

Kingston Economic Development Corporation

Financial Statements

Year Ended December 31, 2023

Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kingston Economic Development Corporation

Opinion

We have audited the financial statements of Kingston Economic Development Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditor's report.

We are independent of the Entity 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.



Responsibilities of Management and Those Charged With Governance 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.

In preparing the 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.

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 the 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 Entity's internal control.



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- 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 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 Entity's 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
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

March 25, 2024

Kingston Economic Development Corporation
Statement of Financial Position
As at December 31, 2023 with comparative information for 2022

| | 2023 | 2022 |
|---------------------------------------------------------------|--------------|--------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 676,622 | \$ 1,155,367 |
| Investments (note 3) | 279,161 | 310,474 |
| Accounts receivable (note 4) | 136,838 | 404,516 |
| Due from the Corporation of the City of Kingston (note 19(b)) | 375,484 | – |
| Harmonized sales tax recoverable | 21,086 | 44,673 |
| Prepaid expenses and refundable deposits (note 5) | 12,053 | 26,118 |
| | 1,501,244 | 1,941,148 |
| Long-term investment (note 6(a)) | 10,000 | 10,000 |
| Capital assets (note 7) | 19,702 | 56,088 |
| | \$ 1,530,946 | \$ 2,007,236 |
| Liabilities and Fund Balances | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities (note 8) | \$ 178,813 | \$ 120,838 |
| Due to the Corporation of the City of Kingston (note 19(b)) | – | 318,626 |
| Deferred revenue (note 9) | 86,162 | 559,895 |
| | 264,975 | 999,359 |
| Deferred contributions related to capital assets (note 10) | 7,000 | 21,000 |
| | 271,975 | 1,020,359 |
| Fund Balances | | |
| Investment in capital assets (note 11) | 12,702 | 35,088 |
| Board restricted - Long-Term Investment (note 6(a)) | 10,000 | 10,000 |
| Board restricted - Business Retention & Expansion (note 6(b)) | 50,000 | 50,000 |
| Board restricted - Programming and Equipment (note 6(b)) | 73,089 | – |
| Unrestricted surplus | 1,113,180 | 891,789 |
| | 1,258,971 | 986,877 |
| | \$ 1,530,946 | \$ 2,007,236 |

Commitments (note 16)

Economic dependence (note 20)

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, 2023

| | 2023 | 2022 |
|----------------------------------------------------------------------------|--------------|--------------|
| Revenue | | |
| Contributions from the Corporation of the City of Kingston (note 19(a)) | \$ 1,501,226 | \$ 1,481,961 |
| Federal government contributions (note 13) | 513,314 | 523,881 |
| Provincial government contributions (note 14) | 383,615 | 623,836 |
| Partnership revenue and corporate investors (notes 12 and 19(a)) | 110,161 | 122,527 |
| Interest income (note 3) | 60,142 | 30,785 |
| Amortization of deferred contributions related to capital assets | 14,000 | 14,000 |
| | 2,582,458 | 2,796,990 |
| Expenses | | |
| Accounting and legal (notes 16(c) and 19(c)) | 55,391 | 55,490 |
| Advertising | 127,518 | 186,831 |
| Amortization of capital assets | 36,386 | 37,504 |
| Bank charges | 5,227 | 5,093 |
| Events, meetings & workshops | 105,243 | 72,334 |
| Grant disbursements | 328,618 | 385,146 |
| Information technology support (notes 16(b) and 19(c)) | 23,949 | 25,486 |
| Insurance | 9,631 | 8,991 |
| Memberships and licenses | 74,602 | 62,069 |
| Office and miscellaneous | 30,225 | 22,562 |
| Professional contractors | 155,066 | 372,179 |
| Professional development | 4,960 | 5,899 |
| Rent | 116,647 | 70,339 |
| Salaries and benefits | 1,175,736 | 1,138,683 |
| Sponsorships and donations (note 19(d)) | 117,344 | 206,890 |
| Telephone | 5,635 | 6,677 |
| Travel | 66,862 | 42,684 |
| | 2,439,040 | 2,704,857 |
| Excess of revenues over expenses before the undernoted item | 143,418 | 92,133 |
| Other income: | | |
| Workplace Safety Insurance Board Reimbursement | 128,676 | — |
| Excess of revenues over expenses | \$ 272,094 | \$ 92,133 |

See accompanying notes to financial statements.

Kingston Economic Development Corporation
Statement of Changes in Fund Balances
Year Ended December 31, 2023

| | Investment in Capital Assets (note 11) | Board Restricted - Long-Term Investment (note 6(a)) | Board Restricted - Business Retention and Expansion (note 6(b)) | Board Restricted - Programming and Equipment (note 6(b)) | Unrestricted Surplus | Total 2023 | Total 2022 |
|--------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------|--------------------|------------------|
| Balance, beginning of year | \$35,088 | \$10,000 | \$50,000 | \$ - | \$891,789 | \$986,877 | \$894,744 |
| Excess (deficiency) of revenues over expenses | (22,386) | - | - | - | 294,480 | 272,094 | 92,133 |
| Interfund transfers (note 6(b)) | - | - | - | 73,089 | (73,089) | - | - |
| Balance, end of year | \$12,702 | \$10,000 | \$50,000 | \$73,089 | \$1,113,180 | \$1,258,971 | \$986,877 |

See accompanying notes to financial statements.

Kingston Economic Development Corporation
Statement of Cash Flows
Year Ended December 31, 2023

| | 2023 | 2022 |
|------------------------------------------------------------------|------------|--------------|
| Cash flow from (used in) operating activities | | |
| Excess of revenues over expenses | \$ 272,094 | \$ 92,133 |
| Items not involving cash: | | |
| Amortization of capital assets | 36,386 | 37,504 |
| Amortization of deferred contributions related to capital assets | (14,000) | (14,000) |
| Changes in non-cash working capital balances: | | |
| Accounts receivable | 267,678 | (133,343) |
| Harmonized sales tax recoverable | 23,587 | (14,589) |
| Prepaid expenses and refundable deposits | 14,065 | (1,949) |
| Accounts payable and accrued liabilities | 57,975 | (214,196) |
| Due from/to the Corporation of the City of Kingston | (694,110) | 125,093 |
| Deferred revenue | (473,733) | 445,384 |
| | (510,058) | 322,037 |
| Cash flow used in investing activities | | |
| Purchase of capital assets | – | (13,795) |
| Purchase of investments, net of redemptions | 31,313 | (106,478) |
| | 31,313 | (120,273) |
| Increase (decrease) in cash | (478,745) | 201,764 |
| Cash, beginning of year | 1,155,367 | 953,603 |
| Cash, end of year | \$ 676,622 | \$ 1,155,367 |

See accompanying notes to financial statements.

Kingston Economic Development Corporation
Notes to Financial Statements
Year Ended December 31, 2023

1. Purpose of the Corporation

Kingston Economic Development Corporation (the "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, Ontario, fostering local investment, job creation, and assessing growth and community prosperity through the support of strategic economic projects in the industrial, commercial, institutional and technological sectors. The Corporation is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations. Significant accounting policies include the following:

(a) Investments

Investments in term deposits are recorded at cost plus accrued interest, which approximates market value.

(b) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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.

Contributions received for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets.

Revenues from partners and other corporate investors towards various programs, events and meetings delivered by the Corporation are recognized when there is persuasive evidence of an arrangement for funding, the price is fixed or determinable and collection of the relevant receivable is probable.

Interest income is recognized when earned.

(c) Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Repairs and maintenance charges are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying value is written down to its residual value.

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

2. Significant Accounting Policies (continued)

(c) Capital Assets (continued)

Capital assets are amortized on a straight-line basis using the following estimated useful lives:

| | |
|-------------------------|--------------|
| Computer hardware | 3 years |
| Furniture and equipment | 5 years |
| Website | 5 years |
| Signage | 7 years |
| Leasehold improvements | 5 - 10 years |
| CRM system | 10 years |

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value.

(d) 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.

(e) Long-Term Investment

The long-term Investment is carried at cost.

The funds invested are assessed individually for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment the Corporation determines if there is a significant adverse change in the expected timing or amount of future cash flows from the investment. If there is a significant adverse change in the expected cash flows, the carrying amount of the investment is reduced to the higher of the present value of the expected cash flows and the amount that could be realized from selling the investment. When the extent of impairment of a previously written down investment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of the improvement.

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

2. Significant Accounting Policies (continued)

(f) Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to subsequently carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value, are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Employee Future Benefits

The Corporation has a defined benefit plan providing pension and post-employment benefits for its employees. The cost of the defined benefit plan is recognized based on the required contributions during each period.

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

3. Investments

Investments are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------------------------------------------------|-------------------|-------------------|
| 5.15% term deposit with Kawartha Credit Union, maturing October 20, 2024 | \$ 279,161 | \$ – |
| 4.10% term deposit with Kawartha Credit Union, maturing October 20, 2023 | – | 267,579 |
| 7.00% term deposit with Kawartha Credit Union, maturing August 10, 2023 | – | 42,895 |
| | <u>\$ 279,161</u> | <u>\$ 310,474</u> |

Interest earned during the year amounted to \$16,286 (2022 - \$6,043) and is included as a component of interest income on the Statement of Operations.

4. Accounts Receivable

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|-------------------|-------------------|
| Provincial contributions receivable | \$ 70,559 | \$ 173,355 |
| Federal contributions receivable | 46,761 | 160,267 |
| Queen's University at Kingston | 19,518 | 58,513 |
| Trade receivables | – | 12,381 |
| | <u>\$ 136,838</u> | <u>\$ 404,516</u> |

The allowance for doubtful accounts at December 31, 2023 is \$ Nil (2022 - \$Nil).

5. Prepaid Expenses and Refundable Deposits

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|------------------|------------------|
| Memberships and subscriptions | \$ 5,891 | \$ 7,337 |
| Office rent | 5,862 | 5,862 |
| Contracted services | 300 | 7,165 |
| Events and meetings | – | 3,254 |
| Partnerships & sponsorships | – | 2,500 |
| | <u>\$ 12,053</u> | <u>\$ 26,118</u> |

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

6. Board Restricted Funds

Board restricted funds are comprised of:

- (a) Long-Term Investment:

| | <u>2023</u> | <u>2022</u> |
|--------------------|------------------|------------------|
| SPARQ Systems Inc. | <u>\$ 10,000</u> | <u>\$ 10,000</u> |

The Corporation purchased 10,000 participation units from the PARTEQ Angel Network (the "Network") in 2011 for investment into SPARQ Systems Inc. at \$10,000. The purpose of the Network was to make investments in early-stage business ventures that met specified investment criteria. SPARQ Systems Inc. became a publicly traded company on December 31, 2021 (TSXV:SPRQ). All the existing shares at that time were reverse split at the ratio of 10.8085:1.

The participation units are non-interest bearing, unsecured, irrevocable advances that can only be repaid in a liquidity event or on disposition of the underlying participation units. The result of these participation units is that the Corporation has shareholder rights in SPARQ Systems Inc. which translates into less than a 1% share in the company.

The long-term investment is internally restricted by the Board of Directors.

- (b) The Corporation internally restricts fund balances for various future expenditures. The fund balance allocations and expenditures of these funds have been approved by the Board of Directors as follows:

| | Opening Balance | Transfers in Year | Expenses in Year | Ending Balance |
|----------------------------------|------------------|-------------------|------------------|------------------|
| Business Retention and Expansion | \$ 50,000 | \$ - | \$ - | \$ 50,000 |
| | <u>\$ 50,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50,000</u> |

| | Opening Balance | Transfers in Year | Expenses in Year | Ending Balance |
|---------------------------|-----------------|-------------------|------------------|------------------|
| Programming and Equipment | \$ - | \$ 73,089 | \$ - | \$ 73,089 |
| | <u>\$ -</u> | <u>\$ 73,089</u> | <u>\$ -</u> | <u>\$ 73,089</u> |

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

7. Capital Assets

| | 2023 | | 2022 | |
|--------------------------------------------|-------------------|--------------------------|------------------|------------------|
| | Cost | Accumulated Amortization | Net book value | Net book value |
| Computer hardware | \$ 122,130 | \$ 117,802 | \$ 4,328 | \$ 9,008 |
| Furniture and equipment | 87,939 | 85,807 | 2,132 | 7,148 |
| Signage | 120,931 | 120,931 | – | – |
| Leasehold improvements- 366 King Street | 84,609 | 76,148 | 8,461 | 25,383 |
| CRM system | 39,938 | 39,582 | 356 | 1,273 |
| Website | 44,253 | 39,828 | 4,425 | 13,276 |
| | <u>\$ 499,800</u> | <u>\$ 480,098</u> | <u>\$ 19,702</u> | <u>\$ 56,088</u> |

Cost and accumulated amortization of capital assets at December 31, 2023 amounted to \$499,800 and \$443,712, respectively.

Capital assets have been reviewed for full or partial impairment. Management has determined there are none.

8. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$269 (2022 - \$4,310) which includes amounts payable for Workplace Safety Insurance Board.

9. Deferred Revenue

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------------------------------------------------------------|------------------|-------------------|
| Ontario Business Improvement Area Association - Digital Main Street | \$ 63,932 | \$ 52,543 |
| Innovation, Science and Economic Development Canada - Canada Digital Adoption Program | 22,230 | 428,429 |
| Queen's University at Kingston - Queen's Career Apprenticeship Kingston | – | 43,679 |
| Province of Ontario - Skills Development Fund | – | 15,253 |
| Small Business Enterprise Centre - Starter Company Program | – | 9,132 |
| Ontario Media Corporation - Hyper Local Action Plan | – | 5,220 |
| Small Business Enterprise Centre - Summer Company Program | – | 5,114 |
| Economic Developers Council of Ontario - Main Street Ambassador Community Contribution | – | 525 |
| | <u>\$ 86,162</u> | <u>\$ 559,895</u> |

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

10. Deferred Contributions Related to Capital Assets

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

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|-----------------|------------------|
| Balance at beginning of year | \$ 21,000 | \$ 35,000 |
| Less: Amounts amortized to revenue | (14,000) | (14,000) |
| Balance at end of year | <u>\$ 7,000</u> | <u>\$ 21,000</u> |

11. Investment in Capital Assets

Fund balances invested in capital assets are calculated as follows:

(a) Fund balances invested in capital assets are calculated as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------------------------|------------------|------------------|
| Capital assets | \$ 19,702 | \$ 56,088 |
| Less: Deferred contributions related to capital assets | (7,000) | (21,000) |
| | <u>\$ 12,702</u> | <u>\$ 35,088</u> |

(b) Change in fund balances invested in capital assets is calculated as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------------------------|------------------|------------------|
| Balance at beginning of year | \$ 35,088 | \$ 44,797 |
| Excess (deficiency) of revenues over expenses: | | |
| Amortization of contributions related to capital assets | 14,000 | 14,000 |
| Amortization of capital assets | (36,386) | (37,504) |
| | <u>(22,386)</u> | <u>(23,504)</u> |
| Net change in investment in capital assets: | | |
| Purchase of capital assets | - | 13,795 |
| Balance at end of year | <u>\$ 12,702</u> | <u>\$ 35,088</u> |

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

12. Partnership Revenue and Corporate Investors

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------------------------------------------|-------------------|-------------------|
| Queen's University at Kingston - Queen's Career Apprenticeship Kingston | \$ 63,196 | \$ 58,513 |
| Project Reimbursements - Health Innovation | 23,369 | - |
| Queen's University at Kingston - Partnerships and innovation | 10,000 | - |
| St. Lawrence College - Project partnerships | 10,000 | 1,940 |
| Other | 3,596 | 2,305 |
| Corporation of the City of Kingston - Project partnerships (note 19(a)) | - | 29,698 |
| KEYS Job Centre - International Graduate Internship | - | 15,083 |
| Kingston Downtown Business Improvement Area | - | 10,000 |
| Upstate Medical University | - | 4,988 |
| | <u>\$ 110,161</u> | <u>\$ 122,527</u> |

13. Federal Government Contributions

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------------------------------------------------------|-------------------|-------------------|
| Innovation, Science and Economic Development Canada - Canada Digital Adoption Program | \$ 406,199 | \$ 207,112 |
| FedDev - Health Innovation | 52,702 | 159,949 |
| Global Affairs Canada - CanExport Program (ICCI) | 28,066 | 51,335 |
| Ontario Business Improvement Area - Women Entrepreneurship Strategy | 15,343 | - |
| Government of Canada - Summer Jobs Program | 9,998 | 14,520 |
| Other | 1,006 | - |
| FedDev - WE-CAN Program (partnership with Queen's University at Kingston) | - | 90,965 |
| | <u>\$ 513,314</u> | <u>\$ 523,881</u> |

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

14. Provincial Government Contributions

| | <u>2023</u> | | <u>2022</u> |
|-------------------------------------------------------------------------------------------|-------------------|-----------|----------------|
| Small Business Enterprise Centre - Starter Company | \$ 105,010 | \$ | 92,886 |
| Province of Ontario - Skills Development Fund | 87,109 | | 229,127 |
| Small Business Enterprise Centre - Core Funding | 74,885 | | 99,650 |
| Ontario Business Improvement Area Association - Digital Main Street | 66,086 | | 46,830 |
| Small Business Enterprise Centre - Summer Company | 50,000 | | 40,868 |
| Economic Developers Council of Ontario - Main Street Ambassador Community Contribution | 525 | | 114,475 |
| | <u>\$ 383,615</u> | <u>\$</u> | <u>623,836</u> |

15. Bank Credit Facility

The Corporation has access to a short-term line of credit facility of \$100,000 (2022 - \$100,000) of which \$Nil has been drawn as at December 31, 2023 (2022 - \$Nil). The line of credit bears interest at the lender's prime rate and is secured by a general security agreement.

16. Commitments

- (a) The Corporation is committed to a lease for office space, at 366 King Street East - Suite 420 under an operating lease expiring July 31, 2024. The annual lease payments amount to \$69,122 per year.

In December 2022, the Corporation committed to a sublease agreement for additional office space at 366 King Street East - Suite 460 under an operating lease expiring July 30, 2024. The annual sublease payments amount to \$39,751 per year.

- (b) The Corporation is committed to a service agreement with the Corporation of the City of Kingston (the "City") for information systems and technology services expiring December 31, 2025. The annual charges for these services at December 31, 2023 amounted to \$23,735 (2022 - \$25,486).
- (c) The Corporation is committed to a service agreement with the City for accounting and reporting services expiring December 31, 2025. The annual charges for these services at December 31, 2023 amounted to \$21,730 (2022 - \$20,500).

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2023

17. 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. Since any surpluses or deficits are a joint responsibility of all members of the plan, the Corporation does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The latest available report for the OMERS plan was at December 31, 2023. At that time, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit).

The employer portion amount contributed to OMERS for 2023 was \$90,107 (2022 - \$76,621) and is included in salaries and benefits on the Statement of Operations.

18. Financial Risks and Concentration of Risks:

(a) Interest rate risk:

The Corporation is exposed to interest rate risk that arises from the fluctuation in interest rates on its bank credit facility, as described in note 15.

(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 accounts receivable. The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in the allowance for doubtful accounts.

The carrying amounts for cash, investments, accounts receivable, harmonized sales tax recoverable, prepaid expenses and refundable deposits, accounts payable and accrued liabilities, due from/due to the City and deferred revenue 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 market risk or liquidity risk.

There has been no significant change to the risk exposures from 2022.

19. Related Party Transactions

The Corporation is related to the City 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.

- (a) The Corporation operates under a service level agreement with the City whereby operating funding is received on an annual basis as disclosed on the Statement of Operations. In addition, the Corporation received \$Nil (2022 - \$29,698) of funding for project-based partnerships which has been recorded as a component of partnership revenue and corporate investors on the Statement of Operations and as disclosed in note 12.

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19. Related Party Transactions (continued)

- (b) The Corporation also operates under a contractual agreement with the City whereby the City pays certain expenses on behalf of the Corporation. At December 31, 2023, the Corporation has a receivable of \$375,484 (2022 - payable of \$318,626) to the City related to this agreement.
- (c) The Corporation paid the City for information systems and technology services, and accounting services as described in notes 16(b) and 16(c).
- (d) The Corporation paid the City \$75,000 (2022 - \$150,000) as part of a two-year pilot project to support workforce in-migration strategies.

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

20. Economic Dependence

The Corporation is economically dependent on the continued financial support of the City. The Corporation derives a significant portion of its revenues each year from the City. Continued existence of the Corporation is dependent on the future financial support of the City. Revenue derived from the City accounts for 55.4% (2022 - 54.1%) of total revenue. A service level agreement with the City has been approved for a duration of five years, expiring December 31, 2025.