NIAGARA FALLS BRIDGE COMMISSION

Financial Statements and Additional Information
For the Years Ended
October 31, 2020 and 2019
with
Independent Auditors' Report

NIAGARA FALLS BRIDGE COMMISSION

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Certified Public Accountants
CTBK
Business Consultants
Chiampou Travis Besaw & Kershner LLP
45 BRYANT WOODS NORTH | AMHERST, NY 14228
PHONE 716 630 2400 | FAX 716 630 2401 | CTBK.COM

Charles W. Chiampou, CPA, JD
Robert J. Travis, CPA
Kelly G. Besaw, CPA, CVA
Eugene G. Kershner, CPA
D. Scott Sutherland, CPA
Stephen R. Brady, CPA, JD
Jon K. Pellish, CPA
Eric D. Colca, CPA, CVA
Michael Schaffstall, CPA
Garret R. Alexin, CPA, MBA
Karen M. Antonelli, CPA, CCIFP
Meagan K. Fitzgerald, CPA
Brian Maze, CPA
Andrew L. Neyman, CPA, MBA
Gina M. McDonough, CPA
Jennifer N. Aceti, CPA

INDEPENDENT AUDITORS' REPORT

To the Commissioners of
Niagara Falls Bridge Commission
Lewiston, New York

We have audited the accompanying financial statements of Niagara Falls Bridge Commission (the "Commission"), which comprise the statements of financial position as of October 31, 2020 and 2019, and the related statements of activities and changes in net assets, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditor considers 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of the Commission as of October 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Additional Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information included on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Chiampou Travis Besaw & Kershner LLP

January 19, 2021

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2020 AND 2019

ASSETS	**2020**	**2019**
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,722,100	$ 21,243,977
Accounts receivable, net	2,448,200	2,061,738
Prepaid expenses	458,386	628,901
Investments	34,038,745	57,614,816
Total current assets	62,667,431	81,549,432
NONCURRENT ASSETS:		
Investments	44,306,410	44,923,228
Land, bridges, buildings and equipment, net	297,147,607	299,906,502
Construction in progress - 30 year plan	64,190,993	39,153,125
Construction in progress - other	2,704,152	10,070,623
Total assets	$ 471,016,593	$ 475,602,910
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable, net	$ 2,240,000	$ 2,160,000
Current portion of postretirement benefit obligation	1,006,350	871,404
Accounts payable	9,227,203	10,804,689
Accrued wages and related withholdings	1,134,797	1,002,469
Other accrued expenses	1,379,806	407,915
Bond interest payable	354,361	361,018
Deferred income	943,112	983,730
Total current liabilities	16,285,629	16,591,225
NONCURRENT LIABILITIES:		
Postretirement benefit obligation	28,083,513	26,385,676
Bonds payable, net	99,881,586	102,081,795
Total liabilities	144,250,728	145,058,696
NET ASSETS WITHOUT DONOR RESTRICTION:		
Revenue	1,262,284	1,368,639
Operation	(31,728,684)	(28,882,212)
General	54,494,413	55,537,298
Renewal and replacement	(2,017,562)	(4,009,036)
Debt sinking	3,824,832	3,799,220
Construction	308,477,178	308,003,585
	334,312,461	335,817,494
Cumulative effect of foreign currency translation	(7,546,596)	(5,273,280)
Total net assets without donor restriction	326,765,865	330,544,214
Total liabilities and net assets without donor restriction	$ 471,016,593	$ 475,602,910

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	2020	**2019**
REVENUES:		
Toll income	$ 14,241,317	$ 21,925,336
Rental income	7,890,897	11,042,799
Construction reimbursement	6,176,158	90,953
Investment income, net	1,880,827	3,088,205
Miscellaneous	101,820	155,308
Total revenues	30,291,019	36,302,601
EXPENSES:		
Administration and overhead	6,734,398	6,415,007
Maintenance	4,757,643	5,372,575
Toll	1,876,709	2,083,067
Management information systems	897,722	945,511
Security	751,010	878,947
Postretirement	1,888,023	1,932,302
Depreciation	11,645,184	11,074,528
Interest on indebtedness	4,325,556	4,581,546
Amortization of bond financing expenses	39,791	82,721
Total expenses	32,916,036	33,366,204
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	(2,625,017)	2,936,397
UNREALIZED GAIN ON INVESTMENTS	1,119,984	2,347,345
CHANGE IN FOREIGN CURRENCY TRANSLATION (See Note 2)	(2,273,316)	(267,868)
CHANGE IN NET ASSETS	(3,778,349)	5,015,874
NET ASSETS WITHOUT DONOR RESTRICTION - beginning of year	330,544,214	325,528,340
NET ASSETS WITHOUT DONOR RESTRICTION - end of year	$326,765,865	$330,544,214

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	Program Services	Management and General	2020 Total	2019 Total
Administration and overhead	$ 2,984,799	$ 3,749,599	$ 6,734,398	$ 6,415,007
Maintenance	4,757,643	-	4,757,643	5,372,575
Toll	1,876,709	-	1,876,709	2,083,067
Management information systems	701,655	196,067	897,722	945,511
Security	698,266	52,744	751,010	878,947
Postretirement	1,583,304	304,719	1,888,023	1,932,302
Depreciation	11,450,449	194,735	11,645,184	11,074,528
Interest on indebtedness	4,325,556	-	4,325,556	4,581,546
Amortization of bond financing expenses	39,791	-	39,791	82,721
Total	$28,418,172	$ 4,497,864	$32,916,036	$33,366,204

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2019

	Program Services	Management and General	Total
Administration and overhead	$ 3,074,955	$ 3,340,052	$ 6,415,007
Maintenance	5,372,575	-	5,372,575
Toll	2,083,067	-	2,083,067
Management information systems	739,967	205,544	945,511
Security	804,203	74,744	878,947
Postretirement	1,623,339	308,963	1,932,302
Depreciation	10,879,794	194,734	11,074,528
Interest on indebtedness	4,581,546	-	4,581,546
Amortization of bond financing expenses	82,721	-	82,721
Total	$ 29,242,167	$ 4,124,037	$ 33,366,204

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets before unrealized gain on investments and change in foreign currency translation	$ (2,625,017)	$ 2,936,397
Adjustments to reconcile change in net assets before unrealized gain on investments and change in foreign currency translation to net cash flows provided by operating activities:		
Depreciation	11,645,184	11,074,528
Bad debt	232,618	-
Amortization of bond financing expenses	39,791	82,721
Amortization of investment premiums and discounts	(19,802)	(22,371)
Loss (gain) on sale of investments	(35,279)	136,000
Gain on disposal of property	(2,456)	(5,134)
Changes in operating assets and liabilities:		
Accounts receivable	462,442	1,291,856
Prepaid expenses	167,798	(163,043)
Accounts payable	(1,550,927)	3,627,541
Accrued wages and related withholdings	137,070	(437,689)
Other accrued expenses	974,865	(264,235)
Bond interest payable	(6,657)	(22,666)
Deferred income	(33,889)	(35,932)
Postretirement benefit obligation	1,888,023	1,932,302
Net cash provided by operating activities	11,273,764	20,130,275
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	54,118,392	36,809,133
Purchases of investments	(30,049,891)	(74,968,063)
Purchases of land, bridges, buildings, equipment and construction in progress	(28,591,364)	(42,837,799)
Proceeds from sale of property	2,456	5,134
Net cash used in investing activities	(4,520,407)	(80,991,595)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(2,160,000)	(6,800,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(115,234)	14,417
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,478,123	(67,646,903)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	21,243,977	88,890,880
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 25,722,100	$ 21,243,977

See notes to financial statements.

1. ORGANIZATION

The Niagara Falls Bridge Commission (the "Commission") is a public instrumentality created by an Act of the Congress of the United States (Chapter 490, 75^{th} Congress, 3^{rd} Session, as amended) (the "Act") to own, operate and maintain the Rainbow, Whirlpool-Rapids and Lewiston-Queenston bridges across the Niagara River. The Extra Provincial Corporations Act of the Province of Ontario, Canada licenses the Niagara Falls Bridge Commission. Canada and the United States are equally represented on the Niagara Falls Bridge Commission by an eight-member Board of Commissioners. The Commission has no stockholders or equity holders. The Act provides that upon retirement of the Bridge Revenue Bonds, the bridges will be transferred to the State of New York and the Province of Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The provisions of the Bond Indenture with the Commission's bondholders (the "bond agreement") govern the disposition of revenues and prescribe certain accounting practices of the Commission, which include the conditions for transfer of funds between the various accounts held by the Commission or the trustee and the use of such funds. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and are reflected in United States currency. The accounting policies followed by the Commission in preparing financial statements are set forth below.

Reporting and Accounting Guidelines – The financial statements are prepared on the accrual basis of accounting and according to current standards, which require all nonprofit organizations provide a statement of financial position, a statement of activities and changes in net assets, a statement of functional expenses, and a statement of cash flows. Classification of net assets and revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions. The standards also require that the amounts for each of the two classes of net assets – net assets with donor restriction and net assets without donor restriction be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities and changes in net assets. As of October 31, 2020 and 2019, the Commission had only net assets without donor restriction.

The net assets without donor restriction of the Commission consist of the following:

Revenue Net Assets – Revenue net assets represent toll and non-toll revenues which are transferred to other various net asset subgroups to be used for their specific purposes. Non-toll revenues are to be used for payment of operations and maintenance expenses and for renewal and replacement. Toll revenues are first to be used for operating purposes if there is a deficiency of non-toll revenue. The remaining excess of toll revenue must be expended in the following order: (1) to meet debt service requirements of the outstanding bond issues, (2) any remaining renewal and replacement expenses not paid for by non-toll revenues are to be paid for by toll revenues, and (3) any excess is to be deposited into the general net asset subgroup.

Operation Net Assets – Operation net assets represent the portion of expendable funds that are available for all reasonable and necessary operation and maintenance expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Net Assets – General net assets consist of undesignated net assets obtained from excess toll revenues, after the replenishment of debt sinking requirements, which may be used for any lawful purpose of the Commission. General net assets may be used to cover net operation deficits or accrued liabilities.

Renewal and Replacement Net Assets – Renewal and replacement net assets represent net assets designated for major or extraordinary renewal, replacement, resurfacing or reconstruction of the Toll Bridge System.

Debt Sinking Net Assets – Debt sinking net assets represent net assets set aside to meet debt service requirements.

Construction Net Assets – Construction net assets represent net assets designated for the capital program for improvements and expansion of the bridges, tolls and toll plazas.

Cash and Cash Equivalents – Cash equivalents are highly liquid investments (valued at cost, which approximates fair value) acquired with original maturities of three months or less. The Commission's cash, at times, could exceed federally insured limits. The Commission has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk with respect to cash.

Accounts Receivable – Accounts receivable primarily represents rents receivable from Duty Free and the General Services Administration ("GSA") and EZ Pass payments receivable from other EZ Pass agencies. Also included in accounts receivable at October 31, 2020 and 2019 is approximately $39,000 and $76,000, respectively, due from the GSA for the United States Customs and Border Protection administration building and Nexus building at Whirlpool-Rapids Bridge. The Commission utilizes EZ Pass, a form of electronic toll collection, which involves collection of tolls via the use of electronic transponders issued by other participating agencies. These agencies then forward payment to the Commission for amounts collected through their transponders. Included in accounts receivable at October 31, 2020 and 2019, is approximately $993,000 and $1,777,000, respectively, due from EZ Pass agencies.

The Commission uses the reserve method to account for bad debts and reviews its accounts receivable on a monthly basis. When management considers an account to be delinquent, customary collection efforts are initiated. Accounts receivable allowances for doubtful accounts are charged to operations by the Commission. At October 31, 2020, accounts receivable are net of an allowance for doubtful accounts of approximately $233,000. At October 31, 2019, no allowance for doubtful accounts was deemed necessary by management.

Investments – Investments in marketable securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in net assets. If, and when, a determination is made that a decline in fair value below the cost basis is other than temporary, the related investment is written down to its estimated fair value.

Investment Valuation and Income Recognition – The Commission follows accounting standards that were established to determine the fair value of assets and liabilities which are subject to reporting at fair value. This guidance established a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identified three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded on an exchange. Level 3

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available. These may include such things as present value of expected future cash flows or other valuation methodologies. Under the hierarchy, Level 1 inputs are the most preferred followed by Level 2 and Level 3. Level 3 inputs are to be used when neither Level 1 nor Level 2 inputs are available.

An investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value as of October 31, 2020 and 2019:

U.S. Government Obligations and Corporate Bonds: Under the Commission's current investment asset strategy, the Commission's investment assets in this category are classified as Level 1. These assets include government agency bonds, and corporate and treasury bonds. Quoted prices for these securities are provided to the Commission by published market sources.

Canadian Government Obligations and Corporate Bonds: Under the Commission's current investment asset strategy, the Commission's investment assets in this category are classified as Level 1. These assets consist of guaranteed interest certificates and corporate bonds. Quoted prices for the guaranteed interest certificates are based on the original cost plus the amount of interest these investments have earned. Quoted prices for the corporate bonds are provided to the Commission by published market sources.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Commission believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The Commission presents unrealized gains and losses on investments in the statements of activities and changes in net assets.

Purchases and sales of obligations and bonds are recorded on a trade date basis. Interest income is recorded on the accrual basis.

Land, Bridges, Building, and Equipment – Land, bridges, building, and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets and amounted to $11,645,184 and $11,074,528 for the years ended October 31, 2020 and 2019, respectively. Depreciation is recorded as of the date the asset is placed into service. The estimated useful lives used are as follows:

Bridges	62 – 120 years
Buildings	20 – 50 years
Equipment	3 – 15 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Income – Deferred income represents prepaid toll payments received as part of the Commission's electronic toll program. The program consists of prepaid deposits linked to an electronic card. Each time a participating patron crosses a bridge, the card is read and their account balance is decreased as toll revenue is recognized.

Revenue Recognition – The two primary recurring sources of revenue for the Commission consist of toll and rental income. The Commission recognizes toll income as earned and accepts payment in both United States and Canadian currency. The Commission also recognizes monthly rental income from various duty-free shops on an accrual basis.

Foreign Currency Translation – The revenues, expenses, assets and liabilities recorded in Canadian currency have been translated into United States currency in the accompanying financial statements based on the appropriate rates of exchange. Revenues and expenses are translated using an average of the currency exchange rates which prevailed during the fiscal year. The average of the currency exchange rates for the years ended October 31, 2020 and 2019 were .7435 and .7527, respectively, and resulted in exchange gains of $2,040,002 and $700,347 for the years ended October 31, 2020 and 2019, respectively. Assets and liabilities are translated at currency exchange rates prevailing at the statement of financial position date. The spot rates at October 31, 2020 and 2019 were .7509 and .7599, respectively, and resulted in exchange losses of $2,273,316 and $267,868 as of October 31, 2020 and 2019, respectively.

Functional Expenses – The Commission's primary functional purpose is to own and operate the Rainbow, Whirlpool-Rapids and Lewiston-Queenston bridges across the Niagara River. All support costs, primarily interest and depreciation, have been charged to that function. The allocation of all other expenses between program and management and general are based on management's reasonable percentage estimate of job function.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Standards Issued – The Commission adopted Accounting Standards Update ("ASU") 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" in the current year. This ASU clarifies and improves current guidance about whether a transaction should be accounted for as a contribution or an exchange transaction, and determining whether a contribution is conditional. The adoption of this standard did not have a material impact on the Commission's financial statements.

Income Taxes – No provision for income tax is recorded because the Commission is a tax-exempt organization as a public instrumentality.

Statement of Cash Flows – Interest paid was $4,332,213 and $4,604,212 for the years ended October 31, 2020 and 2019, respectively. Accounts payable as of October 31, 2020 and 2019, included $8,742,147 and $10,148,714 related to additions to land, bridges, buildings, equipment and construction in progress, respectively.

Subsequent Events – Management of the Commission has evaluated the effects of all subsequent events through January 19, 2021, the date which the financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the financial statements.

3. LIQUIDITY

The Commission has approximately $61,800,000 of financial assets available within one year of the statement of financial position date consisting of approximately $25,700,000 of cash and cash equivalents, approximately $2,400,000 of accounts receivable and approximately $33,700,000 of investments. None of the financial assets are subject to donor or other contractual restrictions which make them unavailable for general expenditure within one year of the statement of financial position date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

4. INVESTMENTS

Investments consisted of the following as of October 31, 2020 and 2019:

	2020		2019	
	Cost	**Fair Value**	**Cost**	**Fair Value**
U.S. government obligations	$ 5,354,540	$ 5,432,926	$ 16,513,984	$ 16,594,783
U.S. treasury obligations	31,279,805	32,497,629	18,832,151	19,433,465
Canadian guaranteed interest certificates (stated in U.S. dollars)	14,304,645	14,661,209	12,918,300	14,264,067
Canadian corporate bonds (stated in U.S. dollars)	4,832,597	4,824,202	4,498,707	4,596,576
U.S. corporate bonds	19,682,386	20,719,450	47,099,678	47,649,153
Global corporate bonds	198,588	209,739	-	-
	$ 75,652,561	$ 78,345,155	$ 99,862,820	$ 102,538,044

Investment maturity as of October 31, 2020 and 2019 is as follows:

	2020 Fair Value	**2019 Fair Value**
Due in less than one year	$ 34,038,745	$ 57,614,816
Due from one to five years	33,502,390	33,546,008
Due in greater than five years	10,804,020	11,377,220
	$ 78,345,155	$ 102,538,044

The Commission's investment income, consisting of interest income, net of related fees, and amortization of discounts and premiums, was $1,880,827 and $3,088,205 for the years ended October 31, 2020 and 2019, respectively. The unrealized gain on the adjustment of fair value of the investments was $1,119,984 and $2,347,345 for the years ended October 31, 2020 and 2019, respectively.

The Commission regularly assesses its investment portfolio in order to determine if unrealized losses on individual securities held represent an other-than-temporary decline in fair value, in which case a realized loss would be recognized. The Commission did not deem any securities to be other-than-temporarily impaired as of October 31, 2020 or 2019.

5. LAND, BRIDGES, BUILDINGS AND EQUIPMENT, NET

A summary of land, bridges, buildings and equipment as of October 31, 2020 and 2019, is as follows:

	2020	2019
Land and land improvements	$ 55,613,239	$ 55,585,734
Bridges	145,305,115	135,789,815
Buildings and leasehold improvements	208,322,905	209,664,495
Equipment	7,018,011	7,202,978
	416,259,270	408,243,022
Less accumulated depreciation	119,111,663	108,336,520
	$ 297,147,607	$ 299,906,502

The Commission has construction in progress – 30 year plan of $64,190,993 and $39,153,125 as of October 31, 2020 and 2019, respectively. This represents construction projects funded by the 2014 and 2018 bond issuances. Also, the Commission has construction in progress – other of $2,704,152 and $10,070,623 as of October 31, 2020 and 2019, respectively. This consists of construction projects funded by the reserves of the Commission. Construction in progress consists primarily of construction costs related to bridge renovations, reconstruction of the Lewiston and Queenston plazas and the Rainbow Stone and Pier repair project.

6. BONDS PAYABLE

The outstanding bonds are presented net of the discount and premium on bond issuance and financing costs. The discount, premium and financing costs are being amortized on a basis consistent with the principal payments due on the bonds.

As of October 31, 2020 and 2019, bridge revenue bonds payable consisted of the following:

	2020	2019
Total outstanding bonds:		
Series 2018	$ 69,860,000	$ 71,225,000
Series 2014A	33,035,000	33,830,000
	102,895,000	105,055,000
Net premium on bond issuance	585,118	628,247
Bond financing costs	(1,358,532)	(1,441,452)
	102,121,586	104,241,795
Less current portion	2,240,000	2,160,000
	$ 99,881,586	$ 102,081,795

6. BONDS PAYABLE (continued)

Principal payments on the outstanding bonds are due as follows:

2021	$ 2,240,000
2022	2,325,000
2023	2,415,000
2024	2,515,000
2025	2,615,000
Thereafter	90,785,000
	$ 102,895,000

On July 9, 1993, the Commission issued $133,035,000 of Toll Bridge System Revenue Bonds consisting of $30,700,000 Series 1993A Weekly Adjustable/Fixed Rate Bonds which matured on October 1, 2019, and $102,335,000 of Series 1993B 5.2% Fixed Rate Bonds which matured on October 1, 2015. On February 25, 2010, the Commission remarketed the Series 1993A Bonds and replaced these variable rate bonds with 4% fixed rate bonds.

On October 1, 2014, the Commission issued $33,830,000 of Toll Bridge System Revenue Bonds Series 2014A maturing on October 1, 2044. The net proceeds of approximately $34,200,000 (after issuance costs and premiums received), were used for reconstruction and expansion at the Lewiston Bridge.

On June 27, 2018, the Commission issued $71,225,000 of Toll Bridge System Revenue Bonds Series 2018 maturing on October 1, 2048. The net proceeds of approximately $70,000,000 (after issuance costs and premiums received), are to be used for reconstruction and expansion at the Lewiston Bridge.

The bonds provide, among other things, that the Commission meet specified requirements for debt service coverage. The Commission was in compliance with these requirements as of October 31, 2020.

The Commission maintains a Sinking Fund Debt Service Reserve representing 125% of the average annual debt service of the remaining term of all outstanding bonds which are not covered under a surety bond. The balance in the Sinking Fund Debt Service Reserve, consisting principally of cash and investments, was approximately $4,179,200 and $4,160,000 as of October 31, 2020 and 2019, respectively.

7. LEASES

The Commission’s leasing operations consist primarily of renting various bridge facilities to third parties under operating-type leases, some of which contain renewal options and escalation clauses.

The cost of the leased facilities is included in the statements of financial position as a portion of the cost of bridges and related structures and is not separately determinable.

A schedule by year of minimum future rentals receivable for the next five years under noncancelable operating leases in effect as of October 31, 2020, is as follows:

2021	$ 9,345,702
2022	9,278,744
2023	9,964,527
2024	10,236,714
2025	10,286,714

7. LEASES (continued)

The above minimum future rentals for the next five years does not include contingent rentals which may be received under lease agreements based upon gross sales of the lessee.

8. PENSION PLANS

The Commission has defined contribution pension plans covering substantially all full-time employees after six months of service. The retirement contribution is generally based on annual compensation. Employees may elect to contribute a minimum of 3% of their salary to the United States plans and 5% of their salary to the Canadian plans to receive the Commission match. Contributions by the Commission under the plans amounted to approximately $432,000 and $441,000 for the years ended October 31, 2020 and 2019, respectively.

9. POSTRETIREMENT BENEFITS

The Commission has postretirement medical, dental and group life plans. To be eligible to receive benefits in the plans, the employee must be full-time with twenty (20) years of service and have reached age fifty (50) for both United States and Canadian employees. No new non-union U.S. or Canadian employees will enter the plan subsequent to December 31, 2005, unless through board resolution. No new Canadian union employees will enter the plan subsequent to October 31, 2007. No new U.S. union employees will enter the plan subsequent to June 30, 2010.

The accumulated postretirement benefit obligation as of October 31, 2020 and 2019, is summarized below:

	2020	2019
Retirees	$ (18,622,341)	$ (15,755,516)
Active participants	(22,872,942)	(21,840,539)
Total	$ (41,495,283)	$ (37,596,055)
Plan assets at fair value	$ -	$ -
Payments for beneficiaries	$ 698,790	$ 682,425
Accumulated postretirement benefit obligation in excess of plan assets	$ (41,495,283)	$ (37,596,055)
Unrecognized loss	12,405,420	10,338,975
Accrued postretirement benefit cost	$ (29,089,863)	$ (27,257,080)

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 8% for the United States for the first year, then decreasing 1% each subsequent year until a floor of 5% is reached. The assumed health care cost trend rate for Canada was 8% for the first year and 5% for all subsequent years. The assumed discount rate used in determining the accumulated postretirement benefit obligation was 3.0% and 3.5% at October 31, 2020 and 2019, respectively.

9. POSTRETIREMENT BENEFITS (continued)

Benefit payments, which reflect expected future service, are expected to be paid for the years ending October 31 are approximately as follows:

2021	$ 1,006,000
2022	1,077,000
2023	1,214,000
2024	1,344,000
2025	1,472,000
2026 - 2030	8,416,000

10. CONCENTRATIONS

At October 31, 2020, approximately 49% of the Commission's U.S. employees are covered by a U.S. collective bargaining agreement which expires on October 31, 2024, and approximately 67% of the Commission's Canadian employees are covered by a Canadian collective bargaining agreement which expires on October 31, 2022.

Approximately 95% and 60% of accounts receivable are due from five (5) and two (2) customers at October 31, 2020 and 2019, respectively.

11. CONTINGENCIES

The Commission is involved in various legal actions and claims arising in the ordinary course of its operations. The Commission believes its ultimate liability, if any, in connection with these matters will not have a material effect on the Commission's results of operations or financial position.

12. RISKS AND UNCERTAINTIES

In March 2020, the COVID-19 pandemic started to affect the region in which the Rainbow, Whirlpool-Rapids and Lewiston-Queenston bridges are located. As a result of the pandemic, the Canadian and United States Federal Governments implemented restrictions on border crossings to essential traffic only, beginning on March 18, 2020. These restrictions remain in place through the date the financial statements were available to be issued. It is currently uncertain how long these restrictions will remain in place. The Commission was deemed to be an essential business and continues to operate, however, the border restrictions have significantly impacted the Commission's operations. The long-term economic impact of the pandemic on the financial statements is uncertain.

In response to COVID-19, the Canadian government introduced temporary wage subsidiaries. The Commission applied for and received approximately $748,000 in financial assistance through the Canadian Emergency Wage Subsidiary Act offered by the Canadian government, which is reported as a reduction of salaries and wages.

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NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF FINANCIAL POSITION BY NET ASSETS
OCTOBER 31, 2020

ASSETS	**Revenue**	**Operation**	**General**	**Renewal and Replacement**	**Debt Sinking**	**Construction**	**Total**
Cash and cash equivalents	$ 78,492	$ 190,485	$ 13,749,673	$ 147,248	$ 4,179,104	$ 7,377,098	$ 25,722,100
Accounts receivable, net	2,305,824	100,414	-	41,962	-	-	2,448,200
Prepaid expenses	-	458,386	-	-	-	-	458,386
Investments	-	-	64,302,264	-	89	14,042,802	78,345,155
Land, bridges, buildings and equipment, net	-	-	-	-	-	297,147,607	297,147,607
Construction in progress - 30 year plan	-	-	-	-	-	64,190,993	64,190,993
Construction in progress - other	-	-	-	-	-	2,704,152	2,704,152
Total assets	$ 2,384,316	$ 749,285	$ 78,051,937	$ 189,210	$ 4,179,193	$ 385,462,652	$ 471,016,593
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTION							
Accounts payable	$ 59,351	$ 410,827	$ -	$ 1,327,327	$ -	$ 7,429,698	$ 9,227,203
Accrued wages and related withholdings	-	1,134,797	-	-	-	-	1,134,797
Other accrued expenses	-	1,031,743	-	122,986	-	225,077	1,379,806
Bond interest payable	-	-	-	-	354,361	-	354,361
Deferred income	942,977	135	-	-	-	-	943,112
Postretirement benefit obligation	-	29,089,863	-	-	-	-	29,089,863
Bonds payable, net	-	-	-	-	-	102,121,586	102,121,586
Total liabilities	1,002,328	31,667,365	-	1,450,313	354,361	109,776,361	144,250,728
NET ASSETS WITHOUT DONOR RESTRICTION:							
Revenue	1,262,284	-	-	-	-	-	1,262,284
Operation	-	(31,728,684)	-	-	-	-	(31,728,684)
General	-	-	54,494,413	-	-	-	54,494,413
Renewal and replacement	-	-	-	(2,017,562)	-	-	(2,017,562)
Debt sinking	-	-	-	-	3,824,832	-	3,824,832
Construction	-	-	-	-	-	308,477,178	308,477,178
	1,262,284	(31,728,684)	54,494,413	(2,017,562)	3,824,832	308,477,178	334,312,461
Cumulative effect of foreign currency translation	119,704	810,604	23,557,524	756,459	-	(32,790,887)	(7,546,596)
Total net assets without donor restriction	1,381,988	(30,918,080)	78,051,937	(1,261,103)	3,824,832	275,686,291	326,765,865
Total liabilities and net assets without donor restriction	$ 2,384,316	$ 749,285	$ 78,051,937	$ 189,210	$ 4,179,193	$ 385,462,652	$ 471,016,593

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION BY NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2020

	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
REVENUES:							
Toll income	$ 14,241,317	$ -	$ -	$ -	$ -	$ -	$ 14,241,317
Rental income	7,890,897	-	-	-	-	-	7,890,897
Construction reimbursement	-	-	-	176,158	-	6,000,000	6,176,158
Investment income, net	2,502	1,520	1,613,809	543	12,767	249,686	1,880,827
Miscellaneous	82,465	15,096	-	4,259	-	-	101,820
Total revenues	22,217,181	16,616	1,613,809	180,960	12,767	6,249,686	30,291,019
EXPENSES:							
Administration and overhead	232,618	6,360,424	141,356	-	-	-	6,734,398
Maintenance	-	4,756,590	-	1,053	-	-	4,757,643
Toll	-	1,876,709	-	-	-	-	1,876,709
Management information systems	-	897,722	-	-	-	-	897,722
Security	-	751,010	-	-	-	-	751,010
Postretirement	-	1,888,023	-	-	-	-	1,888,023
Depreciation	-	-	-	-	-	11,645,184	11,645,184
Interest on indebtedness	-	-	-	-	4,325,556	-	4,325,556
Amortization of bond financing expenses	-	-	-	-	-	39,791	39,791
Total expenses	232,618	16,530,478	141,356	1,053	4,325,556	11,684,975	32,916,036
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	21,984,563	(16,513,862)	1,472,453	179,907	(4,312,789)	(5,435,289)	(2,625,017)
UNREALIZED GAIN ON INVESTMENTS	-	-	1,112,105	-	7,531	348	1,119,984
CHANGE IN FOREIGN CURRENCY TRANSLATION	(4,110)	62,566	(321,088)	21,355	-	(2,032,039)	(2,273,316)
CHANGE IN NET ASSETS	21,980,453	(16,451,296)	2,263,470	201,262	(4,305,258)	(7,466,980)	(3,778,349)
TRANSFER OF NET ASSETS	(22,090,918)	13,667,390	(3,627,443)	1,811,566	4,330,870	5,908,535	-
NET ASSETS WITHOUT DONOR RESTRICTION - beginning of year	1,492,453	(28,134,174)	79,415,910	(3,273,931)	3,799,220	277,244,736	330,544,214
NET ASSETS WITHOUT DONOR RESTRICTION - end of year	$ 1,381,988	$(30,918,080)	$ 78,051,937	$ (1,261,103)	$ 3,824,832	$ 275,686,291	$ 326,765,865