

**CELTIC BUSINESS DEVELOPMENT CORPORATION INC**

**Financial Statements**

**Year Ended March 31, 2025**

## Contents

	Page
Independent Auditors' Report	1-2
Statement of Revenue and Expenditure	3
Statement of Changes in Fund Balances	4
Statement of Financial Position	5
Statement of Cash Flow	6
Notes to the Financial Statements	7-15
Schedule 1 - Allowance for Loan Impairment	16
Schedule 2 - Number of Loans Approved/Under Management	17
Schedule 3 - Operating Fund - Community Futures versus Other Funding and Income	18

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## INDEPENDENT AUDITOR'S REPORT

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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, 2025, 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, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

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)

Independent Auditor's Report to the Board of Directorss of Celtic Business Development Corporation Inc  
(continued)

*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 11, 2025



**Celtic Business Development Corporation Inc.**  
**Statement of Revenue and Expenditure**  
**Year Ended March 31, 2025**

	Operating Fund	Investment Fund	FRAM-ED Fund	2025 Total	2024 Total
<b>Revenues</b>					
- ACOA operating contribution	282,404	-	-	282,404	271,528
- Other Income	1,360	-	-	1,360	22,690
- Interest income	18,521	283,018	159,270	460,809	390,602
- Fee for service	15,526	-	-	15,526	29,811
- Entrepreneurial training fund	-	13,298	-	13,298	16,258
- Loan forgiveness, RRRF, AACBDC, (Note 9)	-	-	-	-	253,000
- AES - SEA	70,235	-	-	70,235	70,235
- Youth Ventures	17,000	-	-	17,000	17,000
<b>Total Revenues</b>	405,046	296,316	159,270	860,632	1,071,124
<b>Expenditures</b>					
Advertising	9,603	-	-	9,603	7,435
Amortization	8,135	-	-	8,135	12,390
Bank charges	849	2,181	46	3,076	3,382
Entrepreneurial training fund	-	13,298	-	13,298	16,259
Insurance	4,419	-	-	4,419	4,176
Interest expense - ACCBIF	-	26,659	-	26,659	24,280
Loan forgiveness - RRRF Clients	-	-	-	-	253,000
Loan loss provision (recovery)	-	23,511	1,912	25,423	80,269
Meeting Costs	2,005	-	-	2,005	2,597
Memberships and fees	3,070	-	-	3,070	3,656
Office supplies	12,054	-	-	12,054	9,196
Professional Fees	13,406	4,376	-	17,782	17,374
Rent	23,390	-	-	23,390	23,390
Salaries and benefits	376,075	-	-	376,075	360,232
Seminars and conferences	13,513	-	-	13,513	9,612
Special events	3,153	-	-	3,153	5,082
Telephone	7,408	-	-	7,408	7,855
Training - Clients	297	-	-	297	684
Travel	13,327	-	-	13,327	24,615
Youth Programs	2,000	-	-	2,000	2,000
<b>Total Expenses</b>	492,704	70,025	1,958	564,687	867,484
Excess (deficiency) of revenue over expenses	\$ (87,658)	\$ 226,291	\$ 157,312	\$ 295,945	\$ 203,640

See accompanying notes to the financial statements

Celtic Business Development Corporation Inc.  
Statement of Changes in Fund Balances  
Year Ended March 31, 2025

	Operating Fund	Investment Fund	FRAM E-D Fund	2025 Total	2024 Total
Fund balance, beginning of year	20,539	2,540,181	1,689,043	4,249,763	\$ 4,046,123
Excess (deficiency) of revenue over expenses	(87,658)	226,291	157,312	295,945	203,640
Appropriation to (from) operations, net (Note 14 (B))	87,658	(87,658)	-	-	-
Fund balance, end of year	\$ 20,539	\$ 2,678,814	\$ 1,846,355	\$ 4,545,708	\$ 4,249,763

See accompanying notes to the financial statements

**Celtic Business Development Corporation Inc.**  
**Statement of Financial Position**  
**Year Ended March 31, 2025**

	Operating Fund	Investment Fund	FRAM-ED FUND	2025 Total	2024 Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 57,672	408,334	662,680	\$ 1,128,686	\$ 771,558
Receivables HST	3,100	214	-	3,314	2,551
Receivables AACBDC	-	5,376	-	5,376	6,750
Receivables Other (Note 4)	8,788	-	-	8,788	1,427
Prepaid expenses	201	-	-	201	4,158
Current portion of loans receivable (Note 7, Note 8)	-	384,522	101,729	486,251	483,410
	69,761	798,446	764,409	1,632,616	1,269,855
Investment - ACCBIF (Note 5)	-	37,500	-	37,500	37,500
Loans receivable - RRRF (Note 9)	-	181,841	-	181,841	309,402
Loans receivable (Note 7, Note 8)	-	2,401,728	1,081,946	3,483,674	3,943,934
Capital assets (Note 10)	15,639	-	-	15,639	20,539
	\$ 85,400	\$ 3,419,515	\$ 1,846,355	\$ 5,351,270	\$ 5,581,230
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accruals	\$ 27,771	\$ 30,600	-	\$ 58,371	\$ 52,368
Statutory payroll remittances	4,747	-	-	4,747	4,173
Current portion of ACCBIF loan (Note 13)	-	423,466	-	423,466	412,358
Interfund payable (receivable)	32,343	(32,343)	-	-	-
	64,861	421,723	-	486,584	468,899
<b>Long Term</b>					
Due to NLACBDC - Kickstart (Note 13)	-	93,915	-	93,915	94,270
Due to AACBDC - RRRF (Note 13)	-	181,841	-	181,841	309,402
Due to ACCBIF (Note 13)	-	43,222	-	43,222	458,896
	-	318,978	-	318,978	862,568
<b>Equity</b>					
<b>Fund balances</b>					
Unrestricted	20,539	-	-	20,539	20,539
Restricted surplus (Note 14)	-	1,540,063	996,355	2,536,418	2,240,473
Contributed surplus (Note 14)	-	1,138,751	850,000	1,988,751	1,988,751
	20,539	2,678,814	1,846,355	4,545,708	4,249,763
	\$ 85,400	\$ 3,419,515	\$ 1,846,355	\$ 5,351,270	\$ 5,581,230

Commitments (Note 12)

On Behalf of the Board:

*Marilyn Oates*

Director

*Amanda Coo*

Director

See accompanying notes to the financial statements



**Celtic Business Development Corporation Inc.**  
**Statement of Cash Flow**  
**Year Ended March 31, 2025**

	Operating Fund	Investment Fund	FRAM-ED Fund	2025 Total	2024 Total
<b>Operating activities</b>					
Excess (deficiency) of revenue over expenses	(87,658)	226,291	157,312	295,945	203,640
Amortization	8,135			8,135	12,390
Loan loss provision (recovery)	-	23,511	1,912	25,423	80,269
	(79,523)	249,802	159,224	329,503	296,299
<b>Changes in:</b>					
Receivables	(8,144)	1,395	-	(6,749)	23,551
Inter fund receivable	-	-	-	-	(200)
Prepaid expense	(43)	4,000	-	3,957	(3,942)
Payables and accruals	543	6,033	-	6,576	27,265
Inter fund payable	4,191	(4,191)	-	-	401
Cash provided by (used in) operating activities	(82,976)	257,039	159,224	333,287	343,374
<b>Financing activities</b>					
Interfund transfers	72,108	(72,108)	-	-	-
Proceeds from long-term debt - ACCBIF	-	-	-	-	350,000
Proceeds from long-term debt - Other	-	(357)	-	(357)	19,503
Repayment of long-term debt - AACBDC	-	(127,562)	-	(127,562)	(856,298)
Repayment of long-term debt - AACBIF	-	(404,565)	-	(404,565)	(408,721)
Repayment of long-term debt - Other	-	-	-	-	-
	72,108	(604,592)	-	(532,484)	(895,516)
<b>Investing activities</b>					
Purchase of capital assets	(3,234)	-	-	(3,234)	(2,390)
Principal advances to clients	-	(403,959)	(126,449)	(530,408)	(1,434,417)
Principal repayments by clients	-	726,159	239,043	965,202	966,443
Principal repayments by clients - RRRF loans	-	44,501	-	44,501	856,298
Principal amounts written off - RRRF loans	-	83,061	-	83,061	-
Decrease (increase) in accrued interest	-	2,209	(5,006)	(2,797)	(18,437)
	(3,234)	451,971	107,588	556,325	367,497
<b>Increase in cash and cash equivalents</b>	(14,102)	104,418	266,812	357,128	(184,645)
<b>Cash and cash equivalents, beginning of period</b>	71,774	303,916	395,868	771,558	956,203
<b>Cash and cash equivalents, end of period</b>	\$ 57,672	\$ 408,334	\$ 662,680	\$ 1,128,686	\$ 771,558

Cash equivalents are comprised of cash in bank.

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



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**CELTIC BUSINESS DEVELOPMENT CORPORATION INC.****NOTES TO THE FINANCIAL STATEMENTS****March 31, 2025**

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**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 Canada 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.

**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.

**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.

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;

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**CELTIC BUSINESS DEVELOPMENT CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2025**

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**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.

**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 2025
Trade receivables	\$8,788	-	-	\$8,788
Allowance for doubtful accounts	-	-	-	-
	\$8,788	-	-	\$8,788

**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, 2025**

**7. Loans - Investment Fund**

	<u>2025</u>	<u>2024</u>
Loans - Investment Fund (excluding RRRF)	<b>\$3,092,078</b>	\$3,461,687
Less allowance for doubtful loans	<b>(305,828)</b>	(327,518)
	<b>2,786,250</b>	3,134,169
Current portion of loan receivable	<b>(384,522)</b>	(380,836)
	<b>\$2,401,728</b>	\$2,753,332

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, 2025 are delinquent loans totaling \$290,082 (2024 - \$234,127) of which \$164,122 (2024 - \$165,282) has been allowed for. Management believes the balance of these loans will be collectible.

**Loans receivable**

**The loans receivable balance is comprised of:**

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	<b>\$3,461,687</b>	\$3,265,364
Loans advanced during the year	<b>403,959</b>	968,009
Loans repaid during the year	<b>(726,159)</b>	(692,846)
Loans (written-off) recovered during the year	<b>(45,200)</b>	(92,502)
Change in yearend accrued interest	<b>(2,209)</b>	13,662
Balance, Principal	<b>3,092,078</b>	3,461,687
Allowance for doubtful accounts	<b>(305,828)</b>	(327,518)
Balance, end of year	<b>\$ 2,786,250</b>	\$ 3,134,169

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	<b>\$ 327,518</b>	\$362,836
Loans written-off during the year	<b>(50,759)</b>	(92,502)
Recovery of loans written-off in previous periods	<b>5,558</b>	-
Current year's loan loss provision	<b>23,511</b>	57,184
Balance, end of year	<b>\$ 305,828</b>	\$ 327,518

**Loan loss provision and bad debt expense:**

	<u>2025</u>	<u>2024</u>
Current year loans written off	<b>50,759</b>	92,502
Loans written off previously recovered during the year	<b>(5,559)</b>	-
	<b>45,200</b>	92,502
Change in allowance		
Allowance for doubtful accounts, end of year	<b>305,828</b>	327,518
Allowance for doubtful accounts, beginning of year	<b>(327,518)</b>	(362,836)
Total loan loss provision and bad debt expense	<b>(21,689)</b>	(35,318)
Loan (recovery) loss provision	<b>23,511</b>	57,184



**CELTIC BUSINESS DEVELOPMENT CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2025**

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

	<b>2025</b>	<b>2024</b>
Loans - FRAM-ED	<b>\$1,283,842</b>	\$1,396,674
Less allowance for doubtful loans	<b>(100,167)</b>	(103,497)
	<b>1,183,675</b>	1,293,177
Current portion of loan receivable	<b>(101,729)</b>	(102,575)
	<b>\$1,081,946</b>	\$1,190,602

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, 2025 are delinquent loans totaling \$ 92,154 (2024 - \$97,179) of which \$38,874 (2024 - \$36,179) has been allowed for. Management believes the balance of these loans will be collectible.

**LOANS RECEIVABLE**

**The loans receivable balance is comprised of:**

	<b>2025</b>	<b>2024</b>
Balance, beginning of year	<b>\$1,396,674</b>	\$1,199,287
Loans advanced during the year	<b>126,449</b>	466,208
Loans repaid during the year	<b>(239,043)</b>	(273,596)
Loans written-off during the year	<b>(5,242)</b>	-
Change in yearend accrued interest	<b>5,004</b>	4,775
Balance, Principal	<b>1,283,842</b>	1,396,674
Allowance for doubtful accounts	<b>(100,167)</b>	(103,497)
Balance, end of year	<b>\$ 1,183,675</b>	\$ 1,293,177

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

	<b>2025</b>	<b>2024</b>
Balance, beginning of year	<b>\$ 103,497</b>	\$80,412
Loans written-off during the year	<b>(5,242)</b>	-
Recovery of loans written-off in previous periods	<b>-</b>	-
Current year's loan loss provision	<b>1,912</b>	23,085
Balance, end of year	<b>\$ 100,167</b>	\$ 103,497

**Loan (recovery) loss provision and bad debt expense:**

	<b>2025</b>	<b>2024</b>
Current year loans written off	<b>5,242</b>	-
Loans written off previously recovered during the year	<b>-</b>	-
	<b>5,242</b>	-
Change in allowance		
Allowance for doubtful accounts, end of year	<b>100,167</b>	103,497
Allowance for doubtful accounts, beginning of year	<b>(103,497)</b>	(80,412)
Total loan loss provision and bad debt expense	<b>(3,330)</b>	23,085
Loan (recovery) loss provision	<b>1,912</b>	23,085

**CELTIC BUSINESS DEVELOPMENT CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2025**

**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

<b>Loans Receivable</b>	<b>2025</b>	<b>2024</b>
Balance, beginning of year	\$ 309,402	\$ 1,165,700
Loans repaid during the year	(44,501)	(603,298)
Balance, Principal	264,901	562,402
Loan forgiveness	-	(253,000)
Loans written off	(83,060)	-
Balance, end of year	\$ 181,841	309,402

During the year, the Corporation did not recognize an expense (2024 - \$253,000) 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**

	<b>Rate</b>	<b>COST</b>	<b>Accumulated Depreciation</b>	<b>NBV 2025</b>	<b>NBV 2024</b>
Furniture and equipment	20%	\$ 63,200	\$ 53,940	\$ 9,260	\$ 11,575
Computer hardware	55%	43,850	37,471	6,379	8,964
Leasehold improvements	5 years	12,780	12,780	-	-
		119,830	104,191	\$15,639	\$20,539

**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**  
**March 31, 2025**

**13. Long term debt**

	<u>2025</u>	<u>2024</u>
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.	\$ 466,688	\$ 871,254
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 (2024 - \$349,250) which is equal to loan forgiveness granted to recipients of these loans.	\$ 181,841	\$ 309,402
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	\$ 93,915	\$ 94,270
<b>Total debt</b>	<b>\$ 742,444</b>	<b>\$ 1,274,926</b>
Less: current portion	<u>423,466</u>	<u>412,358</u>
	<b>\$318,978</b>	<b>\$862,568</b>

Principal repayments for the ACCBIF loan over each of the next two years are as follows: 2026 - \$423,466 and 2027 - \$43,222.

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**CELTIC BUSINESS DEVELOPMENT CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2025**

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**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>2025</u>	<u>2024</u>
Restricted for investing in business:		
Capital contributions received, beginning of year	\$ 1,138,751	\$ 1,138,751
Surplus (deficit)	1,540,063	1,401,430
End of the year	<u>\$ 2,678,814</u>	<u>\$ 2,540,181</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 May 30, 2025, a Contribution agreement with ACOA was signed, ACOA approved the transfer of \$87,658 funds previously externally restricted by ACOA for activities in the Investment Fund to now be spent on Operating Fund activities; on June 26, 2025, 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>2025</u>	<u>2024</u>
Restricted for investing in business:		
Capital contributions received, beginning of year	\$ 850,000	\$ 850,000
Surplus (deficit)	996,355	839,043
End of the year	<u>\$ 1,846,355</u>	<u>\$ 1,689,043</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.

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## **15. Financial instruments**

### **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, 2025 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.

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**CELTIC BUSINESS DEVELOPMENT CORPORATION INC.**  
**Schedule 1 ALLOWANCE FOR LOAN IMPAIRMENT**  
**March 31, 2025**

	<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>
<b>Allowance for loan impairment</b>					
<b>Investment Fund</b>	\$ 141,707	\$ 23,628	\$ 8,827	\$ 131,667	305,829
<b>FRAM Fund</b>	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>
<b>Allowance Percentage</b>					9.5%
	<u>2024</u> Category A	<u>2024</u> Category B	<u>2024</u> Category C	<u>2024</u> Category D	<u>2024</u> Total
<u>Investment Fund</u>	\$ 3,013,402	\$ 118,138	\$ 234,127	\$ 44,343	\$ 3,410,010
<u>FRAM Fund</u>	1,285,148	62,948	34,448	-	1,382,544
	<u>\$ 4,298,550</u>	<u>\$ 181,086</u>	<u>\$ 268,575</u>	<u>\$ 44,343</u>	<u>\$ 4,792,554</u>
<b>Allowance for loan impairment</b>					
<b>Investment Fund</b>	\$ 162,236	\$ 23,628	\$ 141,654	\$ -	\$ 327,518
<b>FRAM Fund</b>	67,318	12,590	23,589	-	103,497
	<u>\$ 229,554</u>	<u>\$ 36,218</u>	<u>\$ 165,243</u>	<u>\$ -</u>	<u>\$ 431,015</u>
<b>Allowance Percentage</b>					9.0%

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**CELTIC BUSINESS DEVELOPMENT CORPORATION INC.****Schedule 2 NUMBER OF LOANS APPROVED / UNDER MANAGEMENT****March 31, 2025**

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<u>Investment fund</u>	<u>#</u>	<u>2025</u>	<u>#</u>	<u>2024</u>
Total number of investment loans approved	10	<u>\$ 719,522</u>	13	<u>\$ 896,155</u>
Total number of investment loans under management	83	<u>\$ 4,363,319</u>	87	<u>\$ 4,420,092</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, 2025**

	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)
<b>Revenue</b>								
ACOA Operational Grant	232,404	-	-	-	-	-	-	232,404
AACBDC Operational Funding	50,000	-	-	-	-	-	-	50,000
Provincial Project Funding	-	70,235	-	-	-	-	70,235	70,235
NLACBDC	-	-	-	-	-	17,000	17,000	17,000
Fee for Service (Loan fees, CAS)	-	-	18,521	-	-	-	18,521	18,521
Interest income	-	-	13,471	-	2,055	-	15,526	15,526
Other Revenue	-	-	1,360	-	-	-	1,360	1,360
<b>Total</b>	<b>282,404</b>	<b>70,235</b>	<b>33,352</b>	<b>-</b>	<b>2,055</b>	<b>17,000</b>	<b>122,642</b>	<b>405,046</b>
<b>Expenses</b>								
Advertising /Marketing	6,259	1,700	-	-	500	1,144	3,344	9,603
Amortization	8,135	-	-	-	-	-	-	8,135
Bank Charges	849	-	-	-	-	-	-	849
Insurance	3,957	462	-	-	-	-	462	4,419
Meeting Costs	-	-	2,005	-	-	-	2,005	2,005
Memberships and fees	3,070	-	-	-	-	-	-	3,070
Office & Computer Exp	10,563	1,391	-	100	-	-	1,491	12,054
Professional fees	10,979	-	2,428	-	-	-	2,428	13,407
Rent	18,712	4,678	-	-	-	-	4,678	23,390
Salaries and benefits	284,261	60,295	18,000	-	1,055	12,464	91,814	376,075
Seminars-Conf. Fees/Training	13,513	-	-	-	-	-	-	13,513
Special Events	3,153	-	-	-	-	-	-	3,153
Telephone/Internet	6,296	1,112	-	-	-	-	1,112	7,408
Training - Clients	-	297	-	-	-	-	297	297
Travel	11,135	300	-	-	500	1,392	2,192	13,327
Youth Ventures Contribution	-	-	-	-	-	2,000	2,000	2,000
<b>Total</b>	<b>380,882</b>	<b>70,235</b>	<b>22,433</b>	<b>100</b>	<b>2,055</b>	<b>17,000</b>	<b>111,823</b>	<b>492,704</b>
<b>Excess (deficiency) of Revenue over Expenses</b>	<b>(98,478)</b>	<b>-</b>	<b>10,919</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>10,819</b>	<b>(87,658)</b>

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