SASKATCHEWAN CRAFT COUNCIL

Financial Statements

Year Ended March 31, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Saskatchewan Craft Council have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Saskatchewan Craft Council's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee (the "Committee"). The Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

Jeff Erbach	Cindy Lea Hoppe
Executive Director	Board Chairperson

Saskatoon, SK
July 29, 2026

Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan Craft Council

Opinion

We have audited the financial statements of Saskatchewan Craft Council (the "Council"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 in the financial statements which provides information on the basis of presentation. The financial statements have been prepared on the going concern basis, however conditions are present that cast a material uncertainty as to the appropriateness of the use of the going concern assumption unless significant changes are made to the current course of business. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
July 29, 2026

SASKATCHEWAN CRAFT COUNCIL

Statement of Financial Position

March 31, 2026

	Unrestricted Fund	Capital Fund	Restricted Fund	**2026**	2025
ASSETS					
CURRENT					
Cash	$ 93,281	$ -	$ 5,653	**$ 98,934**	$ 5,653
Accounts receivable *(Note 5)*	23,315	-	-	**23,315**	116,148
Goods and services tax recoverable	-	-	-	**-**	1,206
Prepaid expenses and inventory	1,994	-	-	**1,994**	3,092
	118,590	-	5,653	**124,243**	126,099
CAPITAL ASSETS *(Note 6)*	-	858,403	-	**858,403**	875,362
	$ 118,590	$ 858,403	$ 5,653	**$ 982,646**	$ 1,001,461
LIABILITIES AND NET ASSETS					
CURRENT					
Bank indebtedness *(Note 7)*	$ -	$ -	$ -	**$ -**	$ 103,304
Accounts payable	30,668	-	-	**30,668**	76,340
Current portion of long term debt *(Note 11)*	-	6,203	-	**6,203**	10,977
Current portion of deferred capital contributions *(Note 9)*	-	4,757	-	**4,757**	4,757
Goods and services tax payable	116	-	-	**116**	-
Wages payable	34,043	-	-	**34,043**	8,767
Deferred income *(Note 8)*	130,920	-	-	**130,920**	40,488
Due to related parties *(Note 10)*	41,229	-	-	**41,229**	70,179
	236,976	10,960	-	**247,936**	314,812
LONG TERM DEBT *(Note 11)*	-	191,079	-	**191,079**	81,943
DEFERRED CAPITAL CONTRIBUTIONS *(Note 9)*	-	141,569	-	**141,569**	146,326
	236,976	343,608	-	**580,584**	543,081
NET ASSETS (DEFICIT)	(118,386)	514,795	5,653	**402,062**	458,380
	$ 118,590	$ 858,403	$ 5,653	**$ 982,646**	$ 1,001,461

CONTINGENT FUNDING *(Note 15)*

ON BEHALF OF THE BOARD

Jeff Erbach
Director

Cindy Lea Hoppe
Director

See accompanying notes to financial statements

SASKATCHEWAN CRAFT COUNCIL

Statement of Operations

Year Ended March 31, 2026

	Unrestricted Fund	Capital Fund	Restricted Fund	**2026**	2025
REVENUES					
Grants *(Note 16)*	$ 561,393	$ -	$ -	**$ 561,393**	$ 658,426
Gallery and boutique commissions *(Note 17)*	42,775	-	-	**42,775**	52,018
Membership fees	29,383	-	-	**29,383**	27,696
Program fees	24,924	-	-	**24,924**	21,280
Donations and sponsorships	21,669	-	-	**21,669**	11,210
Rental income	17,164	-	-	**17,164**	16,605
Deferred capital contributions recognized *(Note 9)*	-	4,757	-	**4,757**	4,757
	697,308	4,757	-	**702,065**	791,992
EXPENSES					
Salaries and benefits	485,621	-	-	**485,621**	484,093
Program costs	96,386	-	-	**96,386**	136,335
Building	67,442	-	-	**67,442**	74,844
Administration	34,677	-	-	**34,677**	36,675
Advertising and promotion	29,190	-	-	**29,190**	18,164
Artist royalties and fees	28,109	-	-	**28,109**	13,993
Amortization	-	16,958	-	**16,958**	16,601
Goods and services tax	-	-	-	**-**	5,402
	741,425	16,958	-	**758,383**	786,107
EXCESS OF REVENUES (EXPENSES)	$ (44,117)	$ (12,201)	$ -	**$ (56,318)**	$ 5,885

See accompanying notes to financial statements

SASKATCHEWAN CRAFT COUNCIL

Statement of Changes in Net Assets

Year Ended March 31, 2026

	Unrestricted Fund	Capital Fund	Restricted Fund	**2026**	2025
NET ASSETS - BEGINNING OF YEAR	$ (178,633)	$ 631,360	$ 5,653	**$ 458,380**	$ 452,495
EXCESS OF REVENUES (EXPENSES)	(44,117)	(12,201)	-	**(56,318)**	5,885
TRANSFERS *(Note 12)*	104,364	(104,364)	-	**-**	-
NET ASSETS - END OF YEAR	$ (118,386)	$ 514,795	$ 5,653	**$ 402,062**	$ 458,380

See accompanying notes to financial statements

SASKATCHEWAN CRAFT COUNCIL

Statement of Cash Flows

Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues (expenses)	**$ (56,318)**	$ 5,885
Items not affecting cash:		
Amortization of capital assets	**16,959**	16,601
Deferred capital contributions recognized	**(4,757)**	(4,757)
	(44,116)	17,729
Changes in non-cash working capital:		
Accounts receivable	**92,835**	(59,978)
Accounts payable	**(45,676)**	8,579
Deferred income	**90,432**	(107,145)
Prepaid expenses and inventory	**1,098**	566
Goods and services tax payable	**1,322**	1,899
Wages payable	**25,276**	(1,676)
	165,287	(157,755)
Cash flow from (used by) operating activities	**121,171**	(140,026)
INVESTING ACTIVITY		
Purchase of capital assets	**-**	(8,220)
Cash flow from (used by) investing activity	**-**	(8,220)
FINANCING ACTIVITIES		
Deferred capital contributions received	**-**	4,000
Advances from (to) related parties	**(28,950)**	70,179
Proceeds from long term financing	**110,303**	-
Repayment of long term debt	**(5,939)**	(10,111)
Cash flow from financing activities	**75,414**	64,068
INCREASE (DECREASE) IN CASH FLOW	**196,585**	(84,178)
DEFICIENCY - BEGINNING OF YEAR	**(97,651)**	(13,473)
CASH (DEFICIENCY) - END OF YEAR	**$ 98,934**	$ (97,651)
CASH CONSISTS OF:		
Cash	**$ 98,934**	$ 5,653
Bank indebtedness	**-**	(103,304)
	$ 98,934	$ (97,651)

See accompanying notes to financial statements

1. PURPOSE OF THE COUNCIL

Saskatchewan Craft Council (the "Council") is a not-for-profit organization of Saskatchewan. As a registered charity the Council is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

As of September 20, 2025 the charity status of Council has been revoked by Canada Revenue Agency due to failure to file required T3010 Charity Information Returns. Since this date all outstanding returns have been filed and the failure-to-file penalty has been paid. All that remains is the application for re-registration. Until this application is accepted by the CRA, the Council is unable to issue official donation receipts.

The mission of the Council is to foster an environment where excellence in craft is nurtured, recognized, and valued, and where Saskatchewan craftspeople flourish creatively and econometrically.

2. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

The accompanying financial statements have been prepared on the going concern basis, which contemplates the realization of assets and payment of liabilities in the ordinary course of business. Should the Council be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they come due. If the going concern basis was not appropriate, adjustments would be necessary to the carrying values of assets, the reported revenues and expenses, and the classifications used in the Statement of Financial Position.

In the current fiscal year the Council reported a significant deficit, following a year with a modest surplus from operations and two years of significant operating losses which has continued to result in increased financial strain and cash flow issues. The Council continues to experience financial pressures due to inflation, market changes, and general market labour conditions which presents an increased risk of continued losses and a material uncertainty as to the application of the going concern basis for accounting.

The Council continues to develop operational plans to address financial sustainability which includes discussions with funders to increase core funding, increasing membership fees, cost reductions and a transformation proposal submitted to a core funder to determine the feasibility of the organization, which could include the selling of the real property owned by the Council. The continued operations of the Council is dependent on successful and timely implementation of these changes to maintain normal operations and eliminate the material uncertainty as to the use of the going concern basis.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. The Council believes that the aforementioned measures will mitigate the effect of the conditions and events that cast doubt on the appropriateness of this assumption.

3. ECONOMIC DEPENDENCE

A significant portion of the Council's revenue is derived from funding provided by Creative Saskatchewan which is used in the delivery of specific programs and operations. In the event this funding is no longer provided, the Council would have to obtain other funding or significantly change their operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

Saskatchewan Craft Council follows the deferral method of accounting for contributions, which includes grants, contributions for capital assets, donations, and sponsorships.

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 to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for the acquisition of capital assets are recognized on the same basis as the related capital asset is amortized.

Gallery and boutique commission, program fees, memberships, and rental revenue are recognized as revenue in the period the goods and services are provided.

Fund accounting

Saskatchewan Craft Council utilizes fund accounting and has the following funds:

a) Unrestricted Fund: Reports the Council's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.
b) Capital Fund: Reports the net asset position of the Council's capital assets at their carrying value.
c) Restricted Fund: Internally restricted fund which has been designated to be maintained to provide prizes for future Dimensions exhibitions.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets including cash, accounts and grants receivable are reported at amortized cost.
Financial liabilities including bank indebtedness, accounts payable and accrued liabilities, long-term debt, and related party loans are measured at amortized cost.

Contributed goods and services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	40 years	straight-line method
Equipment	3,5,8,10, and 15 years	straight-line method
Computer equipment	3 and 10 years	straight-line method

The Council regularly reviews its capital assets to eliminate obsolete items. Amortization is not taken in the year of addition. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates include the rates and methods of amortization of capital assets.

5. ACCOUNTS RECEIVABLE

	2026	2025
Creative Sask - Grant Receivable		
2025-2026 fiscal year funding	**$ 23,100**	$ -
2024-2025 fiscal year funding	**-**	90,090
2023-2024 fiscal year funding	**-**	23,100
	23,100	113,190
Trade receivables	**215**	2,958
	$ 23,315	$ 116,148

6. CAPITAL ASSETS

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Land	$ 350,000	$ -	**$ 350,000**	$ 350,000
Buildings	641,429	140,696	**500,733**	516,769
Equipment	38,766	31,096	**7,670**	8,593
Computer equipment	16,364	16,364	**-**	-
	$ 1,046,559	$ 188,156	**$ 858,403**	$ 875,362

7. BANK INDEBTEDNESS AND CREDIT FACILITIES

The Council has the following credit facilities with the Royal Bank of Canada:

Facility #1 is a $50,000 revolving demand facility bearing interest at prime rate plus 2.00% per annum. As at yearend, $Nil (2025 - $50,000) has been drawn on Facility #1.

Facility #2 is a non-revolving term facility of a $203,233 non-revolving term facility by way of fixed rate term loan. Repayable in monthly blended payments of $1,370 at 5.62% per annum. The facility is in effect until April 1, 2026. As at yearend $197,284 has been drawn on Facility #2.

In April 2026, the Council's facility #2 was refinanced with a $197,287 non-revolving term facility by way of fixed rate term loan. Repayable in monthly blended payments of $1,320 at 4.79% per annum. The facility is in effect until April 1, 2027. As part the new agreement the Council still maintains facility #3.

Facility #3 is a Corporate Visa credit facility of $23,000.

All credit facilities and borrowing of the council are secured under a general security agreement providing the Bank with a first charge on the lands and improvements located at 813 Broadway Ave Saskatoon, SK which has a carrying value of $850,733 (2025 - $866,769).

8. DEFERRED REVENUE

	Beginning Deferred	Received	Recognized	**Ending Deferred**
Grants	$ -	$ 656,393	$ (561,393)	**$ 95,000**
Membership fees	18,255	30,079	(29,383)	**18,951**
Program fees	15,880	18,044	(24,924)	**9,000**
Gift certificates	6,353	1,616	-	**7,969**
	$ 40,488	$ 706,132	$ (615,700)	**$ 130,920**

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount received for the purchase of capital assets. The amortization of the capital contributions is recorded as revenue in the statement of operations, which offsets the related amortization expense for the year.

	2026	2025
Balance - beginning of year	**$ 151,083**	$ 151,840
Capital contributions received during the year	**-**	4,000
Amounts recognized as revenue	**(4,757)**	(4,757)
Balance - end of year	**146,326**	151,083
Current portion of deferred capital contributions	**(4,757)**	(4,757)
Long term portion of deferred capital contributions	**$ 141,569**	$ 146,326

10. DUE TO RELATED PARTIES

The Council has an unsecured loan from the Board Chairperson totaling $40,000 (2025 - $40,000) and former Executive Director $Nil (2025 - $30,000) to support the day to day operations. The loans bears interest at 3.00%. Included in the yearend balance is $1,229 (2025 - $179) of accrued interest on the loans.

11. LONG TERM DEBT

	2026	2025
Royal Bank of Canada under facility #2, with terms noted in note 7	**$ 197,284**	$ 92,920
Amounts payable within one year	**(6,205)**	(10,977)
	$ 191,079	$ 81,943

Principal repayment terms are approximately:

2027	$ 6,205
2028	6,544
2029	6,897
2030	7,268
2031	7,660

12. TRANSFERS

	2026	2025
Purchase of capital assets	**$ -**	$ 8,220
Repayment of long term debt	**5,939**	10,111
Proceeds from long term financing	**(110,303)**	-
Restricted donations received for capital asset purchases	**-**	(4,000)
	$ (104,364)	$ 14,331

Transfers are an accumulation of purchases of capital assets, advances of debt, debt repayments and restricted donations received for capital asset purchases, as the Capital Fund does not maintain it's own bank account.

13. COLLECTIVE BARGAINING AGREEMENT

The employee's of the Council are members of Saskatchewan Government and General Employee's Union Local 5246 ("SGEU") and were employed under a Collective Bargaining Agreement (CBA) that ended March 31, 2023. The Council may have a payable on settlement of a new CBA, which will be recorded in the year of settlement.

14. FINANCIAL INSTRUMENTS

The Council is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Council's risk exposure and concentration as of March 31, 2026.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Council deals with government funded agencies and funding is provided in lump sum payments and the risk is considered low. The Council is exposed to credit risk from members and customers. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. No concentration of risk has been identified and overall credit risk is assessed as low.

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14. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Council is exposed to this risk mainly in respect of its receipt of funds from its members and customers and other related sources, long-term debt, line of credit and accounts payable.

Under the current financial pressures a higher liquidity risk has been identified as the available resources exceed the Council's obligations. To mitigate this risk efforts continue to obtain additional revenue sources and financing arrangements.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Council manages exposure through its normal operating and financing activities. The Council is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management’s opinion that the Council is not exposed to significant other price risks arising from these financial instruments.

15. CONTINGENT FUNDING

In common with most grant funding a subsequent review of the financial statements is conducted by the granting agency which can result in the requirement of repayment of prior year's funding, or an adjust to the current year's funding based on their determination of the use of the funding for eligible program costs. No provision is made in the financial statements for a possible settlement of current year's funding and any settlement related to prior year's is recognized as part of current funding revenue in the period it is made known to the Council. Based on the funding agency's review of the prior year's financial statement and grant reports, $Nil was repaid during the year.

16. GRANTS

	2026	2025
Creative Saskatchewan		
Operational funding	**$ 380,000**	$ 380,000
Projects funding	**115,510**	115,490
Operational assistance funding	**-**	67,000
	495,510	562,490
City of Saskatoon		
Culture grant	**35,000**	35,000
Property tax abatement	**28,883**	30,840
	63,883	65,840
Community Organizations		
SaskCulture	**2,000**	3,000
Canadian Red Cross	**-**	27,096
	2,000	30,096
	$ 561,393	$ 658,426

17. GALLERY AND BOUTIQUE COMMISSIONS

The Council earns a commission on gallery and boutique sales based on the related agreements with the individual artists.

	Boutique	Gallery	**2026**	2025
Gross sales	$ 85,749	$ 21,532	**$ 107,281**	$ 135,640
Less: Member discounts	-	-	**-**	(15)
Less: Payments to artists	(51,633)	(12,873)	**(64,506)**	(83,607)
	$ 34,116	$ 8,659	**$ 42,775**	$ 52,018