

**MANITOBA CRAFTS MUSEUM
AND LIBRARY INC.**

FINANCIAL STATEMENTS
(Unaudited)

December 31, 2020

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MANITOBA CRAFTS MUSEUM AND LIBRARY INC.

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December 31, 2020
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of
Manitoba Crafts Museum and Library Inc.

We have reviewed the accompanying financial statements of Manitoba Crafts Museum and Library Inc. that comprise the statement of financial position as at December 31, 2020, and the statements of operations and , changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Manitoba Crafts Museum and Library Inc. as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**FPLS ACCOUNTING GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS**

Winnipeg, Manitoba
March 10, 2021

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF OPERATIONS

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For the year ended December 31, 2020
(Unaudited)

	2020	2019
Revenue		
Community Museums Grant	\$ 3,150	\$ 3,150
Crafts Guild of Manitoba Fund	35,820	35,400
MCML Fund	7,391	7,274
MCML Heritage Fund	406	271
Museums Assistance Program	10,141	-
Other operating revenue - Page 10	39,939	48,957
Other grant revenue	14,286	2,587
Special project revenue - Page 11	47,419	36,493
	158,552	134,132
Expenditures		
Other operating expenses - Page 12	90,961	98,165
Special project expenses - Page 13	47,718	37,041
	138,679	135,206
Excess (deficiency) of revenue over expenditures for the year	\$ 19,873	\$ (1,074)

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The accompanying notes are an integral part of these financial statements.

FPLS ACCOUNTING GROUP

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2020
(Unaudited)

	2020	2019
Net assets, beginning of year	\$ 24,119	\$ 25,193
Excess (deficiency) of revenue over expenditures for the year	19,873	(1,074)
Net assets, end of year	\$ 43,992	\$ 24,119

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The accompanying notes are an integral part of these financial statements.

FPLS ACCOUNTING GROUP

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2020
(Unaudited)

	2020	2019
ASSETS		
Current		
Cash	\$ 103,486	\$ 27,161
Accounts receivable - note 2	5,934	4,749
Due from government agencies	779	1,189
Prepaid expenses	3,903	4,439
	114,102	37,538
Property, plant and equipment - note 3	163,888	184,787
	\$ 277,990	\$ 222,325
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	\$ 7,576	\$ 5,966
Due to government agencies	2,284	-
	9,860	5,966
Long-term debt - note 4	40,000	-
Deferred contributions - note 5	184,138	192,240
	233,998	198,206
Fund balances		
Net assets	43,992	24,119
	\$ 277,990	\$ 222,325

Approved on behalf of the board:

_____ Chair

_____ Treasurer

The accompanying notes are an integral part of these financial statements.

FPLS ACCOUNTING GROUP

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF CASH FLOWS

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For the year ended December 31, 2020
(Unaudited)

	2020	2019
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 19,873	\$ (1,074)
Adjustment for Amortization	26,424	26,285
	46,297	25,211
Change in non-cash working capital items		
Accounts receivable	(1,185)	(900)
Government remittances receivable	410	(326)
Decrease in prepaid expenses	536	141
Accounts payable and accrued liabilities	1,611	(324)
Increase in due to government agencies	2,284	-
	41,851	4,389
Investing activity		
Purchase of property, plant and equipment	(5,526)	(713)
Financing activity		
Proceeds of long-term debt	40,000	-
Increase in cash	76,325	3,676
Cash, beginning of year	27,161	23,485
Cash, end of year	\$ 103,486	\$ 27,161

The accompanying notes are an integral part of these financial statements.

FPLS ACCOUNTING GROUP

December 31, 2020
(Unaudited)

NATURE OF OPERATIONS

Manitoba Crafts Museum and Library Inc. is incorporated without share capital under The Corporations Act of Manitoba and is a registered charity under The Income Tax Act. The organization is engaged to provide resources and a meeting place connecting people to the art of craft.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees, donations and other income are recognized as revenue when received.

(c) Property, plant and equipment

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the assets as follows:

Business equipment	3 years
Computer hardware	3 years
Furniture & equipment	20 years
Leasehold improvements	10 years

(d) Financial Instruments

The company's financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

(e) Income taxes

The corporation is non-taxable under paragraph 149(1)(i) of the Income Tax Act.

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020
(Unaudited)

2. ACCOUNTS RECEIVABLE

	2020	2019
Grant receivables	\$ 4,688	\$ 3,913
Trade receivables	1,246	836
	\$ 5,934	\$ 4,749

3. PROPERTY, PLANT AND EQUIPMENT

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Business equipment	\$ 3,423	\$ 418	\$ 3,005	\$ 653
Computer hardware	6,428	3,961	2,467	696
Furniture and equipment	10,209	6,832	3,377	3,888
Leasehold improvements	245,109	90,070	155,039	179,550
	\$ 265,169	\$ 101,281	\$ 163,888	\$ 184,787

4. LONG-TERM DEBT

	2020	2019
Assiniboine Credit Union, interest free, due December 31, 2022. \$10,000 loan forgiveness is available, provided \$30,000 is paid back as at December 31, 2022. Any portion of the loan not repaid by December 31, 2022 will be converted to a three year term loan at 5% annual interest, paid monthly, due December 31, 2025.	\$ 40,000	\$ -

December 31, 2020
(Unaudited)

5. DEFERRED CONTRIBUTIONS

	2020	2019
Canadian Heritage	\$ 3,380	\$ -
Deferred Capital Contributions	161,481	182,151
Manitoba Sport, Culture and Heritage	3,000	-
Winnipeg Arts Council	3,600	-
Winnipeg Foundation	4,809	7,359
Young Canada Works	7,868	2,730
	\$ 184,138	\$ 192,240

These contributions represent unspent funding received in the current period that are related to the subsequent period.

Deferred capital contributions represent capital assets purchased and amortized over the useful life of the asset. These purchases must be deferred and recognized as revenue on the same basis as the amortization expense.

6. LEASE COMMITMENTS

Manitoba Crafts Museum and Library Inc. has a multi-year agreement with Hechtcorp Holdings for the lease of space at 1-329 Cumberland Avenue as follows:

2021	\$ 24,380
2022	12,190
	\$ 36,570

7. ENDOWMENT FUND

On September 21, 2005, an endowment fund was established with The Winnipeg Foundation. The endowment fund is intended to support the long-term viability of the company. As of December 31, 2020 the market value of the fund is \$157,524 (\$150,870 in 2019). Interest income received in the year was \$7,391 (\$7,274 in 2019).

On June 7, 2019, an endowment fund was established with The Winnipeg Foundation. The endowment fund is intended to support the long-term viability of the company. As of December 31, 2020 the market value of the fund is \$18,195 (\$10,898 in 2019). Interest income received in the year was \$406 (\$271 in 2019).

December 31, 2020
(Unaudited)

8. CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of the organization's activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

9. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a global pandemic. The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The company's ability to continue to service debt and meet lease and other obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

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MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF OTHER OPERATING REVENUE

For the year ended December 31, 2020
(Unaudited)

	2020	2019
Contribution revenue	\$ 25,985	\$ 25,845
Donation box	359	493
Donations	4,523	5,989
Interest income	259	131
Internal fundraising	1,427	4,933
Library	117	362
Memberships	3,642	3,748
Other revenue	45	578
Program fees	1,863	4,809
Retail	1,719	2,069
	\$ 39,939	\$ 48,957

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MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT REVENUE

For the year ended December 31, 2020
(Unaudited)

	2020	2019
Collections management project	\$ 1,431	\$ 10,712
Covid-19 stabilization	8,658	-
Digital content development	9,731	-
Manitoba 150	9,223	5,777
Public programming phase V	7,359	9,641
School program	-	10,363
Textile box project	11,017	-
	\$ 47,419	\$ 36,493

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MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF OTHER OPERATING EXPENSES

For the year ended December 31, 2020
(Unaudited)

	2020	2019
Accounting	\$ 2,678	\$ 2,367
Amortization	26,424	26,285
Bank service charges	70	85
Conservation	216	1,056
Credit card fees	-	75
Curators salary	26,129	24,857
Employee benefits	1,778	1,649
Equipment	40	2,469
Exhibition	3,173	155
Fundraising costs	2,135	5,350
Insurance	2,561	2,650
Library books	252	248
Office supplies	1,105	899
Postage	266	413
Professional development	200	230
Publicity	83	624
Rent	20,380	24,504
Repairs and maintenance	707	938
Retail shop expense	40	371
Security	197	92
Telephone and internet	2,059	1,328
Workshops and programming	468	1,520
	\$ 90,961	\$ 98,165

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MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT EXPENSES

For the year ended December 31, 2020
(Unaudited)

	2020	2019
Collections management project	\$ 307	\$ 10,713
Covid-19 stabilization	8,658	-
Digital content development	9,731	-
Manitoba 150	9,359	5,777
Public programming phase V	8,646	9,641
School programs	-	10,910
Textile box project	11,017	-
	\$ 47,718	\$ 37,041

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