NIAGARA FALLS
BRIDGE COMMISSION

Financial Statements and Additional Information
For the Years Ended
October 31, 2015 and 2014
with
Independent Auditors' Report

NIAGARA FALLS BRIDGE COMMISSION

TABLE OF CONTENTS

Chiampou Travis Besaw & Kershner LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
45 Bryant Woods North | Amherst | New York 14228 | Phone 716 630 2400 Fax 716 630 2401 | Chiampou.com

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, 2015 and 2014, and the related statements of activities and changes in unrestricted net assets, 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, 2015 and 2014, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information included on pages 15 through 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 25, 2016

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2015 AND 2014

ASSETS	**2015**	**2014**
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,508,177	$ 17,160,213
Accounts receivable	2,981,140	1,949,403
Prepaid expenses	450,648	399,071
Investments	27,656,598	33,980,796
Total current assets	44,596,563	53,489,483
NONCURRENT ASSETS:		
Investments	51,367,080	58,881,433
Land, bridges, buildings and equipment, net	274,459,452	299,610,626
Construction in progress - 30 year plan	15,821,275	5,491,951
Construction in progress - other	16,314,103	14,879,337
Total assets	$ 402,558,473	$ 432,352,830
LIABILITIES AND UNRESTRICTED NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable	$ 5,800,000	$ 6,750,000
Current portion of postretirement benefit obligation	500,993	406,204
Accounts payable	4,619,614	4,960,640
Accrued wages and related withholdings	1,125,130	1,119,752
Other accrued expenses	195,467	174,282
Bond interest payable	196,508	220,310
Deferred income	1,020,693	1,196,064
Total current liabilities	13,458,405	14,827,252
NONCURRENT LIABILITIES:		
Postretirement benefit obligation	19,684,698	19,293,998
Bonds payable, net	53,199,651	58,812,956
Total liabilities	86,342,754	92,934,206
UNRESTRICTED NET ASSETS:		
Revenue	813,548	898,833
Operation	(21,465,413)	(19,915,072)
General	41,689,318	45,430,716
Renewal and replacement	(1,073,363)	(3,083,946)
Debt sinking	3,861,744	3,813,630
Construction	296,436,914	284,628,501
	320,262,748	311,772,662
Cumulative effect of currency translation	(4,047,029)	27,645,962
Total unrestricted net assets	316,215,719	339,418,624
Total liabilities and unrestricted net assets	$ 402,558,473	$ 432,352,830

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS FOR THE YEARS ENDED OCTOBER 31, 2015 AND 2014

	2015	2014
REVENUES:		
Toll income	$ 18,054,132	$ 18,907,064
Rental income	11,076,138	12,171,189
Construction reimbursement	5,587,538	2,641,963
Investment income, net	1,729,712	2,071,198
Miscellaneous	145,125	150,450
Total revenues	36,592,645	35,941,864
EXPENSES:		
Administration and overhead	5,747,799	5,968,488
Maintenance	4,910,843	5,132,965
Toll	2,453,054	2,517,990
Management information systems	845,222	850,734
Security	751,677	850,899
Postretirement	1,097,899	1,677,837
Depreciation	9,211,308	9,710,780
Interest on indebtedness	2,619,917	1,714,373
Amortization of bond financing expenses	186,695	219,385
Loss on disposal of bridge related assets	21,114	-
Total expenses	27,845,528	28,643,451
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	8,747,117	7,298,413
UNREALIZED LOSS ON INVESTMENTS	(257,031)	(2,699,082)
CHANGE IN FOREIGN CURRENCY TRANSLATION (See Note 2)	(31,692,991)	(18,731,053)
CHANGE IN UNRESTRICTED NET ASSETS	(23,202,905)	(14,131,722)
UNRESTRICTED NET ASSETS - beginning of year	339,418,624	353,550,346
UNRESTRICTED NET ASSETS - end of year	$ 316,215,719	$ 339,418,624

See notes to financial statements.

NIAGARA FALLS BRIDGE COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets before unrealized loss on investments and change in foreign currency translation	$ 8,747,117	$ 7,298,413
Adjustments to reconcile change in unrestricted net assets before unrealized loss on investments and change in foreign currency translation to net cash flows provided by operating activities:		
Depreciation	9,211,308	9,710,780
Amortization of bond financing expenses	186,695	219,385
Amortization of investment premiums	-	2,500
Loss on sale of investments	105,003	187,666
Loss (gain) on disposal of property	11,962	(1,914)
Changes in operating assets and liabilities:		
Accounts receivable	483,057	(1,157,749)
Prepaid expenses	(71,239)	203,513
Accounts payable	(132,073)	649,614
Accrued wages and related withholdings	80,980	(103,603)
Other accrued expenses	21,192	(64,325)
Bond interest payable	(23,802)	84,486
Deferred income	(83,346)	(16,957)
Postretirement benefit obligation	1,097,899	1,677,837
Net cash provided by operating activities	19,634,753	18,689,646
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	37,996,755	20,770,959
Purchases of investments	(29,058,611)	(47,691,270)
Purchases of land, bridges, buildings, equipment and construction in progress	(24,751,432)	(14,315,281)
Net cash used in investing activities	(15,813,288)	(41,235,592)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(6,750,000)	(6,405,000)
Proceeds from bond issue	-	34,678,027
Bond issuance costs	-	(428,409)
Net cash provided by (used in) financing activities	(6,750,000)	27,844,618
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(723,501)	(404,193)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,652,036)	4,894,479
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,160,213	12,265,734
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,508,177	$ 17,160,213

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 in accordance with current accounting standards, which establish standards for external reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. As of October 31, 2015 and 2014, the Commission had only unrestricted net assets.

Current accounting standards require that an allocation be made of support costs to the functional activity of the Commission. 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 unrestricted net assets 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. In addition, a portion of general net assets has been designated to cover net operation deficits that result from the accrual of liabilities, in particular the long-term postretirement benefit liability. The amount designated for such operation deficit is $21,465,413 and $19,915,072 as of October 31, 2015 and 2014, respectively.

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 and cash equivalents are highly liquid investments (valued at cost, which approximates fair value) acquired with original maturities of three months or less.

Accounts Receivable – Accounts receivable primarily represents rents receivable from Duty Free and General Services Administration, EZ Pass payments receivable from other EZ Pass agencies and reimbursement from Duty Free America for construction of a new Duty Free store at the Lewiston plaza. Included in accounts receivable at October 31, 2015 and 2014 is approximately $1,234,000 and $456,000, respectively, due from Duty Free America for construction of a new Duty Free store. During 2014, the Commission implemented EZ Pass as an additional form of electronic toll collection which involves collection of toll 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, 2015 and 2014 is approximately $745,000 and $676,000, respectively, due from EZ Pass agencies.

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 unrestricted 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2015 and 2014:

U.S. Government Obligations and Corporate Bonds: Under the Commission's current investment asset strategy, the majority of 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. Quoted prices for these securities are based on the amount of interest these investments have earned.

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 unrestricted 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 $9,211,308 and $9,710,780 for the years ended October 31, 2015 and 2014, respectively. Depreciation is not recorded in the year of acquisition. The estimated useful lives used are as follows:

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2015 and 2014 were .80363 and .91748, respectively, and resulted in exchange gains (losses) of $533,856 and $(55,721) for the years ended October 31, 2015 and 2014, respectively. Assets and liabilities are translated at currency exchange rates prevailing at the statement of financial position date. The spot rates as of October 31, 2015 and 2014 were .7648 and .8872, respectively and resulted in exchange losses of $(31,692,991) and $(18,731,053) as of October 31, 2015 and 2014, respectively.

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 $2,643,718 and $1,629,887 for the years ended October 31, 2015 and 2014, respectively. Accounts payable as of October 31, 2015 and 2014, included $3,770,165 and $4,380,266 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 25, 2016, 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. INVESTMENTS

Investments consisted of the following as of October 31, 2015 and 2014:

	2015		2014	
	Cost	**Fair Value**	**Cost**	**Fair Value**
U.S. government obligations	$ 5,969,809	$ 6,030,958	$ 4,773,488	$ 4,897,316
U.S. treasury obligations	37,198,988	37,314,723	48,326,500	48,503,557
Canadian corporate bonds (stated in U.S. dollars)	18,023,810	18,464,018	20,109,894	22,279,089
U.S. corporate bonds	16,448,636	16,726,806	16,018,437	16,441,988
Global corporate bonds	496,540	487,173	760,721	740,279
	$ 78,137,783	$ 79,023,678	$ 89,989,040	$ 92,862,229

3. INVESTMENTS (continued)

Investment maturity as of October 31, 2015 and 2014 is as follows:

	2015 Fair Value	2014 Fair Value
Due in less than one year	$ 27,656,598	$ 33,980,796
Due from one to five years	36,242,642	44,282,074
Due in greater than five years	15,124,438	14,599,359
	$ 79,023,678	$ 92,862,229

The Commission's investment income, consisting of interest income and amortization of discounts and premiums, was $1,729,712 and $2,071,198 for the years ended October 31, 2015 and 2014, respectively. The unrealized loss on the adjustment of fair value of the investments was $(257,031) and $(2,699,082) for the years ended October 31, 2015 and 2014, 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 and for the years ended October 31, 2015 or 2014.

4. FAIR VALUE MEASUREMENTS

The Commission uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures (as discussed in Note 2). The following table presents the balances of the assets of the Commission measured at fair value on a recurring basis at October 31:

	2015	2014
Level 1:		
Bonds:		
U.S. government agencies	$ 6,030,958	$ 4,897,316
U.S. treasury obligations	37,314,723	48,503,557
Canadian guaranteed interest certificates	18,464,018	22,279,089
U.S. corporate bonds	16,726,806	16,441,988
Global corporate bonds	487,173	740,279
Total assets reported at fair value	$ 79,023,678	$ 92,862,229

5. LAND, BRIDGES, BUILDINGS AND EQUIPMENT, NET

A summary of land, bridges, buildings and equipment as of October 31, 2015 and 2014, is as follows:

	2015	2014
Land and land improvements	$ 27,258,467	$ 28,486,047
Bridges	124,998,479	132,990,900
Buildings and leasehold improvements	189,191,238	199,951,921
Equipment	7,854,342	7,690,931
	349,302,526	369,119,799
Less accumulated depreciation	74,843,074	69,509,173
	$ 274,459,452	$ 299,610,626

Additionally, the Commission has construction in progress – 30 year plan of $15,821,275 and $5,491,951 as of October 31, 2015 and 2014, respectively. This represents construction projects funded by the 2014 bond issue. Also, the Commission has construction in progress – other of $16,314,103 and $14,879,337 as of October 31, 2015 and 2014, 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 Rainbow Bus Inspection building renovations.

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 principal payment due on the bonds.

As of October 31, 2015 and 2014, bridge revenue bonds payable consisted of the following:

	2015	2014
Total outstanding bonds:		
Series 2014A	$ 33,830,000	$ 33,830,000
Series 1993A	25,200,000	30,700,000
Series 1993B	-	1,250,000
	59,030,000	65,780,000
Net premium on bond issuance	843,905	907,043
Prepaid bond financing costs	(874,254)	(1,124,087)
	58,999,651	65,562,956
Less current portion	5,800,000	6,750,000
	$ 53,199,651	$ 58,812,956

6. BONDS PAYABLE (continued)

Principal payments on the outstanding bonds are due as follows:

2016	$ 5,800,000
2017	6,100,000
2018	6,500,000
2019	6,800,000
2020	795,000
Thereafter	33,035,000
	$ 59,030,000

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 maturing on October 1, 2019 and $102,335,000 of Series 1993B 5.2% Fixed Rate Bonds were 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. The Commission maintains a Sinking Fund Debt Service Reserve representing 125% of the average annual debt service. The balance in the Sinking Fund Debt Service Reserve was approximately $4,036,600 and $4,031,900 as of October 31, 2015 and 2014, respectively.

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) 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, 2015.

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, 2015, is as follows:

2016	$ 7,042,292
2017	5,837,442
2018	3,909,349
2019	1,349,005
2020	1,348,484

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. The retirement contribution is generally based on length of service and annual compensation. Employees may elect to contribute 3% of their salary to the United States plans and 5% of their salary to the Canadian plans. Contributions by the Commission under the plans amounted to approximately $442,000 and $465,000 for the years ended October 31, 2015 and 2014, 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.

The accumulated postretirement benefit obligation as of October 31, 2015 and 2014 is summarized below:

	2015	2014
Retirees	$ (6,609,139)	$ (6,087,298)
Active participants	(18,975,118)	(17,156,225)
Total	$ (25,584,257)	$ (23,243,523)
Plan assets at fair value	$ -	$ -
Payments for beneficiaries	$ 362,695	$ 284,093

	2015	2014
Accumulated postretirement benefit obligation in excess of plan assets	$ (25,584,257)	$ (23,243,523)
Prior service cost not yet recognized	279,820	392,644
Unrecognized loss	5,118,746	3,150,677
Accrued postretirement benefit cost	$ (20,185,691)	$ (19,700,202)

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 4.25% for October 31, 2015 and October 31, 2014, respectively.

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

2016	$ 501,000
2017	560,000
2018	632,000
2019	682,000
2020	736,000
2021 - 2025	5,300,000

10. CONTINGENCIES

The Commission is involved in various legal actions 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.

* * * * * *

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF FINANCIAL POSITION BY NET ASSETS
OCTOBER 31, 2015

ASSETS	**Revenue**	**Operation**	**General**	**Renewal and Replacement**	**Debt Sinking**	**Construction**	**Total**
Cash and cash equivalents	$ 286,869	$ 974,629	$ 3,304,772	$ 790,292	$ 547,661	$ 7,603,954	$ 13,508,177
Accounts receivable	1,733,457	11,372	-	1,236,311	-	-	2,981,140
Prepaid expenses	-	450,648	-	-	-	-	450,648
Investments	-	-	62,446,556	-	3,510,591	13,066,531	79,023,678
Land, bridges, buildings and equipment, net	-	-	-	-	-	274,459,452	274,459,452
Construction in progress - 30 year plan	-	-	-	-	-	15,821,275	15,821,275
Construction in progress - other	-	-	-	-	-	16,314,103	16,314,103
Total assets	$ 2,020,326	$ 1,436,649	$ 65,751,328	$ 2,026,603	$ 4,058,252	$ 327,265,315	$ 402,558,473
LIABILITIES AND UNRESTRICTED NET ASSETS							
Accounts payable	$ 52,043	$ 797,406	$ -	$ 2,233,571	$ -	$ 1,536,594	$ 4,619,614
Accrued wages and related withholdings	-	1,125,130	-	-	-	-	1,125,130
Other accrued expenses	-	72,481	-	122,986	-	-	195,467
Bond interest payable	-	-	-	-	196,508	-	196,508
Deferred income	1,020,693	-	-	-	-	-	1,020,693
Postretirement benefit obligation	-	20,185,691	-	-	-	-	20,185,691
Bonds payable, net	-	-	-	-	-	58,999,651	58,999,651
Total liabilities	1,072,736	22,180,708	-	2,356,557	196,508	60,536,245	86,342,754
UNRESTRICTED NET ASSETS							
Revenue	813,548	-	-	-	-	-	813,548
Operation	-	(21,465,413)	-	-	-	-	(21,465,413)
General	-	-	41,689,318	-	-	-	41,689,318
Renewal and replacement	-	-	-	(1,073,363)	-	-	(1,073,363)
Debt sinking	-	-	-	-	3,861,744	-	3,861,744
Construction	-	-	-	-	-	296,436,914	296,436,914
	813,548	(21,465,413)	41,689,318	(1,073,363)	3,861,744	296,436,914	320,262,748
Cumulative effect of currency translation	134,042	721,354	24,062,010	743,409	-	(29,707,844)	(4,047,029)
Total unrestricted net assets	947,590	(20,744,059)	65,751,328	(329,954)	3,861,744	266,729,070	316,215,719
Total liabilities and unrestricted net assets	$ 2,020,326	$ 1,436,649	$ 65,751,328	$ 2,026,603	$ 4,058,252	$ 327,265,315	$ 402,558,473

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS BY NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2015

	Revenue	Operation	General	Renewal and Replacement	Debt Sinking	Construction	Total
REVENUES:							
Toll income	$ 18,054,132	$ -	$ -	$ -	$ -	$ -	$ 18,054,132
Rental income	11,076,138	-	-	-	-	-	11,076,138
Construction reimbursement	-	-	-	5,587,538	-	-	5,587,538
Investment income	287	1,569	1,623,814	1,101	44,339	58,602	1,729,712
Miscellaneous	120,884	24,241	-	-	-	-	145,125
Total revenues	29,251,441	25,810	1,623,814	5,588,639	44,339	58,602	36,592,645
EXPENSES:							
Administration and overhead	-	5,686,183	61,616	-	-	-	5,747,799
Maintenance	-	4,909,087	-	1,756	-	-	4,910,843
Toll	91	2,452,963	-	-	-	-	2,453,054
Management information systems	-	845,222	-	-	-	-	845,222
Security	-	751,677	-	-	-	-	751,677
Postretirement	-	1,097,899	-	-	-	-	1,097,899
Depreciation	-	-	-	-	-	9,211,308	9,211,308
Interest on indebtedness	-	-	-	-	2,619,917	-	2,619,917
Amortization of bond financing expenses	-	-	-	-	-	186,695	186,695
Loss on disposal of bridge related assets	-	-	-	-	-	21,114	21,114
Total expenses	91	15,743,031	61,616	1,756	2,619,917	9,419,117	27,845,528
CHANGE IN UNRESTRICTED NET ASSETS BEFORE REALIZED AND UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	29,251,350	(15,717,221)	1,562,198	5,586,883	(2,575,578)	(9,360,515)	8,747,117
REALIZED AND UNREALIZED LOSS ON INVESTMENTS	-	-	(224,391)	-	(20,308)	(12,332)	(257,031)
CHANGE IN FOREIGN CURRENCY TRANSLATION	14,755	671,486	(3,676,709)	212,721	-	(28,915,244)	(31,692,991)
CHANGE IN UNRESTRICTED NET ASSETS	29,266,105	(15,045,735)	(2,338,902)	5,799,604	(2,595,886)	(38,288,091)	(23,202,905)
TRANSFER OF NET ASSETS	(29,336,635)	14,166,880	(5,079,205)	(3,576,300)	2,644,000	21,181,260	-
UNRESTRICTED NET ASSETS - beginning of year	1,018,120	(19,865,204)	73,169,435	(2,553,258)	3,813,630	283,835,901	339,418,624
UNRESTRICTED NET ASSETS - end of year	$ 947,590	$ (20,744,059)	$ 65,751,328	$ (329,954)	$ 3,861,744	$ 266,729,070	$ 316,215,719

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES BY FUNCTIONAL CURRENCY
FOR THE YEAR ENDED OCTOBER 31, 2015

	Total	Foreign Exchange	Subtotal	U.S. Operations in U.S. $	Canadian Operations in CA $
REVENUES:					
Toll income	$ 18,054,132	$ (1,264,320)	$ 19,318,452	$ 12,879,896	$ 6,438,556
Rental income	11,076,138	(770,070)	11,846,208	7,924,622	3,921,586
Construction reimbursement	5,587,538	-	5,587,538	5,587,538	-
Investment income	1,729,712	(128,155)	1,857,867	1,205,234	652,633
Miscellaneous	145,125	(28,740)	173,865	27,510	146,355
Total revenues	36,592,645	(2,191,285)	38,783,930	27,624,800	11,159,130
EXPENSES:					
Administration and overhead	5,747,799	(751,897)	6,499,696	2,670,657	3,829,039
Maintenance	4,910,843	(529,668)	5,440,511	2,743,174	2,697,337
Toll	2,453,054	(213,145)	2,666,199	1,580,755	1,085,444
Management information systems	845,222	(23,628)	868,850	748,526	120,324
Security	751,677	(79,295)	830,972	427,162	403,810
Postretirement	1,097,899	(47,330)	1,145,229	904,202	241,027
Depreciation	9,211,308	(1,080,178)	10,291,486	4,790,674	5,500,812
Interest on indebtedness	2,619,917	-	2,619,917	2,619,917	-
Amortization of bond financing expenses	186,695	-	186,695	186,695	-
Loss on disposal of bridge related assets	21,114	-	21,114	21,114	-
Total expenses	27,845,528	(2,725,141)	30,570,669	16,692,876	13,877,793
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	$ 8,747,117	$ 533,856	$ 8,213,261	$ 10,931,924	$ (2,718,663)

NIAGARA FALLS BRIDGE COMMISSION

SCHEDULE OF ACTIVITIES BY FUNCTIONAL CURRENCY
FOR THE YEAR ENDED OCTOBER 31, 2014

	Total	Foreign Exchange	Subtotal	U.S. Operations in U.S. $	Canadian Operations in CA $
REVENUES:					
Toll income	$ 18,907,064	$ (826,723)	19,733,787	$ 9,755,479	$ 9,978,308
Rental income	12,171,189	(291,093)	12,462,282	8,948,872	3,513,410
Construction reimbursement	2,641,963	-	2,641,963	2,641,963	-
Investment income	2,071,198	(80,411)	2,151,609	1,181,093	970,516
Miscellaneous	150,450	(8,704)	159,154	54,104	105,050
Total revenues	35,941,864	(1,206,931)	37,148,795	22,581,511	14,567,284
EXPENSES:					
Administration and overhead	5,968,488	(297,720)	6,266,208	2,672,823	3,593,385
Maintenance	5,132,965	(221,255)	5,354,220	2,683,738	2,670,482
Toll	2,517,990	(106,236)	2,624,226	1,341,992	1,282,234
Management information systems	850,734	(14,466)	865,200	690,595	174,605
Security	850,899	(33,367)	884,266	481,538	402,728
Postretirement	1,677,837	(23,607)	1,701,444	1,416,516	284,928
Depreciation	9,710,780	(454,559)	10,165,339	4,678,952	5,486,387
Interest on indebtedness	1,714,373	-	1,714,373	1,714,373	-
Amortization of bond financing expenses	219,385	-	219,385	219,385	-
Total expenses	28,643,451	(1,151,210)	29,794,661	15,899,912	13,894,749
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	$ 7,298,413	$ (55,721)	$ 7,354,134	$ 6,681,599	$ 672,535