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smith &
swallow*

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

Financial Statements

December 31, 2013

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

Financial Statements

December 31, 2013

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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 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, 2013, 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.

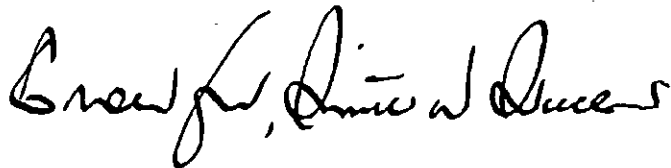
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The statement of operations and accumulated surplus includes fundraising revenues, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to amounts recorded in the records of the Corporation of the City of Niagara Falls, Ontario Downtown Board of Management and we were not able to determine whether any adjustments might be necessary to other revenue, annual surplus, assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2013, 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
March 10, 2014

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, 2013

	2013	2012
	\$	\$
Financial Assets		
Cash	59,699	107,314
Accounts receivable	24,188	12,043
	83,887	119,357
Liabilities		
Accounts payable and accrued liabilities	12,799	7,453
Net Financial Assets	71,088	111,904
Non-Financial Assets		
Tangible capital assets - note 2	71,951	65,818
Prepaid expenses	2,090	8,133
	74,041	73,951
Accumulated Surplus - note 3	145,129	185,855

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, 2013

	Budget \$	2013 \$	2012 \$
Revenues			
Requisition from the City of Niagara Falls, Ontario			
Taxation	240,170	200,170	160,000
Taxes written off	(11,436)	(20,339)	(42,875)
Net requisition	228,734	179,831	117,125
Fundraising	10,000	11,037	1,772
Other income	38,000	13,029	1,454
	276,734	203,897	120,351
Expenses			
Advertising, events and promotion	92,972	69,644	24,580
Amortization		22,178	17,488
Bad debt provision			33,391
Beautification	39,465	40,121	39,044
Office administration	74,602	73,913	69,034
Professional fees	5,500	6,242	6,030
Sponsorship			
Celebrate Old Downtown			
Community Corp. - note 4	20,000	20,000	21,500
Summer events	12,695	12,525	13,649
	245,234	244,623	224,716
Annual Surplus (Deficit)	31,500	(40,726)	(104,365)
Accumulated Surplus, Beginning of Year	185,855	185,855	290,220
Accumulated Surplus, End of Year	217,355	145,129	185,855

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, 2013

	2013 \$	2012 \$
Operations		
Annual deficit	(40,726)	(104,365)
Uses		
Increase in accounts receivable	(12,145)	
Increase in prepaid expenses		(1,068)
Decrease in accounts payable and accrued liabilities		(341)
	(12,145)	(1,409)
Sources		
Decrease in accounts receivable		6,473
Decrease in prepaid expenses	6,043	
Increase in accounts payable and accrued liabilities	5,346	
	11,389	6,473
Non-cash charges to operations		
Amortization on tangible capital assets	22,178	17,488
Net change in cash from operations	(19,304)	(81,813)
Capital		
Acquisition of tangible capital assets	(28,311)	(33,762)
Decrease in Cash Position	(47,615)	(115,575)
Cash Position, Beginning of Year	107,314	222,889
Cash Position, End of Year	59,699	107,314

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, 2013

	2013	2012
	\$	\$
Annual Deficit	(40,726)	(104,365)
Acquisition of Tangible Capital Assets	(28,311)	(33,762)
Amortization of Tangible Capital Assets	22,178	17,488
Change in Prepaid Expenses	6,043	(1,068)
Decrease in Net Financial Assets	(40,816)	(121,707)
Net Financial Assets, Beginning of Year	111,904	233,611
Net Financial Assets, End of Year	71,088	111,904

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, 2013

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 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 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
Daredevil alley	- 15 years
Furniture and equipment	- 10 years
Lighting	- 5 years
Signs	- 5 years
Tents	- 5 years

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

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

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 2013	Net Book Value 2012
	\$	\$	\$	\$
Banners	30,275	13,317	16,958	20,678
Computer hardware and software	10,395	10,099	296	438
Daredevil alley	15,977	533	15,444	
Furniture and equipment	26,773	9,021	17,752	20,428
Lighting	47,988	32,975	15,013	18,118
Signs	1,576	735	841	1,156
Tents	6,274	627	5,647	
Work in progress				5,000
	139,258	67,307	71,951	65,818

3. Accumulated Surplus

	2013	2012
	\$	\$
Invested in tangible capital assets	71,951	65,818
Operating fund	73,178	120,037
	145,129	185,855

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

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

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:

	2013 \$	2012 \$
Transactions during the year:		
Operational advances		33,291
Sponsorship	20,000	21,500
	20,000	54,791
Balances owing at the end of the year:		
Due from CODCC		176,563
Allowance for doubtful account		(176,563)

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.