

MANITOBA CRAFT COUNCIL INC.

Financial Statements

Year Ended July 31, 2024

INDEPENDENT AUDITOR'S REPORT

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, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and the schedule to the financial statements 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, 2024, 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, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended July 31, 2024, current assets and net assets as at July 31, 2024.

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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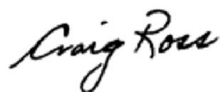
Auditor's Responsibilities for the Audit of the Financial Statements

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 15, 2025

MANITOBA CRAFT COUNCIL INC.

Statement of Financial Position

July 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 70,234	\$ 107,641
Short-term investments (Note 3)	73,078	31,597
Accounts receivable	-	295
Accrued interest receivable	1,702	546
Grants receivable (Note 4)	9,234	28,390
Goods and Services Tax recoverable	208	-
Inventory	395	610
Prepaid expenses	3,714	3,422
	<u>\$ 158,565</u>	<u>\$ 172,501</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 12,847	\$ 25,668
Goods and Services Tax payable	-	12
Deferred revenue (Note 6)	74,279	83,227
	<u>87,126</u>	<u>108,907</u>
NET ASSETS		
Unrestricted	63,439	55,594
Internally restricted - Future Projects Reserve (Note 7)	8,000	8,000
	<u>71,439</u>	<u>63,594</u>
	<u>\$ 158,565</u>	<u>\$ 172,501</u>

APPROVED ON BEHALF OF THE BOARD:

Director

Director

MANITOBA CRAFT COUNCIL INC.

Statement of Revenue and Expenditures

Year Ended July 31, 2024

	2024	2023
REVENUE		
Earned revenue		
Artist sales	\$ 16,357	\$ 23,770
Conference and event fees	3,438	1,357
Co-production	600	-
Membership fees	12,400	12,641
Merchandise sales	581	1,510
Miscellaneous	587	1,187
Workshop fees	7,769	9,895
Private sector		
Corporate sponsorships	-	250
Donations	10,816	9,242
Foundations		
Bursaries	1,016	1,101
Project grants	23,743	888
Fundraising	13,753	11,209
Public sector		
Federal		
Canada Council for the Arts		
Core funding grant	40,000	40,000
Projects grant	15,275	9,225
Canada Summer Jobs	4,666	4,414
Student Work Placement	2,863	2,812
Provincial		
Manitoba Arts Council		
Operating grants	47,000	47,000
Project grants	-	13,000
Province of Manitoba		
Manitoba Sport, Culture and Heritage	12,500	12,500
Municipal		
Project grants	15,000	10,000
Interest	5,162	2,189
	233,526	214,190
EXPENDITURES (Schedule)		
Administrative	52,411	51,637
Artistic	138,145	133,764
Facility operating	13,069	11,971
Fundraising	3,585	4,840
Marketing and communications	18,471	12,915
	225,681	215,127
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ 7,845	\$ (937)

MANITOBA CRAFT COUNCIL INC.

Statement of Changes in Net Assets

Year Ended July 31, 2024

	2024			2023	
	Unrestricted	Endowment Funds	Internally Restricted - Future Projects	Total	Total
NET ASSETS - BEGINNING OF YEAR	\$ 55,594	\$ -	\$ 8,000	\$ 63,594	\$ 83,531
Excess (Deficiency) of revenue over expenditures	7,845	-	-	7,845	(937)
Funds collected for the endowment funds <i>(Note 8)</i>	-	8,606	-	8,606	11,000
Funds transferred to the Winnipeg Foundation <i>(Note 8)</i>	-	(8,606)	-	(8,606)	(30,000)
NET ASSETS - END OF YEAR	\$ 63,439	\$ -	\$ 8,000	\$ 71,439	\$ 63,594

MANITOBA CRAFT COUNCIL INC.

Statement of Cash Flows

Year Ended July 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Cash receipts from grants	\$ 161,047	\$ 126,839
Other receipts	86,218	101,209
Interest received	4,006	1,670
Cash paid to suppliers and employees	(238,591)	(202,315)
Cash transferred to The Winnipeg Foundation for endowment funds	(8,606)	(30,000)
	<u>4,074</u>	<u>(2,597)</u>
Cash flow provided (used) by operating activities		
INVESTING ACTIVITY		
Purchase of short-term investments	(73,078)	(20,413)
Redemption of short-term investments	31,597	10,000
	<u>(41,481)</u>	<u>(10,413)</u>
Cash flow (used) by investing activities		
(DECREASE) IN CASH FLOW	(37,407)	(13,010)
CASH - BEGINNING OF YEAR	<u>107,641</u>	<u>120,651</u>
CASH - END OF YEAR	\$ 70,234	\$ 107,641

MANITOBA CRAFT COUNCIL INC.
Notes to Financial Statements
Year Ended July 31, 2024

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.

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). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

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 \$1,700 (2023: \$2,683) as both a revenue and an expenditure of the Organization.

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MANITOBA CRAFT COUNCIL INC.
Notes to Financial Statements
Year Ended July 31, 2024

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

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.

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 \$1,555 (2023: \$663).

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 receivable 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.

MANITOBA CRAFT COUNCIL INC.
Notes to Financial Statements
Year Ended July 31, 2024

3. SHORT-TERM INVESTMENTS

	2024	2023
Assiniboine Credit Union - Redeemable GIC		
4.65% due May 13, 2024	\$ -	\$ 11,597
4.70% due February 16, 2024	-	20,000
4.95% due August 22, 2024	10,000	-
5.50% due November 16, 2024	10,000	-
5.20% due February 16, 2025	20,940	-
4.90% due May 13, 2025	32,138	-
	\$ 73,078	\$ 31,597

4. GRANTS RECEIVABLE

	2024	2023
Government of Canada		
Canada Summer Jobs	\$ 4,234	\$ 3,390
Province of Manitoba		
Manitoba Sport, Culture and Heritage	5,000	25,000
	\$ 9,234	\$ 28,390

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accrued vacation pay	\$ 117	\$ 608
Accrued salaries	2,131	2,085
Accrued rent	1,406	1,370
Employee deductions	2,453	2,562
Provincial sales tax	574	806
Suppliers	6,166	18,237
	\$ 12,847	\$ 25,668

MANITOBA CRAFT COUNCIL INC.
Notes to Financial Statements
Year Ended July 31, 2024

6. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Gift certificates outstanding	\$ 512	\$ 262
Government of Canada		
Canada Council for the Arts	-	15,275
Manitoba Arts Council		
Operating grant	25,000	23,500
EDI policy development project	3,375	-
Manitoba Crafts Museum and Library	330	458
Manitoba Sport, Culture and Heritage	-	12,500
The Winnipeg Foundation		
Archambeau Endowment Fund	496	-
Community Grant for Growing Craft project	2,250	15,000
Judith Ryan award	1,000	-
Winnipeg 150 Anniversary	25,000	-
Winnipeg Arts Council		
Multi-year program support grant	15,000	15,000
Bursary Fund		
Reaching out Raffle	1,316	1,232
	<u>\$ 74,279</u>	<u>\$ 83,227</u>

7. FUTURE PROJECTS RESERVE

Effective July 31, 2015, the Board of Directors created an internally restricted Future Projects Reserve through an appropriation from unrestricted net assets.

MANITOBA CRAFT COUNCIL INC.
Notes to Financial Statements
Year Ended July 31, 2024

8. 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.

	2024	2023
Market value - beginning of the year	\$ 20,000	\$ -
Amount available for granting	993	-
	20,993	-
Donations from individuals	-	1,000
Transfer from Unrestricted Fund	-	19,000
Current gifts	15,000	-
Return on investment	5,862	-
Grant approved	(993)	-
(Loss) on fair market value of investments	(1,393)	-
Administration fees	(98)	-
Investment fees	(104)	-
	\$ 39,267	\$ 20,000

During the year, the Organization received a grant from the Winnipeg Foundation in the amount of \$15,000 (2023 - \$Nil). The grant was not received directly by the Organization, but was deposited into the Manitoba Craft Council Inc. Fund.

During the 2023 fiscal year, the Organization collected \$1,000 in donations. As well, during the 2023 fiscal year, the board approved a transfer of \$19,000 from unrestricted net assets to the Manitoba Craft Council Inc. Fund.

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	\$ 10,000	\$ -
Amount available for granting	496	-
	10,496	-
Donations from individual	-	10,000
Return on investment	1,594	-
(Loss) on fair value of investments	(695)	-
Grant approved	(496)	-
Admin fees	(49)	-
Investment fees	(30)	-
	\$ 10,820	\$ 10,000

MANITOBA CRAFT COUNCIL INC.
Notes to Financial Statements
Year Ended July 31, 2024

9. RELATED PARTY TRANSACTIONS

The Organization paid \$16,538 (2023: \$15,815) for office and gallery rent in which the building was partly owned by a member of the board of directors. The Organization also paid \$Nil (2023: \$4,000) to a board member to provide curatorial services, \$2,000 (2023: \$2,000) for cabin rental of which \$1,000 (2023: \$1,000) is included in prepaid expense and Nil (2023: \$300) 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.

10. 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, 2024.

(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.

11. LEASE COMMITMENTS

The Organization leases office and programming space under a lease expiring June 30, 2027. Future minimum lease payments under the lease total \$27,165. Minimum lease payments required over the remaining term of the lease are as follows:

2025	\$	8,954
2026		8,977
2027		9,234
		<hr/>
	\$	<u>27,165</u>

12. 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.

13. COMPARATIVE FIGURES

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

MANITOBA CRAFT COUNCIL INC.

Schedule of Expenditures

Year Ended July 31, 2024

	2024	2023
Administrative		
Administrative expenses, office supplies and professional development	\$ 10,476	\$ 9,280
Administrative salaries	25,623	26,899
Office rent (Note 9)	7,608	7,275
Professional fees	8,704	8,183
	<u>\$ 52,411</u>	<u>\$ 51,637</u>
Artistic		
Artist and professional fees (Note 9)	\$ 32,179	\$ 19,537
Artistic salaries	55,713	54,030
Artist awards and bursaries	1,016	2,546
Artist sales	12,008	17,329
Catalogues	11,087	10,130
Co-publish support	3,831	4,064
Exhibition and programming (Note 9)	16,495	15,887
Hospitality and staff travel	1,729	3,430
Memberships	1,755	1,655
Merchandise sales	313	1,139
Manitoba Crafts Museum and Library partnership	1,240	2,287
Professional fees	779	1,730
	<u>\$ 138,145</u>	<u>\$ 133,764</u>
Facility operating		
Gallery/programming rent (Note 9)	\$ 8,931	\$ 8,540
Facility expenses	4,138	3,431
	<u>\$ 13,069</u>	<u>\$ 11,971</u>
Fundraising		
Events	\$ 1,873	\$ 2,158
In-kind	1,712	2,682
	<u>\$ 3,585</u>	<u>\$ 4,840</u>
Marketing and communications		
Marketing contract	\$ 4,464	\$ 2,066
Marketing salaries	12,200	8,627
Program promotion	1,807	2,222
	<u>\$ 18,471</u>	<u>\$ 12,915</u>