



ANNUAL REPORT

2009/2010



SASKATCHEWAN CRAFT COUNCIL
www.saskcraftcouncil.org

VISION

Excellence in Craft

ENDS POLICY

To foster an environment where excellence in Craft is nurtured, recognized and valued, and where Saskatchewan craftspeople flourish creatively and economically.

MANDATE

To promote an active and interactive craft community.

To facilitate the growth of craft excellence in Saskatchewan.

To create awareness and appreciation of the handmade object in the general public.

To facilitate professional development of the craftsperson.

DIRECTORS

CHAIR: Rusty Kurenda

VICE CHAIR: Don Pell

RECORDER: Puck Janes

Megan Hazel

Anna Hegert

Shelley Kaszefski

Louis J. Paquette

Dale Anne Potter

Larry Trask

Milton Woodard

STAFF

EXECUTIVE DIRECTOR

Mark Stobbe

ADMINISTRATIVE ASSISTANT

Donna Potter

EXHIBITION & EDUCATION

Leslie Potter & Judy Haraldson

MEMBER SERVICES

Chris Jones

FINANCIAL COMPTRROLLER

Sherry Luther

GALLERY ASSISTANTS

Lindsay Embree, Cec Cote,

Angela Anderson

Chair's Report

The fiscal year March 1, 2009 to February 28, 2010 marked a new beginning for the Saskatchewan Craft Council, as we became officially a Creative Industries Organization (CIO) rather than a Provincial Cultural Organization (PCO).

As a result, the SCC now receives its core provincial funding from the Creative Industries Growth and Sustainability Program, which has the mandate "to support and stimulate the development and growth of the creative industries to enhance their contributions to the economy and vitality of the province of Saskatchewan."

In some ways change is not readily apparent. The SCC continued to organize markets, operate Saskatchewan's only public exhibition gallery dedicated to Fine Craft, conduct educational activity, and organize touring exhibitions such as Dimensions. We remain committed to our organizational vision of "excellence in craft" – and these activities are completely compatible with our new official government status.

However, being part of the Creative Industries program has had the very productive effect of causing the Board of the SCC to look at our activities from a wider, "industry" perspective. It has caused us to examine existing and proposed activities against a simple criterion – does this activity contribute to the long term health and prosperity of the craft sector?

The result has been a range of new and expanded activity that includes:

- Expanding the domestic market opportunities for Saskatchewan craft artists through the acquisition of Traditions Handcraft Gallery in Regina, launch of a new craft market (Harvest Moon Fine Craft Market in Lloydminster), experimenting with non-traditional marketing activities (sales booths at Gardenscape and the Premier Wine Festival, the creation of the Broadway Craft Gallery in April, and partnership with the Land of the Loon Resort to create the Raven's Room Gallery).
- Experimenting with promotion of international sales with the participation in the Canadian Boutique at the Cheongju International Craft Biennale in South Korea and at the Pacific Market Centre in Seattle, Washington.
- Increased activity in promoting the work of craft artists, including the creation of a Members Directory on our website that allows all craft artists to showcase their work.
- Beginning efforts to expand the number of professional craft artists in Saskatchewan, including "recruitment advertising" in Studio Magazine and at the Saskatchewan Pavilion for the 2010 Vancouver Olympics.
- Re-working our membership categories to allow the SCC to represent all players in the sector - ranging from professional craft artists to patrons.

The initial results of this new focus have been, for the SCC itself, very encouraging. Membership increased by over 20%. For the first time in several years, the SCC ran a small surplus rather than a deficit. Much more needs to be done, but the SCC is on track to help build a better future for craft in Saskatchewan.

The successes this year are due to the hard work and enthusiasm of many individuals. The SCC relies on both hard-working staff and on dedicated volunteers. We are fortunate to have both.

Front Cover:

Daryl Richardson: "Natural Dimensions"

Photo credit: AK Photos



Board Chair: Rusty Kurenda

I would also like to acknowledge the support of the Saskatchewan Arts Board and the Ministry of Tourism, Parks, Culture and Sport. These governmental organizations are more than our primary funding agencies. They are friends of the Saskatchewan craft community. Their support extends far beyond money as the Minister for TPC&S, the Members of the Board for the SAB, and the staff in both organizations have been supportive, encouraging and helpful at every turn.

Finally, I'd like to give a special acknowledgement to outgoing board members Milton Woodard and Dale Anne Potter. They have served us well with their work and wisdom.

Management Report

Saskatchewan's craft sector is an important contributor to the economic, cultural and social well being of the province. Some facts worth considering are:

- Saskatchewan has well over 200 professional craft artists – all of whom employ themselves as independent business people. Over 40% live and work in rural areas.
- Saskatchewan professional craft producers donated over a quarter of a million dollars in craft product to charities to be used in fundraising in the last year alone.
- Craft markets and sales generate considerable tourist activity. This network of markets ranges from Carlyle to Lloydminster.

As a member-based, cultural industries organization, the Saskatchewan Craft Council has the responsibility to help craft producers and others in the sector. What follows is a report on these efforts.

Information and Resources

The SCC serves as a central clearing house of information for craft people in Saskatchewan. In 2009/10, the SCC maintained our existing information and resource functions of:

- Operating a resource centre and lending library containing books and 24 craft periodicals. The resources in the library deal with technical, aesthetic and business components of craft.
- Publishing a bi-weekly electronic newsletter. In addition to publicizing the activities of the SCC itself, this publication serves as a “clearing house” of information for the craft sector.
- Operating a major website (1,084 pages) providing information on craft activity in the province, as well as links to 8 media specific craft guilds; 18 Saskatchewan Galleries, and 28 other art/craft organizations.

In 2009/10, the SCC launched a major enhancement of our website in the form of a members’ directory. This provides biographical information on each craft artist, images of their work, and contact information. In the first six months of operation, each member had an average of 120 visitors to their page.

Advocacy and Representation

The SCC serves in a dual role of being a central provincial organization for media specific guilds and associations as well as representing individual members. In 2009/10, the number of organizations belonging to the SCC increased from 20 to 24, while the number of individual members increased from 272 to 330. Of these individual members, 221 are professional craft artists.

As an advocate for the craft sector, in 2009 the SCC raised the following issues with the appropriate governmental and regulatory agencies:

- Some craft artists exporting to the United States have been experiencing difficulty in obtaining liability insurance for any of their activities,
- Craft artists in Saskatoon and Regina are hindered in their ability to market directly by overly restrictive provisions for home-based studios, and
- Statistics Canada lacks adequate statistical reporting for the craft sector because of definitional problems.

These issues are ongoing, and advocacy will continue in 2010/11.

In 2009/10, the SCC made presentations about issues facing the craft sector to Enterprise Saskatchewan, the Saskatchewan Trade and Export Partnership, and the Cultural Industries Advisory Council.



SCC Member Puck Janes - Resource Centre

Professional Development

The SCC’s vision statement is “Excellence in Craft.” As an organization, we believe that the foundation of a successful and prosperous sector is the excellence of individual producers. As an organization, we have the key task of encouraging craft artists to continually hone their skills.

The bulk of specific technical skills upgrading for craft artists in Saskatchewan is delivered through the various media specific guilds and associations. These organizational members of the SCC deliver a vast array of short-course training, workshops, critique groups and lectures aimed at improving the technical skill of craft artists.

Because of the wide array of craft media represented by the SCC, the promotion of excellence and the development of skills is undertaken in a broader way, and centre upon the Dimensions exhibition and the operation of the SCC Gallery located at 813 Broadway Avenue, Saskatoon. Dimensions gives craft artists a reason to constantly improve as they strive for excellence, and the SCC Gallery provides a forum for the display of the very best in Saskatchewan craft. Both also have the effect of demonstrating “what is possible” for craft production – thereby providing an inspiration for continual skill development and lifelong learning.

In 2009/10, the Playing with Dimensions exhibition was juried by Mel Bolen of Humboldt, SK and Chantal Gilbert from Quebec City, PQ. 35 pieces were selected from 148 entries. The exhibition has appeared, or is scheduled to appear at:

- The MacKenzie Art Gallery in Regina, SK
- The SCC Gallery in Saskatoon, SK
- The Craft Council of Newfoundland & Labrador Gallery in St. John’s, NL
- The Grand Couteau Heritage & Cultural Centre in Shaunavon, SK
- The Chapel Gallery in North Battleford, SK, and
- The Barr Colony Heritage Cultural Centre in Lloydminster, SK

A new feature for the Dimensions exhibition was a public viewing of all entries prior to the jury beginning their deliberations. This popular feature was made possible through the generosity of the Mendel Art Gallery in donating the use of their auditorium.

The SCC Gallery hosted 8 major exhibitions in 2009/10. Of these, 4 were “solo” exhibitions by Saskatchewan artists. To increase the developmental benefit for solo exhibitions, the SCC introduced the practice of engaging a curatorial/critique expert to provide advice and feedback as the exhibition was being created.

The SCC was an active partner in the efforts by the Canadian Craft Federation to make Canada’s participation as guest country at the 2009 Cheongju International Craft Biennale a success. 11 Saskatchewan artists were selected to exhibit in the Unity and Diversity exhibition that formed the cornerstone of Canada’s participation. In addition, assistance from the Saskatchewan Arts Board allowed six provincial craft artists the opportunity to travel to Korea for workshops, demonstrations, lectures and learning.

The SCC’s jury process for accrediting marketing members continues to play a major role in ensuring that Saskatchewan craft artists are creating work of a high standard. In 2009/10, 56 craft artists underwent the jury process. 43 were successful.

Business Development

Saskatchewan has been experiencing a small, but significant, in-migration of professional craft artists in the past few years. In 2009/10, the SCC analysed the reasons for moving to Saskatchewan that were being given by our new arrivals, and began using these findings to promote Saskatchewan as a desirable place to establish a craft practice. These activities included advertising in Studio Magazine and promotional material for the Saskatchewan Pavilion at the 2010 Olympics.



SCC Website: Membership Directory
Design: Integrity Images

Marketing Activities

Creating marketing outlets for the work of Saskatchewan craft artists has long been a cornerstone activity of the SCC.

In 2009/10, these activities experienced a dramatic growth.

The long-term craft markets operated by the SCC consist of:

- Waterfront Craft Art Festival in Saskatoon
- Saskatchewan Handcraft Festival in Battleford
- Wintergreen Fine Craft Market in Regina

All of these markets had experienced some declines leading into the mid-2000's. As a result, in 2006 through 2008, emphasis was placed on improving the promotion of these existing markets. In 2009/10, with these markets stabilized, attention was turned towards expansion of domestic marketing opportunities. New initiatives included:

1. Harvest Moon Fine Craft Market was successfully launched in Lloydminster in the fall of 2009.
2. Partnership marketing ventures were trialed with the members of the Broadway Business Improvement District in Saskatoon and with the Land of the Loon Resort at Anglin Lake. The venture with the Land of the Loon Resort will be maintained on an ongoing basis.
3. Trade show marketing was trialed with a SCC Booth at Gardenscape and the Premier Wine Festival in Saskatoon. Gardenscape will be continued in future years, and other promising opportunities will be investigated.



"Whirlygig" by Don Pell at Waterfront Craft Festival

In addition to the development of additional domestic marketing activity, the SCC "went international" in 2009/10.

These ventures consisted of:

- Working with the Craft Councils of Alberta, Ontario, and Newfoundland & Labrador to create a collective "Canadian Boutique" at the Cheongju International Craft Biennale. With the assistance of a loan from the Saskatchewan Arts Board, the SCC was able to sell the work of 13 Saskatchewan craft artists in South Korea.
- Working with the International Trade group at the Canadian Consulate in Seattle, the SCC presented the work of six craft artists at the Pacific Market Centre, which included participation in the Seattle Gift Show.

However, the most important new marketing venture by the SCC in 2009/10 was the creation of a for-profit subsidiary known as SCC Enterprises Ltd. and the acquisition of Traditions Handcraft Gallery. (see separate report in this venture).

Support for Equity Groups

One of the SCC Gallery's best attended exhibitions in 2009/10 featured the work of First Nations artists. This exhibition was centred on work from the Robertson Trading Post Collection and consisted of traditional craft work collected by three generations of the Robertson family in the operation of their fur trading post and store in La Ronge. In addition, the exhibition contained work by students and staff at the Oskayak High School in Saskatoon. This was designed to show both the similarities and differences in work created by (mostly older) producers living on the land and (mostly younger) artists living in an urban setting.

As part of the Waterfront Craft Art Festival, the SCC worked with a group of young artists to create a collective "incubator booth". Mentoring advice was provided on product selection, quality control, pricing, marketing, and sales techniques.

Lena Adam: Caribou Skin Beaded Gauntlet Gloves



Mel Bolen: "Poppyseed" Photo: Grant Kernan



SCC Gallery

The SCC Gallery is Saskatchewan's only public exhibition gallery dedicated to Fine Craft. It's been in operation at 813 Broadway Avenue for almost two decades.

In 2009/10, the Gallery hosted eight full exhibitions, a shorter feature show to coincide with the *Week of Craft* declared by Saskatoon City Council, and a one-night showing of a member's work that was en-route to a show in a Regina gallery.

Of the full exhibitions:

- Four were solo exhibitions by Saskatchewan craft artists (Wendy Weseen, Susan Robertson, Zach Dietrich/Wendy Parsons, and Mel Bolen)
- Two were curated exhibitions: *Flatland Fibre* – curated by Les Potter & Judy Haraldson, and the *Robertson Trading Post Collection* – curated by Judy Haraldson
- One was the SCC's annual, open, touring, juried exhibition *Playing with Dimensions*
- One commemorative show to celebrate the 30th anniversary of the architectural ceramics in the Sturdy Stone Building in Saskatoon

Total attendance at SCC Gallery exhibitions was 21,654. In addition to visitors from Saskatoon, the SCC attracted Saskatchewan people from:

| | | |
|---------------|--------------|------------------|
| Prince Albert | Regina | Assiniboia |
| Blaine Lake | Big River | North Battleford |
| Moose Jaw | Esterhazy | La Ronge |
| Biggar | Kelvington | Norquay |
| Moosomin | Lumsden | Macklin |
| Spiritwood | Rouleau | Qu'Appelle |
| Wolseley | Nipawin | Watrous |
| Tisdale | Melfort | Rosetown |
| Hafford | Martensville | Warman |
| Delisle | Asquith | |

Visitors from other provinces include:

| | | |
|------------------|----------|-------------|
| British Columbia | Alberta | Manitoba |
| Ontario | Quebec | Nova Scotia |
| Newfoundland | Labrador | N.W.T. |

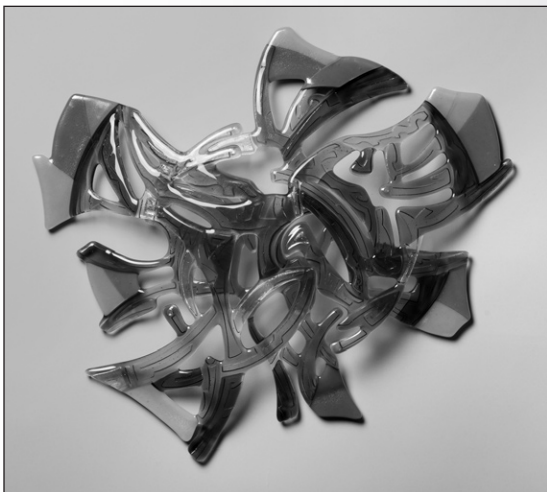
Friends from south of the border included visitors from:

| | | |
|----------------|------------|--------|
| North Carolina | Michigan | Oregon |
| Arizona | Illinois | Kansas |
| Hawaii | California | |

Visitors from overseas included people from:

| | | |
|-----------|----------------|---------|
| Australia | New Zealand | Mexico |
| Finland | Norway | Finland |
| Germany | United Kingdom | |

Lee Brady: "Jazz Duet" Photo: Grant Kernan





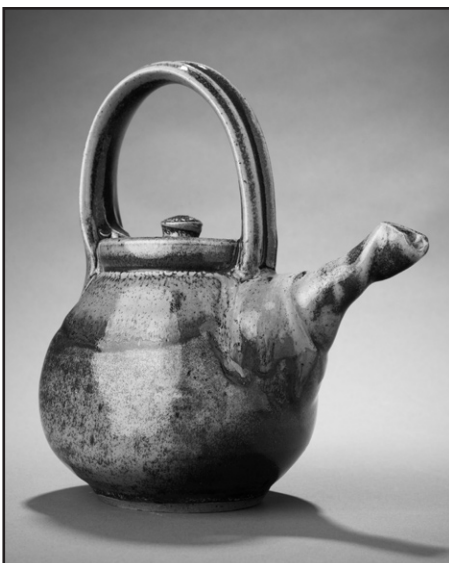
Jim Nodge - "Bird Sculpture"
Photo credit: Greg Huszar



Jeff Taylor "Blue/Green Dinner Plate"
Photo credit: Greg Huszar



Erin Pell - "Lampwork Glass Blossom Necklace"
Photo credit: Greg Huszar



Ken Wilkinson - "Red Copper Teapot"
Photo credit: Greg Huszar



Rodney Peterson - "Birch Burl Bowl with Aniline Dye"
Photo credit: Greg Huszar



2714 13th Av
(306) 56
www.traditionssha

The SCC purchased Traditions Handcraft Gallery (2714 13th Avenue, Regina) in order to maintain and expand this important retail outlet for Saskatchewan craft.

Traditions is operated by a wholly owned, for-profit, subsidiary of the SCC known as SCC Enterprises Ltd. The venture is structured in this way in order to provide a separate accounting so that we can demonstrate that the public funds we receive through the Saskatchewan Arts Board are not being used to subsidize a commercial enterprise. The purchase, renovations, and initial operating losses are being covered by financing arranged from the RBC Royal Bank of Canada. The business plan targets project that Traditions will become profitable after 18 months of operation.

SCC Enterprises Ltd. took possession of Traditions on July 1, 2009 and operated it "as is" through the summer. In September, the store was closed for renovations. It was re-opened September 25th.

ditions craft Gallery

venue, Regina
59-0199
andcraftgallery.ca



Wendy Parsons & Zach Dietrich "Tapestry Plate"
Photo credit: Greg Huszar

Sales in Traditions are on a consignment basis. In order to have work carried in the store, the participating artist must be a juried marketing "Professional Craft Person" member of the SCC. Because of space limitations, affiliated marketing members of the SCC (such as visual artists) cannot be carried in Traditions. Passing the SCC's jury process to become a marketing member is a pre-condition of being carried in Traditions – but does not give the member the right to be in the store. Decisions on carrying artists are made on a commercial basis according to criteria such as the mix of media and product lines and the sales record of the product.

Acquiring the Traditions Handcraft Gallery was the most significant move by the SCC since the purchase of the SCC Building in Saskatoon two decades ago. The SCC now joins the Craft Councils in British Columbia, Alberta, Ontario, Quebec and Newfoundland & Labrador in being able to assist members by directly offering a retail sales gallery.



Michael Hosaluk - "Untitled"
Photo credit: Greg Huszar



Heike Fink - "Felted Teal Nuno Scarf"
Photo credit: Greg Huszar



Berting Glass - "Framed Glass Wheat"
Photo credit: Greg Huszar



Daryl Richardson - "Copper Calla Lillies"
Photo credit: Greg Huszar

AUDITORS' REPORT

STATEMENT OF FINANCIAL POSITION STATEMENT 1

STATEMENT OF REVENUE AND EXPENDITURES STATEMENT 2

SCC ENTERPRISES LTD.
O/A TRADITIONS HANDCRAFT GALLERY SCHEDULE 1

STATEMENT OF NET ASSETS STATEMENT 3

STATEMENT OF CASH FLOWS STATEMENT 4

NOTES TO THE FINANCIAL STATEMENTS



SASKATOON

CERTIFIED
GENERAL
ACCOUNTANTS

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AUDITORS' REPORT

To the Members:
Saskatchewan Craft Council

We have audited the consolidated statement of financial position of Saskatchewan Craft Council as at February 28, 2010 and the statements of revenue and expenditures, and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable and membership organizations, the Council derives part of its revenues from the general public in the form of various fund raising projects and donations which are not susceptible to complete audit verification. Accordingly, our verification of revenues from these sources was limited to the amounts recorded in the records of the Council, and we were not able to determine whether any adjustments might be necessary to donations and fund raising revenue, assets, liabilities and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning fund raising and donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the council as at February 28, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**COLIN L TAYLOR CGA PROF CORP
CERTIFIED GENERAL ACCOUNTANTS**

April 26, 2010
Saskatoon, Saskatchewan

EPR SASKATOON
Colin L. Taylor CGA Prof. Corp.

An Independent Member Firm of EPR Canada Group Inc. with International Affiliations.

**SASKATCHEWAN CRAFT COUNCIL CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
February 28, 2010**

STATEMENT 1

| | 2010 | 2009 |
|---------------------------|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash and bank | \$ - | \$ 176,650 |
| Short term investments | - | 50,000 |
| Accounts receivable | 7,959 | 9,998 |
| Inventory | 39,950 | - |
| Prepaid CEEF expenditures | - | 4,734 |
| Prepaid expenses | 34,699 | 14,153 |
| | 82,608 | 255,535 |
| Capital assets - note 2 | 171,514 | 165,096 |
| Goodwill | 28,434 | - |
| | \$ 282,556 | \$ 420,631 |

LIABILITIES AND NET ASSETS

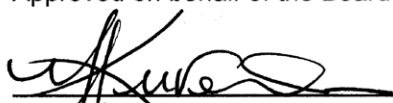
Current liabilities

| | | |
|--|----------|---------|
| Bank indebtedness - note 3 | \$ 5,398 | \$ - |
| Notes payable - note 4 | 14,486 | - |
| Accounts payable and accrued liabilities | 25,871 | 13,030 |
| Accrued Interest | 181 | - |
| Gift certificates | 1,234 | - |
| Government agencies payable | 3,381 | 3,812 |
| Accrued wages and vacation payable | 18,414 | 12,769 |
| Deferred revenue - note 5 | 125,966 | 292,289 |
| Current portion of long term debt | 11,597 | - |
| | 206,528 | 321,900 |
| Long-term debt - note 6 | 34,538 | - |
| | 241,066 | 321,900 |

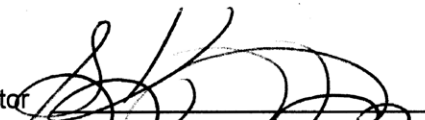
Net Assets

| | | |
|---------------------------------------|-------------------|-------------------|
| Unrestricted net assets | (180,024) | (116,364) |
| Net assets invested in capital assets | 171,514 | 165,095 |
| Internally restricted | 50,000 | 50,000 |
| | 41,490 | 98,731 |
| | \$ 282,556 | \$ 420,631 |

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements.

EPR SASKATOON

SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF REVENUE AND EXPENDITURES
Year ended February 28, 2010

STATEMENT 2

| | 2010 | 2009 |
|--|--------------------|--------------------|
| Revenue | | |
| Donations | \$ 15,239 | \$ 18,357 |
| Exhibitions/Education | 23,281 | 7,960 |
| Marketing | 120,811 | 135,491 |
| Membership fees | 22,853 | 19,908 |
| Restricted Grants | 125,068 | 97,968 |
| Sales of inventory | 14,627 | - |
| Saskatchewan Arts Board | 241,685 | - |
| Saskatchewan Lotteries Fund | - | 221,000 |
| Rental Income | 9,780 | 4,610 |
| | 573,344 | 505,294 |
| Expenditures | | |
| Administration | 33,071 | 45,009 |
| Amortization | 6,752 | 7,604 |
| Building | 31,848 | 33,662 |
| Cost of goods sold | 9,957 | - |
| Exhibitions/Education | 50,573 | 23,307 |
| Marketing | 185,899 | 185,891 |
| Salary Costs | 253,296 | 268,335 |
| | 571,396 | 563,808 |
| | 1,948 | (58,514) |
| Other revenue (expenditures) | | |
| Emma Wood Conference | | |
| Revenue | - | 113,844 |
| Expenditures | - | (97,791) |
| | - | 16,053 |
| Earnings (loss) before provision for income taxes | 1,948 | (42,461) |
| Income (loss) from subsidiary (Schedule 1) | | |
| Revenues - Traditions Handcraft Gallery | 33,297 | - |
| Expenses - Traditions Handcraft Gallery | 92,486 | - |
| | (59,189) | - |
| Net expenditures over revenue for the year | \$ (57,241) | \$ (42,461) |

The accompanying notes are an integral part of these financial statements.

EPR SASKATOON

SCHEDULE 1**SASKATCHEWAN CRAFT COUNCIL - CONSOLIDATED
SCC ENTERPRISES LTD. O/A TRADITIONS HANDCRAFT GALLERY****STATEMENT OF EARNINGS
Year ended February 28, 2010**

| | |
|------------------------------|--------------------|
| Revenue | \$ 97,275 |
| Purchases | 63,978 |
| Gross margin (34.2%) | 33,297 |
| Expenses | |
| Advertising and promotion | 12,263 |
| Amortization | 3,347 |
| Business licences | 87 |
| Consulting | 4,000 |
| Freight | 115 |
| Insurance | 853 |
| Interest and bank charges | 1,372 |
| Interest on long-term debt | 1,223 |
| Jury fees | 465 |
| Legal fees | 3,299 |
| Meeting expense | 327 |
| Office | 2,974 |
| Professional fees | 2,500 |
| Rent | 7,846 |
| Repairs and maintenance | 556 |
| Salaries and benefits | 42,566 |
| Security | 293 |
| Shop supplies | 717 |
| Telephone | 1,816 |
| Travel | 2,688 |
| Utilities | 1,927 |
| Vehicle operating | 180 |
| Website expenses | 1,072 |
| | 92,486 |
| Net loss for the year | \$ (59,189) |

The accompanying notes are an integral part of these financial statements.

EPR SASKATOON

**SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF NET ASSETS
Year ended February 28, 2010**

STATEMENT 3

| | Capital Assets | Internally Restricted | Unrestricted | Total 2010 | Total 2009 |
|-----------------------------------|---------------------------|----------------------------------|---------------------|-----------------------|-----------------------|
| Balance, beginning of year | \$165,095 | \$ 50,000 | \$116,364) | \$ 98,731 | \$141,191 |
| Net expenditures over revenue | - | - | (57,241) | (57,241) | (42,461) |
| Amortization | (6,752) | - | 6,752 | - | - |
| Purchase of capital assets | 538 | - | (538) | - | - |
| Capital assets subsidiary | 12,633 | - | (12,633) | - | - |
| Balance, end of year | \$171,514 | \$ 50,000 | \$(180,024) | \$ 41,490 | \$ 98,730 |

The accompanying notes are an integral part of these financial statements.

EPR SASKATOON

SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF CASH FLOWS
Year ended February 28, 2010

STATEMENT 4

| | 2010 | 2009 |
|---|-------------------|-------------------|
| Cash provided by (used in) | | |
| Operations | | |
| Loss from operations | \$ (57,241) | \$ (42,461) |
| Items not requiring an outlay of funds | | |
| Amortization | 10,099 | 7,604 |
| | (47,142) | (34,857) |
| Changes in non-cash working capital | | |
| Short term investments | 50,000 | (50,000) |
| Accounts receivable | 2,039 | 62,014 |
| Inventory | (39,950) | - |
| Prepaid CEEF expenditures | 4,734 | (4,734) |
| Prepaid expenses | (20,546) | 19,843 |
| Notes payable | 14,486 | - |
| Accounts payable and accrued liabilities | 12,574 | (4,939) |
| Accrued interest | 181 | - |
| Gift certificates | 1,234 | - |
| Accrued wages payable | 5,914 | 2,936 |
| Government agencies payable | (431) | (1,837) |
| Deferred revenue | (166,323) | 100,027 |
| Cash (used in) provided by operating activities | (183,230) | 88,453 |
| Financing | | |
| Proceeds from long term debt | 50,000 | - |
| Repayment of long term debt | (3,866) | - |
| Cash provided by financing activities | 46,134 | - |
| Investments | | |
| Purchase of capital assets | (16,518) | (4,873) |
| Purchase of goodwill | (28,434) | - |
| Cash used in investing activities | (44,952) | (4,873) |
| Increase (decrease) in cash | (182,048) | 83,580 |
| Cash, beginning of year | 176,650 | 93,070 |
| Cash (bank indebtedness), end of year | \$ (5,398) | \$ 176,650 |

The accompanying notes are an integral part of these financial statements.

EPR SASKATOON

**SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2010**

The Council was incorporated under the Saskatchewan Non-Profit Corporations Act on January 16, 1976. The mission of the Saskatchewan Craft Council is to foster an environment where excellence in craft is nurtured, recognized and valued, and where Saskatchewan craftspeople flourish creatively and economically. Given its not for profit status, the Council is not subject to income taxes.

These statements consolidate the operations of the Council and its wholly owned subsidiary SCC Enterprises Ltd. O/A Traditions Handcraft Gallery, which was established during 2009. Financial statements for the subsidiary were subjected to a Review Engagement. The subsidiary operates a retail craft gallery located in Regina.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Council are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with the prior year. Outlined below are those policies considered particularly significant.

Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts if any.

Capital Assets

The Council records its capital assets at cost. The Council amortizes its capital assets using the declining balance method, based on changes in estimates of the useful life of these assets. Amortization is provided using the following annual rates:

| | | |
|------------------------|-----|-------------------|
| Building | 4% | Declining Balance |
| Computer equipment | 30% | Declining Balance |
| Furniture and fixtures | 20% | Declining Balance |
| Gallery/Emma equipment | 20% | Declining Balance |
| Office equipment | 20% | Declining Balance |

Goodwill, representing the excess of the purchase price over the fair market value of the net assets acquired. The cost of goodwill is no longer amortized.

Internally Restricted Net Assets

The Board has designated funds to be used as required in support of the Emma Wood conference.

Revenue Recognition

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

Revenue from fees, contracts and sales of publications is recognized when the services are provided or the goods are sold.

Donated materials and services that would be otherwise paid for by the Council are recorded at their fair market value when received with a corresponding charge to expense.

Contributed services are not recognized in the financial statements due to the difficulty of determining the fair market value for the services received.

SASKATCHEWAN CRAFT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2010

2. CAPITAL ASSETS

| | 2010 | | 2009 | |
|------------------------|-------------------|---------------------------------|-----------------------|-----------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | \$ 45,000 | \$ - | \$ 45,000 | \$ 45,000 |
| Building | 362,707 | 255,915 | 106,792 | 111,242 |
| Capital leases | 3,829 | 3,829 | - | - |
| Computer equipment | 55,913 | 51,890 | 4,023 | 4,232 |
| Display cases | 11,671 | 8,216 | 3,454 | 636 |
| Display screens | 12,847 | 12,847 | - | - |
| Furniture and fixtures | 32,799 | 26,007 | 6,792 | 2,016 |
| Gallery/Emma equipment | 3,613 | 824 | 2,789 | - |
| Office equipment | 9,349 | 7,773 | 1,576 | 1,970 |
| Packing cases | 9,968 | 9,968 | - | - |
| Leasehold improvements | 1,360 | 272 | 1,088 | - |
| | \$ 549,056 | \$ 377,541 | \$ 171,514 | \$ 165,096 |

3. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft facility, bearing interest at Prime rate plus 2.8% (February 28, 2010 - 5.05%). Security on the indebtedness consists of a general security agreement. The Council also has a \$50,000 un-drawn line of credit at a rate of Prime + 2% (February 28, 2010 - 4.25%) that is secured by a mortgage on the Council's building.

4. NOTE PAYABLE

The Council has a note payable to the Saskatchewan Arts Board for advances that were used to assist with the purchase of inventory for the Canadian Boutique display at the 2009 Cheongju International Craft Biennial held in the fall of 2009. The loan carries interest at prime less 2% (February 28, 2010 - .25%) due January 2011 with monthly payments of \$1,319 plus interest.

5. DEFERRED REVENUE

| | 2010 | 2009 |
|------------------------------------|-------------------|-------------------|
| Saskatchewan Arts Board | \$ - | \$ 241,685 |
| Saskatchewan Arts Board - CEE/CBIG | 32,080 | 36,111 |
| Emma Wood Conference | 54,587 | - |
| Membership fees | 13,893 | 8,291 |
| Other | 25,406 | 6,202 |
| | \$ 125,966 | \$ 292,289 |

SASKATCHEWAN CRAFT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2010

6. LONG-TERM DEBT

| | 2010 | 2009 |
|---|------------------|-------------|
| 5.99% bank loan due October 2014 payable in monthly installments of \$966 principal plus interest, against which a general security agreement and a collateral mortgage on land and building have been pledged as collateral. | \$ 46,134 | \$ - |
| Less current portion | 11,597 | - |
| | \$ 34,537 | \$ - |

The estimated aggregate amount of payments required in each of the next five years on the above indebtedness is as follows:

| | |
|------|-----------|
| 2011 | \$ 11,597 |
| 2012 | \$ 11,597 |
| 2013 | \$ 11,597 |
| 2014 | \$ 11,344 |
| 2015 | \$ - |

7. INCOME TAXES

The subsidiary has non-capital losses for income tax purposes which are available to reduce taxable income in future periods. Such benefits will be recorded when realized. These losses expire as follows:

| | |
|------|-----------|
| 2015 | \$ 56,365 |
|------|-----------|

8. LEASE COMMITMENTS

The subsidiary has entered into a lease agreement with an un-related party and is required to pay \$12,120 including GST annually.

8. ECONOMIC DEPENDENCE

The Council is dependent for a significant proportion of its revenue on various annual grants and other contributions. The amount of these grants can vary widely from year to year depending on a number of different factors which may or may not be under the control of the Council. Other grants may be directed toward specific activities which would require additional expenditures and may not be available to cover other expenditures of the Council. Readers are cautioned that revenue sources from prior years may not be a good predictor of revenues for the current or future periods.

9. SUBSEQUENT EVENTS

On March 8, 2010 the Council purchased a 2000 GMC Yukon in the amount of \$11,500 plus taxes. This purchase was authorized by the Board at their December 12, 2009 meeting.

10. COMPARATIVE FIGURES

The prior year financial statements were prepared on an unconsolidated basis, while results for the current year are consolidated including the results of the subsidiary for the nine months ending February 28, 2010.



Arthur Perlett - "We Need to Tock"
Photo credit: AK Photos