NIAGARA FALLS
BRIDGE COMMISSION

Financial Statements and Additional Information
For the Years Ended
October 31, 2023 and 2022
with
Independent Auditors' Report

NIAGARA FALLS BRIDGE COMMISSION

TABLE OF CONTENTS

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Niagara Falls Bridge Commission, which comprise the statements of financial position as of October 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Niagara Falls Bridge Commission as of October 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Niagara Falls Bridge Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Niagara Falls Bridge Commission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Niagara Falls Bridge Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Niagara Falls Bridge Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 11, 2024

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2023 AND 2022

ASSETS	**2023**	**2022**
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,890,638	$ 20,095,357
Accounts receivable, net	3,987,708	3,548,632
Current portion of promissory notes receivable	285,266	276,229
Prepaid expenses	472,821	511,466
Investments, short term	15,127,141	9,528,653
Total current assets	45,763,574	33,960,337
NONCURRENT ASSETS:		
Promissory notes receivable	1,079,235	1,460,866
Investments, long term	39,594,326	45,419,528
Land, bridges, buildings and equipment, net	268,395,250	274,081,791
Construction in progress - 30 year plan	94,644,556	90,321,605
Construction in progress - other	3,927,627	8,392,062
Total assets	$ 453,404,568	$ 453,636,189
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable, net	$ 2,515,000	$ 2,415,000
Current portion of postretirement benefit obligation	849,867	871,405
Accounts payable	1,494,932	6,409,136
Accrued wages and related withholdings	1,156,172	985,233
Other accrued expenses	1,584,064	2,024,724
Bond interest payable	331,440	339,571
Deferred income	982,171	970,726
Total current liabilities	8,913,646	14,015,795
NONCURRENT LIABILITIES:		
Bonds payable, net	92,745,192	95,220,939
Postretirement benefit obligation	31,616,444	31,541,603
Total liabilities	133,275,282	140,778,337
NET ASSETS WITHOUT DONOR RESTRICTION:		
Revenue	5,343,722	3,412,597
Operation	(35,480,299)	(34,931,766)
General	50,815,628	44,963,878
Renewal and replacement	(1,531,802)	(929,743)
Debt sinking	4,069,571	3,872,590
Construction	310,411,159	307,452,855
	333,627,979	323,840,411
Cumulative effect of foreign currency translation	(13,498,693)	(10,982,559)
Total net assets without donor restriction	320,129,286	312,857,852
Total liabilities and net assets without donor restriction	$ 453,404,568	$ 453,636,189

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023	2022
REVENUES:		
Toll income	$ 24,436,700	$ 18,983,219
Rental income	12,616,945	11,093,113
Construction reimbursement	1,532,547	3,105,676
Investment income, net	1,931,980	1,134,460
Miscellaneous	207,831	80,139
Total revenues	40,726,003	34,396,607
EXPENSES:		
Administration and overhead	6,760,862	6,351,812
Maintenance	5,291,723	4,766,027
Toll	2,339,637	2,043,872
Management information systems	890,032	801,263
Security	952,067	844,855
Postretirement	143,999	1,120,294
Depreciation	10,834,819	11,316,855
Interest on indebtedness	4,066,724	4,159,088
Amortization of bond financing expenses	39,253	39,554
Total expenses	31,319,116	31,443,620
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	9,406,887	2,952,987
UNREALIZED GAIN (LOSS) ON INVESTMENTS	380,681	(5,216,723)
CHANGE IN FOREIGN CURRENCY TRANSLATION (See Note 2)	(2,516,134)	(16,895,677)
CHANGE IN NET ASSETS	7,271,434	(19,159,413)
NET ASSETS WITHOUT DONOR RESTRICTION - beginning of year	312,857,852	332,017,265
NET ASSETS WITHOUT DONOR RESTRICTION - end of year	$ 320,129,286	$ 312,857,852

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Administration and overhead	$ 3,272,821	$ 3,488,041	$ 6,760,862	$ 3,248,154	$ 3,103,658	$ 6,351,812
Maintenance	5,291,723	-	5,291,723	4,765,968	59	4,766,027
Toll	2,339,637	-	2,339,637	2,043,872	-	2,043,872
Management information systems	697,211	192,821	890,032	623,390	177,873	801,263
Security	856,054	96,013	952,067	774,150	70,705	844,855
Postretirement	120,671	23,328	143,999	941,633	178,661	1,120,294
Depreciation	10,641,190	193,629	10,834,819	11,136,804	180,051	11,316,855
Interest on indebtedness	4,066,724	-	4,066,724	4,159,088	-	4,159,088
Amortization of bond financing expenses	39,253	-	39,253	39,554	-	39,554
Total	$ 27,325,284	$ 3,993,832	$ 31,319,116	$ 27,732,613	$ 3,711,007	$ 31,443,620

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets before unrealized gain (loss) on investments and change in foreign currency translation	$ 9,406,887	$ 2,952,987
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	10,834,819	11,316,855
Amortization of bond financing expenses	39,253	39,554
Amortization of investment premiums and discounts	71,051	90,588
Loss on sale of investments	246,957	70,954
Gain on disposal of property	(5,402)	(1,803)
Changes in operating assets and liabilities:		
Accounts receivable	(727,914)	(1,886,300)
Promissory notes receivable	370,448	152,669
Prepaid expenses	35,873	(60,895)
Accounts payable	(4,900,327)	645,227
Accrued wages and related withholdings	178,699	(47,511)
Other accrued expenses	(436,307)	155,869
Bond interest payable	(8,132)	(7,657)
Deferred income	20,281	44,863
Postretirement benefit obligation	143,999	1,120,293
Net cash provided by operating activities	15,270,185	14,585,693
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	10,832,562	18,114,602
Purchases of investments	(10,488,532)	(15,609,765)
Purchases of land, bridges, buildings, equipment and construction in progress	(7,350,106)	(15,304,406)
Proceeds from sale of property	5,402	1,803
Net cash used in investing activities	(7,000,674)	(12,797,766)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(2,415,000)	(2,325,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(59,230)	(139,993)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,795,281	(677,066)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,095,357	20,772,423
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 25,890,638	$ 20,095,357

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 from the United States of America to Canada. 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, 2023, and 2022, 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, 2023 and 2022 is approximately $282,000 and $1,165,000, respectively, due from the GSA for the United States Customs and Border Protection administration building and Nexus building at the 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, 2023 and 2022, is approximately $2,612,000 and $1,452,000, 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, 2023 and 2022, accounts receivable is net of an allowance for doubtful accounts of approximately $252,000 and $254,000, respectively.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 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, 2023 and 2022:

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, Buildings, and Equipment – Land, bridges, buildings, 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 $10,834,819 and $11,316,855 for the years ended October 31, 2023 and 2022, 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 and leasehold improvements	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, 2023 and 2022 were .7416 and .7770, respectively, and resulted in exchange gains of $832,826 and $1,522,474 for the years ended October 31, 2023 and 2022, respectively. Assets and liabilities are translated at currency exchange rates prevailing at the statement of financial position date. The spot rates at October 31, 2023 and 2022 were .7209 and .7327, respectively, and resulted in an exchange loss of $2,516,134 and $16,895,677 as of October 31, 2023 and 2022, 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.

Recent Accounting Standards Adopted – On November 1, 2022, the Commission adopted Accounting Standards Update 2016-02, *Leases* (Topic 842), and all subsequent amendments. The pronouncement requires the recognition of leases on the statement of financial position as right-of-use assets and lease liabilities, for lessees, and updates disclosure requirements regarding qualitative and quantitative information of leases for lessors. The Commission elected to adopt Topic 842 using the effective date transition method, which permits the Commission to apply the new standard prospectively and present comparative years under legacy GAAP.

In adoption of the standard, the Commission also elected the following:

- to apply the package of practical expedients during transition, under which they were not required to reassess as of the date of adoption (i) whether any of their contracts are or contain leases, (ii) the classification of their leases, and (iii) any initial direct costs related to those leases.
- to not separate lease components and non-lease components.

The adoption of this standard did not have a material effect on the Commission's financial statements.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 $4,074,855 and $4,166,745 for the years ended October 31, 2023 and 2022, respectively. Accounts payable and other accrued expenses as of October 31, 2023 and 2022, included $884,706 and $6,241,386 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 11, 2024, 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:

	2023	2022
Cash and cash equivalents	$ 25,890,638	$ 20,095,357
Investments	15,127,141	9,528,653
Accounts receivable, net	3,987,708	3,548,632
Promissory notes receivable	285,266	276,229
	$ 45,290,753	$ 33,448,871

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:

	2023		2022	
	Cost	**Fair Value**	**Cost**	**Fair Value**
U.S. government obligations	$ 3,620,479	$ 3,334,909	$ 4,617,693	$ 4,261,043
U.S. treasury obligations	21,272,865	19,661,842	20,645,918	19,103,237
Canadian guaranteed interest certificates (stated in U.S. dollars)	9,984,465	10,233,984	10,990,500	11,154,295
Canadian corporate bonds (stated in U.S. dollars)	3,648,363	3,550,945	3,589,467	3,359,435
U.S. corporate bonds	18,004,555	16,184,500	17,529,629	15,559,263
Global corporate bonds	1,921,013	1,755,287	1,696,047	1,510,908
	$ 58,451,740	$ 54,721,467	$ 59,069,254	$ 54,948,181

4. INVESTMENTS (continued)

Investment maturity as of October 31 is as follows:

	2023 Fair Value	2022 Fair Value
Due in less than one year	$ 15,127,141	$ 9,528,653
Due from one to five years	26,758,835	31,678,151
Due in greater than five years	12,835,491	13,741,377
	$ 54,721,467	$ 54,948,181

The Commission's investment income, consisting of interest income, net of related fees, and amortization of discounts and premiums, was $1,931,980 and $1,134,460 for the years ended October 31, 2023 and 2022, respectively. The adjustment of fair value of the investments was an unrealized gain of $380,681 and an unrealized loss of $5,216,723 for the years ended October 31, 2023 and 2022, 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, 2023 and 2022.

5. LAND, BRIDGES, BUILDINGS AND EQUIPMENT, NET

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

	2023	2022
Land and land improvements	$ 51,540,866	$ 51,770,178
Bridges	146,147,912	145,417,053
Buildings and leasehold improvements	201,227,109	204,531,320
Equipment	4,283,036	3,871,211
	403,198,923	405,589,762
Less accumulated depreciation	134,803,673	131,507,971
	$ 268,395,250	$ 274,081,791

The Commission has construction in progress – 30 year plan of $94,644,556 and $90,321,605 as of October 31, 2023 and 2022, respectively. This represents construction projects funded by the 2014 and 2018 bond issuances. Also, the Commission has construction in progress – other of $3,927,627 and $8,392,062 as of October 31, 2023 and 2022, 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:

	2023	**2022**
Total outstanding bonds:		
Series 2018	$ 65,510,000	$ 67,005,000
Series 2014A	30,405,000	31,325,000
	95,915,000	98,330,000
Net premium on bond issuance	463,657	502,758
Bond financing costs	(1,118,465)	(1,196,819)
	95,260,192	97,635,939
Less current portion	2,515,000	2,415,000
	$ 92,745,192	$ 95,220,939

Principal payments on the outstanding bonds are due as follows:

2024	$ 2,515,000
2025	2,615,000
2026	2,725,000
2027	2,840,000
2028	2,945,000
Thereafter	82,275,000
	$ 95,915,000

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-Queenston 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), were used for reconstruction and expansion at the Lewiston-Queenston 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, 2023.

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 $4,401,000 and $4,212,000 as of October 31, 2023 and 2022, 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, 2023, is as follows:

2024	$ 10,848,248
2025	10,904,759
2026	10,952,396
2027	10,880,782
2028	10,911,701

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.

The Commission holds two promissory notes from two of their tenants as of October 31, 2023 and 2022. Under the terms of the agreements, the Commission is to receive monthly payments of $17,114 and $11,574, that commenced 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. The balance of the promissory notes receivable amounted to $1,364,501 and $1,737,095 at October 31, 2023 and 2022, respectively.

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.

8. PENSION PLANS

The Commission has defined contribution pension plans covering substantially all full-time employees after completing 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 $405,000 and $410,000 for the years ended October 31, 2023 and 2022, 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.

9. POSTRETIREMENT BENEFITS (continued)

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

	2023	2022
Retirees	$ (12,045,445)	$ (15,166,725)
Active participants	(11,385,386)	(13,190,129)
Total	$ (23,430,831)	$ (28,356,854)
Plan assets at fair value	$ -	$ -
Payments for beneficiaries	$ 816,520	$ 825,984
Accumulated postretirement benefit obligation in excess of plan assets	$ (23,430,831)	$ (28,356,854)
Unrecognized gain	(9,035,480)	(4,056,154)
Accrued postretirement benefit cost	$ (32,466,311)	$ (32,413,008)

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 5.00% and 4.00% at October 31, 2023 and 2022, respectively.

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

2024	$ 850,000
2025	935,000
2026	1,039,000
2027	1,099,000
2028	1,163,000
2029 - 2033	6,713,000

10. CONCENTRATIONS

At October 31, 2023, approximately 58% of the Commission’s U.S. employees are covered by a U.S. collective bargaining agreement which expires on October 31, 2024, and approximately 56% of the Commission’s Canadian employees are covered by a Canadian collective bargaining agreement which expires on October 31, 2026.

Approximately 82% and 46% of accounts receivable are due from two (2) customers at October 31, 2023 and 2022, 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.

During the year ended October 31, 2022, the Commission settled an ongoing dispute with a vendor for $600,000 in connection to claims against the Commission related to reconstruction and expansion at the Lewiston-Queenston Bridge. This amount was paid during the year ended October 31, 2023, and is included in other accrued expenses on the statement of financial position at October 31, 2022.

12. RISKS AND UNCERTAINTIES

In response to the COVID-19 pandemic, the Canadian government introduced temporary wage subsidies. The Commission applied for and received approximately $468,000 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 year ended October 31, 2022.

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NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF FINANCIAL POSITION BY NET ASSETS
OCTOBER 31, 2023

ASSETS	**Revenue**	**Operation**	**General**	**Renewal and Replacement**	**Debt Sinking**	**Construction**	**Total**
Cash and cash equivalents	$ 1,344,384	$ 702,111	$ 19,283,573	$ 168,475	$ 4,382,053	$ 10,042	$ 25,890,638
Accounts receivable, net	3,673,900	37,126	-	1,523	-	275,159	3,987,708
Promissory notes receivable	1,364,501	-	-	-	-	-	1,364,501
Prepaid expenses	-	472,821	-	-	-	-	472,821
Investments	-	-	54,702,509	-	18,958	-	54,721,467
Land, bridges, buildings and equipment, net	-	-	-	-	-	268,395,250	268,395,250
Construction in progress - 30 year plan	-	-	-	-	-	94,644,556	94,644,556
Construction in progress - other	-	-	-	-	-	3,927,627	3,927,627
Total assets	$ 6,382,785	$ 1,212,058	$ 73,986,082	$ 169,998	$ 4,401,011	$ 367,252,634	$ 453,404,568
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTION							
Accounts payable	$ 856	$ 595,255	$ -	$ 851,999	$ -	$ 46,822	$ 1,494,932
Accrued wages and related withholdings	-	1,156,172	-	-	-	-	1,156,172
Other accrued expenses	-	1,387,375	-	122,986	-	73,703	1,584,064
Bond interest payable	-	-	-	-	331,440	-	331,440
Deferred income	982,041	130	-	-	-	-	982,171
Postretirement benefit obligation	-	32,466,311	-	-	-	-	32,466,311
Bonds payable, net	-	-	-	-	-	95,260,192	95,260,192
Total liabilities	982,897	35,605,243	-	974,985	331,440	95,380,717	133,275,282
NET ASSETS WITHOUT DONOR RESTRICTION:							
Revenue	5,343,722	-	-	-	-	-	5,343,722
Operation	-	(35,480,299)	-	-	-	-	(35,480,299)
General	-	-	50,815,628	-	-	-	50,815,628
Renewal and replacement	-	-	-	(1,531,802)	-	-	(1,531,802)
Debt sinking	-	-	-	-	4,069,571	-	4,069,571
Construction	-	-	-	-	-	310,411,159	310,411,159
	5,343,722	(35,480,299)	50,815,628	(1,531,802)	4,069,571	310,411,159	333,627,979
Cumulative effect of foreign currency translation	56,166	1,087,114	23,170,454	726,815	-	(38,539,242)	(13,498,693)
Total net assets without donor restriction	5,399,888	(34,393,185)	73,986,082	(804,987)	4,069,571	271,871,917	320,129,286
Total liabilities and net assets without donor restriction	$ 6,382,785	$ 1,212,058	$ 73,986,082	$ 169,998	$ 4,401,011	$ 367,252,634	$ 453,404,568

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION BY NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2023

	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
REVENUES:							
Toll income	$ 24,436,700	$ -	$ -	$ -	$ -	$ -	$ 24,436,700
Rental income	12,616,945	-	-	-	-	-	12,616,945
Construction reimbursement	-	-	-	125,380	-	1,407,167	1,532,547
Investment income, net	21,071	2,743	1,717,199	-	190,967	-	1,931,980
Miscellaneous	60,832	17,995	-	129,004	-	-	207,831
Total revenues	37,135,548	20,738	1,717,199	254,384	190,967	1,407,167	40,726,003
EXPENSES:							
Administration and overhead	-	6,641,778	119,084	-	-	-	6,760,862
Maintenance	-	5,289,590	-	2,133	-	-	5,291,723
Toll	1,606	2,338,010	-	21	-	-	2,339,637
Management information systems	-	890,032	-	-	-	-	890,032
Security	-	952,067	-	-	-	-	952,067
Postretirement	-	143,999	-	-	-	-	143,999
Depreciation	-	-	-	-	-	10,834,819	10,834,819
Interest on indebtedness	-	-	-	-	4,066,724	-	4,066,724
Amortization of bond financing expenses	-	-	-	-	-	39,253	39,253
Total expenses	1,606	16,255,476	119,084	2,154	4,066,724	10,874,072	31,319,116
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	37,133,942	(16,234,738)	1,598,115	252,230	(3,875,757)	(9,466,905)	9,406,887
UNREALIZED GAIN ON INVESTMENTS	-	-	380,681	-	-	-	380,681
CHANGE IN FOREIGN CURRENCY TRANSLATION	(27,491)	102,073	(249,340)	1,516	-	(2,342,892)	(2,516,134)
CHANGE IN NET ASSETS	37,106,451	(16,132,665)	1,729,456	253,746	(3,875,757)	(11,809,797)	7,271,434
TRANSFER OF NET ASSETS	(35,202,818)	15,686,204	3,872,955	(854,289)	4,072,738	12,425,210	-
NET ASSETS WITHOUT DONOR RESTRICTION - beginning of year	3,496,255	(33,946,724)	68,383,671	(204,444)	3,872,590	271,256,504	312,857,852
NET ASSETS WITHOUT DONOR RESTRICTION - end of year	$ 5,399,888	$ (34,393,185)	$ 73,986,082	$ (804,987)	$ 4,069,571	$ 271,871,917	$ 320,129,286