

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.**  
**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

DRAFT

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.**

**DECEMBER 31, 2022**

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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. (the "Organization") that comprise the statement of financial position as at December 31, 2022, 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 Organization, 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, 2022 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.

**Winnipeg, Manitoba**  
**Date of Approval**

**CHARTERED PROFESSIONAL  
ACCOUNTANTS INC.**

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 122,962	153,059
Accounts receivable (Note 3)	9,047	5,053
GST receivable	859	1,436
Prepaid expenses	7,651	5,152
Guaranteed Investment Certificate (Note 4)	<u>10,000</u>	<u>-</u>
	150,519	164,700
<b>TANGIBLE CAPITAL ASSETS</b> (Note 5)	112,497	137,800
<b>ARCHIVES AND COLLECTIONS</b> (Note 6)	<u>1</u>	<u>-</u>
	<u>\$ 263,017</u>	<u>302,500</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 12,224	11,183
Deferred revenue (Note 7)	37,532	39,525
Current portion of deferred capital contributions (Note 8)	<u>26,830</u>	<u>26,631</u>
	76,586	77,339
<b>CANADA EMERGENCY BUSINESS ACCOUNT LOAN</b> (Note 9)	40,000	40,000
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (Note 8)	<u>84,139</u>	<u>109,201</u>
	200,725	226,540
<b>NET ASSETS</b>		
Unrestricted	<u>62,292</u>	<u>75,960</u>
	<u>\$ 263,017</u>	<u>302,500</u>

**APPROVED BY THE BOARD:**

\_\_\_\_\_ DIRECTOR

\_\_\_\_\_ DIRECTOR

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>REVENUE</b>		
Special project revenue (Page 10)	\$ 86,827	61,794
Other operating revenue (Page 9)	41,810	51,655
Crafts Guild of Manitoba Fund	36,854	36,133
Manitoba Bridge grant	-	15,000
Museums assistance program	11,075	12,601
MCML Fund (Note 10)	7,656	7,401
Province of Manitoba - sector support grant	6,000	-
Community museums grant	3,150	3,150
City of Winnipeg grant	-	1,500
MCML Heritage Fund (Note 10)	1,395	810
	<u>194,767</u>	<u>190,044</u>
<b>EXPENSES</b>		
Other operating expenses (Page 11)	120,239	98,506
Special project expenses (Page 12)	88,196	61,825
	<u>208,435</u>	<u>160,331</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<u>(13,668)</u>	<u>29,713</u>
<b>OTHER ITEMS</b>		
Canada Emergency Rent Subsidy	-	1,147
Canada Emergency Wage Subsidy	-	1,108
	<u>-</u>	<u>2,255</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(13,668)	31,968
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>75,960</u>	<u>43,992</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 62,292</u>	<u>75,960</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
STATEMENT OF CASH FLOW  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (13,668)	31,968
Add (deduct) non-cash item:		
Amortization of tangible capital assets	27,448	27,130
Amortization of deferred capital contributions	(27,009)	(26,690)
Archives and collections	<u>(1)</u>	<u>-</u>
	(13,230)	32,408
Changes in non-cash working capital:		
Accounts receivable	(3,994)	881
GST receivable	578	(657)
Prepaid expenses	(2,499)	(1,249)
Accounts payable and accrued liabilities	1,042	3,607
Due to government agencies	-	(2,284)
Deferred revenue	<u>(1,993)</u>	<u>16,867</u>
	<u>(20,096)</u>	<u>49,573</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(2,146)	(1,041)
Additions to deferred capital contributions	2,146	1,041
Purchase of guaranteed investment certificate	<u>(10,000)</u>	<u>-</u>
	<u>(10,000)</u>	<u>-</u>
<b>CHANGE IN CASH</b>	(30,096)	49,573
<b>CASH, BEGINNING OF YEAR</b>	<u>153,059</u>	<u>103,486</u>
<b>CASH, END OF YEAR</b>	<u>\$ 122,963</u>	<u>153,059</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**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 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 tangible capital assets. Actual results may differ from estimates.

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Financial Instruments**

Financial instruments held by the Organization include cash, accounts receivable, guaranteed investment certificate, 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.

**(f) Archives and Collections**

Due to the prohibitive cost and difficulty in determining the cost or fair market value, archives and collections are not capitalized but rather shown at a nominal value in the statement of financial position. Contributed items are recorded as revenue and expensed based on fair value, where practical, as determined by an independent appraiser at the date of contribution. Purchased archives or collections are expensed in the period acquired.

**3. ACCOUNTS RECEIVABLE**

	<u>2022</u>	<u>2021</u>
Grants receivables	\$ 3,493	4,255
Rent receivable	3,929	-
Trade receivables	<u>1,625</u>	<u>798</u>
	<u>\$ 9,047</u>	<u>5,053</u>

**4. GUARANTEED INVESTMENT CERTIFICATE**

	<u>2022</u>	<u>2021</u>
Non-redeemable guaranteed investment certificate held with Assiniboine Credit Union, interest at 4.10%, maturing October 31, 2023	<u>\$ 10,000</u>	<u>-</u>

**5. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Business equipment	\$ 3,423	2,641	3,423	1,559
Computer hardware	6,003	2,661	3,857	1,316
Furniture and equipment	10,209	7,853	10,209	7,342
Leasehold improvements	<u>245,109</u>	<u>139,092</u>	<u>245,109</u>	<u>114,581</u>
	<u>264,744</u>	<u>152,247</u>	<u>262,598</u>	<u>124,798</u>
Net book value	<u>\$ 112,497</u>		<u>137,800</u>	



**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022**

**6. ARCHIVES AND COLLECTIONS**

The Organization holds approximately 11,000 items in the museum archive collection including artifacts, handicrafts and tools and the library consists of approximately 3,500 contemporary and historical books, magazines, scrapbooks and craft patterns. During the year, \$1,183 of archives and collections was expensed in the statement of operations.

**7. 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>2021</u>	<u>Amounts received</u>	<u>Revenue recognized</u>	<u>2022</u>
Canadian Heritage	\$ 3,074	28,669	23,451	8,292
Manitoba Art Council	9,920	-	9,920	-
Manitoba Sport, Culture and Heritage	-	12,600	11,675	925
Winnipeg Arts Council	8,100	-	8,100	-
Winnipeg Foundation	13,590	22,500	10,830	25,260
Young Canada Works	4,841	6,213	7,999	3,055
	<u>\$ 39,525</u>	<u>69,982</u>	<u>71,975</u>	<u>37,532</u>

**8. 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 135,832	161,481
Add: Contributions received	2,146	1,041
Less: Amortization of deferred capital contributions	<u>(27,009)</u>	<u>(26,690)</u>
	110,969	135,832
Less: Current portion	<u>(26,830)</u>	<u>(26,631)</u>
	<u>\$ 84,139</u>	<u>109,201</u>

**9. 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>2022</u>	<u>2021</u>
	<u>\$ 40,000</u>	<u>40,000</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**10. 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, 2022, the market value of the fund is \$149,380 (2021 - \$167,736). Interest income received in the year was \$7,656 (2021 - \$7,401).

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, 2022, the market value of the fund was \$64,221 (2021 - \$37,037). Interest income received in the year was \$1,395 (2021 - \$810).

**11. 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:

2023	\$	23,822
2024		25,013
2025		25,807
2026		26,204
2027		13,102
		<u>113,948</u>
	\$	<u>113,948</u>

**12. 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, 2022, the Organization has an unrestricted cash balance of \$122,962 (2021 - \$153,059) to fund current liabilities of \$76,586 (2021 - \$77,339).

**(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.

**(c) Interest Rate Risk**

Interest rate cash flow risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments. Interest rate price risk is the risk that changes in market interest rates may have an effect on the fair value of other financial instruments. It is management's opinion that the Organization is exposed to interest rate risk associated with its investment in the guaranteed investment certificate; however, this risk is low.

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
SCHEDULE OF OTHER OPERATING REVENUE  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
Amortization of deferred capital contributions	\$ 27,009	26,690
Memberships	3,217	3,205
Other revenue	38	40
C2 Shop	2,635	1,876
Donations	2,154	17,278
Interest	1,167	470
Program fees	938	555
Internal fundraising	3,900	1,032
Library	401	327
Donation box	351	182
	<u>\$ 41,810</u>	<u>51,655</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
SCHEDULE OF SPECIAL PROJECT REVENUE  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
Collections agency exhibit	\$ 18,499	5,000
Digital content development	13,048	6,602
Archives project	12,171	-
Strategic planning revenue	11,812	1,989
Indigenous beadwork project	11,675	-
Oral history project	9,956	6,003
Musetoba customizing	6,858	-
BIPOC research	2,808	10,773
Textile box project	-	21,519
Covid-19 Stabilization Winnipeg Foundation	-	4,808
MWFA exhibit	-	4,000
Collections management project	-	-
Safe at Home Manitoba partnership	-	1,100
	<u>\$ 86,827</u>	<u>61,794</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
SCHEDULE OF OTHER OPERATING EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
Curator's salary	\$ 28,132	25,750
Amortization of tangible capital assets	27,448	27,130
Rent	26,395	25,684
Fundraising costs	17,576	1,005
Accounting	6,360	5,979
Insurance	2,938	2,624
Employee benefits	2,083	1,804
Telephone and internet	1,514	2,115
Repairs and maintenance	1,269	832
Office supplies	1,230	847
Consulting fees	1,159	-
Workshop and programming	963	912
Conservation	864	713
Publicity	798	253
Professional development	363	200
Library books	319	282
Security	312	210
Exhibition	203	67
Retail shop expense	101	153
Postage	96	113
Small equipment	60	1,732
Bank charges	56	101
	<u>\$ 120,239</u>	<u>98,506</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.  
SCHEDULE OF SPECIAL PROJECT EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
Collections agency exhibit	\$ 15,941	5,000
Oral history project	13,182	6,003
Digital content development	13,048	6,568
Archives project	12,796	-
Strategic planning	12,054	1,989
Indigenous beadwork project	11,675	-
Musetoba customizing	6,858	-
BIPOC research	2,995	10,773
Textile box projects	-	20,232
MWFA exhibit (recovery)	(353)	5,767
Covid-19 Stabilization Winnipeg Foundation	-	4,862
Safe at Home Manitoba partnership	-	520
Manitoba 150	-	111
	<u>\$ 88,196</u>	<u>61,825</u>

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