

PRINCE RUPERT LEGACY INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021

PRINCE RUPERT LEGACY INC.
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DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Prince Rupert Legacy Inc.**

Opinion

We have audited the financial statements of Prince Rupert Legacy Inc., which comprise the balance sheet as at December 31, 2021, the statements of 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 Prince Rupert Legacy Inc. as at December 31, 2021 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the Company in accordance with the 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.

Auditor's Responsibility 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 judgement and maintain professional skepticism throughout the audit.

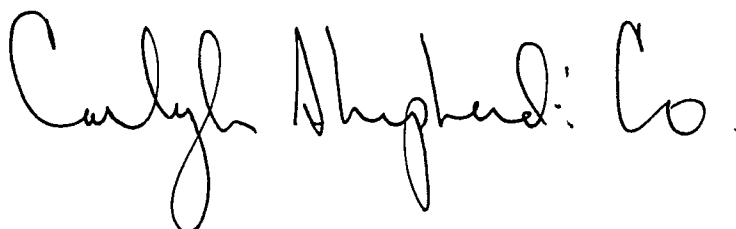
Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of 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 conditions exist that do not allow the going concern basis to be used.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Prince Rupert, BC
April 20, 2022



PRINCE RUPERT LEGACY INC.

BALANCE SHEET

DECEMBER 31

ASSETS

	2021	2020
	\$	\$
CURRENT		
Cash (note 1)	13,116,429	15,016,943
Accounts receivable	411,106	98,908
Loans, current portion	<u>113,236</u>	<u>-</u>
	<u>13,640,771</u>	<u>15,115,851</u>
PROPERTY (note 1 and 2)	<u>5,103,694</u>	<u>4,269,291</u>
OTHER		
Loans (note 4)	<u>925,980</u>	<u>1,174,699</u>
	<u>19,670,445</u>	<u>20,559,841</u>

APPROVED BY THE DIRECTORS

_____ Director

_____ Director

PRINCE RUPERT LEGACY INC.

BALANCE SHEET

DECEMBER 31

LIABILITIES AND SHAREHOLDER EQUITY

	2021	2020
	\$	\$
CURRENT		
Accounts payable and accruals	18,211	160,443
Deferred income, current portion	473,554	265,875
Due to City of Prince Rupert	<u>1,874,984</u>	<u>4,268,262</u>
	<u>2,366,749</u>	<u>4,694,580</u>
OTHER		
Deferred income (note 3)	<u>2,099,517</u>	<u>2,278,691</u>
SHAREHOLDER EQUITY		
Share Capital (note 5)	<u>1</u>	<u>1</u>
Contributed Surplus (note 6)	<u>1,088,810</u>	<u>1,088,810</u>
Retained Income		
Opening balance	12,497,760	9,772,693
Net income	3,017,608	6,775,066
Dividend	<u>-1,400,000</u>	<u>-4,050,000</u>
Closing balance	<u>14,115,368</u>	<u>12,497,759</u>
	<u>19,670,445</u>	<u>20,559,841</u>

PRINCE RUPERT LEGACY INC.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31

	2021	2020
	\$	\$
INCOME		
Rental	2,398,949	3,171,966
Interest	136,330	185,711
Throughput	920,026	-
Expense recoveries	49,027	30,886
Grant of options to lease	-	<u>3,660,886</u>
	<u>3,504,332</u>	<u>7,049,449</u>
EXPENSES		
Amortization	25,727	-
Contract services	309,490	215,429
Lease costs	51,647	5,699
Office and sundry	4,364	168
Professional services	54,876	45,919
Repairs and maintenance	14,984	-
Travel	<u>25,636</u>	<u>7,168</u>
	<u>486,724</u>	<u>274,383</u>
NET INCOME	<u>3,017,608</u>	<u>6,775,066</u>

PRINCE RUPERT LEGACY INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net income	3,017,608	6,775,066
Amortization	25,727	-
Accounts receivable	-312,198	45,093
Accounts payable and accruals	-142,230	-24,164
Deferred income	28,505	-1,578,386
	<u>2,617,412</u>	<u>5,217,609</u>
FINANCING ACTIVITIES		
Due to City of Prince Rupert	-2,393,278	1,525,753
Dividend	<u>-1,400,000</u>	<u>-4,050,000</u>
	<u>-3,793,278</u>	<u>-2,524,247</u>
INVESTING ACTIVITIES		
Property additions	-860,131	-188,373
Loans	<u>135,483</u>	<u>25,406</u>
	<u>-724,648</u>	<u>-162,967</u>
CHANGE IN CASH	-1,900,514	2,530,395
OPENING CASH BALANCE	<u>15,016,943</u>	<u>12,486,548</u>
CLOSING CASH BALANCE	<u>13,116,429</u>	<u>15,016,943</u>

PRINCE RUPERT LEGACY INC.

NOTES

DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises.

Cash comprises 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. 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	Net Book Value	
	\$	\$	2021	2020
			\$	\$
Land	1,802,227	-	1,802,227	1,802,227
Land improvements	2,684,027	-	2,684,027	2,467,064
Leasehold improvements	<u>643,167</u>	<u>25,727</u>	<u>617,440</u>	<u>-</u>
	<u>5,129,421</u>	<u>25,727</u>	<u>5,103,694</u>	<u>4,269,291</u>

PRINCE RUPERT LEGACY INC.

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DECEMBER 31, 2021

3. DEFERRED INCOME

Rental	\$ 2,573,071
Current portion	<u>473,554</u>
Non-current portion	<u>\$ 2,099,517</u>

4. LOANS

Prince Rupert Airport Authority; payments include interest at 2.5% per annum, secured by mortgage on Airport Lands. Effective March 1, 2020, Legacy suspended the requirement for loan repayments and interest accruals until the 2022 financial year.

\$24,080 due January 28 and July 28 each year with a final payment on January 28, 2033.	\$ 405,312
\$16,054 due April 6 and October 6 each year with a final payment on April 6, 2033.	282,750
\$9,030 due June 20 and December 20 each year with a final payment on June 20, 2033.	159,046
\$10,033 due February 28 and August 28 each year with a final payment on August 28, 2034.	<u>192,108</u>
	1,039,216
Current portion	<u>113,236</u>
Non-current portion	<u>\$ 925,980</u>

Scheduled principal repayments for the next five years are as follows:

2022	\$ 113,236
2023	95,981
2024	98,381
2025	100,840
2026	<u>103,361</u>
	<u>\$ 511,799</u>

PRINCE RUPERT LEGACY INC.

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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.