

*crawford  
smith &  
swallow*

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

**Financial Statements**

**December 31, 2010**

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

**Financial Statements**

**December 31, 2010**

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## INDEPENDENT AUDITORS' REPORT

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To the Board Members 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, 2010, and the statements of operations and accumulated surplus, change in net financial assets and cash flows 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 generally accepted accounting principles, 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*

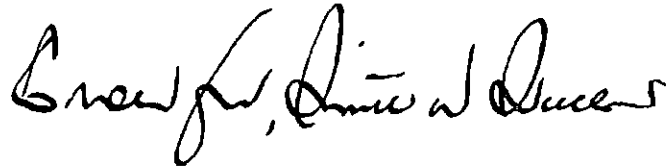
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2010, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Niagara Falls, Ontario  
February 16, 2011

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS


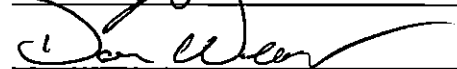
**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO  
DOWNTOWN BOARD OF MANAGEMENT**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2010

	2010	2009
	\$	\$
<b>Financial Assets</b>		
Cash	94,669	45,734
Accounts receivable	36,319	16,689
	<b>130,988</b>	<b>62,423</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	21,908	14,104
<b>Net Financial Assets</b>	<b>109,080</b>	<b>48,319</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - note 2	45,433	40,838
Prepaid expenses	7,206	5,396
	<b>52,639</b>	<b>46,234</b>
<b>Accumulated Surplus - note 3</b>	<b>161,719</b>	<b>94,553</b>

Signed on behalf of the Board:

 Director  
 Director

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, 2010

	Budget \$	2010 \$	2009 \$
<b>Revenues</b>			
Requisition from the City of Niagara Falls, Ontario			
Taxation	450,000	450,000	500,000
Supplemental taxes		509	
Taxes written off		(30,384)	(11,838)
Net requisition	450,000	420,125	488,162
Community Improvement Plan Funding - City of Niagara Falls, Ontario		166,000	32,682
Total revenues received from the City of Niagara Falls, Ontario		586,125	520,844
Job creation program grant			10,972
Other income		296	218
	450,000	586,421	532,034
<b>Expenses</b>			
Advertising, events and promotion	135,000	103,563	163,627
Amortization		9,712	3,331
Bad debt provision - note 4			77,657
Beautification	78,000	45,244	29,069
Job creation program expenses			9,479
Office administration	198,500	147,551	116,867
Professional fees	13,500	11,260	3,996
Celebrate Old Downtown Community Corp. - note 4	25,000	24,944	10,000
Summer events		120,189	
Winter festival of lights		56,792	
	450,000	519,255	414,026
<b>Excess of Revenues over Expenses</b>		67,166	118,008
<b>Accumulated Surplus (Deficit), Beginning of Year</b>	94,553	94,553	(23,455)
<b>Accumulated Surplus, End of Year</b>	94,553	161,719	94,553

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, 2010

	2010 \$	2009 \$
<b>Operations</b>		
Excess of revenues over expenses	67,166	118,008
<b>Uses</b>		
Increase in accounts receivable	(19,630)	(9,686)
Increase in prepaid expenses	(1,810)	(4,225)
Decrease in accounts payable and accrued liabilities	(21,440)	(41,408)
<b>Sources</b>		
Increase in accounts payable and accrued liabilities	7,804	
<b>Non-cash charges to operations</b>		
Amortization on tangible capital assets	9,712	3,331
<b>Net change in cash from operations</b>	<b>63,242</b>	<b>66,020</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(14,307)	(28,083)
<b>Increase in Cash Position</b>	<b>48,935</b>	<b>37,937</b>
<b>Cash Position, Beginning of Year</b>	<b>45,734</b>	<b>7,797</b>
<b>Cash Position, End of Year</b>	<b>94,669</b>	<b>45,734</b>

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, 2010

	2010	2009
	\$	\$
<b>Excess of Revenues over Expenses</b>	67,166	118,008
<b>Acquisition of Tangible Capital Assets</b>	(14,307)	(28,083)
<b>Amortization of Tangible Capital Assets</b>	9,712	3,331
<b>Change in Prepaid Expenses</b>	(1,810)	(4,225)
<b>Increase in Net Financial Liabilities</b>	60,761	89,031
<b>Net Financial Assets (Liabilities), Beginning of Year</b>	48,319	(40,712)
<b>Net Financial Assets, End of Year</b>	<b>109,080</b>	<b>48,319</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, 2010

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### 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 local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

#### 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 will be 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>
Computer hardware and software	- 5 years
Furniture and equipment	- 10 years
Lighting	- 5 years

#### Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from those estimates.

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

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2010

**2. Tangible Capital Assets**

	Cost \$	Accumulated Amortization \$	Net Book Value 2010 \$	Net Book Value 2009 \$
Computer hardware and software	9,685	5,811	3,874	5,811
Furniture and equipment	9,264	2,779	6,485	7,412
Lighting	42,391	7,317	35,074	27,615
	<b>61,340</b>	<b>15,907</b>	<b>45,433</b>	<b>40,838</b>

**3. Accumulated Surplus**

	2010 \$	2009 \$
Invested in tangible capital assets	45,433	40,838
Operating fund	116,286	53,715
	<b>161,719</b>	<b>94,553</b>

**4. Related Party Transactions**

In 2007, Celebrate Old Downtown Community Corp. ("CODCC"), a non-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:

	2010 \$	2009 \$
Transactions during the year:		
Operational advances	24,944	87,657
Balances owing at the end of the year:		
Due from CODCC	125,143	125,143
Allowance for doubtful account	(125,143)	(125,143)

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

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2010

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**4. Related Party Transactions - continued**

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