

*crawford
smith &
swallow*

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

Financial Statements

December 31, 2015

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

Financial Statements

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Table of Contents

	Page
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	8-11

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

MANAGEMENT REPORT

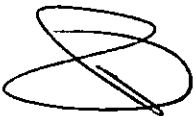
The accompanying financial statements of the Corporation of the City of Niagara Falls, Ontario Downtown Board of Management (the "Board") are the responsibility of the Board's management and have been prepared in accordance with Public Sector Accounting Standards established by the Public Sector Accounting 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.



Chair
Phil Ritchie
February 23, 2016



General Manager
Nemanja Kuntos
February 23, 2016

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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, 2015, 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, 2015, 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 23, 2016

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS


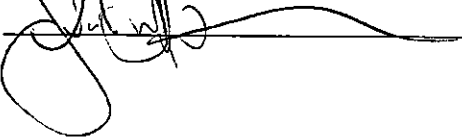
**CORPORATION OF THE CITY OF NIAGARA FALLS, ONTARIO
DOWNTOWN BOARD OF MANAGEMENT**

STATEMENT OF FINANCIAL POSITION

December 31, 2015

	2015	2014
	\$	\$
Financial Assets		
Cash	61,721	65,309
Sales tax recoverable	11,191	12,675
	72,912	77,984
Liabilities		
Accounts payable and accrued liabilities	3,845	4,016
Net Financial Assets	69,067	73,968
Non-Financial Assets		
Tangible capital assets - note 3	70,557	64,267
Prepaid expenses	2,439	2,090
	72,996	66,357
Accumulated Surplus - note 4	142,063	140,325

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, 2015

	Budget \$	2015 \$	2014 \$
Revenues			
Requisition from the City of Niagara Falls, Ontario			
Taxation	210,016	210,015	210,016
Taxes written off	(12,921)	(20,773)	(11,992)
Net requisition	197,095	189,242	198,024
Other income		8,572	3,522
	197,095	197,814	201,546
Expenses			
Advertising, events and promotion	43,400	19,639	18,432
Amortization		18,256	19,912
Bad debt expense (recovery)		(68)	3,289
Beautification	39,462	42,236	41,009
Office administration	74,255	76,910	75,947
Professional fees	5,700	5,528	6,646
Sponsorship			
Celebrate Old Downtown Community Corp. - note 5	30,000	30,000	15,100
Summer events	6,478	3,575	10,575
	199,295	196,076	190,910
Annual Surplus (Deficit) before Other Item	(2,200)	1,738	10,636
Other			
Loss on disposal of tangible capital assets			15,440
Annual Surplus (Deficit)	(2,200)	1,738	(4,804)
Accumulated Surplus, Beginning of Year	140,325	140,325	145,129
Accumulated Surplus, End of Year	138,125	142,063	140,325

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, 2015

	2015 \$	2014 \$
Operations		
Annual surplus (deficit)	1,738	(4,804)
Uses		
Increase in prepaid expenses	(349)	
Decrease in accounts payable and accrued liabilities	(171)	(8,783)
	(520)	(8,783)
Sources		
Decrease in accounts receivable		7,314
Decrease in sales tax recoverable	1,484	4,199
	1,484	11,513
Non-cash charges to operations		
Amortization on tangible capital assets	18,256	19,912
Loss on disposal of tangible capital assets		15,440
	18,256	35,352
Net change in cash from operations	20,958	33,278
Capital		
Acquisition of tangible capital assets - note 3	(24,546)	(22,276)
Cost of disposal of tangible capital assets		(5,392)
Funds used by capital activities	(24,546)	(27,668)
Increase (Decrease) in Cash Position	(3,588)	5,610
Cash Position, Beginning of Year	65,309	59,699
Cash Position, End of Year	61,721	65,309

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, 2015

	2015	2014
	\$	\$
Annual Surplus (Deficit)	1,738	(4,804)
Acquisition of Tangible Capital Assets	(24,546)	(22,276)
Amortization of Tangible Capital Assets	18,256	19,912
Cost of Disposal of Tangible Capital Assets		(5,392)
Loss on Disposal of Tangible Capital Assets		15,440
Change in Prepaid Expenses	(349)	
Increase (Decrease) in Net Financial Assets	(4,901)	2,880
Net Financial Assets, Beginning of Year	73,968	71,088
Net Financial Assets, End of Year	69,067	73,968

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, 2015

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 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, 2015

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. Change in Accounting Policies

The Board has implemented Canadian public sector accounting board section PS3260 Liability for contaminated sites. PS3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

The adoption of this standard did not have an impact on the Board's consolidated financial statements

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

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2015

3. Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	Net Book Value 2015 \$	Net Book Value 2014 \$
Banners	32,621	28,294	4,327	8,117
Computer hardware and software	1,853	787	1,066	154
Daredevil Alley	16,139	2,665	13,474	14,379
Furniture and equipment	37,436	15,578	21,858	20,821
Lighting	22,734	5,059	17,675	8,596
Signs	10,253	3,862	6,391	7,808
Tents	6,274	3,137	3,137	4,392
Website	3,053	424	2,629	
	130,363	59,806	70,557	64,267

During the year, the following additions were acquired:

	2015 \$	2014 \$
Banners	2,472	3,515
Computer hardware and software	1,143	
Daredevil Alley	163	
Furniture and equipment	4,446	6,218
Lighting	12,684	4,451
Signs	585	8,092
Website	3,053	
	24,546	22,276

During the year, computers with a net book value of nil (2014 - nil) were disposed for nil proceeds and disposition costs of nil.

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

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2015

4. Accumulated Surplus

	2015 \$	2014 \$
Invested in tangible capital assets	70,557	64,267
Operating fund	71,506	76,058
	142,063	140,325

5. 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:

	2015 \$	2014 \$
Transactions during the year:		
Sponsorship	30,000	15,100

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

6. Lease Obligation

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

	\$
2016	14,653
2017	14,653
2018	10,990