

*crawford  
smith &  
swallow*

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

**Financial Statements**

**December 31, 2012**

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

**Financial Statements**

**December 31, 2012**

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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, 2012, 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, 2012, 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 21, 2013

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, 2012

	2012	2011
	\$	\$
<b>Financial Assets</b>		
Cash	107,314	222,889
Accounts receivable	12,043	18,516
	119,357	241,405
<b>Contingent Liability - note 6</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	7,453	7,794
<b>Net Financial Assets</b>	111,904	233,611
<b>Non-Financial Assets</b>		
Tangible capital assets - note 2	65,818	49,544
Prepaid expenses	8,133	7,065
	73,951	56,609
<b>Accumulated Surplus - note 3</b>	<b>185,855</b>	<b>290,220</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, 2012

	Budget \$	2012 \$	2011 \$
<b>Revenues</b>			
Requisition from the City of Niagara Falls, Ontario			
Taxation	160,000	160,000	403,000
Supplemental taxes			496
Taxes written off	(5,000)	(42,875)	(34,724)
Net requisition	155,000	117,125	368,772
Other income		3,226	50
	155,000	120,351	368,822
<b>Expenses</b>			
Advertising, events and promotion	23,800	24,580	14,605
Amortization		17,488	11,735
Bad debt provision		33,391	18,329
Beautification	30,000	39,044	28,470
Office administration	71,200	69,034	90,389
Professional fees		6,030	16,491
Sponsorship	30,000		
Celebrate Old Downtown Community Corp. - note 4		21,500	21,000
Summer events		13,649	21,362
Winter Festival of Lights			17,940
	155,000	224,716	240,321
<b>Annual Surplus (Deficit)</b>		(104,365)	128,501
<b>Accumulated Surplus, Beginning of Year</b>	290,220	290,220	161,719
<b>Accumulated Surplus, End of Year</b>	<b>290,220</b>	<b>185,855</b>	<b>290,220</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, 2012

	2012 \$	2011 \$
<b>Operations</b>		
Annual surplus (deficit)	(104,365)	128,501
<b>Uses</b>		
Increase in prepaid expenses	(1,068)	
Decrease in accounts payable and accrued liabilities	(341)	(14,114)
	(1,409)	(14,114)
<b>Sources</b>		
Decrease in accounts receivable	6,473	17,803
Decrease in prepaid expenses		141
	6,473	17,944
<b>Non-cash charges to operations</b>		
Amortization on tangible capital assets	17,488	11,735
Net change in cash from operations	(81,813)	144,066
<b>Capital</b>		
Acquisition of tangible capital assets	(33,762)	(15,846)
<b>Increase (Decrease) in Cash Position</b>	<b>(115,575)</b>	<b>128,220</b>
<b>Cash Position, Beginning of Year</b>	<b>222,889</b>	<b>94,669</b>
<b>Cash Position, End of Year</b>	<b>107,314</b>	<b>222,889</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, 2012

	2012 \$	2011 \$
<b>Annual Surplus (Deficit)</b>	(104,365)	128,501
<b>Acquisition of Tangible Capital Assets</b>	(33,762)	(15,846)
<b>Amortization of Tangible Capital Assets</b>	17,488	11,735
<b>Change in Prepaid Expenses</b>	(1,068)	141
<b>Increase (Decrease) in Net Financial Assets</b>	(121,707)	124,531
<b>Net Financial Assets, Beginning of Year</b>	233,611	109,080
<b>Net Financial Assets, End of Year</b>	<b>111,904</b>	<b>233,611</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, 2012

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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 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>
Banners	- 3 years
Computer hardware and software	- 5 years
Furniture and equipment	- 10 years
Lighting	- 5 years
Signs	- 5 years

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

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2012

**1. Significant Accounting Policies - continued**

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. Actual results could differ from those estimates.

**2. Tangible Capital Assets**

	Cost \$	Accumulated Amortization \$	Net Book Value 2012 \$	Net Book Value 2011 \$
Banners	24,814	4,136	20,678	
Computer hardware and software	10,395	9,957	438	2,517
Furniture and equipment	26,772	6,344	20,428	18,960
Lighting	42,391	24,273	18,118	26,596
Signs	1,576	420	1,156	1,471
Work in progress	5,000		5,000	
	<b>110,948</b>	<b>45,130</b>	<b>65,818</b>	<b>49,544</b>

**3. Accumulated Surplus**

	2012 \$	2011 \$
Invested in tangible capital assets	65,818	49,544
Operating fund	120,037	240,676
	<b>185,855</b>	<b>290,220</b>

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

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2012

**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:

	2012	2011
	\$	\$
Transactions during the year:		
Operational advances	33,291	18,129
Sponsorship	21,500	21,000
	<b>54,791</b>	<b>39,129</b>
Balances owing at the end of the year:		
Due from CODCC	176,563	143,272
Allowance for doubtful account	(176,563)	(143,272)

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.

**5. Commitment**

The Board approved a daredevil alley streetscape concept in the amount of \$ 15,000 plus HST. A \$ 5,000 deposit was made in September 2012. The project was completed in January 2013 and requires a final payment of \$ 12,741.

**6. Contingent Liability**

As at December 31, 2012, the Board has a legal claim outstanding. It is management's assertion that an adequate defence is in effect for the settlement of this claim.