

## **Toronto Pan Am Sports Centre Impact of COVID-19 on the 2020 Financial Statements**

### **Key Drivers and Financial Impacts**

The 2020 Operating loss of \$1.4 million (2019- Deficit \$0.5 million) is directly attributable to the facility closures and the decreased in the number of events held at the centre as a result of COVID-19.

The Centre was closed for part of the year to comply with provincial orders, and when the Centre was reopened, only reduced level of service was provided and limited programming was offered in response to these restrictions. As a result, the Centre experienced a significant reduction in revenue in 2020. Management made strategic decisions to reduce operating expenses in order to minimize the financial impact from the reduction in revenue.

The Centre was eligible for a total of \$1.7 million from the Federal Government of Canada's Emergency Wage Subsidy (CEWS) program and \$0.03 million from the Federal Government of Canadian Emergency Commercial Rent (CECRA).

TPASC implementing the following cost savings strategies to partially offset the lower revenue streams:

- No part-time staff during closed periods
- Elimination of salary increases for 2020
- Elimination of eligible bonuses for 2020
- Reduced salary to 75% for some full-time staff members during spring closure.
- Reduce hydro usage through energy conservation strategies
- Reduced food and beverage inventory
- Reduction in repairs, maintenance and cleaning due to lower facility usage

### **Impact on the Capital Budget**

TPASC annually funds its major maintenance and capital expenditures from its capital reserve - Major Maintenance and Capital Replacement Fund.

The capital budget for 2020 was approved by the Board of Directors at \$2.98 million. This is consistent with the TPASC 50-year capital model. TPASC has been able to take advantage of shut down periods, by completing some of its major capital projects which will minimize impact to future programming.

### **Modifications to Programs & Initiatives**

TPASC management worked in collaboration with national and provincial sport organizations to create a "safe return to train" plan that complied with Toronto Public Health and other government regulations, sport organizations protocols as well as TPASC facility protocols. TPASC management reviewed and approved all "safe return to train" plans to ensure compliance with aforementioned standards.

High Performance, a training provider, returned to the facility in June, 2020 and continues to train with these protocols in place. These protocols and sport packages also enabled aquatics and field house clubs to return to training from July to October, 2020, in a safe manner. In addition to this, TPASC modified its in-house program offerings to comply with these revised protocols.

Upon closure in March, TPASC began implementation of an online video library for its group fitness classes. To date, there are over 380 classes available. TPASC has also designed and implemented its proprietary fitness app that the community can purchase at a competitive rate in order to streamline access to the online classes and track their individual fitness progress.

TPASC food and beverage has seen a significant reduction in revenue but has been able to generate revenue by offering curbside pickup and implementing relationships with food delivery services.

### **2021 Outlook and Key Assumptions**

The Centre is currently open for Tokyo identified athletes to continue to train for the 2021 Olympics as per the Provincial legislation Ontario Regulation 82/20. TPASC will begin programming as allowed by the Provincial government and public health officials. The potential financial implications related to the COVID-19 pandemic include:

- Reduction in revenue related to closures and decrease in the number of events held at the Centre, and reduced usage in various services;
- Reduction in expenses directly related to program closures and/or decreases in service.
- Decline in the fair value of investments and investment income, including investments under the reserve fund.

Uncertainty exists related to the impact that COVID-19 will have on the operations of the Centre. As the situation is fluid, the ultimate impact to the Centre's operations, assets, liabilities, revenues and expenses are not yet known.