

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
FINANCIAL STATEMENTS
DECEMBER 31, 2021

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.

DECEMBER 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of Manitoba Crafts Museum and Library Inc.:

We have reviewed the accompanying financial statements of the Manitoba Crafts Museum and Library Inc. that comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in net assets, and cash flow 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 the Manitoba Crafts Museum and Library Inc. as at December 31, 2021 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements for Manitoba Crafts Museum and Library Inc. for the year ended December 31, 2020, were reviewed by another Chartered Professional Accountant firm which expressed an unmodified conclusion on March 10, 2021.

Winnipeg, Manitoba
March 19, 2022

Fort Group
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 153,059	103,486
Accounts receivable (Note 3)	5,053	5,934
GST receivable	1,436	779
Prepaid expenses	5,152	3,903
	164,700	114,102
TANGIBLE CAPITAL ASSETS (Note 4)	137,800	163,888
	\$ 302,500	277,990
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,183	7,576
Due to government agencies	-	2,284
Deferred revenue (Note 5)	39,525	22,657
Current portion of deferred capital contributions (Note 6)	26,631	26,690
	77,339	59,207
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 7)	40,000	40,000
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	109,201	134,791
	226,540	233,998
NET ASSETS		
Unrestricted	75,960	43,992
	\$ 302,500	277,990

APPROVED BY THE BOARD:

_____ DIRECTOR

_____ DIRECTOR

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
REVENUE		
Special project revenue (Page 10)	\$ 61,794	47,419
Other operating revenue (Page 9)	51,655	39,939
Crafts Guild of Manitoba Fund	36,133	35,820
Manitoba Bridge grant	15,000	5,000
Museums assistance program	12,601	10,141
MCML Fund (Note 8)	7,401	7,391
Community museums grant	3,150	3,150
City of Winnipeg grant	1,500	-
MCML Heritage Fund (Note 8)	810	406
Other grants	-	1,000
	<u>190,044</u>	<u>150,266</u>
EXPENSES		
Other operating expenses (Page 11)	98,506	90,961
Special project expenses (Page 12)	61,825	47,718
	<u>160,331</u>	<u>138,679</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	<u>29,713</u>	<u>11,587</u>
OTHER ITEMS		
Canada Emergency Rent Subsidy	1,147	-
Canada Emergency Wage Subsidy	1,108	7,149
Temporary Wage Subsidy	-	1,137
	<u>2,255</u>	<u>8,286</u>
EXCESS OF REVENUE OVER EXPENSES	31,968	19,873
NET ASSETS, BEGINNING OF YEAR	<u>43,992</u>	<u>24,119</u>
NET ASSETS, END OF YEAR	<u>\$ 75,960</u>	<u>43,992</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 31,968	19,873
Add back non-cash item:		
Amortization of tangible capital assets	27,130	26,424
Amortization of deferred capital contributions	<u>(26,690)</u>	<u>(25,985)</u>
	32,408	20,312
Changes in non-cash working capital:		
Accounts receivable	881	(1,185)
GST receivable	(657)	410
Prepaid expenses	(1,249)	536
Accounts payable and accrued liabilities	3,607	1,611
Due to Government agencies	(2,284)	2,284
Deferred revenue	<u>16,867</u>	<u>12,568</u>
	<u>49,573</u>	<u>36,536</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,042)	(5,526)
Additions to deferred capital contributions	<u>1,042</u>	<u>5,315</u>
	<u>-</u>	<u>(211)</u>
FINANCING ACTIVITIES		
Proceeds from Canada Emergency Business Account Loan	<u>-</u>	<u>40,000</u>
CHANGE IN CASH	49,573	76,325
CASH, BEGINNING OF YEAR	<u>103,486</u>	<u>27,161</u>
CASH, END OF YEAR	<u>\$ 153,059</u>	<u>103,486</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

1. ACCOUNTING ENTITY

Manitoba Crafts Museum and Library Inc. (the "Organization") is incorporated without share capital under the 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.

2. SIGNIFICANT ACCOUNTING POLICIES

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

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is management's opinion that the Organization has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While management will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of the Organization.

The financial statements include the following significant accounting policies:

(a) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<u>Method</u>	<u>Rate</u>
Business equipment	Straight line	3 years
Computer hardware	Straight line	3 years
Furniture and equipment	Straight line	20 years
Leasehold improvements	Straight line	10 years

(b) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions including special project revenue are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions including other operating revenue, other grant revenue and Museums assistance program are recognized as revenue when received or receivable if the amount to be received can be reasonable estimated and collection is reasonably assured.

Revenue for deferred capital contribution related to the purchase of the tangible capital assets is recognized as revenue with the same amortization rate of the tangible capital asset.

(c) Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved and the estimated useful life of capital assets. Actual results may differ from estimates.

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments

Financial instruments held by the Organization include cash, accounts receivable, accounts payable and accrued liabilities, and the Canada Emergency Business Account Loan. The Organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures its financial instruments at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

(e) Contributed Services

The Organization would not be able to carry out its activities without the services of volunteers who donate a considerable number of hours. Because of the difficulty in compiling these hours, contributed services are not recognized in these financial statements.

3. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Grants receivables	\$ 4,255	4,688
Trade receivables	<u>798</u>	<u>1,246</u>
	<u>\$ 5,053</u>	<u>5,934</u>

4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Business equipment	\$ 3,423	1,559	3,423	418
Computer hardware	3,857	1,316	6,428	3,961
Furniture and equipment	10,209	7,342	10,209	6,832
Leasehold improvements	<u>245,109</u>	<u>114,581</u>	<u>245,109</u>	<u>90,070</u>
	<u>262,598</u>	<u>124,798</u>	<u>265,169</u>	<u>101,281</u>
Net book value	<u>\$ 137,800</u>		<u>163,888</u>	

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

5. DEFERRED REVENUE

Deferred revenue represents the unspent funding received in the current period that relates to the various programs below. Changes in deferred revenue balance is as follows:

	<u>2020</u>	<u>Amounts received</u>	<u>Revenue recognized</u>	<u>2021</u>
Canadian Heritage	\$ 3,380	26,792	27,098	3,074
Manitoba Art Council	-	14,920	5,000	9,920
Manitoba Sport, Culture and Heritage	3,000	-	3,000	-
Winnipeg Arts Council	3,600	8,500	4,000	8,100
Winnipeg Foundation	4,809	20,000	11,219	13,590
Young Canada Works	<u>7,868</u>	<u>22,951</u>	<u>25,978</u>	<u>4,841</u>
	<u>\$ 22,657</u>	<u>93,163</u>	<u>76,295</u>	<u>39,525</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represents the unamortized balance of contributions received for the purchase of tangible capital assets. Changes in the deferred capital contributions balance is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 161,481	182,150
Add: Contributions received	1,041	5,316
Less: Amortization of deferred capital contributions	<u>(26,690)</u>	<u>(25,985)</u>
	135,832	161,481
Less: Current portion	<u>(26,631)</u>	<u>(26,690)</u>
	<u>\$ 109,201</u>	<u>134,791</u>

7. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

Canada Emergency Business Account with Assiniboine Credit Union, interest free, with a limit of \$40,000. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 25% (up to \$10,000). If the loan is not repaid by December 31, 2023, it will be converted into a 3-year term loan at an annual interest rate of 5%.

	<u>2021</u>	<u>2020</u>
	<u>\$ 40,000</u>	<u>40,000</u>

8. ENDOWMENT FUNDS

On September 21, 2005, an Endowment Fund (the "MCML Fund") was established with the Winnipeg Foundation. The MCML Fund is intended to support the long-term viability of the Organization. As of December 31, 2021, the market value of the fund is \$167,736 (2020 - \$157,524). Interest income received in the year was \$7,401 (2020 - \$7,391).

On June 7, 2019, an Endowment Fund (the "MCML Heritage Fund") was established with the Winnipeg Foundation. The MCML Heritage Fund is intended to support the long-term viability of the Organization. As of December 31, 2021, the market value of the fund was \$37,037 (2020 - \$18,195). Interest income received in the year was \$810 (2020 - \$406).

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

9. LEASE COMMITMENTS

The Organization has a multi-year agreement with 329 Cumberland Inc. and 10100424 Manitoba Ltd. for the lease of space at 1-329 Cumberland Avenue as follows:

2022	\$	11,514
2023		23,822
2024		25,013
2025		25,807
2026		26,204
2027		<u>13,102</u>
	<u>\$</u>	<u>125,462</u>

10. RISK MANAGEMENT

(a) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business.

The Organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At December 31, 2021, the Organization has an unrestricted cash balance of \$153,059 (2020 - \$103,486) to fund current liabilities of \$77,339 (2020 - \$59,207).

(b) Credit risk

Financial instruments which potentially subject the Organization to credit risk and concentrations of credit risk consist principally of cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to better conform with current year presentation.

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF OTHER OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Amortization of deferred capital contributions	\$ 26,690	25,985
Donations	17,278	4,523
Memberships	3,205	3,642
C2 Shop	1,876	1,719
Program fees	555	1,863
Internal fundraising	1,032	1,427
Interest	470	259
Library	327	117
Donation box	182	359
Other revenue	40	45
	<u>\$ 51,655</u>	<u>39,939</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT REVENUE
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Textile Box project	\$ 21,518	11,017
BIPOC research	10,773	-
Digital content development	6,602	9,731
Oral History project	6,003	-
Collections agency exhibit	5,000	-
Covid-19 Stabilization Winnipeg Foundation	4,809	8,658
MWFA exhibit	4,000	-
Strategic planning	1,989	-
Safe at Home Manitoba partnership	1,100	-
Manitoba 150	-	9,223
Public programming phase V	-	7,359
Collections Management project	-	1,431
	<u>\$ 61,794</u>	<u>47,419</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF OTHER OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Amortization of tangible capital assets	\$ 27,130	26,424
Curator's salary	25,750	26,129
Rent	25,684	20,380
Accounting	5,979	2,678
Insurance	2,624	2,561
Telephone and internet	2,115	2,059
Employee benefits	1,804	1,778
Equipment	1,732	40
Fundraising costs	1,005	2,135
Workshop and programming	912	468
Office supplies	847	1,105
Repairs and maintenance	832	707
Conservation	713	216
Library books	282	252
Publicity	253	83
Security	210	197
Professional development	200	200
Retail shop expense	153	40
Postage	113	266
Bank charges	101	70
Exhibition	67	3,173
	<u>\$ 98,506</u>	<u>90,961</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Textile box projects	\$ 20,232	11,017
BIPOC research	10,773	-
Digital content development	6,568	9,731
Oral History project	6,003	-
MWFA exhibit	5,767	-
Collections agency exhibit	5,000	-
COVID-19 stabilization	4,862	8,658
Strategic planning	1,989	-
Safe at Home Manitoba partnership	520	-
Manitoba 150	111	9,359
Public programming phase V	-	8,646
Collections management project	-	307
	<u>\$ 61,825</u>	<u>47,718</u>