

# Niagara Parks Annual Report 2009

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The Niagara Parks Commission:

## Our Role & Mission

Niagara is a region steeped in history and blessed by geography. As steward of one of the world's greatest natural wonders, The Niagara Parks Commission (NPC) plays a major role in maintaining, protecting and showcasing the Falls' grandeur, while contributing to the economic growth and success of Niagara and the Province.

As a self-funded agency of the provincial government, NPC is responsible for the maintenance of 1,720 hectares of parkland, stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario.

Our mission remains the same as it was in 1885, to preserve and enhance the natural beauty of the Falls and the Niagara River corridor for the enjoyment of visitors while maintaining financial self-sufficiency.





## The Team | 2009



**Jim Williams, Chairman**  
*Appointed March 10, 2004*  
*Resignation Effective December 16, 2009*



**Archie Katzman, Vice-Chairman**  
*Appointed October 24, 1981*  
*Term expires October 23, 2011*



**Gary F. Burroughs, Commissioner**  
*(Town of Niagara-on-the-Lake)*  
*Appointed December 1, 2000*  
*Term expired November 30, 2009*



**Vincent Kerrio, Commissioner**  
*(City of Niagara Falls)*  
*Appointed April 18, 2007*  
*Term expired November 30, 2009*



**Douglas Martin, Commissioner**  
*(Town of Fort Erie)*  
*Appointed April 18, 2007*  
*Term expired November 30, 2009*



**Bob Saracino, Commissioner**  
*(Regional Municipality of Niagara)*  
*Appointed December 1, 2000*  
*Term expired November 30, 2009*



**Italia Gilberti, Commissioner**  
*Appointed July 24, 2006*  
*Term expired July 23, 2010*



**David Stewart Howes, Commissioner**  
*Appointed September 6, 2006*  
*Term expired September 5, 2010*



**Edward Werner, Commissioner**  
*Appointed September 20, 2006*  
*Term expired September 19, 2010*



**Fredrick Louws, Commissioner**  
*Appointed November 15, 2006*  
*Term expired November 14, 2010*



**David J. Strathern, Commissioner**  
*Appointed May 30, 2007*  
*Term expired May 29, 2010*

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# Chairman's Message



Archie Katzman, Interim Chair

The Niagara Parks Commission (NPC) continued to play a vital role in the Ontario and Niagara tourism industry in 2009, developing and implementing a host of new strategies and programs to help increase visitation to Niagara.

Despite the economic challenges still confronting the tourism sector in 2009, NPC's newly rejuvenated Table Rock Welcome Centre was proud to play host to the approximately 10 million visitors who came to this spectacular vantage point to witness the majesty that is Niagara.

NPC's newest attraction, Niagara's Fury, a \$7 million state of the art, interactive and educational experience within the Table Rock complex, attracted over 380,000 visitors in 2009. Efforts to promote both the destination and this new attraction

were recognized when NPC received three Brass Ring Awards from the International Association of Amusement Parks and Attractions (IAAPA) for its online advertisements, public relations program and website, [www.niagarasfury.com](http://www.niagarasfury.com), devoted to the attraction and its promotion.

NPC's \$38.5 million commitment to Table Rock is a prime example of the type of investment needed to rejuvenate Ontario's aging tourism infrastructure, called for in Ontario's Tourism Competitiveness Study. This report identified Niagara Falls and Niagara Parks specifically as one of the top five tourism destinations in Ontario with the potential to increase their product offerings and economic activity.

In 2009, the Commission also launched its redesigned website [www.niagaraparks.com](http://www.niagaraparks.com) to make better use of online and social media to promote NPC attractions and Niagara overall as a premiere tourism destination. This website has new and improved features that enhance NPC's integration with local tourism partners, thereby making it easier for visitors to book packages and overnight stays in the community.

With funding provided by the Province's Celebrate Ontario program, NPC was able to launch the "youDiscover Summer Concert Series". Featuring 28 bands from across Canada, the music competition involved both online

judging and live performances with a final band being selected to perform at the annual national broadcast of NPC's New Year's Eve Concert. The series, which was promoted across the Province and in Western New York, drew on average 1,000 people to NPC's Oakes Garden Theatre for each performance. The unique online component of the series also brought 85,000 visitors to the [www.youDiscover.ca](http://www.youDiscover.ca) website, which was devoted to the concert series, the destination and the performing bands.

While these efforts have all been beneficial, they have not offset the unprecedented decline in visitation by American residents to Niagara over the past several years.

In both 1998 and 1999, for example, American border cross-

ings into Ontario reached a record high of over 22 million same day visits. In 2009, these visits have dwindled to less than

5.8 million. The recession, recently implemented passport requirements and the high value of the Canadian dollar, have all contributed to this decline. According to NPC's internal tracking studies, American visitors represented only 29% of NPC's total visitor base in 2009. More troubling is the fact that, despite growth being experienced in Canadian visitation, these visitors still do not generate the same level of revenues generated by American visitors. For example, in 2009, American tourists accounted for over 60% of all NPC pass sales and over 40% of NPC's total retail sales.

As a result, NPC experienced another disappointing season financially, recording an operational loss of \$3.9 million in 2009. Because NPC is funded



entirely by revenues generated by its operations, this ongoing decline will challenge the Commission's ability to maintain



the Parks system in a manner in which NPC and the community have been accustomed.

As well, NPC now faces the additional financial challenge of managing three former hydro-electric generating stations that are located on its properties. Significant investment will be required to mothball these facilities and studies need to be undertaken to determine future re-use options for these sites.

The Maid of the Mist tour boat operation is one of the most recognized and most important tourism attractions in Niagara. NPC owns the land that is used by the privately owned Maid to dock and operate its vessels in the Niagara River. In 2009, NPC attempted to renew its lease agreement with the Maid after having undergone three years of negotiations to craft an improved lease agreement for both sides.

However, after a formal complaint was filed with the Ontario Integrity Commissioner's Office, this agreement, as well as other procurement practices within the Commission, became subject of intense public and government scrutiny. In her report of March, 2009, the Integrity Commissioner found no wrongdoing on the part of NPC's Chairman or the Commission with respect to this lease agreement but recommended some process improvements.

The Ministry of Tourism then con-

ducted three additional examinations of NPC's operations, two specifically related to procurement and leasing practices within the Parks which were carried out by the Internal Audit Branch of the Ministry of Finance while the third was a study of NPC's governance model and practices, conducted by the consulting firm of KPMG.

NPC is pleased that the audits found NPC's procurement policies and practices to be generally con-



sistent with best practice models of the government. The KPMG Report specifically acknowledged the good work of NPC and it went on to recommend further actions that the Commission could take to strengthen its governance practices to ensure openness and transparency.

Relative to the lease for the tour

boat operations, NPC was asked to issue a Request for Proposals for the lease of the lands owned by the Commission for future tour boat operations in the Niagara River. Ministry officials and NPC staff, aided by external experts, are preparing a formal bid document that will be shared with interested proponents looking to operate this boat service. The Maid of the Mist agreed to continue its operation for the 2010 season.

Niagara Falls. The Commission also provides a myriad of public and community services, and assumes an important leadership role in working with area tourism partners to support and develop the tourism economy of this community and province. And best of all, it does so at no cost to the taxpayer.

Finally, let me take this opportunity to recognize and thank our former Commission Chair, Jim Williams for all his contributions over the past six years and for his commitment to the vital work we do as stewards and guardians of this national treasure.

I would also like to thank all NPC employees, as well as those current Commissioners serving on the Board. Without their continued efforts and support, we would not be able to provide the unique and memorable experiences that only Niagara Parks has to offer.

Archie Katzman,  
Interim Chair  
February 4, 2010

# 2009 | Economic Performance



The financial implications of the continued decline in American visitation, coupled with other significant challenges and issues facing the tourism industry, have all had a considerable impact on the Commission.



According to the Ontario Ministry of Tourism, the number of same-day border crossings by American tourists to Ontario plummeted from a record high of over 22 million in 1998/1999 to fewer than 5.8 million in 2009, due to a combination of factors including the global recession, the high value of the Canadian dollar and new requirements for passports at the U.S. border.

Overall, U.S. crossings to Ontario decreased by 12.1% between 2008 and 2009. Visits by overseas tourists were also down significantly in 2009 as Ontario welcomed 13.6% fewer overseas visi-

tors than it did in 2008.

This decline in both American and overseas visitors was partially offset by an increase in Canadian visitation. In fact, NPC's own internal tracking studies recorded

Canadian visitors as representing 61% of all Parks visitors in 2009, an increase of 10% over 2008 and an increase of 36% since 2004.

Despite this growth in the Canadian market, revenues derived by these visitors continued to lag behind those generated by NPC's American and international tourists. When one examines NPC sales figures generated during the fiscal year, U.S. visitors accounted for 43.8% of all retail sales, 46.8% of all admissions, 66.4% of all pass sales and 39.3% of all food and beverage sales in 2009.

By comparison, Canadian visita-

tion accounted for only 17.9% of retail, 39.3% of all admissions, 21.9% of pass sales and 21.7% of all food and beverage sales in 2009.

Stated another way, in two of the four key "spend categories" (Retail/Pass Sales), U.S. visitors spent on average more than two times what a Canadian visitor did. This statistic points to the reason for a continued loss in revenues for the Commission.

Revenues to NPC's operations were down by 5.0% in 2009, or \$3.8 million when compared to 2008.

Notwithstanding this decline in revenues generated, NPC sales margins on items sold have continued to grow; the result of more efficient buying practices targeting not only the best in product, but also targeting those products that provide the largest return to NPC.

To help offset the revenue loss, NPC continued to implement expenditure efficiencies, expenditure constraints, and the deferral of asset renewal. In March 2009, NPC announced to its staff that it would be implementing an in-year expenditure control plan. The result of this plan allowed NPC to lower its expenditures by 5.8% for the year, or \$4.1 million, when compared to 2008.

Over the long-term, expenditure restraint, especially in areas of needed infrastructure renewal, will place

additional stress on the organization. This is not a sustainable strategy in the long term, and one which has only been exacerbated by the transfer of three obsolete hydro facilities to the Commission.

While prudent business decisions have lessened the impact of declines in revenues, expenditures will continue to be closely monitored and constrained where possible due to the lower than expected forecasts for growth in tourism visitation and spending in the years ahead.

As a self-supporting agency that does not rely on government funding to operate, these continuing issues and challenges will place a tremendous strain on NPC as it endeavours to maintain and improve the Parks system for the benefit of itself and the broader tourism community in Niagara and Ontario.



## 2009 | Fast Facts

- NPC revenues declined for the fourth consecutive year to \$72.7 million, a decline of \$3.8 million or 5% compared to 2008. In response, NPC expenditures were reduced by \$4.1 million. After depreciation, NPC realized a net loss of \$3.9 million for the year.
- In terms of operational divisions, gross revenue generated by NPC's retail facilities was down 9.1% when compared to 2008, while food and beverage operations declined by 3.5%.
- NPC's attraction earnings also slipped 1.5% in 2009 versus 2008, with actual attendance totals remaining relatively flat, growing by only 528 visitors. This is despite 382,504 visits to NPC's newest attraction, Niagara's Fury, during its first full year of operation.
- While the Maid of the Mist continued to be the most popular tourism attraction in Niagara, garnering attendance of 1.5 million in 2009, the attraction still experienced an overall decline in visitation of slightly more than 141,000 visitors in 2009, when compared to the previous year.
- Overall attendance at NPC increased by 2.9% in 2009, as an additional 147,564 visitors made use of NPC's unique people mover and incline railway transportation systems.
- Given the current economic climate and the cost conscious mood of consumers, in-Park sales of NPC's Niagara Falls & Great Gorge Adventure Pass grew dramatically, rising by 43% in 2009. The perceived value of NPC's Pass was also recognized by NPC's e-commerce/internet customers, as Pass sales to this market segment also grew by 36% over the 2008 season.
- A 1.7% increase in the number of golf rounds played, as well as the adoption of internal operational efficiencies and improved turf management practices resulted in the golf department increasing its overall net contribution to NPC by 17.8% in 2009. This increase in the internal contribution was achieved despite the fact gross revenues declined by 7.3% over 2008, due to poor weather conditions and discounting practices by courses on both sides of the border.
- Attendance at NPC heritage sites was also down in 2009 over 2008 by 38.2%. This can be attributable in large part to complimentary attendance provided in 2008 when an NPC Adventure Pass was purchased. As a result of changing the free admission coupon to a half price offer, revenue earned by NPC's heritage sites declined by only 1.3% when compared to 2008.
- With 266 full-time and 1,314 seasonal employees, NPC is one of the Niagara region's largest employers and makes a significant contribution to the local economy.
- Operating expenses for 2009 totalled \$66.7 million including approximately \$15.3 million to maintain gardens, roads, NPC police and other infrastructure and services that benefit the entire community, yet generate no revenues for the Commission.
- In 2009, NPC remitted \$3.5 million in retail sales tax to the Province.



# Year in Review | 2009



## November 2008

*Niagara Parks' grower awarded top honours at Niagara Orchid Show*



Wayne Hoeschle, Niagara Parks Greenhouse Grower and Tropical Display Specialist, received his second Certificate of Cultural Merit (CCM) from the Orchid Society of America at the 2008 Niagara Orchid Show. Wayne was recognized for one of his meticulously cared-for orchids that displayed close to 600 blooms. Wayne received his first CCM in 2007. In addition to the coveted CCM, Hoeschle came away from the show with 10 awards in total.

## December 2008

*NPC awarded IAAPA Brass Ring Awards*

NPC's international promotional efforts for the launch of its newest attraction – Niagara's Fury: The Creation of Niagara Falls – resulted in three first-place Brass Ring Awards from the International Association of Amusement Parks and Attractions (IAAPA). The awards recognize marketing originality, creativity and excellence in the attractions

industry. IAAPA lauded NPC for its work on the marketing of Niagara's Fury in the categories of online advertisement, public relations, and for its overall website. The IAAPA Attractions Expo is the largest conference and trade show for the amusement park and attractions industry in the world with more than 1,100 exhibitors from more than 85 participating nations.



## January 2009

*Project Tree Cycle*

Area residents once again took advantage of free wood chips from recycled Christmas trees at NPC's annual Project Tree Cycle event. Christmas trees are collected through the Regional Waste Program. NPC staff mulch the trees and make that mulch available to residents at no charge. The highly successful event has become a family fun day as residents are encouraged to come in from the cold and bask in the warmth of the Butterfly



Conservatory through a special promotion providing two for one admission for the day.

## February 2009

*A Bug-a-licious Family Day Weekend*

NPC's Butterfly Conservatory marked Ontario's newest holiday, Family Day by holding its fourth annual International 'Bug-a-licious' Insect Food Festival during the new holiday weekend. Between February 14 and 16, visitors to the Conservatory had the chance to sample an insect tasting menu. Chef Jeff Stewart also conducted cooking demonstrations with insects as part of his "Out of Africa" bug tasting menu, inspired by edible insects that have been included in regional diets for thousands of years.



## March 2009

*March Break Tropical Frog Exhibit*

The Butterfly Conservatory's March Break Frog Exhibit provided visitors with an opportunity for an up-close view of more than 200 tropical frogs of 25 different species, from Peruvian

poison frogs to rainforest tree frogs. Several of the frog species on display were extremely rare. The special exhibit was arranged by Understory Enterprises Inc., one of the world's largest breeding facilities for tropical amphibians.

*Integrity Commissioner's Ruling Clears NPC*

The Ontario Integrity Commissioner publicized the results of a review of NPC's business operations and the Maid of the Mist lease agreement, confirming that in the matter of the Maid of the Mist lease agreement and other business dealings, there was no wrongdoing or mismanagement.

*School of Horticulture Graduation & Awards Ceremony*

On Saturday March 28, graduation and award ceremonies were held for the students of NPC's School of Horticulture. The graduating class of 2009 included: Front Row (L to R) Robert Bryan, John Boot, Morgan Dragomatz and Lesley Misner. Back Row (L to R) Greg Rooke, Ben Stormes, Nadine Ropp and Blair Delazzer.







# Year in Review | 2009

## April 2009

### *Niagara Parks Police Officers Honoured*

Niagara Parks Police officers and Ruedi Hafen of Niagara Helicopters received commendations from NPC Police Chief Douglas Kane and the Commissioners for their outstanding work in saving a man who went over the Falls on March 11. This successful rescue was an excellent demonstration of bravery and teamwork involving the Niagara Parks Police, Niagara Helicopters, and the Niagara Falls Fire Department.



### *Retirement Dinner 2009*

The Annual Retirement Dinner on April 23 at Legends on the Niagara provided an evening of great food, fond memories and lots of laughs! Many thanks to Human Resources and to the Legends on the Niagara staff for creating an unforgettable night. Staff with 25 years of service and retirees recognized included: Front Row (L to R) Marlene Gallardi, Francesca DellaManna, Hilda Zweifel, Bob Porter, and Kathy Vormittag. Back Row (L

to R) Angelo Pizzi, Robert Ritchie, John Christiansen, Jeff Madden, Jim Nagy, Bob Hume and Tim Berndt.



## May 2009

### *United Way Staff Picnics*

The kick-off to NPC's fundraising drive started on May 15 with a United Way staff barbeque and picnic. In 2009, NPC and its staff contributed a combined \$43,114 to the United Way of Niagara, to support the vital work the agency performs in the Niagara region.

## June 2009

### *Third Accessibility Award Presented to NPC*

For the third consecutive year, NPC was recognized with an accessibility award for its continued efforts to promote inclusion and



equal access for people with disabilities. NPC was honoured with the AccessibleNiagara.com Award for the exceptional provision of accessible tourism in the Niagara community. The award was presented to NPC for its recently redeveloped \$38.5 million Table Rock Welcome Centre and new "Bridge of Flowers" pedestrian crossing. According to Linda Crabtree, founder of AccessibleNiagara.com, "Niagara Parks continues to develop accessible tourism in a manner that makes it almost invisible to those not disabled."

## July 2009

### *youDiscover Summer Concert Series*

NPC's youDiscover Summer Concert Series was launched and attracted audiences averaging about 1,000 people each night during the eight week competition to find Ontario's best band. In total, 28 bands participated. DAME, of Brampton/Uxbridge



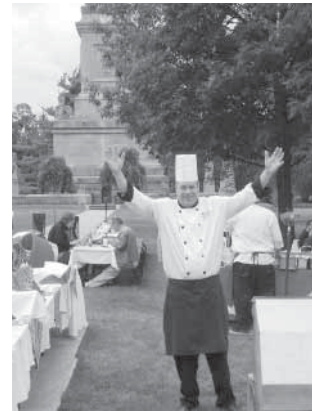
was named the champion of the series and received a prize package valued at over \$35,000, including a contract offer from Orange Lounge Recordings, as well as being named opening act on the

nationally broadcast New Year's Eve Concert in Niagara Falls.

## August 2009

### *NPC's Third Annual End of Summer Barbeque*

The End of Summer BBQ at Queenston Heights featured an irresistible menu prepared by NPC's masterful chefs from its six popular restaurant venues. Guests in attendance feasted on delectable local fare such as Stevensville BBQ baby back ribs and Niagara peaches and cream corn. Offerings from local



wineries including Jackson Triggs, Mike Weir and Inniskillin, along with Niagara's Best Brewery, were also featured. Special draws were held throughout the event to help raise funds for the Greater Niagara General Hospital Foundation and the Future Walker Family Cancer Centre.

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# Year in Review | 2009



## September 2009

### *School of Horticulture Student Work Recognized*

Second-year students at the Niagara Parks Botanical Gardens and School of Horticulture assisted in the construction of an award-winning \$1.8 million exhibit entitled *The Man who Planted Trees* at the 2009 International Exposition in Hamamatsu, Japan. The students worked in partnership with Mosaiculture International



of Montreal. The exhibit received top honours, winning The Grand Honorary Award and the People's First Choice Award. The students were recognized in an award ceremony in Japan. Mosaiculture is a horticultural form of expression which allows the creation of spectacular works of art using living plants.

### *Volunteer Efforts in Support of the Niagara Glen*

More than 25 volunteers including members of the Niagara Falls Fire Department, the Niagara Falls Trails and Bikeway Committee, Friends of Niagara Parks, NPC staff and communi-

ty residents spent a weekend to improve user access to the Niagara Glen at the Whirlpool staircase. This annual event is a



demonstration of the commitment of the entire community to preserving and enhancing access to this unique ecosystem.

## October 2009

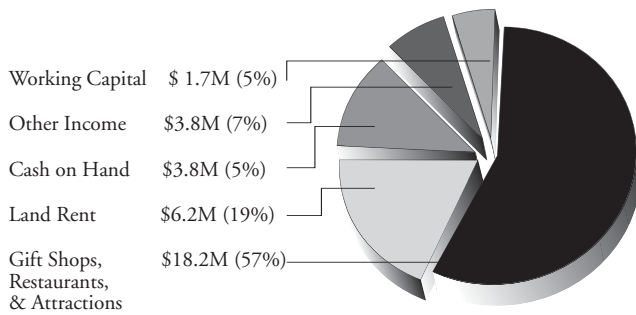
### *NPC & Great Wall Officials Renew Friendships*

On Thursday October 22, NPC Chairman Jim Williams unveiled a portrait of the Great Wall of China at Table Rock's "Hall of Wonder" to commemorate the special relationship and partnership which has been forged between the two iconic tourism destinations. In 2005, NPC and representatives of the Badaling Great Wall Administration formally signed a Memorandum of Understanding aimed towards the preservation and promotion of both world renowned sites. Niagara Falls Mayor Ted Salci and Niagara Region Chairman Peter Partington were on hand to help greet the delegation and officially welcome them to Niagara.

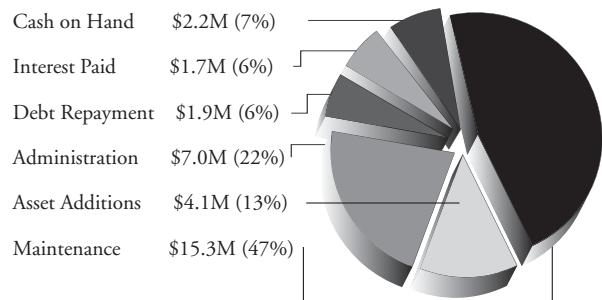


# Business Climate | 2009

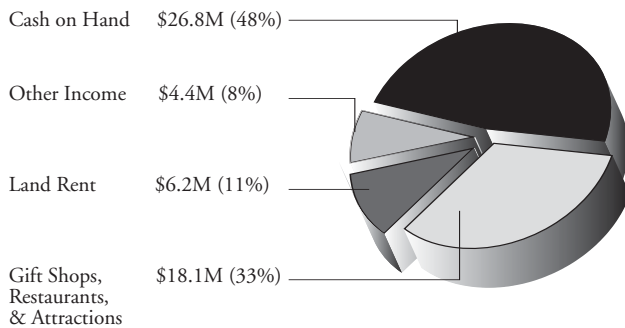
Where Money Came From: 2009  
(\$Million)



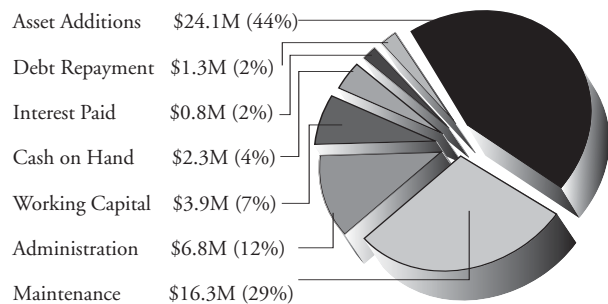
Where Money Went: 2009  
(\$Million)



Where Money Came From: 2008  
(\$Million)



Where Money Went: 2008  
(\$Million)



## Comparative Performance: Gift Shops, Restaurants and Attractions (\$Million)

	2009	% Of Sales	2009	% Of Sales
Income	\$62,686	100	\$65,857	100
Cost of Goods Sold	10,475	17	11,526	18
Gross Profit	\$ 52,211	83	\$ 54,331	82
Operating Expenditures	33,953	54	36,223	55
Net Income Before Administrative Overhead and Depreciation	\$ 18,258	29	\$ 18,108	27

# NPC Attendance | 2009



	2009	2008	Increase or (Decrease)
<b>Paid Attractions</b>			
Maid of the Mist Elevator	1,505,233	1,646,257	(141,024)
Journey Behind the Falls	833,603	856,484	(22,881)
Butterfly Conservatory	315,463	430,709	(115,246)
Whirlpool Aero Car	112,768	127,292	(14,524)
White Water Walk	232,588	195,637	36,951
Sir Adam Beck	18,981	20,984	(2,003)
Niagara's Fury	382,504	123,249	259,255
<b>Total</b>	<b>3,401,140</b>	<b>3,400,612</b>	<b>528</b>
<b>Golf</b>			
Oak Hall Par 3 Golf Course	4,191	4,007	184
Whirlpool Golf Course	34,443	31,955	2,488
Legends on the Niagara	57,046	58,151	(1,105)
<b>Total</b>	<b>95,680</b>	<b>94,113</b>	<b>1,567</b>
<b>Historic Sites</b>			
Old Fort Erie	14,144	21,025	(6,881)
Laura Secord Homestead	6,323	9,652	(3,329)
Mackenzie Printery	2,902	6,239	(3,337)
McFarland House	3,158	5,994	(2,836)
<b>Total</b>	<b>26,527</b>	<b>42,910</b>	<b>(16,383)</b>
<b>Transportation</b>			
Peplemovers	338,908	262,138	76,770
Falls Incline Railway	728,479	657,685	70,794
<b>Total</b>	<b>1,067,387</b>	<b>919,823</b>	<b>147,564</b>
<b>TOTAL</b>	<b>4,590,734</b>	<b>4,457,458</b>	<b>133,276</b>



# NPC Commissioner Remuneration & Expenses | 2009

Niagara Parks Commissioners are paid a per diem when working on Commission business and fulfilling their duties as a Commissioner. This per diem is set according to government directive, and during 2009 it was \$250 for the Chair, \$175 for the Vice-Chair and \$135 per Director.

Additionally there are certain benefits provided to the Commissioners. These benefits include privileges for golf at no charge for themselves, spouses and guests, discounts at NPC restaurants and retail outlets, and 40 free admissions for a variety of NPC attractions.

The table below lists the remuneration paid during the period November 1, 2008 to October 31, 2009, the out of pocket expenses reimbursed to each Commissioner for those expenses incurred while fulfilling their Commissioner duties, and the number of rounds of golf recorded in relation to each Commissioner for themselves, spouses, and guests.

Commissioner	Remuneration (\$)	Expenses (\$)	Total (\$)	Golf Rounds
James Williams, Chair	27,121.50	2,435.43	29,556.93	45
Archie Katzman, Vice Chair	4,559.00	467.00	5,026.03	56
Gary Burroughs	2,244.00	457.92	2,701.92	4
Robert Gale	354.00		354.00	0
Italia Gilberti	1,974.00		1,974.00	0
David Howes				8
Vince Kerrio				28
Fred Louws	1,704.00	243.83	1,947.83	16
Doug Martin	2,379.00	579.04	2,958.04	0
Bob Saracino	2,581.50	521.11	3,102.61	0
David Strathern	3,391.50	342.83	3,734.33	42
Ed Werner	2,176.50		2,176.50	6
<b>Total</b>	<b>48,485.00</b>	<b>5,047.19</b>	<b>53,532.19</b>	

## MANAGEMENT REPORT

The accompanying financial statements are the responsibility of the management of The Niagara Parks Commission.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Commission maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that the Commission's assets are properly accounted for and adequately safeguarded.

The Commission is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Commission meets periodically with management to discuss internal controls over the financial reporting process, auditing matters

and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Commission, the Minister of Tourism and the Auditor General. Crawford, Smith and Swallow Chartered Accountants LLP has full and free access to the records of the Commission.



John A. M. Kernahan  
General Manager  
December 18, 2009



Robert J. McIlveen  
Executive Director, Corporate Services  
December 18, 2009

## AUDITORS' REPORT

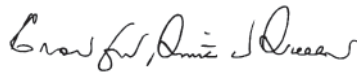
### *To The Niagara Parks Commission, the Minister of Tourism and the Auditor General*

Pursuant to the Niagara Parks Act which provides that The Niagara Parks Commission, an agency of the Crown, shall be audited by the Auditor General or an auditor designated by the Lieutenant Governor in Council, we have audited the balance sheet of The Niagara Parks Commission as at October 31, 2009 and the statements of operations, equity and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also

includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at October 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Crawford, Smith and Swallow  
Chartered Accountants LLP  
Licensed Public Accountants  
Niagara Falls, Ontario  
December 18, 2009

# Balance Sheet ~ October 31, 2009

## STATEMENT 1

*(In thousands of dollars)*

<b>Assets</b>	2009	2008
	\$	\$
<b>Current Assets</b>		
Cash	2,161	2,255
Accounts receivable	2,036	2,000
Inventories		
Saleable merchandise	5,129	4,551
Maintenance and other supplies	1,560	1,519
Prepaid expenses	386	303
	11,272	10,628
<b>Fixed Assets</b> - notes 2 and 3	154,491	158,558
<b>Other Asset</b>	56	63
	<b>165,819</b>	<b>169,249</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	5,467	5,967
Accrued payroll	2,214	2,403
Deferred income - notes 15 and 16	3,471	367
Current portion of long-term financing	2,112	2,055
	13,264	10,792
<b>Long-Term Financing</b> - note 3	29,845	31,818
<b>Post-Employment Benefits</b> - note 4	3,600	3,560
<b>Power Plant Stabilization Obligation</b> - note 15	21,243	-
<b>Commitments</b> - notes 6 and 15		
<b>Contingencies</b> - notes 7 and 15		
<b>Equity</b> - Statement 2	97,867	123,079
	<b>165,819</b>	<b>169,249</b>

See accompanying notes

Signed on behalf of the Commission:



Chairman



Commissioner

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## Statement of Equity ~ for the year ended October 31, 2009

### STATEMENT 2

*(In thousands of dollars)*

	2009	2008
	\$	\$
<b>Equity, Beginning of Year</b>	124,348	127,872
<b>Accounting Change</b> - note 17	(1,269)	(1,269)
<b>Equity, Beginning of Year as Restated</b>	123,079	126,603
<b>Net Loss for the Year</b> - Statement 3	(3,969)	(3,524)
<b>Power Plant Stabilization Adjustment</b> - note 15	(21,243)	-
<b>Equity, End of Year</b>	<b>97,867</b>	<b>123,079</b>

See accompanying notes



# Statement of Operations ~ for the year ended October 31, 2009

## STATEMENT 3

	<i>(In thousands of dollars)</i>	
	2009	2008
	\$	\$
<b>Income</b>		
Gift shops, restaurants and attractions	62,686	65,857
Land rent	6,213	6,215
Commissions, rentals and fees	2,710	2,905
Premium on United States funds – net	307	1,071
Gain (loss) on disposal of fixed assets – net	665	(44)
Sundry income	153	576
	72,734	76,580
<b>Expenses</b>		
Gift shops, restaurants and attractions		
Cost of goods sold	10,475	11,526
Operating expenses	29,852	31,788
Maintenance	12,393	13,488
Administrative and police	9,884	9,588
Marketing and promotion	4,101	4,435
	66,705	70,825
<b>Net Income for the Year before Undernoted Items</b>	6,029	5,755
<b>Other Items</b>		
Interest expense - net - note 8	1,719	810
Depreciation - note 9	8,279	8,469
	9,998	9,279
<b>Net Loss for the Year</b>	<b>(3,969)</b>	<b>(3,524)</b>

See accompanying notes

# Statement of Cash Flows ~ for the year ended October 31, 2009

## STATEMENT 4

	<i>(In thousands of dollars)</i>	
	2009	2008
	\$	\$
<b>Operating Activities</b>		
Net loss for the year	(3,969)	(3,524)
Charges against income not requiring an outlay of funds		
- post-employment benefits	369	364
- depreciation	8,279	8,469
- amortization of franchise fee	7	6
- loss (gain) on disposal of fixed assets - net	(665)	44
	4,021	5,359
Net change in non-cash working capital balances related to operations - note 11	1,677	(3,940)
Funds provided by operating activities	5,698	1,419
<b>Investing Activities</b>		
Fixed asset acquisitions - note 11	(4,086)	(24,123)
Proceeds on sale of fixed assets	685	32
Franchise fee payment		(69)
Funds used by investing activities	(3,401)	(24,160)
<b>Financing Activities</b>		
Net decrease in long-term financing	(2,062)	(1,573)
Cash outlay related to post-employment benefits	(329)	(261)
Funds used by financing activities	(2,391)	(1,834)
<b>Decrease in Cash Position</b>	<b>(94)</b>	<b>(24,575)</b>
<b>Cash Position, Beginning of Year</b>	<b>2,255</b>	<b>26,830</b>
<b>Cash Position, End of Year</b>	<b>2,161</b>	<b>2,255</b>

See accompanying notes

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# Notes to Financial Statements ~ for the year ended October 31, 2009

## Organization

The Niagara Parks Commission (the "Commission") is governed by the Niagara Parks Act. Initially established in 1885, the Commission is an "Operational Enterprise" of the Province of Ontario and is responsible for maintaining, protecting and showcasing over 1,700 hectares of parkland stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario. The Commission is exempt from corporate income taxes under the Income Tax Act (Canada) and Ontario Corporations Tax Act.

The Commission is also classified as a "Government Business Enterprise" by the Ministry of Finance and as such, the Commission's audited financial statements are published as part of the Public Accounts.

## 1. Significant Accounting Policies

### Basis of accounting

The financial statements of the Commission are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

### Revenue recognition

Income from gift shops, restaurants and attractions are recognized when merchandise has been transferred or services have been rendered. Income from land rent, commissions, rentals, fees and sundry are recognized over the life of the agreement or when earned.

### Inventories

Inventories of saleable merchandise are valued at the lower of average cost and net realizable value.

### Fixed assets

All fixed assets are recorded at cost. Depreciation has been recorded using the straight-line method, with rates from 2.5 to 14 per cent for buildings, roadways and structures, 10 to 33 per cent for equipment and furnishings and from 8 to 33 per cent for vehicles.

### Franchise fee

A franchise fee is classified as an other asset and is being amortized on a straight-line basis over 10 years.

### Foreign currency translation

These financial statements are presented in Canadian dollars. Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Gains and losses on translation are reflected in net earnings of the period.

# Notes to Financial Statements ~ for the year ended October 31, 2009

## 1. Significant Accounting Policies - continued

### Financial instruments

The Commission has elected the following balance sheet classifications with respect to its financial assets and financial liabilities:

Cash is classified as "assets held for trading" and is measured at fair value.

Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.

Accounts payable and accrued liabilities, other liabilities and long-term financing are classified as "other financial liabilities" and are initially measured at fair value.

### Capitalized interest

The Commission capitalizes an amount of interest on all funds expended for those capital works in progress and financed via long-term financing.

## 2. Fixed Assets

*(In thousands of dollars)*

	Cost	Accumulated Depreciation	2009	2008
	\$	\$	\$	\$
Land	14,359	–	14,359	13,555
Land improvements	17,135	–	17,135	17,135
Buildings, roadways and structures	189,908	76,702	113,206	115,041
Equipment and furnishings	40,650	32,632	8,018	10,247
Vehicles	9,076	7,833	1,243	1,406
	271,128	117,167	153,961	157,384
Capital works in progress	530	–	530	1,174
	<b>271,658</b>	<b>117,167</b>	<b>154,491</b>	<b>158,558</b>

## Notes to Financial Statements ~ for the year ended October 31, 2009

### 3. Long-Term Financing

(In thousands of dollars)

	2009	2008
	\$	\$
Unsecured fixed rate term loan requiring blended payments of principal and interest of \$ 2,640,907 per annum, bearing interest at 5.06% through to April, 2027	30,783	31,815
Unsecured fixed rate term loan requiring principal payments of \$ 1,000,000 per annum, bearing interest at 4.01% through to December, 2009	1,000	2,000
The Commission has an obligation under capital lease, bearing interest of nil, requiring monthly payments of \$ 1,076 to August, 2011, secured by equipment with a net book value of \$ 34,853	22	35
The Commission has an obligation under capital lease, bearing interest of nil, requiring monthly payments of \$ 659 to May, 2011, secured by equipment with a net book value of \$ 21,342	13	20
The Commission has an option to purchase land requiring annual payments of \$ 7,300 until January 2028 - see note 16	139	-
Obligation under capital lease, bearing interest of nil, requiring monthly payments of \$463 to September, 2009	-	3
	31,957	33,873
Less portion due within one year	2,112	2,055
	<b>29,845</b>	<b>31,818</b>

The principal payments of the long-term financing obligations due in the next five fiscal periods are as follows:

(In thousands of dollars)

	\$
2010	2,112
2011	1,162
2012	1,204
2013	1,264
2014	1,328

# Notes to Financial Statements ~ for the year ended October 31, 2009

## 4. Post-Employment Benefits

### Defined Termination Benefit

The Commission provides a defined employee future benefit, payable on termination to certain full-time employees with a minimum of five years of service. The benefit is calculated on the basis of one week's remuneration, at the time of termination, for every year of full-time service provided to the Commission to a maximum of 26 weeks. The accrued benefit liability as at October 31, 2009 is \$ 3,600,464 (2008 - \$ 3,560,461).

As a result of an actuarial valuation conducted in 2007 for the year ending October 31, 2007, it was determined that an actuarial gain of \$ 242,488 existed. The actual obligation as at October 31, 2009 is \$ 3,357,976 (2008 - \$ 3,317,973). Since the actuarial gain is less than 10% of the actual obligation, no minimum amortization has been recorded for the year.

The Commission requires that an actuarial valuation of the post employment benefits be conducted every three years. Therefore, the next valuation required would be for the year ending October 31, 2010.

### Defined Benefit Plan Information

*(In thousands of dollars)*

	2009	2008
	\$	\$
Employee benefit plan assets	—	—
Employee benefit plan liabilities	3,600	3,560
<b>Employee benefit plan deficit</b>	<b>3,600</b>	<b>3,560</b>
Benefit obligation recognized on the balance sheet		
Benefit obligation, beginning of year	3,560	3,457
Expense for the year	369	364
Benefits paid during the year	(329)	(261)
<b>Benefit obligation, end of year</b>	<b>3,600</b>	<b>3,560</b>

The main actuarial assumptions applied in the valuation of the defined benefit plan are as follows:

**Interest (Discount) Rate** - The accrued obligation and the expense for the year were determined using a discount rate of 5%.

**Salary Levels** - Future salary and wage levels were assumed to increase at 3% per annum.

### Pension Benefits

The Commission provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund ("PSPF") and the Ontario Public Service Employees' Union Pension Fund ("OPSEU Pension Fund"). These are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines the Commission's annual payments to the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Commission. The Commission's annual payments of \$ 1,582,962 (2008 - \$ 1,649,534), are included in the administrative and general expense in the Statement of Operations.

The cost of post-employment, non-pension benefits are paid by the Management Board Secretariat and are not included in the Statement of Operations.

# Notes to Financial Statements ~ for the year ended October 31, 2009

## 5. Credit Facilities

The credit facilities, which have a maximum borrowing capacity of \$ 15,000,000, provide for two types of loans. There is a variable rate option with a rate which varies with the Bank of Montreal's prime rate and there is a fixed rate operating loan facility available for terms of 30/60/90/180 or 364 days at rates which are set relative to Banker's Acceptance rates. These credit facilities are unsecured and expired on October 31, 2009. The Commission has negotiated an extension on these facilities until the tendering of a five year contract for banking services is awarded. As at October 31, 2009, NIL has been drawn upon for all credit facilities.

On November 18, 2009, the Commission received \$ 6,500,000 which represents an additional unsecured loan requiring blended payments of principal and interest of \$ 569,159 per annum, bearing interest at 5.07% through to April, 2027.

## 6. Commitments

### Capital Projects

The Commission is committed to spending approximately \$ 550,000 on capital projects in the next year.

## 7. Contingencies

The Commission is in litigation pertaining to certain claims for which the likelihood of loss is not determinable and the amount not reasonably estimable. Accordingly, no provision for these claims is reflected in the financial statements.

## 8. Interest Expense

*(In thousands of dollars)*

	2009	2008
	\$	\$
Interest income	(23)	(431)
Loan interest expense	1,742	1,241
	<b>1,719</b>	<b>810</b>

## 9. Depreciation

*(In thousands of dollars)*

	2009	2008
	\$	\$
Depreciation of income producing assets	4,850	5,085
Depreciation of non-income producing assets	3,429	3,384
	<b>8,279</b>	<b>8,469</b>

## 10. Operating Leases

The Commission leases vehicles, equipment and premises under operating leases expiring in various years through 2012. The total obligation under operating leases amounts to approximately \$ 777,000.

Future payments for each of the next three years are as follows:

*(In thousands of dollars)*

	\$
2010	391
2011	203
2012	183

# Notes to Financial Statements ~ for the year ended October 31, 2009

## 11. Statement of Cash Flows

Changes in working capital components include:

	<i>(In thousands of dollars)</i>	
	2009	2008
	\$	\$
Accounts receivable	(36)	(237)
Inventories	(619)	(1,458)
Prepaid expenses	(83)	97
Accounts payable and accrued payroll	(689)	(2,359)
Deferred income	3,104	17
	<b>1,677</b>	<b>(3,940)</b>

### Acquisition of fixed assets

During the year, fixed assets were acquired at an aggregate cost of \$ 4,232,000 (2008 - \$ 24,561,000) of which \$ 146,000 (2008 - \$438,000) was acquired by means of capital leases and other non-cash acquisitions. Cash payments of \$ 4,086,000 (2008 - \$ 24,123,000) were made to purchase fixed assets.

	<i>(In thousands of dollars)</i>	
	2009	2008
	\$	\$
Interest received	23	431
Interest paid	1,820	2,714

## 12. Financial Instruments and Risk Management

### Fair Value

Fair value information with respect to long-term financing has been omitted because it is not practicable to determine fair value with sufficient reliability.

The fair value of the post employment termination benefit was determined using an actuarial valuation based on information presented in note 4 to the financial statements.

### Credit Risk

The Commission is exposed to a credit risk by its customers. However, because of the large number of customers, credit risk concentration is reduced to a minimum.

### Currency Risk

The Commission has cash of \$ 53,637 that is denominated in US dollars. These funds have been converted to the Canadian equivalent at the rate of \$ 1 US equals \$ 1.0704 Canadian. The Commission realizes approximately 10.89% (2008 - 14.87%) of its sales in foreign currency. Consequently, some assets and revenues are exposed to foreign exchange fluctuations.

### Cash Flow Risk

The Commission has variable rate bank overdraft facilities bearing interest which varies with the prime interest rate. Accordingly, the Commission is exposed to cash flow risks relating to potential fluctuations in market interest rates.

## 13. Capitalized Interest

The Commission has capitalized nil (2008 - \$ 598,609) of interest related to the expansion of the Table Rock Complex which was completed in June 2008.



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## Notes to Financial Statements ~ for the year ended October 31, 2009

### 14. Surplus Funds

Pursuant to Section 16(2) of the Niagara Parks Act any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Minister of Finance and shall form part of the Consolidated Revenue Fund.

### 15. Transfer of Defunct Power Stations

The Province of Ontario has directed the Commission accept ownership of three former electricity generating power stations all located within Commission lands.

The Toronto Power Generating Station ("TPGS") and the Ontario Power Generating Station ("OPGS") were transferred by Ontario Power Generation Inc. ("OPG") to the Commission at no cost in August, 2007. The Canadian Niagara Power Generating Station ("CNP") currently owned by Fortis Ontario was transferred April 30, 2009.

As part of the terms of transfer of TPGS and OPGS, OPG was to undertake certain structural and environmental work to ensure that the buildings were no threat to the public. The Ministry of Tourism has engaged the services of an architectural firm (The Ventin Group Inc.) to ensure that the original Government Directive was complied with and to identify work and related costs required to "stabilize and mothball" the facilities until an ultimate use for the buildings can be determined. The Ventin Group has now reported that there are substantial costs required to bring TPGS and OPGS to what would be considered a "mothball" state. The Ventin Group also identified the remaining lead paint as a deficiency which OPG should have resealed. Additional costs would be required to bring these two buildings to a "development ready" state. Further, there are in existence certain secondary structures related to TPGS and OPGS that were not accounted for in the original Directive that will result in additional remediation costs at some point in the future.

The Commission is of the belief that the acceptance of these Power Generating Stations will require an infusion of funds that is beyond its capacity to meet. As at October 31, 2009, ongoing negotiations with the Province have not resulted in any assurance that the Commission will not be responsible for any future costs. Any costs that are expected to be incurred for the purposes described above will not commence without funding received from the Province.

Therefore, an asset retirement obligation of \$ 25,146,000 was calculated. This value represents the Commission's best estimate of the costs required to "stabilize and mothball" the four sites related to the power stations based on the report received from the Ventin Group. The report also identifies contingency costs of approximately \$ 3,600,000 which have not been accrued in the asset retirement obligation at this time. The Commission estimates that this work could take approximately 3 to 4 years to complete. In order to determine the net present value of the asset retirement obligation, staff have estimated that, subject to financing being received from the Province, work will not commence for several years. Therefore it is estimated that the work may commence in 2016. The cost of capital and the rate of inflation estimated over the course of the calculation is 5.059% and 3% respectively. This resulted in a net present value of \$ 21,243,000 as at October 31, 2009 and was recorded directly to equity.

As at October 31, 2009, the Commission has received \$ 1,550,000 in funding from the Ministry of Tourism to assist in the "stabilizing and mothball" process. This amount is recorded in deferred income on the Balance Sheet and is to be spent by July 31, 2010. The Commission has incurred annual costs related to maintenance and security for all sites. To date, \$ 32,714 of the funding has been utilized for this purpose.

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## Notes to Financial Statements ~ for the year ended October 31, 2009

### 16. Niagara Parks Commission and Peace Bridge Authority Land Transfer Obligation

During the year, the Commission and the Peace Bridge Authority ("PBA") entered into an agreement to transfer parcels of land. The PBA acquired a 5.952 acre parcel located in Fort Erie from the Commission for \$ 2,021,206. The Commission acquired an option for \$ 670,000 plus an annual sum of \$ 7,300 adjusted for inflation, to receive 1.973 acres of river front property located at the end of Jarvis Street in Fort Erie from the PBA. The agreement calls for the net proceeds to the Commission in the amount of \$ 1,351,206 to be spent on a) funding improvements at Old Fort Erie which are intended for the 200th year anniversary of the War of 1812 and b) returning and or maintaining the Jarvis Street property as parkland. It is the Commission's intent to use the net proceeds as part of a submission to the Federal and Provincial governments in order to obtain matching grants. The net proceeds have been recorded as part of deferred income on the Balance Sheet. To date, no expenditures have been incurred on this project.

### 17. Accounting Change

Accrued unused vacation pay credits earned by full-time employees were not previously recorded. The estimated value of this liability is \$ 1,269,344 and has been retroactively adjusted to equity. The vacation pay liability is included in accrued payroll. Accrued payroll as at October 31, 2008 has increased to \$ 2,403,000 from \$ 1,134,000.

### 18. International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian generally accepted accounting principles for reporting purposes for fiscal years beginning on or after January 1, 2011. A limited number of converged standards will be incorporated into Canadian generally accepted accounting principles prior to 2011, with the remaining standards to be adopted at the change over date. At this time, the impact on the Commission's future financial position and results of operations is not reasonably determinable or estimable.