

Kingston Economic Development Corporation

Financial Statements

Year Ended December 31, 2024

Independent Auditor's Report

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5



KPMG LLP

863 Princess Street, Suite 400
Kingston, ON K7L 5N4
Canada
Telephone 613 549 1550
Fax 613 549 6349

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, 2024
- 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, 2024, 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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, flowing style. Below the signature is a single, long, horizontal stroke that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

April 28, 2025

Kingston Economic Development Corporation**Statement of Financial Position****As at December 31, 2024 with comparative information for 2023**

	2024	2023
Assets		
Current Assets		
Cash	\$ 73,489	\$ 676,622
Investments (note 3)	340,918	279,161
Accounts receivable (note 4)	274,115	136,838
Due from the Corporation of the City of Kingston (note 19(b))	651,033	375,484
Harmonized sales tax recoverable	29,280	21,086
Prepaid expenses and refundable deposits (note 5)	36,413	12,053
	<u>1,405,248</u>	<u>1,501,244</u>
Long-term investment (note 6(a))	10,000	10,000
Capital assets (note 7)	16,216	19,702
	<u>\$ 1,431,464</u>	<u>\$ 1,530,946</u>
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 203,982	\$ 178,813
Deferred revenue (note 9)	26,300	86,162
	<u>230,282</u>	<u>264,975</u>
Deferred contributions related to capital assets (note 10)	–	7,000
	<u>230,282</u>	<u>271,975</u>
Fund Balances		
Investment in capital assets (note 11)	16,216	12,702
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))	43,264	73,089
Board Restricted - Staff Professional Development (note 6(b))	31,613	–
Board Restricted - IEDSP Refresh (note 6(b))	75,000	–
Board Restricted - Venture Fund (note 6(b))	250,000	–
Unrestricted surplus	725,089	1,113,180
	<u>1,201,182</u>	<u>1,258,971</u>
	<u>\$ 1,431,464</u>	<u>\$ 1,530,946</u>

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, 2024

	2024	2023
Revenue		
Contributions from the Corporation of the City of Kingston (note 19(a))	\$ 1,538,757	\$ 1,501,226
Federal government contributions (note 13)	535,411	513,314
Provincial government contributions (note 14)	360,144	383,615
Partnership revenue and corporate investors (note 12)	62,061	110,161
Interest income (note 3)	35,986	60,142
Amortization of deferred contributions related to capital assets	7,000	14,000
	<u>2,539,359</u>	<u>2,582,458</u>
Expenses		
Accounting and legal (notes 16(c) and 19(c))	47,868	55,391
Advertising	65,360	127,518
Amortization of capital assets	12,806	36,386
Bank charges	5,807	5,227
Events, meetings & workshops	118,245	105,243
Grant disbursements	408,642	328,618
Information technology support (notes 16(b) and 19(c))	31,151	23,949
Insurance	10,178	9,631
Memberships and licenses	68,812	74,602
Office and miscellaneous	26,435	30,225
Professional contractors	298,253	155,066
Professional development	12,915	4,960
Rent	110,789	116,647
Salaries and benefits	1,202,911	1,175,736
Sponsorships and donations (note 19(d))	92,173	117,344
Telephone	7,362	5,635
Travel	77,441	66,862
	<u>2,597,148</u>	<u>2,439,040</u>
Excess (deficiency) of revenues over expenses before the undernoted item	(57,789)	143,418
Other income		
Workplace Safety Insurance Board Reimbursement	—	128,676
Excess (deficiency) of revenues over expenses	<u>\$ (57,789)</u>	<u>\$ 272,094</u>

See accompanying notes to financial statements.

Kingston Economic Development Corporation
Statement of Changes in Fund Balances
Year Ended December 31, 2024

	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))	Board Restricted - Staff Professional Development (note 6 (b))	Board Restricted - IEDSP Refresh (note 6(b))	Board Restricted – Venture Fund (note 6(b))	Unrestricted Surplus	Total 2024	Total 2023
Balance, beginning of year	\$ 12,702	\$ 10,000	\$ 50,000	\$ 73,089	\$ –	\$ –	\$ –	\$1,113,180	\$1,258,971	\$986,877
Excess (deficiency) of revenues over expenses	3,514	–	–	(29,825)	(18,387)	–	–	(13,091)	(57,789)	272,094
Interfund transfers (note 6(b))	–	–	–	–	50,000	75,000	250,000	(375,000)	–	–
Balance, end of year	\$ 16,216	\$ 10,000	\$ 50,000	\$ 43,264	\$ 31,613	\$ 75,000	\$ 250,000	\$ 725,089	\$1,201,182	\$1,258,971

See accompanying notes to financial statements.

Kingston Economic Development Corporation
Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses	\$ (57,789)	\$ 272,094
Items not involving cash:		
Amortization of capital assets	12,806	36,386
Amortization of deferred contributions related to capital assets	(7,000)	(14,000)
Changes in non-cash working capital balances:		
Accounts receivable	(137,277)	267,678
Harmonized sales tax recoverable	(8,194)	23,587
Prepaid expenses and refundable deposits	(24,360)	14,065
Accounts payable and accrued liabilities	25,169	57,975
Due from the Corporation of the City of Kingston	(275,549)	(694,110)
Deferred revenue	(59,862)	(473,733)
	<u>(532,056)</u>	<u>(510,058)</u>
Cash flow used in investing activities		
Purchase of capital assets	(9,320)	—
Purchase (redemption) of investments, net	(61,757)	31,313
	<u>(71,077)</u>	<u>31,313</u>
Decrease in cash	(603,133)	(478,745)
Cash, beginning of year	<u>676,622</u>	<u>1,155,367</u>
Cash, end of year	\$ <u>73,489</u>	\$ <u>676,622</u>

See accompanying notes to financial statements.

Kingston Economic Development Corporation
Notes to Financial Statements
Year Ended December 31, 2024

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.

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

2. Significant Accounting Policies (continued)

(c) Capital Assets (continued)

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.

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, 2024

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, 2024

3. Investments

Investments are comprised of the following:

	<u>2024</u>	<u>2023</u>
5.15% term deposit with Kawartha Credit Union, maturing October 20, 2025	\$ 293,505	\$ 279,161
4.0% term deposit with Kawartha Credit Union, maturing October 20, 2025	47,413	–
	<u>\$ 340,918</u>	<u>\$ 279,161</u>

Interest earned during the year amounted to \$17,119 (2023 - \$16,286) and is included as a component of interest income on the Statement of Operations.

4. Accounts Receivable

	<u>2024</u>	<u>2023</u>
Provincial contributions receivable	\$ 5,325	\$ 70,559
Federal contributions receivable	256,240	46,761
Queen's University at Kingston	10,000	19,518
Trade receivables	2,550	–
	<u>\$ 274,115</u>	<u>\$ 136,838</u>

The allowance for doubtful accounts at December 31, 2024 is \$Nil (2023 - \$Nil).

5. Prepaid Expenses and Refundable Deposits

	<u>2024</u>	<u>2023</u>
Memberships and subscriptions	\$ 6,282	\$ 5,891
Office rent	5,862	5,862
Contracted services	21,769	300
Partnerships & sponsorships	2,500	–
	<u>\$ 36,413</u>	<u>\$ 12,053</u>

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

6. Board Restricted Funds

Board restricted funds are comprised of:

- (a) Long-Term Investment:

	<u>2024</u>	<u>2023</u>
SPARQ Systems Inc.	\$ 10,000	\$ 10,000

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
	\$ 50,000	\$ –	\$ –	\$ 50,000

	Opening Balance	Transfers in Year	Expenses in Year	Ending Balance
Programming and Equipment	\$ 73,089	\$ –	\$ 29,825	\$ 43,264
	\$ 73,089	\$ –	\$ 29,825	\$ 43,264

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

6. Board Restricted Funds (continued)

	Opening Balance	Transfers in Year	Expenses in Year	Ending Balance
Staff Professional Development	\$ –	\$ 50,000	\$ 18,387	\$ 31,613
	\$ –	\$ 50,000	\$ 18,387	\$ 31,613

	Opening Balance	Transfers in Year	Expenses in Year	Ending Balance
IEDSP Refresh	\$ –	\$ 75,000	\$ –	\$ 75,000
	\$ –	\$ 75,000	\$ –	\$ 75,000

	Opening Balance	Transfers in Year	Expenses in Year	Ending Balance
Venture Fund	\$ –	\$ 250,000	\$ –	\$ 250,000
	\$ –	\$ 250,000	\$ –	\$ 250,000

7. Capital Assets

	2024			2023	
	Cost	Accumulated Amortization	Net book value	Net book value	
Computer hardware	\$ 131,451	\$ 117,560	\$ 13,891	\$ 4,328	
Furniture and equipment	4,069	1,744	2,325	2,132	
Signage	120,931	120,931	–	–	
Leasehold improvements- 366 King Street	84,609	84,609	–	8,461	
CRM system	39,939	39,939	–	356	
Website	44,253	44,253	–	4,425	
	\$ 425,252	\$ 409,036	\$ 16,216	\$ 19,702	

Cost and accumulated amortization of capital assets at December 31, 2024 amounted to \$304,321 and \$288,105, respectively.

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

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

8. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2023 - \$269) which includes amounts payable for Workplace Safety Insurance Board.

9. Deferred Revenue

	<u>2024</u>	<u>2023</u>
Global Affairs Canada - CanExport Program (ICCI)	\$ 26,300	\$ –
Ontario Business Improvement Area Association - Digital Main Street	–	63,932
Innovation, Science and Economic Development Canada - Canada Digital Adoption Program	–	22,230
	<u>\$ 26,300</u>	<u>\$ 86,162</u>

10. Deferred Contributions Related to Capital Assets

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

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 7,000	\$ 21,000
Less: Amounts amortized to revenue	(7,000)	(14,000)
Balance at end of year	<u>\$ –</u>	<u>\$ 7,000</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>2024</u>	<u>2023</u>
Capital assets	\$ 16,216	\$ 19,702
Less: Deferred contributions related to capital assets	–	(7,000)
	<u>\$ 16,216</u>	<u>\$ 12,702</u>

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

11. Investment in Capital Assets (continued)

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

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 12,702	\$ 35,088
Excess (deficiency) of revenues over expenses:		
Amortization of contributions related to capital assets	7,000	14,000
Amortization of capital assets	(12,806)	(36,386)
	<u>(5,806)</u>	<u>(23,386)</u>
Net change in investment in capital assets:		
Purchase of capital assets	9,320	—
Balance at end of year	<u>\$ 16,216</u>	<u>\$ 12,702</u>

12. Partnership Revenue and Corporate Investors

	<u>2024</u>	<u>2023</u>
Event sponsorships	\$ 25,423	\$ —
Queen's University at Kingston - Queen's Career Apprenticeship Kingston	25,000	63,196
Kingston Syracuse Pathways Sponsorship	6,638	—
Queen's University at Kingston – Kingston Syracuse Pathway Conference Sponsorship	5,000	—
Project Reimbursements - Health Innovation	—	23,369
Queen's University at Kingston - Partnerships and innovation	—	10,000
St. Lawrence College - Project partnerships	—	10,000
Other	—	3,596
	<u>\$ 62,061</u>	<u>\$ 110,161</u>

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

13. Federal Government Contributions

	<u>2024</u>	<u>2023</u>
Innovation, Science and Economic Development Canada - Canada Digital Adoption Program	\$ 341,215	\$ 406,199
FedDev - Health Innovation	146,109	52,702
Global Affairs Canada - CanExport Program (ICCI)	36,500	28,066
Government of Canada - Summer Jobs Program	10,587	9,998
Other	1,000	1,006
Ontario Business Improvement Area - Women Entrepreneurship Strategy	–	15,343
	<u>\$ 535,411</u>	<u>\$ 513,314</u>

14. Provincial Government Contributions

	<u>2024</u>	<u>2023</u>
Small Business Enterprise Centre - Starter Company	\$ 126,130	\$ 105,010
Province of Ontario - Skills Development Fund		87,109
Small Business Enterprise Centre - Core Funding	99,650	74,885
Small Business Enterprise Centre - Summer Company	65,932	50,000
Ontario Business Improvement Area Association - Digital Main Street	63,932	66,086
Ontario Creates – Hyper Local Screen Strategy Grant	4,500	–
Economic Developers Council of Ontario - Main Street Ambassador Community Contribution	–	525
	<u>\$ 360,144</u>	<u>\$ 383,615</u>

15. Bank Credit Facility

The Corporation has access to a short-term line of credit facility of \$100,000 (2023 - \$100,000) of which \$Nil has been drawn as at December 31, 2024 (2023 - \$Nil). The line of credit bears interest at the lender's prime rate and is secured by a general security agreement.

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

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, 2029. The annual lease payments amount to \$69,122 per year.

The Corporation is committed to a lease for office space at 366 King Street East - Suite 460 under an operating lease expiring July 31, 2025. The annual lease 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, 2024 amounted to \$26,995 (2023 - \$23,735).
- (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, 2024 amounted to \$23,710 (2023 - \$21,730).

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, 2024. At that time, the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit).

The employer portion amount contributed to OMERS for 2024 was \$100,176 (2023 - \$90,107) and is included in salaries and benefits on the Statement of Operations.

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

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 2023.

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.
- (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, 2024, the Corporation has a receivable of \$651,033 (2023 - \$375,484) to the City related to this agreement. Payment of this balance was received subsequent to year-end.
- (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 (2023 - \$75,000) as part of a two-year pilot project to support workforce in-migration strategies. This amount is included in accounts payable and accrued liabilities on the statement of financial position.

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

Kingston Economic Development Corporation
Notes to Financial Statements (continued)
Year Ended December 31, 2024

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 60.6% (2023 - 55.4%) of total revenue. A service level agreement with the City has been approved for a duration of five years, expiring December 31, 2025.