

**WALTER A. "SLIM" THORPE RECOVERY
CENTRE SOCIETY**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2026

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS
WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY
LLOYDMINSTER, SASKATCHEWAN

Qualified Opinion

We have audited the accompanying financial statements of Walter A. "Slim" Thorpe Recovery Centre Society, which comprise the statement of financial position as at March 31, 2026 and the statements of operations and changes in fund balances and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the statement of financial position of the Society as at March 31, 2026 and the statement of operations and changes in fund balances and cash flow for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from the public in the form of donations and self-generating programs, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to these revenues, excess (deficiency) of revenues over expenses, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Walter A. "Slim" Thorpe Recovery Centre Society 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Walter A. "Slim" Thorpe Recovery Centre Society'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 Walter A. "Slim" Thorpe Recovery Centre Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Walter A. "Slim" Thorpe Recovery Centre Society's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, we exercise professional judgement 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 Walter A. "Slim" Thorpe Recovery Centre Society'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 Walter A. "Slim" Thorpe Recovery Centre Society'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 Walter A. "Slim" Thorpe Recovery Centre Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including 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.

WLS LLP

Lloydminster, Alberta
July 16, 2026

Chartered Professional Accountants

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026

	2026			2025
	General	Capital	Total	Total
ASSETS				
Current Assets				
Cash	755,886	-	755,886	532,850
Accounts receivable	631,332	-	631,332	132,815
GST receivable	12,932	-	12,932	5,693
Inventory	71,785	-	71,785	28,791
Investments (Note 4)	420,276	500,000	920,276	1,467,625
Prepaid expenses	60,096	-	60,096	34,538
	1,952,307	500,000	2,452,307	2,202,312
Investments (Note 4)	1,198,450	-	1,198,450	276,038
Property, plant and equipment (Note 5)	-	13,110,048	13,110,048	12,938,649
	<u>\$ 3,150,757</u>	<u>\$ 13,610,048</u>	<u>\$ 16,760,805</u>	<u>\$ 15,416,999</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	433,970	8,403	442,373	368,217
Deferred contributions	31,031	113,267	144,298	108,610
Deferred revenue	414,080	-	414,080	9,118
Current portion of long term debt (Note 6)	-	268,982	268,982	267,486
	879,081	390,652	1,269,733	753,431
Long term debt (Note 6)	-	2,801,181	2,801,181	3,070,163
	<u>879,081</u>	<u>3,191,833</u>	<u>4,070,914</u>	<u>3,823,594</u>
Fund Balances				
Invested in property, plant and equipment	-	9,918,215	9,918,215	9,502,457
Internally restricted funds	600,000	500,000	1,100,000	1,100,000
Unrestricted funds	1,671,676	-	1,671,676	990,949
Fund Balances (Page 6)	<u>2,271,676</u>	<u>10,418,215</u>	<u>12,689,891</u>	<u>11,593,405</u>
	<u>\$ 3,150,757</u>	<u>\$ 13,610,048</u>	<u>\$ 16,760,805</u>	<u>\$ 15,416,999</u>

Commitments (Note 7)

Approved On Behalf Of The Board

Director

Director

Marie Percharat
Andre Williams

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

**STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2026**

	2026			2025
	(12 months)			(9 months)
	General Fund	Capital Fund	Total	Total
Revenue				
Alberta Health Services	4,143,533	-	4,143,533	3,376,882
Saskatchewan Health Authority	2,865,115	-	2,865,115	1,785,082
Donations	125,223	-	125,223	32,348
Fee for service	1,162,815	-	1,162,815	101,000
Cost recoveries and rebates	42,553	-	42,553	23,983
Other income	7,822	-	7,822	690
Confectionary	223,676	-	223,676	114,754
Grant funding	12,581	-	12,581	7,867
Interest income	78,460	-	78,460	66,731
Fundraising	69,090	-	69,090	26,388
Gain (loss) on sale of assets	-	15,152	15,152	(543)
	<u>8,730,868</u>	<u>15,152</u>	<u>8,746,020</u>	<u>5,535,182</u>
Expenses				
Advertising and promotions	62,509	-	62,509	43,432
Building maintenance	250,645	-	250,645	174,200
Confectionary supplies	132,833	-	132,833	77,907
Contract work	270,455	-	270,455	211,790
Food & kitchen supplies	511,816	-	511,816	301,501
Freight and postage	3,054	-	3,054	1,336
Fundraising	69,090	-	69,090	26,388
Housekeeping and laundry	39,043	-	39,043	22,386
Insurance	95,725	-	95,725	56,062
Interest - current	7,851	-	7,851	4,257
Interest - long term	-	106,389	106,389	85,650
IT and computer supplies	155,278	-	155,278	106,440
Licenses, dues and fees	31,260	-	31,260	16,856
Meals & entertainment	8,512	-	8,512	4,658
Medical & drug supplies	86,443	-	86,443	48,676
Office	72,921	-	72,921	19,883
Professional fees	13,980	-	13,980	23,568
Program materials	99,773	-	99,773	52,382
Rental equipment	19,541	-	19,541	12,916
Staff development & recruitment	82,522	-	82,522	53,481
Telephone & utilities	204,952	-	204,952	168,148
Travel	37,417	-	37,417	7,683
Vehicle expense	27,297	-	27,297	12,722
Wages & benefits	4,912,706	-	4,912,706	3,506,395
	<u>7,195,623</u>	<u>106,389</u>	<u>7,302,012</u>	<u>5,038,717</u>
Excess (deficiency) of revenues over expenses before Amortization	1,535,245	(91,237)	1,444,008	496,465
Amortization	-	347,522	347,522	235,785
Excess (deficiency) of revenues over expenses	\$ <u>1,535,245</u>	\$ <u>(438,759)</u>	\$ <u>1,096,486</u>	\$ <u>260,680</u>

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2026

	Capital Fund	General Fund	2026 Total	2025 Total
Balance at beginning	10,002,457	1,590,948	11,593,405	11,332,725
Excess (deficiency) of revenues over expenses	(438,759)	1,535,245	1,096,486	260,680
Investment in property, plant and equipment	<u>854,517</u>	<u>(854,517)</u>	<u>-</u>	<u>-</u>
Balance at end	<u>\$ 10,418,215</u>	<u>\$ 2,271,676</u>	<u>\$ 12,689,891</u>	<u>\$ 11,593,405</u>

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2026**

	2026	2025
Operations		
Excess (deficiency) of revenues over expenses	1,096,486	260,680
Changes not involving cash:		
Amortization	347,522	235,785
(Gain) loss on sale of property, plant and equipment	<u>(15,152)</u>	<u>543</u>
	1,428,856	497,008
Net change in non-cash working capital:		
Decrease (increase) accounts receivable	(498,517)	(52,151)
Decrease (increase) inventory	(42,994)	(9,601)
Decrease (Increase) GST receivable	(7,239)	(974)
Decrease (increase) prepaid expenses	(25,558)	73,725
(Decrease) increase accounts payable and accrued liabilities	74,156	(42,247)
(Decrease) increase deferred revenue	<u>404,962</u>	<u>24,563</u>
	<u>1,333,666</u>	<u>490,323</u>
Financing		
(Decrease) increase deferred contribution	35,688	18,364
Repayment of long term debt	<u>(267,486)</u>	<u>(195,093)</u>
	<u>(231,798)</u>	<u>(176,729)</u>
Investing		
Additions to property, plant and equipment	(529,269)	(18,460)
Proceeds on disposal of property, plant and equipment	25,500	-
(Purchase) sale of investments	<u>(375,063)</u>	<u>(657,082)</u>
	<u>(878,832)</u>	<u>(675,542)</u>
Increase (Decrease) In Cash Position	223,036	(361,948)
Cash at beginning	<u>532,850</u>	<u>894,798</u>
Cash At End	<u>\$ 755,886</u>	<u>\$ 532,850</u>
Cash consists of the following:		
Cash in bank	741,677	524,245
Cash Floats & ATM	<u>14,209</u>	<u>8,605</u>
	<u>\$ 755,886</u>	<u>\$ 532,850</u>

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2026

1. Purpose of the Organization

Walter A. "Slim" Thorpe Recovery Centre Society (the "Society") operates an addiction treatment and rehabilitation centre.

The Society is incorporated under the provisions of the Non-Profit Corporations Act in the Provinces of Saskatchewan and Alberta. The Society is a registered public charity under the Income Tax Act (Canada) and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant Accounting Policies

The financial statements have been prepared for management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fund Accounting

The activities of the Society are segregated into Operations and Capital Fund. Transfers between the funds are authorized by the Board. These interfund transfers are recorded in the Statement of Changes in Fund Balances.

Inventories

Inventories are valued at the lower of cost or net realizable value as estimated by management. Cost is determined by using a first in, first out method.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation is provided for using the declining balance method over the estimated useful life of the assets, with the exception of the website being amortized on a straight line basis. The Society uses the following annual amortization rates:

Recovery Centre	2%
Equipment & furniture	20%
Automotive equipment	30%
Security equipment	45%
Computer and audio visual equipment	30-55%
Website	5 years

Only one half of these rates are used in the year of acquisition.

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and long term debt.

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026**

2. Significant Accounting Policies (con't)

Revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions for program delivery from Alberta Health Services (AHS) and Saskatchewan Health Authority (SHA) are in accordance with contracts established and are recorded as revenue in the period to which they relate. Contributions approved but not received at the end of the year are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

Grants received for capital projects are recognized over the same period as the property, plant and equipment acquired is depreciated.

Self-generating revenue and donations are recorded as received.

Pledges for donations are not recognized as revenue until they are received.

Due to (from) other funds

At certain points in time, the Society may have amounts owed between certain funds. These interfund balances are non-interest bearing and have no fixed terms of repayment.

Contributed Materials and Services

Contributed materials are recorded when a fair value can be reasonably estimated and when such materials are used in the normal course of operations and would otherwise have been purchased.

3. Financial Instruments

The Society is exposed to various risks through its financial instruments.

Interest rate risk

Interest rate risk is the risk to the Society's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. See Note 4 & 6.

Credit risk

The Society is exposed to credit risk on receivables from its customers and donors. Credit risk is considered to be minimal due to the nature of the Society's operations.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026**

4. Investments

	<u>2026</u>	<u>2025</u>
Servus GIC (matures December, 2027, 3.30%)	93,658	-
Servus GIC (matured December, 2025, 4.30%)	-	88,525
Servus GIC (matures July 2026, 4.45%)	92,170	88,243
Servus GIC (matures May 2026, 2.45%)	323,351	-
Servus GIC (matures September 2026, 3.75%)	192,155	185,210
Servus GIC (matures February, 2027, 3.35%)	312,600	-
Servus GIC (matures April, 2027, 3.15%)	155,775	-
Servus GIC (matures June, 2027, 3.20%)	329,491	-
Servus GIC (matures June 2027, 3.20%)	300,000	-
Servus GIC (matures July, 2027, 3.20%)	316,922	-
Servus GIC (matured June, 2025, 4.85%)	-	314,250
Servus GIC (matured July, 2025, 4.80%)	-	300,000
Servus GIC (matured August, 2025, 4.20%)	-	300,000
Servus GIC (matured October, 2025, 3.85%)	-	150,000
Servus GIC (matured January, 2026, 2.70%)	-	200,000
Servus GIC (matured January, 2026, 2.70%)	-	114,850
Servus equity	316	304
Co-op equity	<u>2,288</u>	<u>2,281</u>
	2,118,726	1,743,663
Less: investments maturing within one year	<u>(920,276)</u>	<u>(1,467,625)</u>
	<u>\$ 1,198,450</u>	<u>\$ 276,038</u>

5. Property, Plant and Equipment

	<u>2026</u>			<u>2025</u>
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land - Recovery Centre	234,000	-	234,000	234,000
Recovery Centre	16,722,886	4,324,021	12,398,865	12,466,074
Equipment & furniture	954,513	818,558	135,955	146,555
Automotive equipment	392,830	137,198	255,632	6,669
Security equipment	604,475	598,142	6,333	11,517
Audio visual equipment	26,371	25,690	681	974
Computer equipment	136,456	132,634	3,822	8,485
Land Improvements	48,822	22,066	26,756	29,729
Website	18,823	2,823	16,000	9,578
Capital assets - work in progress	<u>32,004</u>	<u>-</u>	<u>32,004</u>	<u>25,068</u>
	<u>\$ 19,171,180</u>	<u>\$ 6,061,132</u>	<u>\$ 13,110,048</u>	<u>\$ 12,938,649</u>

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026**

6. Long Term Debt

	2026	2025
(a) Servus Credit Union - mortgage loan	<u>3,070,163</u>	<u>3,337,649</u>
Current portion	<u>268,982</u>	<u>267,486</u>
	<u>\$ 2,801,181</u>	<u>\$ 3,070,163</u>

- (a) The mortgage is repayable in one blended instalment of \$31,217 including interest at a fixed rate of 3.33% per annum and then commencing April 13, 2026, the mortgage is repayable in bi-weekly instalments of \$14,786 based on a fixed rate of interest of 4.75% per annum, amortizing over 120 months with the new term expiring April 1, 2028. The mortgage is secured by a general security agreement and a first charge mortgage on building and land with a carrying value of \$12,659,621 (2025 - \$12,729,804).

Aggregate annual maturities based on current interest rates and terms of repayment follow:

2027	268,982
2028	257,562
2029	270,045
2030	283,132
2031	296,854
2032 and subsequent	<u>1,693,588</u>
	<u>\$ 3,070,163</u>

7. Commitments

The Society has entered into agreements for services and lease of equipment for various periods up to February 2031. Future minimum payments are as follows:

2027	276,657
2028	254,930
2029	176,476
2030	10,808
2031	<u>3,712</u>
	<u>\$ 722,583</u>

8. Related Party Transactions

The following related party transactions are included in the financial statements:

	2026	2025
Senior management related party owned organization-contract work	\$ 9,840	\$ -

All of these transactions were carried out in the normal course of operations and are recorded at the exchange value. These values correspond to the consideration agreed upon by the parties involved.

At the end of the year, the amounts due to and (from) related entities are as follows:

Senior management related party owned organization-contract work	\$ 2,310	\$ -
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The amounts due to director owned organizations are included in accounts payable and accrued liabilities.

WALTER A. "SLIM" THORPE RECOVERY CENTRE SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026**

9. Subsequent Event

The Board of Directors approved a capital expansion project to increase the Society's residential treatment capacity and enhance its program facilities. Effective July 16, 2026, the Board of Directors approved cancellation of the residential and meeting rooms component of the expansion project and placed the proposed 120-person lecture hall on hold pending the hiring of a new Chief Executive Officer and completion of a comprehensive needs assessment. As at March 31, 2026, project costs of \$19,236 have been incurred and were capitalized as property, plant and equipment - work in progress. Subsequent to year end, an additional \$28,201 was incurred for design work, geotechnical investigations and topographical surveys.

The Society membership has also authorized the Board of Directors to obtain financing of up to \$2,300,000 to fund a portion of the project.

10. Bank Overdraft

The bank overdraft is authorized to a maximum of \$400,000; amounts advanced as at March 31, 2026 are nil. The interest rate in effect at year end is 5.55%; it is reviewed annually. The overdraft is secured by an offsetting term deposit in the amount of \$150,000 and a general security agreement on land and building.

11. Comparative Amounts

Certain 2026 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The reclassifications resulted in no effect on reported net income.