

March 23, 2013

Board of Directors
Kingston Economic Development Corporation
945 Princess Street at Innovation Park
KINGSTON ON K7L 3N6

Dear Board of Directors:

Re: Audit of 2012 Financial Statements

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly, an audit would not usually identify all such matters.

During the course of our audit of the financial statements for the year ended December 31, 2012, we did not identify any of the following matters:

- Misstatements, other than trivial errors;
- Fraud;
- Misstatements that may cause future financial statements to be materially misstated; or
- Significant weaknesses in internal control.

As a result of our observations during the course of our audit, we have outlined below some suggestions for your consideration. Minor matters were discussed verbally with KEDCO senior staff.

Payroll

Within every transaction cycle, wherever possible, adequate segregation of duties should be implemented. It is our recommendation that the function of payroll processing be modified. The processing of payroll should be done by someone other than the person that reviews/approves the payroll and performs the accounting function.

Corporate Credit Cards

At present there are thirteen corporate credit cards. We discussed the risks and controls around the corporate credit cards with management. Management advised that all card holders need cards due to travel requirements. We recommend that if that many cards are required then appropriate

controls be reviewed. We recommend controls include that each card have a limit sufficiently low based on typical spending, pre-approval process for non-per diem and non-travel costs. Also, appropriate third-party reviews of all expense reports should be done at all times.

Prior Year Recommendation

In the past we had recommended that the corporation take steps to ensure that there be consistency between actual workflow and policies and procedures being employed and the policies and procedures written in the corporations Operations and HR Policy Manual. During the current year we found that there was consistency between written policies and actual performance.

This communication is prepared solely for the information of the directors and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from Ann, Jeff, Mary-Ann and other staff members.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours very truly,

SECKER ROSS & PERRY LLP



Tyler Rider, CA
Partner

**KINGSTON ECONOMIC DEVELOPMENT
CORPORATION**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Independent Auditors' Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Fund Balances

Statement of Cash Flow

Notes to Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Kingston Economic Development Corporation

We have audited the accompanying financial statements of Kingston Economic Development Corporation which comprise the statement of financial position as at December 31, 2012 and the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the corporation derives revenue from events and seminars, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the corporation and we were not able to determine whether any adjustments might be necessary to revenues and fund balances.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2012 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our qualified opinion, we draw attention to Note 2 to the financial statements which describes that Kingston Economic Development Corporation has adopted Part III of the CICA Handbook - Accounting Standards for Not-for-Profit Organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and the statements of operations, changes in fund balances and cash flow for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Secker Ross & Perry LLP

Chartered Accountants
Licenced Public Accountants
Kingston, Ontario
March 19, 2013

KINGSTON ECONOMIC DEVELOPMENT CORPORATION**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u> (unaudited)
Assets		
Current Assets		
Cash	\$ 468,142	\$ 266,545
Cash - New Energy Project (note 17(c))	13,481	21,881
Cash - interest earned on funds on deposit (note 6(a))	3,621	1,692
Investments (note 4)	150,931	-
Accounts receivable	37,178	672,891
Inventory	63,213	51,110
Federal sales tax recoverable	52,950	58,900
Prepaid expenses (note 5)	<u>33,895</u>	<u>52,941</u>
	<u>823,411</u>	<u>1,125,960</u>
Other Deposits and Advances		
Funds on deposit with Unity Savings and Credit Union Limited (note 6(a))	100,000	100,000
Advances to Parteq Angel Network (note 6(a))	<u>50,000</u>	<u>50,000</u>
	<u>150,000</u>	<u>150,000</u>
Capital Assets (note 7)	<u>194,665</u>	<u>217,561</u>
	<u>\$ 1,168,076</u>	<u>\$ 1,493,521</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 54,530	\$ 194,877
Deferred revenue (note 9) and (note 17 (c))	<u>38,131</u>	<u>89,781</u>
	<u>92,661</u>	<u>284,658</u>
Deferred Contributions Related to Capital Assets (note 10)	<u>115,778</u>	<u>135,011</u>
Deferred Lease Inducements (note 11)	<u>51,563</u>	<u>39,063</u>
Fund Balances		
Investment in Capital Assets (note 12)	78,887	82,550
Board Restricted (note 6(a))	150,000	150,000
Other Board Restricted (note 6(b))	26,906	194,999
Unrestricted	<u>652,281</u>	<u>607,240</u>
	<u>908,074</u>	<u>1,034,789</u>
	<u>\$ 1,168,076</u>	<u>\$ 1,493,521</u>

Approved on behalf of the Board:

Member

Member

See accompanying notes to financial statements.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION**STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u> (unaudited)
Revenues		
Investment from City of Kingston	\$ 2,564,282	\$ 2,514,000
Partnership revenue and corporate investors (note 18)	185,865	174,595
Federal government	1,572	34,020
Provincial government (note 18)	285,746	108,321
Events and seminars (note 18)	175,241	13,106
Resale materials	204,891	192,596
Interest	10,485	8,048
Amortization of deferred capital contributions (note 10)	19,233	19,233
On-line reservation	2,113	8,271
	<u>3,449,428</u>	<u>3,072,190</u>
Expenses		
Accounting and legal	23,915	19,220
Advertising	355,709	361,991
Amortization	49,546	47,650
Bad debts	-	355
Bank charges	17,703	13,778
Equipment rental	11,953	12,948
Events and meetings (note 18)	364,422	172,915
Insurance	7,604	7,041
Memberships and licences	38,983	30,186
Office and miscellaneous	36,596	35,465
Physician recruitment	-	16,082
Professional contractors	111,533	68,062
Professional development	28,147	34,550
Rent (note 14)	151,862	153,095
Repairs and maintenance	45,754	41,171
Resale materials	103,256	107,566
Salaries and benefits	1,540,577	1,396,734
Sponsorships and donations (note 18)	408,656	197,928
Telephone	28,235	30,191
Travel	89,322	102,152
	<u>3,413,773</u>	<u>2,849,080</u>
Excess of revenues over expenses before the undernoted item	35,655	223,110
Expenses of board restricted fund (note 6(b))	<u>162,370</u>	<u>59,446</u>
Excess (deficiency) of revenues over expenses	<u>\$ (126,715)</u>	<u>\$ 163,664</u>

See accompanying notes to financial statements.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2012

	<u>Investment in Capital Assets</u>	<u>Board Restricted</u>	<u>Other Board Restricted</u>	<u>Unrestricted</u>	<u>Total 2012</u>	<u>Total 2011</u> (unaudited)
Balance at beginning of year	82,550	150,000	194,999	607,240	\$ 1,034,789	\$ 871,125
Excess (deficiency) of revenues over expenses	(30,313)	-	(162,370)	65,968	(126,715)	163,664
Interfund transfers (note 6(b))	-	-	5,870	(5,870)	-	-
Investment in capital assets	<u>26,650</u>	<u>-</u>	<u>(11,593)</u>	<u>(15,057)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>\$ 78,887</u>	<u>\$ 150,000</u>	<u>\$ 26,906</u>	<u>\$ 652,281</u>	<u>\$ 908,074</u>	<u>\$ 1,034,789</u>

See accompanying notes to financial statements.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u> (unaudited)
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses	\$ (126,715)	\$ 163,664
Add (deduct) items not affecting cash		
Amortization	49,546	47,650
Amortization of deferred capital contributions	(19,233)	(19,233)
Deferred lease inducements	<u>12,500</u>	<u>12,500</u>
	(83,902)	204,581
Changes in non-cash working capital balances		
Accounts receivable	635,713	(564,013)
Inventory	(12,103)	(8,983)
Federal sales tax recoverable	5,950	(35,786)
Prepaid expenses	19,046	(26,788)
Accounts payable and accrued liabilities	(140,347)	2,685
Deferred revenue	<u>(51,650)</u>	<u>89,781</u>
	<u>372,707</u>	<u>(338,523)</u>
Cash flow used in investing activities		
Advances to the Parteq Angel Network	-	(50,000)
Purchase of capital assets	(26,650)	(20,338)
Purchase of investments	<u>(150,931)</u>	<u>-</u>
	<u>(177,581)</u>	<u>(70,338)</u>
Net increase (decrease) in cash	195,126	(408,861)
Cash at beginning of year	<u>390,118</u>	<u>798,979</u>
Cash at end of year	<u>\$ 585,244</u>	<u>\$ 390,118</u>
Cash represented by:		
Cash	\$ 468,142	\$ 266,545
Cash - New Energy Project	13,481	21,881
Cash - interest earned on funds on deposit	3,621	1,692
Deposit with Unity Savings and Credit Union Limited	<u>100,000</u>	<u>100,000</u>
	<u>\$ 585,244</u>	<u>\$ 390,118</u>

See accompanying notes to financial statements.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

1. Purpose of the Corporation

Kingston Economic Development Corporation is incorporated without share capital as a not-for-profit corporation under the laws of Ontario. The corporation's mission is to undertake and promote economic development for Kingston, fostering local investment, job creation, assessment growth and community prosperity through the support of strategic economic projects in the industrial, commercial, institutional, technological and tourism sectors.

2. Adoption of Accounting Standards for Not-for-Profit Organizations

These financial statements have been prepared in accordance with Part III of the CICA Handbook - Accounting standards for Not-for-Profit Organizations.

Kingston Economic Development Corporation's first reporting period using Part III is for the year ended December 31, 2012. As a result, the date of transition to Part III is January 1, 2011. The corporation presented financial statements under its previous Canadian generally accepted accounting principles annually to December 31 of each fiscal year up to, and including, December 31, 2011.

As these financial statements are the first financial statements for which the corporation has applied Part III, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-time Adoption by Not-for-Profit Organizations.

The adoption of the new standards had no impact on the previously reported assets, liabilities and fund balances of the corporation. Accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations, statement of changes in fund balances and statement of cash flow. Certain of the corporation's disclosures included in these financial statements reflect the new disclosure requirement of Part III.

3. Significant Accounting Policies

(a) Investments

Investments in term deposits are recorded at cost plus accrued interest which approximates market value. Unrealized gains and losses on investments are recorded in the statement of operations.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value, where cost is computed using the average cost method. Obsolete and slow-moving items are written down to their estimated net realizable values.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2012

3. Significant Accounting Policies (continued)

(c) Revenue Recognition

The corporation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue when received or receivable, provided that the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from resale materials, events and seminars are recognized when merchandise is received by or service is provided to the customer.

(d) Amortization

Capital assets are recorded at cost and amortization is provided using the straight-line method over the estimated useful life as follows:

Computer software	2 years
Computer hardware	3 years
Furniture and equipment	5 years
Display units	7 years
Signs	7 years
Voicemail system	7 years
Leasehold improvements	10 years
CRM system	10 years

(e) Donated Materials and Services

The corporation receives donated advertising services from the Provincial government. Because of the difficulty of determining the fair market value, donated advertising services are not recognized in these financial statements.

(f) Deferred contributions

Deferred contributions related to capital assets represent financial assistance received for the purchase of capital assets. This financial assistance is deferred and amortized to income on the same basis as the related capital assets.

(g) Deferred Lease Inducements

Deferred lease inducements represent various lease inducements received from the landlord pursuant to a lease agreement for premises occupied by the corporation. These lease inducements include an initial rent-free period and reduced rent payments in the early periods of the lease. The deferred lease inducements are amortized on a straight-line basis against rent expense over the term of the lease.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2012

3. Significant Accounting Policies (continued)

(h) Impairment of Funds Advanced for Economic Development Initiatives

The funds on deposit with Unity Savings and Credit Union Limited and funds advanced to the Parteq Angel Fund are carried at cost. Each advance is evaluated annually for possible impairment in the carrying value. Management makes its best estimate of the expected net recoverability of the advances in relation to estimates pertaining to the financial solvency of the underlying investments.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Significant estimates in these financial statements include the estimated net recoverability of the funds advanced related to various economic development initiatives. Management has made their best estimate for any impairment to the carrying values.

4. Investments

Investments are comprised of a 91 day term deposit with a chartered bank, maturing March 18, 2013, 1.25% per annum interest payable if held to maturity.

5. Prepaid Expenses

	<u>2012</u>	<u>2011</u>
Innovation Park office rent	\$ 10,553	\$ 8,333
Trade show registration	4,290	6,570
Travel costs	741	1,199
Publication costs	1,766	4,335
Tourist Information office rent	-	1,925
Memberships	545	1,521
Sponsorship	11,000	589
Professional development	-	5,404
Events and meetings	<u>5,000</u>	<u>23,065</u>
	<u>\$ 33,895</u>	<u>\$ 52,941</u>

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2012

6. Board Restricted Funds

(a) Board restricted funds are comprised of:

	<u>2012</u>	<u>2011</u>
First Capital Business Loan Fund	\$ 100,000	\$ 98,308
Parteq Angel Network Fund	<u>50,000</u>	<u>50,000</u>
	<u>\$ 150,000</u>	<u>\$ 148,308</u>

First Capital Business Loan Fund

This fund was established with a cash deposit of \$100,000 to an interest bearing account with Unity Savings and Credit Union Limited (Unity). The purpose of the fund is to provide a guarantee for loans advanced by Unity under a lending program for new and emerging small business. It is intended that the guarantee will be provided for a minimum of five years ending in 2013 with the provision that it can be withdrawn with written notice of termination.

The cash deposit has accumulated interest earnings of \$3,621 at December 31, 2012.

Parteq Angel Network Fund

During 2011, the board approved the transfer of \$50,000 from unrestricted surplus to a new board restricted fund called the Parteq Angel Network Fund. A \$50,000 cash advance was then paid to Parteq Angel Fund Network Inc. in exchange for 50,000 participation units in the Parteq Angel Network ("Network"). The purpose of the Network is to make investments in early stage business ventures that meet the specified investment criteria of the Network.

The participation units are non-interest bearing, unsecured, long-term, irrevocable advances that can only be repaid to the participants in the event of a liquidity event of one or more of the Network's underlying investments.

(b) The corporation has provided funding for various future expenditures under other board restricted funds. These expenditures have been approved by the Board of Directors up to the following amounts:

	<u>Opening Balance</u>	<u>Transfer in year</u>	<u>Expenses in year</u>	<u>Ending balance</u>
2013 Scotties Tournament of Hearts	\$ 75,000	\$ -	\$ 75,000	\$ -
Specific Attraction Incentive	49,999	(49,999)	-	-
Strategic Planning Position	70,000	-	49,501	20,499
Tour Trolley	<u>-</u>	<u>37,869</u>	<u>37,869</u>	<u>-</u>
	194,999	(12,130)	162,370	20,499
Computer Purchase	<u>-</u>	<u>18,000</u>	<u>11,593</u>	<u>6,407</u>
	<u>\$194,999</u>	<u>\$ 5,870</u>	<u>\$173,963</u>	<u>\$ 26,906</u>

During the year, the board approved the net transfer of \$5,870 from Unrestricted Surplus to Other Board Restricted Funds to provide for these commitments.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2012

7. Capital Assets

	2012			2011
	Cost	Accumulated Amortization	Net	Net
Computer software	\$ 9,321	\$ 9,321	\$ -	\$ -
Computer hardware	144,968	137,239	7,729	486
Furniture and equipment	98,160	88,947	9,213	17,000
Display units	48,861	45,807	3,054	5,823
Signs	109,764	76,238	33,526	31,906
Voicemail system	34,444	31,667	2,777	3,703
Leasehold improvements - Innovation Park	175,193	61,451	113,742	130,941
CRM system	30,780	6,156	24,624	27,702
	\$ 651,491	\$ 456,826	\$ 194,665	\$ 217,561

Cost and accumulated amortization in 2011 were \$624,842 and \$407,281 respectively.

8. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is the following government remittance owing:

	<u>2012</u>	<u>2011</u>
Workers' Compensation	\$ -	\$ 503
	\$ -	\$ 503

9. Deferred Revenue

	<u>2012</u>	<u>2011</u>
Event attraction	\$ 24,650	\$ 54,650
KAP program	-	13,250
NEP program	13,481	21,881
	\$ 38,131	\$ 89,781

10. Deferred Contributions Related to Capital Assets

The changes in the deferred contributions balance for the year are as follows:

	<u>2012</u>	<u>2011</u>
Balance at beginning of year	\$ 135,011	\$ 154,244
Less amounts amortized to revenue - existing	(2,034)	(2,034)
Less amounts amortized to revenue - Innovation Park	(17,199)	(17,199)
Balance at end of year	\$ 115,778	\$ 135,011

KINGSTON ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2012

11. Deferred Lease Inducements

Changes in deferred lease inducements balance for the year are as follows:

	<u>2012</u>	<u>2011</u>
Balance at beginning of year	\$ 39,063	\$ 26,563
Add straight-line rent expense for the year	112,500	112,500
Less rents paid during the year	<u>(100,000)</u>	<u>(100,000)</u>
Balance at end of year	<u>\$ 51,563</u>	<u>\$ 39,063</u>

12. Investment in Capital Assets

	<u>2012</u>	<u>2011</u>
Capital assets	\$ 194,665	\$ 217,561
Less deferred contributions to related capital assets	<u>(115,778)</u>	<u>(135,011)</u>
	<u>\$ 78,887</u>	<u>\$ 82,550</u>

13. Bank Credit Facility

The corporation has a short-term line of credit facility of \$100,000 (2011 - \$100,000) of which none had been drawn as at December 31, 2012 and 2011. The line of credit bears interest at prime and is secured by a general security agreement.

14. Commitments and Contingencies

- (a) The corporation is committed to a lease for office space under an operating lease expiring July 2019. Annual lease payments up to July 2014 amount to \$100,000 per year. The annual lease payments for the period July 15, 2014 to July 31, 2019 amount to \$125,000 per year.

Under the written terms of the lease, the corporation can terminate the lease in July 2014 with six months written notice and the repayment of \$87,500 related to leasehold improvements performed by the landlord on behalf of the corporation.

- (b) The corporation is committed to a service level agreement with the City of Kingston for information systems and technology services. The annual charges for these services amounted to \$35,184 (2011 - \$35,184). Expected cost for 2013 is \$49,426.

15. Pension Costs and Obligations

The corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

The amount contributed to OMERS for 2012 was \$100,120 (2011 - \$79,744).

KINGSTON ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

16. Fair Value of Financial Instruments

Financial instruments are initially recognized at fair value and then subsequently at amortized cost with gains or losses recognized in the statement of operations in the period in which the gain or loss occurs. The carrying amounts for cash, accounts receivable and accounts payable approximate their fair market values because of the short-term nature of these instruments.

It is management's opinion that the corporation is not exposed to significant interest rate, liquidity or credit risks arising from its financial instruments.

17. Related Party Transactions

- (a) The City of Kingston ("City") significantly influences the corporation by virtue of the fact that the City has representation on the Board of the Directors and is the major source of revenue for the corporation.

The City provided revenues of \$2,564,282 (2011 - \$2,514,000).

The corporation paid rent of \$35,636 (2011 - \$35,905) to the City for the Tourist Information office. The lease expires December 31, 2013.

- (b) Kingston Economic Development Corporation significantly influences Kingston Technology Exchange Centre by virtue of the fact that the corporation has the ability to appoint 50% of the board members. There were no transactions with Kingston Technology Exchange Centre during the year. In November 2012 the ten year commitment to the Kingston Technology Exchange Centre expired. The corporation has ceased operations.
- (c) The corporation is a party to a group of partners that have formed the New Energy Project Steering Committee ("Committee") which is responsible for project delivery. The corporation through its agreement with the Committee is providing financial management services to support the plan's implementation.

The corporation is acting as an agent for the Committee and as such has not recorded any revenues or expenses related to the New Energy Project in its statement of operations. There is \$13,481 of cash and deferred revenue related to the New Energy Project recorded on the statement of financial position.

KINGSTON ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2012

17. Related Party Transactions (continued)

The following represents the assets, liabilities, revenues and expenses of the New Energy Project:

Assets	
Cash	<u>\$ 13,481</u>
Liabilities	
Deferred revenue	<u>\$ 13,481</u>
Revenues	
Partnership revenue	<u>\$ 8,400</u>
Expenses	
Professional contractors	\$ 3,300
Management	5,000
Events	<u>100</u>
	<u>\$ 8,400</u>

The corporation records contributions to the New Energy Program in sponsorships and donations. No contributions were made in 2012 (2011 - \$20,000).

The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. Other Information

The corporation acted as a third-party facilitator to bring three major events to the City of Kingston. During the year the following revenues and expenses were recorded in the corporation:

	<u>Rugby Canada</u>	<u>BDO Curling Classic</u>	<u>Scottie's Tournament</u>	<u>Total</u>
Revenues				
Events and seminars	\$ 110,314	\$ 58,398	\$ -	\$ 168,712
Partnership revenue and corporate investor	-	-	85,000	85,000
Provincial government	-	-	150,000	150,000
	<u>\$ 110,314</u>	<u>\$ 58,398</u>	<u>\$ 235,000</u>	<u>\$ 403,712</u>
Expenses				
Events and meetings	\$ 96,646	\$ 58,398	\$ -	\$ 155,044
Sponsorships and donations	-	-	260,000	260,000
Expenses of board restricted fund	-	-	75,000	75,000
	<u>\$ 96,646</u>	<u>\$ 58,398</u>	<u>\$ 335,000</u>	<u>\$ 490,044</u>