

*crawford
smith &
swallow*

**CORPORATION OF THE CITY OF
NIAGARA FALLS, ONTARIO, DOWNTOWN
BOARD OF MANAGEMENT**

Financial Statements

December 31, 2017



**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO
DOWNTOWN BOARD OF MANAGEMENT**

Financial Statements

December 31, 2017

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**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**

MANAGEMENT REPORT

The accompanying financial statements of the Corporation of the City of Niagara Falls, Ontario, Downtown Board of Management (the "Board") are the responsibility of the Board's management and have been prepared in accordance with Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.



Ron Charbonneau
Chair
February 15, 2018



Matthew Aiello
Treasurer
February 15, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Corporation of the City of Niagara Falls, Ontario, Downtown Board of Management,
Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Niagara Falls, Ontario

We have audited the accompanying financial statements of the Corporation of the City of Niagara Falls, Ontario, Downtown Board of Management, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

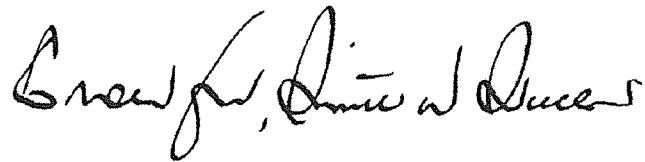
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Niagara Falls, Ontario, Downtown Board of Management as at December 31, 2017, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.



Niagara Falls, Ontario
February 15, 2018

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**


STATEMENT OF FINANCIAL POSITION

December 31, 2017

	2017	2016
	\$	\$
Financial Assets		
Cash	33,636	113,656
Accounts receivable	500	
Sales tax recoverable	37,503	22,148
	<u>71,639</u>	<u>135,804</u>
Liabilities		
Accounts payable and accrued liabilities	34,771	62,570
Due to Celebrate Old Downtown Community Corp.	831	10,237
	<u>35,602</u>	<u>72,807</u>
Net Financial Assets	<u>36,037</u>	<u>62,997</u>
Non-Financial Assets		
Tangible capital assets - schedule 1	41,643	54,716
Prepaid expenses	3,016	2,638
	<u>44,659</u>	<u>57,354</u>
Accumulated Surplus - note 2	<u>80,696</u>	<u>120,351</u>

Signed on behalf of the Board:

 Chair

 Treasurer

See accompanying notes

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended December 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
Revenues			
Requisition from the City of Niagara Falls, Ontario			
Taxation	210,000	212,409	210,000
Taxes written off		(11,381)	(15,132)
Net requisition	210,000	201,028	194,868
Other income		1,000	5,800
	210,000	202,028	200,668
Expenses			
Advertising, events and promotion	34,700	16,682	9,048
Amortization		12,006	15,227
Bad debt			2,320
Beautification	42,800	43,062	42,032
Consulting fees	50,000	29,768	12,870
Free parking subsidy	6,500	13,000	19,500
Office administration	40,600	39,569	54,385
Professional fees	5,800	7,332	32,094
Sponsorships			
Celebrate Old Downtown Community Corp.	20,000	59,099	20,000
Other events	5,000	5,740	11,189
	205,400	226,258	218,665
Annual Surplus (Deficit) before Other Items	4,600	(24,230)	(17,997)
Other			
Loss on disposal of tangible capital assets		15,425	578
Write-down of tangible capital assets			3,137
Annual Surplus (Deficit)	4,600	(39,655)	(21,712)
Accumulated Surplus, Beginning of Year	120,351	120,351	142,063
Accumulated Surplus, End of Year	124,951	80,696	120,351

See accompanying notes

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**

STATEMENT OF CASH FLOWS

for the year ended December 31, 2017

	2017 \$	2016 \$
Operations		
Annual deficit	(39,655)	(21,712)
Uses		
Increase in accounts receivable	(500)	
Increase in prepaid expenses	(378)	(199)
Decrease in Due to Celebrate Old Downtown Community Corp.	(9,406)	
Decrease in accounts payable and accrued liabilities	(27,799)	
Increase in sales tax recoverable	(15,355)	(10,957)
	(53,438)	(11,156)
Sources		
Increase in Due to Celebrate Old Downtown Community Corp.		10,237
Increase in accounts payable and accrued liabilities		58,725
		68,962
Non-cash charges to operations		
Amortization of tangible capital assets	12,006	15,227
Write-down of tangible capital assets		3,137
Loss on disposal of tangible capital assets	15,425	578
	27,431	18,942
Net change in cash from operations	(65,662)	55,036
Capital		
Acquisition of tangible capital assets	(9,041)	(3,101)
Cost of disposal of tangible capital assets	(5,317)	
Funds used by capital activities	(14,358)	(3,101)
Increase (Decrease) in Cash Position	(80,020)	51,935
Cash Position, Beginning of Year	113,656	61,721
Cash Position, End of Year	33,636	113,656

See accompanying notes

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2017

	2017	2016
	\$	\$
Annual Deficit	(39,655)	(21,712)
Acquisition of Tangible Capital Assets	(9,041)	(3,101)
Amortization of Tangible Capital Assets	12,006	15,227
Cost of Disposal of Tangible Capital Assets	(5,317)	
Write-down of Tangible Capital Assets		3,137
Loss on Disposal of Tangible Capital Assets	15,425	578
Change in Prepaid Expenses	(378)	(199)
Decrease in Net Financial Assets	(26,960)	(6,070)
Net Financial Assets, Beginning of Year	62,997	69,067
Net Financial Assets, End of Year	36,037	62,997

See accompanying notes

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

Organization

The Corporation of the City of Niagara Falls, Ontario, Downtown Board of Management (the "Board"), established in 1972 pursuant to the Ontario Municipal Act, operates to revitalize and promote the downtown core of Niagara Falls, Ontario.

1. Significant Accounting Policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Accrual accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at historical cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing government services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of tangible capital assets".

<u>Asset Class</u>	<u>Rate</u>
Banners	- 3 years
Computer hardware and software	- 5 years
Daredevil Alley	- 15 years
Furniture and equipment	- 10 years
Lighting	- 5 years
Signs	- 5 years
Website	- 3 years

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

1. Significant Accounting Policies - continued

Prepaid expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

2. Accumulated Surplus

	2017	2016
	\$	\$
Invested in tangible capital assets	41,643	54,716
Operating fund	39,053	65,635
	80,696	120,351

3. Lease Obligation

The Board leases office equipment and space under lease agreements which require a total annual payment of \$ 12,382 in 2018.

4. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial presentation adopted for the current year.

**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO,
DOWNTOWN BOARD OF MANAGEMENT**

SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 1

for the year ended December 31, 2017

	Cost			Balance		Accumulated Amortization		Balance, End of Year	Net Book Value
	Balance, Beginning of Year	Additions	Disposals and Write- downs	End of Year	Beginning of Year	Amortization	Disposals		
Banners	\$ 6,693		\$ 3,833	\$ 2,860	\$ 3,161	\$ 557	\$ 1,098	\$ 2,620	\$ 240
Computer hardware and software	1,143			1,143	317	229		546	597
Daredevil Alley	16,800			16,800	3,741	1,120		4,861	11,939
Furniture and equipment	37,436	2,264	6,873	32,827	19,322	2,752	1,305	20,769	12,058
Lighting	22,734	6,777	5,662	23,849	9,606	4,595	3,857	10,344	13,505
Signs	10,253		1,576	8,677	5,807	1,735	1,576	5,966	2,711
Website	3,053			3,053	1,442	1,018		2,460	593
December 31, 2017	98,112	9,041	17,944	89,209	43,396	12,006	7,836	47,566	41,643
Banners	32,621	2,440	28,368	6,693	28,294	2,657	27,790	3,161	3,532
Computer hardware and software	1,853		710	1,143	787	240	710	317	826
Daredevil Alley	16,139	661		16,800	2,665	1,076		3,741	13,059
Furniture and equipment	37,436			37,436	15,578	3,744		19,322	18,114
Lighting	22,734			22,734	5,059	4,547		9,606	13,128
Signs	10,253			10,253	3,862	1,945		5,807	4,446
Tents	6,274		6,274		3,137		3,137		
Website	3,053			3,053	424	1,018		1,442	1,611
December 31, 2016	130,363	3,101	35,352	98,112	59,806	15,227	31,637	43,396	54,716

See accompanying notes