

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
FINANCIAL STATEMENTS
DECEMBER 31, 2025

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MANITOBA CRAFTS MUSEUM AND LIBRARY INC.

DECEMBER 31, 2025

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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, 2025, 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, 2025 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, 2025**

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 40,068	46,853
Accounts receivable (Note 3)	9,812	7,367
GST receivable	1,648	1,701
Prepaid expenses	6,929	8,366
Guaranteed investment certificates (Note 4)	<u>27,434</u>	<u>42,392</u>
	85,891	106,679
TANGIBLE CAPITAL ASSETS (Note 5)	34,244	60,970
ARCHIVES AND COLLECTIONS (Note 6)	<u>1</u>	<u>1</u>
	<u>\$ 120,135</u>	<u>167,650</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,559	10,051
Deferred revenue (Note 7)	6,281	32,083
Current portion of deferred capital contributions (Note 8)	<u>26,287</u>	<u>26,451</u>
	44,127	68,585
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<u>7,956</u>	<u>34,080</u>
	52,083	102,665
NET ASSETS		
Unrestricted	<u>68,052</u>	<u>64,985</u>
	<u>\$ 120,135</u>	<u>167,650</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, 2025**

	<u>2025</u>	<u>2024</u>
REVENUE		
Special project revenue (Page 10)	\$ 65,928	74,300
Other operating revenue (Page 9)	58,056	52,446
Crafts Guild of Manitoba Fund	33,219	34,634
The Winnipeg Foundation - Shirley Anne Richardson Annual Giving Trust	10,528	10,345
MCML Fund (Note 9)	7,913	7,936
Community museums grant	5,000	3,569
MCML Heritage Fund (Note 9)	3,564	3,065
Corporate sponsorships	550	550
	<u>184,758</u>	<u>186,845</u>
EXPENSES		
Other operating expenses (Page 11)	114,352	115,599
Special project expenses (Page 12)	67,339	75,526
	<u>181,691</u>	<u>191,125</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEM	<u>3,067</u>	<u>(4,280)</u>
OTHER ITEM		
Forgivable portion of Canada Emergency Business Account loan	<u>-</u>	<u>10,000</u>
EXCESS OF REVENUE OVER EXPENSES	3,067	5,720
NET ASSETS, BEGINNING OF YEAR	<u>64,985</u>	<u>59,265</u>
NET ASSETS, END OF YEAR	<u>\$ 68,052</u>	<u>64,985</u>

**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 3,067	5,720
Add back (deduct) non-cash items:		
Amortization of tangible capital assets	26,726	26,890
Amortization of deferred capital contributions	(26,288)	(26,451)
Forgivable portion of Canada Emergency Business Account loan	-	(10,000)
	<u>3,505</u>	<u>(3,841)</u>
Changes in non-cash working capital:		
Accounts receivable	(2,444)	3,490
GST receivable	53	(15)
Prepaid expenses	1,437	(1,351)
Accounts payable and accrued liabilities	1,508	(5,525)
Deferred revenue	(25,802)	6,245
	<u>(21,743)</u>	<u>(997)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	-	(1,542)
Purchase of guaranteed investment certificate	(27,434)	(42,392)
Proceeds on maturity of guaranteed investment certificates	42,392	40,410
	<u>14,958</u>	<u>(3,524)</u>
FINANCING ACTIVITIES		
Repayment of Canada Emergency Business Account loan	-	(30,000)
Additions to deferred capital contributions	-	1,542
	<u>-</u>	<u>(28,458)</u>
CHANGE IN CASH	(6,785)	(32,979)
CASH, BEGINNING OF YEAR	<u>46,853</u>	<u>79,832</u>
CASH, END OF YEAR	<u>\$ 40,068</u>	<u>46,853</u>

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. ACCOUNTING ENTITY

Manitoba Crafts Museum and Library Inc. (the "Organization") is incorporated without share capital under 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 in Manitoba.

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, corporate sponsorships, Crafts Guild of Manitoba Fund, and The Winnipeg Foundation - Shirley Anne Richardson Annual Giving Trust 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, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments

Financial instruments held by the Organization include cash, accounts receivable, guaranteed investment certificates, and accounts payable and accrued liabilities. 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 and Donated Materials

The Organization would not be able to carry out its activities without the services of volunteers who donate a considerable number of hours. Because compiling these hours is difficult, contributed services are not recognized in these financial statements.

Contributions of donated materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

(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>2025</u>	<u>2024</u>
Grants receivables	\$ 4,767	3,418
Trade receivables	4,499	2,826
Accrued interest receivable	546	1,123
	<u>\$ 9,812</u>	<u>7,367</u>

4. GUARANTEED INVESTMENT CERTIFICATES

The Organization has guaranteed investment certificates of \$27,434 (2024 - \$42,392) with maturity dates ranging from February to October 2026 (2024 - February to October 2025) and interest rates ranging from 3.40% to 3.85% (2024 - 4.05% to 5.20%).

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

5. TANGIBLE CAPITAL ASSETS

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Business equipment	\$ 3,423	3,423	3,423	3,423
Computer hardware	9,153	8,219	9,153	6,514
Furniture and equipment	10,209	9,383	10,209	8,873
Leasehold improvements	<u>245,109</u>	<u>212,625</u>	<u>245,109</u>	<u>188,114</u>
	<u>267,894</u>	<u>233,650</u>	<u>267,894</u>	<u>206,924</u>
Net book value	<u>\$ 34,244</u>		<u>60,970</u>	

6. ARCHIVES AND COLLECTIONS

The Organization holds approximately 11,000 items in its museum archive collection, including artifacts, handicrafts and tools. The library consists of approximately 3,500 contemporary and historical books, magazines, scrapbooks and craft patterns. During the year, \$1,571 (2024 - \$4,515) for the care 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 balances are as follows:

	<u>2024</u>	<u>Amounts received</u>	<u>Revenue recognized</u>	<u>2025</u>
Manitoba Sport, Culture, Heritage and Tourism	\$ 9,449	15,207	23,985	671
Marshall Fabrics	600	-	150	450
Prairie Studio Glass	600	-	150	450
Winnipeg Arts Council	5,750	750	6,500	-
Winnipeg Foundation	12,234	-	10,280	1,954
Young Canada Works	<u>3,450</u>	<u>18,981</u>	<u>19,675</u>	<u>2,756</u>
	<u>\$ 32,083</u>	<u>34,938</u>	<u>60,740</u>	<u>6,281</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>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 60,531	85,441
Add: Contributions received	-	1,541
Less: Amortization of deferred capital contributions	<u>(26,288)</u>	<u>(26,451)</u>
	34,243	60,531
Less: Current portion	<u>(26,287)</u>	<u>(26,451)</u>
	<u>\$ 7,956</u>	<u>34,080</u>

MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

9. 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, 2025, the market value of the fund is \$181,996 (2024 - \$168,421). Interest income received in the year was \$7,913 (2024 - \$7,936).

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, 2025, the market value of the fund was \$99,789 (2024 - \$91,633). Interest income received in the year was \$3,564 (2024 - \$3,065).

10. 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:

2026	\$	25,807
2027		<u>13,102</u>
	<u>\$</u>	<u>38,909</u>

11. 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, 2025, the Organization has an unrestricted cash balance of \$40,068 (2024 - \$46,853) to fund financial liabilities of \$11,559 (2024 - \$10,051).

(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, 2025**

	<u>2025</u>	<u>2024</u>
Amortization of deferred capital contributions	\$ 26,288	26,451
Internal fundraising	9,599	8,160
Program fees	6,431	3,774
Memberships	5,431	4,489
Donations	5,177	4,718
C2 Shop	3,138	1,593
Interest	1,594	2,866
Donation box	204	150
Library	194	127
Other revenue	-	118
	<u>\$ 58,056</u>	<u>52,446</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT REVENUE
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
Crafting wellness	\$ 17,500	2,000
Public programming and engagement	13,692	7,951
Craft at Large	13,066	-
Musetoba entity	9,289	7,569
Storage area reorganization	7,429	-
Indigenous collections	4,745	4,255
Collections photography	207	13,973
Diversity programming	-	17,645
Community and fundraising development	-	13,309
Diverse on-line content	-	7,598
	<u>\$ 65,928</u>	<u>74,300</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF OTHER OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
Accounting	\$ 7,891	7,810
Amortization of tangible capital assets	26,726	26,890
Bank charges	289	224
Conservation	969	2,274
Consulting fees	361	77
Curator's salary	31,675	29,358
Employee benefits	2,458	2,388
Exhibition	-	2,221
Fundraising costs	1,457	1,527
Insurance	3,303	3,177
Library books	602	451
Office supplies	3,088	2,394
Postage	5	105
Professional development	250	280
Publicity	709	873
Rent	29,030	28,461
Repairs and maintenance	1,095	1,342
Security	518	197
Small equipment	168	757
Telephone and internet	1,268	1,300
Travel	10	479
Workshop and programming	2,480	3,014
	<u>\$ 114,352</u>	<u>115,599</u>

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**MANITOBA CRAFTS MUSEUM AND LIBRARY INC.
SCHEDULE OF SPECIAL PROJECT EXPENSES
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
Collections Photography	\$ 276	13,972
Community and fundraising development	-	13,411
Craft at Large	13,253	-
Crafting wellness	17,713	2,000
Diverse on-line content	-	7,698
Diversity programming	-	17,645
Indigenous collections	5,238	4,255
Library	-	498
Musetoba entity	9,738	7,569
Public programming and engagement	13,692	8,440
Storage area reorganization	7,429	-
Winnipeg 150	-	38
	<u>\$ 67,339</u>	<u>75,526</u>

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