

## **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**

Larry Trask

### **Acting Chair**

Rodney Peterson

### **Secretary**

Puck Janes

### **Member at Large**

Paul Constable

### **Member at Large**

Cate Francis

### **Member at Large**

Cindy Hanson

### **Member at Large**

Shelley Kaszefski

### **Member at Large**

Kathie Maher-Wolbaum

### **Member at Large**

Chris Terepocki

### **Member at Large**

Judy Wood

## **Staff**

### **Acting**

**Executive Director**  
Christine Smillie

**Administrative Assistant**  
Donna Potter

**Communications and Publications**  
Vivian Orr

**Exhibitions and Education**

Stephanie Canning and  
Leslie Potter

**Financial Officer**  
Sherry Luther

**Member Services**  
Amanda Bosiak

**Gallery Assistants**  
Alison Cooley, Sydney  
Luther and Maia Stark

## **Credits**

### **Front Cover**

Artist: Zane Wilcox  
Title: Cylinder 2  
Photographer:  
Grant Kernan

### **Inside Front Cover**

Artist: Lee Brady  
Title: Bowerbird—  
Diversion by Design  
Photographer: Lee Brady

### **Back Cover**

Artist: Shauna Mitru  
Title: Night Bells (detail)  
Photographer:  
Grant Kernan



**SASKATCHEWAN CRAFT COUNCIL**

# Chair's Report



This has been an interesting year for me especially as I never expected to be writing this report. I joined the board in July 2011 and accepted the position of Vice Chair as I thought that would give me some experience and not have too many obligations. Larry Trask, our Board Chair, became ill after our September meeting and I assumed the Chair's position on an interim basis. I am happy to report that Larry is recovering and we hope to see him at a board meeting soon.

The next milestone was our Executive Director Mark Stobbe took a leave of absence from Jan 2012 till June 2012 and we had to hire an Acting Executive Director. Christine Smillie has been a great person to work with. She has encouraged and guided the board for the last four months and will continue to do so for the next couple of months at least.

Some items that come to mind from the past few months:

- Thanks and congratulations to Paul Constable for spearheading the formation of the SCC Members' Emergency Fund. More information can be found on the SCC site and I encourage members to participate as we would be helping ourselves when we need help the most.
- Not much more need be said about the Traditions transfer except that Marnie Archer will be continuing to promote crafts produced by members of the SCC. My good wishes go to Marnie and Thomas Archer, the new owners of Traditions.
- Markets were generally well attended this year and profitable. The cancellation of the Harvest Moon market in Lloydminster was a personal disappointment

Shoppers at Waterfront in Saskatoon



for me but we don't continue to support a market if it doesn't make money for our members.

- I would like to again congratulate Rusty and Ron Kurenda on their SCC Lifetime Membership award.



Kimberley Dickinson and Louisa Ferguson  
Two emerging artists at Seeds reception

- I would also like to make special mention of the "SaskCrea8" and "Seeds" exhibitions which featured work by emerging artists. Looking for ways that the SCC can support and nurture new and emerging artists is an area of increasing focus for the organization.
- In 2012, the SCC is proud to be helping to organize another Emma International Collaboration at Ness Creek from July 29 until August 6. The SCC is also involved in the helping to organize the 2012 Wood Turning Symposium to be held at Saskatoon SIAST Kelsey Campus Ontario Avenue Centre from July 27 to 29. This was a successful venture in 2010 and I am sure it will be again in 2012.

You will note that our audited financial statements for 2011/2012 show a small operating deficit. While I support the SCC Board of Directors' decision three years ago to purchase Traditions Handcraft Gallery in Regina, purchasing and operating the business had a negative financial impact on the organization, which is reflected in our financial statements. It is very important that we have been able to sell Traditions and refinance the Traditions debt with RBC.

Rodney Peterson  
SCC Acting Chair



# Executive Director's Report



I have really enjoyed my time as Acting Executive Director of the Saskatchewan Craft Council. I'm writing this report at the half-way point in my six month contract and I'm amazed at how quickly the time has passed.

Before my official start date of January 2, 2012 I attended the December 10, 2011 SCC Board of Directors meeting and I realized then that this was going to be a good experience. Everyone I had met to that point and since has welcomed me and supported me in learning more about the Saskatchewan Craft Council and about the importance of Fine Craft in Saskatchewan.

This is a very impressive organization and community. I've worked in quite a number of organizations over the past 35 years and something that strikes me is that everyone connected with the Saskatchewan Craft Council loves fine art. For staff, it's what makes us want to come to work. It's what we have in common, volunteers and staff, and it's what makes us want to be part of making this organization stronger and better.

Here are some highlights of the past year in the life of the Saskatchewan Craft Council:

- **New Visual Art Policy for Affinity Gallery**—on January 19, 2012 the SCC Board of Directors passed a new policy for future exhibitions in the Affinity Gallery. The policy reads as follows: "The primary purpose of the Affinity Gallery is to provide a showcase for the artistic endeavour of craft in order to foster excellence amongst producers and showcase excellence to the viewing public. Other artistic forms such as visual art, music and video can be incorporated into some exhibitions provided the emphasis of the exhibition is craft technique and practice, and where the non-craft pieces are integral to the development of the theme, aesthetic or message of the exhibition." More on this later!
- **Traditions Handcraft Gallery, Regina**—despite two years of hard work to make Traditions Handcraft Gallery profitable, the SCC Board decided in early 2011 that our business approach related to Traditions had to change from "growth" to "survival". In addition, it was decided to begin the search for a new owner for Traditions. In November 2011 Marnie and Thomas Archer made an offer to the SCC Board of Directors which was accepted at the December 10, 2011 board meeting. This agreement, which took effect January 1, 2012, means that we are no longer losing money and that over a period of 4-5 years we should recover

approximately \$50,000 of the money invested in the store.

- **Partnership with Affinity Credit Union**—in January 2010, the SCC and Affinity Credit Union signed a three year agreement giving Affinity Credit Union "naming rights" to SCC's public gallery in Saskatoon. Affinity Credit Union paid for a sign to be made and mounted on our building and the gallery became the "Affinity Gallery". In exchange for naming rights, the SCC receives an unrestricted grant of \$10,000 per year from Affinity Credit Union for three years. We are now in the third year of this agreement and in the process of negotiating a new multi-year agreement with Affinity.
- **SCC Affinity Gallery Exhibitions**—there were seven exhibitions of Fine Craft in the Affinity Gallery in 2011. More than 20,800 people visited our gallery in 2011.
- **Touring Exhibitions**—SCC was involved with two travelling exhibitions of Fine Craft in 2011. The SCC partnered with the Alberta and Manitoba craft councils to put together **Prairie Excellence**, a travelling exhibition of Fine Craft from the three prairie provinces that has been touring since October 2010 and which will finish touring in October 2013. The second touring exhibition is **Dimensions**, which opened at the MacKenzie Art Gallery in Regina on May 14, 2011, then moved to our own Affinity Gallery in Saskatoon, and is now at the Godfrey Dean Art Gallery in Yorkton until the end of May. Dimensions will be at the Chapel Gallery in North Battleford from June 1 to July 23, 2012.
- **SCC Markets**—attendance at all three of our Fine Craft markets in Battleford (Saskatchewan Handcraft Festival), Saskatoon (Waterfront Craft Market) and Regina (Wintergreen) either held or, in the case of Wintergreen, increased by 18% over 2010.
- **SCC Website**—our current website was launched in early 2011. Almost 45,000 people visited our website in 2011! In addition, a new version of our e-newsletter, SaskCrea8, was also launched in early 2011.





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

- **SCC Membership Directory**—the SCC Membership Directory is in the process of being revamped. In addition to having a more contemporary look, artist members will have the option of uploading more than twelve images of their work and there will be more ways to search information using the directory.
- **Emma International Collaborative**—for the first time in 2010, the Emma International Collaborative was “unplugged”. For a variety of reasons, it was decided that there would be no generators and no power tools on site for the full week of the collaboration. The SCC had a DVD made entitled “Unplugged Emma 2010 Collaboration” and it was premiered at an event at the Broadway Theatre in March 2011. Funds were raised at the event for craft artists affected by the earthquake and tsunami in Japan.
- **SCC Members’ Emergency Fund**—the SCC Board of Directors recently voted to establish an SCC Members’ Emergency Fund, similar to CARFAC Saskatchewan’s Artists’ Distress Fund. Artist members who experience a catastrophic event which negatively impacts their ability to make a living will be able to access up to \$500 in financial assistance to help them through the first few weeks after the disaster. Information on how to access funds is available on the SCC website. Members who can are encouraged to contribute to the fund.

In 2012, we are planning for another successful Emma International Collaborative and Wood Turners’ Symposium as well as more sponsorship revenue to support the work of the Council.



# Re-thinking our position on Visual Art in the Affinity Gallery



Artist: Brandi Hofer

*From the time I left university I chose to place myself somewhere in the moveable spectrum of art practice. I have disliked the idea of distinctions between craft, art, ideas & function. Naive, I know. But I also realized that the craft community needed organization, support for growth, and exposure through a space of their/our own to exhibit our increasingly Fine Craft work to an underexposed public. The SCC has been invaluable and fairly steady in that support.*

*We have witnessed the increasing profile of Fine Craft to the public through markets and gallery exhibitions. Many public galleries accept craft pieces alongside of two dimensional art work ... but not yet with equal weight. Our gallery is still an important tool for the promotion and appreciation of Fine Craft.*

~ Lee Brady

*At the December 2011 meeting of the SCC Board of Directors, Mark Stobbe presented a discussion paper on past and present thinking on the part of our staff and members of the SCC Curatorial Committee on the place of visual art in our gallery exhibitions.*

*Below is the slightly edited version of the discussion paper that Mark presented to the board in December that provides a useful overview of how SCC's thinking has evolved on this issue over time.*

## **Background**

Since the early 1980's, the SCC has operated a public exhibition gallery dedicated to the exhibition of Fine Craft. Since 1991, the gallery has been located at 813 Broadway Avenue in Saskatoon.

One of the reasons for the significant and ongoing allocation of SCC resources to the exhibition gallery has been the belief that most "art galleries" tended to discriminate against craft—that a dedicated gallery was necessary in order to provide a venue for the exhibition of craft. In recent years, other galleries, both commercial and public, have become somewhat more accepting of craft exhibitions.

For many years the SCC has described our gallery as "Saskatchewan's only public exhibition gallery dedicated to the exhibition of Fine Craft." As a general rule, exhibitions of visual art or its inclusion in exhibitions has been prohibited.

During this time, however, the distinctions between craft and art have become increasingly blurred. More "non-craft" artists have been joining the SCC, and many artists work in more than one medium—it is not uncommon, for example, for someone to be both a painter and a ceramic artist.

During the past year, work that would be considered "non-craft" visual art was included in two exhibitions—namely *The Good Medicine Show* (Métis craft from the collection of Gabriel Dumont Institute) and *Treasures* (a show drawn from the collections of 5 SCC major Patrons). In these cases, visual art made up a minority of the pieces, but was considered integral to the overall composition of the exhibitions. The inclusion of visual art in these exhibitions went without comment or complaint. In the opinion of staff, this would not have been the case as recently as 5 years ago. In the *Seeds* (Emerging Artist) exhibition, several visual artists submitted work. One painting was accepted for this show.

In the latest round of submissions for gallery exhibitions, four proposals were received that incorporated a significant element of visual art. All were quality proposals however, under past practice and policy, all would have been rejected from consideration for exhibitions.

Both staff and members of the Curatorial Committee have concluded this is an opportune time for the board to review our policy on the question of visual art in the *Affinity Gallery*.

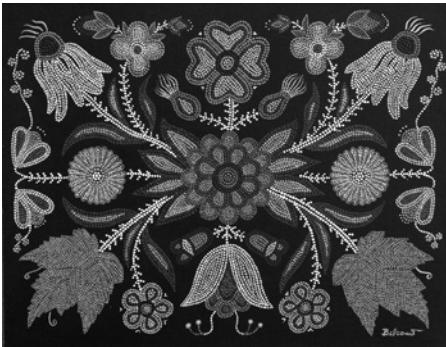
## **Craft and Art: General Considerations**

The distinction between "craft" and "art" has been a long standing debate rife with nuance, complexity and passion. It is a debate without a commonly accepted resolution. However, a few broad trends in this debate can be identified.

"Visual Art" is generally applied to sculpture and painting or drawing—that is, images on canvas, paper, or other flat surfaces. Except sculpture,

*I think we need to ask ourselves first and foremost... What is the PURPOSE of a written Affinity Gallery mandate?... I believe it should be primarily to challenge artists to go the extra mile, to be curious, to explore, to deepen their exploration in any and all media beyond 'traditional' applications, and to show competence, dexterity, expression, skill, and content in their work. In other words, I suggest the mandate be worded in such a way as to challenge artists rather than to impose restrictions in any media, however one chooses to interpret this—and there should be room for interpretation!*

~ **Miranda Jones**



Artist: Christi Belcourt

*There is a line, however smudged, between art and craft. Craft is more about traditional values of object making whereas art is more about ideas and often has very little respect for traditional elements, pieces often being very poorly made. I think it is a good idea to continue to foster that respect for the tradition and the quality of the handmade object.*

~ **Zach Hauser**

visual art is generally considered two-dimensional.

“Craft” has been defined in many ways, but these definitions usually include some element of:

- Craft production is generally seen as arising from the production of functional objects that contain a significant aesthetic component,
- Craft is produced “by hand”. In practice that means produced with the aid of tools rather than with machines, and that there is a unity between the conceiver and maker, and
- Craft tradition views excellence in technique and material as being of central importance.
- In some, but not all definitions of craft, three-dimensionality is deemed to be of importance. In other words, craft makers produce objects.

In the past two decades, one of the major trends in the craft movement in Canada has been the decline of functionality as a criterion. Particularly for one-of-a-kind producers, many have used traditional craft techniques to produce sculptural, rather than functional, objects.

### **Craft and Art: The Saskatchewan Craft Council History**

At its inception, the SCC took quite a “purist” view on what constituted craft. For example, in 1980 a woven piece was deemed ineligible to be considered in Dimensions jurying because the borders were stitched with the assistance of a sewing machine. From that beginning, the SCC has developed a more “inclusive” operational definition of craft than other craft councils:

- In the mid 1980’s, printmaking and photography were deemed to be craft media by the SCC. In the case of photography, the SCC is the only provincial craft council with this view.
- About 2003, visual artists began to be accepted for membership in the SCC and jury standards were developed to give them access to SCC markets. Since that time, there have been visual artists at our markets.
- In 2001, Gordon Peteran, a Dimensions juror, declared in his talk that the “hardest craft to master was painting.” In his juror statement he said “Craft is not contemporary fine art, it is contemporary Fine Craft; and the rigorous demands that have applied to fine art over the last 100 years must now be applied to Fine Craft if it is to survive and be revered by contemporary visual standards.”
- In 2004, the SCC “opened the door” to paintings in the Dimensions jurying process. Doug Taylor, an advocate of allowing paintings, was chosen as the “in-province” juror. No paintings were selected even though there were quite a few submitted. This exclusion was, said the jurors, based on comparative quality of entries. Since that time, a smattering of paintings have been entered, but none have been selected.
- In 2004, the SCC Board defined craft as “*Fine Craft is an artistic endeavour characterized by the creation, with skill and by hand, of three dimensional work that is rooted in, but may transform, transcend or maintain the*

Much of my practice falls into middle ground between craft and art and, I was surprised to learn, in the not too distant past, would have been excluded from the Gallery as Visual Art. So, I am the beneficiary of an evolving trend and opening doors. I suppose one might say art is ever evolving and craft is rooted in its traditions. Now we have craft persons evolving their finished pieces while staying quite true to the making process and we call it Fine Craft. I suppose this is an inevitable hazard of associating with creative people; they will push boundaries and challenge norms. I, for one, am excited to be part of this movement.

~ M. Craig Campbell



Artist: Val Moker

*traditions and materials of the utilitarian object.”*

- At the SCC AGM held in 2009 the membership re-drafted SCC membership criteria. One distinction was between professional and non-professional craft makers. Another separate category of “Affiliated Marketer” was created.. This category was defined as being for non-craft people who wanted to sell at our markets. Visual Artists and food processors were cited as examples. In the listing of membership benefits for each type of membership, affiliated marketers were excluded from access to gallery exhibitions—although it should be noted that SCC membership is not a condition of exhibiting in the gallery.

### **Complexity of Definition: the here and now**

The four proposals for exhibitions received by the Curatorial Committee in the fall of 2011 illustrate these problems with definition and categorization.

1. A painter who recycles unresolved or unfinished paintings by cutting them into strips and weaving them.
2. A printmaker/painter who is proposing a show consisting of both woodcuts (craft) and paintings (non-craft).
3. A couple consisting of a potter and a painter who are proposing a joint exhibition that highlights the effects of the different media on the interpretation of the shared physical environment.
4. A multi-media artist with a proposal for a show containing

linocuts, handmade books, sculptures and paintings.

Each of these proposals (all excellent, by the way) would result in a show with a much more significant presence of visual art than one or two pieces in a group exhibition.”

### **Moving Forward**

*Mark’s paper suggested a few options for the board to consider. The board asked that input be sought from SCC members before it made a decision, and a survey was sent out to the SCC membership in December 2011.*

*We had a good response to the survey. Opinion was evenly divided as to whether our present policy of limiting the inclusion of visual arts in gallery exhibitions should continue or whether we wanted to open things up. Prior to the January 19 board meeting our Exhibition Coordinators, Les Potter and Stephanie Canning, prepared a proposal to the board recommending a change. At its meeting on January 19, 2012 the SCC Board of Directors approved a new Gallery Visual Art Policy.*

*The new policy for exhibitions in the Affinity Gallery is “The primary purpose of the Affinity Gallery is to provide a showcase for the artistic endeavour of craft in order to foster excellence amongst producers and showcase excellence to the viewing public. Other artistic forms such as visual art, music and video can be incorporated into some exhibitions provided the emphasis of the exhibition is craft technique and practice and where the non-craft pieces are integral to the development of the theme, aesthetic or message of the exhibition.”*





June J. Jacobs, owner and operator of the Hand Wave Gallery in Meacham was the first recipient of the Saskatchewan Craft Retailer of the Year Award. Presented by the SCC and Tourism Saskatchewan.



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



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B.Comm., CMA, FCGA

## 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 29, 2012 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.

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## 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**

April 19, 2012  
Saskatoon, Saskatchewan

EPR SASKATOON

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**SASKATCHEWAN CRAFT COUNCIL CONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION**  
**February 29, 2012**

**STATEMENT 1**

	2012	2011
<b>ASSETS</b>		
<b>Current</b>		
Accounts receivable	\$ 4,260	\$ 4,387
Inventory	24,065	30,036
Prepaid expenses	17,266	8,177
	45,591	42,600
Contingent receivable - note 2	39,457	-
Capital assets - note 3	824,433	842,930
Goodwill	-	28,434
	<b>\$ 909,481</b>	<b>\$ 913,964</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Bank indebtedness - note 4	\$ 1,984	\$ 80,493
Accounts payable and accrued liabilities	23,195	35,959
Accrued Interest	-	136
Gift certificates	1,890	2,286
Government agencies payable	5,573	6,415
Accrued wages and vacation payable	8,386	22,296
Deferred revenue - note 5	159,646	41,813
Current portion of long term debt	15,048	14,847
	215,722	204,245
Long-term debt - note 6	12,796	27,841
	228,518	232,086
<b>Net Assets</b>		
Unrestricted net assets	(207,333)	(225,912)
Net assets invested in capital assets	824,433	842,927
Internally restricted	50,000	50,000
Externally restricted	13,863	14,863
	680,963	681,878
	<b>\$ 909,481</b>	<b>\$ 913,964</b>

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 29, 2012

**STATEMENT 2**

	<b>2012</b>	<b>2011</b>
<b>Revenue</b>		
Donations	\$ 14,203	\$ 14,450
Exhibitions/Education	12,408	30,530
Marketing	105,231	137,233
Membership fees	35,772	31,135
Restricted grants	80,768	100,062
Sales of inventory	1,128	3,555
Saskatchewan Arts Board	294,000	251,775
Rental income	10,692	9,820
	<b>554,202</b>	<b>578,560</b>
<b>Expenditures</b>		
Administration	39,702	40,788
Amortization	8,412	9,362
Building	36,407	36,788
Cost of goods sold	770	2,546
Exhibitions/Education	34,882	29,182
Marketing	156,739	202,478
Salary Costs	294,339	261,181
	<b>571,251</b>	<b>582,325</b>
	(17,049)	(3,765)
<b>Other revenue (expenditures)</b>		
Emma Wood Conference		
Revenue	22,500	98,643
Expenditures	(515)	(92,941)
	21,985	5,702
<b>Excess of revenue over expenditures</b>	<b>4,936</b>	<b>1,937</b>
<b>Income (loss) from subsidiary (Schedule 1)</b>		
Revenues - Traditions Handcraft Gallery	148,355	175,074
Expenses - Traditions Handcraft Gallery	(153,206)	(219,943)
	(4,851)	(44,869)
<b>Net revenue over expenditures</b> <b>(expenditures over revenue) for the year</b>	<b>\$ 85</b>	<b>\$ (42,932)</b>

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

**SCC ENTERPRISES LTD.**  
**STATEMENT OF EARNINGS**  
Year ended February 29, 2012  
(Unaudited - See Review Engagement Report)

**SCHEDULE 1**

	2012	2011
<b>Sales</b>	<b>\$ 148,355</b>	<b>\$ 160,074</b>
<b>Cost of goods sold</b>	94,829	103,450
<b>Gross margin</b> (36.1%, 2011 - 35.4%)	53,526	56,624
<b>Expenses</b>		
Advertising and promotion	4,101	20,228
Amortization	-	2,849
Business licences	48	195
Consulting	350	125
Insurance	732	831
Interest and bank charges	2,134	2,388
Interest on long-term debt	4,689	4,461
Legal fees	794	-
Meeting expenses	47	144
Office	1,031	2,984
Professional fees	2,543	2,400
Rent	10,476	11,714
Repairs and maintenance	637	880
Salaries and benefits	26,252	59,969
Telephone	2,194	2,595
Travel	1,104	1,276
Utilities	1,245	2,251
Vehicle operating	-	210
Website expenses	-	992
	58,377	116,492
	(4,851)	(59,868)
<b>Other income</b>		
Advertising grant	-	15,000
<b>Net loss for the year</b>	<b>\$ (4,851)</b>	<b>\$ (44,868)</b>

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

**EPR SASKATOON**



**SASKATCHEWAN CRAFT COUNCIL**  
**CONSOLIDATED**  
**STATEMENT OF NET ASSETS**  
**Year ended February 29, 2012**

**STATEMENT 3**

	<b>Capital Assets</b>	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>Total 2012</b>	<b>Total 2011</b>
<b>Balance, beginning of year</b>	\$842,927	\$ 50,000	\$(225,912)	\$667,015	\$709,949
Net revenue over expenditures (expenditures over revenue)	-	-	85	85	(42,932)
Amortization	(8,412)	-	8,412	-	-
Purchase of capital assets	786	-	(786)	-	-
Capital assets subsidiary	(10,868)	-	10,868	-	-
<b>Balance, end of year</b>	<b>\$824,433</b>	<b>\$ 50,000</b>	<b>\$(207,333)</b>	<b>\$667,100</b>	<b>\$667,017</b>

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

**SASKATCHEWAN CRAFT COUNCIL**  
**CONSOLIDATED**  
**STATEMENT OF CASH FLOWS**  
Year ended February 29, 2012

**STATEMENT 4**

	2012	2011
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Earnings (loss) from operations	\$ 85	\$ (42,932)
Items not requiring an outlay of funds		
Amortization	8,412	12,211
	8,497	(30,721)
Changes in non-cash working capital		
Accounts receivable	128	3,572
Inventory	5,972	9,914
Intangible assets	(9,089)	26,522
Notes payable	-	(14,486)
Accounts payable and accrued liabilities	(12,763)	10,084
Accrued interest	(136)	(45)
Gift certificates	(396)	1,052
Accrued wages payable	(13,910)	3,882
Deferred income	(381)	-
Government agencies payable	(841)	3,035
Deferred revenue	118,214	(83,953)
Cash provided by (used in) operating activities	95,295	(71,144)
<b>Financing</b>		
Proceeds from long term debt	-	10,000
Repayment of long term debt	(14,844)	(13,447)
Externally restricted net assets	(1,000)	14,663
Contingent receivable	(39,457)	-
Cash (used in) provided by financing activities	(55,301)	11,216
<b>Investments</b>		
Purchase of capital assets	(786)	(15,167)
Proceeds on sale of capital assets	39,968	-
Inventory included in sales agreement	(667)	-
Cash provided by (used in) investing activities	38,515	(15,167)
<b>Increase (decrease) in cash</b>	<b>78,509</b>	<b>(75,095)</b>
<b>Cash (bank indebtedness), beginning of year</b>	<b>(80,493)</b>	<b>(5,398)</b>
<b>Cash (bank indebtedness), end of year</b>	<b>\$ (1,984)</b>	<b>\$ (80,493)</b>

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



**SASKATCHEWAN CRAFT COUNCIL  
CONSOLIDATED  
NOTES TO THE FINANCIAL STATEMENTS  
February 29, 2012**

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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, with a sale of assets effective January 1, 2012 (note 2). Financial statements for the subsidiary were subjected to a Review Engagement. The subsidiary operated 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.

Building	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	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.

**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 29, 2012**

**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. CONTINGENT RECEIVABLE ON SALE OF ASSETS**

The Subsidiary has entered into an agreement effective January 1, 2012, for the sale of its assets, in which their net proceeds are contingent upon merchandise sales over the next four to five years. Based on historical sales, the Subsidiary expects to receive at least \$40,000 under the terms of this agreement.

**3. CAPITAL ASSETS**

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 350,000	\$ -	\$ 350,000	\$ 350,000
Building	475,000	14,108	460,892	465,547
Capital leases	3,829	3,829	-	-
Computer equipment	55,677	53,599	2,078	2,970
Display cases	7,989	7,663	325	407
Display screens	12,847	12,847	-	-
Furniture and fixtures	27,648	25,712	1,936	1,634
Office equipment	9,789	8,499	1,290	1,613
Packing cases	9,968	9,968	-	-
Vehicle	12,363	4,451	7,912	9,890
	<b>\$ 965,110</b>	<b>\$ 140,676</b>	<b>\$ 824,433</b>	<b>\$ 832,061</b>

**4. BANK INDEBTEDNESS**

Bank indebtedness consists of an authorized overdraft facility, bearing interest at Prime rate plus 4.0% (February 29, 2012 - 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 29, 2012 - 8.05%) that is secured by a mortgage on the Council's building.

**5. DEFERRED REVENUE**

	2012	2011
Saskatchewan Arts Board	\$ 96,412	\$ 15,000
Emma Wood Conference	32,916	150
Membership fees	17,148	16,848
Other	13,170	9,815
	<b>\$ 159,646</b>	<b>\$ 41,813</b>



**SASKATCHEWAN CRAFT COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**February 29, 2012**

**6. LONG-TERM DEBT**

	2012	2011
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	\$ 4,903	\$ 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.	22,941	34,538
	27,844	42,688
Less current portion	15,048	14,847
	<b>\$ 12,796</b>	<b>\$ 27,841</b>

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

2013	\$ 15,048
2014	\$ 12,796

**7. 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:

2031	\$ 56,365
2032	\$ 43,445
2033	\$ 4,704

**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 April 5, 2012 loans in the amount of \$152,000 were approved for the Council to repay the debt incurred directly and indirectly on behalf of the Subsidiary. The loan has an amortization period of 20 years with a fixed rate of 5.63% for the first five year term.





**SASKATCHEWAN CRAFT COUNCIL**

[www.saskcraftcouncil.org](http://www.saskcraftcouncil.org)