THE EDMONTON FOLK MUSIC FESTIVAL SOCIETY

Financial Statements

Year Ended January 31, 2026

THE EDMONTON FOLK MUSIC FESTIVAL SOCIETY
Index to Financial Statements
Year Ended January 31, 2026

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenditures	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 12

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April 16, 2026
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of The Edmonton Folk Music Festival Society

Qualified Opinion

We have audited the financial statements of The Edmonton Folk Music Festival Society (the Society), which comprise the statement of financial position as at January 31, 2026, and the statements of changes in net assets, revenues and expenditures and cash flow 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 January 31, 2026, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and sponsorship, the completeness of which is not susceptible of 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 donations and sponsorship revenue, excess of revenues over expenses, cash flows from operations for the year ended January 31, 2026. Our audit opinion on the financial statements for the year ended January 31, 2025 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.

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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:

- 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 qualified audit 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.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

THE EDMONTON FOLK MUSIC FESTIVAL SOCIETY

Statement of Financial Position

January 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	$ 842,288	$ 290,723
Short-term investments *(Note 4)*	600,000	2,200,000
Accounts receivable *(Note 5)*	116,217	99,140
Inventory	46,132	67,391
Prepaid expenses and deposits	1,314	4,568
Restricted short-term investment - operating reserve *(Note 6)*	1,000,000	400,000
Restricted short-term investment - capital reserve *(Note 6)*	500,000	-
	3,105,951	3,061,822
CAPITAL ASSETS *(Note 7)*	149,980	204,915
	$ 3,255,931	$ 3,266,737
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities *(Notes 3, 5)*	$ 41,695	$ 80,611
DEFERRED CAPITAL CONTRIBUTIONS *(Note 8)*	48,161	93,132
	89,856	173,743
COMMITMENTS *(Note 9)*		
NET ASSETS		
Investment in capital assets	101,819	116,293
Internally restricted operating reserve *(Note 6)*	1,000,000	400,000
Internally restricted capital reserve *(Note 6)*	500,000	-
Unrestricted	1,564,256	2,576,701
	3,166,075	3,092,994
	$ 3,255,931	$ 3,266,737

Approved by

M MacSween Wray ______ *Treasurer*

______ ~~*Chair of the Board*~~

See notes to financial statements

THE EDMONTON FOLK MUSIC FESTIVAL SOCIETY

Statement of Changes in Net Assets

Year Ended January 31, 2026

	Investment in capital assets	Internally restricted operating reserve	Internally restricted capital reserve	Unrestricted	**2026**	2025
NET ASSETS - BEGINNING OF YEAR	$ 116,293	$ 400,000	$ -	$ 2,576,701	**$ 3,092,994**	$ 2,807,772
EXCESS OF REVENUES OVER EXPENSES	(2,364)	-	-	75,445	**73,081**	285,222
AMORTIZATION OF INTERNALLY FUNDED CAPITAL ASSETS	(56,036)	-	-	56,036	**-**	-
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS	43,926	-	-	(43,926)	**-**	-
TRANSFER OF INTERNALLY RESTRICTED FUNDS *(Note 6)*	-	600,000	500,000	(1,100,000)	**-**	-
NET ASSETS - END OF YEAR	$ 101,819	$ 1,000,000	$ 500,000	$ 1,564,256	**$ 3,166,075**	$ 3,092,994

See notes to financial statements

THE EDMONTON FOLK MUSIC FESTIVAL SOCIETY

Statement of Revenues and Expenditures

Year Ended January 31, 2026

	2026	2025
REVENUES		
Ticket sales	**$ 3,638,878**	$ 3,568,036
Grants *(Note 10)*	**1,183,384**	1,285,831
Site retail operations	**1,143,938**	1,142,390
In-kind donations *(Note 11)*	**610,144**	704,713
Fundraising *(Note 12)*	**209,719**	162,070
Sponsorship	**194,680**	174,380
Concert *(Note 13)*	**116,278**	-
Interest	**68,315**	137,235
Amortization of external capital contributions	**44,971**	66,486
Donations	**19,147**	13,119
Equipment rental *(Note 13)*	**15,499**	17,456
Other *(Note 14)*	**10,772**	64,974
	7,255,725	7,336,690
EXPENSES		
Artistic fees *(Note 11)*	**1,832,117**	1,883,156
Production *(Note 11)*	**1,691,352**	1,825,150
Salaries and wages	**837,879**	723,783
Professional and contract fees *(Notes 11, 15)*	**544,874**	580,114
Volunteer program costs *(Note 11)*	**506,553**	479,086
Site retail operations *(Note 11)*	**492,740**	431,832
Edmonton Community Foundation donation	**264,352**	13,464
Administration	**258,571**	281,894
Advertising and public relations *(Note 11)*	**199,139**	194,195
Tickets	**163,938**	164,738
Concert *(Note 13)*	**109,854**	-
Amortization	**101,007**	122,464
Gaming *(Note 11)*	**94,234**	108,281
Other *(Note 14)*	**49,687**	192,808
Building operating costs	**23,388**	34,756
Equipment rentals	**12,959**	15,747
	7,182,644	7,051,468
EXCESS OF REVENUES OVER EXPENSES	**$ 73,081**	$ 285,222

See notes to financial statements

THE EDMONTON FOLK MUSIC FESTIVAL SOCIETY

Statement of Cash Flow

Year Ended January 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 73,081**	$ 285,222
Items not affecting cash:		
Amortization of capital assets	**101,007**	122,464
Amortization of deferred capital contributions	**(44,971)**	(66,486)
Accrued interest income	**(34,105)**	(67,642)
Loss (gain) on disposal of capital assets	**2,364**	(10,981)
	97,376	262,577
Changes in non-cash working capital *(Note 16)*	**2,626**	55,042
Cash flow from operating activities	**100,002**	317,619
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	**-**	10,981
Purchase of capital assets	**(48,437)**	(55,078)
Redemption of guaranteed investment certificates	**3,300,000**	3,317,000
Purchase of guaranteed investment certificates	**(2,800,000)**	(3,400,000)
Cash flow from (used by) investing activities	**451,563**	(127,097)
INCREASE IN CASH	**551,565**	190,522
Cash - beginning of year	**290,723**	100,201
CASH - END OF YEAR	**$ 842,288**	$ 290,723

See notes to financial statements

1. PURPOSE OF THE SOCIETY

The Edmonton Folk Music Festival Society (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. 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 dedicated to presenting and promoting folk music in all its diversity in Edmonton and Alberta.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Cash

Cash consist of cash on deposit, less cheques issued and outstanding.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a weighted average costing basis. During the year, inventory of $299,906 (2025 - 283,203) was expensed and included in site retail operations, there were no inventory write downs (2025 - $nil).

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Office furniture and equipment	5 years
Tents and stages	5 years
Computer hardware	3 years
Building	25 years
Vehicles and mobile kitchen	5 years
Computer software	3 years

In the year of purchase, amortization on capital assets is recorded at the full yearly amount.

Capital assets acquired during the year but not available for use are not amortized until they are available for use.

Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions, grants, donations and sponsorships are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, grants, donations and sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Restricted contributions received for the purchase of capital assets are deferred and recognized as revenue as the capital asset is amortized and expensed.

Revenue from ticket sales is recognized as revenue when services are provided.

Revenue from site retail operations is recognized as revenue when the goods are sold.

In-kind donated goods and services

In-kind donated goods and services are recorded at the amount that the Society would normally pay for such goods and services and when the fair value of such goods and services is reasonably estimated. Volunteers contribute numerous hours in carrying out the activities of the Society. Due to the difficulty in determining their fair value, contributed volunteer services are not recognized in these financial statements.

Foreign exchange translation

Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect as at the year-end. Any resulting foreign currency translation gains or losses are recorded in the statement of operations.

Financial instruments

All arm's length financial instruments are initially measured at fair value. The Society subsequently measures its arm's length financial assets and liabilities at cost or amortized cost.

Related party financial instruments with repayment terms are measured at cost, which is equal to the undiscounted cash flows received, or expected to be received, not including expected interest and dividends, less any previously recognized impairment losses.

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. The following amounts are subject to measurement uncertainty: fair market value of in-kind donations, useful life of capital assets and completeness of accrual of liabilities. These estimates are periodically reviewed and any necessary adjustments are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. CREDIT FACILITY

The Society has an available credit facility with the Royal Bank of Canada, which includes credit cards with limits of $30,000 and $20,000 and bear interest of 19.99% and 20.99%. As at January 31, 2026, $554 and $13 (2025 - $2,342 and $170) was drawn and included in accounts payable and accrued liabilities.

4. SHORT-TERM INVESTMENTS

The Society has invested in two (2025 - two) guaranteed investment certificates with a variable interest rate of prime less 2.00% and fixed interest rate of 2.94% (2025 - both with a rate of prime less 2.00%) and maturity dates of June 16, 2026 and July 3, 2026, respectively (2025 - June 16, 2025 and July 5, 2025). Certificates that mature within twelve months are presented as current assets.

5. GOVERNMENT RECEIVABLES AND PAYABLES

Goods and Services Tax receivable of $21,798 (2025 - $24,817) is included in accounts receivable and source deduction payable of $14,140 (2025 - $14,041) are included in accounts payable and accrued liabilities.

6. INTERNALLY RESTRICTED SHORT-TERM INVESTMENTS AND RESERVES

The Board of Directors, in its own discretion, have internally restricted $1,000,000 (2025 - $400,000) of net assets to the internally restricted operating reserve for the use of funding emergency expenses. During the year, the Board of Directors transferred $600,000 (2025 - $nil) from unrestricted net assets to the internally restricted operating reserve.

Additionally, the Board of Directors internally restricted $500,000 for a newly created capital reserve for the use of funding major capital expenditures. During the year, the Board of Directors transferred $500,000 (2025 - $nil) from unrestricted net assets to the internally restricted capital reserve.

These amounts do not represent externally restricted funds and may be transfered by the Board at any time. The reserves are held in guaranteed investment certificates with terms disclosed in Note 4.

7. CAPITAL ASSETS

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Office furniture and equipment	$ 1,027,235	$ 926,304	**$ 100,931**	$ 124,931
Tents and stages	1,096,508	1,054,952	**41,556**	66,211
Computer hardware	93,314	88,883	**4,431**	10,237
Building	354,677	351,615	**3,062**	3,536
Vehicles and mobile kitchen	481,631	481,631	**-**	-
Computer software	8,988	8,988	**-**	-
	$ 3,062,353	$ 2,912,373	**$ 149,980**	$ 204,915

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent externally restricted contributions which have been utilized to purchase tents, equipment and computers.

	2026	2025
Deferred capital contributions - beginning balance	**$ 93,132**	$ 155,107
Contributions received	**-**	4,511
Amortization of deferred capital contributions	**(44,971)**	(66,486)
Deferred capital contributions - ending balance	**$ 48,161**	$ 93,132

9. COMMITMENTS

The Society has a long term lease with Jerry Forbes Centre Foundation, a not-for-profit organization. The term of the lease is September 1, 2018 to August 31, 2058 and the Society does not pay rent, but participates in sharing the cost of the actual operating expenses incurred.

The Society has committed to performer fees of $1,575,918 (2025 - $1,509,594) and a number of guest accommodation rooms, with a local hotel, of $151,904 (2025 - $149,145) for the festival scheduled in August 2026.

10. GRANTS

The Society receives various grants to fund operations. Grants recognized are as follows:

	2026	2025
Alberta Foundation for the Arts (MAP)	**$ 408,100**	$ 340,090
City of Edmonton	**399,107**	408,522
Edmonton Community Foundation	**139,812**	125,580
Arts Presentation Canada Program (Supplementary)	**115,000**	155,000
Arts Presentation Canada Program (Heritage)	**100,000**	100,000
Canadian Summer Jobs Program	**18,365**	17,141
The SOCAN Foundation	**3,000**	-
CFEP - Small Grant (Government of Alberta)	**-**	71,680
Community Services Recovery Fund	**-**	47,818
Edmonton Heritage Council	**-**	20,000
	$ 1,183,384	$ 1,285,831

11. IN-KIND DONATED GOODS AND SERVICES

During the year, the Society received in-kind donated goods and services totaling $501,857 (2025 - $612,375) and $108,287 (2025 - $92,338). The related expenditures are included in multiple balances: artistic fees, professional and contract fees, advertising and public relations, production, volunteer program costs, site retail operations, and gaming.

12. FUNDRAISING

The Society does not remunerate employees, other individuals or a fundraising business for soliciting funds from the public or whose duties involve fundraising.

13. CONCERTS AND EQUIPMENT RENTALS

During the year, the Society engaged in external equipment rentals to support aligned events and co-promoted a concert. These events are not directly related to The Edmonton Folk Music Festival.

14. OTHER REVENUE & EXPENSES

	2026	2025
Other revenue		
Sundry	**$ 13,136**	$ 49,038
Gain on foreign exchange	**-**	4,955
(Loss) gain on disposal of capital assets	**(2,364)**	10,981
	10,772	64,974
Other expenses		
Loss of foreign exchange	**(39,687)**	-
Special projects	**(10,000)**	(192,808)
	(49,687)	(192,808)

15. RELATED PARTY TRANSACTIONS

The Society has a contract with a company controlled by a member of management for consulting services. The total amount included professional and contract fees is $200,383 (2025 - 223,799). The contract can be terminated at anytime for a penalty of $303,750.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2026	2025
Accounts receivable	**$ (17,077)**	$ 11,698
Interest accrued and included in accounts receivable	**34,105**	67,642
Inventory	**21,259**	(33,196)
Prepaid expenses and deposits	**3,254**	21,071
Accounts payable and accrued liabilities	**(38,915)**	16,829
Deferred contributions	**-**	(29,002)
	$ 2,626	$ 55,042

17. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of January 31, 2026. Unless otherwise noted, the Society's risk exposure has not changed from the prior year.

(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 as it holds all its cash and short-term investments with a single institution. The Society mitigates this risk by monitoring the credit ratings and financial performance of the institution. The maximum amount of exposure is limited to the value of theses balances.

(b) Currency risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to foreign currency exchange risk on contracts with performing artists and cash held in U.S. dollars. The Society does not use derivative instruments to reduce its exposure to foreign currency risk. The loss on foreign exchange during the year was $39,687 (2025 - gain of $4,955) and included in other revenue.

18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.