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2021 Annual Report

# Western Pacific Trust Company

Incorporated in British Columbia and governed pursuant to the *Financial Institutions Act* and the *Business Corporations Act*, **Western Pacific Trust Company** is a non-deposit taking trust company.

The Company is licensed to do trust business as a non-deposit taking financial institution in British Columbia and Alberta.

Western Pacific Trust Company has four wholly owned subsidiaries: **WP Private Equity Transfers Inc.**, **WP Private Health Inc.**, **1128668 B.C. Ltd.** and **1211263 B.C. Ltd.**, all British Columbia incorporated private companies.

## SHARE CAPITAL

### Authorized:

100,000,000 Common shares without par value  
100,000,000 Preferred shares, issuable in series

### Issued:

25,018,558 Common shares  
400 Series I Preferred Shares  
130,550 Series II Preferred Shares

Western Pacific's Common shares are listed for trading on the TSX Venture Exchange under trading symbol "**WP**".

## Services

**Self-Administered Plans** – Western Pacific Trust Company offers self-administered tax deferred registered plans (RRSPs, SRRSPs, LIRAs, RIFs, LIFs) to permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices.

Western Pacific Trust also offers self-administered Tax Free Savings Accounts (TFSA). TFSA contributions are non-deductible, but withdrawals are tax free, and any investment income earned within the TFSA, including capital gains, will not be taxed.

Qualified investments for both the RRSP and TFSA self-administered accounts are prescribed in the *Income Tax Act of Canada*, and include securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, arm's length mortgages, Employee Share Ownership Plans, etc.

**Trusts** – We offer strategic counsel, organizational assistance and work with clients' legal and financial advisors in the establishment of various forms of testamentary and inter-vivos trusts. Trusts are an effective vehicle and flexible tool for present and future management of assets. In establishing a trust, there is limitless adaptability to address client requirements, ranging from the most basic to the highly complex, sophisticated or sensitive.

Our professional staff work closely with clients to ensure that the most tax-effective methods are used to achieve the objectives of its clients.

**Financial & Administrative** – Our senior staff work closely with select individual and corporate clients to deliver high quality professional administrative and/or accounting support, tailored specifically to the client's long or short term needs. These services, which may cover a wide range of responsibilities, are delivered on a strictly confidential basis.

**Transfer & Registration** – Through wholly owned subsidiary, **WP Private Equity Transfers Inc.**, we offer transfer and registration services for non-listed, non-reporting issuers.

**Private Health Plans** – Wholly owned subsidiary, **WP Private Health Inc.**, offers Private Health Services Plans to help small business owners save tax, and significantly reduce the after tax cost of their health care.

**Independent Specialist Network** – Western Pacific Trust Company is able to bring together independent specialist professionals in the legal, accounting and financial planning arenas, to provide comprehensive solutions for complex personal and corporate issues.

## WESTERN PACIFIC TRUST COMPANY

Management's Discussion and Analysis of  
Results of Operations and Financial Position  
For the year ended December 31, 2021  
(Expressed in Canadian Dollars)

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The following is management's discussion and analysis ("MD&A"), dated March 23, 2022, of the consolidated financial condition and results of operations of Western Pacific Trust Company and its wholly-owned subsidiaries, WP Private Equity Transfers Inc. ("WPPET"), WP Private Health Inc. ("WPPH"), 1128668 BC Ltd. and 1211263 BC Ltd. (collectively "WPTC" or the "Company") for the year ended December 31, 2021. This discussion should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2021 (the "Financial Statements").

### **Basis of Presentation**

The Company's consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The IASB continues to amend and add to current IFRS standards and interpretations. As of the date of this MD&A, there are no new IFRS standards that have been recently issued that would have any significant impact to the Company's consolidated financial statements.

### **Forward Looking Statements**

This MD&A contains certain forward-looking statements. All statements, included herein, other than statements of historical fact, including without limitation statements regarding the future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will provide accurate information, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in Company documents filed from time-to-time with the regulatory authorities and on [www.SEDAR.com](http://www.SEDAR.com). Additional information with respect to the Company can be obtained from the Company's website at [www.westernpacifictrust.com](http://www.westernpacifictrust.com).

### **Overview**

Western Pacific Trust Company is a non-deposit taking financial institution which is licensed under the *Financial Institutions Act ("FIA")* in British Columbia as a Trust Company. WPTC is also registered extra-provincially in Alberta as a non-deposit taking Trust Company.

#### *Self-Administered Plans*

WPTC Self-Administered Plans permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. In addition to self-administered Registered Retirement Savings Plans ("RRSPs"), WPTC offers self-administered Tax-Free Savings Accounts ("TFSA"), self-administered Registered Retirement Income Funds ("RRIFs"), and self-administered Locked-In Retirement Accounts ("LIRAs"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for RRSPs and all other self-administered accounts include, but are not limited to, securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

#### *Trust Services*

As part of its trust services, WPTC offers strategic counsel, organizational assistance and consults with clients' legal advisors in the establishment and administration of various forms of trusts, an effective vehicle and flexible tool for present and future management of assets.

#### *Client Consulting Services*

The Company provides a range of Accounting, Administrative and Corporate Secretarial services to select clients on a fee-for-service basis.

### *Transfer Agency Services*

The Company provides transfer agent and registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

### *Collateral Agency Services*

The Company acts as Collateral Agent for clients in the conduct of their bond business. The wholly-owned subsidiaries, 1128668 BC Ltd. and 1211263 BC Ltd., are maintained solely for the purpose of offering these services to these clients. The costs of the annual maintenance of these subsidiaries are absorbed by the clients, pursuant to the contract between the parties.

## **Selected Annual Information and Results of Operations**

The following selected consolidated financial data for the three most recently completed financial years should be read in conjunction with the Company's audited consolidated financial statements for the respective years. The Company's consolidated financial statements and the financial information set out below are prepared in accordance with IFRS as issued by the IASB. The Company's significant accounting policies are disclosed in note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2021. The Company's functional and reporting currency is the Canadian dollar.

### Statements of Financial Position-selected information

	As at December 31,		
	2021	2020	2019
Total current assets	\$ 1,687,035	\$ 1,243,008	\$ 1,117,060
Total non-current assets	923,848	285,099	352,245
<b>Total assets</b>	<b>\$ 2,610,883</b>	<b>\$ 1,528,107</b>	<b>\$ 1,469,305</b>
Total current liabilities	\$ 173,720	\$ 183,800	\$ 170,354
Total non-current liabilities	569,643	256,886	218,370
<b>Total equity</b>	<b>1,867,520</b>	<b>1,087,421</b>	<b>1,080,581</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,610,883</b>	<b>\$ 1,528,107</b>	<b>\$ 1,469,305</b>

Current assets increased in the 2021 fiscal year compared to the same period in 2020 fiscal year due to an increase of cash and cash equivalents for proceeds from new subordinated loans of \$399,500 and the increase in revenue from Self-Administered Plan fees. In addition, during the 2021 fiscal year, the Company recognized deferred income tax assets of \$740,000 of which \$30,000 is included in current assets.

Non-current assets increased in 2021 compared to 2020 due to recognition of \$710,000 of non-current portion of deferred income tax assets, offset by the amortization of the right-of-use asset for the Company's office lease and the amortization for equipment and intangible assets.

Current liabilities for 2021 decreased compared to 2020 due to the decrease in vendor payables at the end of the 2021 fiscal year.

Non-current liabilities increased in 2021 compared to 2020, reflecting the proceeds of \$399,500 for new subordinated loans.

The increase in total equity in 2021 compared to 2020 is due to the increase of net income of \$105,584 and the recovery of deferred income tax of \$740,000, offset by the payment of dividends of \$65,475.

Statements of Comprehensive Income	As at December 31		
	2021	2020	2019
Total revenue	\$ 1,116,368	\$ 1,059,674	\$ 1,086,977
Total general and administrative expenses	(984,392)	(956,769)	(908,550)
Income before amortization, finance expense and share-based payments	131,976	102,905	178,427
Amortization	(7,555)	(9,428)	(11,110)
Finance expense and amortization of deferred gain on subordinated loans	(18,847)	(15,171)	(19,968)
Share-based payments	-	(1,626)	(3,995)
Deferred income tax recovery	740,000	-	-
Net income	\$ 845,574	\$ 76,680	\$ 143,354
Earnings per share - basic	\$ 0.031	\$ 0.000	\$ 0.003
Earning per share - diluted	\$ 0.028	\$ 0.000	\$ 0.003

Income before amortization, finance expense and share-based payments is a non-GAAP financial measure which has no standard meaning under IFRS. Management is of the opinion that certain investors use this information, in addition to more conventional measures prepared in accordance with IFRS, to evaluate the Company's performance and ability to generate liquidity through operating cash flows.

## **Results of Operations**

### **Revenues**

#### Comparison of 2021 fiscal year to 2020 fiscal year

The Company recorded an increase in total revenue of \$56,694 or 5.35% in 2021 compared to 2020, primarily due to the increase of self-administered plans income of \$124,923 (14.0%). Fees received in respect to trust service fee increased by \$16,787 (59.0%) from an increase in new trust services, while interest income decreased in 2021 by \$77,498 (58.93%) due to a decrease GIC's rates, and also the decrease of consulting fees of \$7,518 (99.0%) compared to 2020.

#### Comparison of 2020 fiscal year to 2019 fiscal year

The Company recorded a decrease in total revenue of \$27,303 or 2.5% in 2020 compared to 2019, primarily due to the decrease of interest income of \$43,011 (24.6%) from reduced interest rates available upon reinvestment in 2020. Fees received in respect to self-administered plans increased by \$32,766, or 3.8% from an increase in new plans, while consulting and trust service fee income decreased in 2020 by \$17,058 (32.2%) due to a decrease in consulting services income compared to 2019.

### **Expenses**

#### Comparison of 2021 fiscal year to 2020 fiscal year

Total general and administrative expenses increased overall by \$27,623 in 2021 when compared to 2020. The increase is mainly attributable to the increase in staff salaries and the cost of benefits of \$18,425, \$7,426 for compliance and regulatory and \$8,068 for interest expense. The increase is offset by decreases in advertising and promotion expenses of \$5,125; bad debt of \$5,972; and rent expense of \$6,321.

#### Comparison of 2020 fiscal year to 2019 fiscal year

Total general and administrative expenses increased overall by \$48,219 in 2020 when compared to 2019. The increase is mainly attributable to the increase in staff salaries and the cost of benefits of \$41,479, \$8,189 for computer software and \$12,000 for consulting fees. The increase is offset by decreases in advertising and promotion expenses of \$4,775; office expenses of \$5,757; and directors' fees of \$4,797.

During the 2021 fiscal year, the Company recognized deferred income tax assets from the benefit of unused tax losses and deductible temporary differences based on management's estimate of future net taxable income. This resulted in the \$740,000 of deferred income tax recovery in the statement of comprehensive income for the 2021 fiscal year.

### Summary of Quarterly Results

The following is selected financial information for the last eight quarters

Quarter ended		Total revenue	Net income (loss) and comprehensive income (loss)	Net income (loss) per share (basic and diluted)	Total assets
		\$	\$	\$	\$
Q4/21	December 31, 2021	256,609	744,423	0.0291/0.0263	2,610,883
Q3/21	September 30, 2021	244,875	(2,142)	(0.0007)	1,877,202
Q2/21	June 30, 2021	263,540	14,283	(0.0001)	1,594,241
Q1/21	March 31, 2021	351,344	89,010	0.0029/0.0026	1,587,119
Q4/20	December 31, 2020	247,846	(11,621)	(0.0011)	1,528,107
Q3/20	September 30, 2020	232,285	(9,143)	(0.0010)	1,556,697
Q2/20	June 30, 2020	234,004	9,321	(0.0003)	1,455,413
Q1/20	March 31, 2020	345,539	88,123	0.0029/0.0026	1,502,900

#### Revenue and net income (loss) for each quarter

The fluctuations in total revenue from quarter to quarter are due primarily to seasonal variations in revenue from self-administered plans.

Total revenue increased for the last quarter in 2021 compared to the third quarter of 2021 as a result of an increase in self-administered plan revenue.

The increase in net income in the last quarter of 2021 is due to the recovery of deferred income tax of \$740,000 in addition to an increase in self-administered plan revenue.

#### ***Significant variances in previous quarters are discussed as follows:***

Total assets increased in the **third quarter of 2021** compared to the second quarter of 2021 primarily due to the increase in subordinated loans of \$295,000.

Total revenue and net income (loss) decreased for the **third quarter of 2021** compared to the second quarter of 2021, mainly due to the lower self-administered plan revenue, lower interest income from investments and an increase in expenses for salaries and benefits and consulting fees.

Total revenue and net income both decreased for the **second quarter of 2021** due to seasonal fluctuation in self-administered plan revenue from the first to second quarter.

Total revenue and net income both increased for the **first quarter of 2021** due to an increase in self-administered plan business prior to the annual RRSP contribution deadline of March 1, 2021.

Total revenue and net income both decreased for the **third quarter of 2020** due to the decrease in interest income and increase in salaries and professional fees. The increase in total assets for the third quarter of 2020 is due to the increase in subordinated loans of \$105,000 from Company insiders.

Total revenue and net income both decreased for the **second quarter of 2020**, due to seasonal fluctuation in self-administered plan revenue from the first to second quarter. The decrease in total assets for the second quarter of 2020 is due to the decrease in cash as a result of cash used for payments of accounts payable and dividends during the quarter.

Total revenue and net income both increased for the **first quarter of 2020** due to the increase in self-administered plan business prior to the annual RRSP contribution deadline of March 2, 2020.

## **Outlook**

The COVID-19 pandemic resulted in governments worldwide enacting emergency measures to curb the spread of the virus and stabilize economic conditions, the ultimate efficacy of which has taken many months to determine. Those measures caused material economic disruptions to businesses giving rise to a slowdown in business activity. The related negative impact resulted in limited growth and substantially lower interest rates, significantly decreasing the Company's interest income, which in turn had a negative impact on revenue and profits. However, there is cautious optimism in the outlook for 2022, as business continues steadily increasing and interest rates rise.

## **Self-Administered Plans**

Trustee services for Self-Administered Plans are required for any issuer wishing to offer RRSP or TFSA eligible securities, as well as for investors wishing to purchase a private market security in an RRSP or TFSA. Such investments include, but are not limited to, private Mutual Fund Trusts, eligible Canadian Controlled Private Corporations, Eligible Business Corporations, Venture Capital Corporations and arm's length mortgages.

Annual trustee fees earned from each plan build year-over-year for the life of the plan, creating a continuing revenue base for each succeeding year. Transactional fees earned on new accounts increase in proportion to the numbers of plans opened, in addition to transaction fees generated for new purchases in existing accounts.

Western Pacific Trust Company continues to earn increasing recognition in the private capital markets as a trustee for self-administered plans holding eligible private investments. While the Company offers competitive pricing, it is the commitment to offering knowledgeable and responsive service delivered on a consistent basis which distinguishes the company in the market place.

## **Client Consulting Services**

The Company offers a range of administrative and accounting services to select clients.

## **Transfer Agency Services**

The Company provides transfer agent and registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

## **Private Health Plans**

Through its wholly-owned subsidiary, WP Private Health Inc., the Company offers private health care plans for small business owners. Not insurance, rather a tax planning tool, these plans help clients who own small corporations to save taxes, and reduce the after-tax cost of health care for themselves and their families.

## **Collateral Agent Services**

Wholly-owned subsidiaries 1128668 BC Ltd. and 1211263 BC Ltd. provide Collateral Agent services to clients in the conduct of their bond business.

## **Liquidity**

### **Western Pacific Trust Company - Capital Adequacy**

As a trust company, the Company is governed by the BC Financial Services Authority ("BCFSA") pursuant to the *Financial Institutions Act* (British Columbia). The Company is required to submit to the BCFSA, on a quarterly basis, within 30 days of each quarter end, a Financial Return in which a Capital Adequacy calculation is required to set forth the Primary Capital (Shares, Retained Earnings and Reserves) and the Secondary Capital (Subordinated Debt and Other equity investments) to arrive at the Company's Capital Base. The Required Capital Base is calculated as 0.5% of the Assets Held in Trust.

As at December 31, 2021, the Company had a calculated Capital Base in excess of the Required Capital Base.

## **Capital Resources**

As at December 31, 2021, the Company had working capital of \$1,513,315 (December 31, 2020: \$1,059,208) available to fund its operations.

As at December 31, 2021, the Company had subordinated debt outstanding in the aggregate amount of \$569,167. The subordinated loans include \$295,000 with interest at 6% per annum of which \$115,000 are from related parties; \$155,000 subordinated loans with interest at 5% per annum with \$90,000 from related parties; and \$119,167 of the subordinated loans are from unrelated parties and bear no interest.

### Off-Balance Sheet Arrangements

Other than Self-Administered Plan revenues beyond the reporting period and interest income held in term deposits from trust assets, the Company does not have any off-balance sheet items that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

### Transactions with Related Parties

Pursuant to the requirements of the Financial Institutions Act, WPTC's Conduct Review Committee is required to approve all related party transactions of the Company and report same to the Directors at meetings of the Board, which are held quarterly.

Related parties includes directors and officers of the Company. Share-based payments consist of stock option issuances.

The following transactions with related parties for the years ended December 31, 2021 and 2020 were in the normal course of operations and were measured at the fair value of the services provided:

	Years ended	
	December 31, 2021	December 31, 2020
Management salaries	\$ 146,312	\$ 142,729
Directors' fees	42,750	40,203
Consulting fees paid to a company controlled by a director	98,800	96,000
Professional fees for consultant	45,194	44,975
Share-based payments	-	1,626
<b>Total compensation</b>	<b>\$ 333,056</b>	<b>\$ 325,533</b>

Finance expense includes interest for subordinated loans of \$6,969 (2020: \$1,919) and waiver fees of \$Nil (2020: \$1,879). For the year ended December 31, 2021, interest of \$6,810 (2020: \$Nil) and dividends of \$30,725 (2020: \$30,725) have been paid to directors and close family members of directors.

At December 31, 2021, the Company has \$32,691 (2020: \$39,273) in accounts payable and accrued liabilities due to an officer, directors of the Company, and companies controlled by directors. In addition, \$205,000 (2020: \$90,000) of subordinated loans are due to directors or close family members of directors of the Company and accrued interest of \$2,002 (2020: \$1,619) has been included in finance expense.

### Financial Instruments

As at December 31, 2021, the Company had not entered into any derivative financial instruments as a method of managing market risks associated with interest rates and foreign exchange fluctuations. Note 4 to the audited consolidated financial statements include a discussion of the Company's financial instruments and the related risks.

### Risks and Uncertainties

#### COVID-19

For the past two years there has been increased risk due to the COVID-19 pandemic, and Management considers the pandemic as an additional risk factor to its operations. While the impact of the pandemic and the Government's related fiscal interventions remains uncertain, the Company is adjusting and adapting to the changes and is continuing its operations as an essential service provider. As this situation evolves, Management will continue to monitor the impact on operations. See Outlook section above for further detail.

#### Russia-Ukraine Crisis

Russia's invasion of Ukraine has injected a new uncertainty into the global economy, the impact of which is difficult to predict, as its outcome and longevity are unknown. With rising oil and commodity prices,

the developing situation remains fluid, and the impact on Canadian consumer confidence in the face of a potentially significant inflationary threat is difficult to assess at this time.

#### *Dependence on major clients*

Plans opened for the Company's three largest issuer clients comprise a significant percentage of total revenues. Although these issuers are large entities, as such, any disruption in the Company's relationships with these major clients or any decrease in revenue from them, could have an adverse effect on the Company.

#### *Tax laws*

The tax laws in Canada and abroad are continually changing.

#### *Dependence on key personnel*

Loss of certain members of the executive team or key management members of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacements are found. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

### **Outstanding Share Information**

As at the date of this report there are 25,018,558 Common shares, 400 Series I Preferred shares and 130,550 Series II Preferred shares issued and outstanding. The terms of the preferred shares are described in the condensed interim consolidated financial statements.

### **Share Purchase Options**

A total of 5,003,711 Common shares are reserved for issuance under the Company's Stock Option Plan (the "Plan").

As at the date of this report, there are a total 2,625,000 shares under option, and 2,378,711 shares reserved and available for issuance under the Plan.

### **Proposed Transactions**

As of the date of this report, there are no significant transactions, acquisition or disposition of businesses or assets currently being discussed or transacted.

### **Directors**

As of the date of this report, the Board of Directors is composed of the following:

Anthony Liscio, DDS (Chair)  
Alison Alfer  
Bruce H. Bailey, CPA, CA  
G. Benjamin Cutler

John C.A. de Wit, CPA, CA  
J. Cowan McKinney, FCPA, FCA  
Steven O. Youngman, B.Comm., LL.B (Deputy Chair)

**WESTERN PACIFIC TRUST COMPANY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**December 31, 2021 and 2020**

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Consolidated Statements of Cash Flows

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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF WESTERN PACIFIC TRUST COMPANY

#### *Opinion*

We have audited the consolidated financial statements of Western Pacific Trust Company (the "Company"), which comprise:

- ♦ the consolidated statements of financial position as at December 31, 2021 and 2020;
- ♦ the consolidated statements of comprehensive income for the years then ended;
- ♦ the consolidated statements of changes in shareholders' equity for the years then ended;
- ♦ the consolidated statements of cash flows for the years then ended; and
- ♦ the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

#### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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

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

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In preparing the consolidated 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.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Hervé Leong-Chung.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
March 23, 2022

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**WESTERN PACIFIC TRUST COMPANY**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

As at	Note	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		\$ 1,575,083	\$ 1,150,936
Accounts receivable	5	64,417	66,430
Interest receivable		9,092	17,415
Prepaid expenses		8,443	8,227
Deferred income tax asset – current portion	17	30,000	-
		1,687,035	1,243,008
Deposits	4.3, 14	111,509	113,405
Right-of-use asset	6	72,113	133,913
Property and equipment	7	17,538	21,922
Intangible assets	8	12,688	15,859
Deferred income tax asset	17	710,000	-
		\$ 2,610,883	\$ 1,528,107
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities	13	\$ 79,463	\$ 93,104
Deferred revenue		12,841	12,680
Lease liability – current portion	6	69,889	66,489
Subordinated loans – current portion	9	11,527	11,527
		173,720	183,800
Lease liability	6	12,003	81,886
Subordinated loans	9, 13	514,614	155,059
Deferred gain on subordinated loans	9	43,026	19,941
		743,363	440,686
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	10	1,536,734	1,536,734
Preferred shares	10	1,272,584	1,272,584
Reserves		357,965	357,965
Accumulated deficit		(1,299,763)	(2,079,862)
		1,867,520	1,087,421
		\$ 2,610,883	\$ 1,528,107

Approved on behalf of the Board

*"Anthony Liscio"*  
Director

*"Steven Youngman"*  
Director

The accompanying notes are an integral part of these Consolidated Financial Statements

**WESTERN PACIFIC TRUST COMPANY**  
**Consolidated Statements of Comprehensive Income**  
(Expressed in Canadian Dollars)

		For the years ended	
	Note	December 31, 2021	December 31, 2020
<b>Revenue</b>			
Consulting and trust service fee income		\$ 45,263	\$ 35,994
Self-Administered Plan fee income		1,017,100	892,177
Interest		54,005	131,503
<hr/>			
General and administrative expenses	13,16	1,116,368	1,059,674
		984,392	956,769
<hr/>			
<b>Income from operations</b>		131,976	102,905
Amortization of property and equipment	7	(4,384)	(5,463)
Amortization of intangible assets	8	(3,171)	(3,965)
Finance expense	9,13	(22,020)	(18,003)
Amortization of deferred gain on subordinated loans	9	3,173	2,832
Share-based payments	11,13	-	(1,626)
<hr/>			
<b>Net income before income taxes</b>		\$ 105,574	\$ 76,680
Deferred income tax recovery	17	740,000	-
<hr/>			
<b>Net income and comprehensive income</b>		\$ 845,574	\$ 76,680
<hr/>			
Earnings per share, basic	10	\$ 0.0312	\$ 0.0004
Earnings per share, diluted	10	\$ 0.0282	\$ 0.0004
<hr/>			
Weighted average number of common shares outstanding		25,018,558	25,018,558

The accompanying notes are an integral part of these Consolidated Financial Statements

**WESTERN PACIFIC TRUST COMPANY**

**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars)

	Share Capital		Reserves			Total Shareholders' Equity	
	Common Shares	Amount	Preferred Shares	Amount	Share-Based Payments		Accumulated Deficit
Balance, December 31, 2019	25,018,558	\$ 1,536,734	130,950	\$ 1,278,575	\$ 356,339	\$ (2,091,067)	\$ 1,080,581
Series II preferred shares issued	-	-	61,350	613,500	-	-	613,500
Series I preferred shares redeemed	-	-	(61,350)	(613,500)	-	-	(613,500)
Share issue costs on preferred shares	-	-	-	(5,991)	-	-	(5,991)
Share-based payments	-	-	-	-	1,626	-	1,626
Dividends paid on preferred shares	-	-	-	-	-	(65,475)	(65,475)
Net income for the year	-	-	-	-	-	76,680	76,680
Balance, December 31, 2020	25,018,558	\$ 1,536,734	130,950	\$ 1,272,584	\$ 357,965	\$ (2,079,862)	\$ 1,087,421
Balance, December 31, 2020	25,018,558	\$ 1,536,734	130,950	\$ 1,272,584	\$ 357,965	\$ (2,079,862)	\$ 1,087,421
Dividends paid on preferred shares	-	-	-	-	-	(65,475)	(65,475)
Net income for the year	-	-	-	-	-	845,574	845,574
Balance, December 31, 2021	25,018,558	\$ 1,536,734	130,950	\$ 1,272,584	\$ 357,965	\$ (1,299,763)	\$ 1,867,520

The accompanying notes are an integral part of these Consolidated Financial Statements

**WESTERN PACIFIC TRUST COMPANY**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

	For the years ended December 31,	
	2021	2020
<b>Operating activities</b>		
Net income for the year	\$ 845,574	\$ 76,680
Items not involving cash:		
Amortization of property and equipment and intangible assets	7,555	9,428
Amortization of deferred gain on subordinated loans	(3,173)	(2,832)
Accretion expense on subordinated loans	3,173	2,832
Amortization of right-of-use asset	61,800	61,800
Deferred income tax recovery	(740,000)	-
Interest on lease liability	5,613	8,825
Share-based payments	-	1,626
	180,542	158,359
Changes in non-cash working capital balances		
Interest receivable	8,323	33,555
Accounts receivable	2,013	41,278
Deposits	1,896	(3,653)
Prepaid expenses	(216)	(378)
Accounts payable and accrued liabilities	(13,641)	10,210
Deferred revenue	161	(6,208)
Net cash provided by operating activities	179,078	233,163
<b>Investing activity</b>		
Property and equipment and intangible assets acquired	-	(429)
Net cash used in investing activity	-	(429)
<b>Financing activities</b>		
Lease liability payments	(72,096)	(65,865)
Proceeds from subordinated loans	399,500	105,000
Repayment of subordinated loans	(16,860)	-
Series II preferred shares issued	-	613,500
Series I preferred shares redeemed	-	(613,500)
Share issue costs	-	(5,991)
Dividends paid	(65,475)	(65,475)
Net cash provided by (used in) financing activities	245,069	(32,331)
Increase in cash and cash equivalents during the year	424,147	200,403
Cash and cash equivalents, beginning of the year	1,150,936	950,533
Cash and cash equivalents, end of the year	\$ 1,575,083	\$ 1,150,936
<b>Cash paid during the year for:</b>		
Interest	\$ 12,975	\$ 8,820

The accompanying notes are an integral part of these Consolidated Financial Statements

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

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**1. Corporate Information**

Western Pacific Trust Company (the “Company”) has been listed on the TSX Venture Exchange since 1999 under stock symbol “WP”.

The Company is a British Columbia incorporated, publicly traded, non-deposit-taking independent trust company licensed under the *Financial Institutions Act* in British Columbia and the *Loan and Trust Corporations Act* in Alberta to conduct trust business in both provinces. The Company is not authorized to receive or hold funds on deposit. The Company may invest in corporations that carry on businesses described in Section 141 of the *Financial Institutions Act*.

The Company acts as Trustee for Self-Administered Registered Retirement Savings Plans (“RRSP”), which permits investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. The Company also offers self-administered Tax-Free Savings Accounts (“TFSA”), within which clients can earn tax-free investment income during their lifetime. Qualified investments for both the RRSP and TFSA self-administered accounts include securities in eligible Canadian-controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm’s length mortgages.

One of the Company’s wholly owned subsidiaries, WP Private Equity Transfers Inc. (“WPPET”), a British Columbia incorporated company, provides transfer agency services for unlisted, non-reporting issuers.

Another wholly owned subsidiary, WP Private Health Inc. (“WPPH”), a British Columbia incorporated company, also registered in Alberta, provides private health plans to small business owners.

The Company has two additional 100% owned private subsidiaries: 1128668 BC Ltd., and 1211263 BC Ltd., both of which act as Collateral Agent for different clients in the conduct of their respective bond businesses. These wholly owned subsidiaries are maintained solely for the purpose of offering these services to these clients. The annual maintenance costs of these subsidiaries are absorbed by the clients, pursuant to the contract between the parties.

The outbreak of the COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to curb the spread of the virus and stabilize economic conditions, the ultimate efficacy of which remains unknown at this time. These measures have caused material economic disruptions to businesses giving rise to a dramatic slowdown in business activity. The related negative impact has resulted in limited growth and substantially lower interest rates, which in turn has had a negative impact on the Company’s revenue and profits.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 23, 2022.

**2. Basis of preparation**

**2.1 Statement of compliance**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

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**2. Basis of preparation (continued)**

**2.2 Basis of presentation**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**2.3 Critical accounting judgments and estimates**

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Actual results could differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of changes to estimates are recognized in the period they are revised and in future periods affected. The critical judgment and assumptions applied in the preparation of these consolidated financial statements and other major sources of measurement uncertainty are disclosed in note 3.

**3. Summary of significant accounting policies**

**3.1 Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its integrated wholly owned subsidiaries, WPPET, WPPH, 1128668 BC Ltd., and 1211263 BC Ltd. All material intercompany balances have been eliminated in these consolidated financial statements. Subsidiaries are all entities over which the Company has control. Control is based on whether an investor has power over the investee, exposure of rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

**3.2 Significant accounting judgments and estimates**

**a) Collectability of receivables**

Receivables comprise amounts due from consulting and trust service fee income and Self-Administered Plan fee income. The receivables are reviewed on a regular basis to determine their collectability and amounts deemed uncollectable are provided for. At December 31, 2021 and 2020, management is of the opinion that the Company's accounts receivable balance is collectable.

**b) Amortization of property and equipment and intangible assets**

Property and equipment and intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is calculated on a declining-balance basis for computer software and furniture and equipment. Amortization rates used are based on standard rates for the corresponding assets and reflect management's best estimate of the useful lives of these assets.

**c) Accrued liabilities**

Management makes estimates of the obligations of the Company as a result of past transactions. The estimates are reviewed on an ongoing basis and revisions to the estimates are recognized in the period in which the estimate is revised.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

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

**3.2 Significant accounting judgments and estimates (continued)**

**d) Deferred income tax assets**

In assessing the probability of realizing income tax assets, management makes educated estimates related to future net taxable income. Management believes that its estimates are reasonable, but actual results may differ.

**e) Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

**f) Share-based payments**

Assumptions are used in determining share-based payments. The fair value of stock options are subject to the limitation of the Black-Scholes option pricing model that requires market data and estimates used by the Company in the assumptions. These inputs are subjective assumptions and changes in these inputs can materially affect the fair value estimated.

**g) Interest rate**

The Company estimates a fair value interest rate in determining the fair value of long-term subordinated loans payable, right-of-use asset and lease liability. The determination of the fair value interest rate is subjective and changes to the business or market rates of interest could materially affect the fair value estimated.

**3.3 Revenue recognition**

Consulting and trust services fee income and Self-Administered Plan fee income are recognized when services are provided.

Interest income is accrued on a time-apportioned basis by reference to the carrying value using the effective interest rate method. The Company also accrues and recognizes interest income earned on funds held in trust.

**3.4 Property and equipment**

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, with any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Amortization is provided at rates calculated to write off the cost of equipment less their estimated residual value. Furniture and equipment are amortized at 20% per year, on a declining-balance basis.

An item of property and equipment is derecognized upon disposal, when held for resale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of comprehensive income.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
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**3. Summary of significant accounting policies (continued)**

**3.5 Intangible assets**

Intangible assets consist of trust management operations software. It is a finite-lived intangible asset being amortized 20% per year, on a declining-balance basis. The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying value may not be recoverable.

**3.6 Taxation**

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward, to the extent it is probable the Company will realize the benefit. Income tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively enacted. The amount of income tax assets is reviewed each reporting period and is reduced to the extent it is no longer probable the benefit will be realized.

**3.7 Share-based payments**

The Company has a stock option plan that is described in note 11. Stock options to employees are measured at the fair value of the instruments issued and amortized over the vesting period. Stock option payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. When options and warrants expire unexercised, such amounts are transferred to deficit.

**3.8 Earnings per share**

Basic earnings per share is computed by dividing the net earnings available to common shareholders less the dividends declared on preferred shares by the weighted average number of common shares outstanding during the period. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

**3.9 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
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(Expressed in Canadian Dollars)

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

**3.10 Financial instruments**

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified and measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of comprehensive income.

*Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance.

(ii) Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

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

**3.10 Financial instruments (continued)**

(iv) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

**3.11 Leases**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset (the ROU), the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The Company applies the exemption not to recognize right-of-use assets and lease liabilities for leases relating to low-value assets. The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end-of-the-useful-life or the lease term, whichever comes earlier, using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

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

**3.12 Preferred shares**

Preferred shares issued by the Company contain provisions that allow the holders of the preferred shares to put those shares to the Company for redemption ("right of retraction"). Where the holder of the preferred shares has waived their right of retraction, the associated preferred shares are presented as equity of the Company. In cases where the holder of the preferred shares has retained their right of retraction, the associated preferred shares are presented as a liability.

**4. Financial instruments**

**4.1 Categories of financial instruments**

The Company has classified its financial instruments as follows under IFRS 9 *Financial Instruments*:

	<b>IFRS 9</b>
<b>Financial Asset</b>	
Cash and cash equivalents	Fair value through profit or loss
Accounts receivable, interest receivable, deposits (other than rental deposit)	Amortized cost
<b>Financial Liability</b>	
Accounts payable and accrued liabilities, lease liability and subordinated loans	Amortized cost

**4.2 Fair value**

The fair values of the financial instruments, other than cash and the current portion of subordinated loans, approximate their carrying value as at December 31, 2021 and December 31, 2020 due to the demand nature or short-term maturity of these instruments. Subordinated loans approximate fair value as they are based on current market rates of interest. Cash is valued in accordance with level 1 of the fair value hierarchy.

**4.3 Financial risk management objectives and policies**

The risks associated with the Company's financial instruments and the policies on mitigating these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk in respect of cash by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. Trade accounts receivable are due from clients. The Company manages credit risk in respect to accounts receivable by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at December 31, 2021 and 2020.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

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**4. Financial instruments (continued)**

**4.3 Financial risk management objectives and policies (continued)**

**a) Credit risk (continued)**

Concentration of credit risk exists with respect to the Company's cash as the majority of amounts are held at a single major Canadian chartered bank. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	December 31, 2021	December 31, 2020
Cash	\$ 571,385	\$ 204,620
Cash in interest bearing account	1,003,698	946,316
<b>Total cash and cash equivalents</b>	<b>1,575,083</b>	<b>1,150,936</b>
Deposits held by credit card processor	86,745	88,671
Deposit held by lessor (note 14)	18,832	18,832
Restricted cash	5,932	5,902
<b>Total deposits</b>	<b>111,509</b>	<b>113,405</b>
Accounts receivable	64,417	66,430
Interest receivable	9,092	17,415
	<b>\$ 1,760,101</b>	<b>\$ 1,348,186</b>

The Company's restricted cash consists of a cashable guaranteed investment certificate held as security for the SEDAR program, with interest at 0.10% per annum, and maturing March 29, 2022. The investment is renewed annually.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements. At December 31, 2021, the Company had accounts payable and accrued liabilities of \$79,463 (2020: \$93,104), which are due for payment within three months, current portion of lease liability of \$69,889 (2020: \$66,489) and lease liability of \$12,003 (2020: \$81,886) until the lease term ending 2023, current portion of subordinated loan of \$11,527 (2020: \$11,527), due on demand, and subordinated loans of \$514,614 (2020: \$155,059), which are due for payment in 2027 and 2031.

**c) Market risk**

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

i) Interest rate risk consists of two components:

a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

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**4. Financial instruments (continued)**

**4.3 Financial risk management objectives and policies (continued)**

**c) Market risk (continued)**

- b) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the significant decrease in interest rates on cash equivalents during the 2021 fiscal year, the Company is exposed to substantial interest rate risk.

ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to other price risk.

The Company's management of credit risk, liquidity risk and market risk related to financial instruments above have not changed materially for the year ended December 31, 2021.

**5. Accounts receivable**

The Company's trade accounts receivable is aged as follows:

	December 31, 2021	December 31, 2020
Less than 1 month	\$ 7,856	\$ 8,670
1 to 3 months	5,195	6,224
More than 3 months	51,366	51,536
	<u>\$ 64,417</u>	<u>\$ 66,430</u>

Management reviews the collectability of the accounts receivable on a monthly basis and provides allowance on amounts that are not collectable.

**WESTERN PACIFIC TRUST COMPANY**  
**Notes to the Consolidated Financial Statements**  
**Years ended December 31, 2021 and 2020**  
(Expressed in Canadian Dollars)

**6. Right-of-use asset**

**Right-of-use asset**

Value of right-of-use asset as at December 31, 2019	\$	195,713
Depreciation		(61,800)
Value of right-of-use asset as at December 31, 2020	\$	133,913
Depreciation		(61,800)
<b>Value of right-of-use asset as at December 31, 2021</b>	<b>\$</b>	<b>72,113</b>

**Lease liability**

Lease liability as at December 31, 2019	\$	205,415
Lease payments		(65,865)
Lease interest		8,825
Lease liability as at December 31, 2020	\$	148,375
Lease payments		(72,096)
Lease interest		5,613
<b>Lease liability as at December 31, 2021</b>	<b>\$</b>	<b>81,892</b>

Current portion	\$	69,889
Long-term portion		12,003

**\$ 81,892**

**7. Property and equipment**

**Furniture and Equipment**

**Cost**

As at December 31, 2019	\$	187,584
Additions		429
As at December 31, 2020 and 2021	\$	188,013

**Accumulated amortization**

As at December 31, 2019	\$	160,628
Charge for the year		5,463
As at December 31, 2020		166,091
Charge for the year		4,384
As at December 31, 2021	\$	170,475

**Net book value**

As at December 31, 2020	\$	21,922
As at December 31, 2021	\$	17,538

**WESTERN PACIFIC TRUST COMPANY**  
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**8. Intangible assets**

<b>Cost</b>	<b>Software</b>	
As at December 31, 2019, 2020 and 2021	\$	53,702
<b>Accumulated amortization</b>		
As at December 31, 2019	\$	33,878
Charge for the year		3,965
As at December 31, 2020		37,843
Charge for the year		3,171
As at December 31, 2021	\$	41,014
<b>Net book value</b>		
As at December 31, 2020	\$	15,859
As at December 31, 2021	\$	12,688

**9. Subordinated loans**

**Current subordinated loan**

Non-interest bearing and due on demand <sup>(1)</sup> at December 31, 2020 and 2021	\$ 11,527
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**Long-term subordinated loans**

	Long-term subordinated loans	Deferred gain on subordinated loans	Principal Advanced (Repaid)
Balance at December 31, 2019 <sup>(2)</sup>	\$ 47,227	\$ 22,773	\$ 70,000
Additions:			
Subordinated loans at 5% per annum, due July 31, 2031 <sup>(3)</sup>	90,000	-	90,000
Subordinated loan at 5% per annum, due August 27, 2031	15,000	-	15,000
Accretion expense	2,832	(2,832)	-
Balance at December 31, 2020	155,059	19,941	175,000
Repayment:			
Subordinated loan at 5% per annum, due July 31, 2031 <sup>(3)</sup>	(7,500)	-	(7,500)
Subordinated loan, non-interest bearing, due March 24, 2031 <sup>(2)</sup>	(9,360)	-	(9,360)
Additions:			
Subordinated loan at 5% per annum, due February 26, 2031 <sup>(4)</sup>	7,500	-	7,500
Subordinated loan at 5% per annum, due June 14, 2031 <sup>(5)</sup>	50,000	-	50,000
Subordinated loan, non-interest bearing, due June 15, 2031 <sup>(6)</sup>	15,764	9,236	25,000
Subordinated loans at 6% per annum, due August 23, 2031 <sup>(7)</sup>	295,000	-	295,000
Subordinated loan, non-interest bearing, due Oct 1, 2031 <sup>(8)</sup>	12,433	7,567	20,000
Subordinated loan, non-interest bearing, due Nov 12, 2031 <sup>(9)</sup>	1,236	764	2,000
Adjustment to deferred gain on extension of maturity date on subordinated loans	(8,691)	8,691	-
Accretion expense	3,173	(3,173)	-
Balance at December 31, 2021	\$ 514,614	\$ 43,026	\$ 557,640

**WESTERN PACIFIC TRUST COMPANY**  
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**9. Subordinated loans (continued)**

- (1) In January 2015, the Company entered into an agreement for a revolving subordinated loan based on 0.5% of the issuer's cash and client investments held in trust. The revolving loan advanced by its issuer is proportionate to the value of the assets of that issuer held in trust, and will increase or decrease relative to the value of the assets held.
- (2) The Company entered into an agreement with a trust client for interest-free subordinated loans with effective dates between March 24, 2016 to September 30, 2017 for a period of 10 years. These subordinated loans are recorded initially at the fair value, and are calculated based on the application of a fair value interest rate of 6%. The difference between the face value and the initial fair value of the subordinated loans payable has been recorded as a deferred gain on subordinated loans. During the year, the trust client agreed to extend the maturity dates of all the loans advanced in 2016 to 2031. The calculation of the fair value of these loans have been updated using the fair value interest rate of 5%. During the year ended December 31, 2021, the Company repaid \$9,360 of the subordinated loan.
- (3) The Company entered into loan agreements with certain insiders during the year ended December 31, 2020. During the year ended December 31, 2021, \$7,500 of the loan advanced on July 31, 2020 was repaid. The remainder of the loans with an original maturity date of July 31, 2026 and August 27, 2026 have been extended to July 31, 2031 and August 27, 2031, respectively.
- (4) On February 26, 2021, the Company entered into a loan agreement with a director for \$7,500.
- (5) On June 14, 2021, the Company entered into a loan agreement for \$50,000 with a third party.
- (6) On June 15, 2021, the Company entered into an agreement for a \$25,000 subordinated loan based on 0.5% of the issuer's cash and client investments held in trust in excess of \$40,000 per client. The subordinated loan is recorded initially at the fair value, and is calculated based on the application of a fair value interest rate of 5%.
- (7) On August 23, 2021, the Company entered into agreements for \$295,000 subordinated loans with interest at 6% per annum of which \$115,000 are with directors and close family members of directors.
- (8) On October 1, 2021, the Company entered into a second subordinated loan for \$20,000 with an issuer based on the 0.5% of the issuer's cash and client investments held in trust in excess of \$40,000 per client. The subordinated loan is recorded initially at the fair value, and is calculated based on the application of a fair value interest rate of 5%.
- (9) On November 12, 2021, the Company entered into a subordinated loan for \$2,000 with a trust client for an interest free loan. The subordinated loan is recorded initially at the fair value, and is calculated based on the application of a fair value interest rate of 5%.

**10. Share capital**

**10.1 Authorized:**

100,000,000 common shares without par value  
100,000,000 preferred shares, issuable in series

**Issued and outstanding:**

25,018,558 (2020: 25,018,558) common shares  
400 (2020: 400) Series I preferred shares with a value of \$10 each  
130,550 (2020: 130,550) Series II preferred shares with a value of \$10 each

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**10. Share capital (continued)**

**10.2 Preferred shares**

Series I preferred shares are non-voting, redeemable, and non-retractable, and earn non-cumulative dividends equal to 5% per annum of the aggregate value of \$10 per share and a non-cumulative cash payment equal to 1% per annum of the aggregate value of \$10 per share.

Series II preferred shares are non-voting, redeemable by the Company and earn non-cumulative dividends equal to 5% per annum of the aggregate value of \$10 per share. The Company has the right to redeem the Series II preferred shares at any time on 30 days' (the "Redemption Period") notice and at any time prior to the expiry of the redemption period, each holder of the Series II preferred shares shall have the right to convert the Series II preferred shares into common shares at a conversion ratio equal to the issue price divided by the conversion price of \$0.15 per common share, subject to adjustment.

During the quarter ended September 30, 2020, the Company redeemed 61,350 Series I non-voting, non-retractable preferred shares at \$10 per share and, through a private placement, issued 61,350 Series II non-voting, redeemable preferred shares at \$10 per share with non-cumulative dividends equal to 5% per annum of the aggregate value of the issued Series II preferred shares. Share issue costs of \$5,991 were incurred.

**10.3 Earnings per share**

The following is a reconciliation of the numerator in calculating basic and diluted income per share:

	For the years ended December 31,	
	2021	2020
Income before adjustment for preferred shares dividends	\$ 845,574	\$ 76,680
Amount paid as preferred share dividends	(65,475)	(65,475)
Adjusted income	\$ 780,099	\$ 11,205
Earnings per share - basic	\$ 0.031	\$ 0.000
Earnings per share - diluted	\$ 0.028	\$ 0.000

**11. Share-based payments**

**11.1 Stock options**

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. The minimum exercise price of any options granted under the Plan cannot be less than the discounted market price (the last closing price of the shares on the Exchange less a maximum 25% discount). The options are granted for up to a ten-year term. Vesting provisions may be imposed at the time of the grant of options at the discretion of the board of directors, except for consultants acting in an investor relations capacity where vesting provisions are prescribed.

As of the date of these consolidated financial statements, no options have been exercised.

Details of the Company's stock options outstanding as of December 31, 2021 and 2020 and changes during the respective periods are as follows:

	Number Outstanding	Weighted Average Exercise Price
As at December 31, 2020 and 2021	2,625,000	\$ 0.09

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**11. Share-based payments (continued)**

**11.2 Outstanding stock options**

On June 11, 2018, 75,000 stock options were granted to a director. The stock options have an exercise price of \$0.12 with an expiry date of June 11, 2022. The stock options vested at 1/3 at December 31, 2018; 1/3 at December 31, 2019; and 1/3 at December 31, 2020. On September 13, 2018, an additional 25,000 stock options with an exercise price of \$0.07 and an expiry date of September 13, 2022, were granted to a director. These granted options vested as to 8,000 shares at December 31, 2018; 8,000 shares at December 31, 2019; with the balance of 9,000 shares vested on December 31, 2020.

Share-based payments consists of \$Nil (2020: \$1,626) to a director.

As at December 31, 2021, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (years)	Options Exercisable
November 18, 2022	\$ 0.07	815,030	\$ 0.06	0.88	815,030
November 26, 2022	\$ 0.10	1,709,970	\$ 0.07	0.91	1,709,970
June 11, 2022	\$ 0.12	75,000	\$ 0.13	0.45	75,000
September 13, 2022	\$ 0.07	25,000	\$ 0.07	0.70	25,000
		2,625,000		0.89	2,625,000

As at December 31, 2020, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Exercise Price	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (years)	Options Exercisable
November 18, 2022	\$ 0.07	815,030	\$ 0.06	1.88	815,030
November 26, 2022	\$ 0.10	1,709,970	\$ 0.07	1.91	1,709,970
June 11, 2022	\$ 0.12	75,000	\$ 0.13	1.45	75,000
September 13, 2022	\$ 0.07	25,000	\$ 0.07	1.70	25,000
		2,625,000		1.89	2,625,000

**12. Capital disclosures**

The Company considers its shareholders' equity and subordinated loans to be its capital, which, as at December 31, 2021, amounted to \$2,436,687 (2020: \$1,273,948).

The Company maintains sufficient capital to meet its future needs, taking into consideration economic risks inherent in its businesses and regulatory requirements.

Under the *Financial Institutions Act* of British Columbia, the Company is required to meet the regulatory capital as prescribed by the BC Financial Services Authority ("BCFSA"). To satisfy the requirements, the Company is required to maintain a minimum capital determined by multiplying the total value of the assets that the Company holds in trust by 0.5%. The Company has complied with the capital requirements as prescribed by BCFSA as at December 31, 2021.

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**12. Capital disclosures (continued)**

The Company reviews the sufficiency of its capital as appropriate and makes any necessary adjustments to its capital primarily by raising adequate financing.

There have been no changes to the Company's approach to capital management for the year ended December 31, 2021.

**13. Related party transactions and balances**

The Company's related parties consist of its key management personnel, including its directors, and their close family members and entities controlled by key management personnel. All transactions with related parties are in the normal course of operations. Amounts due to or from related parties are subject to normal trade terms and conditions.

During the years ended December 31, 2021 and 2020, the Company incurred the following charges related to management compensation:

	December 31, 2021	December 31, 2020
Management salaries	\$ 146,312	\$ 142,729
Directors' fees	42,750	40,203
Consulting fees paid to a company controlled by a director	98,800	96,000
Professional fees for consultant	45,194	44,975
Share-based payments	-	1,626
<b>Total compensation</b>	<b>\$ 333,056</b>	<b>\$ 325,533</b>

Finance expense includes interest for subordinated loans of \$6,969 (2020: \$1,919) and waiver fees of \$Nil (2020: \$1,879). For the year ended December 31, 2021, interest of \$6,810 (2020: \$Nil) and dividends of \$30,725 (2020: \$30,725) have been paid to directors and close family members of directors.

At December 31, 2021, the Company has \$32,691 (2020: \$39,273) in accounts payable and accrued liabilities due to an officer, directors of the Company, and companies controlled by directors. In addition, \$205,000 (2020: \$90,000) of subordinated loans are due to directors or close family members of directors of the Company and accrued interest of \$2,002 (2020: \$1,619) has been included in finance expense.

Compensation for key management is for short-term benefits only. Key management personnel do not receive any post-employment or other long-term benefits.

**14. Commitments for expenditures**

In October 2017, the Company entered into a renewed five-year lease for premises at its current location, in Vancouver, British Columbia, expiring on February 28, 2023. Under the terms of the lease, the Company is responsible for basic rent plus operating costs and property taxes commencing March 1, 2018. The Company's commitment for minimum rental payments, calculated based on basic rent is \$5,785 per month for the first two years, \$6,008 per month for the last three years. The current lease includes free base rent periods for the months of March 2018, February 2019 and February 2020 (see note 6 for right-of-use asset and lease liability relating to the premises lease).

The operating costs, which are calculated each year, were \$4,801 (2020: \$4,572) per month and are expected to increase by 2% to 5% for each year until the end of the lease term.

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**14. Commitments for expenditures (continued)**

The security deposit of \$18,832 (note 4.3) paid in August 2012 continues to be held by the lessor.

The Company also has a non-cancellable operating lease for equipment expiring in June 2022. Cash commitments for minimum lease payments in relation to non-cancellable operating leases for equipment and premises as at December 31, 2021, are payable as follows:

Not later than 1 year	\$	136,933
Later than 1 year and not later than 5 years		22,626
	\$	159,559

The commitments for basic rent for premises lease are included in lease liability.

**15. Operating segments**

The Company operates in one industry segment, the financial services industry, and all operations and assets are situated in Canada.

**16. General and administrative expenses**

	For the years ended December 31,	
	2021	2020
Salaries and benefits (Note 13)	\$ 458,495	\$ 440,070
Professional fees (Note 13)	174,752	171,037
Lease costs	48,021	54,342
Depreciation of Right-of-Use Assets (Note 6)	61,800	61,800
Office and administration	154,547	154,105
E&O insurance	16,493	15,104
Directors' fees (Note 13)	42,750	40,203
Compliance and regulatory	27,534	20,108
	\$ 984,392	\$ 956,769

**17. Income taxes**

The reconciliation of income taxes computed at statutory rates to the reported income tax provision is as follows:

	For the years ended December 31,	
	2021	2020
Income before income tax	\$ 845,574	\$ 76,680
Income tax statutory rate	27%	27%
Income tax at Canadian statutory rate	228,305	20,704
Other items	372	843
Change in timing differences	(204,395)	(1,808)
Tax losses and tax offsets recognized	(764,282)	(19,739)
Deferred income tax recovery	\$ (740,000)	\$ -

**WESTERN PACIFIC TRUST COMPANY**  
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**17. Income taxes (continued)**

Current statutory tax rates consist of 12% (2020: 12%) for British Columbia tax and 15% (2020: 15%) for federal corporate tax for a total tax rate of 27%.

The Company recognizes the benefit of unused tax losses and deductible temporary differences if it is probable they will be realized. During the year ended December 31, 2021, management determined that certain of the Company's non-capital losses and tax offsets now meet the probable test. Accordingly, management estimated future net taxable income that will be available to recognize those tax losses and tax offset and recognized \$740,000 as a deferred income tax asset. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31,	
	2021	2020
Non-capital losses carried forward	\$ 1,716,130	\$ 3,536,622
Capital losses carried forward	5,723	5,723
Differences between book value and tax value of property and equipment	4,531	218,707
Share issue costs	-	6,191
Cumulative eligible capital deduction	-	787,428
<b>Unused losses and deductible temporary differences</b>	<b>\$ 1,726,384</b>	<b>\$ 4,554,671</b>

The Company's non-capital losses of \$3,436,112 are available to be carried forward and applied against future years' taxable income. The losses expire as follows:

Year	Amount
2026	\$ 379,520
2027	622,081
2028	283,257
2029	402,072
2030	411,086
2031	244,225
2032	369,505
2033	329,221
2034	153,501
2035	109,997
2036	128,079
2037	1,358
2038	646
2039	1,032
2040	87
2041	445
	<b>\$ 3,436,112</b>

# Corporate Directory

## Western Pacific Trust Company

### DIRECTORS

Anthony Liscio, DDS<sup>2,4</sup> Chair  
Alison Alfer<sup>3,5,6</sup>  
Bruce H. Bailey, CPA, CA<sup>1,2,4</sup>  
G. Benjamin Cutler<sup>2,3,6</sup>  
John C.A. de Wit, CPA, CA<sup>1,5</sup>  
J. Cowan McKinney, FCPA, FCA<sup>1,3,4</sup>  
Steven O. Youngman, LL.B<sup>1,5,6</sup> Deputy Chair

### Board Committees:

- <sup>1</sup> Audit Committee
- <sup>2</sup> Conduct Review Committee
- <sup>3</sup> Investment & Loan Committee
- <sup>4</sup> Executive Compensation Committee
- <sup>5</sup> Capital Management Committee
- <sup>6</sup> Cyber Security Committee

### OFFICERS

President & CEO Alison Alfer  
Chief Financial Officer Sharon Lee, CPA, CA<sup>5</sup>  
Corporate Secretary Steven Youngman, LL.B

### LEGAL ADVISORS

DuMoulin Black  
10<sup>th</sup> Floor, 595 Howe Street  
Vancouver, BC V6C 2T5

### TRANSFER AGENT

Computershare Investor Services  
2<sup>nd</sup> Floor, 510 Burrard Street  
Vancouver, BC V6C 3B9

### AUDITORS

Smythe LLP  
1700 – 475 Howe Street  
Vancouver B.C. V6C 2B3

### BANKERS

Royal Bank of Canada

### WHOLLY OWNED SUBSIDIARIES

#### WP Private Equity Transfers Inc.

DIRECTOR	OFFICER
Alison Alfer	President, Alison Alfer

#### WP Private Health Inc.

DIRECTORS	OFFICER
Alison Alfer Steven O. Youngman	President, Alison Alfer

#### 1128668 BC Ltd.

DIRECTORS	OFFICERS
Steven O. Youngman Alison Alfer	President, Steven Youngman Vice-President, Alison Alfer

#### 1211263 BC Ltd.

DIRECTORS
Steven O. Youngman Alison Alfer

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