CELTIC COLOURS FESTIVAL SOCIETY

Financial Statements

Year Ended December 31, 2025

HUNSTON KACHAFANAS
CHARTERED PROFESSIONAL ACCOUNTANTS

CELTIC COLOURS FESTIVAL SOCIETY
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Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Celtic Colours Festival Society

Qualified Opinion

We have audited the financial statements of Celtic Colours Festival Society (the Society), which comprise the statement of financial position as at December 31, 2025, and the statements of revenues and expenditures, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2025, 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 Qualified Opinion

In common with many charitable organizations, the Society derives part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to assets, revenues, excess of revenues over expenses and fund balances. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

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 Society 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 qualified audit opinion.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

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:

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- 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 Society'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 Society'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 Society 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.



Sydney, Nova Scotia
April 11, 2026

Chartered Professional Accountants

CELTIC COLOURS FESTIVAL SOCIETY
Statement of Financial Position
As at December 31, 2025

	2025	2024
ASSETS		
Current		
Cash	**$ 91,032**	$ 248,270
Accounts receivable	**141,371**	52,978
Harmonized sales tax receivable	**86,074**	53,537
Inventory	**15,150**	38,091
Prepaid expenses	**6,248**	5,794
	339,875	398,670
Intangible assets ***(Note 3)***	**1,065**	1,302
Capital assets ***(Note 4)***	**25,955**	24,806
	$ 366,895	$ 424,778
LIABILITIES		
Current		
Accounts payable	**$ 135,103**	$ 229,593
Employee benefits payable	**7,036**	14,711
Deposits received	**-**	41,695
	142,139	285,999
NET ASSETS		
Invested in capital assets ***(Note 6)***	**27,020**	26,107
Unrestricted	**197,736**	112,672
	224,756	138,779
	$ 366,895	$ 424,778

Commitment ***(Note 8)***

Approved by the Directors

_____ *Director*

_____ *Director*

See Notes to Financial Statements

CELTIC COLOURS FESTIVAL SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2025

	2025	2024
Revenues		
Ticket sales	**$ 797,736**	$ 713,247
Merchandise sales	**21,423**	21,997
Sponsorship *(Schedule1*)	**364,396**	436,496
Government assistance *(Schedule 1)*	**923,555**	690,898
Other revenue *(Schedule 2)*	**92,908**	93,290
	2,200,018	1,955,928
Expenses		
Amortization	**17,605**	24,083
Performance costs *(Schedule 3)*	**823,868**	726,504
Marketing and merchandising *(Schedule 4)*	**316,513**	366,040
Office and administration *(Schedule 5)*	**377,686**	216,086
Salaries and wages	**345,745**	548,415
Venue costs	**232,624**	196,297
	2,114,041	2,077,425
Excess (deficiency) of revenues over expenses	**$ 85,977**	$ (121,497)

See Notes to Financial Statements

CELTIC COLOURS FESTIVAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2025

	Invested in capital assets	Internally restricted	Unrestricted	2025	2024
Balance, beginning of year	$ 26,107	$ -	$ 112,672	**$ 138,779**	$ 260,276
Excess of revenue over expenditures, (expenditures over revenue)	-	-	85,977	**85,977**	(121,497)
Investment in capital assets	18,518	-	(18,518)	**-**	-
Amortization	(17,605)	-	17,605	**-**	-
Net assets, end of year	$ 27,020	$ -	$ 197,736	**$ 224,756**	$ 138,779

See Notes to Financial Statements

CELTIC COLOURS FESTIVAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
Operating activities		
Excess (deficiency) of revenues over expenses	**$ 85,977**	$ (121,497)
Item not affecting cash:		
Amortization of capital assets	**17,605**	24,083
	103,582	(97,414)
Changes in non-cash working capital:		
Accounts receivable	**(88,393)**	(10,968)
Grants receivable	**-**	259,588
Inventory	**22,943**	6,022
Harmonized sales tax receivable	**(32,537)**	15,291
Prepaid expenses	**(454)**	3,155
Employee benefits payable	**(7,675)**	1,674
Accounts payable	**(94,491)**	119,106
Deposits received	**(41,695)**	15,195
	(242,302)	409,063
	(138,720)	311,649
Investing activity		
Purchase of capital assets	**(18,518)**	(13,216)
Financing activity		
Repayment of government assistance	**-**	(40,000)
Increase (decrease) in cash flow	**(157,238)**	258,433
Cash and cash equivalents, beginning of year	**248,270**	(10,163)
Cash and cash equivalents, end of year	**$ 91,032**	$ 248,270

See Notes to Financial Statements

1. PURPOSE OF THE SOCIETY

Celtic Colours Festival Society (the "Society") is a registered charity incorporated provincially under the Societies Act of Nova Scotia. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society is primarily involved in the organization and presentation of an annual international festival of Celtic music in Cape Breton, Nova Scotia.

2. 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).

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period presented. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets, the calculation of allowances for accounts receivable, the valuation of inventories. Actual results could differ from those estimates, the impact of which would be recorded in future periods. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Cash and cash equivalents

The Society's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory

Inventory is valued at lower of cost and net realizable value. The cost of the inventory includes all costs of purchases incurred in bringing the inventory to its current location and is determined on a first-in, first-out basis.

Foreign currency translation

Amounts denominated in foreign currency are translated into Canadian dollars at the rate of exchange on the date in which they occur.

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

Revenue recognition

i) Contributions

Celtic Colours Festival Society follows the deferral method of accounting for contributions. The General Fund accounts for the Society's festival delivery and administrative activities. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

ii) Sponsorship revenue

Sponsorships in-kind are recorded at the estimated fair market value of the services in the period that they are provided.

Contributions are recognized as revenue in the period the sponsor contracts to contribute and the collectability of the payment is reasonably assured.

iii) Ticket sales

Ticket sales are recognized in the financial statements upon the completion of the concert presentation.

iv) Merchandise sales

Merchandise sales are recognized in the financial statements at the point of sale.

v) In-kind contributions

Contributions of materials and services are recognized as revenue if the fair value can be reasonably determined and they are used in the normal course of operations and otherwise would have been purchased. Volunteers contribute in excess of 30,000 hours per year to assist the Society in carrying out the festival. Because of the difficulty in determining the fair value, these volunteer hours are not recognized in the financial statements.

Financial instruments

The Society measures its financial assets and financial liabilities at fair value when issued or acquired.

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income. Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, accounts receivable. Financial liabilities measured at amortized cost on a straight-line basis include accounts payable.

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

Capital assets

The cost of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise costs are expensed as incurred. The cost of a capital assets comprise its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statements of operations when the carrying amount exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

Capital assets, consisting of computer equipment, office equipment, office furniture, technical equipment, self produced CD recordings and leasehold improvements, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is provided as follows, with one-half the normal rate in the year of acquisition:

Equipment	20%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method
Documentary movie	5 years	straight-line method
CD Recordings	2 years	straight-line method

Government assistance

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants. Government grants receivable are recorded in accounts receivable on the statement of financial position. The Society recognizes government grants in the statement of operations in the same period as the expenses for which the grant is intended to compensate. In cases where a government grant becomes receivable as compensation for expenses already incurred in prior periods, the grant is recognized in profit or loss in the period in which it becomes receivable.

3. INTANGIBLE ASSETS

Intangible assets consist of a patent amortized on a straight-line basis over a period of 15 years, expiring February 2030.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
CD Recordings	$ 159,313	$ 143,938	**$ 15,375**	$ 12,000
Computer equipment	108,265	105,707	**2,558**	2,433
Computer software	782	782	**-**	-
Documentary movie	22,650	22,650	**-**	-
Equipment	21,915	20,855	**1,060**	1,325
Furniture and fixtures	27,382	21,208	**6,174**	7,718
Leasehold improvements	68,887	68,887	**-**	345
Signage	15,954	15,166	**788**	985
	$ 425,148	$ 399,193	**$ 25,955**	$ 24,806

5. BANK INDEBTEDNESS

The Society has an unsecured operating line of credit of $50,000 bearing interest at bank prime plus 2%. At December 31, 2025 no amount was drawn on the line of credit.

6. INVESTMENT IN CAPITAL ASSETS

	2025	2024
Investment in capital assets is calculated as follows:		
Capital assets at net book value	**$ 27,020**	$ 26,107
Net changes in investment in capital assets		
Opening balance	**$ 26,107**	$ 36,975
Additions to capital assets	**18,518**	13,215
Subtotal	**44,625**	50,190
Amortization	**(17,605)**	(24,083)
	$ 27,020	$ 26,107

7. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2025.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from accounts receivable. Over 90% of accounts receivable are from government entities, mitigating any potential loss from these instruments.

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7. FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of receipt of funds from funding partners and managing accounts payable.

(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 rate risk, interest rate risk and other price risk. The Society does not have significant exposure to these risks.

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

8. COMMITMENT

The Society has entered into a five-year lease agreement with New Dawn Centre For Social Innovation Inc. for office space. The rental amount is paid monthly at $3,238 per month in 2024, increasing 5% each year until the end of the current lease. The lease expires on December 31, 2029.

9. ECONOMIC DEPENDENCE

The Society currently depends on government funding for 42% (2024 - 35%) of its total revenue. At the date of this report, the Society completed the final year of a $1,050,000 three-year funding agreement with Atlantic Canada's Opportunities Agency.

CELTIC COLOURS FESTIVAL SOCIETY
SPONSORSHIP AND GOVERNMENT ASSISTANCE (Schedule 1)
Year Ended December 31, 2025

	2025	2024
Sponsorship		
Cash	**$ 208,012**	$ 153,500
In-kind	**156,384**	282,996
	$ 364,396	$ 436,496
Government Assistance		
Federal	**$ 484,000**	$ 430,000
Provincial	**335,860**	234,898
Municipal	**77,500**	36,500
Deferred	**26,195**	(10,500)
	$ 923,555	$ 690,898

CELTIC COLOURS FESTIVAL SOCIETY
OTHER REVENUE
(Schedule 2)
Year Ended December 31, 2025

	2025	2024
Other revenue		
Receipted charitable donations	**$ 23,409**	$ 28,128
Non-receipted charitable donations	**363**	6,560
Society membership	**250**	300
School donations	**5,000**	-
Box office fees	**63,364**	57,981
Interest	**422**	296
Board member fees	**100**	25
	$ 92,908	$ 93,290

CELTIC COLOURS FESTIVAL SOCIETY
PERFORMANCE COSTS
(Schedule 3)
Year Ended December 31, 2025

		2025		2024
Artists				
Performance fees	**$**	**373,704**	$	273,405
Travel - ground		**64,297**		62,971
Travel - air		**70,554**		64,098
Accommodation		**49,244**		82,092
Hospitality		**18,742**		15,533
Educational programming		**32,126**		41,979
	$	**608,667**	$	540,078
Production costs				
Sound and lighting	**$**	**174,697**	$	151,316
Other technical expenses		**40,504**		35,110
	$	**215,201**	$	186,426
	$	**823,868**	$	726,504

See Notes to Financial Statements

CELTIC COLOURS FESTIVAL SOCIETY
MARKETING AND MERCHANDISING
(Schedule 4)
Year Ended December 31, 2025

	2025	2024
Marketing		
Promotion and other	**$ 24,945**	$ 2,750
Design material	**20,875**	18,522
Website development	**3,600**	4,375
Live streaming	**70,222**	33,500
Signage	**34,761**	118,662
Media placement	**34,764**	72,937
Trade shows	**-**	135
Photography	**22,250**	7,300
Promotional events	**5,349**	1,000
Social media	**35,545**	50,904
	$ 252,311	$ 310,085
Merchandising		
CD production	**$ 215**	$ -
Merchandise and book expense	**26,295**	13,445
CD sales expense	**233**	2,282
Merchandise and CD's given away	**2,269**	-
Processing and postage	**3,689**	6,269
	$ 32,701	$ 21,996
	$ 316,513	$ 366,040

See Notes to Financial Statements

CELTIC COLOURS FESTIVAL SOCIETY
OFFICE AND ADMINISTRATION
(Schedule 5)
Year Ended December 31, 2025

	2025	2024
Box Office		
Box office rent	**$ 7,560**	$ 7,560
Credit card fees	**37,342**	34,891
Miscellaneous box office expenses	**1,925**	2,322
Telephone	**8,792**	6,174
Tickets	**13,671**	12,910
	$ 69,290	$ 63,857
Office and administration		
Board meetings	**$ 9,120**	$ 4,499
Festival management	**114,000**	-
Insurance	**18,976**	18,313
Interest and bank charges	**2,519**	3,656
Office	**22,749**	21,134
Office rent	**31,297**	31,297
Professional fees	**33,684**	18,984
Telephone	**7,567**	10,494
Travel	**8,394**	7,955
	$ 248,306	$ 116,332
Volunteer expenses		
Accommodations	**9,871**	6,668
Party	**16,219**	11,424
Training	**7,861**	4,227
Volunteer expenses	**24,139**	13,578
Volunteer assistant	**2,000**	-
	60,090	35,897
	$ 377,686	$ 216,086