

*crawford
smith &
swallow*

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

Financial Statements

December 31, 2018



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

Financial Statements

December 31, 2018

Table of Contents

	Page
Management Report	1
Independent Auditors' Report	2
Statement of Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Cash Flows	7
Statement of Change in Net Financial Assets	8
Notes to Financial Statements	9-10
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 judgment, 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 7, 2019

Matthew Aiello
Treasurer
February 7, 2019

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

Opinion

We have audited the accompanying financial statements of Corporation of the City of Niagara Falls, Ontario, Downtown Board of Management, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Corporation of the City of Niagara Falls, Ontario, Downtown Board of Management (the "Board") as at December 31, 2018, and the results of its operations and its cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

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 report. We are independent of the Board 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 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.

In preparing the financial statements, management is responsible for assessing the Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

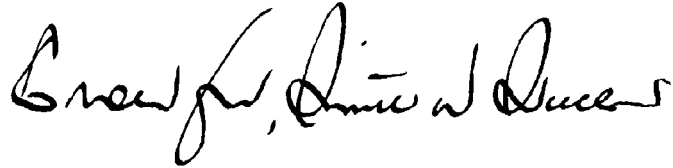
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 these 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:

- a) 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.
- b) 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 Board's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Board'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 Board to cease to continue as a going concern.
- e) 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.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow". The signature is written in a cursive, flowing style.

Niagara Falls, Ontario
February 7, 2019

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, 2018

	2018 \$	2017 \$
Financial Assets		
Cash and cash equivalents	64,748	33,636
Accounts receivable	1,356	500
Sales tax recoverable	12,206	37,503
Due from Celebrate Old Downtown Community Corp.	452	
	78,762	71,639
Liabilities		
Accounts payable and accrued liabilities	22,451	34,771
Due to Celebrate Old Downtown Community Corp.		831
	22,451	35,602
Net Financial Assets	56,311	36,037
Non-Financial Assets		
Tangible capital assets - schedule 1	37,872	41,643
Prepaid expenses	1,593	3,016
	39,465	44,659
Accumulated Surplus - note 2	95,776	80,696

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, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues			
Requisition from the City of Niagara Falls, Ontario			
Taxation	210,000	210,000	212,409
Taxes written off		(13,721)	(11,381)
Net requisition	210,000	196,279	201,028
Other income		32,522	1,000
	210,000	228,801	202,028
Expenses			
Advertising, events and promotion	15,500	18,155	16,682
Amortization		8,433	12,006
Bad debt recovery		(2,320)	
Beautification	48,000	50,185	43,062
Consulting fees	11,000	7,650	29,768
Free parking subsidy	13,000	13,000	13,000
Office administration	53,632	52,111	39,569
Professional fees	7,800	7,410	7,332
Partnership development	4,000	6,747	
Sponsorships			
Celebrate Old Downtown Community Corp.	37,000	37,000	59,099
Other events	6,000	6,000	5,740
	195,932	204,371	226,258
Annual Surplus (Deficit) before Other Item	14,068	24,430	(24,230)
Other			
Loss on disposal of tangible capital assets		9,350	15,425
Annual Surplus (Deficit)	14,068	15,080	(39,655)
Accumulated Surplus, Beginning of Year	80,696	80,696	120,351
Accumulated Surplus, End of Year	94,764	95,776	80,696

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, 2018

	2018 \$	2017 \$
Operations		
Annual surplus (deficit)	15,080	(39,655)
Uses		
Increase in accounts receivable	(856)	(500)
Increase in prepaid expenses		(378)
Decrease in Due to Celebrate Old Downtown Community Corp.	(1,283)	(9,406)
Decrease in accounts payable and accrued liabilities	(12,320)	(27,799)
Increase in sales tax recoverable		(15,355)
	(14,459)	(53,438)
Sources		
Decrease in sales tax recoverable	25,297	
Decrease in prepaid expenses	1,423	
	26,720	
Non-cash charges to operations		
Amortization of tangible capital assets	8,433	12,006
Loss on disposal of tangible capital assets	9,350	15,425
	17,783	27,431
Net change in cash from operations	45,124	(65,662)
Capital		
Acquisition of tangible capital assets	(14,012)	(9,041)
Cost of disposal of tangible capital assets		(5,317)
Funds used by capital activities	(14,012)	(14,358)
Increase (Decrease) in Cash Position	31,112	(80,020)
Cash and cash equivalents, Beginning of Year	33,636	113,656
Cash and cash equivalents, End of Year	64,748	33,636

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, 2018

	2018	2017
	\$	\$
Annual Surplus (Deficit)	15,080	(39,655)
Acquisition of Tangible Capital Assets	(14,012)	(9,041)
Amortization of Tangible Capital Assets	8,433	12,006
Cost of Disposal of Tangible Capital Assets		(5,317)
Loss on Disposal of Tangible Capital Assets	9,350	15,425
Change in Prepaid Expenses	1,423	(378)
Increase (Decrease) in Net Financial Assets	20,274	(26,960)
Net Financial Assets, Beginning of Year	36,037	62,997
Net Financial Assets, End of Year	56,311	36,037

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, 2018

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, 2018

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 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 judgment and may differ significantly from actual results.

2. Accumulated Surplus

	2018	2017
	\$	\$
Invested in tangible capital assets	37,872	41,643
Operating fund	57,904	39,053
	95,776	80,696

**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, 2018

	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	2,860		2,860		2,620		2,620		
Computer hardware and software	1,143	1,770	1,143	1,770	546	266	546	266	1,504
Daredevil Alley	16,800			16,800	4,861	1,120		5,981	10,819
Furniture and equipment	32,827		2,175	30,652	20,769	2,139	616	22,292	8,360
Lighting	23,849	12,242	17,072	19,019	10,344	2,580	10,118	2,806	16,213
Signs	8,677			8,677	5,966	1,735		7,701	976
Website	3,053			3,053	2,460	593		3,053	
December 31, 2018	89,209	14,012	23,250	79,971	47,566	8,433	13,900	42,099	37,872
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

See accompanying notes