

FORT GROUP

CHARTERED PROFESSIONAL ACCOUNTANTS

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MANITOBA PRINTMAKERS ASSOCIATION INC.
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
FINANCIAL STATEMENTS
MARCH 31, 2020

MANITOBA PRINTMAKERS ASSOCIATION INC.
MARCH 31, 2020
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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, 2020, 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, 2020 and April 1, 2019 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, 2020 and April 1, 2019.

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, 2020 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
November 4, 2020

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MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 3)	\$ 4,642	4,116
Inventory		
Finished goods (Note 2(a))	26,407	26,700
Prepaid expenses	<u>2,209</u>	<u>5,526</u>
	33,258	36,342
CASH - RESERVE FUNDS (Note 8 and 9)	8,124	12,114
TANGIBLE CAPITAL ASSETS (Notes 2(b) and 4)	<u>401,579</u>	<u>436,120</u>
	<u><u>\$ 442,961</u></u>	<u><u>484,576</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank indebtedness (Note 5)	\$ 17,895	43,709
Accounts payable and accrued liabilities	19,727	24,285
Government remittances payable	4,608	6,920
Deferred program revenue (Notes 2(e) and 6)	10,475	7,650
Gift certificates	2,155	2,173
Customer deposits	850	852
Deferred capital contributions (Notes 2(f) and 7)	<u>32,725</u>	<u>31,864</u>
	88,435	117,453
DEFERRED CAPITAL CONTRIBUTIONS (Note 2(f) and 7)	<u>252,857</u>	<u>283,135</u>
	<u>341,292</u>	<u>400,588</u>
NET ASSETS		
Invested in tangible capital assets	115,996	121,121
Internally restricted maintenance reserve (Note 8)	5,137	5,137
Internally restricted capital reserve (Note 9)	8,477	6,977
Unrestricted	<u>(27,941)</u>	<u>(49,247)</u>
	101,669	83,988
	<u><u>\$ 442,961</u></u>	<u><u>484,576</u></u>

MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020

	<u>Invested in Tangible Capital Assets</u>	<u>Internally Restricted Maintenance Reserve (Note 8)</u>	<u>Internally Restricted Capital Reserve (Note 9)</u>	<u>Unrestricted</u>	<u>2020 Total</u>	<u>2019 Total</u>
BALANCE, BEGINNING OF PERIOD	\$ 121,121	5,137	6,977	(49,247)	83,988	99,645
Tangible capital asset purchases	8,244	-	-	(8,244)	-	-
Capital contribution deferred	(4,000)	-	-	4,000	-	-
Repayment of mortgage	-	-	-	-	-	-
Transfer	-	-	1,500	(1,500)	-	-
Excess (deficiency) of revenue over expenditures	<u>(9,369)</u>	<u>-</u>	<u>-</u>	<u>27,050</u>	<u>17,681</u>	<u>(15,657)</u>
BALANCE, END OF PERIOD	<u>\$ 115,996</u>	<u>5,137</u>	<u>8,477</u>	<u>(27,941)</u>	<u>101,669</u>	<u>83,988</u>

MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Earned revenue		
Fees from workshops and classes	\$ 28,329	32,112
Membership dues and fees	9,204	7,655
Sales and services (gross)	66,539	78,010
Studio rentals	13,593	14,812
Other earned revenues	2,301	2,513
Private sector revenue		
Individual donations	11,417	7,980
Foundation grants and donations	47,091	36,201
Public sector revenue		
Federal public revenues	32,607	32,985
Provincial public revenues	95,000	92,500
Municipal public revenues	<u>39,000</u>	<u>50,000</u>
	<u>345,081</u>	<u>354,768</u>
EXPENSES		
Artistic expenses		
Artists and professional fees	36,959	36,373
Artistic salaries	67,454	67,375
Production salaries	78,981	80,487
Programming expenses		
Exhibition, programming and production	20,202	28,815
Education, audience development and outreach	19,885	35,386
Other artistic, program and service expenses	<u>2,343</u>	<u>2,155</u>
	<u>225,824</u>	<u>250,591</u>
OPERATING EXPENSES		
Facility operating expenses		
General facility expenses	42,342	45,677
Total marketing and communications expenses		
Marketing and communications expenses	1,994	11,305
Administration expenses		
Administrative salaries permanent and temporary employees	39,783	50,059
Professional fees	11,344	8,154
Other administrative expenses	944	1,347
Fundraising	<u>670</u>	<u>149</u>
	<u>97,077</u>	<u>116,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE CAPITAL ITEMS	<u>22,180</u>	<u>(12,514)</u>
CAPITAL ITEMS		
Amortization of deferred contributions	33,416	34,093
Amortization of tangible capital assets	(42,785)	(42,676)
Interest on long-term debt	-	(395)
Fundraising	<u>4,870</u>	<u>5,835</u>
	<u>(4,499)</u>	<u>(3,143)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u><u>\$ 17,681</u></u>	<u><u>(15,657)</u></u>

MANITOBA PRINTMAKERS ASSOCIATION INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 17,681	(15,657)
Add: Items not involving cash		
Amortization of tangible capital assets	42,785	42,676
Amortization of deferred capital contributions	<u>(33,416)</u>	<u>(34,093)</u>
	27,050	(7,074)
Changes in non-cash working capital items:		
Accounts receivable	(527)	22,158
Inventory	293	(2,598)
Prepaid expenses	3,317	7,250
Accounts payable and accrued liabilities	(4,558)	(6,865)
Government remittances payable	(2,312)	4,437
Deferred revenue	2,825	(3,600)
Gift certificates	(18)	224
Customer deposits	(2)	(774)
Consignment installments	<u>-</u>	<u>(1,425)</u>
	<u>26,068</u>	<u>11,733</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(8,244)</u>	<u>(6,543)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	-	(13,692)
Capital contributions received	<u>4,000</u>	<u>1,400</u>
	<u>4,000</u>	<u>(12,292)</u>
CHANGES IN CASH	21,824	(7,102)
BANK INDEBTEDNESS, BEGINNING OF PERIOD	<u>(31,595)</u>	<u>(24,493)</u>
BANK INDEBTEDNESS, END OF PERIOD	<u><u>\$ (9,771)</u></u>	<u><u>(31,595)</u></u>
CASH REPRESENTED BY:		
Cash - operating fund	\$ (17,895)	(43,709)
Cash - reserve funds	<u>8,124</u>	<u>12,114</u>
	<u><u>\$ (9,771)</u></u>	<u><u>(31,595)</u></u>

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

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 safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is management's opinion that the Association has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While management will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of the Association.

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.

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

2. ACCOUNTING POLICIES (Continued)

(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.

(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 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.

(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.

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

3. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ <u>4,642</u>	<u>4,116</u>

Bad debt expense in the statement of operations in other administrative expenses for the year ended March 31, 2020 totals \$nil (2019 - \$336).

4. TANGIBLE CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 20,000	-	20,000	-
Building	99,604	88,226	99,604	83,736
Building renovations	540,694	229,349	540,694	208,256
Computer equipment	46,958	37,780	38,713	31,074
Equipment	140,775	123,860	140,775	114,531
Office equipment	8,523	6,368	8,523	6,060
Millwork	45,869	45,869	45,869	45,869
Archives	25,000	-	25,000	-
Exterior sign	3,996	2,298	3,996	1,898
Furnace	<u>4,600</u>	<u>690</u>	<u>4,600</u>	<u>230</u>
	<u>\$ 936,019</u>	<u>534,440</u>	<u>927,774</u>	<u>491,654</u>
Net book value	<u>\$ 401,579</u>		<u>436,120</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.

6. DEFERRED PROGRAM REVENUE

	<u>2020</u>	<u>2019</u>
Balance, beginning of period	\$ 7,650	11,250
Funding recognized as revenue in the period	(7,650)	(11,250)
Funding received for future years or expenses	<u>10,475</u>	<u>7,650</u>
Balance, end of period	<u>\$ 10,475</u>	<u>7,650</u>

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

7. DEFERRED CAPITAL CONTRIBUTIONS

	2020			
	<u>Opening Balance</u>	<u>Contributions Received</u>	<u>Amortization of Contributions</u>	<u>Closing Balance</u>
Building	\$ 286,675	-	20,849	265,826
Exterior Sign	1,089	-	207	882
Equipment	<u>27,235</u>	<u>4,000</u>	<u>12,361</u>	<u>18,874</u>
	<u>\$ 314,999</u>	<u>4,000</u>	<u>33,417</u>	285,582
Less: Current portion				<u>(32,725)</u>
				<u>\$ 252,857</u>

	2019			
	<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>13,036</u>	<u>27,235</u>
	<u>\$ 347,691</u>	<u>1,400</u>	<u>34,092</u>	314,999
Less: Current portion				<u>(31,864)</u>
				<u>\$ 283,135</u>

8. INTERNALLY RESTRICTED MAINTENANCE RESERVE

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

9. INTERNALLY RESTRICTED CAPITAL RESERVE

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

10. 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.

MANITOBA PRINTMAKERS ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

11. 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 was fully repaid during 2019 fiscal year.

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, 2020, the Association has bank indebtedness of \$17,895 (2019 - \$43,709) and has a line of credit of \$60,000.

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