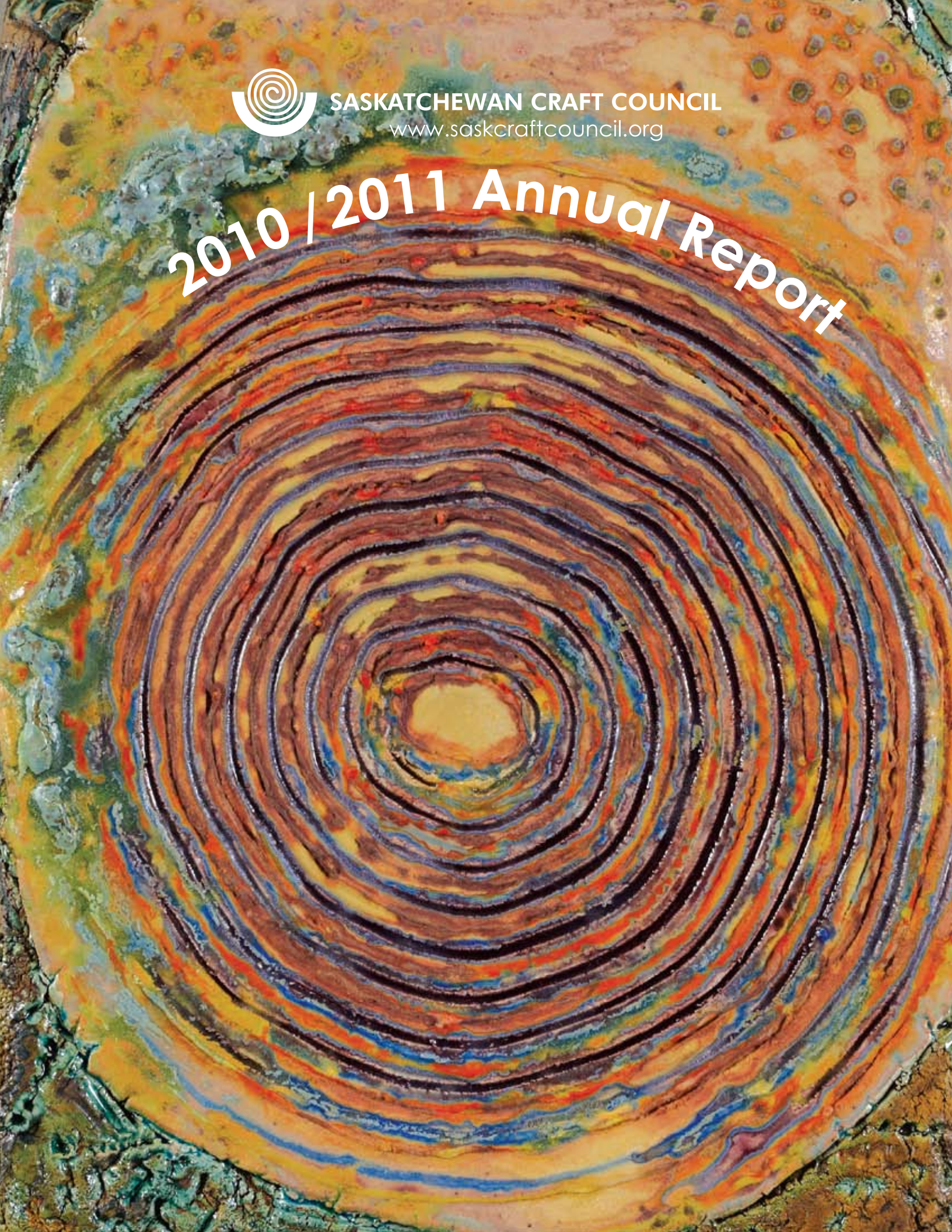




SASKATCHEWAN CRAFT COUNCIL

www.saskcraftcouncil.org

2010 / 2011 Annual Report





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

Paul Constable
Karen Conway
Anna Hergert
Shelley Kaszefski
Kathie Maher-Wolbaum
Lou Paquette
Larry Trask

STAFF

EXECUTIVE DIRECTOR

Mark Stobbe

ADMINISTRATIVE ASSISTANT

Donna Potter

COMMUNICATIONS AND PUBLICATIONS

Vivian Orr

EXHIBITION AND EDUCATION

Judy Haraldson & Leslie Potter

FINANCIAL COMPTROLLER

Sherry Luther

MEMBER SERVICES

Chris Jones

GALLERY ASSISTANT

Stephanie Canning & Amy Barrett

Credits

FRONT COVER

Artist: Puck Janes
Title: Saskatchewan Aerial
Photographer: Grant Kernan

INSIDE FRONT COVER

Top left:
Artist: Michael Hosaluk
Title: Bent
Photographer: Grant Kernan

Bottom right:

Artist: Lee Brady
Title: Jazz Duet
Photographer: Grant Kernan

PAGE ONE

From left to right:

Michael Hosaluk; Dr. Gordon L. Barnhart, Lieutenant Governor; Lee Brady; Trent Watts; Saskatchewan Woodworkers' Guild representatives and Dr. Gordon L. Barnhart, Lieutenant Governor
Photographer: Mark Taylor

PAGE TWO

Artist: Megan J. Hazel
Description: Silver Links
Photographer: Greg Huzar

PAGE FOUR

From left to right:

Artist: Shauna Mitru
Title: Elements
Photographer: Grant Kernan

Artist: Cathryn Miller
Title: Thinking Cap #3
Photographer: Grant Kernan

Artist: June J. Jacobs
Title: Gems of the Salt Flats
Photographer: Grant Kernan

Artist: Nicola D'Agnone
Description: Child's Chair
Photographer: Grant Kernan

Artist: M. Craig Campbell
Title: Infrastructure
Photographer: Grant Kernan

PAGE FIVE

Artist: Laura Kinzel
Title: DOG-MA: Laura Gus Hybrid
Photographer: Grant Kernan

BACK COVER

Artist: Anna Hergert
Title: Joie de Vivre
Photographer: Grant Kernan



Chair's Report

September 21, 2010 was a big night for Saskatchewan's craft community. The scene was the Conexus Arts Centre. The event was the Lieutenant Governor's Awards for the Arts. Of the six awards, 4 were won by individuals and organizations associated with Fine Craft.

These were:

- **Michael Hosaluk, for Lifetime Achievement Award.** Michael is one of Canada's best known wood turners. He is the 2005 winner of the Saidye Bronfman Award for Excellence in Fine Craft (one of the Governor General's Awards in Visual and Media Arts).
- **Lee Brady, for the Saskatchewan Artist Award.** Lee is a stained and fused glass artist heralded for the innovation of his work and for its technical excellence.
- **The Saskatchewan Woodworker's Guild for the Leadership Award.** This Guild was founded in 1978, and has conducted hundreds (if not thousands) of educational events and workshops aimed at helping people improve their wood working skills.
- **Trent Watts for the Volunteer Award.** Trent has volunteered as co-ordinator of the world-renowned EMMA International Collaboration three times.

This Awards night put an exclamation mark on the story of success for Saskatchewan craft.

Our craft community contributes significantly to the cultural and economic well being of Saskatchewan. Let's look at three areas: craft production, marketing, and contributions to charitable fundraising:

Craft Production

There are approximately 300 craft producers in Saskatchewan who meet the definition of a professional artist under the terms of The Professional Artists Act, Bill 68. From surveys of SCC marketing members conducted in 2009 and 2011, we know that:

Over 90% of professional craft artists make the majority of their income from the production and sale of craft objects;

Teaching craft is the second largest source of income for professional craft artists;

Over half of professional craft artists live and work in rural Saskatchewan or small towns and villages;

Approximately 50% of professional craft artists earn less than \$25,000 per year from their craft practice. 20% earn more than \$50,000 per year.

Close to two thirds of professional craft artists are almost completely reliant on the internal Saskatchewan market for their sales. One in twenty produces strictly for export outside provincial boundaries.

Sales at craft markets account for approximately half of the total volume of craft sales within the province, with sales at stores and galleries accounting for most of the rest. Commissioned work and purchases from artists' studios account for about 10%.

Craft Marketing

Marketing of craft internally within Saskatchewan shows a different pattern from other Canadian Provinces in two ways.

First, there is a network of relatively large, juried craft markets in Saskatchewan. These are operated by the SCC itself, by artists' co-operatives, by private entrepreneurs and by regional economic

development authorities. These 12 markets provide Saskatchewan craft producers access to regular, relatively low cost marketing opportunities. More than one third of SCC marketing members report sales of over \$10,000 at Saskatchewan craft markets. In addition to providing a market for craft products, these markets also serve as regional level tourism destinations.

Second, in comparison to some tourist intensive areas of the country, Saskatchewan producers are not orientated to studio sales.

The internal marketing network for Saskatchewan craft consists of:

- 12 major juried craft markets;
- 24 commercial galleries that sell significant amounts of craft product (3/4 of Saskatchewan professional craft producers sell in at least one commercial gallery in the province);
- 11 gift shops at public galleries or museums that sell craft product;
- A range of other stores that sell work by craft producers. For example, McQuarrie's Tea & Coffee Merchants in Saskatoon sells handcrafted coffee cups and tea pots, while Verve in Regina sells Saskatchewan handcrafted jewellery.
- Sales directly from the producer: 140 Saskatchewan craft producers have their own internet sites. In addition, aggregation sites such as the SCC membership directory, Etsy, and Artists in Canada allow Saskatchewan producers to sell directly to customers.

Craft Successes

The Saskatchewan Craft Council is the largest craft council in Canada measured on a per capita basis against provincial populations—some 300% larger than the next largest council. In national exhibitions, Saskatchewan craft artists consistently gain more recognition and acceptance than our 3% share of the national population.

So what accounts for Saskatchewan's success?

I would like to touch on three factors:

1. **The cooperative and collaborative spirit amongst Saskatchewan craft producers.** In Saskatchewan knowledge is not hoarded and guarded. It is something that is freely and openly shared. It is a rare weekend in Saskatchewan where there is not some gathering of crafts people, either professional or those making for personal pleasure, where the purpose is to share knowledge. Twenty-two craft guilds and organizations with over 5,000 members play a huge role to foster excellence in craft.
2. **The general climate of support for Arts and Culture in Saskatchewan and for craft in particular.** The craft guilds, with thousands of members, collectively show a deep and abiding love for creating beauty through a unity of hand and mind. Saskatchewan residents come out to see what craft producers are making and open their wallets if it meets their liking. For example, the Saskatchewan Handcraft Festival attracts almost 20% of the people within a 50 km radius. Small towns and villages such as Meacham, Watson, Lumsden and Christopher Lake are home to professional commercial galleries.
3. **Steady support from government.** Through various mechanisms over the years, currently the Creative Industries Growth and Sustainability Program of the Saskatchewan Arts Board, the Government of Saskatchewan has been a steady and consistent supporter of the craft sector for three and a half decades. Indeed, the SCC itself was formed in the parking lot of the first Saskatchewan Handcraft Festival in Battleford, an event first organized by the Saskatchewan Department



THE DIFFERENCES BETWEEN CRAFT ARTISTS AND OTHER ARTISTS

A timeless debate in the craft community is *craft* versus *art* and what the difference is. It is time for a different approach to this debate. Let us start from basic definitions.

An artist is one who produces art, defined as:

art

–noun

the quality, production, expression, or realm, according to aesthetic principles, of what is beautiful, appealing, or of more than ordinary significance.

Simply put, craft producers are artists, just as are musicians, authors, actors, visual artists, film makers, and dancers.

That being said, there are differences between craft producers and other artists, not between the products, which are all defined as art. We will look at the difference between craft production and the production of other art forms and how this creates social and economic implications. A few differences are:

1. The act of producing craft tends to be more solitary than other art forms. Musicians create in bands, orchestras and choirs. Actors act with other actors while being directed and supported by a myriad of offstage co-workers. A film set resembles nothing so much as an ant-hill. However, craft producers along with writers and visual artists, tend to work alone.
2. Partly, as a result of the first condition, craft artists tend to be self-employed entrepreneurs. Artists in other genres, except visual artist, tend to be working in co-operative ventures or are employed for a wage/salary. Writers fall into a middle ground. The writers of books are generally self-employed entrepreneurs, while other writers are direct employees or contractors of magazines, newspapers, or other publications.
3. Craft producers experience the production process as a unitary whole. They take a piece from conception, in many cases, to directly offering it to the public for retail sale. Other artists are generally one cog in an artistic production machine. Even writers, who tend to be more solitary in their work, rely on editors, graphic design artists and printers to create the final product.
4. Craft producers directly create physical objects. With the exception of visual artists, most other artists create performances which may be transitory. If these become permanent, the capturing of the performance and turning it into an object, a cd, a dvd or a book, is the work of technicians.
5. Craft producers do not have hits. In most other artistic media, it is possible to reproduce the same thing quickly and cheaply in massive volume. Even in visual arts, printing technology means that a picture can be reproduced and sold in the millions. In craft, the millionth object takes about the same level of material and labour as did the first one. The prospect of a hit does not exist.

of Industry and Commerce. This steady, consistent support from our provincial government has allowed for programs such as the *Dimensions* exhibition to be long-term and stable, delivering results that can only come with continued effort.

I also believe the Saskatchewan Craft Council has played a role in the successes of the craft sector. However, I will not dwell on this. To find out what we, as an organization are up to, look at the management report in this publication.

Craft Challenges

The Saskatchewan craft sector does have some challenges to face. I will touch on three that I see as most important:

1. The need to expand marketing opportunities. Quite simply, the growth in the craft sector means that we are at risk of out-growing our internal Saskatchewan market. We have begun lifting our eyes past Saskatchewan's borders and more needs to be done.
2. Saskatchewan does not have a full, degree granting post-secondary institution for teaching craft media. Our guilds and other organizations have done a great job in filling this educational gap with short courses, but the reality is that the absence of a core educational infrastructure makes it difficult for young people to train as craft artists.
3. Our First Nations and Métis communities face the very real possibility of a loss of centuries old craft traditions and practices. Many of the old ways are disappearing with the aging of those trained by their parents and grandparents.

These challenges are also opportunities, and I believe the SCC and the craft community are well positioned to meet them.

I would like to thank a number of people for their work to make the activities of the SCC a success. Don Pell and Karen Conway were on the SCC Board for a portion of the year and offered much wisdom. Anna Hergert and Lou Paquette will be completing their terms this year and have served the SCC Board very well. Special mention needs to be given to Lou Paquette—he is stepping down as our longest-serving board member. He is a craft patron and a good friend. I would also like to thank the staff of the SCC for their hard work and commitment, and to wish Chris Jones and Judy Haraldson all the best in their retirement. Finally, I would like to thank the Saskatchewan Arts Board and the Ministry of Tourism, Parks, Culture and Sport, the City of Saskatoon and the Affinity Credit Union for all their financial and moral support.

Management Report

Four years ago, the Government of Saskatchewan moved funding responsibility for the Saskatchewan Craft Council (SCC) from Saskatchewan Lotteries Funding administered by SaskCulture to a new program, the Creative Industries Growth and Sustainability Program. The new program was funded by tax dollars as a core governmental function, and administered by the Saskatchewan Arts Board.

This policy and program change was seen by some as simply the creation of a confusing set of new acronyms. However, for the SCC the change meant an increased alignment between the wishes of our membership and the policy directions of government. It caused the SCC to speak for the craft sector as a whole. Combined with additional project dollars and the invaluable moral support of both the Saskatchewan Arts Board (SAB) and the Ministry of Tourism, Parks, Culture and Sport (TPC&S), the SCC has been able to engage in a period of experimentation and innovation. Not every new initiative has worked, but in aggregate, the results are encouraging. The SCC is doing more, achieving more and growing. Our membership has risen from 254 four years ago to over 400 today. According to figures provided by the Canadian Craft Federation, the SCC has a membership three times as great, on a per capita basis, of any other province in Canada.

In presenting our activities for the fiscal year March 1, 2010 to February 28, 2011, we shall summarize our progress in four key strategic areas. These are:

1. Increasing the sale of craft products outside the borders of Saskatchewan;
2. Improving the quality of craft products made by Saskatchewan craft producers;
3. Increasing the effectiveness of sales pathways to the Saskatchewan market; and
4. Increasing the public awareness to the importance of craft in Saskatchewan.

Increasing Sales of Craft Outside Saskatchewan

The 2011 survey of marketing members reveals that 37% of professional Saskatchewan craft artists currently market outside of the province. Earlier research indicated that 23% sell a majority of their work outside the province and 5% sell almost exclusively beyond our provincial borders. There is a strong positive correlation between income levels and the amount of sales outside of Saskatchewan.

The SCC has identified 24 commercial art galleries beyond the borders of Saskatchewan that carry the work of one or more Saskatchewan craft artists. In addition, 11 gift shops associated with public galleries or museums carry Saskatchewan-made products. These galleries generally carry the work of higher value one-of-a-kind or limited edition producers.

In addition, a small number (less than 5) of Saskatchewan producers sell significant amounts of production work to retail stores and other outlets. In general, these producers attend wholesale shows and/or employ marketing agents to sell on their behalf.

Sales over the internet and commissioned work occur, but the SCC has been unable to quantify the extent of this.

Activities in 2010/2011 included:

1. Working with the Alberta and Manitoba Craft Councils to create *Prairie Excellence*, a 3 year touring exhibition that provides significant exposure to 12 Saskatchewan craft artists. The exhibition was designed to showcase emerging, mid-career, and established artists. In addition to Saskatoon, *Prairie Excellence* has had critically acclaimed showings in Edmonton and Winnipeg. Over the next year, it will be showing in Calgary, Red Deer, The Pas, Moose Jaw and Regina. Discussions are underway with a number of galleries in Eastern Canada and the United States.
2. With the support of project funding from the Saskatchewan Arts Board, the SCC has launched the Gallery Representation Program. This program is designed to help 12 mid-career craft artists gain significant gallery representation outside of Saskatchewan.

3. On a trial basis, the SCC operated a sales booth at Edmonton's Alberta Gift Show to generate wholesale opportunities for production craft artists. Results were encouraging enough that this will become part of the SCC's regular programming.
4. Contractual arrangements were made to have the *Playing with Dimensions* exhibition appear as part of the National Arts Centre's *Prairie Scene* in Ottawa. While arrangements were made in 2010/11, the actual exhibition took place subsequent to year-end. Project support from the Ministry of Tourism, Parks, Culture and Sport (TPC&S) allowed this exhibition to form part of a major push to get Saskatchewan craft into Ottawa area galleries.
5. The SCC Members Directory continues to be upgraded to give Saskatchewan producers low cost, quality on-line access. In 2010/11, members' work was viewed by people in all 10 Canadian provinces, 47 American states, and 27 other countries.

Improving the quality of craft products made by Saskatchewan craft producers

Saskatchewan craft producers have a national reputation for quality. In the past five years, artists from this province have had more representation (in comparison with our share of the population) in major national exhibitions and competitions. This achievement is all the more impressive since this province does not have a degree granting program in most craft mediums.

There are three cornerstones to Saskatchewan's pursuit of excellence.

The first is a strong network of medium specific guilds and organizations that offer short courses and workshops, a collaborative culture, and a history of pursuing and promoting excellence.

The second is a sustained focus on promoting excellence and creating forums for it to be recognized and celebrated. Affinity Gallery (formerly the SCC Gallery) is Canada's longest continuously operated craft council gallery, and *Dimensions* is Canada's longest running provincial open, juried competition.

Finally, the development and enforcement of juried quality standards at markets has effectively created a provincial standard of excellence for professional producers.

Another aspect of excellence is innovation. In 2011, 36.5% of marketing members reported that less than 25% of their product line was new from year to year. 35.3% reported 26 – 50% of their product line as being new annually, while 28.3% reported changing over 50% of their product line every year. Nobody reported a static product line.

Activities in 2010/11 included:

1. Operation of the Affinity Gallery as Saskatchewan's only public exhibition gallery dedicated to Fine Craft. Affinity Gallery provides a showcase for craft artists who are pursuing excellence. It gives other artists and the public the opportunity to see the range of possibility. 20,089 people attended exhibitions shown at the Affinity Gallery in 2010/11, which included:
 - *The Art of the Book*—a touring exhibition organized by the Canadian Bookbinders and Book Artists Guild.
 - *Homage*—necklaces created by Donald A. Stuart inspired by outstanding Canadian women.
 - *Susan Rankin: Valid Objects of Beauty*—contemporary blown glass vases and sculptures.
 - *Artifact*—small objects created by participants of the 2010 EMMA International Collaboration.
 - *Compelled*—a Canadian portrait of three dimensional fibre art by Anna Hergert.
 - *Role Play*—a group exhibition of contemporary ceramics by Robin Lambert, Carole Epp and Jody Greenman-Barber.
 - *Personified*—figurative works by Anita Rocamora and Deborah Potter.
 - *Prairie Excellence*—a touring exhibition organized by the Alberta, Manitoba and Saskatchewan Craft Councils.

2. Creation of *Dimensions*, Canada's longest running open, juried, multi-medium craft competition and exhibition. The call for entry was issued for the 2011 *Dimensions*, and the *Playing with Dimensions* exhibition completed its tour.
3. The 2010 EMMA International Collaboration was held at the Ness Creek Festival Site near Big River. Approximately 40 Saskatchewan craft artists had the opportunity to work along side senior artists from across Canada, the United States, as well as Britain, France, Romania and New Zealand.
4. The 2010 Saskatoon Wood Turning Symposium attracted over 100 turners and carvers to attend workshops and demonstrations offered by leading international woodworkers.
5. Over 80 members underwent the SCC's jury process to become marketing members. Of these, 45 were approved by the jurors.
6. Operation of the SCC Resource Centre to provide access to current technical information.
7. Launched a new method of encouraging product development and innovation with a bi-functional craft challenge. Craft artists were issued a challenge (with a prize) to develop new pieces that serve more than one function. 30 entries were received from 22 producers. Of these, 8 producers (11 products) continued production of these innovative pieces as part of their new product line.

Increasing the effectiveness of sales pathways to the Saskatchewan market

In comparison with other provinces, Saskatchewan has a well developed network of pathways to market craft products. This internal marketing network for Saskatchewan craft includes:

- 12 major juried craft markets;
- 24 commercial galleries that sell significant amounts of craft product (3/4 of Saskatchewan professional craft producers sell in at least one commercial gallery in the province);
- 11 gift shops at public galleries or museums that sell craft product;

The SCC is a significant player in this marketing network. In 2010/11 our activities included:

1. The operation of 4 major craft markets:
 - a. Waterfront Craft Art Festival held in June in Saskatoon.
 - b. Saskatchewan Handcraft Festival held in July in Battleford.
 - c. Harvest Moon Fine Craft Market held in Lloydminster in October.
 - d. WinterGreen Fine Craft Market held in Regina in November.
2. Operation of Traditions Handcraft Gallery in Regina. This commercial retail gallery sells the work of approximately 60 Saskatchewan professional craft artists.
3. In partnership with the Land of the Loon Resort at Anglin Lake, operated the Raven's Room Gallery as a seasonal commercial gallery selling the work of 11 craft artists.
4. Participation in niche events such as Gardenscape in Saskatoon.

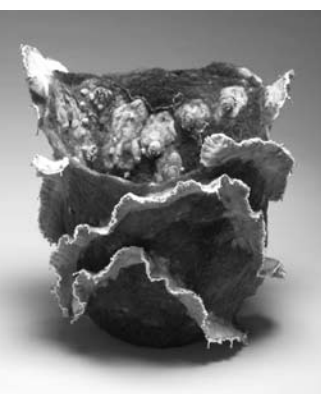
As the lead industry organization for the craft sector, the SCC also significantly upgraded its capacity to assist other parties successfully market craft in Saskatchewan. These efforts included:

1. Further enhancements and improvements to the Membership Directory—an online showpiece for SCC members. This is increasingly becoming a powerful tool for generating commission sales. In 2010/11, over \$75,000 in commissions (that the SCC is aware of) were generated as a result of exposure from this members' directory.
2. A major overhaul of the SCC's website in order to provide a comprehensive "Where to Buy Saskatchewan Craft" service.
3. Increased assistance in publicizing craft markets, studio tours, and commercial galleries.

Increasing the public awareness to the importance of Fine Craft in Saskatchewan

A key part of the SCC's mandate is to increase the awareness of the importance of Fine Craft in Saskatchewan, and of the success of Saskatchewan craft artists. Key activities in building the profile of craft included:

1. Reaching a major partnership agreement with the Affinity Credit Union and the renaming of the SCC Gallery to the Affinity Gallery. As part of this agreement, a new sign for Affinity Gallery was erected in the fall of 2010 and instantly became an iconic landmark on Broadway Avenue.
2. *Dimensions Growth* touring exhibition appeared in the following galleries:
 - MacKenzie Art Gallery, Regina, SK
 - Saskatchewan Craft Council Gallery, Saskatoon, SK
 - Art Gallery of Swift Current, Swift Current, SK
 - Chapel Gallery, North Battleford, SK
 - Barr Colony Heritage Cultural Centre, Lloydminster, SK
 - The E.A. Rawlinson Centre for the Arts, Prince Albert, SK
 - Art Gallery of Swift Current, Swift Current, SK
3. *Playing with Dimensions* touring exhibition appeared in the following galleries:
 - MacKenzie Art Gallery, Regina, SK
 - Saskatchewan Craft Council Gallery, Saskatoon, SK
 - Craft Council of Newfoundland & Labrador Gallery, St. John's, NL
 - Grand Couteau Heritage & Cultural Centre, Shaunavon, SK
 - Chapel Gallery, North Battleford, SK
 - Barr Colony Heritage Cultural Centre, Lloydminster, SK
 - Allie Griffin Art Gallery, Weyburn, SK
 - Snapdragon Art Gallery, Ottawa, ON
4. A documentary film about the 2010 EMMA International Collaboration (*Unplugged*) was produced in partnership with Portland, Oregon filmmakers Kay Kitagawa, Dina Gomez and Andy Johnson-Laird.
5. The SCC issued 31 press releases highlighting the success of craft artists.
6. A major redesign of the SCC website makes the information about Fine Craft much easier to find.



WHY ARE CRAFT PRODUCERS LIKE FARMERS?



Saskatchewan is known for the elegance of its ceramics, the innovation of its woodworking and the technical excellence of its fibre art. The province is also known for the high protein content of its wheat, the healthiness of its canola oil, and the sheer tastiness of its beef. High quality products are the result of the work of skilled producers. Which raises the question: What do craft producers have in common? Here are just a few things:

1. Craft producers and farmers both produce things for sale before they can be assured of selling their product at a specified price. The act of production is an act of optimism.
2. Craft producers and farmers have no regular, steady income. Their money comes in clumps at irregular intervals, based on their sales success.
3. Craft producers and farmers are rugged individualists when it comes to production,

but co-operate to market. Farmers organized wheat pools, craft producers organized producer driven markets.

4. Craft producers and farmers both spend a lot of time alone while working. Their productive time is largely solitary time.
5. Craft producers and farmers both have many tasks that take a high level of concentration and skill, but which become almost habitual through repetition.
6. Because of (4) and (5), both craft producers and farmers spend a lot of time thinking.
7. Both craft producers and farmers have to be aware and adaptive – the craft people to the subtle changes in material, the farmers to the differences in soil and weather. Both are constantly searching for new techniques and production improvements.

8. Both form an almost spiritual bond with the basis of their production – the craft person with their material, the farmer with the land.
9. Both are geographically dispersed and tend to live in rural areas or small towns. There are more exceptions to this one amongst craft producers, but, for example, the membership of the SCC is “more rural” than the provincial population.
10. Craft producers and farmers have a merging of work and living space – they tend to work where they live and live where they work. The separation between different aspects of their life is not as great as those who work for a wage or salary. They also control their own time, and have to be self-motivated to produce.

INDEPENDENT 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

MANAGEMENT
CONSULTANTS

259 Robin Crescent
Saskatoon, SK
S7L 6M8

Tel: (306) 934-3944
Fax: (306) 934-3409

Email:
eprstoon@sasktel.net

Website:
<http://epr.ca>

PARTNER:
Colin L. Taylor
CMA, CGA

INDEPENDENT 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, 2011 and the statements of revenue and expenditures, net assets and cash flows for the year then ended.

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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion; however, 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.

EPR SASKATOON
Colin L. Taylor CGA Prof. Corp.

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



SASKATOON

CERTIFIED
GENERAL
ACCOUNTANTS

MANAGEMENT
CONSULTANTS

259 Robin Crescent
Saskatoon, SK
S7L 6M8

Tel: (306) 934-3944
Fax: (306) 934-3409

Email:
epstoon@sasktel.net

Website:
<http://epr.ca>

PARTNER:
Colin L. Taylor
CMA, CGA

INDEPENDENT AUDITORS' REPORT (CONT'D)

Opinion

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, 2011 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

COLIN L TAYLOR CGA PROF CORP
CERTIFIED GENERAL ACCOUNTANTS

June 14, 2011
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, 2011

STATEMENT 1

	2011	2010
ASSETS		
Current		
Accounts receivable	\$ 4,387	\$ 7,959
Inventory	30,036	39,950
Intangible assets	8,177	34,699
	42,600	82,608
Capital assets - note 3	842,929	839,973
Goodwill	28,434	28,434
	\$ 913,963	\$ 951,015
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank indebtedness - note 3	\$ 80,493	\$ 5,398
Notes payable - note 4	-	14,486
Accounts payable and accrued liabilities	35,956	25,871
Accrued interest	136	181
Gift certificates	2,286	1,234
Government agencies payable	6,415	3,381
Accrued wages and vacation payable	22,296	18,414
Deferred revenue - note 5	41,813	125,766
Current portion of long term debt	14,847	11,597
	204,242	206,328
Long-term debt - note 7	27,841	34,538
	232,083	240,866
Net Assets		
Unrestricted net assets	(225,912)	(180,024)
Net assets invested in capital assets	842,929	839,973
Internally restricted	50,000	50,000
Externally restricted	14,863	200
	681,880	710,149
	\$ 913,963	\$ 951,015

Approved on behalf of the Board

_____ Director _____ Director

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

SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF REVENUE AND EXPENDITURES
Year ended February 28, 2011

STATEMENT 2

	2011	2010
Revenue		
Donations	\$ 14,450	\$ 15,239
Exhibitions/Education	30,530	23,281
Marketing	137,233	120,811
Membership fees	31,135	22,853
Restricted grants	100,062	125,068
Sales of inventory	3,555	14,627
Saskatchewan Arts Board	251,775	241,685
Rental income	9,820	9,780
	578,560	573,344
Expenditures		
Administration	40,788	33,072
Amortization	9,362	7,052
Building	36,788	31,848
Cost of goods sold	2,546	9,957
Exhibitions/Education	29,182	50,573
Marketing	202,478	185,899
Salary Costs	261,181	253,296
	582,325	571,697
	(3,765)	1,647
Other revenue (expenditures)		
Emma Wood Conference		
Revenue	98,643	-
Expenditures	(92,941)	-
	5,702	-
Excess of revenue over expenditures	1,937	1,647
Income (loss) from subsidiary (Schedule 1)		
Revenues - Traditions Handcraft Gallery	71,624	33,297
Expenses - Traditions Handcraft Gallery	(116,493)	(92,486)
	(44,869)	(59,189)
Net expenditures over revenue for the year	\$ (42,932)	\$ (57,542)

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

SCC ENTERPRISES LTD. O/A TRADITIONS HANDCRAFT GALLERY **SCHEDULE 1**
STATEMENT OF EARNINGS
Year ended February 28, 2011
with comparative figures for the 9 month period ending February 28, 2010
(Unaudited - See Review Engagement Report)

	2011	2010
Sales	\$ 160,074	\$ 97,275
Cost of goods sold	103,450	63,978
Gross margin (35.4%, 2010 - 34.2%)	56,624	33,297
Expenses		
Advertising and promotion	20,228	12,263
Amortization	2,849	3,347
Business licences	195	87
Consulting	125	4,000
Insurance	831	853
Interest and bank charges	2,388	1,372
Interest on long-term debt	4,461	1,223
Jury Fees	-	465
Legal fees	-	3,299
Meeting expenses	144	327
Office	2,985	4,100
Professional fees	2,400	2,500
Rent	11,714	7,846
Repairs and maintenance	880	556
Salaries and benefits	59,969	42,566
Telephone	2,595	1,816
Travel	1,276	2,688
Utilities	2,251	1,927
Vehicle operating	210	180
Website expenses	992	1,072
	116,493	92,487
	(59,869)	(59,190)
Other income		
Advertising grant	15,000	-
Net loss for the period	\$ (44,869)	\$ (59,190)

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

SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF NET ASSETS
Year ended February 28, 2011

STATEMENT 3

	Capital Assets	Internally Restricted	Unrestricted	Total 2011	Total 2010
Balance, beginning of year	\$839,973	\$ 50,000	\$(180,024)	\$709,949	\$767,491
Net expenditures over revenue	-	-	(42,932)	(42,932)	(57,542)
Amortization	(9,362)	-	9,362	-	-
Purchase of capital assets	14,083	-	(14,083)	-	-
Capital assets subsidiary	(1,765)	-	1,765	-	-
Balance, end of year	\$842,929	\$ 50,000	\$(225,912)	\$667,017	\$709,949

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

SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF CASH FLOWS
Year ended February 28, 2011

STATEMENT 4

	2011	2010
Cash provided by (used in)		
Operations		
Loss from operations	\$ (42,932)	\$ (57,542)
Items not requiring an outlay of funds		
Amortization	12,211	10,399
	(30,721)	(47,143)
Changes in non-cash working capital		
Short term investments	-	50,000
Accounts receivable	3,572	2,039
Inventory	9,914	(39,950)
Prepaid CEEF expenditures	-	4,734
Intangible assets	26,522	(20,546)
Notes payable	(14,486)	14,486
Accounts payable and accrued liabilities	10,084	12,575
Accrued interest	(45)	181
Gift certificates	1,052	1,234
Accrued wages payable	3,882	5,914
Government agencies payable	3,035	(431)
Deferred revenue	(83,953)	(166,523)
Cash used in operating activities	(71,144)	(183,430)
Financing		
Proceeds from long term debt	10,000	50,000
Repayment of long term debt	(13,447)	(3,866)
Externally restricted net assets	14,663	200
Cash provided by financing activities	11,216	46,334
Investments		
Purchase of capital assets	(15,167)	(16,518)
Purchase of goodwill	-	(28,434)
Cash used in investing activities	(15,167)	(44,952)
Decrease in cash	(75,095)	(182,048)
Cash (bank indebtedness), beginning of year	(5,398)	176,650
Cash (bank indebtedness), end of year	\$ (80,493)	\$ (5,398)

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

**SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2011**

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 accounting standards for not-for-profit organizations 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, with the exception of the revaluation of assets applied effective March 1, 2009. The Council amortizes its capital assets using the declining balance method, based on changes in estimates of the useful life of these assets. In conjunction with the first time adoption of new accounting standards, outlined in Note 2, the amortization rate for the building category was amended and was applied prospectively, effective March 1, 2009. The rate previously in effect is shown in brackets.

Building	(4%) 1%	Declining Balance
Computer equipment	30%	Declining Balance
Display cases & shelves	20%	Declining balance
Furniture and fixtures	20%	Declining Balance
Gallery/Emma equipment	20%	Declining Balance
Leasehold improvements	5	Year straight line
Office equipment	20%	Declining Balance
Vehicles	30%	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.

Externally Restricted Net Assets

The Board has received funds that are to be used specifically for education, career development and rewarding people dedicated to the arts and crafts.

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.

SASKATCHEWAN CRAFT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

2. FIRST TIME ADOPTION

The Council has a February 28th year end. Its first reporting period using accounting standards for not-for-profit organizations is February 28, 2010. Therefore, its date of transition to accounting standards for not-for-profit organizations is March 1, 2009. The Council previously presented financial statements under Canadian generally accepted accounting principles annually up to and including, February 28, 2010.

The change to Canadian accounting standards for not-for-profit organizations resulted in changes to the February 28, 2010 income statement as follows:

	Previously reported	Increase (decrease) to net income	Currently reported
Amortization - Building	\$4,450	(\$300)	\$4,750
Deficit	(\$57,242)	(\$300)	(\$57,542)

As a result of the adoption of Canadian accounting standards for not-for-profit organizations, the company has utilized the option to revalue its land and building effective March 1, 2009 as follows:

	Previously reported	Adjustment	As adjusted
Net book value Building	\$112,242	\$362,758	\$475,000
Net book value Land	\$45,000	\$305,000	\$350,000

The Council obtained an appraisal dated June 1, 2011 with an effective date of May 25, 2011. This value has been assumed to be substantially equal to the value that would have been in effect at March 1, 2009. The revaluation of the relative assets was a combination of increasing the cost base and in the case of the building, reducing the accumulated amortization. The net adjustment has been recorded directly to Statement 3 as an addition to Net Assets Invested in Capital Assets.

SASKATCHEWAN CRAFT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2011

3. CAPITAL ASSETS

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 350,000	\$ -	\$ 350,000	\$ 350,000
Building	475,000	9,453	465,547	470,250
Capital leases	3,829	3,829	-	-
Computer equipment	55,677	52,708	2,969	4,023
Display cases	7,989	7,582	406	3,455
Display screens	12,847	12,847	-	-
Furniture and fixtures	26,862	25,228	1,634	6,792
Gallery/Emma equipment	-	-	-	2,789
Office equipment	9,789	8,176	1,613	1,576
Packing cases	9,968	9,968	-	-
Leasehold improvements	-	-	-	1,088
Vehicle	12,363	2,472	9,891	-
	\$ 964,324	\$ 132,263	\$ 832,060	\$ 839,973

4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft facility, bearing interest at Prime rate plus 4.0% (February 28, 2011 - 7.0%). Security on the indebtedness consists of a general security agreement. The Council also has a \$50,000 line of credit at a rate of Prime + 5.05% (February 28, 2011 - 8.05%) that is secured by a mortgage on the Council's building. The line of credit was repaid March 2011.

5. NOTE PAYABLE

The Council has repaid the note payable to the Saskatchewan Arts Board.

6. DEFERRED REVENUE

	2011	2010
Saskatchewan Arts Board	\$ 15,000	\$ 32,080
Emma Wood Conference	150	54,587
Membership fees	16,848	13,893
Other	9,815	25,206
	\$ 41,813	\$ 125,766

SASKATCHEWAN CRAFT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2011

7. LONG-TERM DEBT

	2011	2010
6.02% bank loan due July 2013 payable in monthly installments of \$304 principal plus interest, against which a general security agreement and a collateral mortgage on land and building have been pledged as collateral	\$ 8,150	\$ -
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.	34,538	46,134
	42,688	46,134
Less current portion	14,847	11,597
	\$ 27,841	\$ 34,537

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

2012	\$ 14,847
2013	\$ 15,048
2014	\$ 12,793

8. INCOME TAXES

The subsidiary follows the income taxes payable method to record income taxes. Under this method the company only records taxes as they are due. 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:

2030	\$ 56,365
2031	\$ 43,445

9. LEASE COMMITMENTS

The subsidiary has entered into a lease agreement for its premises and is required to pay \$12,571 including GST annually.

10. 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.



SASKATCHEWAN CRAFT COUNCIL
www.saskcraftcouncil.org