

**Kingston Economic Development Corporation**  
**Financial Statements**  
**Year Ended December 31, 2025**

**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, 2025
- 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, 2025, 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.
- 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 30, 2026

**Kingston Economic Development Corporation**  
**Statement of Financial Position**  
**As at December 31, 2025 with comparative information for 2024**

<b>Assets</b>	2025	2024
Cash	\$ 1,752,379	\$ 73,489
Investments (note 3)	356,500	340,918
Accounts receivable (note 4)	208,187	274,115
Due from City of Kingston (note 18(b))	-	651,033
Harmonized sales tax recoverable	37,906	29,280
Prepaid expenses and refundable deposits (note 5)	8,208	36,413
	2,363,180	1,405,248
Long-term investment (note 6(a))	10,000	10,000
Capital assets (note 7)	19,179	16,216
	\$ 2,392,359	\$ 1,431,464
 <b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 282,796	\$ 203,982
Due to City of Kingston (note 18(b))	727,972	-
Deferred revenue (note 8)	110,121	26,300
	\$ 1,120,889	\$ 230,282
 <b>Fund Balances</b>		
Investment in Capital Assets (note 10)	\$ 19,179	\$ 16,216
Board Restricted (note 6(a))	10,000	10,000
Other Board Restricted - Business Retention & Expansion	50,000	50,000
Other Board Restricted - Programming & Equipment	43,264	43,264
Other Board Restricted - Staff Professional Development	31,613	31,613
Other Board Restricted - IEDSP Refresh	75,000	75,000
Other Board Restricted - Venture Fund	250,000	250,000
Unrestricted	792,414	725,089
	1,271,470	1,201,182
	\$ 2,392,359	\$ 1,431,464

**Commitments (note 15)**  
**Economic Dependence (note 19)**

**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, 2025**

<b>Revenue</b>	<u>2025</u>	<u>2024</u>
Contributions from the City of Kingston (note 18(a))	\$ 1,591,074	\$ 1,538,757
Federal government contributions (note 12)	658,636	535,411
Provincial government contributions (note 13)	416,488	360,144
Partnership revenue and corporate investors (note 11)	40,972	62,061
Interest	46,923	35,986
Amortization of deferred contributions (note 9)	-	7,000
	<u>\$ 2,754,093</u>	<u>\$ 2,539,359</u>
<b>Expenses</b>		
Accounting and legal (notes 15(c) and 18(c))	\$ 34,390	\$ 47,868
Advertising	117,728	65,360
Amortization	6,750	12,806
Bank charges	5,723	5,807
Events and meetings	101,435	118,245
Grant disbursements	501,912	408,642
Information technology support (notes 15(b) and 18(c))	26,437	31,151
Insurance	10,838	10,178
Memberships and licenses	61,816	68,812
Office and miscellaneous	22,125	26,435
Professional contractors	220,544	298,253
Professional development	14,459	12,915
Rent	98,782	110,789
Salaries and benefits	1,253,800	1,202,911
Sponsorships and donations (note 18(d))	104,581	92,173
Telephone	5,682	7,362
Travel	96,803	77,441
	<u>\$ 2,683,805</u>	<u>\$ 2,597,148</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 70,288</u>	<u>\$ (57,789)</u>

See accompanying notes to financial statements.

**Kingston Economic Development Corporation**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2025**

	Investment in Capital Assets	Board Restricted – Long- Term Investment	Board Restricted - Business Retention and Expansion	Board Restricted - Program and Equipment	Board Restricted - Staff Professional Development	Board Restricted - IEDSP Refresh	Board Restricted - Venture Fund	Unrestricted Surplus	Total 2025	Total 2024
<b>Balance beginning of year</b>	\$ 16,216	\$ 10,000	\$ 50,000	\$ 43,264	\$ 31,613	\$ 75,000	\$ 250,000	\$ 725,089	\$ 1,201,182	\$ 1,258,971
Excess (deficiency) of revenues over expenses	(6,750)	-	-	-	-	-	-	77,038	70,288	(57,789)
Change in investment in capital assets (note 10(b))	9,713	-	-	-	-	-	-	(9,713)	-	-
<b>Balance, end of year</b>	<u>\$ 19,179</u>	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ 43,264</u>	<u>\$ 31,613</u>	<u>\$ 75,000</u>	<u>\$ 250,000</u>	<u>\$ 792,414</u>	<u>\$ 1,271,470</u>	<u>\$ 1,201,182</u>

See accompanying notes to financial statements.

**Kingston Economic Development Corporation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2025**

	2025	2024
<b>Cash flow from (used in) operating activities</b>		
Excess of revenues over expenses	\$ 70,288	\$ (57,789)
Items not involving cash:		
Amortization of capital assets	6,750	12,806
Amortization of deferred contributions related to capital assets	-	(7,000)
Changes in non-cash working capital balances:		
Accounts receivable	65,928	(137,277)
Harmonized sales tax recoverable	(8,626)	(8,194)
Prepaid expenses and refundable deposits	28,205	(24,360)
Accounts payable and accrued liabilities	78,814	25,169
Due from/to the Corporation of the City of Kingston	1,379,005	(275,549)
Deferred revenue	83,821	(59,862)
	<u>\$ 1,704,185</u>	<u>\$ (532,056)</u>
<b>Cash flow used in investing activities</b>		
Purchase of capital assets	(9,713)	(9,320)
Purchase of investments, net of redemptions	(15,582)	(61,757)
	<u>(25,295)</u>	<u>(71,077)</u>
<b>Increase (decrease) in cash</b>	1,678,890	(603,133)
<b>Cash, beginning of year</b>	73,489	676,622
<b>Cash, end of year</b>	<u>\$ 1,752,379</u>	<u>\$ 73,489</u>

See accompanying notes to financial statements.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**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.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**2. Significant Accounting Policies (continued)**

(b) Revenue Recognition (continued)

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.

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	Remaining term of the lease
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.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**2. Significant Accounting Policies (continued)**

(b) 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 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.

(c) 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.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**2. Significant Accounting Policies (continued)**

(d) 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.

(e) 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.

**3. Investments**

Investments are comprised of the following:

	<u>2025</u>	<u>2024</u>
3.0% term deposit with Kawartha Credit Union, maturing October 20, 2030	\$ 307,325	\$ 293,505
3.0% term deposit with Kawartha Credit Union, maturing September 22, 2030	49,175	47,413
	<u>\$ 356,500</u>	<u>\$ 340,918</u>

Interest earned during the year amounted to \$16,830 (2024 - \$17,119) and is included as a component of interest income on the Statement of Operations.

**4. Accounts Receivable**

	<u>2025</u>	<u>2024</u>
Federal contributions receivable	\$ 207,170	\$ 256,240
Trade receivables	1,017	2,550
Provincial contributions receivable	-	5,325
Queen's University at Kingston	-	10,000
	<u>\$ 208,187</u>	<u>\$ 274,115</u>

The allowance for doubtful accounts at December 31, 2025 is \$Nil (2024 - \$Nil).

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**5. Prepaid Expenses and Refundable Deposits**

	<u>2025</u>	<u>2024</u>
Office rent	\$ 5,862	\$ 5,862
Memberships and subscriptions	1,353	6,282
Partnerships & sponsorships	993	2,500
Contracted services	-	21,769
	<u>\$ 8,208</u>	<u>\$ 36,413</u>

**6. Board Restricted Funds**

Board restricted funds are comprised of:

(a) Long-Term Investment:

	<u>2025</u>	<u>2024</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. No additional fund balances were internally restricted in 2025.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**7. Capital Assets**

	2025		2024	
	Cost	Accumulated Amortization	Net book value	Net book value
Computer hardware	\$ 141,164	\$ 123,729	\$ 17,435	\$ 13,891
Furniture and equipment	4,069	2,325	1,744	2,325
Signage	120,931	120,931	-	-
Leasehold improvements				
– 366 King Street	84,609	84,609	-	-
CRM system	39,939	39,939	-	-
Website	44,253	44,253	-	-
	<u>\$ 434,965</u>	<u>\$ 415,786</u>	<u>\$ 19,179</u>	<u>\$ 16,216</u>

Cost and accumulated amortization of capital assets at December 31, 2024 amounted to \$425,252 and \$409,036, respectively.

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

**8. Deferred Revenue**

	<u>2025</u>	<u>2024</u>
Provincial - Succession Planning Hub	\$ 59,057	\$ -
Provincial - Small Business Enterprise Centres, Summer Company & Summer Company Plus	26,447	-
Global Affairs Canada - CanExport Program (ICCI)	24,617	26,300
	<u>\$ 110,121</u>	<u>\$ 26,300</u>

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**9. Deferred Contributions Related to Capital Assets**

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

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ -	\$ 7,000
Less: Amounts amortized to revenue	-	(7,000)
Balance at end of year	<u>\$ -</u>	<u>\$ -</u>

**10. Investment in Capital Assets**

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

	<u>2025</u>	<u>2024</u>
Capital assets	\$ 19,179	\$ 16,216
Less: Deferred contributions related to capital assets	-	-
	<u>\$ 19,179</u>	<u>\$ 16,216</u>

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

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 16,216	\$ 12,702
Excess (deficiency) of revenues over expenses:		
Amortization of contributions related to capital assets	-	7,000
Amortization of capital assets	(6,750)	(12,806)
	<u>9,466</u>	<u>(5,806)</u>
Net change in investment in capital assets:		
Purchase of capital assets	9,713	9,320
Balance at end of year	<u>\$ 19,179</u>	<u>\$ 16,216</u>

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**11. Partnership Revenue and Corporate Investors**

	<u>2025</u>	<u>2024</u>
Growth & Retention Programs	\$ 18,894	\$ 6,638
Queen's Career Apprenticeship Kingston	15,000	25,000
Event sponsorships	7,078	25,423
Kingston Syracuse Pathways Sponsorship	-	5,000
	<u>\$ 40,972</u>	<u>\$ 62,061</u>

**12. Federal Government Contributions**

	<u>2025</u>	<u>2024</u>
FedDev - Helix Life Sciences Innovation, Science and Economic Development	\$ 354,912	\$ -
Canada - Canada Digital Adoption Program	220,137	341,215
Global Affairs Canada - CanExport Program (ICCI)	72,482	36,500
FedDev - Health Innovation	9,975	146,109
Other	1,130	1,000
Government of Canada - Summer Jobs Program	-	10,587
	<u>\$ 658,636</u>	<u>\$ 535,411</u>

**13. Provincial Government Contributions**

	<u>2025</u>	<u>2024</u>
Succession Planning Hub	\$ 147,610	\$ -
Small Business Enterprise Centre - Core Funding	138,977	99,650
Small Business Enterprise Centre - Starter Company	81,080	126,130
Small Business Enterprise Centre - Summer Company	45,821	65,932
Ontario Creates - Hyper Local Screen Strategy Grant	3,000	4,500
Ontario Business Improvement Area Association - Digital Main Street	-	63,932
	<u>\$ 416,488</u>	<u>\$ 360,144</u>

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**14. Bank Credit Facility**

The Corporation has access to a short-term line of credit facility of \$100,000 (2024 - \$100,000) of which \$Nil has been drawn as at December 31, 2025 (2024 - \$Nil).

The line of credit bears interest at the lender's prime rate and is secured by a general security agreement.

**15. 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.

In July 2025, the Corporation committed to a lease agreement for the 945 Innovation Hub Inc. office space at 945 Princess Street - Suite 106 under an operating lease expiring December 31, 2026. The annual lease payments amount to \$20,400 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, 2025 amounted to \$26,437 (2024 - \$26,995). A new service level agreement with the City has been approved for a duration of five years, expiring December 31, 2030.
- (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, 2025 amounted to \$25,375 (2024 - \$23,710). A new service level agreement with the City has been approved for a duration of five years, expiring December 31, 2030.
- (d) The Corporation has approved and is in the process of signing agreements for provincial government contributions of \$6,863,176 to support ongoing initiatives of the Corporation. These initiatives have commenced subsequent to year-end.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**16. 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 latest available report for the OMERS plan was at December 31, 2025. At that time, the plan reported a \$1.3 billion actuarial deficit (2024 - \$2.9 billion actuarial deficit).

The employer portion amount contributed to OMERS for 2025 was \$104,634 (2024 - \$100,176) and is included in salaries and benefits on the Statement of Operations.

**17. 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 14.

(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 2024.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2025**

**18. 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, 2025, the Corporation has a payable of \$727,972 (2024 - receivable of \$651,033) 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 15(b) and 15(c).
- (d) The Corporation paid the City \$75,000 (2024 - \$75,000) to support workforce immigration strategies which is included in Sponsorships and donations on the Statement of Operations.

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

**19. 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 57.8% (2024 - 60.6%) of total revenue. A service level agreement with the City has been approved for a duration of five years, expiring December 31, 2030.