

Annual Report 2012/2013



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

Reporting Period

March 1, 2012 to February 28, 2013

Directors

Chair

Rodney Peterson

Vice Chair

Kathie Maher-Wolbaum

Secretary (shared)

Puck Janes

Secretary (shared)

Joan Hiebert

Board Representative to the Audit & Finance Committee

Dale Lowe

Member at Large

Paul Constable

Member at Large

Cindy Hanson

Member at Large
Shelley Kaszefski

Member at Large
Christopher 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
Sydney Luther and Maia Stark

Credits

Front and Back Cover
Photo by Courtney Milne from the Pool of Possibilities, courtesy of University of Saskatchewan Archives MG 410

Inside Front Cover
Title: Heads and Tail
Artist: Mel Bolen
Photographer: Grant Kernan

Black & White Photos
Vivian Orr
SCC Communications and Publications
Coordinator (unless otherwise specified)



SASKATCHEWAN CRAFT COUNCIL

Chair's Report

by Rodney Peterson

This has been a very challenging year for the SCC, however I think we have emerged stronger for our experiences and have developed new directions which should strengthen our organization and allow us to be more responsive to our membership in the future.

My hat goes off to Christine Smillie as she gave us great leadership and administrative advice while she was our acting Acting Executive Director from January 1, 2012 to March 29, 2013. She helped us through some very difficult times and helped give us a vision for the future.

A big welcome goes to Sherry Luther for accepting the position of Executive Director. Sherry has been the SCC Financial Officer for the last six years and worked closely with Christine for the past few months. Sherry assumed the ED position on March 18, 2013 and I look forward to working with her for the remainder of my term on the board.

The office staff, Amanda Bosiak, Vivian Orr, Stephanie Canning, Les Potter, Donna Potter, and Lesley Sutherland need to be commended for their solidarity and commitment to keeping the SCC running smoothly. Thank you to all of you for doing your jobs so well.

Highlights that come to mind for this year are:

- Initiation of the Strategic Planning Process that will provide the membership with a better and more focused SCC that will respond to their needs as craftspeople.
- Continuing to work with the Hub City Turners and Emma International Collaboration Committee on educational programing.

- The encouragement of an artist collaboration "Permission to Play" in Regina and an ongoing relationship with Traditions Hand Craft Gallery in Regina.
- The creation of an improved Membership Directory and SaskCrea8 newsletter which should help enhance our image.
- The promotion of our 2013 Dimensions show to a national touring show with the help of a Saskatchewan Arts Board Culture on the Go touring grant.
- The fact that there were 24 applications for the Affinity Gallery (the most ever) this year and we had room for only nine, congratulations to the nine successful applicants and may everyone else apply again next year.

There are many opportunities for the SCC to grow and provide an excellent service to the craftspeople of Saskatchewan. I am proud to help serve in any way I can.

Thanks to my fellow board members Dale Lowe, Cindy Hanson, Shelley Kaszefski, Joan Hiebert, Kathie Maher-Wolbaum, Puck Janes, Judy Wood, Paul Constable and Christopher Terepocki for providing advice and support on all board decisions. I am sure we are all looking forward to a successful and exciting year in 2013/2014.



Rodney Peterson



Rodney Peterson, SCC Board Chair and Christine Smillie, Acting Executive Director

Executive Director's Report

by Sherry Luther

I have been with the Saskatchewan Craft Council since September 2006 and in that time I have really grown to love this organization. We have the most marvelous, engaged and helpful staff, the most talented, generous membership and the most dedicated and kind board members. I would personally like to thank Christine Smillie for mentoring me these past several months and I wish her a happy retirement.

I am happy to transition into the position of Executive Director and welcome the challenge. It is interesting to consider the past year from a different perspective; not from the eye of the Financial Officer (dance floor view) but from the eye of the Executive Director (balcony view).

Congratulations to Anita Rocamora on winning the 2012 Lieutenant Governor's Saskatchewan Artist award. Other artists nominated by the SCC were: Cate Francis for the 30 Below award, June Jacobs for the Leadership award, Ken Wilkinson for the Volunteer award and Mel Bolen for the Lifetime Achievement award.

In the past year the SCC has engaged in fundraising for two initiatives; an artist emergency fund and to update our gallery. Both have been successful and I would like to thank all of our donors for their generosity (see a complete list on the back of this report). We now have a modest emergency fund and have plans to help this fund grow in the future with preliminary plans for an auction.

The new lights in the gallery make the display of Fine Craft so much sharper and clearer and have brought out colours that the artist themselves said they had not previously seen in their work. The lights and the new paint, have made it a space we can all be proud of.

With the help of a Capacity Building grant from SaskCulture we have been engaged in bringing the staff and board together for strategic planning. Diane Fletcher from Vadis Consulting Group has been facilitating this initiative for us and it has been a very interesting process. We have conducted over 30 phone and face to face interviews with our stakeholders as well as a membership survey; from this data we have looked for gaps in our programming and trends affecting arts, culture and craft to name just a few objectives. All of this information will be taken into consideration for our future planning. This is a work in progress and I look forward to see where it will take us.

As you are likely aware, the Ministry of Parks Culture and Sport have announced its intention to create a new agency called Creative Saskatchewan. The Saskatchewan Craft Council has been involved in the consultation process called "Moving Saskatchewan's Creative Industries Forward" as well as sitting on a Creative Saskatchewan working group to help to define this agency. The basic premise of Creative Saskatchewan is to develop and sell Saskatchewan Creative product.



Sherry Luther, Executive Director
Title: Swell Artist: Paula Cooley Exhibition: Incite, Insight



2012 Lieutenant Governor's Saskatchewan Artist award presented by Rhonda Speese, Manager of Corporate Philanthropy, PotashCorp to Anita Rocamora
Photography: Imagery Photography

Others at the table are SaskMusic, SaskArt, CARFAC, SaskFilm, SK Motion Picture Industry Association, SK Interactive Media Assoc, Dance SK, Saskatchewan Theatre, SaskCulture, McNair Business Solutions as well as representative from the Ministry of Parks, Culture and Sport.

This bill has had its second reading in the legislature recently, for those interested below is a link to the reading:

<http://docs.legassembly.sk.ca/legdocs/Legislative%20Assembly/Hansard/27L2S/130408Debates.pdf>

The budget for this agency is 5M and to quote Gerry Folk, Executive Director, Cultural Planning and Development “there is much work yet to be done”; it is expected that this agency will be up and running by September 1, 2013.

Looking ahead, the Saskatchewan Craft Council is in a transition period where we will receive our core funding from the Saskatchewan Arts Board until August 2013 and beyond that from the Ministry of Parks Culture Sport. I would like to thank the Saskatchewan Arts Board for their support and advisory role particularly from Karen Henders and Peter Sametz.

The Saskatchewan Arts Board had recently announced the Creative Saskatchewan Transition Fund grant and the SCC’s proposal to expand our Affinity Gallery Boutique (by taking over a small portion of the

administration area) was approved. Our application asked for funding for new shelves, lighting, point of sale computer software and advertising; we are in the planning stages of making this extension a reality—look for more information and call to SCC juried artists soon.

We have expanded our Affinity Gallery and Boutique hours to be more in-line with the retail hours on Broadway. The new hours of operation will be:

- Monday to Saturday 10am–5pm
- Open late Thursday to 8pm
- Closed Sundays.
- The office hours will continue to be Monday to Friday 9am–noon, 1pm to 5pm.

I hope to see a great deal of you at our Annual General Meeting in Regina. Also, if you find yourself in Saskatoon on Broadway come in to the Affinity Gallery to enjoy the current exhibition, then come on up to the second floor for a chat. For those of you at a distance, I welcome an email: scc.director@sasktel.net or a phone conversation: 306.653.3616 ext. 27 to hear your views and suggestions.

Looking forward to our continued success in 2013/2014.

Cheers



Sherry Luther



Title: Brown Man
Artist: Gail Carlson
Photographer: Grant Kernan



Necklace: Beach Stone with Amber
Artist: Melody Armstrong
Photographer: Melody Armstrong



Shauna Buck Illustration & Fun Things
WinterGreen Fine Craft Market

Exhibition & Education's Report

by Leslie Potter and Stephanie Canning

2012 began with the ethereal exhibition *Shift Shaping* by well-known fibre artist June J. Jacobs. Her haunting sculptures and compelling large scale installation pieces addressed issues of femininity, aging, gender and body politics. June held the audience's rapt attention as she led them on a guided tour of the exhibition and delved into the meaning behind the pieces during her well attended Artist Talk in Affinity Gallery

In contrast the next exhibition bubbled with energy as students from Georges Vanier Fine Arts School, working under the direction of artist/teacher Monique Martin, installed handmade, colourful wire nests in the trees along Broadway Avenue. This was part of Monique's multimedia exhibition *Nest - Nest Egg - Empty Nest* which explored the many symbolic meanings of *nest*.

In conjunction with Monique's exhibition, SCC staff and volunteers held a public event *Feather the Nest* at Market Mall. This fun family event included cupcake walks, information booths and *nest* craft projects – an opportunity for hands on creative time for the whole family. Thank you to Monique and Market Mall for the use of the wonderful, *nest* filled space and to the SCC volunteers who donated baking and gave of their time and energy.

Award winning fibre artist, Anna Hergert's solo exhibition featured one-of-a-kind quilts that were inspired by the lyrics and music of Cat Stevens. Anna employed hand-dyed fabric and threads, as well as innovative textile art techniques in this new body of work.

Michael Hosaluk, internationally recognized wood turner and Saidye Bronfman Award winner, curated the wildly eclectic *Decoy* exhibition featuring work created by EMMA 2012 International Collaboration participants and invited artists from around the world. Michael and seven artists also presented a *Curator and Artists' Talk*. *Decoy* was the largest exhibition in our gallery in 2012 (with over 115 works) and enjoyed our best attended reception spilling out the back door under a summer night sky with twinkle lights and music.

The SCC is proud to partner with *EMMA International Collaboration*—a biennial event that brings together 100 artists from around the world to share talents and make collaborative art in Saskatchewan's Boreal forest. *EMMA* has become a catalyst for worldwide creativity attracting participants from as far away as Australia, New Zealand, UK, Wales, France, Romania, Mexico and USA.



Title: Clinging Vine
Artist: June J. Jacobs
Exhibition: Shift Shaping



Sculpture: Broadway Avenue installation
Artists: Monique Martin & Georges Vanier
Fine Arts School students



Detail from: Morning Has Broken
Artist: Anna Hergert
Exhibition: Sharing Riches of My Soul



Affinity Gallery Reception Guests
Exhibition: Decoy

The SCC is also a partner in the biennial Woodturning Symposium, organized by the Hub City Turners and held at SIAST in Saskatoon. Twenty sponsored youth participants attended the 2012 Symposium benefitting from a weekend of demonstrations, instruction and workshops lead by nine talented local and prestigious international presenters.

Both EMMA and the Symposium ended with an art auction, proceeds from the auctions go towards sustaining the events.

Silk Paintings and Soft Furnishings by Susan Clark von Saskatoon filled Affinity Gallery with luminescent, silk paintings that started life as botanical drawings *en plein air* and were later transformed into unique upholstered art chairs and soft furnishings, embellished with quilting, embroidery, pearls and beads.

The next exhibition also had luminous qualities. *Random Acts of Light* by the Saskatoon Glassworkers' Guild featured glass in many forms: functional, sculptural, traditional and contemporary.

A highlight of 2012 was *Creativity & Spirituality*, curated by SCC's Leslie Potter and Lorne Calvert, Principal of St. Andrew's College and Premier of Saskatchewan from

2001 to 2007. This multi-faceted exhibition examined spiritual concerns in the creation of Fine Craft. This diverse exhibit ranged from a Japanese Ikebana arrangement created weekly by Kimiko Hirose to a "Shroud for a Green Burial" by Puck Janes.

Last but not least *Continuum*, curated by June J. Jacobs, artist, gallery owner and longtime member of the SCC. *Continuum* was an exhibition celebrating 17 artists whose practice span a time period of 40 years. The works documented the passage of time and the growth of these artists through their work.

A report on Affinity Gallery events would not be complete without mentioning the dramatic change the new LED lights provide including reduced cooling costs, electrical costs and no UV emissions. Successful fundraising efforts that allowed the SCC to professionally paint the gallery for the first time in two decades. Thank you to everyone who contributed!



Title: Red Berries Chair
Artist: Susan Clark, Exhibition: Silk Paintings & Soft Furnishings



Title: Abstract Tree
Artist: Elisabeth Miller
Exhibition: Random Acts of Light



Curator: Lorne Calvert, Principal of St. Andrew's College
Exhibition: Creativity & Spirituality



SCC staff members Leslie and Donna Potter in the Affinity Gallery surrounded by painting supplies

Member Services' Report

by Amanda Bosiak

The SCC has maintained a *membership of more than 400* for over 2 years now, half of which are Professional members. The top reason for non-renewal is retirement. The number of NEW members joining the SCC in 2012/13 was 54, including emerging artists¹, artists moving to Saskatchewan, and many mid-career artists.

New *jury criteria* was developed in the area of seed beading, recognizing the skill and history of this intricate craft technique. The first seed beading jury sessions will take place in 2013.

SCC Juried craft markets enjoyed relative success this year, although inclement weather watered down WaterFront. Still, the SCC did not take a loss on any of the markets, and marketers continued to enjoy consistent sales.

Waterfront Craft Art Festival gained a two year funding agreement with Affinity Credit Union, with fund matching in the first year through the ArtsVest program. Since WaterFront is the only SCC market that does not charge public admission, the additional monies were key to increasing the advertising budget, without passing the costs onto the marketers.

The *Saskatchewan Handcraft Festival* has held relatively steady in both attendance and sales for the past three years. Attendance in 2012 was 1875 (over 1/3 of which

¹ The SCC defines "emerging" as craft artisans in the first 5 years of their professional craft practice, regardless of age

were first-time attendees!) and the average marketer sale at \$2285. Available space at the Alex Dillabough Centre (the use of which is provided free of charge to the SCC by the Town of Battleford) limits the number of booths to 30, keeping the market small but comfortable.

SCC's holiday market, *WinterGreen Fine Craft Market*, enjoyed an increase in attendance by over 5% compared to 2011 (by over 20% compared to 2010!) at 4638. The average marketer sale was \$3400. WinterGreen welcomed the return of several marketers that had taken time off, as well as the addition of over a dozen new market booths. The Emerging Artist Market Experience Program ran for the 2nd year at WinterGreen with seven emerging artists participating.

Five SCC Juried members participated in the *Alberta Gift Show* in February and August, offering a selection of their craft work for wholesale at the largest gift show in Western Canada. The artists attracted new clients in Alberta, British Columbia, Yukon and Northwest Territories and resulted in over \$10,000 in sales.

Other membership events and outreach services in 2012 included pot lucks in Saskatoon and Regina, the introduction of new workshops including "Pricing Your Craft", and the introduction of Movie Night to screen and discuss craft related films.



Amanda Bosiak, Member Services Coordinator with SCC member Rick Murton and two young Waterfront Craft Art Festival attendees



Artist: Deb Vereschagin, Pottery Saskatchewan Handcraft Festival



Artist: Beth Crabb WinterGreen Fine Craft Market



Title: Figure Vase
Artist: Anita Rocamora
Exhibition: Continuum

**SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED**

Consolidated Financial Statements

February 28, 2013

**SASKATCHEWAN CRAFT COUNCIL
FINANCIAL STATEMENTS
February 28, 2013**

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SASKATOON

CERTIFIED
GENERAL
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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, 2013 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
EPR Saskatoon CGA Prof. Corp.

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



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, 2013 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.

EPR Saskatoon, CGA PC

**EPR SASKATOON, CGA PROF CORP
CERTIFIED GENERAL ACCOUNTANTS**

April 30, 2013
Saskatoon, Saskatchewan

SASKATCHEWAN CRAFT COUNCIL CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
February 28, 2013

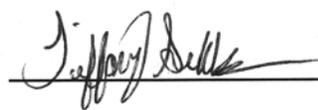
STATEMENT 1

	2013	2012
ASSETS		
Current		
Short term investments	\$ 50,000	\$ -
Accounts receivable	2,110	4,260
Government agencies payable	705	-
Inventory	21,322	24,065
Prepaid expenses	5,933	17,266
	80,070	45,591
Receivable on the sale of assets - note 2	30,733	39,457
Capital assets - note 3	821,336	824,434
	\$ 932,139	\$ 909,482

LIABILITIES AND NET ASSETS

Current liabilities		
Bank indebtedness - note 4	\$ 7,053	\$ 1,984
Accounts payable and accrued liabilities	21,162	23,195
Gift certificates	1,630	1,890
Government agencies payable	-	5,573
Accrued wages and vacation payable	12,401	8,386
Deferred revenue - note 5	68,387	159,646
Current portion of long term debt	6,009	15,048
	116,642	215,722
Long-term debt - note 6	143,852	12,796
	260,494	228,518
Net Assets		
Unrestricted net assets	(212,754)	(207,333)
Net assets invested in capital assets	821,336	824,434
Internally restricted	50,000	50,000
Externally restricted	13,063	13,863
	671,645	680,964
	\$ 932,139	\$ 909,482

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, 2013

STATEMENT 2

	2013	2012
Revenue		
Donations	\$ 33,835	\$ 14,203
Exhibitions/Education	48,380	13,244
Marketing	91,029	105,524
Membership fees	34,904	35,772
Rental income	11,184	10,692
Restricted grants	100,539	80,768
Saskatchewan Arts Board	294,000	294,000
	613,871	554,203
Expenditures		
Administration	60,586	41,040
Amortization	9,049	8,412
Building	40,588	35,462
Exhibitions/Education	59,534	41,032
Marketing	119,593	150,966
Salary Costs	323,183	294,339
	612,533	571,251
	1,338	(17,048)
Other revenue (expenditures)		
Emma Wood Conference		
Revenue	134,482	22,500
Expenditures	(140,855)	(515)
	(6,373)	21,985
Earnings (loss) before provision for income taxes	(5,035)	4,937
Income (loss) from subsidiary (Schedule 1)		
Revenues - Traditions Handcraft Gallery	288	148,355
Expenses - Traditions Handcraft Gallery	(3,772)	(153,206)
	(3,484)	(4,851)
Net revenue over expenditures		
(expenditures over revenue) for the year	\$ (8,519)	\$ 86

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

SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF NET ASSETS
Year ended February 28, 2013

STATEMENT 3

	Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	Total 2013	Total 2012
Balance, beginning of year	\$824,434	\$ 50,000	\$13,863	\$(207,333)	\$680,964	\$680,878
Net revenue over expenditures	-	-	-	(8,519)	(8,519)	86
Amortization	(9,049)	-	-	9,049	-	-
Purchase of capital assets	5,951	-	-	(5,951)	-	-
Contributions	-	-	1,350	-	-	-
Withdrawals	-	-	(2,150)	-	-	-
Balance, end of year	\$821,336	\$ 50,000	\$13,063	\$(212,754)	\$671,645	\$680,964

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, 2013

STATEMENT 4

	2013	2012
Cash provided by (used in)		
Operations		
Earnings (loss) from operations	\$ (8,519)	\$ 86
Items not requiring an outlay of funds		
Amortization	9,049	8,412
	530	8,498
Changes in non-cash working capital		
Accounts receivable	2,149	128
Inventory	2,742	5,972
Prepaid expenses	11,333	(9,089)
Accounts payable and accrued liabilities	(2,031)	(12,764)
Accrued interest	-	(136)
Gift certificates	(260)	(396)
Accrued wages payable	4,015	(13,910)
Government agencies payable	(6,278)	(841)
Deferred revenue	(91,259)	117,833
Cash (used in) provided by operating activities	(79,059)	95,295
Financing		
Proceeds from long term debt	152,000	-
Repayment of long term debt	(8,975)	(14,844)
Refinanced payment of long term debt	(21,008)	-
Externally restricted net assets	(800)	(1,000)
Receivable on the sale of assets	8,724	(39,457)
Cash provided by (used in) financing activities	129,941	(55,301)
Investments		
Purchase of capital assets	(5,951)	(786)
Proceeds on sale of capital assets	-	39,968
Inventory included in sales agreement	-	(667)
Cash (used in) provided by investing activities	(5,951)	38,515
Increase in cash	44,931	78,509
Cash (bank indebtedness), beginning of year	(1,984)	(80,493)
Cash (bank indebtedness), end of year	\$ 42,947	\$ (1,984)
Cash is defined as		
Cash and bank	\$ (7,053)	\$ (1,984)
Short term investments	50,000	-
	\$ 42,947	\$ (1,984)

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

**SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013**

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. Financial statements for the subsidiary were subjected to a Review Engagement. The subsidiary receives commissions from the sale of the gallery in 2012 which is 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, which are amortized based on the estimate 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

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. The Steck Fund and the Artist's Emergency Fund makes up the externally restricted net assets and these funds had a balance at February 28th, 2013 of \$12,763 and \$300 respectively.

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, 2013

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.

The value of contributed services are not recognized in the financial statements.

2. RECEIVABLE ON SALE OF ASSETS

The Subsidiary entered into an agreement effective January 1, 2012, for the sale of its assets, in which their net proceeds are based 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. As of February 28, 2013 the Company had received \$8,725 in commissions.

3. CAPITAL ASSETS

	2013		2012	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 350,000	\$ -	\$ 350,000	\$ 350,000
Building	475,000	18,717	456,283	460,892
Capital leases	3,829	3,829	-	-
Computer equipment	56,666	54,519	2,147	2,079
Display cases	7,989	7,728	260	326
Display screens	12,847	12,847	-	-
Furniture and fixtures	27,648	26,099	1,549	1,936
Gallery/Emma equipment	4,965	993	3,972	-
Office equipment	9,789	8,757	1,032	1,290
Packing cases	9,968	9,968	-	-
Vehicle	12,363	6,267	6,096	7,912
	\$ 971,064	\$ 149,724	\$ 821,339	\$ 824,435

4. BANK INDEBTEDNESS

The Council has a \$50,000 line of credit at a rate of Prime + 2% (February 28, 2013 - 5%) that is secured by a mortgage on the Council's building.

5. DEFERRED REVENUE

	2013	2012
Saskatchewan Arts Board	\$ 37,853	\$ 96,412
Emma Wood Conference	1,395	32,916
Membership fees	16,619	17,148
Other	12,520	13,170
	\$ 68,387	\$ 159,646

SASKATCHEWAN CRAFT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

6. LONG-TERM DEBT

	2013	2012
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	\$ 1,451	\$ 4,903
Loan was refinanced by the parent company during the year.	-	22,941
5.63% bank loan due August 2017, payable in monthly installments of \$1,069 principal, plus interest, against which a general security agreement and a collateral mortgage on land and building have been pledged as collateral.	148,410	-
	149,861	27,844
Less current portion	6,009	15,048
	\$ 143,852	\$ 12,796

The total interest paid on the mortgage loan relating to the repayment of debt from SCC Enterprises last year was \$7,099.

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

2014	\$ 6,009
2015	\$ 4,853
2016	\$ 5,134
2017	\$ 5,430
2018	\$ 5,744

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:

2030	\$ 56,365
2031	\$ 43,445
2032	\$ 4,704
2033	\$ 3,484

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.

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