

CELTIC BUSINESS DEVELOPMENT CORPORATION INC

Financial Statements

Year Ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directorss of Celtic Business Development Corporation Inc

Qualified Opinion

I have audited the financial statements of Celtic Business Development Corporation Inc (the "corporation"), which comprise the statement of financial position as at March 31, 2026, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2026, 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

Celtic Business Development Corporation Inc. has not identified and classified all its financial instruments, and recorded its financial instruments at fair value. Rather, all financial instruments are recorded at historical cost. The Corporation has not specifically disclosed information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance, including exposure to risks, methods of determining fair value and other relevant information. This basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles for not for profit organizations.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the corporation in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 corporation'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 corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 corporation'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 corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation 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.

I 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 I identify during my audit.

Martin & Associates

CHARTERED PROFESSIONAL ACCOUNTANT

Mount Pearl, Newfoundland and Labrador
July 7, 2026

Celtic Business Development Corporation Inc.
Statement of Revenue and Expenditure
Year Ended March 31, 2026

	Operating Fund	Investment Fund	FRAM-ED Fund	Irish Loop Tourism Fund	2026 Total	2025 Total
Revenues						
- ACOA operating contribution	284,383	-	-	89,961	374,344	282,404
- Other income	20,881	-	-	-	20,881	1,360
- Interest income	15,153	260,066	147,033	-	422,252	460,809
- Fee for service	19,602	-	-	-	19,602	15,526
- Entrepreneurial training fund	-	7,043	-	-	7,043	13,298
- AES - SEA	70,937	-	-	-	70,937	70,235
- Government of Newfoundland & Labrador	-	-	-	26,076	26,076	-
- Youth ventures	17,116	-	-	-	17,116	17,000
Total Revenues	428,072	267,109	147,033	116,037	958,251	860,632
Expenditures						
Administration	-	-	-	11,734	11,734	-
Advertising	9,043	-	-	19,229	28,272	9,603
Amortization	6,189	-	-	-	6,189	8,135
Bank charges	905	2,214	61	-	3,180	3,076
Entrepreneurial training fund	-	7,044	-	-	7,044	13,298
Insurance	4,828	-	-	-	4,828	4,419
Interest expense - ACCBIF	-	5,073	-	-	5,073	26,659
Loan loss provision (recovery)	-	16,764	38,529	-	55,293	25,423
Meeting Costs	2,801	-	-	4,576	7,377	2,005
Memberships and fees	3,722	-	-	-	3,722	3,070
Office supplies	7,773	-	-	4,938	12,711	12,054
Professional Fees	13,601	4,000	-	-	17,601	17,782
Rent	23,390	-	-	4,000	27,390	23,390
Salaries and benefits	379,174	-	-	61,004	440,178	376,075
Seminars and conferences	5,426	-	-	-	5,426	13,513
Special events	4,183	-	-	-	4,183	3,153
Telephone	6,853	-	-	1,922	8,775	7,408
Training - Clients	1,426	-	-	2,193	3,619	297
Travel	14,163	-	-	6,441	20,604	13,327
Youth programs	2,000	-	-	-	2,000	2,000
Total Expenses	485,477	35,095	38,590	116,037	675,199	564,687
Excess (deficiency) of revenue over expenses	\$ (57,405)	\$ 232,014	\$ 108,443	\$ -	\$ 283,052	\$ 295,945

See accompanying notes to the financial statements

Celtic Business Development Corporation Inc.
Statement of Changes in Fund Balances
Year Ended March 31, 2026

	Operating Fund	Investment Fund	FRAM E-D Fund	Irish Loop Tourism Fund	2026 Total	2025 Total
Fund balance, beginning of year	20,539	2,678,814	1,846,355	-	4,545,708	\$ 4,249,763
Excess (deficiency) of revenue over expenses	(57,405)	232,014	108,443	-	283,052	295,945
Appropriation to (from) operations, net (Note 14 (B))	57,405	(57,405)	-	-	-	-
Fund balance, end of year	\$ 20,539	\$ 2,853,423	\$ 1,954,798	\$ -	\$ 4,828,760	\$ 4,545,708

See accompanying notes to the financial statements

Celtic Business Development Corporation Inc.
Statement of Financial Position
Year Ended March 31, 2026

	Operating Fund	Investment Fund	FRAM-ED Fund	Irish Loop Tourism Fund	2026 Total	2025 Total
Assets						
Current						
Cash	\$ 121,829	253,318	431,671	36,954	\$ 843,772	\$ 1,128,686
Receivables HST	3,716	-	-	2,002	5,718	3,314
Receivables AACBDC	-	1,721	-	-	1,721	5,376
Receivables Other (Note 4)	6,821	-	-	-	6,821	8,788
Prepaid expenses	327	-	-	-	327	201
Current portion of loans receivable (Note 7, Note 8)	-	341,172	127,273	-	468,445	486,251
	132,693	596,211	558,944	38,956	1,326,804	1,632,616
Investment - ACCBIF (Note 5)	-	37,500	-	-	37,500	37,500
Loans receivable - RRRF (Note 9)	-	149,334	-	-	149,334	181,841
Loans receivable (Note 7, Note 8)	-	2,034,342	1,555,856	-	3,590,198	3,483,674
YBL loans receivable	-	99,027	-	-	99,027	-
Capital assets (Note 10)	12,462	-	-	-	12,462	15,639
	\$ 145,155	\$ 2,916,414	\$ 2,114,800	\$ 38,956	\$ 5,215,325	\$ 5,351,270
Liabilities						
Current						
Accounts payable and accruals	\$ 27,854	\$ 13,132	-	1,206	\$ 42,192	\$ 58,371
Statutory payroll remittances	611	-	-	-	611	4,747
Current portion of ACCBIF loan (Note 13)	-	41,302	-	-	41,302	423,466
Deferred revenue	-	-	-	57,182	57,182	-
Interfund payable (receivable)	153,555	(134,123)	-	(19,432)	-	-
	182,020	79,689	-	38,956	141,287	486,584
Long Term						
Due to NLACBDC - Kickstart (Note 13)	-	95,944	-	-	95,944	93,915
Due to AACBDC - RRRF (Note 13)	-	149,334	-	-	149,334	181,841
Due to ACCBIF (Note 13)	-	-	-	-	-	43,222
	-	245,278	-	-	245,278	318,978
Equity						
Fund balances						
Unrestricted	20,539	-	-	-	20,539	20,539
Restricted surplus (Note 14)	-	1,714,672	1,104,798	-	2,819,470	2,536,418
Contributed surplus (Note 14)	-	1,138,751	850,000	-	1,988,751	1,988,751
	20,539	2,853,423	1,954,798	-	4,828,760	4,545,708
	\$ 202,559	\$ 3,019,012	\$ 1,954,798	\$ 38,956	\$ 5,215,325	\$ 5,351,270

Commitments (Note 12)

On Behalf of the Board:

Director

Director



See accompanying notes to the financial statements

Celtic Business Development Corporation Inc.
Statement of Cash Flow
Year Ended March 31, 2026

	Operating Fund	Investment Fund	FRAM-ED Fund	Irish Loop Tourism Fund	2026 Total	2025 Total
Operating activities						
Excess (deficiency) of revenue over expenses	(57,405)	232,014	108,443	-	283,052	295,945
Amortization	6,189	-	-	-	6,189	8,135
Loan loss provision (recovery)	-	16,764	38,529	-	55,293	25,423
	(51,216)	248,778	146,972	-	344,534	329,503
Changes in:						
Receivables	1,352	3,868	-	(2,002)	3,218	(6,749)
Prepaid expense	(126)	-	-	-	(126)	3,957
Payables and accruals	(4,052)	(17,468)	-	1,205	(20,315)	6,576
Deferred revenue	-	-	-	57,182	57,182	-
Inter fund payable	21,211	(1,780)	-	(19,431)	-	-
Cash provided by (used in) operating activities	(32,831)	233,398	146,972	36,954	384,493	333,287
Financing activities						
Interfund transfers	100,000	(260,000)	160,000	-	-	-
Proceeds from long-term debt - Other	-	2,030	-	-	2,030	(357)
Repayment of long-term debt - AACBDC	-	(32,507)	-	-	(32,507)	(127,562)
Repayment of long-term debt - AACBIF	-	(425,387)	-	-	(425,387)	(404,565)
	100,000	(715,864)	160,000	-	(455,864)	(532,484)
Investing activities						
Purchase of capital assets	(3,012)	-	-	-	(3,012)	(6,749)
Principal advances to clients	-	(548,430)	(811,440)	-	(1,359,870)	(1,434,417)
Principal repayments by clients	-	840,159	275,759	-	1,115,918	966,443
Principal repayments by clients - RRRF loans	-	32,507	-	-	32,507	856,298
Decrease (increase) in accrued interest	-	3,214	(2,300)	-	914	(18,437)
	(3,012)	327,450	(537,981)	-	(213,543)	363,138
Increase in cash and cash equivalents	64,157	(155,016)	(231,009)	36,954	(284,914)	163,941
Cash and cash equivalents, beginning of period	57,672	408,334	662,680	-	1,128,686	956,203
Cash and cash equivalents, end of period	\$ 121,829	\$ 253,318	\$ 431,671	\$ 36,954	\$ 843,772	\$ 1,120,144
Cash equivalents are comprised of cash in bank.	121,829	253,318	431,671	36,954		

The accompanying notes are an integral part of these financial statements.

1. Nature Of Operations

The Celtic Business Development Corporation Inc., (the Corporation) is a community-based and community-controlled organization with a mandate to encourage and support entrepreneurship, economic growth, diversification, job creation and sustainable, self-reliant communities in its region.

The Celtic Business Development Corporation Inc. incorporated under the Newfoundland Companies Act as a not-for-profit Corporation and as such, is exempt from income tax by virtue of Paragraph 149(1)(1) of the Income Tax Act.

2. Departure from Accounting Standards for not-for-profit organizations (ASNPO)

Celtic Business Development Corporation Inc.'s financial statements have not adopted the CPA Canada Handbook Section 3856 - Financial Instruments, and as a result, depart from the Canadian standards for not-for-profit organizations. The effects of these sections have not been recorded or disclosed in these financial statements.

The Atlantic Canada Opportunities Agency (ACOA) has confirmed, within the 2024 CF agreement to all Atlantic CBDCs, it will accept qualified financial statements from CBDC when not prepared in full compliance with the CPA Canadas Handbook Section 3856 - Financial Instruments.

3. Summary of significant accounting policies

Basis of accounting

The Corporation's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit Organizations.

Fund Accounting

Celtic Business Development Corporation Inc. follows the restricted fund method of accounting for the Investment and Operating Fund.

The Operating Fund accounts for the Corporation's program delivery and administrative activities. This fund reports unrestricted resources and operating contributions.

The Investment Fund reports all restricted resources of the Investment fund. The investment income resulting from investing activities is retained in the Investment Fund.

The FRAM-ED Fund reports all restricted resources of the FRAM-ED fund. The investment income resulting in investing activities of this fund is retained in the FRAM-ED fund.

The Irish Loop Tourism Fund reports all restricted resources of the Irish Loop Tourism fund. The excess revenue over expenses as a result of project operations of this fund is retained in the Irish Loop Tourism fund.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less and are valued at cost. Bank borrowings are considered to be financing activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Interest income

Interest income on loans is recorded on an accrual basis at the rate specified in the loan agreement when collection is reasonably assured. Accruals of interest income are not recorded on non-performing loans.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all necessary conditions to obtain the grants.

Revenue from contributions

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fee revenue

Fee revenue is recorded at the time the service is rendered in the normal course of business.

Other income

Other income is recognized when earned.

Provision for loan losses

Provision for loan losses are determined based on delinquent loans that are deemed doubtful by management less estimated amounts recoverable from security, net of estimated costs associated with converting the security into cash.

Category "A" Accounts

Accounts which are entirely satisfactory as to credit risk and performance, i.e. proven or established earnings and management, and on which loan arrears, if any, would represent less than two months' instalments of principal and interest. It should be noted that all accounts are automatically classified as category "A" upon authorization.

Category "B" Accounts

Accounts in which it is expected that, in spite of undesirable developments, the difficulties will be overcome, and the loan will in time be recovered, in full without the need to call the loan. Principal and/or interest are no more than 6 months in arrears.

Category "C" Accounts

Accounts in which serious adverse developments have occurred, difficulties are unlikely to be overcome, or there is little or no chance of the loan being repaid from earnings and one or more of the following conditions apply:

Operations have ceased and are unlikely to recommence under existing ownership;

Voluntary liquidation of assets has started with a view to winding up the business;

On current prospects, the CBDC may have to realize on its security and or the loan has been called;

Other creditors, regardless of rank, may be expected to realize on their security, even when the security involved covers assets other than those pledged to the Corporation;

A proposal, either formal or informal to secured creditors has been made, or is under preparation;

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

3. Summary of significant account policies (continued)

The situation has reached an impasse that it may be necessary for the Corporation or other creditors to take stronger measures to protect their position; and the business has been unable to generate earnings/cash flow sufficient to meet term debt commitments in the last two consecutive fiscal years and no principal payments on the loan or insured loan have been made for a one year period

Category "D" Accounts

Accounts in which the owners of the business have lost control due to bankruptcy, appointment of a receiver or Bailiff, judgement pursuant of a Mortgage Bond held by another secured mortgagee, seizure of any assets, or where the assets have been abandoned. Sometimes referred to as "non-productive" accounts since interest accrual is DEFINITELY ceased.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line or declining balance method, using rates indicated in Note 10. In the year of acquisition, net additions are amortized at one half the normal rates. Amortization expense is recorded in the Operating Fund.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities

Estimates are based on a number of factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets and asset impairments.

4. Receivables

	Operating Fund	Investment Fund	FRAM-ED Fund	Total 2026
Trade receivables	\$6,821	-	-	\$6,821
Allowance for doubtful accounts	-	-	-	-
	<u>\$6,821</u>	<u>-</u>	<u>-</u>	<u>\$6,821</u>

5. Investment - AACBIF

The Corporation advanced \$37,500 as a subscription loan to Atlantic Canada Community Business Investment Fund (ACCBIF) in the form of a promissory note. The note is non-interest bearing and has not set terms of repayment.

6. Contributed services

The operations of the Corporation depend on the contribution of time by volunteers. The fair value of services cannot be reasonably determined and are therefore not reflected in these financial statements

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

7. Loans - Investment Fund

	2026	2025
Loans - Investment Fund (excluding RRRF)	\$2,551,231	\$3,092,078
Less allowance for doubtful loans	(175,717)	(305,828)
	2,375,514	2,786,250
Current portion of loan receivable	(341,172)	(384,522)
	\$2,034,342	\$2,401,728

The loans are at varying interest rates and terms of repayment. Certain loans are in arrears and others are non-active.

Included in the loans receivable at March 31, 2026 are delinquent loans totaling \$138,315 (2025 - \$290,082) of which \$53,124 (2025 - \$164,122) has been allowed for. Management believes the balance of these loans will be collectible.

Loans receivable

The loans receivable balance is comprised of:

	2026	2025
Balance, beginning of year	\$3,092,078	\$3,461,687
Loans advanced during the year	548,430	403,959
Loans repaid during the year	(1,114,903)	(726,159)
Loans (written-off) recovered during the year	(146,875)	(45,200)
Change in yearend accrued interest	(3,216)	(2,209)
Balance, Principal	2,375,514	3,092,078
Allowance for doubtful accounts	(175,717)	(305,828)
Balance, end of year	\$ 2,199,797	\$ 2,786,250
	\$ -	

The activity in the Allowance for Doubtful Loans account is as follows:

	2026	2025
Balance, beginning of year	\$ 305,828	\$327,518
Loans written-off during the year	(146,875)	(50,759)
Recovery of loans written-off in previous periods	-	5,558
Current year's loan loss provision	16,764	23,511
Balance, end of year	\$ 175,717	\$ 305,828

Loan loss provision and bad debt expense:

	2026	2025
Current year loans written off	146,875	50,759
Loans written off previously recovered during the year	-	(5,559)
	146,875	45,200
Change in allowance		
Allowance for doubtful accounts, end of year	175,717	305,828
Allowance for doubtful accounts, beginning of year	(305,828)	(327,518)
Total loan loss provision and bad debt expense	(130,111)	(21,690)
Loan (recovery) loss provision	16,764	23,511

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

8. Loans - Canadian Fisheries Restructuring & Adjustment Initiative (FRAM-ED) Fund

	2026	2025
Loans - FRAM-ED	\$1,792,619	\$1,283,842
Less allowance for doubtful loans	(109,490)	(100,167)
	1,683,129	1,183,675
Current portion of loan receivable	(127,273)	(101,729)
	\$1,555,856	\$1,081,946

The loans are at varying interest rates and terms of repayment. Certain loans are in arrears and others are non-active.

Included in the loans receivable at March 31, 2026 are delinquent loans totaling \$ 62,948 (2025 - \$92,154) of which \$22,032 (2025 - \$38,874) has been allowed for. Management believes the balance of these loans will be collectible.

LOANS RECEIVABLE

The loans receivable balance is comprised of:

	2026	2025
Balance, beginning of year	\$1,283,842	\$1,396,674
Loans advanced during the year	811,440	126,449
Loans repaid during the year	(275,759)	(239,043)
Loans written-off during the year	(29,205)	(5,242)
Change in yearend accrued interest	2,301	5,004
Balance, Principal	1,792,619	1,283,842
Allowance for doubtful accounts	(109,490)	(100,167)
Balance, end of year	\$ 1,683,129	\$ 1,183,675

The activity in the Allowance for Doubtful Loans account is as follows:

	2026	2025
Balance, beginning of year	\$ 100,167	\$103,497
Loans written-off during the year	(29,205)	(5,242)
Current year's loan loss provision	38,528	1,912
Balance, end of year	\$ 109,490	\$ 100,167

Loan (recovery) loss provision and bad debt expense:

	2026	2025
Current year loans written off	29,205	5,242
Loans written off previously recovered during the year	-	-
	29,205	5,242
Change in allowance		
Allowance for doubtful accounts, end of year	109,490	100,167
Allowance for doubtful accounts, beginning of year	(100,167)	(103,497)
Total loan loss provision and bad debt expense	9,323	(3,330)
Loan (recovery) loss provision	38,527	1,912

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

9. COVID-19 Relief Loans

The Corporation along with the other members of the Atlantic Association of CBDC's (AACBDC) were contracted by the Federal government to deliver COVID-19 relief loans to qualifying businesses, the Regional Relief Recovery Fund ("RRRF").

The RRRF provides funding to support business that have been approved for supports through the Canada Emergency Business Account (CEBA) for the Emergency Loan Program delivered through Aboriginal Financial Institutions

The Corporation manages these loans on behalf of the AACBDC. All funds and loans are property of the AACBDC and as a result, the amounts due to AACBDC for the loans issued under the RRRF program. Interest is accruable at no more than 5.0% per annum on the principal balance outstanding beginning January 19, 2024 (or March 29, 2024 if an extension has been granted), said interest to be enjoyment of the lending CBDC. Loans issued under the RRRF program outstanding at March 31, 2024 are interest bearing with repayment due on or before December 31, 2026

Loans Receivable	2026		2025	
Balance, beginning of year	\$	181,841	\$	309,402
Loans repaid during the year		(32,507)		(44,501)
Balance, Principal		149,334		264,901
Loans written off		-		(83,060)
Balance, end of year	\$	149,334		181,841

During the year, the Corporation did not recognize an expense for loan forgiveness on the RRRF loans administered. This represents the portion of each loan advanced that qualifies for forgiveness based on the parameters set by the Federal government, up to a maximum of \$10,000 on the original RRRF loan program, further extended to a maximum of \$20,000 if the loanee qualified for the RRRF expansion. The amount recognized as loan forgiveness is offset by guaranteed matching funds from the AACBDC's, which results in no financial impact on the Corporation. The loans are government guaranteed.

10. Capital assets

	Rate	COST	Accumulated Depreciation	NBV 2026	NBV 2025
Furniture and equipment	20%	\$ 63,200	\$ 55,792	\$ 7,408	\$ 9,260
Computer hardware	55%	45,467	40,413	5,054	6,379
Leasehold improvements	5 years	12,780	12,780	-	-
		121,447	108,985	\$12,462	\$15,639

11. Economic dependence

The Celtic Business Development Corporation Inc. receives an annual contribution from the Atlantic Canada Opportunities Agency to cover operating expenses of the Operating Fund. Although the Corporation is working toward achieving self-sufficiency, the continued operation of the Corporation depends on the receipt of the annual operating contribution.

12. Commitments

The Corporation leases office space at a monthly rate of \$1,813 plus HST. The lease expires on March 31, 2030.

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
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13. Long term debt

	2026	2025
Atlantic Canada Community Business Investment (AACBIF) fund loan repayable in monthly instalments of \$36,000 including interest at 3.21%. Matures May 1, 2026. Secured by a promissory note and a negative pledge.	\$ 41,302	\$ 466,688
Atlantic Canada Community Business Development Corporations - Regional Relief and Recovery Funds are investment loans that are unsecured and non-interest bearing, with principal collections from clients repayable monthly. Reported net of loan forgiveness of \$349,250 (2025 - \$349,250) which is equal to loan forgiveness granted to recipients of these loans.	\$ 149,334	\$ 181,841
Newfoundland and Labrador Association of Community Business Development Corporations - Kickstart Program Loans are investment loans, are unsecured and non-interest bearing, with principal collections from clients repayable quarterly and interest receipts to be retained by the Corporation.	\$ 95,944	\$ 93,915
Total debt	\$ 286,580	\$ 742,444
Less: current portion	41,302	423,466
	\$245,278	\$318,978

Principal repayments for the ACCBIF for the next period are \$41,302.

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2026

14. Externally restricted funds

(A) Investment Fund

The investment fund has externally imposed restrictions on net assets as well as the income earned from those net assets, as follows:

	<u>2026</u>	<u>2025</u>
Restricted for investing in business:		
Capital contributions received, beginning of year	\$ 1,138,751	\$ 1,138,751
Surplus (deficit)	1,714,672	1,540,063
End of the year	<u>\$ 2,853,423</u>	<u>\$ 2,678,814</u>

Article of agreement:

9.1 Funds credited to the Investment Fund shall not be used for purposes other than Investment Fund activities without the prior written approval of ACOA. This includes funds lent or received from ACCBIF.

9.2 Notwithstanding (9.1), funds credited to the Investment Fund account may be transferred to the Eligible Costs account of the CBDC where the following conditions are met:

9.2.1 The CBDCs Annual Budget submitted with the Business Plan projects a deficit (the "Deficit") and is accepted by ACOA;

9.2.2 The Deficit was in fact incurred as projected; and,

9.2.3 The CBDC shall provide to ACOA written confirmation of the transfer of the funds from the Investment Fund account to the Eligible Costs account within 90 days of the end of each fiscal year.

(B) Interfund transfers

On February 12, 2026, a Contribution agreement with ACOA was signed, ACOA approved the transfer of \$57,405 funds previously externally restricted by ACOA for activities in the Investment Fund to now be spent on Operating Fund activities; on June 18, 2026, the Corporation's Board approved the transfer.

FRAM-ED Fund

The FRAM-ED fund has imposed restrictions on net assets as well as the income earned from those net assets, as follows:

	<u>2026</u>	<u>2025</u>
Restricted for investing in business:		
Capital contributions received, beginning of year	\$ 850,000	\$ 850,000
Surplus (deficit)	1,104,798	996,355
End of the year	<u>\$ 1,954,798</u>	<u>\$ 1,846,355</u>

All investment income earned by the organization from net assets of the FRAM-ED fund must be reinvested in the fund for business investment purposes unless written consent is obtained from ACOA, including funds lent to or received from ACCBIF.

15. Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets and liabilities measured at amortized cost include cash, accounts receivable, loans receivable and accounts payable.

Financial Risk Factors

The Board of Directors has overall responsibility for the oversight and management of financial risk factors which arise from holding financial instruments. The Board reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed. The primary sources of risk exposure for the Corporation and how each is managed are outlined below.

Credit risk

Credit risk is the risk that the Corporation will incur a loss because the receivables are not recovered. The Corporation's financial instruments that are exposed to credit risk include receivables and loans.

The maximum credit risk exposure at March 31, 2026 is equal to the carrying value of the receivables and loans as at the balance sheet date.

Concentrations of credit risk

Concentrations of credit risk exist if a number of borrowers are engaged in similar economic activities or are located in the same geographic region and indicate the relative sensitivity of the CBDC's performance to developments affecting a particular segment of borrowers or geographic region. Geographic credit risk exists for the CBDC due to most of its activities being primarily provided in the Southern Shore and St. Mary's Bay regions of the Avalon Peninsula.

The exposure to credit risk associated with the non-performance of these borrowers can be directly impacted by a decline in economic conditions which would impair CBDC client's ability to satisfy their obligations to the CBDC. In order to reduce this economic risk, the CBDC has comprehensive credit procedures in place whereby analyses are performed to control the granting of credit to all borrowers. Additionally, CBDC is a member of a Risk Mitigation Fund whereby they will be entitled to receive up to 35% of specified loans losses.

Liquidity risk

Liquidity risk is the risk that the Corporation may not have cash available to satisfy financial liabilities as they come due. To mitigate this risk, the Corporation is internally monitoring this level of liquidity on a regular basis.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument, that is short- term investments, will fluctuate because of changes in market prices. For purposes of this disclosure, the Corporation segregates market risk into two categories: fair value risk and interest rate risk. The Corporation is exposed to interest rate risk.

Interest rate risk is the potential for loss arising from changes in interest rates. Financial instruments that potentially subject the Corporation to interest rate risk are loans and long-term debt. The Corporation does not hedge interest rate risk.

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.
Schedule 1 ALLOWANCE FOR LOAN IMPAIRMENT
March 31, 2026

	<u>2026</u> Category A	<u>2026</u> Category B	<u>2026</u> Category C	<u>2026</u> Category D	<u>2026</u> Total
<u>Investment Fund</u>	\$ 2,357,294	\$ 114,763	\$ 32,920	\$ -	\$ 2,504,977
<u>FRAM Fund</u>	1,708,235	-	62,948	-	1,771,183
	<u>\$ 4,065,529</u>	<u>\$ 114,763</u>	<u>\$ 95,868</u>	<u>\$ -</u>	<u>\$ 4,276,160</u>
Allowance for loan impairment					
Investment Fund	\$ 122,592	\$ 41,348	\$ 11,776	\$ -	175,716
FRAM Fund	87,458	-	22,032	-	-
	<u>\$ 210,050</u>	<u>\$ 41,348</u>	<u>\$ 33,808</u>	<u>\$ -</u>	<u>\$ 285,206</u>
Allowance Percentage					6.7%
	<u>2025</u> Category A	<u>2025</u> Category B	<u>2025</u> Category C	<u>2025</u> Category D	<u>2025</u> Total
<u>Investment Fund</u>	\$ 2,708,184	\$ 116,626	\$ 27,159	\$ 146,297	\$ 2,998,266
<u>FRAM Fund</u>	1,172,554	62,948	29,205	-	1,264,707
	<u>\$ 3,880,738</u>	<u>\$ 179,574</u>	<u>\$ 56,364</u>	<u>\$ 146,297</u>	<u>\$ 4,262,973</u>
Allowance for loan impairment					
Investment Fund	\$ 141,707	\$ 23,628	\$ 8,827	\$ 131,667	\$ 305,829
FRAM Fund	61,292	12,590	-	26,285	100,167
	<u>\$ 202,999</u>	<u>\$ 36,218</u>	<u>\$ 8,827</u>	<u>\$ 157,952</u>	<u>\$ 405,996</u>
Allowance Percentage					9.5%

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.**Schedule 2 NUMBER OF LOANS APPROVED / UNDER MANAGEMENT****March 31, 2026**

<u>Investment fund</u>	<u>#</u>	<u>2026</u>	<u>#</u>	<u>2025</u>
Total number of investment loans approved	15	<u>\$ 1,332,269</u>	10	<u>\$ 719,522</u>
Total number of investment loans under management	83	<u>\$ 4,266,792</u>	83	<u>\$ 4,363,319</u>

Total Number of Investment Loans Approved:

The total number of Investment Fund loans (term and equity) approved between April 1 and March 31.

Newfoundland and Labrador: include FRAM-ED.

If a loan was approved and paid off within the period of April 1 to March 31, it is included in the total as it is based on the activity for the year.

If a new loan is approved for a new business activity and results in refinancing an existing CBDC loan, it is considered a new loan and can be counted as part of the CFoT model.

If a CBDC refinances a loan for the sole purpose of restructuring of an existing CBDC loan with no new loan advance to the client, it is not considered a new loan and cannot be counted as part of the CFoT model.

If a new loan is approved for the sole purpose of paying out another lender, the loan is not considered a new loan and cannot be counted as part of the CFoT model.

Excluded for the total are:

Community Development Fund (CDF) loans

Kick Start loans (applicable in Newfoundland and Labrador only).

Total Number of Active Investment Loans under Management:

In line with the definition above, the number of active loans (term and equity) managed by the CBDC portfolio as of March 31.

Newfoundland and Labrador: include FRAM-ED.

For use in the CFoT model, a loan is considered "active" when it meets the following criteria:

- A regular payment has been received (not NSF) within the fiscal year
- If the terms of the loan do not call for a regular payment within the fiscal year.

Excluded from the total are:

- Community Development Fund (CDF) loans
- Student in Business (SIB) loans (applicable in Nova Scotia)
- Kick Start loans (applicable in Newfoundland and Labrador only)
- Loans that were recommended for write-off or written off within the fiscal year
- Loans paid off prior to March 31

CELTIC BUSINESS DEVELOPMENT CORPORATION INC.

Schedule 3 OPERATING FUND - COMMUNITY FUTURES VERSUS OTHER FUNDING AND INCOME

March 31, 2026

	Community Futures (A)	Self Employment Benefits	Other	Special Project	CAS (Consulting Advisory Services)	Youth Ventures Program	Total Other Funding and Income (B)	CBDC Consolidated Operating Fund (A + B)
Revenue								
ACOA Operational Grant	234,383	-	-	-	-	-	-	234,383
AACBDC Operational Funding	50,000	-	-	-	-	-	-	50,000
Provincial Project Funding	-	70,937	-	-	-	-	70,937	70,937
NLACBDC	-	-	-	-	-	17,116	17,116	17,116
Fee for Service (Loan fees, CAS)	-	-	15,153	-	-	-	15,153	15,153
Interest income	-	-	18,050	-	1,552	-	19,602	19,602
Other Revenue	-	-	3,249	17,632	-	-	20,881	20,881
Total	284,383	70,937	36,452	17,632	1,552	17,116	143,689	428,072
Expenses								
Advertising /Marketing	5,548	1,504	-	417	500	1,075	3,496	9,044
Amortization	6,189	-	-	-	-	-	-	6,189
Bank Charges	902	-	-	-	-	-	-	902
Insurance	3,719	477	-	633	-	-	1,110	4,829
Meeting Costs	1,382	-	-	-	-	-	-	1,382
Memberships and fees	1,722	-	2,000	-	-	-	2,000	3,722
Office & Computer Exp	3,699	1,434	3,367	848	-	-	5,649	9,348
Professional fees	9,234	-	-	2,000	-	-	2,000	11,234
Rent	14,711	4,679	-	4,000	-	-	8,679	23,390
Salaries and benefits	284,810	60,679	18,000	3,000	552	12,925	95,156	379,966
Seminars-Conf. Fees/Training	3,027	-	2,400	-	-	-	2,400	5,427
Special Events	-	-	4,835	-	-	-	4,835	4,835
Telephone/Internet	3,856	998	1,000	1,000	-	-	2,998	6,854
Training - Clients	778	648	-	-	-	-	648	1,426
Travel	11,842	518	-	1,000	500	1,070	3,088	14,930
Youth Ventures Contribution	-	-	-	-	-	2,000	2,000	2,000
Total	351,419	70,937	31,602	12,898	1,552	17,070	134,059	485,477
Excess (deficiency) of Revenue over Expenses	(67,036)	0	4,850	4,734	0	46	9,630	(57,405)

(A) Revenues and expenses specific to the contribution agreement for the Community Futures Program