

CRAFT ONTARIO
2017
ANNUAL REPORT



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A not-for-profit arts-service organization that works to have craft recognized as a valuable part of life. We promote and celebrate professional craft through providing member opportunities, and advocate for craft practice by educating and empowering diverse audiences.

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WWW.CRAFTONTARIO.COM

FRONT COVER: "LACK NOTHING" BY JOON HEE KIM
GLAZED CERAMIC, GOLD LUSTER
33CM X 33CM X 53CM

DESIGNED BY SANDHYA. K. NATARAJAN

CHAIR'S MESSAGE

2017 marked an enormous resettlement for Craft Ontario, after several years of change, shifts and restructuring. Settled into our new space at 1106 Queen Street West, and under the new leadership of our formerly "Interim", now permanent Executive Director*, Janna Hiemstra, it has been a time to look at Craft Ontario with renewed vision.

As 2017 wore on with sales not up to our retail consultants' expectations and with those fresh eyes, we discovered that years of declining sales in our retail Shop, waning donations and necessary staff reductions left us in a precarious operational and financial position going into 2018. This sort of impact is not new to the arts community, nor to organizations like ours. And after exhausting every other possible avenue for assistance, we opened up to the arts community and our membership.

And you answered. In droves. An unprecedented \$140,000 was raised for Craft Ontario between late 2017 and early 2018. With those funds, Craft Ontario was able to retain and restructure most of our staff. Further in depth planning and strategizing has ensured that Craft Ontario, an organization that was poised to close its doors on January 31, 2018, will not only continue its work, but will do so with renewed energy and excitement. Staff is rebuilding and restructuring to deliver programming that will support our membership for years to come.

None of this comes without strength and determination.

Firstly our volunteers and supporters. When our call for help went out, many of you, our members, came forward with concrete ways to help. Volunteer-driven fundraisers. Support in the shop. Administrative support in our office. Spreading the word through social media and your social circles. Our donor recognition page reflects the immense commitment from our community, ranging from donations of \$50 to the \$50,000 donation from the Irma J. Brydson Foundation that collectively allowed us to head into 2018 on firmer ground. Our landlord, Anthony Simone, also played a pivotal role at this time. His flexibility, practical support, and commitment to our viability as an organization made a significant difference on our road to financial stability. To our members, volunteers, and supporters, we thank you. Your support is invaluable to this organization and is the reason we are able to do our work.

Our Board of Directors during this period of uncertainty has been nothing short of amazing. Brandon, Cliff, Heidi, Kathleen, Jay, John, Sandra, Stuart and

Taliaferro: you have not only volunteered your time for meetings, but you have lent Craft Ontario your expertise. You have been available to meet as often as needed and for almost daily phone calls or emails. I've always known that organizations in positions like ours who don't have both strong, skilled staff and a strong, dedicated and skilled Board of Directors, shut down. We haven't and are looking forward to a bright future with Craft Ontario. Thank you to our outgoing Board members: Sandra Dupret, Katarina Germani, Kathleen Morris, Christine Platt, Michael Prokopow, Amir Sheikvand and Brandon Sousa. To Brandon, Kathleen, Taliaferro and Sandra, I would especially like to thank you for your work with our Board this year. Your voices at the table, the gift of your skills and expertise and your dedication to this organization will be greatly missed.

To all of our staff, those who have departed and those who have stayed with us, you have weathered the storm most directly. All of your important contributions have ensured that Craft Ontario has remained sustainable and continues to provide vital service to our membership. Your calm determination to support Craft Ontario with your time and energy has carried this organization forward.

And finally to Janna. You have saved Craft Ontario. We look back now and realize that it was impossible to anticipate the challenges that you were going to face when you took leadership of this organization in April 2017. There have been very difficult days, tough actions to take, but you have handled it all with grace and compassion. It is your love of craft and love of Craft Ontario, combined with your pragmatic, cautious and realistic approach to leadership that has stabilized this organization. You are the very best choice for this position, we can see in hindsight, and you have shown yourself to be an inspiring leader. The Board is so proud that you will continue as Executive Director* of Craft Ontario in the year ahead. The future is bright for Craft Ontario under your direction.



Kim McBrien Evans
Chair, Craft Ontario Board of Directors

**Title change was requested by Janna Hiemstra. Her role and responsibilities with Craft Ontario remain the same as the former "CEO" position.*

EXECUTIVE DIRECTOR'S MESSAGE

To say the least, 2017 was a tough year. At the same time, it was a year that demonstrated incredible community support for Craft Ontario, and it is clear that the organization is deeply valued in its role to support and advocate for the work of its members and of craft as a professional practice. With this knowledge, I am honoured to be able to take next steps in stabilizing Craft Ontario as we continue to move into 2018, and to ensure that we not only restructure to address our current capacity, but to work towards a stronger organization that meets the contemporary needs and expectations of members and supporters.

Navigating our first year at 1106 Queen Street West presented challenges in that we began 2017 with multiple demands on our resources, and were not able to generate expected revenues over the course of the year in order to close the gap. The premise for being able to thrive in the new location depended largely on expected retail sales, all while trying to keep up regular operations with low staff levels and reduced expenditures. Facing extremely low cash resources at the end of the year, we effectively faced the reality of closing our doors in early 2018.

As such, 2017 is a year of gratitude. Through incredible financial and volunteer support, Craft Ontario was able to turn a dire situation in to one of hope. Not to mention, that through it all, we were able to continue to deliver member support services, programs and publications. It is with such deep gratitude that I am able to celebrate the work that we were able to achieve in 2017, to congratulate the 2017 Award recipients, and then to be able to say that this year's Awards program is open for applications, and that we have already been able to celebrate and promote the work of members through 2018 exhibitions, the Shop and Studio magazine. Craft Ontario would not be here today without every single word of encouragement and advice, without every donation, both great and small, and without the time, expertise and commitment of so many members, advisors, funders, supporters, Board members, staff and volunteers.

My deepest and endless thanks go to all staff for giving every effort despite the incredible uncertainty and insecurity of your positions - we are here today because of you. Likewise, my deepest thanks goes to the Board of Directors for their unflagging commitment and belief in Craft Ontario. The amount of time and energy the Board has

poured into daily decision making, weekly meetings and constant strategizing has allowed us to remain in our current location, and to celebrate the fact that we can move forward with renewed energy and determination to make Craft Ontario thrive.

On behalf of Craft Ontario, my thanks also goes to Uwe Manski for providing financial insight and guidance, and to Blake, Cassels & Graydon LLP for their generous support in providing legal counsel and guidance. Thanks are also due to our new auditors, Koster, Spinks and Koster, who have helped start us off on the right foot as we restructure and continue to stabilize.

Special thanks also goes to Anthony Simone, our current landlord, for being a rock of support, and for seeing us through to staying in our current home. In addition, I thank our prior landlords at 990 Queen St. West, Ross and Jo-Anne Young, for working with us to end our lease commitment - we look forward to continuing to work with you as friends of Craft Ontario. Finally, I also want to thank Sarah Wan, owner of the Devil's Workshop, for being there at just the right time - we are so thrilled to be able to share this location with you, and look forward to our years ahead as neighbors.

On behalf of Craft Ontario I also extend our deepest thanks to our funders, especially the Ontario Arts Council and the Toronto Arts Council, for your guidance, and your continued support.

Craft Ontario is committed to moving ahead, and we look forward to finalizing our new strategic and business plans at the end of this year - involving you, our community, in taking the next steps that will define the way in which we continue to serve you.

To everyone that has helped Craft Ontario take every step to get to where we are today: *thank you.*

In gratitude,



Janna Hiemstra
Executive Director

ART SERVICES & PROGRAMS

Craft Ontario continued to provide services to members that include access to insurance, merchant discounts, access to tech tools, free gallery and museum admission throughout North America, and Craftfl@sh, the monthly e-newsletter that delivers opportunities to connect and grow careers.

CRAFT EXPORT READINESS

With the generous support of the Ontario Trillium Foundation, the second phase of the Craft Export Readiness project wrapped up under the direction of Project Manager, Sara Washbush. In addition to intensive research and production put into the development of an online series of courses that launched in the fall of 2017, several in-person information sessions were presented throughout the province. The final video courses, which focus on Marketing, Exporting and Online sales are delivered by professional craftspeople, and are geared towards emerging makers, professional development seekers and professional development providers. They are available online at <https://courses.craftontario.com>.



CRAFT TALKS

2017's presentation programming began in February with an artist talk by Tania Love as part of the Toronto Design Offsite Festival exhibition, Living Well.

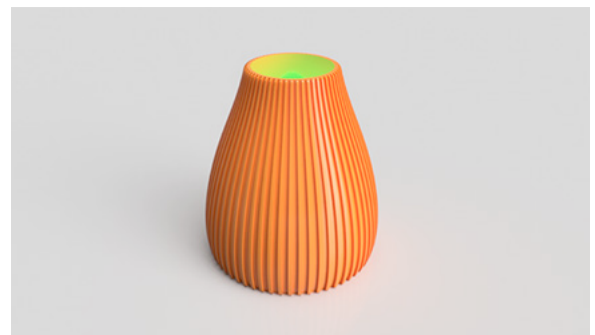
In June, an artists panel talk was delivered as part of the Chromatic Geography exhibition, which included local, national and international textile artists, Kathy Hattori, Laura Sansone, Mackenzie Kelly-Frere, and Becky Porlier. The panel was moderated by exhibition curator, Thea Haines.

In September, a round-table discussion was hosted on the topic of Community + Collaboration, and the necessity of shared studio space. Participating speakers came from a variety of career levels, and from some of Toronto's most notable studios, including the Junction Workshop, Akin Collective, Studio Huddle and the Harbourfront Craft & Design residency program: Anouk Desloges, Heidi Earnshaw, Sally McCubbin, and Natalie Waddell.



CRAFT SMARTS

In April, Craft Ontario partnered with Autodesk to deliver a Fusion 360 workshop, where 20 participants learned to use the software for 3D modelling. This was followed by a merchandising and visual marketing workshop, led by Danielle Suppa of Souvenir Studios. Participants had a hands-on opportunity to test their skills with objects from the Craft Ontario Shop.



CRAFT AWARDS: CELEBRATING EXCELLENCE

Craft Awards recipients are accomplished practitioners in the field of craft and design. From makers that create innovative and exceptional work to administrators, writers and volunteers who support the craft community, each recipient is recognized as an important contributor to contemporary craft practice. Since the 1980s, over 500 Craft Ontario members have been recognized, and in 2017, over \$22,000 was awarded to 18 deserving recipients. Special thanks to the 2017 jury: John Baker, Gillian Batchter, Stephen Hogbin, Sylvia Lee, Janet Macpherson, Marie O'Mahony and Shaun Moore.

The Craft Awards program is only made possible with the support of many generous donors and contributors, and sincere thanks go to the following organizations and people: The Craft Ontario Volunteer Committee, The Pottery Supply House, Tuckers Pottery Supplies Ltd., Lacy and Co. Ltd, and the Copeland, Farndale, Gregor, McPherson, Mather, Walker and Yung families and friends.

VICTORIA CHIN

The Pottery Supply House Clay & Glass
Supply Grant

LEIGH DOTEY

Don Mckinley Award For Excellence in
Wood

GRACIA GOMEZ

Tucker's Pottery Supplies Ltd Clay Supply
Grant

OWEN JOHNSON

Craft Ontario Volunteer Committee
Award

JOON HEE KIM

Craft Ontario Volunteer Committee
Emerging Professional Award

ALEX KINSLEY

Lacy And Co Ltd Jewellery Grant

LAUREN LEVINE

Fusion Design Award

TANYA LYONS

Kent And Doug Farndale Award of
Excellence

CYNTHIA O'BRIEN

Helen Copeland Memorial Award in
Ceramics

ELIZABETH PEAD

Mary Diamond Butts Award in
Embroidery & Needlecraft

JENNIFER POPP

Pattie Walker Memorial Award in
Architectural Glass

SHAY SALEHI

Craft Ontario Volunteer Committee
Award

LOIS SCHLAR

Lily Yung Memorial Award

ELYCIA SFA

Helen Frances Gregor Award

SILVIA TAYLOR

Craft Ontario Volunteer Committee Mid
Craeer Award for Excellence

KATRINA TOMPKINS

James H. Mcpherson Award in
Woodworking

WANXING WANG

Craft Ontario Volunteer Committee
Undergraduate Award

Images: "Ogee Arroyo Series" by
Silvia Taylor. Blown and engraved
glass with copper surface and
iron base. 8.75" x 14.75" x 5.25".

Next page: 2017 Award Recipi-
ents: Elizabeth Pead, Silvia Taylor,
Laura Donefer, Tanya Lyons and
Shay Salehi.





The **JOHN AND BARBARA MATHER AWARD FOR LIFETIME ACHIEVEMENT** honours those who work tirelessly to grow the craft community, and the 2017 recipient is **LAURA DONEFER**, nominated by Melanie Egan, Director Craft & Design at Harbourfront Centre

Born in Ithaca, NY and raised in Québec, Laura now lives and works in Harrowsmith, Ontario. She studied sculpture in the early 1970s at the Escuela Nacional de Arte Cubanacan, in Havana. She went on to graduate with an honours BA from McGill University in 1979 and continued her artistic training at Sheridan College School of Craft and Design graduating in 1985, majoring in glass.

She has had significant solo and group exhibitions, her work resides in major international institutions, in addition to being the recipient of numerous awards and grants. Laura has taught generations of Canadian glass artists, and has helped mold curriculum and mentor students with her dynamic teaching style, boundary pushing mentality and considerable knowledge.

AFFILIATE AWARDS

Chosen and presented each year by Craft Ontario Affiliate Organization Members through juried exhibitions and award presentations, *Affiliate Awards* celebrate excellence, and offer a one-year Craft Professional membership to accomplished makers in all different media. Congratulations to the 2017 recipients!

LAUREN ARKELL

Presented by Art Gallery of Burlington

LINDSAY ANDERSON

Presented by FUSION: The Ontario Clay & Glass Association

HO CHING CHAN

Presented by L.A.Pai Gallery

SUSAN GRANT

Presented by Ontario Hooking Craft Gallery

AGNES XIAOYAN GUAN

Presented by George Brown College

BRENDA NLEVES

Presented by Burlington Potters Guild

CONEL O'REGAN

Presented by Muskoka Arts & Crafts

ARTHUR PETCH

Presented by Ottawa Guild of Potters

LORETTA PETERS

Presented by Haliburton School of Art + Design

KAITLYN WYNS

Presented by Georgian College

EXHIBITIONS

LIVING WELL

JANUARY 16 - MARCH 18, 2017

"Living Well" - the annual thematic exhibition of the Toronto Design Offsite Festival brought together emerging and established artists and designers from many disciplines to consider the theme of living well. The exhibition explored the tangible and intangible ways in which design improves our daily lives. This exhibition featured the works of Amanda Rataj, Cole Swanson, Jake Whillians, Louie George Michael (Gaëlle Le Couter), Kux Global (Mauricio Navarro), AFJD (Amber Frid-Jimenez & Joseph Dahmen), Tania Love, Victoria Milley & Felicia Semiawan, Myung-Sun Kim and Oscar Kwong. "Living Well" asked about the ways in which design transforms us, or how we use design to transform ourselves for the better.

CHROMATIC GEOGRAPHY: NATURAL DYES IN THE 21ST CENTURY JUNE 8 - AUGUST 26, 2017

Chromatic Geography examined new trends, and presented a diversity of approaches to the use of natural dyes, from scientific research and raw material development, to innovative, contemporary applications in craft, fashion, design and art, with personal approaches to materials and aesthetics.

Curated by Rachel MacHenry and Thea Haines, with the works of: BioDye, Liam Blackburn, Studio Blond & Beiber, Abigail Booth, Caroline Forde, Gltte Hansen, Mackenzie Kelly-Frere, Hiroko Karuno, Jason Logan - Toronto Ink Co, Maiwa, Matson + Palmer, Rowland Ricketts, Meghan Spielman and Gabriela Zurita.

CRAFT ONTARIO '17

MARCH 23 - JUNE 3, 2017

Craft Ontario '17 surveyed the work of members across the province, and presented the very best of contemporary craft. Since 1975 Craft Ontario has supported the development of contemporary craft through juried exhibitions of member work.

Juried by Gordon Thompson (Sheridan College Craft & Design Program) and Chung-Im Kim (OCAD University Material Art & Design Program), Craft Ontario '17 featured the works of: Hana Balaban-Pommier, Eden Bender, Keith Campbell, Lisa Creskey, Aurora Darwin, Heidi Earnshaw, Kyle Garland, Owen Johnson, Davoud Khosravi, Joon Hee Kim, Becky Lauzon, Tanya Lyons, Judy Martin, Shawna Munro, Gular Mustafa, Sam Pedicelli, Andrea Piller, David Solomon, Patricia Wong, and Carolyn Young.

TEACHING MATERIALS

SEPTEMBER 8 - OCTOBER 7, 2017

"Teaching Materials" took place as part of the 50th anniversary celebrations of Sheridan College's Craft and Design Program. The exhibition brought together the work of many of the program's highly accomplished Faculty and Technologists and included the works of Elaine Brodie, Owen Colborne, Jess Riva Cooper, Rob Diemert, Marc Egan, Peter Fleming, Lee Fletcher, Jin Won Han, Kate Jackson, Laura Kukkee, Scot Laughton, Sally McCubbin, Rachel Miller, Meghan Price and Katrina Tompkins.



Image: AFJD. 'Mycobench', Mycelium biocomposites (oyster mushrooms and sawdust), industrial wool felt, plywood base.

2017 CANADIAN CRAFT BIENNIAL

AUGUST 19 - OCTOBER 29, 2017



Delivered in partnership with the Art Gallery of Burlington, the Canadian Craft Biennial celebrated and educated about the importance that craft plays in our everyday lives. Through exhibitions, a two day Symposium, workshops, maker and writer residencies, and community programming, the Biennial provided historical contextualization of Canadian craft practice and offered critical insight into its future. 400 visitors attended the opening reception, 15,100 visitors viewed the exhibitions, and 217 attendees participated in the two-day Can Craft? Craft Can! Symposium.

Core exhibition programming included a national exhibition that showcased the work of 64 makers from across Canada, a solo exhibition of international ceramic artist Anton Reinders, and a provincial exhibition featuring emerging Ontario artists, curated by Craft Ontario, and titled 'Nothing is Newer than Tradition'. Offsite exhibition programming hosted by OCAD University's Material Art & Design Program included 100 works by students from nine Canadian post-secondary craft programs.

In addition, two 10 day residencies were programmed for makers and emerging writers, as well as a master ceramic workshop with visiting artist Anton Reijnders.

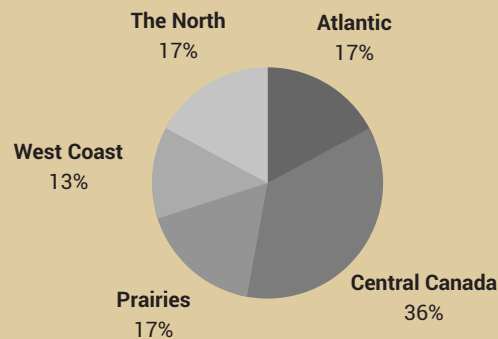


Image: Magali Thibault Gobeil 'Candy Dots', Brooches, polyurethane, vinyl, cord, cotton, magnet.

15,100 VISITORS VIEWED THE EXHIBITIONS

54 CANADIAN AND INTERNATIONAL SYMPOSIUM PRESENTERS IN 11 SESSIONS

NATIONAL EXHIBITION 'CAN CRAFT? CRAFT CAN!' REGIONAL REPRESENTATION



SHOP

2017 was a year of change for Shop programming. In January, Blandina Makkik, Indigenous Gallery Director, left Craft Ontario for a new opportunity after serving the organization for over 10 years. Her insight, expertise and passion are dearly missed.

Remaining Shop staff rose to the challenge and continued to excel in public education, client relations and customer service. With the first year in the new location, staff had to constantly review and test new approaches in order to adapt to the new local market, and to continue to engage with existing clients. With October 2017 marking the first full year of sales, 2017 provided a road map for revising expectations in 2018.

The Shop also worked with community partners to deliver both the George Brown College Jewellery graduate and alumni feature in April, and the 2017 Cape Dorset Print release, both of which were successful events for engaging with visitors and driving sales.



IMAGE - "SMALL WALKING BEAR" by Willy Sky - Serpentinite Stone Carving, 4.5" x 2" x 2"



STUDIO MAGAZINE

As the leading national publication on craft in Canada, Studio continued to deliver content that explores craft practice throughout the country, and engage in critical dialogue about craft and design's role in contemporary culture through publishing two issues during 2017.

Regional Editorial Committee:

Nicole Bauberger
Wilma Butts
Heather Komus
Mary-Beth Laviolette
Carlyn Yandle
Daphne Scott

National Editorial Committee:

Sandra Alfoldy
Melanie Egan
Denis Longchamps
Charles Lewton-Brain
Michael Prokopow
Tiana Roebuck
Arno Verhoeven

COMMUNITY

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Taliaferro Jones, Past Chair
Stuart Reid, Vice Chair
John Arnold, Treasurer
Kathleen Morris, Secretary
Jay Richardson

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Katarina Germani
Cliff Ledwos
Christine Platt
Michael Prokopow
Amir Sheikvand
Brandon Sousa

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Janna Hiemstra, Curator & Director of Programs, Interim-CEO*
Meranda MacKenzie, Finance and Membership Controller
Ellen Hlozan, Head of Membership*
Lianne Holland, Head of Membership and Programs*
Kate Jackson, Administrative Coordinator*
Sally McCubbin, Communications Coordinator*
Sara Washbush, Craft Export Readiness Project Manager*
Erin Beaubien, Biennial Programs Coordinator*
Diana Edelhauser, Communications Coordinator*
Heather Long, Programs Assistant*

SHOP

Yusun Ha, Shop Manager
Blandina Makkik, Indigenous Gallery Director*
Caitlin Lawrence, Sales Associate
Maurie Tood, Sales Associate
Andrew Ralston, Sales Associate*

STUDIO MAGAZINE

Leopold Kowolik, Editor in Chief
Gord Thompson, Editor
Dale Barrett, Art Director
Julie Nicholson, Advertising Representative

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Pasha Moezzi
Sandra McBurney
Stephanie Herrera
Tammy McClennen
Vicki Bradley
Vivienne Jones

** Indicates position was held for part of the year*

AFFILIATE ORGANIZATIONS

260 Fingers Ceramic Exhibition
Art Gallery of Burlington
Art Gallery of Peterborough
Arts Burlington
Artscape Launchpad
Burlington Potters' Guild
Cabbagetown Arts and Crafts
Canadian Bookbinders & Book Artists Guild
Canadian Clay & Glass Gallery
Canadian Museum of History
Canadian Society For Creative Leathercraft
City of Craft
Fibrations
Fusion: The Ontario Clay And Glass Association
Gardiner Museum of Ceramic Art
Georgian College School of Design and Visual Art
Glass Art Association Of Canada
Guelph Creative Arts Association
Haliburton School of Art + Design
Harbourfront Centre - Craft & Design
Ingersoll Creative Arts Centre
Kindred Spirits Artisans Of Paris
Living Arts Centre Mississauga
London Potters Guild
Makeology
Mississauga Potters Guild
Mississippi Valley Textile Museum
Muskoka Arts And Crafts Inc.
Ontario Hooking Craft Guild
Ottawa Artisans Guild
Ottawa Guild of Potters
Pine Tree Potters Guild
Queen Elizabeth Park Community & Cultural Centre
Queen West Art Crawl
Rails End Gallery & Arts Centre
Sarnia-Lambton Economic Partnership
Simcoe County Arts & Crafts Association
Station Arts Centre/Tillsonburg District Craft Guild
The Maker's Hand
The Potters Guild of Hamilton and Region
Thunder Bay Potters Guild
Toronto Bead Society
Waterloo Potters' Workshop
Woodlawn Pottery Studio

PARTNERS & COLLABORATORS

Canadian Crafts Federation/Federation Canadienne des métiers d'art
Art Gallery of Burlington
Alberta Craft Council
Craft Council of BC
Conseil des métiers d'art du Quebec
Craft Council of Newfoundland and Labrador
Craft NB / Métiers d'art NB
Manitoba Craft Council
Nova Scotia Designer Crafts Council
Nunavut Arts and Crafts Association
PEI Crafts Council
Saskatchewan Craft Council
Yukon Art Society
Autodesk
Canadian Society of Decorative Arts
Contemporary Textile Studio Co-op
George Brown College Jewellery Program
Haliburton School of Art and Design:
Fleming College
Humber College, Arts Administration Program
Magazines Canada
NOW Magazine
OCAD University, Material Art & Design
Ontario Association of Art Galleries
PASO: Coalition of Provincial Arts Service Organizations
ROM Boutique
Sheridan College, Craft & Design
SOUVENIR Studios
Toronto Design Offsite Festival
Toronto Outdoor Art Festival
Textile Museum of Canada
Vert Catering
York University, Communications Program

DONORS

FEDERAL, PROVINCIAL & MUNICIPAL PUBLIC SUPPORT

- Ontario Arts Council, 2017 ASO Operating Grant, \$88,350
- Canada Council for the Arts New Chapter, \$57,045
- Ontario Trillium Foundation, Craft Readiness Export Project, \$43,704
- Toronto Arts Council, 2017 Operating Grant, \$32,000
- Canadian Heritage Aid to Publishers, \$10,000

PRIVATE SECTOR SUPPORT

- Irma J. Brydson Foundation, \$50,015
- J.P. Bickell Foundation, \$25,000
- Love Family Fund, \$2,460
- The Henry White Kinnear Foundation, \$2,000

PATRON LEVEL IV \$1,000 - \$4,999

Gilles Latour

PATRON LEVEL III \$500 - \$999

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Lynda Hamilton
Margaret Rieger

PATRON LEVEL II \$250 - \$499

Michael Barnstijn
Paul Becker
Angelo Comi
Susan Low-Ber
Jane Moore
Jane W. & Stephen C. Smith
Adrian Mann

PATRON LEVEL I \$175 - \$249

David & Dorothy McPherson
Helen Paul
James Richardson
Judy Malkin & Elliott Jacobson
Arax Acemyan
Lawrin Armstrong
J W Ayton

PATRON LEVEL I CONTINUED

Carla Azevedo
Ben Babcock
Marjorie Bain
Robert Barrett
Anna Beben
Ronald Beiner
Jane Bright
Bruce Brymer
Edda Caldarone
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Hak-Ming Chiu
Angelo Comi
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Jill and Don Stuart
John Thistle
George Turlakis
Jane & Ted Wilson
SOS Design Inc

\$100 - \$249

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Salina Szechtman
Camilla Gryski
Mary Comi
Karen MacPherson
Bruce Owen
Judith Rygiel
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Robert Hewitt
Stephen Hogbin
Denise LeBlond-Bayer

Fiona McLean
Susan Singh
Adam Smith
Beth Alber
Alysha Alexandroff-
Appleton
Ken Allen
Anonymous
Anonymous
Anonymous
Anonymous
Margaret Ballantyne
Michael Barnstijn
Dale Barrett
Anne Barros
Saskia Beekhuizen
Ernie Bies
Danielle Bisnar
Linda Brine
Margaret Bryant
Jen Bulhuis
Dorothy Caldwell
Joyce Campbell
John Clement
Elizabeth Cohen
Robynne Cole
John Cooper
Cindy Dachuk
Deborah Dumka
Teresa Dunlop
Cheryl Eadie
Melanie Egan
Jacqueline Elton
Eva Ennist
Reid Ferguson
Peter Fleming
Marie-Eve G. Castonguay
Kyle Garland
Francois Garneau
Andrew Goss
Sandra Noble Goss
Rachel Gotlieb
Esther Grav
Suzann Greenaway
Thea Haines
Sarah Hall
Karen Harris
Lynne Heller
Amy Herzog
Joanne Hlozan
Claire Hopkinson
Sue Hunter

Michael Jacobs
LeeAnn Janissen
Teena Jennings
Caroline Jonas
Vivienne Jones
Jenny Judge
Allan Kaplan
Susan Warner Keene
Davoud Khosravi
Alex Kinsley
Simon Kitz
Zahava Lambert
Tracey Lawko
Sylvia Lee
Dianne Lee
Kristen Lim Tung
Elizabeth Ludviks
Gary Ludwig
Judy Malkin
Judy Mason
Craig Mather
Paul McClure
Lorraine Mckay
Peggy Mersereau
Rachel Miller
Dorie Millerson
Robert Mitchell
Lindsay Montgomery
Julie Moon
Joni Moriyama
Wayne Murphy
José Niaisson
Liz & Mike Rachul
Amanda Rataj
Lyne Reid
Sarah Robertson
Lindsay Rogan
Micheline Roi
Rudolph Schafron
Shelley Schell
David Sereda
Brandon Sousa
Kristian Spreen
Alida Stevenson
Isabel Stukator
Tammy Sutherland
Kaarina Talvila
Robin Tieu
Nicole Tremblay
Vanessa Trillia
Ken Vickerson
Kathryn Walter
Hilary West

INDIVIDUAL DONORS CONTINUED

Jake Whillans
Heather Whitton
Henry Wiercinski
Susan Willoughby
Roger Wood
Malcolm Zander
Kingston Glass Studio
Human Capital Benefits
Johnson Chou Inc.

\$1 - \$99

Rob Diemert
Wendy Shingler
Minda Davis
Cynthia Cembrowski
Linda Ross
Cricita Woods
Porcupin's Quill Inc.
Janice Andreae
Anonymous
Anonymous
Hana Balaban-Pommier
Karen Cantine
Naomi Clement
Jerre Davidson
Janet Deline
Anouk Desloges
Loretta Faveri
Irene Frolic
Marion Gibson
Sharon Gilbert
Lauch Harrison
Jennifer Hill
Carey Jernigan
Elizabeth Joseph
Lauren Levine
Tanya Lyons
Lindsay MacDonald
Janet Macpherson
Lesley McNally
Linda Rataj
Pamela Ritchie
Lois Schklar
Rita Shahin
Tracey Solomon
Frank Trotz
Wanxing Wang
Deborah Wang
Robyn Wilcox
Susan Wilcox
Bonnie Saibil

Moon Ying Helen Kong
Jeffrey Canto-Thaler
Adrian Mann
Kelly Ford-Dulson
David Heise
Anonymous
Anonymous
Anonymous
Anonymous
Anonymous
Maegen Black
Toby Druce
Gracia Gómez
Peta Hall
Kay Harper
Leah Houston
Lori Humphrey
Destiny Itano
Andrea Jakaitis
Katherine McKellar
Annette Sheehan
Elizabeth Stregger
Marisa Stroud
Magali Thibault Gobeil
Marion Tripp
Debbie Wales
Scott Walling
Christine Donovan
Mark Flink
Arlene Gehring
Katarina Germani
Rick Lomas
Tamara Morrisette
Liz Pead
Barb Thistle
Karin Thomas
Karla Delcid
Heather Daymond
Daniel Manley
Ayman Shams
Kaitlyn Webb Patience
Andrea Kott
Julia Corrice
Sophie Williams
Stephanie Fortin
Mary Setzer
Sandy E

GIFT IN KIND \$5,000 +

Ann Mortimer, C.M.

\$500 - \$1000

Laura Kukkee
Scott Barnim
Jeff Goodman Studio

\$250 - \$499

Kate Jackson
Carolynn Bloomer
Chiho Tokita

\$100 - \$249

Dianne Lee
Lisa Creskey
Grace Eun Mi Lee
Clayton Hanmer
Mischka Alexi Hunter
Renato Foti
Lesley McNally
Annika Hoefs
Heidi McKenzie

\$30 - \$99

Katrina Tompkins
Mathieu Grodet
Tania Love
Erin Candela
Stefanie Dueck
Susan Card
Mervi Haapakoski
Michelle Mendlowitz
Gabrielle Kauffman
Valerie Knapp
Elizabeth Ludviks
Andreas Kratschmer
Alix Davis
Aneela Dias-D'Sousa
Nancy Solway

TREASURER'S MESSAGE

2017 continued to present additional challenges for Craft Ontario. Retail sales declined from \$848,600 in 2016 to \$568,300 in 2017, and total operating revenue declined from \$1,493,500 to \$1,231,200.

The positive news is that now we now have a year in the current location to work with in terms of expectations, and our conservative budgeted targets are being met. We are also continuing to receive support from funding agencies, as well as support and renewed interest from the private sector. We have successfully met operational budget targets throughout the first two quarters of 2018, and are anticipating a modest operating surplus at the end of the year.

With the past few years being difficult for retail in general, in addition to having to navigate the impact of increasing and ongoing competition from online retailers, our staff is creating a much stronger online presence to enable us to better compete in this new marketplace and improve our online sales. Our staff and dedicated volunteers are also focusing on maintaining relationships with donors over the coming years through ongoing personal contact, mail and online communications.

To help meet ongoing funding challenges, the Craft Ontario staff has undertaken a serious, and at times difficult, cost reduction exercise. Virtually all expense items with the exception of amortization, a non-cash item, are showing a substantial decrease over the prior years.

Total operating expenses were reduced by a remarkable \$444,500 from \$1,642,759 in 2016 to \$1,198,264 in 2017, which is to be greatly commended.

Shop operating expenses showed the largest reduction of over \$300,000. Changes in staffing and a material reduction in occupancy costs accounted for a substantial portion of this reduction.

Subsequent to the year end, we were able to lease the mezzanine floor at 1106 Queen St West as set out in Note 18 to the financial statements. This will contribute to reducing our occupancy costs over the coming years. We were also able to terminate without penalty our lease at 990 Queen St West. Both allow for greater stability as Craft Ontario moves forward.

The above are some of the benefits of our move to our new location, which are starting to be seen in our financial performance as our sales gradually increase and our costs decrease.

We are showing a one-time donation in kind of \$190,000 received in 2016, an event which we are not expecting to be a regular occurrence, as an extraordinary item below our regular items of income and expenses. Likewise, we are showing the write-down of the value of this donation by \$94,725 as an extraordinary item as well. This write-down is a result of a material change in the market for many of the items accepted in this donation. We took into account past sales of similar items and a comparison of the pricing of competitive products elsewhere as described in Note 12 to the financial statements.

The presentation of this item as an extraordinary item allows us a clearer view of operations and as such we can see that there was a modest excess of \$32,900 in revenues over expenses from operations in 2017.

We have also made a change in how we report unredeemed gift cards, which are now shown in deferred revenue rather than accounts payable as a gift card does not require a payout of cash but rather the redemption for an item.

There has been no change in the status of the Ministry of Culture Loan from prior years as described in Note 10.

I encourage members to review the financial statements and if there are questions, I would be pleased to address them at any time.



John M. Arnold
Treasurer, Craft Ontario

FINANCIAL STATEMENTS OF

ONTARIO CRAFTS COUNCIL

(Operating as Craft Ontario)

December 31, 2017

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Independent Auditors' Report

To the Members of

Ontario Crafts Council (o/a Craft Ontario)

We have audited the accompanying financial statements of Ontario Crafts Council (o/a Craft Ontario), which comprise the balance sheet as at December 31, 2017, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted 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 auditors' 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Crafts Council as at December 31, 2017, and its financial performance and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Other matters

Without qualifying our opinion, we draw attention to note 2 in the financial statements which indicates that Ontario Crafts Council had a General Fund deficit of \$243,307 as at December 31, 2017. This condition, along with other matters as described in note 2, indicate the existence of a material uncertainty that may cast significant doubt about Ontario Crafts Council's ability to continue as a going concern.

The financial statements of Ontario Craft Council for the year ended December 31, 2016 were audited by another auditor who expressed an unqualified opinion on those statements on May 11, 2017.

Koster, Spinks & Koster LLP

Chartered Professional Accountants
Licensed Public Accountants

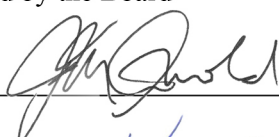
Toronto, Ontario
June 28, 2018

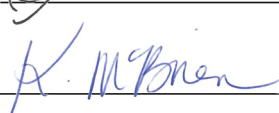
Ontario Crafts Council
(o/a Craft Ontario)

Balance Sheet
December 31, 2017

	2017	2016
Assets		
Current		
Cash	\$ 228,954	\$ 249,467
Inventory of merchandise	126,707	249,852
Accounts receivable	33,241	67,348
Prepaid expenses	23,917	30,607
Marketable securities (note 5)	1,290	1,443
	414,109	598,717
Craft Ontario Arts Endowment (note 6)	71,262	70,620
Capital assets (note 7)	126,069	146,847
	197,331	217,467
	\$ 611,440	\$ 816,184
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 186,303	\$ 295,923
Deferred revenues (note 9)	218,838	234,999
Deferred capital contributions (note 8)	110,486	125,513
Deferred rent	18,473	20,621
	534,100	677,056
Ministry of Culture loan (note 10)	120,000	120,000
	654,100	797,056
Fund balances		
Restricted funds	129,385	135,934
Endowment fund	71,262	70,620
General fund	(243,307)	(187,426)
	(42,660)	19,128
	\$ 611,440	\$ 816,184

Approved by the Board


 _____ Director


 _____ Director

Ontario Crafts Council
(o/a Craft Ontario)

Statement of Changes in Fund Balances
For The Year Ended December 31, 2017

	Restricted Funds	Endowment Fund	General Fund	Total	
				2017	2016
Fund balances, beginning of year	\$ 135,934	\$ 70,620	\$ (187,426)	\$ 19,128	\$ (21,955)
Excess (deficiency) of revenues over expenses	(6,549)	3,706	(58,945)	(61,788)	41,083
Interfund transfer	-	(3,064)	3,064	-	-
Fund balances, end of year	\$ 129,385	\$ 71,262	\$ (243,307)	\$ (42,660)	\$ 19,128

Ontario Crafts Council
(o/a Craft Ontario)

Statement of Operations
For The Year Ended December 31, 2017

				Total	
	Operating Fund	Restricted Funds	Endowment Fund	2017	2016
Revenues					
Shop sales	\$ 568,285	\$ -	\$ -	\$ 568,285	\$ 848,562
Donations and fundraising	178,289	401	-	178,690	167,102
Special projects	102,015	-	-	102,015	94,855
Ontario Arts Council operating grant	88,350	-	-	88,350	88,350
Rental	65,792	-	-	65,792	33,799
Studio magazine	65,059	-	-	65,059	79,153
Arts services	56,584	-	-	56,584	69,802
Toronto Arts Council operating grant	32,000	-	-	32,000	32,000
Other revenue	37,471	-	-	37,471	19,716
Programs	18,222	-	3,706	21,928	40,667
Amortization of deferred capital contributions	15,027	-	-	15,027	19,486
	<u>1,227,094</u>	<u>401</u>	<u>3,706</u>	<u>1,231,201</u>	<u>1,493,492</u>
Expenses					
Shop purchases and expenses	613,504	-	-	613,504	916,245
Arts services	145,126	-	-	145,126	176,366
Rent and utilities	111,983	-	-	111,983	146,342
Special projects	101,841	-	-	101,841	98,370
Programs	92,511	6,950	-	99,461	107,329
Studio magazine	81,518	-	-	81,518	94,918
Amortization	18,264	-	-	18,264	11,355
Fundraising	14,980	-	-	14,980	78,270
Professional fees	11,587	-	-	11,587	13,564
	<u>1,191,314</u>	<u>6,950</u>	<u>-</u>	<u>1,198,264</u>	<u>1,642,759</u>
Excess (deficiency) of revenues over expenses from operations	<u>35,780</u>	<u>(6,549)</u>	<u>3,706</u>	<u>32,937</u>	<u>(149,267)</u>
In-kind donation of inventory	-	-	-	-	190,350
Write down of inventory on in-kind donation (note 12)	<u>94,725</u>	<u>-</u>	<u>-</u>	<u>94,725</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>\$ (58,945)</u>	<u>\$ (6,549)</u>	<u>\$ 3,706</u>	<u>\$ (61,788)</u>	<u>\$ 41,083</u>

Ontario Crafts Council
(o/a Craft Ontario)

Statement of Cash Flows
For The Year Ended December 31, 2017

	2017	2016
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ (61,788)	\$ 41,083
Items not affecting cash:		
Amortization	20,778	20,378
Amortization of deferred capital contributions	(15,027)	(19,487)
Net change in non-cash working capital (note 15)	36,013	(117,085)
	(20,024)	(75,111)
Investing activities		
Acquisition of capital assets	-	(151,437)
Additions to deferred capital contributions	-	145,000
Net increase in investments and marketable securities	(489)	(3,231)
	(489)	(9,668)
Change in cash during the year	(20,513)	(84,779)
Cash, beginning of year	249,467	334,246
Cash, end of year	\$ 228,954	\$ 249,467

Ontario Crafts Council
(o/a Craft Ontario)

Notes to Financial Statements
December 31, 2017

1. Purpose of the Organization and Mission Statement

The vision of Ontario Crafts Council (the "Organization") is for a world where craft is acknowledged as a source of enrichment in life and valued for its artistic, cultural and economic merit.

The Organization's mission is to champion, promote and support craft by:

- Being the leading advocating voice for craft makers in Ontario;
- Maximizing craft makers' potential as artists and entrepreneurs;
- Providing a forum for critical debate; and
- Enhancing the public's enjoyment of craft through education and access and providing opportunities to commission, lease and purchase objects.

The Organization adopted the name Craft Ontario as its operating name on February 13, 2014. The Organization is a registered charity and, as such, is exempt from income taxes.

2. Basis of presentation

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the payment of liabilities in the normal course of operations and the achievement of positive cash flows. The General Fund had a deficit at December 31, 2017 of \$243,307 (2016: \$187,426). The continuation of the Organization as a going concern is dependent upon the achievement of positive cash flows from operations and the discharge of its long-term debt, should repayment of that debt be enforced (Note 10).

3. Significant accounting policies

These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, using the restricted fund method of accounting for contributions. The significant accounting policies are as follows:

a) Fund accounting

The financial statements of the Organization segregate the following funds:

Restricted funds

The interest from the Restricted Funds is used to provide annual awards to individual Craft Ontario members that achieve high standards of excellence in their work. The capital of these funds are not expendable, except for the Helen Copeland Award Fund, the Kent and Doug Farndale Award Fund and the Pattie Walker Memorial Award Fund.

Ontario Crafts Council
(o/a Craft Ontario)

Notes to Financial Statements
December 31, 2017

Ontario Crafts Council Arts Endowment Fund

The Endowment fund was established in 2003 by an agreement with the Ontario Arts Council Foundation ("The Foundation"). The Government of Ontario, through the Ministry of Culture, provided matching funds to those raised by the Organization, which was permitted to retain 66% of funds raised for general operations. The Foundation holds the endowment in trust for the Organization.

General Fund

The General fund represents the excesses of revenue over expenses (expenses over revenue) accumulated from the ongoing operations of the Organization since its inception.

b) Revenue recognition

The Organization uses the restricted fund method of recording contributions. Restricted donations or grants are recognized as revenue of the appropriate restricted funds. All other restricted donations or grants for which no restricted funds have been established are deferred and recognized as revenue in the years in which the related expenses are incurred. Unrestricted donations and grants are recognized as revenue of the Operating fund.

c) Accrual accounting

The Organization follows the accrual basis of accounting whereby:

- (i) Retail revenue is recorded when goods or services are provided.
- (ii) Membership revenue is recognized evenly over the term of the membership.
- (iii) Revenue for advertising in publications that are produced for free distribution to members is recognized when the publication is ready for distribution. Revenue for advertising in publications that are produced for sale is recognized when the publications are sold.
- (iv) Unrestricted investment income is recognized as revenue of the Operating Fund when earned. Investment income from trust and endowment funds is added to the related trust fund or endowment.

d) Donated materials and services

Donated materials and equipment are recorded at fair market value received. The Organization records donated services when the fair market value is determinable.

e) Deferred capital contributions

Deferred capital contributions relate to funds received for office leasehold improvements, furniture, fixtures and equipment, and computer equipment. These funds are amortized on the straight-line basis over the useful lives of the related assets.

Ontario Crafts Council

(o/a Craft Ontario)

Notes to Financial Statements

December 31, 2017

f) Inventory of merchandise

Inventory of merchandise, consisting of finished goods purchased for resale and a limited amount of the Organization's publications produced for sale, is valued at the lower of cost and net realizable value. Cost is determined on a specific item basis.

In addition to inventory purchased for resale, the Organization holds for resale a significant quantity and value of goods consigned by craftspeople. The value of consigned goods, which are not the property of the Organization, are not reflected in these financial statements. When consigned goods are sold, the retail value is recorded as sales of merchandise, and the related costs are recorded as cost of sales.

g) Donation pledges

The Organization receives, from time to time, pledges of donations from individual and corporate donors. The value of such pledges is generally recognized in the accounts of the Organization when the amounts are received, unless reasonable assurance exists with respect to the amount and collectibility of the pledge, in which case it is recognized in advance of collection.

h) Capital assets

Capital assets are recorded at cost. Amortization is provided at the following rates:

Leasehold improvements	Straight line basis over 10 years
Computer hardware	Straight line basis over 5 years
Furniture and equipment	Straight line basis over 5 years

In the year of acquisition, one half the normal rate of amortization is claimed.

i) Allocation of expenses

Management and employees perform a combination of functions; as a result, payroll costs are allocated to expense categories based on the estimated time dedicated to the functional activity. Such allocations are reviewed regularly by management.

Ontario Crafts Council
(o/a Craft Ontario)

Notes to Financial Statements
December 31, 2017

j) Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments, fixed income instruments, and mutual fund units that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at cost or amortized cost include cash and accounts receivable. Financial assets measured at fair value include marketable securities. Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities and loans payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Transaction costs

The Organization recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

k) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results will differ from such estimates.

4. Credit facility

The Organization has available, an unsecured bank overdraft facility limited to \$5,000 (2016: \$5,000), none of which had been used during the year.

Ontario Crafts Council
(o/a Craft Ontario)

Notes to Financial Statements
December 31, 2017

5. Marketable securities

Marketable securities consisted of the following as at December 31, 2017:

	2017	2016
Shares	\$ 1,032	\$ 1,186
Mutual funds (money market fund)	258	257
	\$ 1,290	\$ 1,443

6. Craft Ontario Arts Endowment

Funds are held by the Ontario Arts Council Foundation in trust for the Organization.

7. Capital assets

Capital assets consist of the following:

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 134,792	\$ 20,819	\$ 113,973	\$ 127,452
Computer hardware	14,298	12,817	1,481	3,888
Furniture and equipment	42,878	32,263	10,615	15,507
	\$ 191,968	\$ 65,899	\$ 126,069	\$ 146,847

8. Deferred capital contributions

Deferred capital contributions consisted of the following as at December 31, 2017:

	2017	2016
Balance, beginning of year	\$ 125,513	\$ -
Contributions received	-	145,000
Less amortization into revenue	(15,027)	(19,487)
	\$ 110,486	\$ 125,513

Ontario Crafts Council
(o/a Craft Ontario)

Notes to Financial Statements
December 31, 2017

9. Deferred revenue

Deferred revenue consists of the following as at December 31, 2017:

	<u>2017</u>	<u>2016</u>
Grants for future operations	\$ 142,520	\$ 157,471
Memberships (unexpired portion)	38,177	28,429
Gift cards	30,362	45,697
Subscriptions	7,779	3,402
	<u>\$ 218,838</u>	<u>\$ 234,999</u>

The Organization has received a grant for subsequent year operations of \$88,350 (2016: \$88,350) from the Ontario Arts Council and \$32,000 (2016: \$32,000) from the Toronto Arts Council, which are included above.

10. Ministry of Culture loan

The loan payable to the Province of Ontario through the Ministry of Culture (the "Ministry") is non-interest bearing. Under the terms of the agreement with the Ministry, the loan was repayable over a ten year period commencing in 1997. The Organization made repayments of the loan to 2001. In 2003, the Ministry waived the remaining repayments totalling \$120,000, but the debt has not been forgiven. The Organization does not expect repayment of the debt to be enforced in 2018 and accordingly the balance has been reflected as a non-current liability in these financial statements.

Substantially all the assets of the Organization had been pledged as collateral with respect to the debt to the Province of Ontario. The restriction that was originally placed on the Organization during the repayment period that prevented the Organization from receiving any funding from the Province has been removed.

11. Donations and fundraising revenue

Donations and fundraising revenue includes the following:

	<u>2017</u>	<u>2016</u>
Donated materials	\$ 8,955	\$ 57,918
Merchandise	11,389	-
Donated services - office relocation	-	29,166
	<u>\$ 20,344</u>	<u>\$ 87,084</u>

Ontario Crafts Council

(o/a Craft Ontario)

Notes to Financial Statements

December 31, 2017

12. Write down of inventory

The carrying value of a portion of the inventory that was an in-kind donation in 2016 has been written down pursuant to an analysis of past sales of similar items and a comparison with competitive products available elsewhere.

13. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee.

- (a) The Organization has provided indemnities under a lease agreement for the use of the occupied premises. Under the terms of this agreement, the Organization agrees to indemnify the counterparty for various items including, but not limited to, all liabilities, loss, suits and damages arising during, on or after the term of the agreement.
- (b) The Organization indemnifies all directors, officers, employees and volunteers acting on behalf of the Organization for various items, including but not limited to, all costs to settle suits or actions due to service provided to the Organization, subject to certain restrictions.

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any payments under such, or similar, indemnification agreements and therefore no amount has been accrued with respect to these agreements. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions.

Ontario Crafts Council
(o/a Craft Ontario)

Notes to Financial Statements
December 31, 2017

14. Allocation of expenses

The Organization has allocated payroll expenses as follows:

	<u>2017</u>	<u>2016</u>
Shop	\$ 127,525	\$ 188,262
Administration	78,160	81,835
Membership	29,278	15,598
Programs	23,294	28,396
Gallery	12,364	19,465
Studio	8,461	19,583
Special projects	6,063	9,815
	<u>\$ 285,145</u>	<u>\$ 362,954</u>

In addition, insurance expense of \$5,166 (2016: \$5,440) and audit fees of \$11,495 (2016: \$6,370) have been allocated to the Shop.

15. Net change in non-cash working capital

The net change in non-cash working capital is as follows:

	<u>2017</u>	<u>2016</u>
(Increase) decrease in:		
Accounts receivable	\$ 34,107	\$ (17,368)
Inventory of merchandise	123,145	(141,773)
Prepaid expenses	6,690	(24,430)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(109,620)	109,584
Deferred rent	(2,148)	20,621
Deferred revenues	(16,161)	(63,719)
	<u>\$ 36,013</u>	<u>\$ (117,085)</u>

Ontario Crafts Council
(o/a Craft Ontario)

Notes to Financial Statements
December 31, 2017

16. Financial instruments

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to the risk mainly in respect to its accounts payable and loans.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk and other price risk.

d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is not subject to significant currency risk.

e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its marketable securities.

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17. Lease commitments

The Organization's minimum annual lease payments for operating leases for premises to the end of the leases are as follows:

2018	\$ 135,000
2019	136,563
2020	138,750
2021	143,437
2022	150,000
Thereafter	<u>567,500</u>
	<u>\$ 1,271,250</u>

18. Subsequent events

The Organization entered into a Sub-Lease Agreement on April 23, 2018 to lease the second floor of 1106 Queen Street West. The Agreement shall be for a term commencing on May 1, 2018 and ending July 30, 2026.

In addition, the Organization terminated the lease without penalty at 990 Queen Street West.

19. Comparative figures

The financial statements for 2016, which are presented for comparative purposes only, were examined and reported upon by other auditors.

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Schedule of Retail Operations
For The Year Ended December 31, 2017

	2017	2016
Revenues		
Sales of merchandise	\$ 568,285	\$ 846,617
Members' discounts	(17,823)	(23,283)
Staff discounts	(7,671)	(7,135)
	<u>542,791</u>	<u>816,199</u>
Cost of goods sold	<u>(309,469)</u>	<u>(434,007)</u>
Gross margin	<u>233,322</u>	<u>382,192</u>
Expenses		
Salaries and benefits	127,604	188,682
Rent	93,398	139,107
Bank and credit card fees	14,559	22,428
Audit fees	11,495	6,370
Administrative cost sharing	7,756	11,376
Advertising and promotion	7,078	13,187
Insurance and property tax	5,166	29,425
Inventory shrinkage, breakage, and obsolescence	3,992	14,498
Supplies	2,633	4,091
Amortization	2,514	9,023
Postage and telephone	1,179	2,726
Maintenance and utilities	943	7,610
Travel	224	1,353
	<u>278,541</u>	<u>449,876</u>
Net retail loss for the year	<u>\$ (45,219)</u>	<u>\$ (67,684)</u>