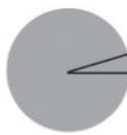


**MANITOBA CRAFT COUNCIL INC.**

**Financial Statements**

**Year Ended July 31, 2023**



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Manitoba Craft Council Inc.

### *Qualified Opinion*

We have audited the financial statements of Manitoba Craft Council Inc. (the Organization), which comprise the statement of financial position as at July 31, 2023, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, (deficiency) of revenues over expenses, and cash flows from operations for the year ended July 31, 2023, current assets and net assets as at July 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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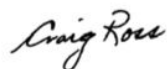
*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
1515 One Lombard Place  
Winnipeg MB R3B 0X3  
January 11, 2024

**MANITOBA CRAFT COUNCIL INC.**

**Statement of Financial Position**

**July 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 107,641	\$ 120,651
Short-term investments (Note 3)	31,597	21,184
Accounts receivable	295	-
Accrued interest receivable	546	28
Grants receivable (Note 4)	28,390	2,868
Goods and Services Tax recoverable	-	258
Inventory	610	807
Prepaid expenses	3,422	3,489
	<u>\$ 172,501</u>	<u>\$ 149,285</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 25,668	\$ 16,207
Goods and Services Tax payable	12	-
Deferred revenue (Note 6)	83,227	49,547
	<u>108,907</u>	<u>65,754</u>
 <b>NET ASSETS</b>		
Unrestricted	55,594	56,531
Internally restricted - Future Projects Reserve (Note 7)	8,000	27,000
	<u>63,594</u>	<u>83,531</u>
	<u>\$ 172,501</u>	<u>\$ 149,285</u>

**APPROVED ON BEHALF OF THE BOARD:**



Director



Director

# MANITOBA CRAFT COUNCIL INC.

## Statement of Revenue and Expenditures

Year Ended July 31, 2023

	2023	2022
<b>REVENUE</b>		
Earned revenue		
Artist sales	\$ 23,770	\$ 24,109
Conference and event fees	1,357	-
Membership fees	12,641	10,365
Merchandise sales	1,510	644
Miscellaneous	1,187	745
Workshop fees	9,895	1,476
Private sector		
Corporate sponsorships	250	1,050
Donations	9,242	8,987
Foundations		
Bursaries	1,101	1,154
Project grants	888	10,676
Fundraising	11,209	6,068
Public sector		
Federal		
Canada Council for the Arts		
Core funding grant	40,000	48,000
Projects grant	9,225	-
Canada Heritage	-	5,886
Canada Summer Jobs	4,414	2,558
Student Work Placement	2,812	1,417
Provincial		
Manitoba Arts Council		
Operating grants	47,000	46,485
Project grants	13,000	2,000
Province of Manitoba		
Manitoba Sport, Culture and Heritage	12,500	-
COVID-19 Sector Support <i>(Note 8)</i>	-	3,000
Municipal		
Project grants	10,000	11,000
COVID-19 Economic Support <i>(Note 8)</i>	-	1,500
Interest	2,189	423
	<b>214,190</b>	<b>187,543</b>
<b>EXPENDITURES <i>(Schedule)</i></b>		
Administrative	51,637	54,494
Artistic	133,764	117,300
Facility operating	11,971	12,237
Fundraising	4,840	1,050
Marketing and communications	12,915	9,025
	<b>215,127</b>	<b>194,106</b>
<b>(DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>\$ (937)</b>	<b>\$ (6,563)</b>

**MANITOBA CRAFT COUNCIL INC.**

**Statement of Changes in Net Assets**

**Year Ended July 31, 2023**

	2023			2022	
	Unrestricted	Endowment Funds	Internally Restricted - Future Projects	Total	Total
NET ASSETS - BEGINNING OF YEAR	\$ 56,531	\$ -	\$ 27,000	\$ 83,531	\$ 90,094
(Deficiency) of revenue over expenditures	(937)	-	-	(937)	(6,563)
Donations for the endowment funds <i>(Note 9)</i>	-	11,000	-	11,000	-
Transfer to unrestricted fund <i>(Note 7)</i>	19,000	-	(19,000)	-	-
Transfer to endowment funds <i>(Notes 7 and 9)</i>	(19,000)	19,000	-	-	-
Transfer to the Winnipeg Foundation <i>(Note 9)</i>	-	(30,000)	-	(30,000)	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 55,594</b>	<b>\$ -</b>	<b>\$ 8,000</b>	<b>\$ 63,594</b>	<b>\$ 83,531</b>

**MANITOBA CRAFT COUNCIL INC.**

**Statement of Cash Flows**

**Year Ended July 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from grants	\$ 126,839	\$ 130,522
Other receipts	101,209	54,409
Interest received	1,670	423
Cash paid to suppliers and employees	(202,315)	(191,437)
Cash transferred to The Winnipeg Foundation for endowment funds	(30,000)	
	<u>(2,597)</u>	<u>(6,083)</u>
Cash flow (used by) operating activities		
	<u>(2,597)</u>	<u>(6,083)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of short-term investments	(20,413)	(21,311)
Redemption of short-term investments	10,000	21,184
	<u>(10,413)</u>	<u>(127)</u>
Cash flow (used by) investing activities		
	<u>(10,413)</u>	<u>(127)</u>
<b>(DECREASE) IN CASH FLOW</b>	<b>(13,010)</b>	<b>(6,210)</b>
CASH - BEGINNING OF YEAR	<u>120,651</u>	<u>126,861</u>
<b>CASH - END OF YEAR</b>	<b>\$ 107,641</b>	<b>\$ 120,651</b>

**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2023**

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1. NATURE OF ACTIVITIES

Manitoba Craft Council Inc. (the "Organization") is incorporated without share capital, under the laws of the Province of Manitoba. The purpose of the Organization is to encourage excellence in fine contemporary craft by supporting and promoting craftspeople and increasing community awareness. The Organization is unique in its focus on the traditional crafts media from a contemporary perspective. As a registered charity, the Organization is exempt from corporate income taxes under Section 149 of the Income Tax Act.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Revenue recognition

The Organization follows the deferral method of accounting for contributions and government grants. Restricted contributions are recognized as revenue in the year in which the related expenditures are recognized.

Grants are recorded when received or receivable if related to the current year. Deferred grants are those which pertain to the following year, but were received in the current year.

Revenue from interest, donations, membership fees and miscellaneous income is recognized as revenue when received.

Government assistance

Government assistance for acquiring capital assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related capital assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as revenue. Government assistance for acquiring capital assets is recorded as a reduction of the cost of related assets.

Contributed goods

Volunteers contributed goods towards a fundraising project. These contributed goods have been recognized in the financial statements in the amount of \$2,683 (2022: \$796) as both a revenue and an expenditure of the Organization.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

*(continues)*

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**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2023**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Items of a capital nature purchased by the Organization are expensed in the year of acquisition. In the current year, there were expenditures of a capital nature in the amount of \$663 (2022: \$6,227).

Leases

Leases are classified as operating leases. Rental payments under operating leases are expensed as incurred.

Financial instrument measurement

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost. Any transaction costs are expensed when incurred.

The financial assets subsequently measured at amortized cost include cash, short-term investments, accounts receivable, accrued interest and grants receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Unless otherwise mentioned, it is management's opinion that the Organization is not exposed to significant interest and currency risks arising from these financial instruments.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the period in which they become known. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates relate to accrued liabilities. Management believes its estimates to be appropriate; however, actual results could differ from these estimates.

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3. SHORT-TERM INVESTMENTS

	2023	2022
Assiniboine Credit Union - Redeemable GIC		
0.60% due May 13, 2023	\$ -	\$ 21,184
4.65% due May 13, 2024	11,597	-
4.70% due February 16, 2024	20,000	-
	<b>\$ 31,597</b>	<b>\$ 21,184</b>

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**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2023**

4. GRANTS RECEIVABLE

	2023	2022
Government of Canada		
Canada Summer Jobs	\$ 3,390	\$ 2,868
Manitoba Sport, Culture and Heritage	<b>25,000</b>	-
	<b>\$ 28,390</b>	<b>\$ 2,868</b>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accrued vacation pay	\$ 608	\$ 469
Accrued salaries	2,085	2,230
Accrued rent	1,370	1,310
Employee deductions	2,562	550
Provincial sales tax	806	386
Suppliers	18,237	11,262
	<b>\$ 25,668</b>	<b>\$ 16,207</b>

6. DEFERRED REVENUE

	2023	2022
Gift certificates outstanding	\$ 262	\$ 712
Government of Canada		
Canada Council for the Arts	15,275	-
Canada Summer Jobs	-	1,024
Manitoba Arts Council		
Operating grant	23,500	23,500
Share-Present grant for Eco-Craft	-	11,500
Manitoba Crafts Museum and Library	458	472
Manitoba Sport, Culture and Heritage	12,500	-
The Winnipeg Foundation	15,000	324
Winnipeg Arts Council		
Multi-year program support grant	15,000	10,000
Bursary Fund		
Reaching out Raffle	1,232	2,015
	<b>\$ 83,227</b>	<b>\$ 49,547</b>

**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2023**

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7. FUTURE PROJECTS RESERVE

Effective July 31, 2015, the Board of Directors created an internally restricted Future Projects Reserve in the amount of \$7,000 through an appropriation from unrestricted net assets.

On January 19, 2022, the Board approved an inter-fund transfer of \$20,000 of operating surplus to the Future Projects Reserve for future projects.

On August 16, 2023, the Board approved the transfer of \$19,000 from the Future Projects Reserve to unrestricted net assets effective for the 2023 fiscal year. The transfer was used to establish an endowment fund with The Winnipeg Foundation.

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8. GOVERNMENT ASSISTANCE FOR COVID-19 SUPPORT

The Organization received government assistance from the Government of Canada and the Province of Manitoba, as follows:

- a) A COVID-19 Sector Support Grant from the Government of Manitoba in the amount of \$Nil (2022: \$3,000).
  - b) A COVID-19 Economic Support Grant from the City of Winnipeg in the amount of \$Nil (2022: \$1,500).
-

**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2023**

9. ENDOWMENT FUNDS

**Manitoba Craft Council Inc. Fund**

On August 17, 2022, the Board of Directors approved the establishment of an endowment fund administered by The Winnipeg Foundation. The purpose of this fund is to generate annual grant making activity to be used at the discretion of the Board of Directors. The endowment funds held by The Winnipeg Foundation are not available to be used by the Organization. Contributions by the Organization will be matched by The Winnipeg Foundation and the Federal Government.

	2023	2022
Market value - beginning of the year	\$ -	\$ -
Donations from individuals	1,000	-
Transfer from Unrestricted Fund	19,000	-
	\$ 20,000	\$ -

During the year, the board approved a transfer of \$19,000 from unrestricted net assets to the Manitoba Craft Council Inc. Fund. The total funds transferred to the Manitoba Craft Council Inc. Fund amounted to \$20,000 (2022: \$Nil).

**Robert and Meridel Archambeau Fund**

The Robert and Meridel Archambeau Fund was established to recognize excellence in contemporary fine craft once every two years. The Archambeau Fund is administered by The Winnipeg Foundation. The disbursements of awards is expected to begin in 2025.

Market value - beginning of the year	\$ -	\$ -
Donations from individual	10,000	-
	\$ 10,000	\$ -

During the fiscal year, the Organization collected and transferred \$10,000 (2022: \$Nil) to The Winnipeg Foundation.

10. RELATED PARTY TRANSACTIONS

The Organization paid \$15,815 (2022: \$15,274) for office and gallery rent in which the building was partly owned by one of the board of directors. The Organization also paid \$4,000 (2022: \$4,000) to a board member to provide curatorial services, \$2,000 (2022: \$4,000) for cabin rental of which \$1,000 (2022: \$1,000) is included in prepaid expense and \$300 (2022: \$Nil) for purchase of furniture. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2023**

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11. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis represents the Organization's exposure to significant risk at July 31, 2023.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligation. The Organization is exposed to credit risk with respect to amounts receivable. The Organization records receivables based on amounts that it is virtually certain to receive. There has been no significant change in the exposure to credit risk since the prior year.

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12. LEASE COMMITMENTS

The Organization leases office and programming space under a lease expiring June 30, 2027. Future minimum lease payments under the lease total \$35,863. Minimum lease payments required over the remaining term of the lease are as follows:

2024	\$	8,698
2025		8,954
2026		8,977
2027		9,234
		<u>35,863</u>
	\$	<u>35,863</u>

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13. ECONOMIC DEPENDENCE

The volume of financial activity undertaken by the Organization with its main funding bodies is of significant magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

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14. COMPARATIVE FIGURES

Some of the comparative figures on the income statement have been reclassified to conform to the presentation adopted for the current year

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# MANITOBA CRAFT COUNCIL INC.

## Schedule of Expenditures

Year Ended July 31, 2023

	2023	2022
<b>Administrative</b>		
Administrative expenses, office supplies and professional development	\$ 9,280	\$ 11,812
Administrative salaries	26,899	24,533
Office rent (Note 10)	7,275	7,026
Professional fees	8,183	11,123
	<u>\$ 51,637</u>	<u>\$ 54,494</u>
<b>Artistic</b>		
Artist and professional fees (Note 10)	\$ 19,537	\$ 21,315
Artistic salaries	54,030	51,334
Artist awards and bursaries	2,546	4,730
Artist sales	17,329	14,799
Catalogues	10,130	5,032
Co-publish support	4,064	2,746
Exhibition and programming (Note 10)	15,887	10,159
Hospitality and staff travel	3,430	712
Memberships	1,655	1,405
Merchandise sales	1,139	355
Manitoba Crafts Museum and Library partnership	2,287	2,275
Professional fees	1,730	2,438
	<u>\$ 133,764</u>	<u>\$ 117,300</u>
<b>Facility operating</b>		
Gallery/programming rent (Note 10)	\$ 8,540	\$ 8,248
Facility expenses	3,431	3,989
	<u>\$ 11,971</u>	<u>\$ 12,237</u>
<b>Fundraising</b>		
Events	\$ 2,158	\$ 254
In-kind	2,682	796
	<u>\$ 4,840</u>	<u>\$ 1,050</u>
<b>Marketing and communications</b>		
Marketing contract	\$ 2,066	\$ -
Marketing salaries	8,627	8,083
Program promotion	2,222	942
	<u>\$ 12,915</u>	<u>\$ 9,025</u>