

Annual Report 2013/2014





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 crafts person

Reporting Period

March 1, 2013 to February 28, 2014

Directors

Chair

Rodney Peterson | Puck Janes

Vice Chair

Kathie Maher-Wolbaum

Secretary

Joan Hiebert

Board Representative
to the Audit & Finance
Committee

Tiffany Schlosser

Dale Lowe

Cindy Hoppe

Member at Large

Arnold Isbister

Member at Large
Sandra Ledingham

Member at Large
Shelley Kaszefski

Member at Large
Judy Wood

Staff

Executive Director
Sherry Luther

Boutique Manager | Admin Officer
Donna Potter

Communications and Publications
Vivian Orr

Exhibitions and Education
Stephanie Canning and Leslie Potter

Bookkeeper
Lesley Sutherland

Member Services
Ferron Olynyk

Gallery Assistants
Sydney Luther and Maia Stark

Credits

Front and Back Cover

Title: Earth, Water, Fire *Artist:* Mel Bolen

Photograph by Grant Kernan

Inside Front Cover

Title: Expedition (Wedge Heads

Artist: Michael Hoslausk

Photography by Vivian Orr

SCC Communications and Publications Coordinator
(unless otherwise specified)

Chair's Report

“Is this the best use of SCC resources?”

“What are we working towards?”

“What can we do today to make that future possible?”

“Most importantly, what is best for the member?”

While asking these BIG questions your Board of Directors approved a new Strategic Plan for the Saskatchewan Craft Council for years 2014–2018. This process started under the leadership of Christine Smillie. She had witnessed the many positive discussions and changes an organization could undertake developing a strategic plan and wanted to share the process with us at the SCC. We had the good fortune of contracting with Diane Fletcher of VADIS Consulting Group who steered us towards the strategic “road map” of our making. And of course, it would not have continued to fruition without our Executive Director, Sherry Luther who found us the money and time, and rallied enthusiastic staff support.

An integral part of this process was gathering feedback from members and information from interviews with over 30 stakeholder groups. Staff and Board met with groups as varied as Saskatoon Open Door Society and Flock & Gather Craft Collective to ask them about their relationship with the SCC. This was such a positive experience for all involved that we will be continuing it in future as part of our community outreach.

Your Board wants to continue to ask thoughtful, generative questions. As Board members we are responsible for the governance, strategic and financial oversight of the SCC. We want our strategic plan to provide direction and foresight, be dynamic and engage members. Our strategic plan will be the SCC's road map for the next three

and a half years and we are very excited by the possibilities.

Our members were well served by SCC staff and our major funder, Creative Saskatchewan. Our provincial borders could not contain us. The biennial Dimensions Exhibition of “the best in Saskatchewan Craft” will travel the province and to Alberta and Ontario. Congratulations to Annemarie Buchmann-Gerber, our Premier's Prize Winner. Saskatchewan craft exhibitions traveled with SCC staff to Hollywood, Los Angeles and Scottsdale, Arizona. As well the SCC had a booth at the Alberta Gift Show and future plans include the Toronto Gift Fair and SOFA in Chicago. We also have more Manitoba members than ever before; in appreciation of our well organized markets. Tugaska luthier David Freeman is Saskatchewan's representative on the Canadian Craft Federation Board—let the preparations begin for Canada's Craft Year 2015.

It was my pleasure to present Honorary Lifetime Memberships to Mel Bolen and Dr. Eunice Janzen. Thank you for your strong support over the years.

I remember Board discussions about the merits of abandoning our paper newsletter in favour of expanding our online presence. Now, our e-newsletter, SaskCrea8 is SCC's lifeline to over 95% of members. We share news and information on opportunities for education, employment, volunteering, exhibitions, advertising, funding and social networking. www.saskcraftcouncil.org, facebook, our blog “Talking Craft” and members' webpages have changed the face of the SCC, for the better.

None of this takes place without our outstanding, talented and dedicated staff. Thank you! Thank you! When you read their following reports you will know why.

The SCC Fine Craft Boutique, which launched in June 2013, was spearheaded by Sherry Luther. Stephanie Canning played a large role in fitting out the space and Donna Potter manages the Boutique. In 2014 you can expect a fundraising effort to help pay for a new heating and cooling system: replacing the 62 year old SCC building boiler.

A special thank you to our outgoing Executive Director Sherry Luther who is the new Export and Creative Industry Development Manager with Creative Saskatchewan.

Thank you for the opportunity to be part of this great organization, dedicated to members' creative and economic wellbeing. I am moving to Ottawa and I will miss it.


Puck Janes

Puck Janes presenting award to Mel Bolen



Executive Director's Report

When I was thinking about planning our AGM this year I really felt that it should be a celebration because we have had an exciting and eventful year here at the Saskatchewan Craft Council.

I do hope many of you are able to join us at our AGM and Social on Friday May 30th at 7pm.

The SCC has entered into an agreement with Creative Saskatchewan from which we now receive our operating funding. This new agency is a good fit for the SCC and I am hopeful this relationship will strengthen the SCC.

The SCC participated in a Creative Saskatchewan Showcase in LA in December, spearheaded by SaskMusic, which was successful in that it has raised awareness about the commercial creative products produced in this province.

I was successful in several grant opportunities offered by Creative Saskatchewan's Investment Fund; the SCC has been approved for funding for re-development of our website, delving into E-commerce, gallery representation packages, wholesale opportunities and entrepreneurial skills development training for our membership so stay tuned for word of these initiatives as they unfold.

Thanks to a Capacity Building Grant from SaskCulture the SCC was able to hire a facilitator to guide us through a strategic planning process and as a result we are currently unveiling this document that we have worked collaboratively with staff, board and stakeholders to form.

Thanks to a Saskatchewan Arts Board Transition Fund grant we were able to open the SCC Fine Craft Boutique. The staff and I are so proud of this little Boutique; it has been very well received by the public and the sales have exceeded our expectation. This is an important new revenue source for the SCC and its marketing members.

Affinity Gallery hosted seven exceptional exhibitions this past year and the attendance of over 24,000 was an all time high.

The SCC participated in ArtsVest and received a sponsorship to match the value of the sponsorship we obtained from Windsor Plywood for our "Put A Wedge In It" exhibition.

Dimensions (2013) produced another beautiful exhibition; thank you to the artists that sent in entries, jurors Michael Hosaluk and Susan Rankin and congratulations to those whose work was selected for Dimensions as well as the award winners.

With the assistance of a Saskatchewan Arts Board Culture on the Go Touring Grant—Dimensions will have an extended tour which will take it out of province and therefore have a wider viewing audience to enjoy and purchase.

Mel Bolen, Professional Craftsperson Member and Dr. Eunice Janzen, Patron Member, were selected by the board to receive a lifetime honorary membership; congratulations, well deserved.

We have had our challenges this year as well. We had some excitement with our large Affinity Gallery sign during two bouts of strong wind this winter; the sign

has been taken down and plans are in the works to replace it.

Our hardworking yet high maintenance boiler is slated for replacement, in the spring of 2015, and the SCC will work towards raising funds through fundraising, municipal and federal grant initiatives and financing. Thank you to Terry Ferguson for his long service (25 years in 2015) as our "boiler whisperer".

The SCC has a deficit this year which is certainly disappointing given how much attention we pay to our lean budget; note that a large part is made up of non-cash fiscal yearend adjustments. We are now revisiting our 2014/2015 to get ahead of this problem.

Finally, I must announce that I have resigned from my position of Executive Director for this fine organization to move to Creative Saskatchewan in their Saskatoon office. This was a very difficult decision but it was an opportunity I felt I needed to take advantage of. I would like to thank the SCC members and Board of Directors for their support and I would like to especially thank the passionate, wonderful, energetic and all around excellent SCC staff for their hard work, optimism and patience. I will miss you all.

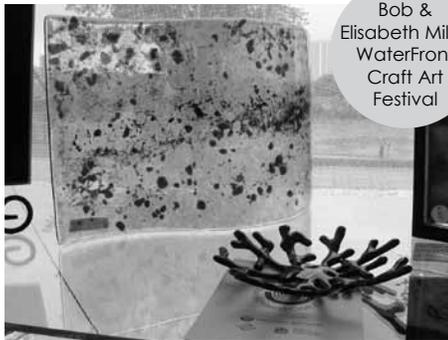

Sherry Luther

SCC Fine Craft Boutique opened June 2013



Member Services' Report

The number of SCC members continues to remain just over the 400 mark. Over half of the members are Professional Craftspersons, the majority of which are marketing members. Sixty-two new members joined the SCC in the past year, coming from a wide range of craft mediums and including emerging artists, mid-career artists, and newcomers to the province.



Bob & Elisabeth Miller
WaterFront
Craft Art
Festival

The **WaterFront Craft Art Festival** benefitted from the second year of a two-year funding agreement with Affinity Credit Union, allowing the SCC to fund craft demonstrations and increase advertising for the market. Attendance was affected by inclement weather, but overall impressions of the market were that it was well advertised and promoted. Following a review process which included meetings with a marketer advisory committee, it has been decided to change the date and location of WaterFront. The 2014 market will be held in Kiwanis Park North (Spadina Cres and 22nd St) on June 28th.

The **Saskatchewan Handcraft Festival** had its 40th anniversary in 2013. With continued support from the Town of Battleford, SHF is held



Ron & Rusty Kurenda
Saskatchewan
Handcraft
Festival

at the Alex Dillabough Centre, which can accommodate up to 30 marketers. Twenty-eight marketers participated and market sales and attendance were both up slightly compared to 2012, with average sales of \$2588 and attendance of 1915 over the weekend.



Photo by Thomas Archer

Dale Lowe
WinterGreen
Fine Craft
Market

The **WinterGreen Fine Craft Market**, held the third weekend in November at the Conexus Arts Centre in Regina had over 80 booths, including over a dozen new market booths and participants in the Emerging Artist Market Experience Program. Attendance was down compared to 2012 due to inclement weather, but market sales did not decrease significantly. 3400 people attended over the weekend and the average sales were \$2995.

The annual Jury sessions in March 2014 saw 18 newly Juried members in a range of craft

mediums, including a jury in the SCC's new criteria of seed beading. A process to examine and update jury criteria will take place in the fall of 2014, as it has been noted that some criteria may be out of date, and furthermore there is a need to introduce new criteria for books.

The SCC received a grant through Creative Saskatchewan Market Export and Development to take four artists to four wholesale shows over two years; the Alberta Gift Fair in February 2013 and 2014 and the Toronto Gift Fair in August 2013 and 2014. After a selection process, four SCC Juried members were selected to participate. Our research shows repeated attendance leads to more successful sales: they will participate in all four shows. In February these artists attended the Alberta Gift Fair in Edmonton, offering a selection of their work for wholesale at the largest gift show in Western Canada. In August 2014 they will participate in the Toronto Gift Fair, giving them the opportunity to expand into Eastern Canadian markets. The funding received allows the SCC to cover the majority of travel costs, as well as create wholesale promotional materials for each artist.

Ferron Olynyk



Photo by Melody Armstrong

Melody
Armstrong
WinterGreen
Fine Craft
Market

Exhibition & Education Report

Dimensions Premier's Prize Award Annemarie Buchmann-Gerber

Kicking off this year's exhibition agenda was **Incite Insight**, the inaugural exhibition by the 330 Design Group. This eclectic group of metal artists, ceramic artists and sculptors was formed after a series of workshops conducted by the SCC from 2002 to 2004 called "Feedback Loops". Their intent to further discuss their work over the years culminated in this show, curated by Lee Baker. Lee worked with the group for two years and the exhibition revealed those two years of shared dialogue and making.

Dimensions Exhibition jurying took place in mid-April courtesy of the Mall in Lawson Heights. We are grateful for their support, especially because it enabled us to have a venue large enough for the jurying and critique session, as well as a space for public viewing and crating the selected works. 122 craftspeople submitted 202 entries for consideration.

The works submitted for Dimensions that were not selected by the jurors were immediately set up in the Affinity Gallery as a celebration of the 30th anniversary of this touring exhibition. This exhibition, **The Jury's Out**, allowed us to explore the delicate process of jurying by discussing all of the works submitted. In conjunction with this show we held a panel discussion and a round table discussion on the process of jurying. This exhibition was very well received.

This year we were fortunate to have an exhibition by The Metal

Collective entitled, **Á table!** It included three Saidye Bronfman Award winners and showed us the diversity with which Canadian artists "set the table".

Two Perspectives by ceramic artist Mel Bolen and painter Karen Holden yielded the largest attendance ever in the history of our gallery! A total of 4,292 viewers were able to appreciate the interpretations of the Saskatchewan landscape by this artist couple.

New work by Cathryn Miller made from discarded dictionaries and encyclopedias encouraged our viewing audience to stop and investigate what they were seeing. **Word View** was aphoristic in its approach and dramatic in its conception.

From November 15, 2013 to January 4, 2014, **Dimensions** was displayed in Affinity Gallery—celebrating 30 years of history. We are grateful to our jurors, Susan Rankin and Michael Hosaluk for selecting a dynamic exhibition which is scheduled to tour venues outside our province. We are also grateful to our exhibition sponsor, SaskEnergy.

Put A Wedge In It revealed new work by Michael Hosaluk and invited artists using the wedge as source material. There were works in metal, wood, and multimedia culminating in a spectacular finish to this year's exhibitions.

Stephanie Canning and Leslie Potter

Incite Insight



Curator and retired educator Lee Baker with a student he inspired

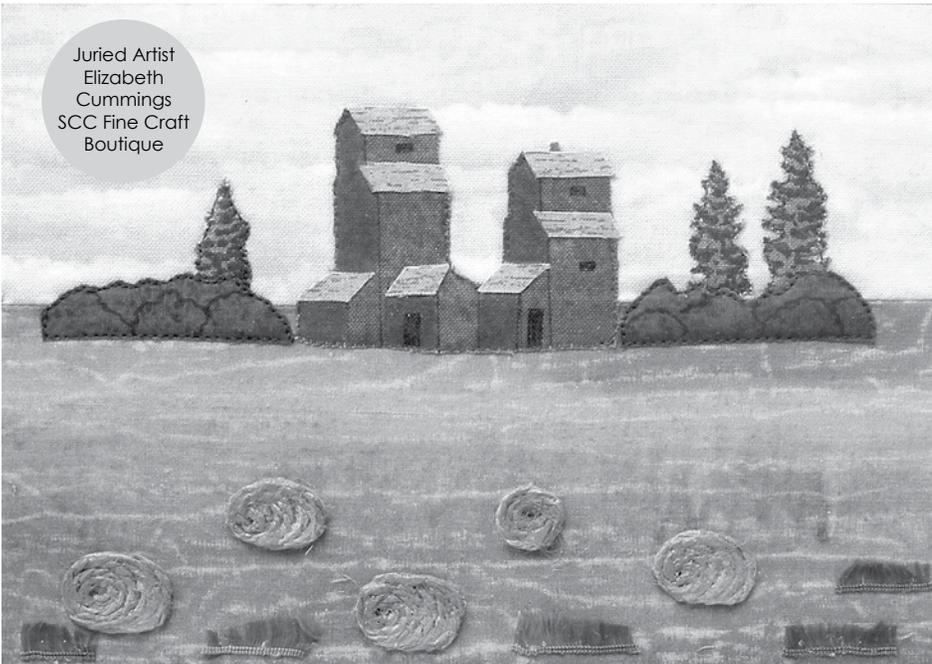


Dimensions Juror's Talk at The Mall at Lawson Heights



Two Perspectives Mel Bolen and Karen Holden

SCC Fine Craft Boutique Report



Juried Artist
Elizabeth
Cummings
SCC Fine Craft
Boutique

The **SCC Fine Craft Boutique** opened on Saturday, June 22, 2013 with forty-five juried member artists and currently represents over seventy.

Hours of operation were changed for **Affinity Gallery** and the **SCC Fine Craft Boutique** to be in line with the retail stores on Broadway. Now open Monday to Friday 10 am to 5 pm, open late on Thursday until 8 pm and closed on Sunday.

July through October brought visitors from literally all corners of the globe. Impressed with the variety and high quality of the work the Boutique offers, comments like:

- amazing talent and creativity
- gob smacked by the professionalism and expertise
- wonderful place to shop
- I am coming back

are frequently heard. We received many compliments on the overall look of the Boutique from the public, gallery visitors, tourists worldwide & purchasers as well as from our members.

Maintaining the integrity of the gallery exhibition space was important to us and we have accomplished this.

Boutique sales (eight months to fiscal year end) exceeded our

expectations. Seven hundred and seventy-five pieces were sold for a total of \$29,437. Note that this total includes Korea stock and SCC playing cards. This is a win-win situation for our member artisans, the many purchasers who left with a piece of Fine Craft and a smile on their face and the SCC organization itself as it helps to fulfill our mandate.

Moving forward we are expanding the Boutique area and have moved current magazines, still accessible to our members, to the basement Resource Centre.

Thank you to all the Boutique artists and thank you to all SCC staff for your assistance; it truly has been a team effort and we look forward to another successful year.

Donna Potter



Juried Artist
Anita
Rocamora
SCC Fine Craft
Boutique



Juried Artist
Rick Murton
SCC Fine Craft
Boutique



Juried Artist
Don Hefner
SCC Fine Craft
Boutique

**SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED**

Consolidated Financial Statements

February 28, 2014

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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	



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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, 2014 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 judgment, 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, 2014 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

May 12, 2014
Saskatoon, Saskatchewan

EPR SASKATOON

EPR Saskatoon CGA Prof. Corp.

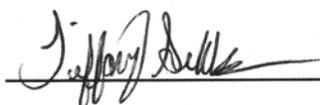
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**SASKATCHEWAN CRAFT COUNCIL CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
February 28, 2014**

STATEMENT 1

	2014	2013
ASSETS		
Current		
Cash and bank	\$ 83,019	\$ -
Short term investments	-	50,000
Accounts receivable	7,289	2,110
Government agencies payable	1,087	705
Inventory	18,757	21,322
Prepaid expenses	13,235	5,933
	123,387	80,070
Receivable on the sale of assets - note 2	21,755	30,733
Capital assets - note 3	825,869	821,336
	\$ 971,011	\$ 932,139
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank indebtedness - note 4	\$ -	\$ 7,053
Accounts payable and accrued liabilities	19,463	21,162
Gift certificates	1,580	1,630
Accrued wages and vacation payable	16,656	12,401
Deferred revenue - note 5	138,849	68,387
Current portion of long term debt	4,853	6,009
	181,401	116,642
Long-term debt - note 6	138,967	143,852
	320,368	260,494
Net Assets		
Unrestricted net assets	(236,789)	(212,754)
Net assets invested in capital assets	825,869	821,336
Internally restricted	50,000	50,000
Externally restricted	11,563	13,063
	650,643	671,645
	\$ 971,011	\$ 932,139

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, 2014

STATEMENT 2

	2014	2013
Revenue		
Creative Saskatchewan	\$ 147,000	\$ -
Saskatchewan Arts Board	147,000	294,000
Restricted grants	92,051	100,539
Markets	70,909	82,254
Membership fees	33,185	34,904
Donations	24,019	33,835
Gallery/Boutique commissions (net) - note 9	14,164	6,033
Rental income	11,154	11,184
Exhibitions/Education	4,975	48,380
	544,457	611,129
Expenditures		
Salary Costs	294,370	323,183
Markets	125,710	116,850
Exhibitions/Education	49,642	59,535
Administration	47,156	60,586
Building	35,129	40,588
Amortization	10,392	9,049
	562,399	609,791
	(17,942)	1,338
Other revenue (expenditures)		
Emma Wood Conference		
Revenue	-	134,482
Expenditures	-	(140,855)
	-	(6,373)
(Loss) before subsidiary operations	(17,942)	(5,035)
Income (loss) from subsidiary (Schedule 1)		
Revenues - Traditions Handcraft Gallery	32	288
Expenses - Traditions Handcraft Gallery	(1,592)	(3,772)
	(1,560)	(3,484)
Net (expenditures over revenue) for the year	\$ (19,502)	\$ (8,519)

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

SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
STATEMENT OF NET ASSETS
Year ended February 28, 2014

STATEMENT 3

	Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	Total 2014	Total 2013
Balance, beginning of year	\$821,336	\$ 50,000	\$13,063	\$(212,754)	\$671,645	\$680,965
Net expenditures over revenues	-	-	-	(19,502)	(19,502)	(8,519)
Amortization	(10,392)	-	-	10,392	-	-
Purchase of capital assets	14,925	-	-	(14,925)	-	-
Contributions	-	-	-	-	-	1,350
Withdrawals (2,150)	-	-	(1,500)	-	-	-
Balance, end of year	\$825,869	\$ 50,000	\$11,563	\$(236,789)	\$650,643	\$671,646

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, 2014

STATEMENT 4

	2014	2013
Cash provided by (used in)		
Operations		
Loss from operations	\$ (19,502)	\$ (8,519)
Items not requiring an outlay of funds		
Amortization	10,392	9,049
	(9,110)	530
Changes in non-cash working capital		
Accounts receivable	(5,179)	2,149
Inventory	2,565	2,742
Prepaid expenses	(7,302)	11,333
Accounts payable and accrued liabilities	(1,699)	(2,031)
Gift certificates	(50)	(260)
Accrued wages payable	4,255	4,015
Government agencies payable	(382)	(6,278)
Deferred revenue	70,462	(91,259)
Cash provided by (used in) operating activities	53,560	(79,059)
Financing		
Proceeds from long term debt	-	152,000
Repayment of long term debt	(6,041)	(8,975)
Refinanced payment of long term debt	-	(21,008)
Externally restricted net assets	(1,500)	(800)
Receivable on the sale of assets	8,978	8,724
Cash provided by financing activities	1,437	129,941
Investments		
Purchase of capital assets	(14,925)	(5,951)
Increase in cash	40,072	44,931
Cash (bank indebtedness), beginning of year	42,947	(1,984)
Cash, end of year	\$ 83,019	\$ 42,947
Cash is defined as		
Cash and bank	\$ 83,019	\$ (7,053)
Short term investments	-	50,000
	\$ 83,019	\$ 42,947

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

EPR SASKATOON

**SASKATCHEWAN CRAFT COUNCIL
CONSOLIDATED
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2014**

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. which was dissolved February 28, 2014. Financial statements for the subsidiary were subjected to a Review Engagement. The subsidiary received commissions from the sale of the gallery 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
Furniture, fixtures & 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, 2014 of \$11,263 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, 2014

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, 2014 the Subsidiary had received \$18,214 in commissions. Given that the Subsidiary was dissolved the receivable has been transferred to the Council.

3. CAPITAL ASSETS

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 350,000	\$ -	\$ 350,000	\$ 350,000
Building	477,709	23,280	454,429	456,283
Computer equipment	58,272	55,645	2,627	2,147
Furniture, fixtures & equipment	87,643	73,706	13,937	6,812
Vehicle	12,363	7,486	4,877	6,096
	\$ 985,987	\$ 160,117	\$ 825,870	\$ 821,338

4. BANK INDEBTEDNESS

The Council has a \$50,000 line of credit at a rate of Prime + 2% (February 28, 2014 - 5%) that is secured by a mortgage on the Council's building. The line of credit was at a zero balance at February 28, 2014.

5. DEFERRED REVENUE

	2014	2013
Creative Saskatchewan - restricted	\$ 74,797	\$ -
Creative Saskatchewan - operating	24,500	-
Saskatchewan Arts Board	-	37,853
Membership fees	15,654	16,619
Other	12,976	12,520
Emma Wood Conference	10,923	1,395
	\$ 138,850	\$ 68,387

SASKATCHEWAN CRAFT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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6. LONG-TERM DEBT

	2014	2013
Loan was paid off during the year.	\$ -	\$ 1,451
5.63% bank loan due April 2017, at which time the Council will need to negotiate possible renewal terms with the bank, payable in installments of \$1,069 principal plus interest monthly, against which a general security agreement and a collateral mortgage on land and building have been pledged as collateral.	143,820	148,410
	143,820	149,861
Less current portion	4,853	6,009
	\$ 138,967	\$ 143,852

The total interest paid on the mortgage loan relating to the repayment of debt from SCC Enterprises last year was \$8,236.

The estimated aggregate amount of principal payments required in each of the next five years on the above indebtedness, assuming the existing terms and conditions will continue through the maturity date, is as follows:

2015	\$ 4,853
2016	\$ 5,134
2017	\$ 5,430
2018	\$ 5,744
2019	\$ 6,076

7. INCOME TAXES

The subsidiary applied all of its accumulated non-capital losses against the \$113,954 forgiven debt. This left a net non-capital loss of \$15,308 which is not available to carry forward since the subsidiary was dissolved on February 28, 2014.

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. GALLERY/BOUTIQUE COMMISSIONS

	2014	2013
Revenues	\$ 51,119	\$ 21,493
Expenditures	36,955	15,460
Net revenue over expenditures	\$ 14,164	\$ 6,033

10. COMPARATIVE FIGURES

The prior year consolidated financial statements included an offset between the Council and its subsidiary of the net amount owed by the subsidiary. While there is no apparent change on these financial statements, effective with the current year, the loan receivable in the net amount of \$113,954 has actually been forgiven by the Council, therefore realizing the accumulated shortfall from the subsidiary's operations since its inception.

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.

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SASKATCHEWAN



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