ATTACHMENT 2

F I N A N C I A L   S T A T E M E N T S

For

LAKESHORE ARENA CORPORATION

For year ended

DECEMBER 31, 2021

Management's Responsibility for the Financial Statements

The financial statements of the Lakeshore Arena Corporation (the "Corporation") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 3 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, 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 financial statements. These systems are monitored and evaluated by management.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Corporation's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the Board of Directors, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

Howie Dayton .... Chairperson

Andrew J. Flynn .... Treasurer

Welch LLP - Chartered Professional Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

LAKESHORE ARENA CORPORATION

Opinion

We have audited the accompanying financial statements of Lakeshore Arena Corporation (the "Corporation"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations, changes in net debt and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of the Corporation as at December 31, 2021 and the results of its operations, changes in net debt, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that as of December 31, 2021, the Corporation had a net debt of $30,112,892 and, for the year then ended, the Corporation received $1,150,000 in emergency funding received from the City of Toronto. The Corporation continues to be dependent on cash-flow support from the City of Toronto. These events and conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast some doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Corporation 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.

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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 11, 2022.

LAKESHORE ARENA CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash	$ 332,406	$ 129,129
Accounts receivable	200,252	99,796
Accrued revenue	127,308	79,034
	659,966	307,959
LIABILITIES		
Line of credit (note 6)	1,000,000	1,000,000
Accounts payable and accrued liabilities (note 7)	647,065	374,434
HST payable	36,863	236
Due to City of Toronto (note 11)	964,050	529,113
Deferred revenue	107,570	75,157
Deferred contributions (note 8)	100,000	-
Loans payable (note 9)	27,773,155	28,684,931
Obligations under capital lease (note 10)	144,155	191,918
	30,772,858	30,855,789
NET DEBT	(30,112,892)	(30,547,830)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	31,108,931	32,040,053
Prepaid expense	8,375	8,375
	31,117,306	32,048,428
ACCUMULATED SURPLUS (note 11)	$ 1,004,414	$ 1,500,598

Approved on behalf of the Board:

Howie Dayton
. . . . Director

Andrew J. Flynn
. . . . Director

(See accompanying notes)

LAKESHORE ARENA CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	Budget 2021 (unaudited)	2021	2020
Revenue			
Ice rentals	$ 2,362,225	$ 1,861,064	$ 1,626,371
Tenancy rentals	1,249,535	1,235,747	915,028
Emergency funding (note 12)	-	1,150,000	400,000
Utility recovery	189,064	185,546	176,375
Licensing	145,020	234,074	157,553
Government assistance (note 12)	-	-	113,428
Snack bar, net (Schedule A)	-	(48,410)	(34,807)
Other	18,679	20,443	13,705
	3,964,523	4,638,464	3,367,653
Expenses			
Utilities	1,047,448	1,091,114	1,066,854
Interest (notes 6, 7 and 10)	935,193	1,045,696	990,108
Amortization of tangible capital assets	979,992	931,122	931,896
Salaries and benefits	899,576	846,991	808,016
Building and equipment maintenance	728,893	580,303	646,802
Office and cleaning	28,191	75,188	45,810
Insurance (note 7)	62,000	62,614	61,690
Bank and credit card charges	43,348	30,049	24,054
Telephone	15,742	14,713	15,508
Legal and audit	32,250	16,296	17,577
Amortization of loan transaction cost	-	3,327	3,327
Marketing and promotions	7,956	1,586	2,039
Other	8,443	712	8,300
Bad debts	3,500	-	2,647
	4,792,532	4,699,711	4,624,628
Operating deficit	$ (828,009)	(61,247)	(1,256,975)
Accumulated surplus, beginning of year		1,500,598	2,757,573
Distribution to City of Toronto (note 11)		(434,937)	-
Accumulated surplus, end of year		$ 1,004,414	$ 1,500,598

(See accompanying notes)

LAKESHORE ARENA CORPORATION

STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED DECEMBER 31, 2021

	2021	2020
Operating deficit	$ (61,247)	$ (1,256,975)
Amortization of tangible capital assets	931,122	931,896
Utilization of inventories	-	13,953
Distribution to City of Toronto (note 11)	(434,937)	-
Changes in net debt	434,938	(311,126)
Net debt, beginning of year	(30,547,830)	(30,236,704)
Net debt, end of year	$ (30,112,892)	$ (30,547,830)

(See accompanying notes)

LAKESHORE ARENA CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Operating deficit	$ (61,247)	$ (1,256,975)
Items not affecting cash:		
Amortization of tangible capital assets	931,122	931,896
Amortization of loan transaction costs	3,327	3,327
	873,202	(321,752)
Non-cash changes to operations		
Accounts receivable	(100,456)	13,770
Accrued revenue	(48,274)	(3,600)
Accounts payable and accrued liabilities	272,631	71,903
HST payable	36,627	(31,984)
Due to City of Toronto	434,937	(182,335)
Deferred revenue	32,413	(30,397)
Deferred contributions	100,000	-
Inventory	-	13,953
	1,601,080	(470,442)
FINANCING ACTIVITIES		
Increase in line of credit	-	1,000,000
Principal repayments of loans payable	(915,103)	(969,629)
Proceeds from loans payable	-	113,429
Distribution to City of Toronto	(434,937)	-
Repayments of obligation under capital lease	(47,763)	(46,354)
	(1,397,803)	97,446
INCREASE (DECREASE) IN CASH	203,277	(372,996)
CASH, BEGINNING OF YEAR	129,129	502,125
CASH, END OF YEAR	$ 332,406	$ 129,129

(See accompanying notes)

1. NATURE OF OPERATIONS

Lakeshore Arena Corporation (the “Corporation") was incorporated under the Ontario Business Corporations Act on July 19, 2011 to acquire the assets and assume certain liabilities of Lakeshore Lions Arena Incorporated and to continue to operate the arena as a community recreation centre under the Community Recreation Centre Act, pursuant to Chapter 25 of the City of Toronto Municipal Code, By-Law No. 21259, as amended. The Committee of Management operates and manages the arena facilities on behalf of the City of Toronto (the “City").

2. GOING CONCERN

These financial statements have been prepared on the assumption that the Corporation will continue as a going concern, meaning it will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at December 31, 2021, the Corporation had a net debt of $30,112,892 (2020 - $30,547,830) and, for the year then ended, the Corporation had an operating deficit of $61,247 (2020 - $1,256,975) and had positive operating cash flows of $1,601,080 (2020 - negative operating cash flows of $470,442). This was achievable with the $1,150,000 (2020 - $1,000,000) in emergency funding received from the City of Toronto.

Whether the Corporation will have the ability to meet its debt obligations is uncertain due to the impacts of the COVID-19 pandemic and these uncertainties cast some doubt about the Corporation’s ability to continue as a going concern. The Corporation’s ability to continue as a going concern is dependent on the continued cash-flow support from the City of Toronto in order to meet its debt obligations and working capital needs until such time as the resumption to normal operations is permitted based on local health guidance.

If the going concern assumption were not appropriate for these financial statements, adjustments might be necessary to the carrying values of assets and liabilities and the classifications in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Revenue recognition

Ice rental revenues are recognized on the event date. Tenancy rental and licensing revenues are recognized on a pro-rata basis over the term of the respective agreements. Utilities recovery is recognized on a monthly basis based on usage. Snack bar sales are recognized at the time of sale. Ice rental fees paid in advance are recorded as deferred revenues. Emergency funding is recogonized when received.

3. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	46 years
Computer equipment	5 years
Furniture and fixtures	10 years
Zamboni	5 years

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that the reduction in future economic benefits is expected to be permanent. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the tangible capital assets to its fair value. Any impairment is charged to income in the period in which the impairment is determined.

Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, amounts due to City of Toronto, capital lease and line of credit. Loans payable are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. Transaction costs are amortized on a straight-line basis.

Contributed services

Services provided without charge by the City and others are not recorded in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 amounts of revenue and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its tangible capital assets, accrued liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

4. **FUTURE ACCOUNTING PRONOUNCEMENTS**

The Corporation is in the process of assessing the impact on its financial statements of the following upcoming changes to PSAS.

Standards applicable for fiscal years beginning on or after April 1, 2022
(in effect for the Corporation for the year ending on December 31, 2023):

PS 1201 - Financial Statement Presentation replaces PS 1200 - Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The Standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. The new statement reports the changes in the values of financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value.

PS 3450 - Financial instruments establishes accounting and reporting requirements for all types of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments can be elected to be measured at cost, amortized cost, or fair value. Unrealized gains and losses arising from changes in fair value are presented in the new Statement of Remeasurement Gains and Losses.

PS 2601 - Foreign Currency Translation replaces PS 2600 - Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. However, the new standard also provides an election that will allow for the continued recognition of all exchange gains and losses directly in the Statement of Operations.

PS 3041 - Portfolio Investments replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 - Financial Instruments.

PS 3280 - Asset Retirement Obligations establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a public sector entity. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

Standards applicable for fiscal years beginning on or after April 1, 2023
(in effect for the Corporation for the year ending on December 31, 2024):

PS 3160 - Public Private Partnerships (P3s) identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, have access to the future economic benefits and exposure to the risks associated with the assets, and retain significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

PS 3400 - Revenue establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 - Purchased intangibles provides guidelines on accounting and reporting for purchased intangibles. Concurrently, PS 1000 - Financial Statement Concepts has been amended to remove the prohibition against recognizing intangibles purchased in an exchange transaction in public sector financial statements.

5. **TANGIBLE CAPITAL ASSETS**

	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
Building	$ 39,726,934	$ 8,814,379	$ 30,912,555	$ 31,777,589
Computer equipment	65,825	54,485	11,340	15,610
Furniture and fixtures	610,837	560,007	50,830	58,966
Zamboni	364,159	229,953	134,206	187,888
	$ 40,767,755	$ 9,658,824	$ 31,108,931	$ 32,040,053

Included in Zamboni is equipment under capital lease of $268,411 (2020 - $268,411) with related accumulated amortization of $134,205 (2020 - $80,523).

6. **LINE OF CREDIT**

The Corporation has available a line of credit with the City of Toronto for up to $1,000,000 at 3% per annum, to cover periodic operating cash flow shortfalls. The line of credit is unsecured and there are no specific terms for repayment. As at December 31, 2021, the Corporation has drawn $1,000,000 (2020 - $1,000,000) on this facility.

7. **RELATED PARTY TRANSACTIONS**

Insurance

The City of Toronto provides for facility insurance for the Corporation. The Corporation paid $62,614 (2020 - $61,690) to the City for the current year premiums.

Interest

The Corporation incurred interest of $147,454 (2020 - $102,230) on outstanding debt to the City of Toronto and the amount is recorded in interest, of which $188,346 (2020 - $40,892) is outstanding and included in accounts payable and accrued liabilities.

Leased Land

The Corporation has signed a sub lease agreement with the City of Toronto at no cost for the first 35 years and then 50% of the operating surplus for the balance of the term to October 27, 2057, for the land on which the arena facilities are located. In turn, the City has leased the land from The Toronto District School Board and the Corporation is required to provide 500 hours of no cost non-prime time ice time, to the Toronto District School Board, from October 1st to September 30th, each lease year.

8. **DEFERRED CONTRIBUTIONS**

Deferred contributions relate to amounts received in the year for use in a future period, as follows:

	2021	2020
Balance, beginning of year	$ -	$ -
Add: contributions received in the year	100,000	-
Less: amounts recognized as revenue	-	-
Balance, end of year	$ 100,000	$ -

9. **LOANS PAYABLE**

	2021	2020
(a) Infrastructure Ontario	$ 23,794,257	$ 24,559,047
(b) City of Toronto - General	4,047,660	4,047,660
(c) City of Toronto - Sustainable Energy Plan	570	50,883
(d) City of Toronto - Toronto Energy Conservation Fund	-	100,000
	27,842,487	28,757,590
Less: unamortized transaction costs	(69,332)	(72,659)
	$ 27,773,155	$ 28,684,931

Principal repayments are due as follows:

	City of Toronto	Infrastructure Ontario
2022	$ 4,048,230	$ 791,834
2023	-	819,834
2024	-	848,823
2025	-	878,838
2026	-	909,914
Thereafter	-	19,545,014
	$ 4,048,230	$ 23,794,257

(a) In April 2017, the Corporation obtained two credit facilities from Ontario Infrastructure and Lands Corporation ("Infrastructure Ontario"). The maximum aggregate principal amount which maybe outstanding at anytime cannot exceed $30,860,435. The credit facilities bearing interest at 3.48% and are repayable in equal monthly blended installments of $133,944 which commenced on November 30, 2017 and matures on October 31, 2042. The credit facilities are secured by a mortgage over the property, a general security agreement, and assignment of rents and leases. The City of Toronto has provided a guarantee of the principal amount. The credit facilities contain a number of restrictive covenants that requires the Corporation to be in compliance with a financial ratio and non-financial criteria. As at December 31, 2021, the Corporation was in compliance with the debt service coverage ratio requirement.

(b) The City of Toronto general loan is unsecured and bears interest at 3.0% compounded semi-annually with interest only payments due. The loan was renewed in 2021 and matures on October 31, 2022.

(c) In May 2019, the Corporation obtained a loan from the City of Toronto for the implementation of energy efficient projects in the amount of $68,412, bearing interest at 2.2%. This loan was fully paid off in 2021. As at December 31, 2021, the Corporation owed $570 to the City of Toronto for accrued interest.

(d) In January 2012, the Corporation obtained a loan from the City of Toronto under the Toronto Energy Conservation Fund in the amount of $100,000. This loan was fully paid off in 2021.

10. CAPITAL LEASE OBLIGATIONS

The Corporation has financed two Zambonis by entering into capital leasing arrangements. Capital lease repayments are due as follows:

2022	$ 52,867
2023	52,867
2024	44,848
	150,582
Less: amount representing deemed interest at 3%	(6,427)
Present value of net minimum capital lease payments	$ 144,155

Interest of $5,104 (2020 - $6,514) relating to capital lease obligations has been included in interest expense.

11. ACCUMULATED SURPLUS

The accumulated surplus is made up as follows:

	2021	2020
Accumulated surplus, beginning of year	$ 1,500,598	$ 2,757,573
Distribution to City of Toronto	(434,937)	-
Current year operating surplus (deficit)	(61,247)	(1,256,975)
Accumulated surplus, end of year	$ 1,004,414	$ 1,500,598

In January 2016, the City of Toronto wrote-off $8,100,000 of the loan receivable from the Corporation and converted it as a capital contribution to the Corporation. As part of the transaction, the Corporation agreed to make an annual distribution to the City equal to 50% of net operating income before amortization of tangible capital assets. The annual distribution would continue until the full $8,100,000 of the capital contribution has been returned. The Corporation is able to draw from the distributions made to the City for capital repair projects upon approval by the City of Toronto. As at December 31, 2021, a total of $1,602,446 (2020 - $1,167,509) had been recorded as distributions to date, of which $964,050 (2020 - $529,113) is outstanding and included in due to City of Toronto. The balance outstanding is non-interest bearing with no fixed repayment terms.

12. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF THE COVID-19

In mid-March of 2020, the province of Ontario declared a state of emergency in response to public health concerns originating from the spread of COVID-19. The arena was closed to the public for the majority of 2020 and approximately half of 2021 in response to the quarantine measures implemented by the provincial government to stop the spread of the virus.

The Government of Canada announced that they would be providing emergency funding to various businesses in response to COVID-19 impacts. For the year ended December 31, 2021, the Corporation received a total of $nil (2020 - $113,428) from the Federal Government's Canadian Emergency Commercial Rent Assistance (CECRA) program. In addition, the Corporation received $1,150,000 (2020 - $400,000) from the City of Toronto as emergency funding to support cash shortfall due to the closure.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of COVID-19 makes it difficult to determine the length of time that the Corporation's operations will be impacted or the severity of the impact. Consequently, the effects any subsequent outbreaks or abrupt declines in economic activity therefrom will have on the Corporation's operations, assets, liabilities, assumulated surplus, revenues and expenses are unknown at this time.

13. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Corporation's financial instruments:

Credit risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Corporation’s maximum exposure to credit risk represents the sum of the carrying value of its cash and accounts receivable. The Corporation’s cash is with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Management believes that the Corporation’s credit risk with respect to accounts receivable is limited. The Corporation manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's line of credit and long-term debt bear interest at fixed interest rates, consequently, the Corporation's exposure to interest rate risk is negligible.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities and loans payable.

The Corporation manages liquidity risk by monitoring its cash flow requirements on a regular basis. As at December 31, 2021, the Corporation continues to experience a significant cash shortage given the closure of the arena due to COVID-19. The Corporation expects to continue to receive cash flow support from the City of Toronto to meet its obligations.

Changes in risk

There have been no significant changes in the Corporation's risk exposures from the prior year.

LAKESHORE ARENA CORPORATION

YEAR ENDED DECEMBER 31, 2021

SNACK BAR OPERATIONS

	2021	2020
Sales		
Snack bar	$ -	$ 90,953
Catering income	-	4,825
	-	95,778
Expenses		
Cost of goods sold	-	60,405
Direct wages	48,410	70,180
	48,410	130,585
Gross loss	$ (48,410)	$ (34,807)