OF YEAR	<u>\$ 8,289,866</u>	<u>\$ 9,467,665</u>

PRINCE RUPERT LEGACY INC.

Notes to Financial Statements

Year Ended December 31, 2024

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	2024 Net book value	2023 Net book value
Land	\$ 1,816,230	\$ -	\$ 1,816,230	\$ 1,816,230
Land improvements	3,962,019	-	3,962,019	3,548,347
Leasehold improvements	1,307,244	172,363	1,134,881	1,188,923
	\$ 7,085,493	\$ 172,363	\$ 6,913,130	\$ 6,553,500

3. LOANS

	2024	2023
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.	\$ 366,985	\$ 405,312
\$16,054 due April 6 and October 6 each year with a final payment on April 6, 2033.	244,656	270,209

(continues)

PRINCE RUPERT LEGACY INC.

Notes to Financial Statements

Year Ended December 31, 2024

3. LOANS (continued)

	<u>2024</u>	<u>2023</u>
\$9,030 due June 20 and December 20 each year with a final payment on June 20, 2033.	144,850	151,992
\$10,033 due February 28 due August 28 each year with a final payment on August 28, 2034.	<u>176,719</u>	<u>192,108</u>
	933,210	1,019,621
Amounts receivable within one year	<u>(103,212)</u>	<u>(93,641)</u>
	<u>\$ 829,998</u>	<u>\$ 925,980</u>
Principal repayment terms are approximately:		
2025	\$ 103,212	
2026	98,381	
2027	100,840	
2028	103,361	
2029	<u>105,945</u>	
	<u>\$ 511,739</u>	

4. DEFERRED INCOME

	<u>2024</u>	<u>2023</u>
Rental	\$ 1,836,448	\$ 2,165,240
Current portion	<u>(648,407)</u>	<u>(521,461)</u>
	<u>\$ 1,188,041</u>	<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.