GAELIC COLLEGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2026

GAELIC COLLEGE FOUNDATION

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board Members of:
Gaelic College Foundation

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Foundation are prepared, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenditures, assets and net assets.

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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 CASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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 Foundation 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
June 18, 2026

Chartered Professional Accountants

GAELIC COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2026

ASSETS

	2026	2025
CURRENT		
Short term investment	$ -	$ 50,000
Accounts receivable (Note 3)	88,776	51,091
Inventory	66,708	65,548
Prepaid expenses	21,699	30,421
	177,183	197,060
EXTERNALLY RESTRICTED - ENDOWMENT FUND (NOTE 4)	21,535	14,077
CAPITAL ASSETS (NOTE 5)	11,138,639	8,584,603
	$ 11,337,357	$ 8,795,740

LIABILITIES

	2026	2025
CURRENT		
Bank indebtedness (Note 6)	$ 410,131	$ 334,963
Bank loan (Note 7)	505,903	538,877
Accounts payable and accrued liabilities (Note 8)	321,398	603,236
Deferred revenue (Note 9)	186,691	138,110
Current portion of obligations under capital lease (Note 10)	34,094	29,354
	1,458,217	1,644,540
OBLIGATIONS UNDER CAPITAL LEASE (NOTE 10)	50,642	73,339
DEFERRED CONTRIBUTIONS (NOTE 11)	9,591,153	6,576,932
	11,100,012	8,294,811

NET ASSETS

	2026	2025
EXTERNALLY RESTRICTED - ENDOWMENT FUND	21,535	14,077
INVESTMENT IN LONG TERM ASSETS (NOTE 12)	956,846	1,366,101
UNRESTRICTED	(741,036)	(879,249)
	237,345	500,929
	$ 11,337,357	$ 8,795,740

APPROVED ON BEHALF OF THE BOARD:

N. Iain Patton Board Member

Keith Bain Board Member

GAELIC COLLEGE FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
REVENUES		
Admissions	$ 45,835	$ 45,503
Concerts and special events	22,595	28,323
Craft shop (Schedule 1)	249,790	243,749
Facility rental	184,021	191,600
General (Note 13)	99,461	84,473
Kitchen	243,799	239,886
KitchenFest!	250,830	255,400
Provincial grant	310,000	310,000
School	297,646	245,040
Beinn Mhàbu	355,880	519,689
	2,059,857	2,163,663
EXPENDITURES		
Administrative	161,637	205,408
Concerts and special events	16,989	25,302
Craft shop (Schedule 1)	189,082	201,069
Facility rental	179,436	173,180
General	216,170	215,064
Kitchen	204,019	202,743
KitchenFest!	219,569	309,058
Maintenance	115,702	90,330
Marketing and hall operations	83,714	66,643
School	294,800	266,677
Beinn Mhàbu	451,547	570,018
	2,132,665	2,325,492
DEFICIENCY OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEMS	(72,808)	(161,829)
OTHER ITEMS		
Amortization of capital assets	265,284	275,004
Interest on capital lease	9,163	11,496
Interest on bank loans	36,374	38,920
Amortization of deferred contributions	(120,045)	(119,859)
	190,776	205,561
DEFICIENCY OF REVENUES OVER EXPENDITURES	$(263,584)	$(367,390)

GAELIC COLLEGE FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2026

	Endowment Fund	Investment in Long Term Assets	Unrestricted	2026	2025
Balance, beginning of year	$ 14,077	$1,366,101	$ (879,249)	$ 500,929	$ 868,319
Deficiency of revenues over expenditures	-	-	(263,584)	(263,584)	(367,390)
Net increase in endowment fund	7,458	-	(7,458)	-	-
Net change in investment in long term assets (note 12)	-	(409,255)	409,255	-	-
Balance, end of year	$ 21,535	$ 956,846	$ (741,036)	$ 237,345	$ 500,929

GAELIC COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Cash used in operations		
Deficiency of revenues over expenditures	$(263,584)	$(367,390)
Add: charges to income not involving cash		
Amortization of capital assets	265,284	275,004
Amortization of deferred contributions	(120,045)	(119,859)
	(118,345)	(212,245)
Net change in non-cash working capital		
Accounts receivable	(37,685)	190,392
Inventory	(1,160)	2,089
Prepaid expenses	8,722	(13,924)
Accounts payable and accrued liabilities	(281,839)	443,233
Deferred revenue	48,581	5,665
	(381,726)	415,210
FINANCING ACTIVITIES		
Repayment of bank loans	(32,974)	(30,753)
Repayment of obligations under capital lease	(30,499)	(28,981)
	(63,473)	(59,734)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,806,777)	(1,076,320)
Restricted contributions received for long term assets	3,134,266	698,629
Net increase in endowment fund	(7,458)	(1,772)
Redemption (purchase) of short term investments	50,000	(50,000)
	370,031	(429,463)
DECREASE IN CASH AND CASH EQUIVALENTS	(75,168)	(73,987)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(334,963)	(260,976)
CASH AND CASH EQUIVALENTS, END OF YEAR	$(410,131)	$(334,963)

NON-CASH TRANSACTIONS:		
Acquisition of property, plant and equipment from capital lease	$ 13,519	$ -

1. DESCRIPTION OF ORGANIZATION

The Gaelic College Foundation (the "Foundation") is a not-for-profit organization incorporated under an Act of the Nova Scotia Legislature. The objectives of the Foundation are to promote the language, music, dance and craft that came from the Highlands of Scotland. The Foundation operates facilities located in St. Ann's and Mabou, Nova Scotia. The Foundation is a registered charity under the Income Tax Act and is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash and Cash Equivalents

Cash is defined as cash on hand, balances with banks and bank overdrafts, net of cheques issued and outstanding at the reporting date.

(b) Inventory

Inventory is measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of inventories include raw materials and direct labour costs.

(c) Capital Assets

Capital assets are recorded at cost and amortized on the basis of their useful life using the following methods and rates:

Buildings	5 - 60 years straight-line
Sewage treatment facility	40 years straight-line
Paving	10 years straight-line
Generators	20 years straight line
Equipment and furnishings	20% declining balance
Vehicles	30% declining balance
Signage	30% declining balance

(d) Revenue Recognition

The Foundation follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

The Foundation recognizes revenues for admissions, school, facility rentals, kitchen, concerts and special events as services are provided. Craft shop revenues are recognized at the point of sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Contributed Materials and Services

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

(f) Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost. Financial instruments measured at amortized cost include accounts receivable, bank indebtedness, bank loans, accounts payable and accrued liabilities and long term debt.

(g) Use of Estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that may affect the reported amount of assets, liabilities, revenues and expenses. These estimates are reviewed periodically with any required adjustments made in the year in which they become known.

3. ACCOUNTS RECEIVABLE

	2026	2025
Trade	$ 69,671	$ 27,363
HST	24,605	27,211
Accrued interest	-	1,267
Allowance for doubtful accounts	(5,500)	(4,750)
	$ 88,776	$ 51,091

4. ENDOWMENT FUND

On March 31, 2021, the Foundation entered into a charitable endowment fund agreement with The Community Foundation of Nova Scotia Society (the "Society") to establish the Gaelic College Fund. Under the terms of the agreement, the Foundation initially invested $11,600 with the Society to be used for the disbursement of scholarships for students' tuition at the Foundation. The fund is held and administered by the Society, and income and gains, net of related management and administration fees and disbursements, are retained within the fund.

During the year, the Foundation invested an additional $Nil (2025 - $1,500) with the Society. The fund increased by $7,458 during the year, consisting primarily of contributions made directly to the fund by third parties, net of donation processing costs, disbursements, administration and investment management fees, investment income and realized and unrealized gains.

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2026	Net 2025
Land and improvements	$ 126,588	$ -	$ 126,588	$ 123,588
Buildings				
Administration complex	1,478,937	419,497	1,059,440	1,084,091
Amphitheatre	174,929	164,575	10,354	12,261
Clachan	260,346	155,943	104,403	108,752
Classroom and student residence buildings	1,132,539	730,046	402,493	421,081
Exercise pad	11,350	1,870	9,480	9,669
Hall of Clans	1,562,359	895,735	666,624	691,654
Beinn Mhàbu campus	3,763,680	153,261	3,610,419	3,647,949
Beinn Mhàbu residence	3,325,320	-	3,325,320	571,310
Mackenzie Hall	1,572,802	856,559	716,243	740,430
Main	298,064	206,087	91,977	96,945
Pavilion	63,681	8,717	54,964	56,025
Sheds	23,219	21,968	1,251	621
Steele building	147,048	24,020	123,028	125,478
Washrooms building	74,362	6,817	67,545	68,785
Sewage treatment facility	466,646	200,448	266,198	276,852
Paving	121,701	18,255	103,446	115,616
Generators	183,078	22,885	160,193	169,347
Equipment and furnishings	842,345	625,468	216,877	254,033
Vehicles	67,491	52,069	15,422	1,010
Signage	95,393	89,019	6,374	9,106
	$15,791,878	$ 4,653,239	$11,138,639	$ 8,584,603

During the year, the Foundation invested $2,754,010 (2025 - $571,310) in additions to the Beinn Mhàbu residence that are still in progress. Accordingly, no amortization was taken on this amount.

6. BANK INDEBTEDNESS

The Foundation has an established line of credit of $400,000 that bears interest at a rate of prime plus 1.00%. At March 31, 2026, the balance outstanding was $348,118 (2025 - $333,984), while bank indebtedness per the financial statements was $410,131 after outstanding cheques and other reconciling items. Security is a first charge on land and buildings that have a net book value of $10,370,129 and a general security agreement over all present and after acquired assets including equipment, inventory and receivables.

7. BANK LOAN

	2026	2025
East Coast Credit Union Limited		
Mortgage at 7.00% interest, due on demand, repayable in blended monthly installments of $5,806, being amortized until September 2038 with a term ending September 2028.	$ 505,903	$ 538,877

Security for this loan is a first charge on land and buildings that have a net book value of $10,370,129 and a general security agreement over all present and after acquired assets including equipment, inventory and receivables.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Trade payables	$ 290,937	$ 575,904
Accrued wages and benefits	30,461	27,332
	$ 321,398	$ 603,236

9. DEFERRED REVENUE

	2026	2025
Balance, beginning of year	$ 138,110	$ 132,445
Less: amount recognized as revenue in the year	(138,110)	(132,445)
Plus: amount received related to the following year	186,691	138,110
Balance, end of year	$ 186,691	$ 138,110

10. OBLIGATIONS UNDER CAPITAL LEASE

	2026	2025
Dishwasher lease, 18.45% interest, maturing July 2028	$ 11,399	$ -
Generator lease, 8.95% interest, maturing May 2028	73,337	102,693
	84,736	102,693
Current portion	34,094	29,354
	$ 50,642	$ 73,339

10. OBLIGATIONS UNDER CAPITAL LEASE (CONTINUED)

Minimum lease payments required in the next five years under capital leases are as follows:

2027	$ 41,261
2028	41,261
2029	10,125
2030	3,898
2031	650
	97,195
Interest included in minimum payments	12,458
	$ 84,737

11. DEFERRED CONTRIBUTIONS

	2026	**2025**
Balance, beginning of year	$ 6,576,932	$ 5,998,162
Add - contributions received	3,134,266	698,629
Less - amortized amounts	(120,045)	(119,859)
Balance, end of year	$ 9,591,153	$ 6,576,932

Deferred contributions are contributions received for the purchase of long term assets. The contributions are recognized as revenue on the statement of operations on the same basis as the related assets are amortized.

Deferred contributions include restricted capital funding received from government and other funders for the acquisition and construction of long-term assets. During the year, the Foundation received $2,967,600 under a Province of Nova Scotia funding agreement related to the Beinn Mhàbu residence project. The agreement provides funding of up to $2,970,000 and is subject to ongoing use, reporting, occupancy, rent and other compliance requirements over the forgivable term of the agreement. If the Foundation does not comply with the terms of the agreement, all or a portion of the funding may become repayable. Management believes the Foundation was in compliance with the agreement as at March 31, 2026.

12. INVESTMENT IN LONG TERM ASSETS

	2026	2025
Balance, beginning of year	$ 1,366,101	$ 1,083,821
Add - purchase of capital assets	2,806,777	1,076,320
- repayment of obligations under capital lease	30,499	28,981
- principal repayment of bank loans	32,974	30,753
- principal repayment of long term debt	-	-
- amortization of deferred contributions	120,045	119,859
Less - amortization of capital assets	(265,284)	(275,004)
- Government contributions for capital assets	(3,134,266)	(698,629)
	(409,255)	282,280
Balance, end of year	$ 956,846	$ 1,366,101

13. GENERAL REVENUE

	2026	2025
Employment grants	$ 31,684	$ 12,059
Other grants	6,757	-
Donations	48,186	41,301
Insurance recovery	-	26,734
Investment income	1,686	1,268
Other	11,148	3,111
	$ 99,461	$ 84,473

During the year, the Foundation received $15,730 (2025 - $24,000) in contributions from The Community Foundation of Nova Scotia Society (the "Society") that the Foundation donated to organizations chosen by the Society. These transactions were recorded on a net basis.

14. FINANCIAL INSTRUMENTS

The financial risks to which the Foundation is exposed through its financial instruments are credit risk, liquidity risk and interest rate risk.

a) Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Foundation by failing to discharge an obligation. The Foundation is exposed to credit risk from its accounts receivable. The Foundation provides credit to its customers in the normal course of its operations.

14. FINANCIAL INSTRUMENTS (CONTINUED)

b) Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk arising primarily from its obligations associated with its bank indebtedness, bank loan and accounts payable & accrued liabilities.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Foundation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the Foundation to changes in related future cash flows.

15. COMPARATIVE FIGURES

Certain figures for 2025 have been reclassified to conform to the presentation adopted in 2026.

GAELIC COLLEGE FOUNDATION

SCHEDULE 1

SCHEDULE OF CRAFT SHOP OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
SALES	$ 249,790	$ 243,749
COST OF GOODS SOLD	110,551	129,182
GROSS PROFIT	139,239	114,567
EXPENDITURES		
Office	4,521	3,723
Utilities	5,612	4,939
Wages and benefits	68,398	63,225
	78,531	71,887
INCOME FROM OPERATIONS	$ 60,708	$ 42,680