

Financial Statements of

BANFF HOUSING CORPORATION

And Independent Auditors' Report thereon

Year ended December 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Shareholder of the Banff Housing Corporation

Opinion

We have audited the financial statements of Banff Housing Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its remeasurement gain and losses, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Chartered Professional Accountants

■, 2021
Calgary, Canada

BANFF HOUSING CORPORATION

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash (note 2)	\$ 1,622,299	\$ 1,285,625
Accounts receivable (note 3)	51,279	82,020
Prepaid expenses	670	670
	<u>1,674,248</u>	<u>1,368,315</u>
Tangible capital assets (notes 4 and 10)	11,949,363	12,151,077
Second mortgages receivable (note 6)	958,000	989,500
	<u>\$14,581,611</u>	<u>\$14,508,892</u>
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 2)	\$ 595,833	\$ 621,833
Due to Town Banff (note 10)	857,513	515,946
Accounts payable and accrued liabilities (note 7)	18,488	16,506
Tenant deposits	149,038	151,175
	<u>1,620,872</u>	<u>1,305,460</u>
Due to Town Banff (note 10)	10,844,468	11,120,895
Deferred revenue (note 6)	958,000	989,500
Asset retirement obligation (note 5)	45,900	45,900
	<u>13,469,240</u>	<u>13,461,755</u>
Net assets:		
Net assets invested in tangible capital assets	940,794	1,142,508
Internally restricted net assets	420,678	153,335
Unrestricted deficit	(249,101)	(248,706)
	<u>1,112,371</u>	<u>1,047,137</u>
Commitments (note 11)		
Economic dependence (note 11)		
Subsequent event (note 12)		
	<u>\$14,581,611</u>	<u>\$14,508,892</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

BANFF HOUSING CORPORATION

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
General operations:		
Revenue:		
Fees	\$ 108,192	\$ 127,294
Interest	15,127	24,812
Grant Income	2,460	–
	<u>125,779</u>	<u>152,106</u>
Expenses:		
Wages, management fees and benefits	256,410	260,620
Amortization	201,714	200,476
Professional fees	26,165	19,033
Office supplies, postage and other	12,621	14,537
Advertising and promotion	(140)	3,300
Insurance	4,028	3,738
Telephone	4,180	4,687
Appraisals	2,142	1,935
Board initiatives	89	146
Community Housing Reserve Contribution	442,633	–
	<u>949,842</u>	<u>508,472</u>
(Deficiency) of revenues over expenses from general operations	(824,063)	(356,366)
Property rentals:		
Rental revenue	1,729,357	1,848,633
Operating expenses	(449,400)	(513,524)
Interest on Due to Town of Banff	(376,829)	(396,206)
Interest on bank indebtedness	(13,831)	(21,940)
Excess of revenues over expenses from property rentals	<u>889,297</u>	<u>916,963</u>
Excess of revenues over expenses	<u>\$ 65,234</u>	<u>\$ 560,597</u>

See accompanying notes to financial statements.

BANFF HOUSING CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

December 31, 2020	Invested in tangible capital assets	Internally restricted net assets	Unrestricted net assets (deficit)	2020
Balance, beginning of year	\$ 1,142,508	\$ 153,335	\$ (248,706)	\$ 1,047,137
Acquisition of tangible capital assets	–	–	–	–
Total assets acquired using debt financing	–	–	–	–
Total assets acquired using cash	–	–	–	–
Transfer between funds	–	31,500	(31,500)	–
Debt repayment	–	267,573	(267,573)	–
Excess (deficiency) of revenues over expenses (note 8)	(201,714)	(31,730)	298,678	65,234
	\$ 940,794	\$ 420,678	\$ (249,101)	\$ 1,112,371

December 31, 2019	Invested in tangible capital assets	Internally restricted net assets	Unrestricted net assets (deficit)	2019
Balance, beginning of year	\$ 1,325,035	\$ (568,733)	\$ (269,762)	\$ 486,540
Acquisition of tangible capital assets	53,705	–	–	53,705
Total assets acquired using debt financing	(35,756)	–	–	(35,756)
Total assets acquired using cash	–	–	(17,949)	(17,949)
Transfer between funds	–	31,500	(31,500)	–
Debt repayment	–	253,794	(253,794)	–
Excess (deficiency) of revenues over expenses (note 8)	(200,476)	436,774	324,299	560,597
	\$ 1,142,508	\$ 153,335	\$ (248,706)	\$ 1,047,137

See accompanying notes to financial statements.

BANFF HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 65,234	\$ 560,597
Items not affecting cash:		
Amortization	201,714	200,476
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	30,741	3,537
Increase in prepaid expenses	-	(50)
Increase (decrease) in amounts due to Town of Banff (note 10)	332,713	(161,802)
Increase (decrease) in accounts payable and accrued liabilities	1,982	(3,581)
Increase (decrease) in tenant deposits	(2,137)	8,597
	630,247	607,774
Investing activities:		
Purchase of tangible capital assets	-	(53,705)
Net change in second mortgages receivable	31,500	31,500
Net change in deferred revenue	(31,500)	(31,500)
	-	(53,705)
Financing activities:		
Repayment of principal for Ti'nu Development	(267,573)	(253,794)
Repayment of bank indebtedness	(26,000)	(28,167)
	(293,573)	(281,961)
Increase in cash	336,674	272,108
Cash, beginning of year	1,285,625	1,013,517
Cash, end of year	\$ 1,622,299	\$ 1,285,625

See accompanying notes to financial statements.

BANFF HOUSING CORPORATION

Schedule 1 – Segmented Information

Year ended December 31, 2020

	Banff Housing Corporation	Banff Avenue Property	Moffat Manor	Ti'Nu	2020 Total	2019
General operations:						
Revenue:						
Fees	\$ 107,522	\$ -	\$ -	\$ 670	\$ 108,192	\$ 127,294
Interest	5,221	-	-	9,906	15,127	24,812
Grant Income	-	-	-	2,460	2,460	-
	112,743	-	-	13,036	125,779	152,106
Expenses:						
Wages, management fees and benefits	63,206	-	-	193,201	256,410	260,620
Amortization	2,518	-	6,387	192,809	201,714	200,476
Professional fees	7,801	-	-	18,364	26,165	19,033
Office supplies, postage and other	3,362	-	-	9,259	12,621	14,537
Advertising and promotion	1,164	-	-	(1,304)	(140)	3,300
Insurance	170	793	115	2,950	4,028	3,738
Telephone	1,007	-	-	3,173	4,180	4,687
Appraisals	2,142	-	-	-	2,142	1,935
Board initiatives	89	-	-	-	89	146
Community Housing Reserve Contribution	-	-	-	442,633	442,633	-
	81,462	793	6,502	861,085	949,842	508,472
(Deficiency) of revenues over expenses from general operations	31,281	(793)	(6,502)	(848,049)	(824,063)	(356,366)
Property rentals:						
Rental revenue	-	9,600	30,590	1,689,167	1,729,357	1,848,633
Operating expenses	(2,283)	(13,756)	(12,108)	(421,253)	(449,400)	(513,524)
Interest on Due to Town of Banff	-	-	-	(376,829)	(376,829)	(396,206)
Interest on bank indebtedness	-	(13,831)	-	-	(13,831)	(21,940)
Excess of revenues over expenses from property rentals	(2,283)	(17,987)	18,482	891,085	889,297	916,963
Excess of revenues over expenses	\$ 28,998	\$ (18,780)	\$ 11,908	\$ 43,036	\$ 65,234	\$ 560,597

See accompanying notes to financial statements.

BANFF HOUSING CORPORATION

Notes to the Financial Statements

Year ended December 31, 2020, with comparative information for 2019

The Banff Housing Corporation (the "Corporation") was incorporated as a non-profit organization to provide value priced housing to residents of the Town of Banff, and as such is not subject to income taxes.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted interest income is recognized as revenue when earned.

Property sales are recognized based on the completed contract method when ownership of each unit is transferred from the Corporation to each homeowner.

Rental revenue is recognized as revenue during the period in which the services are performed and collectability is reasonably assured.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 2

Year ended December 31, 2020, with comparative information for 2019

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Unless otherwise noted, it is the Corporation's opinion that it is not exposed to significant interest rate, currency, liquidity or credit risks arising from its financial instruments.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant estimates include the valuation of accounts receivable, the estimated costs and applicability of the asset retirement obligation, and the estimated useful lives of tangible capital assets. Actual results could differ from the estimates made by the Corporation as additional information becomes available in the future.

(d) Tangible capital assets:

Purchased tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. When a tangible capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

The costs less residual value of the tangible capital assets are amortized over their estimated as follows:

Building	Declining balance	30 months
Rental property equipment	Declining balance	10 years
Condominiums	Declining balance	25 years
Computer equipment	Declining balance	5 years
Ti'nu Building	Declining balance	55 years
Ti'nu landscaping	Declining balance	50 years
Ti'nu vehicles	Declining balance	15 years
Ti'nu access and utility rights	Straight-line	30 years
Ti'nu bins	Declining balance	15 years
Furniture and fixtures	Declining balance	10 years
Computer Software	Declining Balance	10 years

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 3

Year ended December 31, 2020, with comparative information for 2019

1. Significant accounting policies (continued):

(e) Equity interest:

The Corporation does not record its equity interest upon the sale of the Corporation's property unless the Corporation sells all or any portion of the equity interest in the transaction (see note 9).

(f) Asset Retirement Obligation:

The Corporation recognizes the fair value of an Asset Retirement Obligation ("ARO") in the period in which it incurs a legal obligation associated with the retirement of tangible capital assets. Certain building assets contain some asbestos, and it is the Corporation's practice to, if necessary, remediate any asbestos upon disposal of a tangible capital building asset. The estimated fair value of an ARO is capitalized as part of the related tangible capital asset and depreciated on the same basis as the underlying asset. ARO is adjusted for the passage of time, which is recognized as accretion expense, and for revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the excess of revenues over expenses when remediation is completed.

2. Cash/bank indebtedness:

	2020	2019
Internally restricted cash (note 8)	\$ –	\$ –
Unrestricted cash	1,622,299	1,285,625
	<u>\$ 1,622,299</u>	<u>\$ 1,285,625</u>

Cash generates returns at the bank's prime rate minus 0.5% per annum (2019 – bank's prime rate minus 0.5%).

The Bank of Montreal has authorized a demand operating line of credit to the Corporation in the amount of \$650,000 (2019 - \$650,000), which includes an overdraft lending account of up to \$345,000 (2019 – \$345,000). The line of credit is guaranteed by the Town of Banff and bears interest at the bank's prime rate minus 0.5% per annum (2019 – bank's prime rate minus 0.5%). As at December 31, 2020 there was \$595,833 (2019 - \$621,833) drawn against the line of credit and \$nil (2019 - \$nil) in overdraft. Additionally, the Bank of Montreal has authorized commercial letters of credit up to a maximum of \$300,000 (2019 - \$300,000), and a corporate MasterCard to a maximum of \$50,000 (2019 - \$50,000). As of December 31, 2020, \$3,587 was outstanding on the corporate MasterCard (2019 – \$11).

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 4

Year ended December 31, 2020, with comparative information for 2019

3. Accounts receivable:

	2020	2019
Amounts outstanding for one year or less	\$ 21,948	\$ 61,349
Amounts outstanding for more than one year	29,331	20,671
	<u>\$ 51,279</u>	<u>\$ 82,020</u>

Included in accounts receivable as at December 31, 2020 are government remittances receivable of \$424 (2019 – \$nil) relating to federal sales taxes.

4. Tangible capital assets:

	2020	2019		
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 1,891,587	\$ –	\$ 1,891,587	\$ 1,891,587
Building, including asset Retirement costs	53,677	53,677	–	–
Rental property equipment	2,710	406	2,304	2,574
Condominiums	304,778	151,489	153,289	159,676
Computer equipment	3,707	3,013	694	868
Ti'nu building	9,795,659	444,321	9,351,338	9,529,440
Ti'nu landscaping	498,930	24,947	473,983	483,962
Ti'nu vehicles	45,485	7,581	37,904	40,936
Ti'nu bins	25,427	4,238	21,189	22,884
Furniture and fixtures	14,325	2,699	11,626	13,059
Computer Software	6,411	962	5,449	6,091
	<u>\$12,642,696</u>	<u>\$ 693,333</u>	<u>\$ 11,949,363</u>	<u>\$12,151,077</u>

On July 11, 2003, the Corporation assumed a lease agreement from Government of Canada for two condominium units. The lease is treated as capital in nature as it transferred substantially all the benefits and risks incident to ownership of the property to the Corporation. These contributed assets were recorded at their fair value of \$280,000 on the date of assignment of the lease. Amortization has been recorded on these assets since July 11, 2003.

The Ti'nu development is co-owned with the Alberta Social Housing Corporation ("ASHC"). In the current year, an agreement was signed between the ASHC and the Corporation, indicating that each party holds a 50% ownership interest in the leasehold regardless of actual contribution of each party. The Corporation is the operator of the Ti'nu Development; however, the ASHC shall be consulted on development and management responsibilities and will require annual audited financials to be submitted to the ASHC.

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Notes to the Financial Statements, page 5

Year ended December 31, 2020, with comparative information for 2019

5. Asset retirement obligation:

At December 31, 2020, the estimated undiscounted asset retirement obligation was \$45,900 (2019 – \$45,900). The estimated change from discounting the asset retirement obligation is deemed not significant by management. This obligation will be settled based on the useful life of the related building asset. The obligation is fully realized; however, the retirement obligation liability will not be utilized for approximately five years. A discount rate of 2.25% (2019 – 2.25%) was used to calculate the fair value of the asset retirement obligation.

6. Second mortgages receivable/deferred revenue:

Deferred revenue arose from mortgages receivable with respect to the Middle Springs I housing development in the Town of Banff. The mortgages are registered against the titles of the properties but become due only when the initial owner ceases to reside in the Middle Springs I development. The full amount of the mortgages is recorded as non-current second mortgage receivable and deferred revenue. When a mortgage becomes due, the revenue is recognized.

During the year, the Corporation collected \$31,500 (2019 – \$31,500) towards second mortgages receivable.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2020 are government remittances payable of \$ nil (2019 – \$1,996) relating to federal sales taxes.

8. Internally restricted net assets:

During the year, the Corporation transferred \$nil (2019 - \$ nil) from internally restricted net assets to repay a portion of the Corporation's demand operating line of credit (note 2). The Corporation has a policy to internally restrict second mortgage revenue. During 2020, \$31,500 of this revenue (2019 - \$31,500) was restricted internally.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 6

Year ended December 31, 2020, with comparative information for 2019

9. Investment – equity interest in housing units at cost:

The purpose of the Corporation is to provide value priced housing to long-term residents of the Town of Banff. The Corporation attempts to meet this objective by developing and selling housing units to homeowners at the actual costs required to construct the housing units. The Corporation retains an equity interest in each unit that it sells. This equity interest is determined at the time each unit is initially sold to each homeowner and is calculated as the difference between the fair market value of the unit (determined by an independent appraiser) and the sale price of the unit when it is initially sold to each homeowner.

As at December 31, 2020, there were 183 properties (2019 – 183) in the Corporation's value priced housing portfolio, and the equity interest ranged from 0% to 35% of the fair market value of each property.

This equity interest is not recognized in the financial statements as the timing and amount of consideration that could eventually be realized by the Corporation for this equity interest is not determinable. However, per the terms of its sublease agreement with sub lessees (homeowners) the Corporation can realize any/all of its equity interest upon any sublease disposition of a Corporation property (sale by sub lessee) if it so chooses.

During 2020 the Corporation acquired no properties were acquired (2019 - no properties were acquired) and no properties were sold (2019 - no properties were sold).

10. Due to the Town of Banff:

	2020	2019
Due for operations	\$ 138,453	\$ 149,322
Due for interest on borrowings for Ti'nu Development	-	99,052
Due for Community Housing reserve fund	442,633	-
Due for Ti'nu Contribution	425,797	425,797
Due for Ti'nu Development	10,695,098	10,962,670
	11,701,981	11,636,841
Less: current portion	857,513	515,946
Long-term due to Banff	\$ 10,844,468	\$ 11,120,895

As at December 31, 2020, there was an amount of \$11,701,981 (2019 - \$11,636,841) payable to the Town of Banff relating mainly to the construction of condominium units on 547 Coyote Lane (the "Ti'nu Development") in 2019.

The amount owing to the Town of Banff for the Ti'nu Development is repayable with principal and interest over 28 years with a maturity date in 2046, which is consistent with the debt amount and repayment terms incurred by the Town of Banff from the Alberta Capital Finance Authority ("ACFA loans"). At December 31, 2020, there is no formal agreement in place and no set repayment or other terms; however, the Corporation has agreed to pay interest equal to the interest payment incurred by the Town of Banff in relation to the ACFA loans. Interest incurred by

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 7

Year ended December 31, 2020, with comparative information for 2019

the Town of Banff on the ACFA loans during the year ended December 31, 2020 is 3.08% per annum. There are no demand features to this loan.

10. Due to the Town of Banff (continued):

Principal and interest repayments agreed to are as follows:

	Principal	Interest	Total
2021	\$ 276,426	\$ 367,976	\$ 644,402
2022	285,573	358,829	644,402
2023	295,022	349,380	644,402
2024	304,784	339,618	644,402
2025	314,869	329,533	644,402
Thereafter	9,644,220	3,888,219	13,532,439
	<u>\$ 11,120,894</u>	<u>\$ 5,633,555</u>	<u>\$ 16,754,449</u>

11. Related party transactions and economic dependence:

There is an agreement between the Town of Banff and the Corporation such that the Town of Banff, which is the Corporation's sole shareholder, administers the Corporation's payroll function. The Corporation used office space owned by the Town of Banff. These services were provided from the Town of Banff to the Corporation at no charge.

12. Subsequent event:

In January 2020, the World Health Organization declared the coronavirus a global health emergency and on March 11, 2020, it was declared a global pandemic. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. At this time, governments and businesses around the world are introducing significant new measures to contain and control the spread of the virus.

There has been a significant drop in commodity prices and equity markets have reacted with the biggest decline experienced in more than a decade. In response, both the US Federal Reserve and the Bank of Canada quickly reduced their key interest rates.

The full impact of these circumstances on businesses will not be fully understood until time has passed. Given the industry the Corporation operates in, this subsequent event results in heightened risk related to creditworthiness of tenants, cash flows, working capital levels, and/or debt balances, which may also have a direct impact on the Corporation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the business is not known at this time. While the impact is not yet known, the Corporation will continue to monitor the impact the coronavirus has and reflect the consequences as appropriate in the Corporation's accounting and reporting.