

**Kingston Economic Development Corporation**  
**Financial Statements**  
**Year Ended December 31, 2020**

Independent Auditors' Report ..... 1  
Statement of Financial Position..... 4  
Statement of Operations ..... 5  
Statement of Changes in Fund Balances..... 6  
Statement of Cash Flows ..... 7  
Notes to Financial Statements ..... 8

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

## **DRAFT INDEPENDENT AUDITORS' 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, 2020
- 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, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

## ***Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

April 19, 2021

**Kingston Economic Development Corporation**  
**Statement of Financial Position**  
**As at December 31, 2020 with comparative information for 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 734,533	\$ 613,344
Investments (note 3)	199,354	292,263
Accounts receivable (note 4)	353,907	297,541
Receivable from City of Kingston (note 18)	128,366	106,996
Sales tax recoverable	25,054	78,947
Prepaid expenses and refundable deposits (note 5)	8,156	42,289
	<u>1,449,370</u>	<u>1,431,380</u>
Investment in PARTEQ Angel Network (note 6(a))	<u>10,000</u>	<u>10,000</u>
Capital Assets (note 7)	<u>114,007</u>	<u>139,158</u>
	<u><u>\$1,573,377</u></u>	<u><u>\$1,580,538</u></u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 170,700	\$ 144,674
Payable to Tourism Kingston	-	-
Deferred revenue (note 8)	59,224	74,185
	<u>229,924</u>	<u>218,859</u>
Deferred Contributions Related to Capital Assets (note 9)	<u>49,000</u>	<u>63,000</u>
	278,924	281,859
<b>Fund Balances</b>		
Investment in Capital Assets (note 10)	65,007	76,158
Board Restricted (note 6(a))	10,000	10,000
Other Board Restricted-Business Retention & Expansion (note 6(b))	50,000	50,000
Other Board Restricted- COVID-19 Response and Recovery (note 6(b))	500,000	-
Unrestricted	669,446	1,162,521
	<u>1,294,453</u>	<u>1,298,679</u>
	<u><u>\$1,573,377</u></u>	<u><u>\$1,580,538</u></u>

**Commitments (note 15)**

**Economic Dependence (note 19)**

**Impact of COVID-19 (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, 2020**

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Contributions from the Corporation of the City of Kingston (note 18)	\$1,461,500	\$1,461,500
Provincial government contributions (note 11)	310,683	429,518
Federal government contributions (note 12)	824,318	28,127
Events and seminars	-	5,471
Partnership revenue and corporate investors (note 13)	234,059	255,769
Amortization of deferred contributions (note 9)	14,000	13,544
Interest	10,553	18,918
	<u>2,855,113</u>	<u>2,212,847</u>
<b>Expenses</b>		
Accounting and legal (notes 15 and 18)	47,259	76,334
Advertising	258,835	209,061
Amortization	35,924	26,404
Bank charges	4,652	4,887
Events and meetings	46,959	60,902
Grant disbursements	982,713	229,383
Information technology support (notes 15 and 18)	18,591	21,788
Insurance	7,875	7,447
Memberships and licenses	20,854	29,659
Office and miscellaneous	16,940	13,151
Professional contractors	442,993	240,634
Professional development	17,280	28,982
Rent (note 15 and 18)	70,339	63,036
Salaries and benefits	720,264	738,898
Sponsorships and donations (note 18)	156,689	59,850
Telephone	4,282	6,450
Travel	6,890	15,446
	<u>2,859,339</u>	<u>1,832,312</u>
<b>Excess of revenues over expenses</b>	<u>\$ (4,226)</u>	<u>\$ 380,535</u>

See accompanying notes to financial statements.

**Kingston Economic Development Corporation**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2020**

	<b>Investment in Capital Assets</b>	<b>Board Restricted (Note 6(a))</b>	<b>Other Board Restricted (Note 6(b))</b>	<b>Other Board Restricted- Integrated Development Strategy (Note 6(b))</b>	<b>Other Board Restricted- COVID-19 Response and Recovery (Note 6(b))</b>	<b>Unrestricted</b>	<b>Total 2020</b>	<b>Total 2019</b>
<b>Balance at beginning of year</b>	\$76,158	\$10,000	\$50,000	-	-	\$1,162,521	\$1,298,679	\$918,144
Excess (deficiency) of revenues over expenses	(21,925)	-	-	(65,000)	-	82,699	(4,226)	380,535
Interfund transfer (note 6(b))	-	-	-	65,000	500,000	(565,000)	-	-
Change in investment in capital assets	10,774	-	-	-	-	(10,774)	-	-
<b>Balance at end of year</b>	\$65,007	\$10,000	\$50,000	-	\$500,000	\$669,446	\$1,294,453	\$1,298,679

See accompanying notes to financial statements.

**Kingston Economic Development Corporation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>Cash flow from (used in) operating activities</b>		
Excess of revenues over expenses	\$ (4,226)	\$ 380,535
Add (deduct) items not affecting cash		
Amortization	35,924	26,404
Amortization of deferred capital contributions	(14,000)	(13,544)
Deferred lease inducements	-	(6,910)
Changes in non-cash working capital balances		
Accounts receivable	(56,366)	(206,511)
Sales tax recoverable	53,893	(52,686)
Prepaid expenses and refundable deposits	34,133	46,161
Accounts payable and accrued liabilities	26,026	(58,973)
Receivable from/payable to City of Kingston	(21,370)	6,072
Receivable from/payable to Tourism Kingston	-	(105,790)
Deferred revenue	(14,961)	(39,449)
	<u>39,053</u>	<u>(24,691)</u>
<b>Cash flow used in investing activities</b>		
Purchase of capital assets	(10,773)	(116,153)
Purchase of investments	92,909	(6,895)
	<u>82,136</u>	<u>(123,048)</u>
<b>Cash flow from financing activities</b>		
Deferred capital contributions received	-	70,000
	<u>-</u>	<u>70,000</u>
<b>Net increase (decrease) in cash</b>	121,189	(77,739)
<b>Cash at beginning of year</b>	<u>613,344</u>	<u>691,083</u>
<b>Cash at end of year</b>	<u>\$734,533</u>	<u>\$613,344</u>

See accompanying notes to financial statements.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**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, fostering local investment, job creation, assessment growth and community prosperity through the support of strategic economic projects in the industrial, commercial, institutional, technological and tourism sectors.

**2. 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.

Revenues from resale materials, events and seminars and commissions are recognized when merchandise is received by or service is provided to the customer, when the consideration is fixed or determinable and when collection is reasonably assured.

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.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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

(c) Capital Assets

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

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

(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) Deferred contributions

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

(f) Investment in PARTEQ Angel Network

The funds invested with the PARTEQ Angel Network Fund are carried at cost. Each advance is evaluated annually for possible impairment in the carrying value. Management makes its best estimate of the expected net recoverability of the advances in relation to estimates pertaining to the financial solvency of the underlying investments.

(g) 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**  
**Year Ended December 31, 2020**

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

- (g) Significant estimates in these financial statements include the estimated net realizable value of inventory, the estimated net recoverability of the funds advanced to PARTEQ Angel Network and the estimated useful lives of capital assets. Management has made its best estimate for any impairment to the carrying values.

**3. Investments**

Investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
2.30% GIC with Kawartha Credit Union maturing August 10, 2020	-	38,811
2.40% GIC with Kawartha Credit Union maturing December 20, 2020	-	58,594
2.55% GIC with Kawartha Credit Union maturing October 20, 2021	60,239	58,741
2.80% GIC with Kawartha Credit Union maturing August 10, 2023	39,780	38,742
2.05% Term Rate Builder with Kawartha Credit Union maturing October 2, 2022	99,335	97,375
	<u>\$ 199,354</u>	<u>\$ 292,263</u>

**4. Accounts Receivable**

	<u>2020</u>	<u>2019</u>
Provincial contributions receivable	\$ 262,405	\$ 255,701
Federal contributions receivable	30,000	40,021
Queen's University	34,649	-
Downtown Kingston BIA!	21,253	-
Economic Development trade receivables	5,600	1,819
	<u>\$ 353,907</u>	<u>\$ 297,541</u>

The allowance for doubtful accounts is \$Nil (2019 - \$Nil).

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**5. Prepaid Expenses and Refundable Deposits**

	<u>2020</u>	<u>2019</u>
Office rent	\$ 5,862	\$ 5,862
Payroll	2,294	7,908
OMERS	-	2,453
Travel costs	-	3,536
Training	-	5,088
Memberships & subscriptions	-	1,177
Partnerships and sponsorships	-	2,351
Media	-	10,827
Contracted services	-	3,090
	<u>\$ 8,156</u>	<u>\$ 42,289</u>

**6. Board Restricted Funds**

(a) Board restricted funds are comprised of:

	<u>2020</u>	<u>2019</u>
PARTEQ Angel Network Fund	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The Corporation holds 10,000 participation units in the PARTEQ Angel Network ("Network"). The purpose of the Network is to make investments in early stage business ventures that meet the specified investment criteria of the Network.

The participation units are non-interest bearing, unsecured, irrevocable advances that can only be repaid to the participants in the event of a liquidity event of one or more of the Network's underlying investments. The underlying original investments are in SPARQ Systems Inc at \$10,000. The result of these investments is that the Corporation has shareholder rights in the company which translates into less than 1% share in the company.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**6. Board Restricted Funds (continued)**

- (b) The Corporation restricts net assets for various future expenditures under other board restricted funds. The expenses of the board restricted fund have been approved by the Board of Directors up to the following amounts:

	Board Approved	Opening Balance	Actual Transfers in Year	Expenses in Year	Ending Balance
Business Retention and Expansion	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 50,000
	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 50,000

	Board Approved	Opening Balance	Actual Transfers in Year	Expenses in Year	Ending Balance
Integrated Development Strategy	\$ 65,000	\$ -	\$ 65,000	\$ (65,000)	\$ -
	\$ 65,000	\$ -	\$ 65,000	\$ (65,000)	\$ -

	Board Approved	Opening Balance	Actual Transfers in Year	Expenses in Year	Ending Balance
COVID-19 Response and Recovery	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 500,000
	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 500,000

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**7. Capital Assets**

	<u>2020</u>		<u>2019</u>	
	Cost	Accumulated Amortization	Net book value	Net book value
Computer software	\$ 87,239	\$ 87,239	\$ -	\$ -
Computer hardware	113,473	104,495	8,978	-
Furniture and equipment	82,801	73,114	9,687	12,454
Signage	120,931	118,895	2,036	3,631
Voicemail system	22,044	22,044	-	-
Leasehold improvements- 366 King Street	84,609	25,383	59,226	76,148
CRM system	39,938	36,835	3,103	7,097
Website	44,253	13,276	30,977	39,828
	<u>\$ 595,288</u>	<u>\$ 481,281</u>	<u>\$ 114,007</u>	<u>\$ 139,158</u>

Cost and accumulated amortization of capital assets at December 31, 2019 amounted to \$584,515 and \$445,357 respectively.

**8. Deferred Revenue**

Deferred revenue consists of cash received in advance for operations for which the related expenses will not be recognized until a later period. The deferred revenue is comprised of:

	<u>2020</u>	<u>2019</u>
Career Apprenticeship	\$ 28,989	\$ 54,185
FedDev Tourism Support	8,982	-
Downtown Kingston BIA!	21,253	-
Ontario Business Improvement Digital Service	-	20,000
Balance at end of year	<u>\$ 59,224</u>	<u>\$ 74,185</u>

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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

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

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 63,000	\$ 6,544
Add: King Street contributions	-	70,000
Less: Amounts amortized to revenue		
Innovation Park	-	(6,544)
King Street	(14,000)	(7,000)
	<u>(14,000)</u>	<u>(13,544)</u>
Balance at end of year	<u>\$ 49,000</u>	<u>\$ 63,000</u>

**10. Investment in Capital Assets**

Net assets invested in capital assets are calculated as follows:

	<u>2020</u>	<u>2019</u>
Capital Assets	\$ 114,007	\$ 139,158
Less: deferred contributions to related capital assets	(49,000)	(63,000)
Balance at end of year	<u>\$ 65,007</u>	<u>\$ 76,158</u>

**11. Provincial Government Contributions**

	<u>2020</u>	<u>2019</u>
Small Business Enterprise Centre Core Funding	\$ 149,411	\$ 370,358
Starter Company Plus program	120,231	13,991
Summer Company program	31,041	41,511
Small Business Enterprise Centre French	10,000	-
Business Development	-	3,658
	<u>\$ 310,683</u>	<u>\$ 429,518</u>

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**12. Federal Government Contributions**

	<u>2020</u>	<u>2019</u>
Community Economic Development and Diversification	\$ 791,018	\$ -
CanExport Program	30,000	-
Other	3,300	-
Trade and Investment Support Program	-	28,127
	<u>\$ 824,318</u>	<u>\$ 28,127</u>

**13. Partnership Revenue and Corporate Investors**

	<u>2020</u>	<u>2019</u>
City of Kingston-Integrated Development Strategy	\$ 65,000	\$ -
Queen's WE-CAN Program	64,496	-
Ontario Business Improvement Area Association	55,370	-
Queen's Career Apprenticeship Program	25,196	199,533
Downtown Kingston BIA!	15,000	-
Northumberland Community Futures Development Corp	5,000	-
Other	3,997	9,356
Queen's Innovation Park	-	32,069
KEYS	-	7,470
Cunningham Swan-Friends of Kingston	-	7,341
	<u>\$ 234,059</u>	<u>\$ 255,769</u>

**14. Bank Credit Facility**

The Corporation has a short-term line of credit facility of \$100,000 (2019 - \$100,000) of which none had been drawn as at December 31, 2020. 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**  
**Year Ended December 31, 2020**

**15. Commitments**

- (a) The Corporation is committed to a lease for office space under an operating lease expiring July 31, 2024. The annual lease payments amount to \$69,122 per year, plus HST.

Under the written terms of the lease, the Corporation can terminate the lease with six months written notice on July 31, 2022. The Corporation can also renew the lease for a further five years with six months written notice prior to the expiry of the lease; as well as a further second renewal term of another five years with six months written notice.

- (b) The Corporation is committed to a service agreement with the City of Kingston for information systems and technology services. The annual charges for these services amounted to \$18,207 (2019 - \$21,788).
- (c) The Corporation is committed to a service agreement with the City of Kingston for accounting and reporting services. The annual charge for these services amounted to \$19,352 (2019 - \$18,954).

**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. Because OMERS is a multi-employer pension plan, the Corporation does not recognize any share of the pension plan deficit of \$3.2 billion (at December 31, 2020) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The employer portion amount contributed to OMERS for 2020 was \$53,386 (2019 - \$53,964) and is included as an expense in the statement of operations.

**17. Fair Value of Financial Instruments**

Financial instruments are initially recognized at fair value and then subsequently at amortized cost with gains or losses recognized in the statement of operations in the period in which the gain or loss occurs.

The carrying amounts for cash, accounts receivable and accounts payable approximate their fair market values because of the short-term nature of these instruments.

It is management's opinion that the Corporation is not exposed to significant interest rate, liquidity or credit risks arising from its financial instruments. There has been no change to the risk exposure from December 31, 2019.

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**18. Related Party Transactions**

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

- (a) The Corporation operates under a contractual agreement with the City's financial services department whereby the City pays certain expenses on behalf of the Corporation. The Corporation has a \$128,366 (2019 - \$106,996) receivable from the City at year-end related to this agreement.
- (b) The City provided revenues of \$1,461,500 (2019 - \$1,461,500) to the Corporation.
- (c) During the year the Corporation received \$65,000 from the City and contributed \$65,000 from internally restricted reserves to offset expenses incurred pertaining to the development of the integrated economic development strategy for Kingston.
- (d) The Corporation paid the City for information systems and technology services, and accounting services as described in note 15(b) and (c).
- (e) The Corporation paid the City \$107,000 as part of a two-year pilot project to support the creation of a new municipal position to strengthen business retention and expansion initiatives and 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.

**19. Economic Dependence**

The Corporation is economically dependent on the continued financial support of the Corporation of the City of Kingston. 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 51.2% (2019 - 66%) of total revenue. A new service level agreement with the City of Kingston has been approved for a duration of five years commencing January 1, 2021.

**20. Impact of COVID-19**

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Corporation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Mandatory working from home requirements for those able to do so
- Continuous re-evaluation of the team's work assignments
- Mandatory on-site staff screening and tracking protocols
- Internally restricted reserve funds of \$500,000 to support COVID-19 Response & Recovery initiatives

**Kingston Economic Development Corporation**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**20. Impact of COVID-19 (continued)**

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

DRAFT