

MANITOBA PRINTMAKERS ASSOCIATION INC.
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
FINANCIAL STATEMENTS
MARCH 31, 2019

K. Oliver July 3/2019

[Signature]

July 10, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Manitoba Printmakers Association Inc.:

We have reviewed the accompanying financial statements of Manitoba Printmakers Association Inc. that comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows 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 entity, as appropriate, and applying analytical procedures, and evaluates 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.

Basis for Qualified Conclusion

During the course of our review, we noted that inventory on hand at March 31, 2019 and March 31, 2018 did not include the labour cost for items produced prior to 2012 as the information was not available. Accordingly, we were unable to determine whether any adjustments are necessary to inventory, net assets or artist's fees expenses for the periods ended March 31, 2019 and March 31, 2018.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 Manitoba Printmakers Association Inc. as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba
June 19, 2019

Fort Group
CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

**MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 3)	\$ 4,116	26,274
Inventory		
Finished goods (Note 2(a))	26,700	24,102
Prepaid expenses	<u>5,526</u>	<u>12,776</u>
	36,342	63,152
CASH - RESERVE FUNDS (Note 9 and 10)	12,114	10,100
TANGIBLE CAPITAL ASSETS (Notes 2(b) and 4)	<u>436,120</u>	<u>472,253</u>
	<u>\$ 484,576</u>	<u>545,505</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank indebtedness (Note 5)	\$ 43,709	34,593
Accounts payable and accrued liabilities	24,285	31,150
Government remittances payable	6,920	2,484
Deferred program revenue (Notes 2(e) and 6)	7,650	11,250
Gift certificates	2,173	1,949
Customer deposits	852	1,626
Consignment installments	-	1,425
Current portion of long-term debt (Note 7)	-	5,928
Deferred capital contributions (Notes 2(f) and 8)	<u>31,864</u>	<u>30,714</u>
	117,453	121,119
LONG-TERM DEBT (Note 7)	-	7,764
DEFERRED CAPITAL CONTRIBUTIONS (Note 2(f) and 8)	<u>283,135</u>	<u>316,977</u>
	<u>400,588</u>	<u>445,860</u>
NET ASSETS		
Invested in tangible capital assets	121,121	110,869
Internally restricted maintenance reserve (Note 9)	5,137	5,059
Internally restricted capital reserve (Note 10)	6,977	5,041
Unrestricted	<u>(49,247)</u>	<u>(21,324)</u>
	<u>83,988</u>	<u>99,645</u>
	<u>\$ 484,576</u>	<u>545,505</u>

**MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2019**

	<u>Invested in Tangible Capital Assets</u>	<u>Internally Restricted Maintenance Reserve (Note 9)</u>	<u>Internally Restricted Capital Reserve (Note 10)</u>	<u>Unrestricted</u>	<u>2019 Total</u>	<u>2018 Total</u>
BALANCE, BEGINNING OF PERIOD	\$ 110,869	5,059	5,041	(21,324)	99,645	97,112
Tangible capital asset purchases	6,543	-	-	(6,543)	-	-
Capital contribution deferred	(1,400)	-	-	1,400	-	-
Repayment of mortgage	13,692	-	-	(13,692)	-	-
Transfer	-	-	1,853	(1,853)	-	-
Excess (deficiency) of revenue over expenditures	<u>(8,583)</u>	<u>78</u>	<u>83</u>	<u>(7,235)</u>	<u>(15,657)</u>	<u>2,533</u>
BALANCE, END OF PERIOD	<u>\$ 121,121</u>	<u>5,137</u>	<u>6,977</u>	<u>(49,247)</u>	<u>83,988</u>	<u>99,645</u>

**MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
REVENUE		
Earned revenue		
Fees from workshops and classes	\$ 32,112	29,764
Membership dues and fees	7,655	7,760
Sales and services (gross)	78,010	119,615
Studio rentals	14,812	14,325
Other earned revenues	2,513	2,428
Private sector revenue		
Individual donations	7,980	3,480
Corporate donations	-	255
Foundation grants and donations	36,201	51,600
Public sector revenue		
Federal public revenues	32,985	30,000
Provincial public revenues	92,500	88,000
Municipal public revenues	50,000	30,750
	<u>354,768</u>	<u>377,977</u>
EXPENSES		
Artistic expenses		
Artists and professional fees	36,373	47,784
Artistic salaries	67,375	64,742
Production salaries	80,487	74,909
Programming expenses		
Exhibition, programming and production	28,815	48,115
Education, audience development and outreach	35,386	34,695
Other artistic, program and service expenses	2,155	2,397
	<u>250,591</u>	<u>272,642</u>
OPERATING EXPENSES		
Facility operating expenses		
General facility expenses	45,677	41,328
Total marketing and communications expenses		
Marketing and communications expenses	11,305	5,558
Administration expenses		
Administrative salaries permanent and temporary employees	50,059	39,294
Professional fees	8,154	8,416
Other administrative expenses	1,347	5,049
Fundraising	149	212
	<u>116,691</u>	<u>99,857</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE CAPITAL ITEMS	<u>(12,514)</u>	<u>5,478</u>
CAPITAL ITEMS		
Amortization of deferred contributions	34,093	31,902
Amortization of tangible capital assets	(42,676)	(40,974)
Interest on long-term debt	(395)	(698)
Fundraising	5,835	6,825
	<u>(3,143)</u>	<u>(2,945)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (15,657)</u>	<u>2,533</u>

**MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (15,657)	2,533
Add: Items not involving cash		
Amortization of tangible capital assets	42,676	40,974
Amortization of deferred capital contributions	<u>(34,093)</u>	<u>(31,902)</u>
	(7,074)	11,605
Changes in non-cash working capital items:		
Accounts receivable	22,158	2,832
Inventory	(2,598)	5,915
Prepaid expenses	7,250	(8,170)
Accounts payable and accrued liabilities	(6,865)	6,297
Government remittances payable	4,437	(4,589)
Deferred revenue	(3,600)	(12,250)
Gift certificates	224	(256)
Customer deposits	(774)	1,626
Consignment installments	<u>(1,425)</u>	<u>1,140</u>
	<u>11,733</u>	<u>4,150</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(6,543)</u>	<u>(30,876)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(13,692)	(6,742)
Capital contributions received	<u>1,400</u>	<u>29,852</u>
	<u>(12,292)</u>	<u>23,110</u>
DECREASE IN CASH	(7,102)	(3,616)
BANK INDEBTEDNESS, BEGINNING OF PERIOD	<u>(24,493)</u>	<u>(20,877)</u>
BANK INDEBTEDNESS, END OF PERIOD	<u>\$ (31,595)</u>	<u>(24,493)</u>
CASH REPRESENTED BY:		
Cash - operating fund	\$ (43,709)	(34,593)
Cash - reserve funds	<u>12,114</u>	<u>10,100</u>
	<u>\$ (31,595)</u>	<u>(24,493)</u>

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

1. ACCOUNTING ENTITY

Manitoba Printmakers Association Inc. ("Association") is a non-profit organization incorporated on November 14th, 1988 under the laws of the Province of Manitoba, whose purpose is to increase knowledge and appreciation of the art of print making in the community and to establish a training and education centre to train and educate members of the community in the art of print making.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Association 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) Inventory

Inventory is stated at the lower of cost and net realizable value with cost being determined using the weighted average costing method. The cost of raw material inventory includes the purchase price of raw materials and the cost of finished goods inventory includes the purchase price of raw materials and cost of labour.

(b) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the straight-line method over the following number of years:

Building	40 years
Building renovations	14 - 40 years
Exterior sign	10 years
Equipment	5 - 20 years
Millwork	10 years
Office, computer and printer equipment	3 - 5 years
Furnace	10 years

The Association recorded the archives at their fair market value at the time they were received and does not record any amortization on these items.

(c) Revenue Recognition

The Association follows the deferral method of accounting for contributions (grants and donations). Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales of art and studio rentals are recognized as revenue when received or receivable and collection is reasonably assured.

Workshops and class fees recognized as revenue when the workshops or classes are held.

Membership dues are recognized as revenue proportionately over the fiscal year to which they relate.

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

2. ACCOUNTING POLICIES (Continued)

(d) Contributed Services

Contributed services which would otherwise be paid for by the Association are recorded at fair market value when provided. Contributed services by volunteers are not recognized in the financial statements.

(e) Deferred Program Revenue

Deferred program revenue represents unspent contributions for programs which are not yet completed at year end. The unspent revenue is carried forward to be matched with the expenses to be incurred in the subsequent year(s).

(f) Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of contributions received for the acquisition and/or renovation of capital assets. In 2010, the organization was approved for funding for major renovations of the Martha Street building including an accessible entry, wheelchair lift, washroom renovations, window replacements, interior finishing and complete electrical upgrade. During 2011, the renovations were completed and revenue recognition began.

In 2013, the organization was approved for funding for a new exterior sign for the building. In 2014 the sign was installed and revenue recognition began.

In 2015, the organization was approved for funding for new printing equipment for the building. The equipment was installed within the year and revenue recognition began.

In 2016, the organization was approved for funding for a new professional hot plate and new computers. The professional hot plate and computers were installed within the year and revenue recognition began.

In 2017, the organization was approved for funding for a new scanner, new computers, new office chairs, new equipment, custom made cabinets, new flooring and a new Litho Roller. The flooring was installed in the 2018 fiscal year along with the custom cabinets. A new scanner, new computer and officer chairs were received in the 2018 fiscal year. A new Litho Roller was purchased in the 2019 fiscal year.

Deferred capital contributions are amortized and recognized as revenue in the statement of operations on the same basis as the amortization of the cost of the above listed renovations.

(g) Financial Instruments

Financial instruments held by the Association include cash, accounts receivable and accounts payable and accrued liabilities. The Association initially measures its financial instruments at fair value when the asset or liability is first recognized. The Association 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.

**MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019**

2. ACCOUNTING POLICIES (Continued)

(h) Accounting 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, allowance for doubtful accounts and estimated useful lives of tangible capital assets. Actual results may differ from estimates.

3. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Trade receivables	\$ 4,116	19,999
Grants receivable	<u>-</u>	<u>6,275</u>
	<u>\$ 4,116</u>	<u>26,274</u>

Bad debt expense in the statement of operations in other administrative expenses for the year ended March 31, 2019 totals \$336 (2018 - \$50).

4. TANGIBLE CAPITAL ASSETS

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 20,000	-	20,000	-
Building	99,604	83,736	99,604	83,246
Building renovations	540,694	208,256	540,694	183,162
Computer equipment	38,713	31,074	39,231	24,744
Equipment	140,775	114,531	138,831	105,395
Office equipment	8,523	6,060	8,523	5,708
Millwork	45,869	45,869	45,869	45,741
Archives	25,000	-	25,000	-
Exterior sign	3,996	1,898	3,996	1,499
Furnace	<u>4,600</u>	<u>230</u>	<u>-</u>	<u>-</u>
	<u>\$ 927,774</u>	<u>491,654</u>	<u>921,748</u>	<u>449,495</u>
Net book value	<u>\$ 436,120</u>		<u>472,253</u>	

5. BANK INDEBTEDNESS

Manitoba Printmakers Association Inc. has a line of credit with Entegra Credit Union of \$60,000 which bears interest at prime plus 2%. The line of credit is secured by line of credit agreement as well as a general security agreement providing a first and floating charge over all the assets of the borrower.

**MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019**

6. DEFERRED PROGRAM REVENUE

	<u>2019</u>	<u>2018</u>
Balance, beginning of period	\$ 11,250	23,500
Funding recognized as revenue in the period	(11,250)	(23,500)
Funding received for future years or expenses	<u>7,650</u>	<u>11,250</u>
Balance, end of period	<u>\$ 7,650</u>	<u>11,250</u>

7. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Entegra Credit Union, mortgage, with blended monthly payments of \$532 principal and interest at 4.154% secured by a first charge on the land and building, repaid during the year.	\$ -	13,692
Less: Current portion	<u>-</u>	<u>(5,928)</u>
	<u>\$ -</u>	<u>7,764</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2019</u>			
	<u>Opening Balance</u>	<u>Contributions Received</u>	<u>Amortization of Contributions</u>	<u>Closing Balance</u>
Building	\$ 307,524	-	20,849	286,675
Exterior Sign	1,296	-	207	1,089
Equipment	<u>38,871</u>	<u>1,400</u>	<u>9,797</u>	<u>30,474</u>
	<u>\$ 347,691</u>	<u>1,400</u>	<u>30,853</u>	318,238
Less: Current portion				<u>(31,864)</u>
				<u>\$ 286,374</u>

	<u>2018</u>			
	<u>Opening Balance</u>	<u>Contributions Received</u>	<u>Amortization of Contributions</u>	<u>Closing Balance</u>
Building	\$ 328,373	-	20,849	307,524
Exterior Sign	1,503	-	207	1,296
Equipment	<u>19,866</u>	<u>29,852</u>	<u>10,847</u>	<u>38,871</u>
	<u>\$ 349,742</u>	<u>29,852</u>	<u>31,903</u>	347,691
Less: Current portion				<u>(30,714)</u>
				<u>\$ 316,977</u>

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

9. INTERNALLY RESTRICTED MAINTENANCE RESERVE

The Association has internally restricted funds to be held for future repairs and maintenance to the building.

10. INTERNALLY RESTRICTED CAPITAL RESERVE

The Association has internally restricted funds to be held for future capital asset purchases.

11. ALLOCATION OF SALARIES AND BENEFITS EXPENSES

The Association allocates certain salary expenses among its programs based on the time spent on the respective programs. CPP and EI are proportionately allocated to artistic salaries and administrative salaries, while remaining benefits related to salaries are 100% allocated to Administrative salaries permanent and temporary.

12. RISK MANAGEMENT

(a) Interest Rate Price Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the Association is exposed to interest rate price risk due to its long-term debt being at a fixed rate.

(b) Credit Risk

Financial instruments which potentially subject the Association to credit risk and concentrations of credit risk consist principally of accounts receivable. Management manages credit risk associated with accounts receivable by pursuing accounts receivable when due.

(c) Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they come due. Financial liabilities consist of bank indebtedness, accounts payable and accrued liabilities, and long-term debt. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than three months. Long-term debt is repaid according to the terms of debt as disclosed in note 7.

The Association'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 March 31, 2019, the Association has bank indebtedness of \$43,709 (2018 - \$34,593) and has a line of credit of \$60,000.