Financial statements of
The Portage Program for Drug Dependencies Inc.

March 31, 2026

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Independent Auditor's Report

To the Board of Directors of
The Portage Program for Drug Dependencies Inc.

Opinion

We have audited the financial statements of The Portage Program for Drug Dependencies Inc. (the "Corporation"), which comprise the statement of financial position as of March 31, 2026, and the statements of revenue and expenses, changes in net assets (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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 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.

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 GAAS 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 GAAS, 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 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 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 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.

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.

Deloitte LLP[1]

August 6, 2026

[1] CPA auditor, public accountancy permit No. A132478

	Notes	2026	2025
		$	$
Revenue			
Government programs	13	**5,085,946**	4,905,697
Services	12	**3,247,338**	2,960,831
Donations from The Portage Foundation	12	**393,295**	261,948
Amortization of deferred contributions related to fixed assets	7	**1,457**	1,457
Other		**61**	39,220
		8,728,097	8,169,153
Expenses			
Clinical services	12 and 13	**3,542,951**	3,335,159
Support services		**1,345,091**	1,391,608
Service costs – programs		**2,937,770**	2,869,368
Administration	12	**711,312**	757,843
Doubtful accounts		**12,900**	29,218
Amortization of fixed assets		**9,100**	7,526
		8,559,124	8,390,722
Excess (deficiency) of revenue over expenses before discontinued operations		**168,973**	(221,569)
(Deficiency) excess of revenue over expenses related to discontinued operations	12	**(128,313)**	864,693
Excess of revenue over expenses		**40,660**	643,124

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

The Portage Program for Drug Dependencies Inc.

Statement of changes in net assets (deficit)

Year ended March 31, 2026

			2026	2025
	Invested in fixed assets	Unrestricted	Total	Total
	$	$	$	$
Balance, beginning of year	28,260	(505,002)	(476,742)	(1,119,866)
Excess (defiency) of revenue over expenses	(7,643)	48,303	40,660	643,124
Balance, end of year	20,617	(456,699)	(436,082)	(476,742)

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

The Portage Program for Drug Dependencies Inc.

Statement of financial position

As at March 31, 2026

	Notes	2026	2025
		$	$
Assets			
Current assets			
Cash		**179,309**	—
Restricted cash	9	**4,560**	4,560
Accounts receivable	3	**492,001**	1,424,641
Prepaid expenses		**53,827**	37,409
		729,697	1,466,610
Fixed assets	4	**24,991**	34,091
		754,688	1,500,701
Liabilities			
Current liabilities			
Bank indebtedness		**—**	70,551
Bank loan	5	**—**	190,000
Accounts payable and accrued liabilities	6	**1,126,287**	1,663,903
Deferred revenue		**60,109**	47,158
		1,186,396	1,971,612
Deferred contributions related to fixed assets	7	**4,374**	5,831
		1,190,770	1,977,443
Commitments	11		
Net assets (deficit)			
Invested in fixed assets		**20,617**	28,260
Unrestricted		**(456,699)**	(505,002)
		(436,082)	(476,742)
		754,688	1,500,701

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

Approved by the Board

_______________________________________, Director

_______________________________________, Director

The Portage Program for Drug Dependencies Inc.
Statement of cash flows
Year ended March 31, 2026

	Notes	2026	2025
		$	$
Operating activities			
Excess of revenue over expenses		**40,660**	643,124
Adjustments for:			
Amortization of deferred contributions related to fixed assets		**(1,457)**	(1,457)
Amortization of deferred grants related to fixed assets		**—**	(14,010)
Interest on guaranteed investment certificate		**—**	454,019
Amortization of fixed assets		**9,100**	22,089
		48,303	1,103,765
Changes in non-cash operating working capital items	10	**391,557**	(667,108)
		439,860	436,657
Investing activities			
Decrease in restricted cash		**—**	995,440
Acquisition of fixed assets		**—**	(12,899)
Disposal of a guaranteed investment certificate		**—**	18,000,000
		—	18,982,541
Financing activities			
Increase in bank loan		**—**	125,000
Repayment of bank loan		**(190,000)**	—
Reimbursement of the deferred grant, including expenses incurred during the fiscal year		**—**	(19,470,330)
		(190,000)	(19,345,330)
Net increase in cash and cash equivalents		**249,860**	73,868
Bank indebtedness, beginning of year		**(70,551)**	(144,419)
Cash (bank indebtedness), end of year		**179,309**	(70,551)

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

1. Description of the business

The Portage Program for Drug Dependencies Inc. (the "Corporation") was incorporated under the *Canada Not-for-profit Corporations Act* and is a registered charity under the *Income Tax Act*.

The Corporation operates drug rehabilitation programs in New Brunswick, Ontario and Québec. In 2024-2025, financial and economic difficulties resulted in the cessation and closure of the drug rehabilitation program in Ontario effective January 30, 2025.

The Corporation, Centre d'accueil le Programme de Portage Inc. (the "Centre") and The Portage Foundation (the "Foundation") are managed, for the most part, by the same members of the Board of Directors and are therefore related entities.

2. Accounting policies

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

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. The Corporation follows the deferral 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as contributions when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fixed assets

Fixed assets are recorded at cost. Contributed fixed assets are recorded at fair value at the date of contribution. Amortization is based on the estimated useful life of the assets, the following methods and rates:

Renovations – generator	Straight-line	5%
Equipment – generator	Straight-line	20%
Sewage treatment system	Straight-line	5%
Leasehold improvements	Declining balance	10%
Automotive equipment	Straight-line	30%
Trailers	Straight-line	10%
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	33 1/3%
Accounting software	Straight-line	33 1/3%

Impairment of fixed assets

When conditions indicate that a fixed asset is impaired, the net carrying amount of the fixed asset shall be written down to the asset's fair value or replacement cost. The write-downs of fixed assets shall be accounted for as expenses in the statement of revenue and expenses. A write-down shall not be reversed.

2. Accounting policies (continued)

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Corporation in the transaction.

Subsequent measurement

All financial instruments are subsequently measured at amortized cost.

Transaction costs

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenue and expenses as interest income or expense.

Impairment

With respect to financial assets measured at cost or amortized cost, the Corporation recognizes in the statement of revenue and expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of revenue and expenses in the period the reversal occurs.

Allocation of expenses

Salaries and benefits are allocated between clinical services, support services, service costs and administration in proportion to the estimated amount of time employees spend on each activity. This allocation methodology is applied consistently.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. Accounts receivable

	2026	2025
	$	$
Private beds	**110,461**	172,707
Mouvement pour l'Intégration et la Rétention en Emploi	**—**	54,536
Centre d'accueil	**857**	—
The Portage Foundation	**—**	953,683
Les habitations communautaires Portage	**41,766**	34,117
Garderie Ribambelle	**259,909**	121,904
Consumer sales tax and other	**121,126**	116,912
	534,119	1,453,859
Allowance for doubtful accounts	**(42,118)**	(29,218)
	492,001	1,424,641

4. Fixed assets

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Renovations – generator	**22,996**	**22,996**	**—**	—
Equipment – generator	**152,150**	**152,150**	**—**	—
Sewage treatment system	**114,714**	**114,714**	**—**	—
Leasehold improvements	**173,056**	**162,933**	**10,123**	11,248
Automotive equipment	**49,092**	**49,092**	**—**	—
Trailers	**63,128**	**63,128**	**—**	—
Furniture and equipment	**205,811**	**198,653**	**7,158**	8,948
Computer equipment	**17,703**	**17,703**	**—**	—
Accounting software	**63,171**	**55,461**	**7,710**	13,895
	861,821	**836,830**	**24,991**	34,091

5. Credit facility

The Corporation has a credit facility up to a maximum of $450,000, renewable annually, bearing interest at a rate equal to the financial institution's prime rate (4.45% as of March 31, 2026; 4.95% as of March 31, 2025), plus 0.25%. The balance of the credit facility as of March 31, 2026 is nil ($190,000 as of March 31, 2025).

6. Accounts payable and accrued liabilities

	2026	2025
	$	$
Suppliers	**146,853**	121,992
Accrued liabilities	**220,499**	134,710
Salaries and vacations payable	**575,121**	841,068
Government remittances	**31,013**	33,688
New Brunswick Minister of Health	**11,897**	11,897
Mouvement pour l'intégration	**3,061**	—
The Portage Foundation	**132,012**	—
Centre d'accueil	**—**	497,806
Les habitations communautaires Portage II	**5,831**	22,742
	1,126,287	1,663,903

7. Deferred contributions related to fixed assets

	2026	2025
	$	$
Balance, beginning of year	**5,831**	7,288
Amortization of deferred contributions related to fixed assets	**(1,457)**	(1,457)
Balance, end of year	**4,374**	5,831

8. Deferred grants related to fixed assets

	2026	2025
	$	$
Balance, beginning of year	**—**	14,010
Amortization of deferred grants related to fixed assets	**—**	(14,010)
Balance, end of year	**—**	—

9. Deferred grant

During the year ended March 31, 2024, the Corporation received a grant of $19,000,000 from the New Brunswick Minister of Health to establish a new facility in New Brunswick to provide rehabilitation services to drug addicts. The interest generated from this grant was to be used exclusively to support the objectives of the facility. Of the $19,000,000 received, $1,000,000 was included in restricted cash and $18,000,000 was invested in a guaranteed investment certificate. During the year ended March 31, 2025, plans with the New Brunswick Minister of Health changed and, as a result, the grant and the interest generated were repaid. An amount of $4,560 remains in the reserved cash to settle certain limited costs incurred by the Corporation which are included in accounts payable and accrued liabilities.

9. Deferred grant (continued)

	2026	2025
	$	$
Opening balance	**—**	19,028,208
Amount used during the year	**—**	(131,181)
Amount reimbursed during the year	**—**	(19,339,149)
Accrued interest	**—**	454,019
Amount transferred to accounts payable	**—**	(11,897)
Ending balance	**—**	—

10. Additional information relating to the statement of cash flows

	2026	2025
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	**932,640**	(1,055,214)
Prepaid expenses	**(16,418)**	43,910
Accounts payable and accrued liabilities	**(537,616)**	357,067
Deferred revenue	**12,951**	(974)
Deferred grant	**—**	(11,897)
	391,557	(667,108)

11. Commitments

The Corporation is committed to the Foundation under premises rental leases to pay a fixed amount of $468,285 annually and an additional rent amount of $273,166, over the next five years. In addition, the Corporation is committed under long-term leases to pay an amount of $48,133, over three years, for the use of premises and vehicles. The commitments for the next years are as follows:

	$
2027	546,595
2028	543,881
2029	526,412
2030	522,918
2031	522,918

12. Related party transactions

Economic interest

The Corporation has an economic interest in the Foundation, given that the Foundation was created to provide the Corporation with financial assistance. The Corporation requires private donations through the Foundation in addition to public funding to meet its financial obligations.

The Foundation's fund balances amount to $7,744,167 as of March 31, 2026 ($7,729,350 as of March 31, 2025). Of this amount, $4,671,418 ($6,562,348 in 2025) represents the Fixed Assets Fund.

Related party transactions

The following table summarizes the Corporation's related party transactions for the year. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2026	2025
	$	$
Revenues		
Centre d'accueil le Programme de Portage Inc.		
Management fees(1)	**2,346,692**	2,210,731
Clinical services(3)	**797,616**	857,422
Administration(3)	**59,687**	61,319
The Portage Foundation		
Management fees(1)	**258,826**	252,651
Donations	**538,111**	2,118,435
Interest(2)	**—**	858
Expenses		
Centre d'accueil le Programme de Portage Inc.		
Private beds	**86,600**	37,609
Interest(2)	**—**	9,140
Management fees	**28,726**	—
Allocated expenses	**11,460**	—
The Portage Foundation		
Rent	**524,137**	716,872

At the end of the year, the amounts due to (from) related entities are payable on demand and have arisen from the transactions referred to above.

(1) Management fees represent centralized management fees and are charged to related parties, which are included in services revenue.

(2) Interest is calculated on related party balances on a quarterly basis at the rate of 1.635% until March 31, 2025 (value of nil as of March 31, 2026; $9,998 as of March 31, 2025).

(3) These amounts represent allocated revenues and expenses that are centralized and charged to related parties in order to benefit from economies.

12. Related party transactions (continued)

Discontinued operations

Ontario's operations ceased on January 30, 2025. Revenues and expenses presented in the statement of revenue and expenses under the line *(Deficiency) excess of revenue over expenses* include the following items charged to the Ontario program.

	2026	2025
	$	$
Net profit before exceptional donation	**(128,313)**	(748,490)
Exceptional donation from the Portage Foundation	**—**	1,613,183
Net profit	**(128,313)**	864,693

The (deficiency) excess of revenue over expenses related to the discontinuation of activities, amounting to $(128,313) (excess of $864,693 in 2025), includes an exceptional donation of nil in 2026 ($1,613,183 in 2025) from the Portage Foundation and nil in 2026 ($186,163 in 2025) in management and clinical fees recharged to the Ontario division.

13. Job Readiness Measure project

The Corporation has signed an agreement with the ministère du Travail, de l'Emploi et de la Solidarité sociale (Service Québec) for the project "Job Readiness Measure". The total revenue and expenses for this project were $236,781 from April 1 to June 30, 2025, and $723,513 from July 1, 2025, to March 31, 2026 ($232,881 from April 1, 2024, to June 30, 2024, and $724,511 from July 1, 2024 to March 31, 2025).

14. Financial instruments

Credit risk

The Corporation provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions to mitigate credit losses.

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due.
The Corporation monitors its cash balances and cash flows generated from operations, including expected public funding, to meet its requirements. As of March 31, 2026, the most significant liabilities are the bank loan and accounts payable and accrued liabilities.

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 guaranteed investment certificate and the bank loan have a fixed interest rate. Therefore, a variation in interest rates on the market would have an impact on the fair value of these financial instruments.

15. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. These reclassifications had no impact on net income or net assets for the prior year.