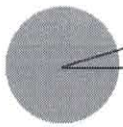


**MANITOBA CRAFT COUNCIL INC.**

**Financial Statements**

**Year Ended July 31, 2021**



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## INDEPENDENT AUDITOR'S REPORT

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To the Directors 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, 2021, and the statements of revenue and expenditures, changes in net assets, cash flows 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, 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.

### *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 of revenues over expenses, and cash flows from operations for the year ended July 31, 2021, current assets and net assets as at July 31, 2021.

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 the 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 those 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 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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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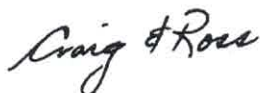
Independent Auditor's Report to the Directors of Manitoba Craft Council Inc. *(continued)*

*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 7, 2022

MANITOBA CRAFT COUNCIL INC.

Statement of Financial Position

July 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 126,861	\$ 102,833
Short-term investment and accrued interest (Note 3)	21,085	20,830
Grants receivable (Note 4)	2,499	2,482
Goods and Services Tax recoverable	-	572
Inventory	1,085	1,279
Prepaid expenses	1,624	1,285
	<u>\$ 153,154</u>	<u>\$ 129,281</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 10,951	\$ 10,902
Goods and Services Tax payable	1,538	-
Deferred revenue (Note 6)	50,571	52,617
	<u>63,060</u>	<u>63,519</u>
 <b>NET ASSETS</b>		
Unrestricted	83,094	58,762
Internally restricted - Future Projects Reserve (Note 7)	7,000	7,000
	<u>90,094</u>	<u>65,762</u>
	<u>\$ 153,154</u>	<u>\$ 129,281</u>

APPROVED ON BEHALF OF THE BOARD:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Treasurer

**MANITOBA CRAFT COUNCIL INC.**

**Statement of Revenue and Expenditures**

**Year Ended July 31, 2021**

	2021	2020
<b>REVENUE</b>		
Earned revenue		
Artist sales	\$ 92,924	\$ 6,977
Co-production	316	8,080
Conference and event fees	2,400	14,262
Membership fees	7,400	7,581
Merchandise sales	1,052	1,549
Miscellaneous	2,149	659
Workshop fees	-	5,157
Private sector		
Corporate donations	-	24
Corporate sponsorships	250	1,500
Donations	7,247	4,211
Foundations		
Bursaries	2,121	1,450
Project grants	1,561	33,296
Fundraising	4,781	4,895
Public sector		
Federal		
Canada Council for the Arts - core funding grant	40,000	35,000
Canada Council for the Arts - project grants	-	29,900
Canada Council for the Arts - emergency support funding (Note 10)	17,500	-
Canada Summer Jobs	2,813	5,206
Temporary wage subsidy	-	1,565
Young Canada Works	-	7,500
Province of Manitoba		
Province of Manitoba		
Operating grants	-	46,485
Project grants	-	5,000
COVID-19 Manitoba Bridge Grant (Note 10)	20,000	-
Manitoba Arts Council		
Operating grants	46,485	-
Project grants	4,500	5,000
Municipal		
Project grants	10,000	10,000
Interest	513	568
	<b>264,012</b>	<b>235,865</b>
<b>EXPENDITURES (Schedule)</b>		
Administrative	56,391	49,239
Artistic	154,336	155,441
Facility operating	10,846	10,552
Fundraising	5,066	3,746
Marketing and communications	13,041	17,626
	<b>239,680</b>	<b>236,604</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>\$ 24,332</b>	<b>\$ (739)</b>

**MANITOBA CRAFT COUNCIL INC.**

**Statement of Changes in Net Assets**

**Year Ended July 31, 2021**

	2021			2020	
	Unrestricted	Internally Restricted - Future Projects	Total	Total	Total
NET ASSETS - BEGINNING OF YEAR	\$ 58,762	\$ 7,000	\$ 65,762	\$ 66,501	
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	24,332	-	24,332	(739)	
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 83,094</b>	<b>\$ 7,000</b>	<b>\$ 90,094</b>	<b>\$ 65,762</b>	

**MANITOBA CRAFT COUNCIL INC.**

**Statement of Cash Flows**

**Year Ended July 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Cash received from grants	\$ 138,359	\$ 180,401
Other receipts	120,274	72,190
Interest received	513	568
Cash paid to suppliers and employees	<u>(234,863)</u>	<u>(239,484)</u>
Cash flow provided by operating activities	<b>24,283</b>	13,675
<b>INVESTING ACTIVITY</b>		
Purchase of short-term investment	<u>(255)</u>	<u>(383)</u>
<b>INCREASE IN CASH FLOW</b>	<b>24,028</b>	13,292
CASH - BEGINNING OF YEAR	<u>102,833</u>	<u>89,541</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 126,861</u></b>	<b><u>\$ 102,833</u></b>

**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2021**

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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 (ASNFPO) and include the following significant accounting policies:

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 fixed 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 fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as revenue. Government assistance for acquiring fixed 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 \$2,803 (2020 - Nil) 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, 2021**

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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 no expenditures of a capital nature (2020 - \$Nil).

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 investment and 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 Corporation 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 INVESTMENT AND ACCRUED INTEREST

	2021	2020
Assiniboine Credit Union - Redeemable GIC		
1.40% due May 13, 2021	\$ -	\$ 20,767
0.60% due May 13, 2022	<b>21,058</b>	-
Accrued interest	<b>27</b>	63
	<b>\$ 21,085</b>	\$ 20,830

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**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2021**

4. GRANTS RECEIVABLE

	2021	2020
Government of Canada		
Canada Summer Jobs	\$ 2,499	2,482

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accrued vacation pay	\$ 267	\$ 157
Accrued salaries	1,390	1,298
Employee deductions	278	226
Provincial sales tax	308	164
Suppliers	8,708	9,057
	\$ 10,951	\$ 10,902

6. DEFERRED REVENUE

	2021	2020
Gift certificates outstanding	\$ 712	\$ 412
Judith Ryan Memorial Fund	-	1,000
Manitoba Arts Council		
Core grant for 2020-2021	34,864	40,000
Manitoba Craft Museum and Library	351	130
Winnipeg Arts Council		
Multi-year program support grant	10,000	10,000
Bursary Fund		
Winnipeg Foundation	54	1,075
Reaching out Raffle	4,590	-
	\$ 50,571	\$ 52,617

7. RESTRICTED FUND

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

**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2021**

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8. 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, 2021.

*(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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9. LEASE COMMITMENTS

The Organization leases office and programming space under a lease expiring June 30, 2027. Future minimum lease payments under the lease total \$54,840. Minimum lease payments required over the next six years are as follows:

2022	\$	8,313
2023		8,633
2024		9,201
2025		9,472
2026		9,497
2027		9,724
		<hr/>
	\$	54,840

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10. IMPACT OF COVID -19 GLOBAL PANDEMIC

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

During the 2021 fiscal year, the Organization experienced disruptions in its operations and activities due to the outbreak of the pandemic. Management believes that any disturbance may be temporary. However, there is uncertainty about the length and potential effect of the disturbance and management is unable to estimate the potential future impact on the Organization's operations.

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

- a) An emergency support grant from the Canada Council for the Arts in the amount of \$17,500.
  - b) A Manitoba Bridge Grant in the amount of \$20,000 from the Government of Manitoba offered to eligible Manitoba businesses and organizations that are required to close their premises to the public as a result of the COVID-19 protection orders put into effect on November 12, 2020.
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**MANITOBA CRAFT COUNCIL INC.**  
**Notes to Financial Statements**  
**Year Ended July 31, 2021**

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11. 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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12. 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, 2021

	2021	2020
<b>Administrative</b>		
Administrative expenses, office supplies and professional development	\$ 9,748	\$ 6,949
Administrative salaries	24,584	24,301
Office rent	6,776	6,587
Professional fees	15,283	11,896
	<b>\$ 56,391</b>	<b>\$ 49,239</b>
<b>Artistic</b>		
Artist and professional fees	\$ 19,736	\$ 33,040
Artistic salaries	36,292	48,111
Artist awards and bursaries	4,821	1,450
Artist sales	77,191	4,297
Catalogues	6,918	4,012
Co-publish support	2,674	217
Exhibition and programming	2,490	43,312
Hospitality and staff travel	246	16,308
Memberships	1,130	1,055
Merchandise sales	760	568
Manitoba Craft Museum and Library partnership	1,968	786
Professional fees	110	1,791
	<b>\$ 154,336</b>	<b>\$ 155,441</b>
<b>Facility Operating</b>		
Gallery/programming rent	\$ 7,954	\$ 7,732
Facility expenses	2,892	2,820
	<b>\$ 10,846</b>	<b>\$ 10,552</b>
<b>Fundraising</b>		
Events	\$ 2,263	\$ 3,746
In-kind	2,803	-
	<b>\$ 5,066</b>	<b>\$ 3,746</b>
<b>Marketing and communications</b>		
Marketing contract	\$ 1,667	\$ 7,252
Marketing salaries	8,046	8,529
Program promotion	3,328	1,845
	<b>\$ 13,041</b>	<b>\$ 17,626</b>