NIAGARA FALLS
BRIDGE COMMISSION

Financial Statements and Additional Information
For the Years Ended
October 31, 2021 and 2020
with
Independent Auditors' Report

NIAGARA FALLS BRIDGE COMMISSION

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Chiampou Travis Besaw & Kershner LLP
45 BRYANT WOODS NORTH | AMHERST, NY 14228
2410 NORTH FOREST | GETZVILLE, NY 14068
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
Matthew J. DeVincentis, CPA, MBA

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, 2021 and 2020, 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, 2021 and 2020, 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 18 and 19 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, 2022

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2021 AND 2020

ASSETS	**2021**	**2020**
CURRENT ASSETS:		
Cash and cash equivalents	$ 20,772,423	$ 25,722,100
Accounts receivable, net	1,597,061	2,448,200
Current portion of promissory notes receivable	128,721	-
Prepaid expenses	469,045	458,386
Investments	16,645,125	34,038,745
Total current assets	39,612,375	62,667,431
NONCURRENT ASSETS:		
Promissory notes receivable	1,805,445	-
Investments	47,762,949	44,306,410
Land, bridges, buildings and equipment, net	299,634,566	297,147,607
Construction in progress - 30 year plan	80,345,022	64,190,993
Construction in progress - other	4,712,448	2,704,152
Total assets	$ 473,872,805	$ 471,016,593
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable, net	$ 2,325,000	$ 2,240,000
Current portion of postretirement benefit obligation	1,034,450	1,006,350
Accounts payable	5,804,187	9,227,203
Accrued wages and related withholdings	1,072,711	1,134,797
Other accrued expenses	1,887,916	1,379,806
Bond interest payable	347,229	354,361
Deferred income	980,067	943,112
Total current liabilities	13,451,560	16,285,629
NONCURRENT LIABILITIES:		
Postretirement benefit obligation	30,807,594	28,083,513
Bonds payable, net	97,596,386	99,881,586
Total liabilities	141,855,540	144,250,728
NET ASSETS WITHOUT DONOR RESTRICTION:		
Revenue	2,537,871	1,262,284
Operation	(33,688,719)	(31,728,684)
General	51,610,322	54,494,413
Renewal and replacement	(2,341,840)	(2,017,562)
Debt sinking	3,832,597	3,824,832
Construction	304,153,916	308,477,178
	326,104,147	334,312,461
Cumulative effect of foreign currency translation	5,913,118	(7,546,596)
Total net assets without donor restriction	332,017,265	326,765,865
Total liabilities and net assets without donor restriction	$ 473,872,805	$ 471,016,593

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

	2021	2020
REVENUES:		
Toll income	$ 13,517,102	$ 14,241,317
Rental income	9,049,150	7,890,897
Construction reimbursement	1,629,083	6,176,158
Investment income, net	1,231,471	1,880,827
Miscellaneous	86,531	101,820
Total revenues	25,513,337	30,291,019
EXPENSES:		
Administration and overhead	6,267,890	6,734,398
Maintenance	4,194,622	4,757,643
Toll	1,865,472	1,876,709
Management information systems	765,689	897,722
Security	792,516	751,010
Postretirement	2,359,952	1,888,023
Depreciation	11,992,706	11,645,184
Interest on indebtedness	4,245,200	4,325,556
Amortization of bond financing expenses	39,800	39,791
Total expenses	32,523,847	32,916,036
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	(7,010,510)	(2,625,017)
UNREALIZED GAIN (LOSS) ON INVESTMENTS	(1,197,803)	1,119,984
CHANGE IN FOREIGN CURRENCY TRANSLATION (See Note 2)	13,459,713	(2,273,316)
CHANGE IN NET ASSETS	5,251,400	(3,778,349)
NET ASSETS WITHOUT DONOR RESTRICTION - beginning of year	326,765,865	330,544,214
NET ASSETS WITHOUT DONOR RESTRICTION - end of year	$ 332,017,265	$ 326,765,865

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	Program Services	Management and General	2021 Total	2020 Total
Administration and overhead	$ 3,436,586	$ 2,831,304	$ 6,267,890	$ 6,734,398
Maintenance	4,194,622	-	4,194,622	4,757,643
Toll	1,865,472	-	1,865,472	1,876,709
Management information systems	593,323	172,366	765,689	897,722
Security	686,676	105,840	792,516	751,010
Postretirement	1,977,857	382,095	2,359,952	1,888,023
Depreciation	11,797,972	194,734	11,992,706	11,645,184
Interest on indebtedness	4,245,200	-	4,245,200	4,325,556
Amortization of bond financing expenses	39,800	-	39,800	39,791
Total	$ 28,837,508	$ 3,686,339	$ 32,523,847	$ 32,916,036

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2020

	Program Services	Management and General	Total
Administration and overhead	$ 2,984,799	$ 3,749,599	$ 6,734,398
Maintenance	4,757,643	-	4,757,643
Toll	1,876,709	-	1,876,709
Management information systems	701,655	196,067	897,722
Security	698,266	52,744	751,010
Postretirement	1,583,304	304,719	1,888,023
Depreciation	11,450,449	194,735	11,645,184
Interest on indebtedness	4,325,556	-	4,325,556
Amortization of bond financing expenses	39,791	-	39,791
Total	$ 28,418,172	$ 4,497,864	$ 32,916,036

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets before unrealized gain (loss) on investments and change in foreign currency translation	$ (7,010,510)	$ (2,625,017)
Adjustments to reconcile change in net assets before unrealized gain (loss) on investments and change in foreign currency translation to net cash flows provided by operating activities:		
Depreciation	11,992,706	11,645,184
Bad debt	-	232,618
Amortization of bond financing expenses	39,800	39,791
Amortization of investment premiums and discounts	46,012	(19,802)
Gain on sale of investments	(42,353)	(35,279)
Gain on disposal of property	(1,829)	(2,456)
Promissory notes received in exchange for accounts receivable (see Note 7)	(1,926,299)	-
Changes in operating assets and liabilities:		
Accounts receivable	977,177	462,442
Prepaid expenses	2,137	167,798
Accounts payable	(3,416,113)	(1,550,927)
Accrued wages and related withholdings	(90,943)	137,070
Other accrued expenses	497,629	974,865
Bond interest payable	(7,132)	(6,657)
Deferred income	(3,159)	(33,889)
Postretirement benefit obligation	2,359,952	1,888,023
Net cash provided by operating activities	3,417,075	11,273,764
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	43,506,142	54,118,392
Purchases of investments	(29,538,693)	(30,049,891)
Purchases of land, bridges, buildings, equipment and construction in progress	(20,163,481)	(28,591,364)
Proceeds from sale of property	1,829	2,456
Net cash used in investing activities	(6,194,203)	(4,520,407)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(2,240,000)	(2,160,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	67,451	(115,234)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,949,677)	4,478,123
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	25,722,100	21,243,977
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 20,772,423	$ 25,722,100

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, 75th Congress, 3rd 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, 2021 and 2020, 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. 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, 2021 and 2020, is approximately $1,089,000 and $993,000, 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, 2021 and 2020, accounts receivable is net of an allowance for doubtful accounts of approximately $233,000.

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, 2021 and 2020:

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 $11,992,706 and $11,645,184 for the years ended October 31, 2021 and 2020, 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.

The Commission adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* during 2021. This ASU clarifies the principles for recognizing revenue and requires entities to recognize revenue for the transfer of promised goods and services to customers in an amount that reflects the consideration the entity expects to receive. In clarifying the principles in revenue recognition, the standard requires a five-step approach in recognizing revenue. The Commission adopted this standard using the modified retrospective method. The adoption of this standard did not have a material impact on the Commission's financial statements.

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, 2021 and 2020 were .7952 and .7435, respectively, and resulted in exchange gains of $1,932,475 and $2,040,002 for the years ended October 31, 2021 and 2020, respectively. Assets and liabilities are translated at currency exchange rates prevailing at the statement of financial position date. The spot rates at October 31, 2021 and 2020 were .8080 and .7509, respectively, and resulted in an exchange gain of $13,459,713 and an exchange loss of $2,273,316 as of October 31, 2021 and 2020, 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.

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 $4,252,332 and $4,332,213 for the years ended October 31, 2021 and 2020, respectively. Accounts payable as of October 31, 2021 and 2020, included $5,281,651 and $8,742,147 related to additions to land, bridges, buildings, equipment and construction in progress, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events – Management of the Commission has evaluated the effects of all subsequent events through January 19, 2022, 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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of October 31:

	2021	2020
Cash and cash equivalents	$ 20,772,423	$ 25,722,100
Investments	16,645,125	34,038,745
Accounts receivable	1,597,061	2,448,200
Promissory notes receivable	128,721	-
	$ 39,143,330	$ 62,209,045

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 and promissory notes 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:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
U.S. government obligations	$ 4,368,824	$ 4,405,357	$ 5,354,540	$ 5,432,926
U.S. treasury obligations	19,994,750	20,559,179	31,279,805	32,497,629
Canadian guaranteed interest certificates (stated in U.S. dollars)	11,998,800	12,208,137	14,304,645	14,661,209
Canadian corporate bonds (stated in U.S. dollars)	4,892,409	4,938,949	4,832,597	4,824,202
U.S. corporate bonds	19,733,157	20,124,809	19,682,386	20,719,450
Global corporate bonds	2,125,284	2,171,643	198,588	209,739
	$ 63,113,224	$ 64,408,074	$ 75,652,561	$ 78,345,155

4. INVESTMENTS (continued)

Investment maturity as of October 31 is as follows:

	2021 Fair Value	2020 Fair Value
Due in less than one year	$ 16,645,125	$ 34,038,745
Due from one to five years	33,542,925	33,502,390
Due in greater than five years	14,220,024	10,804,020
	$ 64,408,074	$ 78,345,155

The Commission's investment income, consisting of interest income, net of related fees, and amortization of discounts and premiums, was $1,231,471 and $1,880,827 for the years ended October 31, 2021 and 2020, respectively. The unrealized loss on the adjustment of fair value of the investments was $1,197,803 for the year ended October 31, 2021. The unrealized gain on the adjustment of fair value of the investments was $1,119,984 for the year ended October 31, 2020.

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, 2021 or 2020.

5. LAND, BRIDGES, BUILDINGS AND EQUIPMENT, NET

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

	2021	2020
Land and land improvements	$ 56,870,064	$ 55,613,239
Bridges	151,512,305	145,305,115
Buildings and leasehold improvements	218,335,356	208,322,905
Equipment	4,728,103	7,018,011
	431,445,828	416,259,270
Less accumulated depreciation	131,811,262	119,111,663
	$ 299,634,566	$ 297,147,607

The Commission has construction in progress – 30 year plan of $80,345,022 and $64,190,993 as of October 31, 2021 and 2020, respectively. This represents construction projects funded by the 2014 and 2018 bond issuances. Also, the Commission has construction in progress – other of $4,712,448 and $2,704,152 as of October 31, 2021 and 2020, 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, bridge revenue bonds payable consisted of the following:

	2021	2020
Total outstanding bonds:		
Series 2018	$ 68,455,000	$ 69,860,000
Series 2014A	32,200,000	33,035,000
	100,655,000	102,895,000
Net premium on bond issuance	543,268	585,118
Bond financing costs	(1,276,882)	(1,358,532)
	99,921,386	102,121,586
Less current portion	2,325,000	2,240,000
	$ 97,596,386	$ 99,881,586

Principal payments on the outstanding bonds are due as follows:

2022	$ 2,325,000
2023	2,415,000
2024	2,515,000
2025	2,615,000
2026	2,725,000
Thereafter	88,060,000
	$ 100,655,000

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, 2021.

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 $4,179,800 and $4,179,200 as of October 31, 2021 and 2020, 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, 2021, is as follows:

2022	$ 9,570,221
2023	10,156,205
2024	10,441,474
2025	10,494,277
2026	10,547,150

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

As a result of the COVID-19 pandemic and related border crossing restrictions implemented by the United States and Canadian Federal Governments, three of the Commission's tenants temporarily suspended operations beginning in March 2020 and resumed operations in August 2021. For a majority of that time period, two of the tenants were unable to pay their minimum monthly rental payments per their respective lease agreements. As a result, on October 31, 2021, the Commission received two promissory notes, in exchange for delinquent rent receivables.

Under the terms of the agreements, the Commission is to receive monthly payments of $17,114 and $11,574, commencing on May 1, 2022 and July 1, 2022, respectively, maturing through April 2029 and June 2027, respectively. The notes are non-interest bearing through April 2025, and beginning in May 2025, interest will be charged at a rate of 3% and increase by 0.5% annually through maturity of the notes. At October 31, 2021, the balance of the promissory notes receivable amounted to $1,934,166.

In addition, if payments remain current through the maturity dates of the respective notes, both lease agreements will be extended an additional three (3) years beyond the lease agreements' original maturity date. In connection with executing the promissory notes and restructuring the terms of the lease agreements, the Commission forgave approximately $463,000 of delinquent rent due from the tenants, which is reported as a reduction of rental income on the statement of activities and changes in net assets for the year ended October 31, 2021.

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 $437,000 and $432,000 for the years ended October 31, 2021 and 2020, 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, is summarized below:

	2021	2020
Retirees	$ (20,970,769)	$ (18,622,341)
Active participants	(17,876,283)	(22,872,942)
Total	$ (38,847,052)	$ (41,495,283)
Plan assets at fair value	$ -	$ -
Payments for beneficiaries	$ 779,343	$ 698,790
Accumulated postretirement benefit obligation in excess of plan assets	$ (38,847,052)	$ (41,495,283)
Unrecognized loss	7,005,008	12,405,420
Accrued postretirement benefit cost	$ (31,842,044)	$ (29,089,863)

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation 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 2.85% and 3.0% at October 31, 2021 and 2020, respectively.

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

2022	$ 1,034,000
2023	1,136,000
2024	1,224,000
2025	1,329,000
2026	1,388,000
2027 - 2031	7,950,000

10. CONCENTRATIONS

At October 31, 2021, approximately 53% of the Commission's U.S. employees are covered by a U.S. collective bargaining agreement which expires on October 31, 2024, and approximately 62% of the Commission's Canadian employees are covered by a Canadian collective bargaining agreement which expires on October 31, 2022.

Approximately 85% and 95% of accounts receivable are due from two (2) and five (5) customers and tenants at October 31, 2021 and 2020, 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. Certain 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 subsidies. The Commission applied for and received approximately $1,308,000 and $748,000 in financial assistance through the Canadian Emergency Wage Subsidy Act offered by the Canadian government, which is reported as a reduction of salaries and wages, for the years October 31, 2021 and 2020, respectively.

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NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF FINANCIAL POSITION BY NET ASSETS
OCTOBER 31, 2021

ASSETS	**Revenue**	**Operation**	**General**	**Renewal and Replacement**	**Debt Sinking**	**Construction**	**Total**
Cash and cash equivalents	$ 241,837	$ 403,769	$ 15,088,212	$ 4,615	$ 4,179,805	$ 854,185	$ 20,772,423
Accounts receivable, net	1,445,827	112,519	-	38,715	-	-	1,597,061
Promissory notes receivable	1,934,166	-	-	-	-	-	1,934,166
Prepaid expenses	-	469,045	-	-	-	-	469,045
Investments	-	-	61,558,617	-	21	2,849,436	64,408,074
Land, bridges, buildings and equipment, net	-	-	-	-	-	299,634,566	299,634,566
Construction in progress - 30 year plan	-	-	-	-	-	80,345,022	80,345,022
Construction in progress - other	-	-	-	-	-	4,712,448	4,712,448
Total assets	$ 3,621,830	$ 985,333	$ 76,646,829	$ 43,330	$ 4,179,826	$ 388,395,657	$ 473,872,805
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTION							
Accounts payable	$ -	$ 507,563	$ -	$ 1,418,977	$ -	$ 3,877,647	$ 5,804,187
Accrued wages and related withholdings	-	1,072,711	-	-	-	-	1,072,711
Other accrued expenses	-	859,599	-	273,231	-	755,086	1,887,916
Bond interest payable	-	-	-	-	347,229	-	347,229
Deferred income	979,922	145	-	-	-	-	980,067
Postretirement benefit obligation	-	31,842,044	-	-	-	-	31,842,044
Bonds payable, net	-	-	-	-	-	99,921,386	99,921,386
Total liabilities	979,922	34,282,062	-	1,692,208	347,229	104,554,119	141,855,540
NET ASSETS WITHOUT DONOR RESTRICTION:							
Revenue	2,537,871	-	-	-	-	-	2,537,871
Operation	-	(33,688,719)	-	-	-	-	(33,688,719)
General	-	-	51,610,322	-	-	-	51,610,322
Renewal and replacement	-	-	-	(2,341,840)	-	-	(2,341,840)
Debt sinking	-	-	-	-	3,832,597	-	3,832,597
Construction	-	-	-	-	-	304,153,916	304,153,916
	2,537,871	(33,688,719)	51,610,322	(2,341,840)	3,832,597	304,153,916	326,104,147
Cumulative effect of foreign currency translation	104,037	391,990	25,036,507	692,962	-	(20,312,378)	5,913,118
Total net assets without donor restriction	2,641,908	(33,296,729)	76,646,829	(1,648,878)	3,832,597	283,841,538	332,017,265
Total liabilities and net assets without donor restriction	$ 3,621,830	$ 985,333	$ 76,646,829	$ 43,330	$ 4,179,826	$ 388,395,657	$ 473,872,805

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION BY NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2021

	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
REVENUES:							
Toll income	$ 13,517,102	$ -	$ -	$ -	$ -	$ -	$ 13,517,102
Rental income	9,049,150	-	-	-	-	-	9,049,150
Construction reimbursement	-	-	-	44,838	-	1,584,245	1,629,083
Investment income, net	881	665	1,226,488	298	641	2,498	1,231,471
Miscellaneous	66,531	15,484	-	4,516	-	-	86,531
Total revenues	22,633,664	16,149	1,226,488	49,652	641	1,586,743	25,513,337
EXPENSES:							
Administration and overhead	-	6,131,131	136,759	-	-	-	6,267,890
Maintenance	-	4,194,575	-	47	-	-	4,194,622
Toll	684	1,864,788	-	-	-	-	1,865,472
Management information systems	-	765,689	-	-	-	-	765,689
Security	-	792,516	-	-	-	-	792,516
Postretirement	-	2,359,952	-	-	-	-	2,359,952
Depreciation	-	-	-	-	-	11,992,706	11,992,706
Interest on indebtedness	-	-	-	-	4,245,200	-	4,245,200
Amortization of bond financing expenses	-	-	-	-	-	39,800	39,800
Total expenses	684	16,108,651	136,759	47	4,245,200	12,032,506	32,523,847
CHANGE IN NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	22,632,980	(16,092,502)	1,089,729	49,605	(4,244,559)	(10,445,763)	(7,010,510)
UNREALIZED LOSS ON INVESTMENTS	-	-	(1,197,803)	-	-	-	(1,197,803)
CHANGE IN FOREIGN CURRENCY TRANSLATION	(15,668)	(418,615)	1,478,982	(63,495)	-	12,478,509	13,459,713
CHANGE IN NET ASSETS	22,617,312	(16,511,117)	1,370,908	(13,890)	(4,244,559)	2,032,746	5,251,400
TRANSFER OF NET ASSETS	(21,357,392)	14,132,468	(2,776,016)	(373,885)	4,252,324	6,122,501	-
NET ASSETS WITHOUT DONOR RESTRICTION - beginning of year	1,381,988	(30,918,080)	78,051,937	(1,261,103)	3,824,832	275,686,291	326,765,865
NET ASSETS WITHOUT DONOR RESTRICTION - end of year	$ 2,641,908	$ (33,296,729)	$ 76,646,829	$ (1,648,878)	$ 3,832,597	$ 283,841,538	$ 332,017,265