

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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MANITOBA CRAFTS MUSEUM AND LIBRARY INC.

DECEMBER 31, 2023

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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, 2023, 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 evaluating 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, 2023 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, 2023**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 79,832	122,962
Accounts receivable (Note 3)	10,857	9,047
GST receivable	1,686	859
Prepaid expenses	7,015	7,651
Guaranteed Investment Certificates (Note 4)	<u>40,410</u>	<u>10,000</u>
	139,800	150,519
TANGIBLE CAPITAL ASSETS (Note 5)	86,319	112,497
ARCHIVES AND COLLECTIONS (Note 6)	<u>1</u>	<u>1</u>
	<u>\$ 226,120</u>	<u>263,017</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 15,576	12,224
Deferred revenue (Note 7)	25,838	37,532
Current portion of deferred capital contributions (Note 8)	25,946	26,830
Canada Emergency Business Account Loan (Note 9)	<u>40,000</u>	<u>-</u>
	107,360	76,586
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<u>59,495</u>	<u>84,139</u>
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 9)	<u>-</u>	<u>40,000</u>
	<u>59,495</u>	<u>124,139</u>
	166,855	200,725
NET ASSETS		
Unrestricted	<u>59,265</u>	<u>62,292</u>
	<u>\$ 226,120</u>	<u>263,017</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, 2023**

	<u>2023</u>	<u>2022</u>
REVENUE		
Special project revenue (Page 10)	\$ 83,795	86,827
Other operating revenue (Page 9)	64,843	41,810
Crafts Guild of Manitoba Fund	35,954	36,854
MCML Fund (Note 10)	7,508	7,656
Community museums grant	3,150	3,150
Museums assistance program	2,667	11,075
MCML Heritage Fund (Note 10)	2,235	1,395
Province of Manitoba - sector support grant	-	6,000
	<u>200,152</u>	<u>194,767</u>
EXPENSES		
Other operating expenses (Page 11)	114,671	120,239
Special project expenses (Page 12)	<u>88,508</u>	<u>88,196</u>
	<u>203,179</u>	<u>208,435</u>
DEFICIENCY OF REVENUE OVER EXPENSES	(3,027)	(13,668)
NET ASSETS, BEGINNING OF YEAR	<u>62,292</u>	<u>75,960</u>
NET ASSETS, END OF YEAR	<u>\$ 59,265</u>	<u>62,292</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (3,027)	(13,668)
Add (deduct) non-cash item:		
Amortization of tangible capital assets	27,787	27,448
Amortization of deferred capital contributions	(27,137)	(27,009)
Archives and collections	<u>-</u>	<u>(1)</u>
	(2,377)	(13,230)
Changes in non-cash working capital:		
Accounts receivable	(1,810)	(3,994)
GST receivable	(827)	578
Prepaid expenses	636	(2,499)
Accounts payable and accrued liabilities	3,352	1,041
Deferred revenue	<u>(11,694)</u>	<u>(1,993)</u>
	<u>(12,720)</u>	<u>(20,097)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,609)	(2,146)
Additions to deferred capital contributions	1,609	2,146
Purchase of guaranteed investment certificate	(40,410)	(10,000)
Proceeds on maturity of guaranteed investment certificates	<u>10,000</u>	<u>-</u>
	<u>(30,410)</u>	<u>(10,000)</u>
CHANGE IN CASH	(43,130)	(30,097)
CASH, BEGINNING OF YEAR	<u>122,962</u>	<u>153,059</u>
CASH, END OF YEAR	<u>\$ 79,832</u>	<u>122,962</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

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 and Community Museums grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including other operating revenue, Crafts Guild of Manitoba Fund and Museums assistance programs are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

MCML Fund and Heritage Fund interest is recorded in the period to which it relates.

(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, 2023

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>2023</u>	<u>2022</u>
Grants receivables	\$ 6,400	3,493
Trade receivables	3,425	1,625
Accrued interest receivable	1,032	-
Rent receivable	-	3,929
	\$ 10,857	9,047

4. GUARANTEED INVESTMENT CERTIFICATES

The Organization has guaranteed investment certificates of \$40,410 (2022 - \$10,000) with maturity dates ranging from February 2024 to October 2024 and interest rates ranging from 4.60% to 5.50% (2022 - 4.10%).

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Business equipment	\$ 3,423	3,423	3,423	2,641
Computer hardware	7,612	4,645	6,003	2,661
Furniture and equipment	10,209	8,363	10,209	7,853
Leasehold improvements	245,109	163,603	245,109	139,092
	266,353	180,034	264,744	152,247
Net book value	\$ 86,319		112,497	

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, \$3,411 (2022 - \$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>2022</u>	<u>Amounts received</u>	<u>Revenue recognized</u>	<u>2023</u>
Canadian Heritage	\$ 8,292	-	8,292	-
Manitoba Sport, Culture and Heritage	925	13,250	5,451	8,724
Winnipeg Foundation	25,260	22,000	30,146	17,114
Young Canada Works	<u>3,055</u>	<u>-</u>	<u>3,055</u>	<u>-</u>
	<u>\$ 37,532</u>	<u>35,250</u>	<u>46,944</u>	<u>25,838</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 110,969	135,832
Add: Contributions received	1,609	2,146
Less: Amortization of deferred capital contributions	<u>(27,137)</u>	<u>(27,009)</u>
	85,441	110,969
Less: Current portion	<u>(25,946)</u>	<u>(26,830)</u>
	<u>\$ 59,495</u>	<u>84,139</u>

9. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

Canada Emergency Business Account loan with Assiniboine Credit Union, interest-free, with a limit of \$40,000. Repaying the balance of the loan on or before January 18, 2024, will result in loan forgiveness of 25% (up to \$10,000). If the loan is not repaid by January 18, 2024, it will be converted into a 3-year term loan at an annual interest rate of 5%.

	<u>2023</u>	<u>2022</u>
	<u>\$ 40,000</u>	<u>40,000</u>

The loan has been repaid subsequent to the year end on January 3, 2024.

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023, the market value of the fund is \$155,652 (2022 - \$149,380). Interest income received in the year was \$7,508 (2022 - \$7,656).

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, 2023, the market value of the fund was \$84,088 (2022 - \$64,221). Interest income received in the year was \$2,235 (2022 - \$1,395).

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:

2024	\$	25,013
2025		25,807
2026		26,204
2027		<u>13,102</u>
	<u>\$</u>	<u>90,126</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, 2023, the Organization has an unrestricted cash balance of \$79,832 (2022 - \$122,962) to fund current liabilities of \$15,576 (2022 - \$12,224).

(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 certificates; however, this risk is low.

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF OTHER OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Amortization of deferred capital contributions	\$ 27,137	27,009
C2 Shop	2,257	2,635
Donation box	1,132	351
Donations	19,051	2,154
Library	204	401
Interest	3,359	1,167
Internal fundraising	6,392	3,900
Memberships	3,234	3,217
Other revenue	322	38
Program fees	<u>1,755</u>	<u>938</u>
	<u>\$ 64,843</u>	<u>41,810</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT REVENUE
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Archives project	\$ (43)	12,171
BIPOC research	-	2,808
COVID-19 Stabilization Winnipeg Foundation	7,500	-
Collections agency exhibit	-	18,499
Community and fundraising development	4,916	-
Digital content development	8,220	13,048
Diverse On-Line Content	2,402	-
Indigenous beadwork project	18,125	11,675
Library	10,556	-
Musetoba customizing	9,731	6,858
Oral history project	-	9,956
Public programming & engagement	9,727	-
Strategic planning revenue	-	11,812
Winnipeg 150	12,661	-
	<u>\$ 83,795</u>	<u>86,827</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF OTHER OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Accounting	\$ 7,495	6,360
Amortization of tangible capital assets	27,787	27,448
Bank charges	132	56
Conservation	1,061	864
Consulting fees	222	1,159
Curator's salary	29,660	28,132
Employee benefits	2,291	2,083
Exhibition	2,358	203
Fundraising costs	6,797	17,576
Insurance	3,060	2,938
Library books	308	319
Office supplies	1,801	1,230
Postage	119	96
Professional development	250	363
Publicity	754	798
Rent	27,445	26,395
Repairs and maintenance	1,117	1,269
Retail shop expense	50	101
Security	231	312
Small equipment	9	60
Telephone and internet	1,287	1,514
Workshop and programming	437	963
	<u>\$ 114,671</u>	<u>120,239</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Archives project	\$ 61	12,796
BIPOC research	-	2,995
Collections agency exhibit	-	15,941
Community and fundraising development	4,916	-
Covid-19 Stabilization Winnipeg Foundation	7,500	-
Digital content development	8,231	13,048
Diverse On-Line Content	2,402	-
Indigenous beadwork project	19,626	11,675
Library	12,413	-
MWFA exhibit (recovery)	-	(353)
Musetoba customizing	9,999	6,858
Oral history	-	13,182
Public programming & engagement	9,727	-
Strategic planning	-	12,054
Winnipeg 150	<u>13,633</u>	<u>-</u>
	<u>\$ 88,508</u>	<u>88,196</u>

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