Consolidated Financial Statements of

SAULT STE. MARIE HOUSING CORPORATION

And Independent Auditors' Report thereon

Year ended December 31, 2020

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Sault Ste. Marie Housing Corporation (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

Chief Executive Officer

Director of Corporate Services

KPMG LLP
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Sault Ste. Marie ON P6A 6L6
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INDEPENDENT AUDITORS' REPORT

To the Directors of Sault Ste. Marie Housing Corporation

Opinion

We have audited the consolidated financial statements of Sault Ste. Marie Housing Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2020, December 31, 2019 and January 1, 2019
- the consolidated statement of operations and accumulated operating surplus for the years ended December 31, 2020 and December 31, 2019
- the consolidated statement of change in net financial (liabilities) assets for the years ended December 31, 2020 and December 31, 2019
- the consolidated statement of remeasurement losses for the year ended December 31, 2020
- the consolidated statement of cash flows for the years ended December 31, 2020 and December 31, 2019
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, December 31, 2019 and January 1, 2019 and its results of operations, its changes in net financial assets and its cash flows for the years ended December 31, 2020 and December 31, 2019 and remeasurement gains and losses for the year ended December 31, 2020 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 Consolidated 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 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 is sufficient and appropriate to provide a basis for our opinion.

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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 Canadian public sector accounting standards, 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.

In preparing the consolidated 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 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 the 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 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 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 Entity 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
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada
May 20, 2021

SAULT STE. MARIE HOUSING CORPORATION

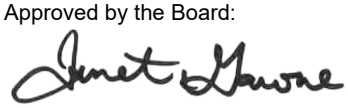
Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	December 31, 2020	December 31, 2019	January 1, 2019
Financial assets			
Cash and cash equivalents	$ 2,368,503	$ 2,952,531	$ 3,043,708
Accounts receivable	1,158,427	704,931	1,056,034
Due from District of Sault Ste. Marie Social Services Administration Board	1,119,775	850,740	-
	4,646,705	4,508,202	4,099,742
Financial liabilities			
Accounts payable and accrued liabilities	1,257,850	1,709,141	1,262,072
Deferred revenue (note 3)	61,695	287,544	-
Due to District of Sault Ste. Marie Social Services Administration Board	-	-	999
Interest rate swaps	413,047	-	-
Long-term debt (note 4)	10,375,665	505,769	969,339
	12,108,257	2,502,454	2,232,410
Net financial (liabilities) assets	(7,461,552)	2,005,748	1,867,332
Non-financial assets			
Tangible capital assets (note 5)	26,052,014	10,978,743	5,371,764
Commitments (note 8)			
Impact of COVID-19 (note 13)			
Accumulated surplus (note 6)	$ 18,590,462	$ 12,984,491	$ 7,239,096
Accumulated surplus is comprised of:			
Accumulated operating surplus	19,003,509	12,984,491	7,239,096
Accumulated remeasurement losses	(413,047)	-	-
	$ 18,590,462	$ 12,984,491	$ 7,239,096

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board:



_____ Director

_____ Director

SAULT STE. MARIE HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Operating Surplus

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

	2020 Budget (note 10)	Actual 2020	Actual 2019
Revenue:			
District of Sault Ste. Marie Social Services Administration Board (note 7)	$ 2,978,786	$ 8,683,736	$ 8,308,357
Rental	3,329,300	3,778,660	3,148,817
Interest	45,000	24,921	74,465
Miscellaneous	46,400	33,535	42,315
	6,399,486	12,520,852	11,573,954
Expenses:			
Building repairs and maintenance	1,550,310	1,574,748	1,455,889
Utilities	1,262,000	1,296,442	1,262,701
Municipal property taxes	1,101,000	1,130,783	1,013,348
Building capital	1,300,000	605,215	1,068,527
Amortization of capital assets	709,693	709,693	206,938
Program operations	147,950	423,614	161,704
Insurance	203,040	318,879	235,082
Grounds maintenance	215,500	175,949	236,587
Bad debts	45,000	104,891	102,167
Mortgage interest	-	90,226	64,747
Professional fees	17,500	53,364	15,179
Interest and bank charges	5,100	18,030	5,690
Total expenses	6,557,093	6,501,834	5,828,559
Annual operating surplus (deficit)	(157,607)	6,019,018	5,745,395
Accumulated operated surplus, beginning of year	12,984,491	12,984,491	7,239,096
Accumulated operating surplus, end of year	$ 12,826,884	$ 19,003,509	$ 12,984,491

The accompanying notes are an integral part of these consolidated financial statements.

SAULT STE. MARIE HOUSING CORPORATION

Consolidated Statement of Change in Net Financial (Liabilities) Assets

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

	2020 Budget (note 10)	Actual 2020	Actual 2019
Annual surplus (deficit)	$ (157,607)	$ 6,019,018	$ 5,745,395
Acquisition of tangible capital assets	(5,366,261)	(15,782,964)	(5,813,917)
Amortization of tangible capital assets	-	709,693	206,938
	(5,523,868)	(9,054,253)	138,416
Remeasurement losses	-	(413,047)	-
Change in net financial assets	(5,523,868)	(9,467,300)	138,416
Net financial assets, beginning of year	2,005,748	2,005,748	1,867,332
Net financial (liabilities) assets, end of year	$ (3,518,120)	$ (7,461,552)	$ 2,005,748

The accompanying notes are an integral part of these consolidated financial statements.

SAULT STE. MARIE HOUSING CORPORATION

Consolidated Statement of Remeasurement Losses

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

	2020	2019
Accumulated remeasurement losses, beginning of year	$ -	$ -
Unrealized losses attributed to:		
Derivative - interest rate swaps	(413,047)	-
Accumulated remeasurement losses, end of year	$ (413,047)	$ -

The accompanying notes are an integral part of these consolidated financial statements.

SAULT STE. MARIE HOUSING CORPORATION

Consolidated Statement of Cash Flows

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

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 6,019,018	$ 5,745,395
Items not involving cash:		
Amortization of tangible capital assets	709,693	206,938
	6,728,711	5,952,333
Change in non-cash assets and liabilities:		
Accounts receivable	(453,496)	351,103
Due from District of Sault Ste. Marie Social Services Administration Board	(269,035)	(851,739)
Accounts payable and accrued liabilities	(451,291)	447,069
Deferred revenue	(225,849)	287,544
Net change in cash from operating activities	5,329,040	6,186,310
Capital activities:		
Cash used to acquire tangible capital assets	(15,782,964)	(5,813,917)
Financing activities:		
Proceeds from long-term debt	10,150,000	-
Long-term debt principal repayments	(280,104)	(463,570)
Net change in cash from financing activities	9,869,896	(463,570)
Net change in cash and cash equivalents	(584,028)	(91,177)
Cash and cash equivalents, beginning of year	2,952,531	3,043,708
Cash and cash equivalents, end of year	$ 2,368,503	$ 2,952,531

The accompanying notes are an integral part of these consolidated financial statements.

Sault Ste. Marie Housing Corporation (the "Corporation") was incorporated in the Province of Ontario on December 14, 2000. The objects of the Corporation state that the Corporation will provide for accommodation to persons of low or modest income and to persons with special needs. The Corporation is exempt from income tax under section 149(1)(d.5) of the Income Tax Act as a municipal corporation.

On January 1, 2019, the Corporation adopted Canadian Public Sector Accounting Standards. These are the first consolidated financial statements prepared in accordance with these public sector accounting standards.

In accordance with the transitional provisions in the Public Sector Accounting Standards, the Corporation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2019 and all comparative information provided has been presented by applying public sector accounting standards.

A summary of transitional adjustments recorded to accumulated surplus excess of revenue over expenses is provided in note 2.

1. Significant accounting policies:

The consolidated financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for government organizations as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Corporation are as follows:

(a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Reporting entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of 2733106 Ontario Inc. Inter-organization transactions and balances between these organizations have been eliminated.

(c) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value. The long term debt is recorded at cost and the related interest rate swap agreement is recorded at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 – Fair value measurements are those derived from quoted prices unadjusted) in active markets for identical assets or liabilities;

Level 2 – Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

All financial instruments are Level 1 except for the interest rate swap which is Level 2.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i. Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life – Years
Buildings	40 - 60
Furniture and equipment	5

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for use.

ii. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.

1. Significant accounting policies (continued):

(e) Cash and cash equivalents:

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(f) Reserves:

Certain amounts, as approved by the Board of Directors, are set aside in reserves or reserve funds for future operating and capital purposes. Transfers to and/or from the reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Revenue recognition:

The Corporation recognizes revenue on accommodation charges on a monthly accrual basis when collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the amount is fixed or determinable. Other income is recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Subsidy revenue is recognized in accordance with the requirements of the Housing Services Act, 2011.

(h) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets, employee future benefits and valuation allowances for receivables and Canada – Ontario Affordable Housing Program Loans. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

2. Accounting adjustment:

The following table summarizes the impact of the transition to Canadian Public Sector Accounting Standards on the Corporation's accumulated surplus as of January 1, 2019:

Shareholder's equity:	
As previously reported in accordance with Regulation 367/11 Section 103 (2) of the Housing Services Act 2011 (Ontario)	$ 2,879,687
Public Sector restatement:	
Adjustment to recognize the cost of tangible capital assets previously expensed	8,183,083
Adjustment to recognize accumulated amortization on tangible capital assets not previously recorded	(3,823,674)
Accumulated surplus, as restated January 1, 2019	$ 7,239,096

3. Deferred revenue:

Deferred revenue consists of funds received under the Ontario Home Affordability Program. Under the program, funds will be used to rebuild homes in a state of disrepair. These homes will then sold to residents of community housing and low-income community members on a cost recovery basis. These amounts will be recognized as revenue when the related expense is incurred.

	2020	2019
Balance, beginning of year	$ 287,544	$ –
Contributions received during the year	–	299,000
Contributions recognized as revenue during the year	(225,849)	(11,456)
Balance, end of year	$ 61,695	$ 287,544

4. Long-term debt:

	2020	2019
Canada Mortgage and Housing Corporation, various debentures, interest rates varying from 6.09% to 6.34%, annual payments totaling $257,264 due dates ranging from January 2021 to December 2023, secured by real property	$ 279,902	$ 505,769
2.47% mortgage payable in monthly instalments of $11,812, including interest, due June 2050, secured by land and building in Sault Ste. Marie, Ontario (a)	2,966,051	–
2.56% mortgage payable in monthly instalments of $29,904, including interest, due July 2050, secured by land and building in Sault Ste. Marie, Ontario (a)	6,238,451	–
2.29% mortgage payable in monthly instalments of $3,459, including interest, due November 2050, secured by land and building in Sault Ste. Marie, Ontario (a)	891,261	–
	$ 10,375,665	$ 505,769

Principal repayments required for the next five years and thereafter are as follows:

2021	$ 470,906
2022	259,760
2023	260,044
2024	249,077
2025	255,405
Thereafter	8,880,473
	$ 10,375,665

(a) To reduce the interest rate cash flow risk on the mortgages, the Corporation has entered into interest rate swap contracts that entitles the Corporation to receive interest at floating rates on the notional principal amount and obliges it to pay interest at fixed rates of 2.47%, 2.56% and 2.29% respectively over the entire terms of the mortgages. The fair value of the interest rate swaps at December 31, 2020 are ($431,047) (2019 - $Nil).

5. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals and Transfers	Balance at December 31, 2020
Land	$ 1,756,634	1,618,100	-	$ 3,374,734
Buildings	7,184,980	20,189,589	-	27,374,569
Furniture and equipment	43,016	-	-	43,016
Construction-in-progress	6,024,725	-	(6,024,725)	-
Total	$ 15,009,355	21,807,689	(6,024,725)	$ 30,792,319

Accumulated Amortization	Balance at December 31, 2019	Disposals	Amortization Expense	Balance at December 31, 2020
Land	$ -	-	-	$ -
Buildings	3,987,596	-	709,693	4,697,289
Furniture and equipment	43,016	-	-	43,016
Total	$ 4,030,612	-	709,693	$ 4,740,305

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land	$ 1,756,634	$ 3,374,734
Buildings	3,197,384	22,677,280
Furniture and equipment	-	-
Construction-in-progress	6,024,725	-
Total	$ 10,978,743	$ 26,052,014

5. Tangible capital assets (continued):

Cost	Balance at December 31, 2018	Additions	Disposals and Transfers	Balance at December 31, 2019
Land	$ 1,756,634	-	-	$ 1,756,634
Buildings	7,026,541	158,439	-	7,184,980
Furniture and equipment	43,016	-	-	43,016
Construction-in-progress	369,247	5,655,478	-	6,024,725
Total	$ 9,195,438	5,813,917	-	$ 15,009,355

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization Expense	Balance at December 31, 2019
Land	$ -	-	-	$ -
Buildings	3,780,658	-	206,938	3,987,596
Furniture and equipment	43,016	-	-	43,016
Total	$ 3,823,674	-	206,938	$ 4,030,612

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	$ 1,756,634	$ 1,756,634
Buildings	3,245,883	3,197,384
Furniture and equipment	-	-
Construction-in-progress	369,247	6,024,725
Total	$ 5,371,764	$ 10,978,743

6. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2020	2019
Invested in tangible capital assets	$ 26,052,014	$ 10,978,743
Operating fund	2,337,087	1,521,448
Unfunded long-term debt	(10,375,665)	(505,769)
Replacement reserve	990,069	990,069
Accumulated remeasurement losses	(413,043)	–
	$ 18,590,462	$ 12,984,491

7. District of Sault Ste. Marie Social Services Administration Board revenue:

Funding from District of Sault Ste. Marie Social Services Administration Board consists of the following:

	2020	2019
Subsidy	$ 2,772,064	$ 2,789,566
Building capital funding	5,186,325	5,507,335
Affordable Home Pilot program	225,849	11,456
COVID-19 funding	109,498	–
Rent	390,000	–
	$ 8,683,736	$ 8,308,357

8. Commitments:

The Corporation issued letters of guarantee through its financial institution to provide guarantees to a certain vendor. The outstanding letters of guarantee amounted to $50,000 (2019 - $25,000).

9. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2019.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable. The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are collectible in the allowance for doubtful accounts.

10. Budget figures:

The operating budgets approved by the Corporation for 2020 were prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2020 for the Sault Ste. Marie Housing Corporation.

The consolidated budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial (Liabilities) Assets have been restated to be comparable with the Public Sector Accounting Standards. A reconciliation of the Corporation's approved budget and the consolidated budget presented in these financial statements is presented below:

Adopted consolidated budget:		
Consolidated budgeted annual surplus for the year	$	–
Adjustments to adopted budget:		
Amortization of tangible capital assets		(686,002)
Acquisition of tangible capital assets		5,366,262
Debt financing for capital asset acquisitions		(4,814,176)
Budget deficit per consolidated statement of operations and accumulated surplus	$	(133,916)

11. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

12. Segmented reporting:

The Chartered Professional Accountants of Canada - Public Sector Accounting Handbook Section PS2700 – Segmented Disclosures establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Corporation has only one identifiable segment, considered to be public housing and related services, as presented in these financial statements.

13. Impact of COVID-19:

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization, which has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus.

At the time of approval of these financial statements, the Corporation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Additional expenses and Provincial revenues from the District of Sault Ste. Marie Social Services Administration Board to support vulnerable populations impacted by the pandemic;

13. Impact of COVID-19 (continued):

- Rent freezes at 2020 levels for all of 2021 under Ontario's Helping Tenants and Small Business Act, 2020;
- Closure of administrative buildings from March 27, 2020 to the date of the auditors' report based on public health recommendations and mandatory working from home requirements for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.