

*crawford  
smith &  
swallow*

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

**Financial Statements**

**December 31, 2016**



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

**Financial Statements**

**December 31, 2016**

---

**Table of Contents**

	<b>Page</b>
Management Report	1
Independent Auditors' Report	2-3
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Cash Flows	6
Statement of Change in Net Financial Assets	7
Notes to Financial Statements	8-10
Schedule of Tangible Capital Assets	11

**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  
December 5, 2017



Tony Barranca  
Treasurer  
December 5, 2017

Crawford, Smith and Swallow  
Chartered Accountants LLP

4741 Queen Street  
Niagara Falls, Ontario  
L2E 2M2  
Telephone (905) 356-4200  
Telecopier (905) 356-3410

*crawford  
smith &  
swallow*

Offices in:  
Niagara Falls, Ontario  
St. Catharines, Ontario  
Fort Erie, Ontario  
Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

## 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, 2016, 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*

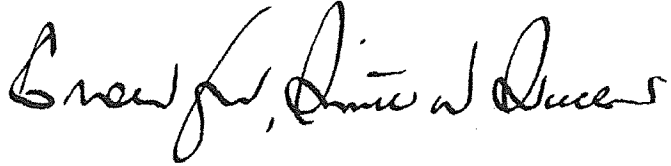
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2016, 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  
December 5, 2017

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

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

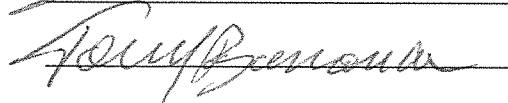
**STATEMENT OF FINANCIAL POSITION**

December 31, 2016

	2016	2015
	\$	\$
<b>Financial Assets</b>		
Cash	113,656	61,721
Sales tax recoverable	22,148	11,191
	135,804	72,912
<b>Liabilities</b>		
Accounts payable and accrued liabilities	62,570	3,845
Due to Celebrate Old Downtown Community Corporation - note 3	10,237	
	72,807	3,845
<b>Net Financial Assets</b>	62,997	69,067
<b>Non-Financial Assets</b>		
Tangible capital assets - schedule 1	54,716	70,557
Prepaid expenses	2,638	2,439
	57,354	72,996
<b>Accumulated Surplus - note 2</b>	<b>120,351</b>	<b>142,063</b>

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, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
<b>Revenues</b>			
Requisition from the City of Niagara Falls, Ontario			
Taxation	210,000	210,000	210,015
Taxes written off		(15,132)	(20,773)
Net requisition	210,000	194,868	189,242
Other income		5,800	8,572
	210,000	200,668	197,814
<b>Expenses</b>			
Advertising, events and promotion	25,050	9,048	19,639
Amortization		15,227	18,256
Bad debt		2,320	(68)
Beautification	43,770	42,032	42,236
Free parking subsidy	6,500	19,500	
Office administration	87,769	54,385	76,910
Professional fees	5,700	44,964	5,528
Sponsorship			
Celebrate Old Downtown Community Corp. - note 3	20,000	20,000	30,000
Summer events	10,000	11,189	3,575
	198,789	218,665	196,076
<b>Annual Surplus (Deficit) before Other Items</b>	11,211	(17,997)	1,738
<b>Other</b>			
Loss on disposal of tangible capital assets		578	
Write-down of tangible capital assets		3,137	
<b>Annual Surplus (Deficit)</b>	11,211	(21,712)	1,738
<b>Accumulated Surplus, Beginning of Year</b>	142,063	142,063	140,325
<b>Accumulated Surplus, End of Year</b>	<b>153,274</b>	<b>120,351</b>	<b>142,063</b>

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, 2016

	2016 \$	2015 \$
<b>Operations</b>		
Annual surplus (deficit)	(21,712)	1,738
<b>Uses</b>		
Increase in prepaid expenses	(199)	(349)
Decrease in accounts payable and accrued liabilities		(171)
Increase in sales tax recoverable	(10,957)	
	(11,156)	(520)
<b>Sources</b>		
Increase in Due to Celebrate Old Downtown Community Corporation	10,237	
Decrease in sales tax recoverable		1,484
Increase in accounts payable and accrued liabilities	58,725	
	68,962	1,484
<b>Non-cash charges to operations</b>		
Amortization on tangible capital assets	15,227	18,256
Write-down of tangible capital assets	3,137	
Loss on disposal of tangible capital assets	578	
	18,942	18,256
Net change in cash from operations	55,036	20,958
<b>Capital</b>		
Acquisition of tangible capital assets	(3,101)	(24,546)
<b>Increase (Decrease) in Cash Position</b>	51,935	(3,588)
<b>Cash Position, Beginning of Year</b>	61,721	65,309
<b>Cash Position, End of Year</b>	113,656	61,721

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, 2016

	2016	2015
	\$	\$
<b>Annual Surplus (Deficit)</b>	(21,712)	1,738
<b>Acquisition of Tangible Capital Assets</b>	(3,101)	(24,546)
<b>Amortization of Tangible Capital Assets</b>	15,227	18,256
<b>Write-down of Tangible Capital Assets</b>	3,137	
<b>Loss on Disposal of Tangible Capital Assets</b>	578	
<b>Change in Prepaid Expenses</b>	(199)	(349)
<b>Decrease in Net Financial Assets</b>	(6,070)	(4,901)
<b>Net Financial Assets, Beginning of Year</b>	69,067	73,968
<b>Net Financial Assets, End of Year</b>	<b>62,997</b>	<b>69,067</b>

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, 2016

---

### 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 ("PSAB") of the Chartered Professional Accountants of Canada ("CPA 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
Tents	- 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, 2016

**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**

	2016	2015
	\$	\$
Invested in tangible capital assets	54,716	70,557
Operating fund	65,635	71,506
	<b>120,351</b>	<b>142,063</b>

**3. Related Party Transactions**

In 2007, Celebrate Old Downtown Community Corp. ("CODCC"), a not-for-profit organization, was formed to promote public interest in the downtown area in the City of Niagara Falls, Ontario.

The Board had the following related party transactions with CODCC:

	2016	2015
	\$	\$
Transactions during the year:		
Sponsorship	<b>20,000</b>	<b>30,000</b>
Balances owing at the end of the year:		
Due to CODCC - due on demand	<b>10,237</b>	

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

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

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2016

---

**4. Lease Obligation**

The Board leases office equipment and space under lease agreements which require the following annual payments:

	\$
2017	16,509
2018	12,846
2019	1,856

**5. Commitment**

The Board has committed to provide a one-time sponsorship of \$ 25,000 to CODCC to resolve their outstanding debt.

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

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2016

**Schedule 1**

	Balance, Beginning of Year		Cost		Disposals and Write-downs	Balance, End of Year	Balance, Beginning of Year	Accumulated Amortization		Balance, End of Year	Net Book Value
	\$		\$					\$			
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		661		710	1,143	787	240	710	317	826
Daredevil Alley	16,139					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
<b>December 31, 2016</b>	<b>130,363</b>		<b>3,101</b>		<b>35,352</b>	<b>98,112</b>	<b>59,806</b>	<b>15,227</b>	<b>31,637</b>	<b>43,396</b>	<b>54,716</b>
Banners	30,149		2,472			32,621	22,033	6,261		28,294	4,327
Computer hardware and software	10,395		1,143		9,685	1,853	10,241	231	9,685	787	1,066
Daredevil Alley	15,976		163			16,139	1,597	1,068		2,665	13,474
Furniture and equipment	32,990		4,446			37,436	12,170	3,408		15,578	21,858
Lighting	10,050		12,684			22,734	1,452	3,607		5,059	17,675
Signs	9,668		585			10,253	1,860	2,002		3,862	6,391
Tents	6,274					6,274	1,882	1,255		3,137	3,137
Website			3,053			3,053		424		424	2,629
<b>December 31, 2015</b>	<b>115,502</b>		<b>24,546</b>		<b>9,685</b>	<b>130,363</b>	<b>51,235</b>	<b>18,256</b>	<b>9,685</b>	<b>59,806</b>	<b>70,557</b>

See accompanying notes

*crawford smith & swallow*