

**LETHBRIDGE AND DISTRICT MUSIC AND SPEECH ARTS
FESTIVAL SOCIETY**

Preliminary Fiscal Year-End Financial Report

Reporting period: September 1, 2025 to August 31, 2026

Submitted by: Craig Churchward, Treasurer

Prepared for: Board of Directors / October 21, 2026 Annual General Meeting

PRELIMINARY - SUBJECT TO AXON LLP COMPILATION

The amounts presented are drawn from the Festival's preliminary accounting records. Axon LLP has not yet completed its year-end compilation engagement. Adjustments may arise from its work, including investment valuation and year-end account clean-up. In my assessment as Treasurer, the preliminary statements fairly represent the Festival's financial position and results, and I do not presently anticipate material changes.

FINANCES

1. Attached is the preliminary Statement of Operations for September 1, 2025 to August 31, 2026.
2. Attached is the preliminary Balance Sheet as at August 31, 2026.

1. Executive Summary

The Festival completed fiscal 2026 with a **reported surplus of \$21,415.87**, total assets of **\$1,058,393.17** and total liabilities of **\$3,414.39**. Cash and cash equivalents stood at **\$103,461.80**. The balance sheet is supported principally by investment and endowment holdings, while liabilities at year-end were modest.

Festival-related income was **\$79,143.15**, against direct festival costs of **\$67,284.22**. After general operating expenses of **\$85,546.60** and cash awards and scholarship expenses of **\$27,957.06**, the Festival had an operating and awards shortfall of **\$101,644.73** before investment-related income. The recorded **\$123,060.60** of other income more than offset this shortfall, producing the reported year-end surplus.

This distinction is important: the positive bottom line reflects the combined impact of Festival operations and investment results, not a surplus from Festival operations alone.

2. Statement of Operations - Fiscal Year Ended August 31, 2026

Financial measure	FY2026 preliminary
Festival and other operating income	\$79,143.15
Direct festival costs	(\$67,284.22)
Gross profit	\$11,858.93
General operating expenses	(\$85,546.60)
Cash awards and scholarships	(\$27,957.06)
Operating result before investment-related income	(\$101,644.73)
Investment-related and other income	\$123,060.60
Reported surplus	\$21,415.87

Revenue: Local Festival entry fees of **\$45,085.57** were the largest source of operating income. Additional receipts included **\$15,325.00** from other charities, **\$6,740.55** from box office and program sales, **\$5,122.03** in program

advertising and **\$4,250.00** in other income. The provincial festival entry-fee line carries a **negative \$1,005.00** balance in the preliminary ledger.

Festival delivery: The largest direct costs were venue rental (**\$19,250.11**), adjudicator fees (**\$13,300.67**), Festival office supplies (**\$8,706.46**), Festival operations miscellaneous expenses (**\$6,600.00**), adjudicator travel/per diems (**\$5,723.38**) and accommodation (**\$4,597.56**). These reflect the resources required to stage the Festival and support adjudication.

Administration and recognition: The manager's salary/contract was the largest general expense at **\$44,955.00**. Professional fees were **\$10,706.97**, and cash awards and scholarships totalled **\$27,957.06**, including **\$26,892.06** in cash awards. The awards are presented separately from direct festival costs and general operating expenses in the source statement.

Investment-related income: The preliminary ledger reports **\$76,002.27** in interest revenue, **\$13,431.18** in endowment dividends and interest, **\$37,467.21** in endowment capital gains and a **\$3,840.06** negative market-value change. These amounts should not be interpreted as equivalent to cash available for routine spending. The Community Foundation year-end valuation remains an item for discussion during compilation.

3. Financial Position - Balance Sheet at August 31, 2026

Liquidity: Cash and cash equivalents totalled **\$103,461.80**, principally **\$93,619.66** in the First Choice Credit Union chequing account. Other current asset balances included **\$500.00** in accounts receivable, **\$275.28** in a separate legacy receivable account and **\$5,052.16** in GST receivable. Total current assets were **\$109,289.24**.

Investments and endowment: Investment and endowment balances totalled **\$944,049.89**, comprising **\$99,030.28** in RBC Canadian-dollar securities, **\$371,827.61** in RBC A+ securities and **\$473,192.00** in the Community Foundation Endowment Fund. Together, these balances represent approximately **89%** of total assets and remain central to the Festival's long-term financial capacity. The Community Foundation amount is preliminary pending valuation discussions with Axon LLP.

Other assets and obligations: Net computer equipment was **\$5,054.04**. Accounts payable of **\$3,414.39** constituted all recorded liabilities. Total equity was **\$1,054,978.78**. The small liability balance and available cash suggest a sound short-term financial position, although restricted endowment assets should not be treated as freely available operating funds.

4. Key Observations

- The Festival delivered its annual program and awards while recording a positive overall result, supported by investment-related income.
- The underlying Festival operations and award commitments exceeded operating receipts. This highlights the importance of sustainable funding, sponsorship and prudent oversight of annual program costs.
- Investments are the dominant component of the balance sheet. Valuation reliability, investment restrictions and the timing of distributions are therefore important considerations for the Board.
- Year-end cash is substantial relative to recorded accounts payable. The preliminary balance sheet also contains small legacy balances identified for potential adjustment during compilation.

5. Year-End Completion and Outlook

Axon LLP is currently completing its compilation work. The preliminary financial statements are subject to any year-end adjusting entries and accounting presentation changes identified through that process. Although some figures may change, I believe the preliminary statements present the Festival's financial results and position fairly and do not currently expect material adjustments.

The **September 2026 month-end financial statements are still being reconciled**. This delay reflects my decision to prioritize completion and review of the fiscal 2026 year-end records and coordination with Axon LLP, with the objective of having the year-end financial statements completed in time for the Festival's **October 21, 2026 Annual General Meeting**. September reporting will follow once the reconciliations are completed.

Management and the accountants will also continue to address the support for the Community Foundation investment valuation and any remaining year-end clean-up entries before the compilation is finalized.

6. Conclusion

As at August 31, 2026, the Festival is reporting a financially stable year-end position, with significant investment holdings, healthy cash balances and limited recorded liabilities. The overall surplus of **\$21,415.87** is positive, but should be considered alongside the **\$101,644.73** shortfall from operating activities and awards before investment-related income. The Board should continue to distinguish between operating sustainability, investment returns and funds available for current activities.

This report is prepared from the preliminary August 31, 2026 Balance Sheet and fiscal-year Profit and Loss statement and is subject to Axon LLP's final compilation.

Lethbridge and District Music and Speech Arts Festival

Profit and Loss

September 2025 - August 2026

	TOTAL
INCOME	
4001 MFF Donations - Personal - Receipted	775.00
4002 MFF Donations - Corporate - Receipted	2,050.00
4004 MFF Funds Rec'd from Other Charities	15,325.00
4007 MFF Program Advertising	5,122.03
4009 MFF Other Income	4,250.00
4201 MFF Donations -Rec'd- Pers.-Cash Awards	500.00
4202 MFF Donation - Corp- Rec'd Cash -Awards	300.00
4501 MFF Entry Fees - Local Festival	45,085.57
4502 MFF Entry Fees - Provincial Festival	-1,005.00
4504 MFF Box Office Ticket Sales/Program Sal	6,740.55
Uncategorized Income	0.00
Total Income	\$79,143.15
COST OF GOODS SOLD	
5604 MFF Adjudicator Fee	13,300.67
5606 MFF Adjud.-Accomodation	4,597.56
5607 MFF Adjudicator Per Diem/Travel Expense	5,723.38
5622 MFF Venue Rental Fee	19,250.11
5623 MFF Festival Operations - Misc Expense	6,600.00
5624 MFF Festival Expenses-other	1,452.24
5632 MFF Program Expense	2,678.80
5633 MFF Office Supplies-Festival Expenses	8,706.46
5637 MFF Special Events	4,975.00
Total Cost of Goods Sold	\$67,284.22
GROSS PROFIT	\$11,858.93
EXPENSES	
5105 MFF Manager's Salary/Contract	44,955.00
5405 MFF Advertising Costs - Office	2,423.47
5407 MFF Web Page Expenses	1,549.49
5408 MFF Other Advertising/Promo Costs	212.49
5415 MFF Phone & internet	1,879.89
5424 MFF Office Rent & Parking	3,374.00
5428 MFF Office Software & Technical Support	120.75
5430 MFF Office Supplies	4,495.37
5434 MFF Bank Service Charge/Interest Charge	97.40
5510 MFF Conference/Meeting Expenses	3,320.75
5515 MFF Professional Fees	10,706.97
5530 MFF License/Membership Fees/Dues	2,034.07
5533 MFF Insurance Costs	1,524.00
5534 MFF Tax	150.00
5535 MFF Board Expenses/Development Costs	2,154.24
5540 MFF GST Paid	3.48
5638 MFF Volunteer Luncheon	2,825.86
5705 Amortization Expense	3,719.37
Total Expenses	\$85,546.60

Lethbridge and District Music and Speech Arts Festival

Profit and Loss

September 2025 - August 2026

	TOTAL
OTHER INCOME	
4410 ET Change in market Value	-3,840.06
4440 ET Interest Revenue	76,002.27
4480 ET Endowment - Income (Div & Int)	13,431.18
4490 ET Endow. Income - Capital Gains(Loss)	37,467.21
Total Other Income	\$123,060.60
OTHER EXPENSES	
5701 MFF Cash Award - Awarded	26,892.06
5702 MFF Trust Scholarship awarded to Teac/In	615.00
5704 MFF Trust Scholarship Awarded to Comp.	450.00
Total Other Expenses	\$27,957.06
PROFIT	\$21,415.87

Lethbridge and District Music and Speech Arts Festival

Balance Sheet

As of August 31, 2026

	TOTAL
Assets	
Current Assets	
Cash and Cash Equivalent	
1005 MFF Petty Cash	0.00
1010 MFF 1st Choice Credit Union- Chequeing	93,619.66
1020 ET RBC Dominion- Cdn \$ Acct(CashAcct)	129.11
1030 ET RBC Dominion - A+ Account(CashAcct)	9,663.03
1450 MFF 1st Choice Credit Union	50.00
Undeposited Funds	0.00
Total Cash and Cash Equivalent	\$103,461.80
Accounts Receivable (A/R)	
Accounts Receivable (A/R)	500.00
Total Accounts Receivable (A/R)	\$500.00
1105 MFF Accounts Receivable	275.28
1106 GST Accounts Receivable	5,052.16
1306 MFF Prepaid expenses misc	0.00
Total Current Assets	\$109,289.24
Non-current Assets	
1110 ET RBC Cdn \$ Acct - Sec.-Market Value	99,030.28
1120 ET RBC A+Acct-Sec.. Market Value	371,827.61
1130 ET Community Foundation Endowment Fund	473,192.00
1140 Computer Equipment	11,828.83
1145 Acc. Amort. Computer Equip.	-6,774.79
Total 1140 Computer Equipment	5,054.04
Total Non Current Assets	\$949,103.93
Total Assets	\$1,058,393.17
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
Accounts Payable (A/P)	3,414.39
Total Accounts Payable (A/P)	\$3,414.39
2047 MFF Deferred Revenue - Scholarships	0.00
2048 MFF Deferred Revenue - Other	0.00
GST/HST Payable	0.00
Total Current Liabilities	\$3,414.39
Total Liabilities	\$3,414.39
Equity	
3560 Opening Balance Equity	921,734.97
3570 Prior Period Adjustments	0.00
Retained Earnings	111,827.94
Profit for the year	21,415.87
Total Equity	\$1,054,978.78
Total Liabilities and Equity	\$1,058,393.17