

## **Lakeshore Arena Corporation Impact of COVID-19 on the 2020 Financial Statements**

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

The 2020 Operating loss of \$1.257 million (2019- Surplus \$0.103 million) is directly attributable to the closure of the facility as a result of COVID-19. As a result of the operating deficit, no distribution is required to the City of Toronto as a contribution to capital.

LAC initially closed its ice rinks on March 14, 2020 at the start of the pandemic. It opened to host limited sporting events. The National Hockey League (NHL) hosted the Eastern Conference playoffs from July 26 through September 4, 2020 at the arena as part of the NHL bubble. From September 7th through November 22nd, 2020 the Arena operated ice rentals with COVID safety protocols in place. The arena closed to the public on November 23rd, 2020 and remains closed. Currently only the Maple Leafs and a few other NHL players are training at the arena. The Corporation has reduced a total of 12 staff due to the pandemic and pays benefit coverages for staff that have been laid off.

LAC also rents space to third parties. Currently, two medical clinics remain open. The Hockey Hall of Fame and Prosharp Inc. are operating on a limited basis. All other tenants are closed or open by appointment only. Operation of the food and beverage department (snack bar) has ceased.

The Corporation accepted Canada Emergency Commercial Rent Assistance (CECRA) loans as part of the rent subsidy from CMHC and the Canadian government that total \$113,428 and are in full compliance with all regulations to date.

In addition to the \$400,000 in emergency funding received from City of Toronto that was used for working capital, LAC also used the full \$1,000,000 Line of Credit for repayment of principle and interest on the loans outstanding. Loan covenants have been waived by the primary lender.

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

LAC's capital maintenance needs are addressed through Parks, Forestry and Recreation (PFR) Capital Budget. In order to minimize the pressure to the PFR capital budget, Lakeshore Arena contributes 50% of its net Operating Income before amortization to a Reserve Fund set up for Lakeshore Arena's Capital needs - Lakeshore Arena Capital Reserve Fund. In 2020, LAC was expected to contribute \$0.529 million to the reserve fund. These payments, together with other loan payments, remain outstanding and have been deferred to end of July, 2021.

## **Modifications to Programs & Initiatives**

As a result of COVID 19, the Arena facility remains closed to the public. LAC continues to host the Maple Leafs for on ice training. The building is open for the two tenants that operate medical clinics. All ice rentals to the public are closed at this time. The concession stands have since been loaned to the chefs at Maple Leaf Sports and Entertainment (MLSE) for meal preparation for players with the goal of securing this as a long-term kitchen and preparation area and an expansion of their current lease.

## **2021 Outlook and Key Assumptions**

LAC does not currently have a scheduled reopening date to resume the public component of the business. The City will continue to provide cash-flow support in order to meet debt obligations and working capital needs until normal operations resume and become sustainable through their normal revenue streams.