

Growing stronger

ANNUAL REPORT 2018-2019



Ranch Ehrlo Society

About us

Ranch Ehrlo, a non-profit organization, was founded by the late Dr. Geoff Pawson in 1966. It started as a single residential unit for six troubled boys and grew to a multi-service agency delivering a wide range of accredited mental health and developmental services on campuses located in and around Regina, Saskatoon, and Prince Albert.

Our model of care

Our agency follows the CARE model, Children And Residential Experiences: Creating Conditions for Change. CARE is a multi-level program aimed at improving services for children and youth in care. Based on the six guiding principles below, the CARE model is designed to significantly influence the way we as professionals work with children, youth, adults, and families.



Table of contents

| | | |
|--------------------------------------|--------------------------------------|------------------------------------|
| 3 | 13-14 | 24 |
| Message from the board chair and CEO | Education programs | Auditor's report |
| 4 | 15-18 | 25 |
| Ranch by the numbers | Our achievements | Statement of financial position |
| 5-6 | 19 | 26 |
| Residential programs | Outcomes | Statement of operations |
| 7-8 | 20 | 27 |
| Family programs | Ranch Ehrlo executive | Statement of changes in net assets |
| 9-10 | 21 | 28 |
| Community programs | Ranch Ehrlo board of directors | Statement of cash flows |
| 11-12 | 22 | 29-39 |
| Clinical programs | Highlights from the board committees | Notes to financial statements |
| | 23 | |
| | Ranch Ehrlo staff associations | |

Leadership message

It is our pleasure to present the 2018-19 annual report for Ranch Ehrlo Society. This past year has been a transformative one at Ranch Ehrlo. We have expanded in some areas and consolidated in others, all in an effort to continue to respond to the changing needs of the communities we serve, while remaining focused on our strategic priorities.

In February 2019, Ranch Ehrlo was named a Top Employer in Saskatchewan for the eighth consecutive year. We are very proud of this designation and continue to work hard to ensure we provide a workplace that encourages our employees to be engaged, forward thinking, and committed to the work that we do.

Due to demand from across the country, Ranch Ehrlo's Family Treatment Program grew to allow nine additional families to access the program in Regina as well as in the neighbouring communities of Fort Qu'Appelle and Moose Jaw. Families in the expanded communities can still take advantage of the many group classes offered to parents in Regina as well as access support services locally. A new emergency receiving program for young children was also opened at our Buckland campus.

As part of a CARE initiative, we have expanded our youth intake programs at Pilot Butte campus to homes within the city of Regina. This expansion reduced the number of moves youth in our care experience and builds stronger relationships between youth and staff.

Over the past year we prepared for Council on Accreditation (COA) re-accreditation, which occurs every four years. Many months of preparation go into the re-accreditation process, and staff from every level of the agency are involved. The process culminates in a site visit by a COA team of reviewers in September 2019. Accreditation signifies that an organization or program is effectively managing its resources and providing the best possible services to its stakeholders, including participants, employees, board of directors, referring agencies, and regulators. The process is one of many strategies used at the Ranch to help strengthen, measure, and validate our effectiveness, ensuring the agency is keeping up on the latest in research and practice.

In March 2019, Washington Park Place, an affordable housing program for single mothers, was sold to a First Nation non-profit to provide services to its clientele. A growing vacancy rate, dwindling referrals, and a predominance of one-bedroom units that were not suitable for single-parent families were the main reasons for the sale. Ehrlo Housing staff have moved their offices to the Lakeshore apartments.

We couldn't do what we do without our community partnerships. The South Saskatchewan Community Foundation has once again provided Ehrlo Counselling Services with \$50,000 to provide pro bono counselling in the community. The funds are used to provide services to high-risk, vulnerable persons who are most in need of these services and who are the least able to access them. Thanks also to the generous community donations by our powwow sponsors, as well as the Saskatchewan Union of Nurses, the Lorne and Evelyn Johnson Foundation, SaskTel, and BASF Canada, to name a few.

We would like to thank all members of the Ranch Ehrlo Society board of directors for their dedicated service. A special thank you to Debbie McKague, Gwen Kennedy, Bev Betteridge, and Dr. Judy White who will be rotating off the board. Your dedication to serving participants and families will be missed. We'd like to welcome new board members and incoming board chair, Greg Fieger.

Thank you, as always, to the executive team for their continued excellent work. And finally, a special thank you to all the employees and volunteers who time and time again, go above and beyond to serve our clients.



Andrea Brittin, CEO



Laurel Garven, board chair

180

Employees hired
(based on three year average)

109

properties we manage
across the province

5

Vocational and alternative learning
programs

our NUMBERS at a glance

320

blogs written about what
we do at Ranch Ehrlo

7,327

skates lent out with the School Skate
Program at Ehrlo Sport Venture

290

youth served

77

participants served in
our Program for Persons
with Developmental
Disabilities

88%

of families
stayed together in
the Intensive Family
Preservation Service

868

employees at Ranch Ehrlo in our
residential, family, community, clinical,
education, and administrative services

53

Our age! Ranch Ehrlo's doors first
opened in June 1966.

43

families served from
across the country in the
Family Treatment Program

121

staff who provide clinical
services to our young
people, participants, and
families



Residential

Our integrated treatment programs provide youth and persons with developmental disabilities with residential services, clinical treatment, education/vocational services, and recreation.

Residential programs

Youth programs

Residential programs for youth provide an integrated treatment approach that incorporates residential services, clinical treatment, education, and recreation. Every activity a youth takes part in, is focused on achieving the best outcome for that individual.

Youth have access to psychiatric services, speech language pathologists, equine assisted learning, and occupational therapists. Individualized treatment plans include both group and individual therapy, and time is spent engaged with highly-trained staff taking part in creative or athletic activities.

Services include:

- Intake and assessment services
- Residential treatment services
- Youth transition services

Programs for Persons with Developmental Disabilities

Ranch Ehrlo provides programs for participants with multiple, complex developmental needs. Care and support are focused on person-centred and strength-based services.

Participants have access to a multi-disciplinary team of clinical consultants, who hold backgrounds in speech and language pathology, occupational therapy, social work, psychiatric nursing, and psychology. Target areas include oral motor skills, functional language development, social-emotional abilities, sensory processing ability, and daily living skills.

Emergency Receiving Programs

Ranch Ehrlo provides temporary emergency receiving services for youth while the Ministry of Social Services develops a longer term plan.





FAMILY

Ranch Ehrlo has three family programs that help keep or bring families together.



Family programs

Ranch Ehrlo is a family-focused agency and its goal is to keep families together whenever possible.

The agency operates three family-focused programs that prevent the placement of children out of their home, assist families to reunite after having a child in care, or provide family-based care for children.

Family Treatment Program aims to improve family safety, family functioning, and child well-being so families can remain together. The program provides services to the whole family to assist families to safely care for their children and prevent out-of-home care, or to assist families to reunite after having a child in care. The length of time in the program is dependent on the family members treatment needs.

Intensive Family Preservation Services is an intensive six-week in-home family treatment program that works with families referred from the Ministry of Social Services in the southern region of the province. It is designed to stabilize and strengthen families and to prevent out-of-home placement of children.

Treatment Foster Care Program provides a supportive environment for children to live and thrive in a family setting. Foster families support the care, treatment, and community engagement of the children in their care while helping to develop and strengthen healthy relationships between the child and their birth family. The average length of stay is six to 12 months.





COMMUNITY

Ranch Ehrlo offers community programs that make areas of living, working, and playing better places to be.



Community programs

Ranch Ehrlo Society is built upon the hope and belief that all individuals, families, and communities have the ability to achieve their full potential.

Ranch Ehrlo provides community services designed to promote the well-being of all. The community services make areas of living, working, and playing better places to be.

A little boy can play hockey for the first time; a young teen can express herself through art; a student can learn outside of the classroom; parents can feel confident about leaving their child at daycare; a single mother can give her children a roof over their heads; a father struggling to parent can find support; and families can heal together and stay together.

What programs do we offer?

- **Ehrlo Housing** - affordable housing for low-income families, single mothers, individuals with chronic mental health conditions, and youth transitioning from care.
- **Ehrlo Sport Venture** - organized recreation programs, free sports equipment lending, and an after school program.
- **Ehrlo Counselling Services** - professional counselling, assessment, training, and consultation services for children, teens, and families.
- **Ehrlo Early Learning Centres** - quality learning and childcare for families in Regina.





CLINICAL

We help clients confront the issues that brought them here, while working to enhance their individual psychological and social well-being.

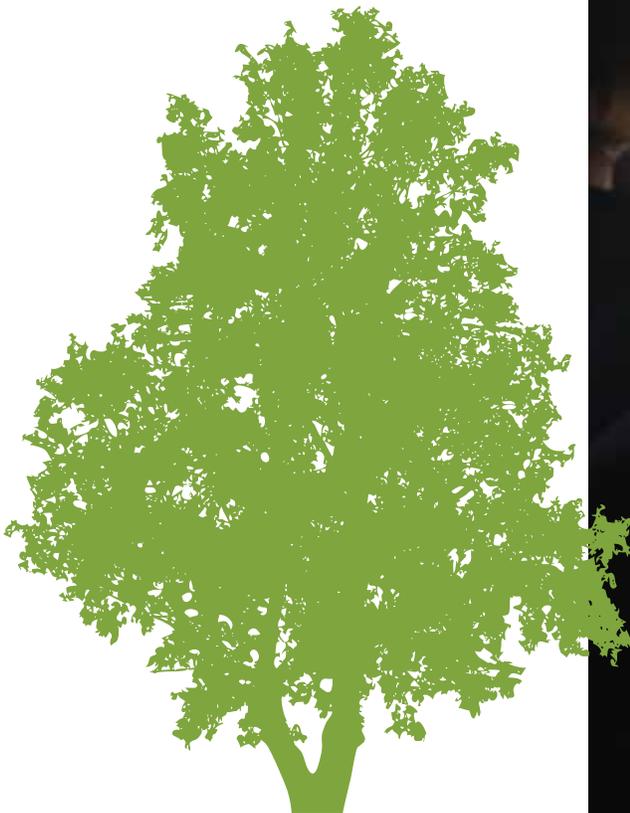


Clinical programs

Clinical activities can include individual, group and family counselling, psychological intervention and assessment, occupational therapy, speech and language services, arts-based therapy, and a number of other supplementary treatments.

Clinical treatment at the Ranch is made up of our program caseworkers, a team of registered psychologists at the Clinical Assessment and Resources Services, and specialized clinical consultants. Participants also have access to contract psychiatric services, equine assisted therapy, and occupational therapists.

Youth, adults, and families spend time engaged with our highly-trained staff taking part in creative or athletic activities like yoga, art therapy, and therapeutic camping to name a few. Essentially participants are in treatment 24-hours a day. Even though it may not look like treatment, every activity is focused on achieving the best outcome for that young person or adult.





EDUCATION

Our diverse education programs offer resources to students who have not traditionally had success in the classroom and vocational programs for clients with developmental and cognitive disabilities.

Education programs

Most youth coming to Ranch Ehrlo have had little success in school.

Frustration and failure have often led to anger or withdrawal. As a result, they are no longer interested in learning.

To meet this challenge, the agency provides accredited, structured educational environments within Ranch-operated Schaller, Hansen, and Ellen Gunn education centres located on our three campuses at Pilot Butte, Buckland, and Corman Park. The agency also has a Transition Program in Regina which prepares youth to transition from a Ranch classroom toward mainstream placement. Each school provides an environment for academic assessment, modified programming, and behaviour stabilization in preparation for future educational placements.

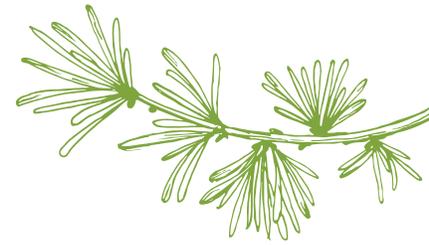
As students progress and their behaviours stabilize, they are moved to classrooms in city schools under the supervision of a teacher and an assistant employed by the Ranch. This provides opportunity for students to adjust to what will be required in a regular school. The only difference in these classrooms is that the number of students is kept small in order to provide more individual attention to each student.

The Learning Centre is a special education program designed to meet the needs of young adults who have severe developmental disabilities and sensory needs.

Ranch Ehrlo's three vocational and life skills programs provide a variety of work training experience and skills development designed to assist those with developmental and cognitive disabilities.



Our achievements



The past year was filled with extraordinary achievements. Here are some of our accomplishments that furthered our six CARE principles.

RELATIONSHIP BASED

Sticks for kids

Regina's four Optimists' Clubs have been providing sticks for all the Ehrlo Sport Venture Outdoor Hockey League's (OHL) participants since the league began with their program known as Optimist Sticks for Kids.

Each year, the clubs donate approximately 450 sticks. The donations allow each player to receive and keep a brand new item each year that's tailored just to them.

Learn to swim

When MacKay House Youth Care Leader Anna Hancherow started at Ranch Ehrlo, she couldn't swim. Now, she is one of MacKay's only bronze-medallion certified staff.

The idea of getting her bronze medallion was important so she could take the MacKay youth camping. Ranch Ehrlo's therapeutic camping program is an integral part of the agency's summer activities and is considered pivotal in a young person's experience at the Ranch.

"Camping isn't much fun if you can't take the kids swimming," she explained. "I didn't want to tell them they couldn't go swimming in the lake because no one has their bronze medallion certification."

CARE in self-expression

Casey*, one of Ranch Ehrlo's long-standing participants in our Programs for Persons with Developmental Disabilities, has lived at Ranch Ehrlo for over 20 years. For almost that entire time, she was known by staff, housemates, and coworkers as 'he'. Through conversations, it came out that Casey identifies as female and would like to dress as a female. It was a bit of a learning curve, and there were a lot of questions from both staff and participants, but everyone did a great job working to make both home and work a safe place for her at the agency.

*name changed

DEVELOPMENTALLY FOCUSED

Stay in school

Over the past ten years, hundreds

of Ranch youth have received the Stay in School Award in recognition of their educational achievements. The award is an annual grant received from the Children's Aid Foundation of Canada through the Scotiabank Stay in School Program. The program recognizes students who are doing exceptionally well in school given their difficult personal circumstances. This year, Ranch Ehrlo students received \$22,000 to help encourage students to stay and succeed in the classroom.

Lessons learned in the MasterChef kitchen

Mitchell House unit manager Josh Miller appeared on Season 18 of MasterChef Canada this spring. Though he didn't win the grand prize, Josh placed third and made all of Saskatchewan proud. He applied many things that he learned at Ranch Ehrlo in the



Optimists with Ehrlo Sport Venture manager, Amanda McConnell

MasterChef kitchen.

“Just being able to think on your feet and make quick decisions; and staying calm – being in the kitchen is a lot like being here, sometimes. We’re working with some kids that need a lot of support, and you can’t panic. You can be panicking on the inside, but on the outside, you have to show nothing but calm – it’s important to have that in either place, whether it’s in the MasterChef Canada kitchen or on the floor of the unit.”

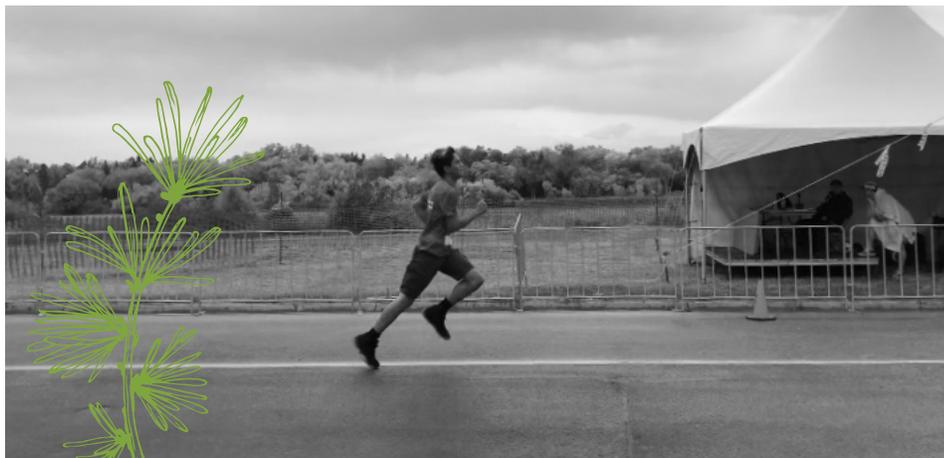
Running with CARE

When Todd* was admitted to Ranch Ehrlo, clinical caseworker Tandi van Tol set about discovering his strengths. One of them, she learned, was running. As a runner herself, she intentionally connected with him and invited him on runs.

“One of my goals as a caseworker is to intentionally build a safe and nurturing relationship with our youth,” van Tol continued, explaining that in her experience, one of the best ways to do so is through inclusiveness.

Todd had the opportunity to participate in the Queen City Marathon in September and invited his cousin, who lives in his home community, to come down and run the race with him. She accepted, and their family drove down on race day to support them. The two of them put up impressive times in the 5 km race, both completing in under 30 minutes.

*name changed



Todd at the Queen City Marathon

Buckland graduation

Ranch youth Julie* who has been with Ranch Ehrlo since 2013, graduated from Wesmor Highschool in Prince Albert in June 2018.

“Her success at school can be attributed to her internal motivation, as well as support from staff, teachers, and most importantly, our educational support staff Jody Wiesner,” said caseworker Rachelle Lavoie-Stumpf.

Julie transferred to living in her own apartment through the YWCA Homeward Bound Oakdale program in Prince Albert and continues to have regular contact with Ranch staff.

*name changed

TRAUMA INFORMED

CARE in the night

Patrick Parker, a night float manager at Ranch Ehrlo, manages a team of employees who only work at night and move from home to home in Regina and the Pilot Butte campus. Nighttime is a challenging time for many of our

youth. It’s quiet and young people are alone with their thoughts.

“That’s when we see a lot of those pain-based behaviours, like running away and self harm behaviours. In those situations, the response is always the same, a lot of caring gestures. If someone is coming back from being on the run, you welcome them back. ‘Hey welcome back. Are you hungry? Are you safe? Are you hurt?’ It’s not punitive. We want them to know that they are cared for and we are glad they are home,” Parker stated. “It’s just part of that therapeutic milieu to make people feel comfortable in an otherwise scary time.”

Hard to say goodbye

For Ranch Ehrlo Treatment Foster Care (TFC) parents Noël and Tony Matchett, there is no experience like that of being part of this unique program. And it was hard to say goodbye to it.

For a year, Noël and Tony, who have three biological children of their own, fostered an 11-year-old boy with complex medical needs. Throughout the course of the year, Noël and Tony saw the youth



True Colours at the Regina Pride parade

they fostered grow in many ways. The pair regretfully had to leave the program due to a move to BC. They are looking into other fostering options in their new home, but they recognize that it will be a different experience than that of the Ranch's Treatment Foster Care program.

Youth group grant

In November 2018, Ehrlo Counselling Service's True Colours youth group received a \$5,000 grant from the Lorne and Evelyn Johnson Foundation. Founded in 2015, the group allows youth ages 11 to 16 a safe space to discuss topics or raise questions related to sexual orientation or gender identity. It is open to youth who identify as Lesbian, Gay, Bisexual, Transgender, Queer, or are Questioning their sexual orientation or gender identity (LGBTQQ) as well as their straight allies.

The group used the grant to rent a space to hold meetings, purchase resources, as well as for honorariums to bring in speakers.

ECOLOGICALLY ORIENTATED

Sensory rooms aid in success

Clients at Ranch Ehrlo's Learning Centre in Regina have new equipment to help them reach their optimal level of functioning. Most of the young adults at the Centre have been diagnosed with autism, FASD, and other complex neurological disorders which lead to issues with sensory processing.

Creating the rooms help aid sensory development by guiding individuals through various challenges to target their sensory ability to correctly respond to sensory information.

Surprised and honoured

Ehrlo Counselling's Shelley Tamaki spent six years providing outreach services to the community of Pheasant Rump Nakota First Nation, located approximately two hours southeast of Regina. Earlier this spring, her contract came to an end. She was surprised and honoured by the reaction received to the news she wouldn't be renewing. She received gifts and had a going away party



Sensory rooms at the Learning Centre

thrown in her honour.

"I believe we could all benefit from attending at least two Indigenous cultural ceremonies a year to have more cultural awareness and humility in service to our Indigenous clients," she explained. "Providing these services is a way of practicing personal reconciliation," she concluded.

Back to school

No relationship is quite as unique at the Ranch as that with the house parent, who often go beyond the call of duty to be there for a youth in crisis. One young man was having issues with school – he was experiencing some bullying and anxiety around attending his classes as a result.

He made an agreement with his housemother that, if she were to attend school with him, that he would write his finals. A deal is a deal, so every morning the housemom headed into high school with the youth. With her calming presence, support, and encouragement, he was able to reduce his anxiety and successfully complete – and pass – his final exams.

CARE in the community

In April, Ehrlo Housing employee Terry-Lynn Triffo received a call about a tenant who was locked out of their apartment. Although not required to respond to after-hours calls that are not emergencies, she saw it as an opportunity to meet a new tenant.

When she arrived, a young girl was the one who was unable to get into the apartment through a miscommunication with her parent. Though she has no experience working with children, Triffo adapted on the fly once she realized the youth was scared. Triffo unlocked the door and let the youth into the house and stayed with the youth until her mom returned.

COMPETENCE CENTRED

Clients in the Yukon

Five residents from Ranch Ehrlo's Programs for Persons with Developmental Disabilities visited the Yukon to participate in an invitational Special Olympic soccer tournament, where they took home both the gold medal and memories of a lifetime. It was an amazing opportunity for the residents to be able to participate in a tournament that is not just about the sport – it's about being part of a team.

Art from the heart

Ranch Ehrlo's artists showed off their artistic achievements at the 14th annual Art from the Heart calendar reception. Staff and families had the opportunity to get the first glimpse of the calendars on the Pilot Butte



Grand entry at the 3rd annual powwow

campus in December. The calendar was unveiled, and the artists had the opportunity to showcase their work and sign autographs for those in attendance.

Basketball fills a hole

Years ago, Buckland area multiple program worker Victor Wojcichowsky had an idea to create a free basketball program for youth in the community of Prince Albert. He realized there wasn't really a basketball program for the youth, and it's something that helped him growing up. With that, the community sports program was born. In its first year, attendance at the free, weekly program was hit and miss. But over the last two years, attendance has exploded.

FAMILY INVOLVED

Powwow continues for its third year

Ranch Ehrlo Society's third annual powwow was the most successful yet! Dancers from all over came with their families to our Pilot Butte campus to take part in the one-day competitive event, with

age groups ranging from tiny tot to Golden Age.

Family workshop

Ensuring treatment remains family centered was top of mind for caseworker Angela Montano when she planned a workshop for the families of MacKay House youth. The workshop included a presentation on attachment which provided an opportunity for parents to learn more about improving their relationships with their children both now and in the future.

Family program expansion

The best place for a family to heal is at home. With that in mind, Ranch Ehrlo's Family Treatment Program (FTP) has expanded outside the city of Regina. The innovative and nationally recognized program has expanded several times over the years to allow more families to have access, but the latest growth has expanded the program that works to keep families together to the communities of Moose Jaw and Fort Qu'Appelle.

The expansion includes three new homes in each community.

Focus on outcomes

Continual improvement has always been a top priority for us. We take great strides to better understand how our programs impact our youth, adults, and families and we work diligently to ensure the delivery of our services are effective in meeting their needs. We have a system in place for analyzing and reporting our service recipients' success. We use the data to evaluate services, identify opportunities for improvement, and develop plans.



Snapshot of our progress

Why are youth at the Ranch?

88%

youth who were satisfied with services at Ranch Ehrlo!



youth who reached/attained part or all of their goals

86%

Youth who think working on goals helps deal with problems

78%

94%

of youth think the Ranch helped them to participate in community activities

Our executive



Andrea Brittin started her career at Ranch Ehrlo in August 2014 as the president/CEO. Prior to this, she spent 24 years in the area of child welfare, most recently working as the assistant deputy minister of child and family services with Saskatchewan Social Services.



Malcolm Neill joined the Ranch in 1988 as a casual child care worker. He held various positions including unit manager, director, and vice-president of Ehrlo Community Services, before being appointed as the vice-president of residential services in 2011.



Lori Mann started her career at Ranch Ehrlo in July 2015 as the chief financial officer, becoming vice-president of finance and administration in 2016. She came to the agency from the Saskatchewan School Board Association. In addition to SSBA she has management experience from the Government of Saskatchewan and SaskTel.



Corinna Hayden-Fidler has been an educator for over 25 years. Before being appointed the vice-president of education in September 2013, she held the title of director of secondary and vocational programs at the agency.



Judy Bidyk joined the executive team at Ranch Ehrlo in March 2017 as the vice-president of human resources. She came to the agency from Supreme Office Products Ltd., where she was the vice-president of HR for the past seven years.



Dr. Bree Fiissel began at Ranch Ehrlo in 1994 as a youth care worker, and has spent over 20 years working in the residential, clinical, and community programs at Ranch Ehrlo. In 2007, Bree became a clinical director, leading, developing, and implementing clinical services for both community and residential areas. In 2017, Bree was promoted to vice-president of clinical services.



Carole Bryant joined the Ranch in 2000. In 2003 she became the vice-president of Ehrlo Community Services and in 2005 she became the vice-president of administration and quality improvement. In 2016, she assumed a new role as director of governance and corporate services.

Board of Directors

2018-2019

- **Laurel Garven, (chair) vice-president, business strategy, ISC**
- **Debbie McKague, (past chair) retired, vice-president, Trans Gas**
- **Greg Fieger, (vice-chair/secretary) managing director, Optimum Talent**
- **Bev Betteridge, (treasurer) accountant**
- **Peter Hoffmann, senate representative**
- **Annette Revet, chief transformation officer, Conexus Credit Union**
- **Dr. Judy White, Dean Faculty of Social Work, U of R**
- **Gwen Kennedy, retired police officer/instructor**
- **Carmen Lien, principal of Link Developments**
- **Dr. Louise Greenberg, former DM Advanced Education (retired), lecturer, U of R**
- **Hiedi Pearson, manager of HR & Corporate Communications, Harvard Developments**
- **Marlys Tafelmeyer, HR consultant**
- **David Hedlund, health care consultant**
- **Sheri Woods, lawyer, Mokuruk and Woods**
- **Diana Adams, partner, KPMG**



Board committee report

Audit and Finance Committee

Members: Bev Betteridge (chair), Peter Hoffmann, Laurel Garven, Carmen Lien, Diana Adams

The audit and finance committee reviewed the audited financial statements with the agency's external auditor, Deloitte as well as reviewing the external auditor's performance. The committee reviewed the agency's long-term lease commitments including equipment, vehicles, and real estate. It reviewed and presented to the board the agency's quarterly performance indicators and agency score card. The committee reviewed and recommended to the board the sale of Washington Park Place to the Eagle Heart Centre. In conjunction with the human resources and compensation committee, it reviewed and presented to the board the 2019-2020 business plan and budget. The committee reviewed the 2018 Enterprise Risk Management Report, heat map, and mitigation initiatives, noting no new risks were added in 2018. It also reviewed in detail the risks dealing with financial sustainability. The committee reviewed the agency's revised investment policy, necessitated in part by increased investments resulting from the amalgamation of Ranch Ehrlo with Ehrlo Child and Family Foundation and RES & E Holding Corporation in 2017. The committee annually reviews the agency's insurance coverage.

Governance and Nominations Committee

Members: Annette Revet (chair), Dave Hedlund, Louise Greenberg, Sheri Woods, Debbie McKague

The governance and nominations committee continued its work in strengthening the board governance structure including a revision to its terms of reference, to clarify the process for the appointment of the vice-chair and selection

of board committees. The committee conducted its biennial review of the Board of Directors Conflict of Interest Policy and Declaration form as well as the Decision-making Matrix and recommended changes to the board. It continued its work on board renewal, board training and orientation, and facilitated the annual board self-evaluation process. The committee reviewed the risks from the Enterprise Risk Management Report dealing with stakeholder confidence, accreditation, and regulatory and licensing requirements. The committee had oversight for the Council of Accreditation (COA) re-accreditation process and the renewal of the agency's five-year strategic plan.

Human Resources and Compensation Committee

Members: Marlys Tafelmeyer (chair), Greg Fieger, Gwen Kennedy, Hiedi Pearson, Judy White

The human resources and compensation committee continued to provide oversight for the agency's total compensation plan, performance management framework, and implementation of a strengthened safety management system, and safety governance structure. It conducted its annual review of the performance of the agency's self-directed pension plan. It also provided oversight for the succession plan for key leadership roles in the agency. The committee reviewed the results of the staff engagement survey conducted by McLean & Co. in the fall of 2018. The committee reviewed the risks from the Enterprise Risk Management Report dealing with attracting a competent workforce, engaging, supporting, and managing the workforce, staff safety and congruence of Ranch Ehrlo philosophy, approach, and direction throughout the agency. It oversees the process for the annual performance review and evaluation of the CEO.



Staff associations



The staff associations of Ranch Ehrlo Society organize staff functions, promote employee involvement within the agency, and operate as committees on behalf of their memberships. Regionally, each campus operates its own staff association through the direction of a staff council. This past year, with support from the human resources personnel, the staff councils have been working to restructure themselves to improve engagement and motivation, including more involvement in policy development and staff safety. All members are also encouraged to get involved to help organize and promote events such as holiday parties and sporting events. Although the activities in each association differ, common activities include school year meet and greets, movie nights, holiday parties, and golf events.



INDEPENDENT auditor's report



To the Members of Ranch Ehrlo Society

Opinion

We have audited the financial statements of Ranch Ehrlo Society (the "Society"), which comprise the statement of financial position as at May 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (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 Society as at May 31, 2019, 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 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 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 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 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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

- 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 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 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 Society 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

Chartered Professional Accountants
Regina, Saskatchewan
September 10, 2019

STATEMENT of financial position



May 31, 2019

| | 2019 | 2018 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 8,084,258 | \$ 4,136,574 |
| Investments (Note 7) | 342,084 | 1,901,623 |
| Goods and services tax recoverable | 84,053 | 74,200 |
| Prepaid expenses | 85,111 | 78,093 |
| Accounts receivable | 6,514,545 | 6,998,356 |
| Trust assets (Note 5) | 70,215 | 78,421 |
| | <u>15,180,266</u> | <u>13,267,267</u> |
| Restricted fund (Note 6) | 5,452,603 | 3,728,088 |
| Capital assets (Note 3) | 23,776,634 | 25,943,354 |
| Intangible assets (Note 4) | 451,473 | 539,640 |
| | <u>\$ 44,860,976</u> | <u>\$ 43,478,349</u> |
| LIABILITIES AND NET ASSETS | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 4,643,470 | \$ 4,424,121 |
| Government remittances payable | 603,301 | 585,025 |
| Deferred revenue (Note 9) | 156,407 | 194,236 |
| Trust liabilities (Note 5) | 70,215 | 78,421 |
| Current portion of long term debt (Note 10) | 377,266 | 377,266 |
| Current portion of forgivable loans/ capital funding (Note 11) | 413,788 | 440,924 |
| | <u>6,264,447</u> | <u>6,099,993</u> |
| Long Term Debt (Note 10) | 1,037,483 | 1,414,749 |
| Forgivable loans/capital funding (Note 11) | 3,257,286 | 3,671,072 |
| | <u>10,559,216</u> | <u>11,185,814</u> |
| NET ASSETS | | |
| General fund | 28,849,157 | 28,564,447 |
| Restricted fund | 5,452,603 | 3,728,088 |
| | <u>34,301,760</u> | <u>32,292,535</u> |
| | <u>\$ 44,860,976</u> | <u>\$ 43,478,349</u> |
| Commitments (Note 14) | | |

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

ON BEHALF OF THE BOARD

Director

Director

STATEMENT of operations



May 31, 2019

| | 2019 | 2018 |
|--|---------------------|-------------------|
| REVENUES | | |
| Residential | \$ 54,121,397 | \$ 50,230,033 |
| Education | 10,649,586 | 10,246,647 |
| Community | 6,034,083 | 5,687,341 |
| Other | 409,170 | 133,036 |
| Forgiven/amortized capital funding (Note 11) | 440,924 | 439,044 |
| | <u>71,655,160</u> | <u>66,736,101</u> |
| EXPENSES | | |
| Salaries and benefits | 52,460,074 | 50,243,334 |
| Occupancy costs | 5,072,993 | 4,623,202 |
| Operational requirements | 2,143,330 | 2,200,879 |
| Interest and bank charges | 26,137 | 25,705 |
| Interest on callable debt | - | 10,204 |
| Interest on long term debt | 66,280 | 63,256 |
| Programming | 6,576,270 | 6,459,606 |
| Miscellaneous | 420,444 | 647,077 |
| Amortization of capital assets | 1,515,859 | 1,492,276 |
| Impairment of capital assets (Note 3) | 1,276,380 | - |
| Amortization of intangible assets | 88,168 | 88,168 |
| | <u>69,645,935</u> | <u>65,853,707</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 2,009,225</u> | <u>\$ 882,394</u> |

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

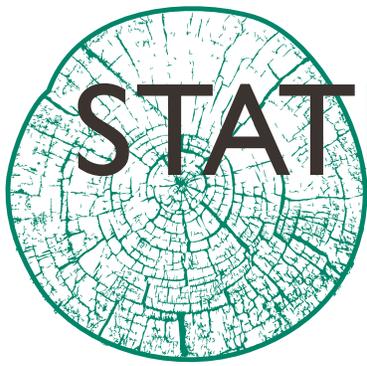
STATEMENT of changes in net assets



May 31, 2019

| | General Fund | Restricted Fund | 2019 | 2018 |
|---------------------------------------|----------------------|---------------------|----------------------|----------------------|
| Net Assets - Beginning of Year | \$ 28,564,447 | \$ 3,728,088 | \$ 32,292,535 | \$ 31,410,141 |
| Excess of revenues over expenses | 2,009,225 | - | 2,009,225 | 882,394 |
| Internal transfers (Note 12) | (1,724,515) | 1,724,515 | - | - |
| Net Assets - End of Year | <u>\$ 28,849,157</u> | <u>\$ 5,452,603</u> | <u>\$ 34,301,760</u> | <u>\$ 32,292,535</u> |

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



STATEMENT of cash flows

May 31, 2019

| | 2019 | 2018 |
|--|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 2,009,225 | \$ 882,394 |
| Items not affecting cash | | |
| Forgiven/amortized capital funding | (440,924) | (439,044) |
| Amortization of capital assets | 1,515,859 | 1,492,276 |
| Impairment of capital assets | 1,276,380 | - |
| Amortization of intangible assets | 88,168 | 88,168 |
| | <u>4,448,708</u> | <u>2,023,794</u> |
| Changes in non-cash working capital | | |
| Net change in non-cash current assets (Note 15) | 458,734 | (991,658) |
| Net change in non-cash current liabilities (Note 16) | 208,002 | 489,102 |
| | <u>5,115,444</u> | <u>1,521,238</u> |
| Cash from operations | | |
| INVESTING ACTIVITIES | | |
| Purchase of capital assets | (998,917) | (827,900) |
| Disposal of capital assets | 373,399 | - |
| Purchase of investments | <u>(3,850,150)</u> | <u>(28,724)</u> |
| Cash used by investing activities | <u>(4,475,668)</u> | <u>(856,624)</u> |
| FINANCING ACTIVITIES | | |
| Repayment of callable debt | - | - |
| Repayment of long term debt | <u>(377,266)</u> | <u>(1,216,943)</u> |
| Cash used by financing activities | <u>(377,266)</u> | <u>(1,216,943)</u> |
| NET INCREASE (DECREASE) IN CASH | 262,510 | (552,329) |
| Cash, beginning of year | <u>7,864,662</u> | <u>8,416,991</u> |
| Cash, end of year | <u>\$ 8,127,172</u> | <u>\$ 7,864,662</u> |
| CASH CONSISTS OF | | |
| Cash | 8,084,258 | 4,136,574 |
| Restricted Cash | 42,914 | 3,728,088 |
| | <u>\$ 8,127,172</u> | <u>\$ 7,864,662</u> |

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

NOTES to the financial statements



Year Ended May 31, 2019

1. NATURE OF ORGANIZATION

Ranch Ehrlo Society (the "Society") is a non-profit, registered charitable organization dedicated to providing quality prevention, restorative, and advocacy services to vulnerable individuals. This mission is carried out through the provision of programming in the following areas:

- Early Learning
- Affordable Housing
- Therapeutic Counselling
- Family Preservation Services
- Family Treatment Services
- Youth Residential/Education/Clinical Services
- Life Span Residential/Vocational/Clinical Services
- Community Recreation

The Society operates from a number of locations in Saskatchewan, providing services to communities across Canada on a referral basis.

The Society is exempt from income taxes under section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Presentation

These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Tangible Capital Assets Held by Not-for-Profit Organizations

Effective June 1, 2018, the Society adopted Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations ("Section 4433"). The Society adopted Section 4433 prospectively with any adjustments recognized in the opening balance of net assets as at June 1, 2018 except as follows:

- As it relates to componentization of tangible capital assets held at June 1, 2018, the component costs of tangible capital assets and related amortization were allocated to their component parts based on their relative costs or fair value at the date the assets were acquired, as these values were more readily determined.
- The Society recognized an adjustment, if any, to opening net assets at June 1, 2018 to reflect partial impairments of tangible capital assets existing at that date.

Comparative information has not been restated and continues to be reported under Section 4431, Tangible Capital Assets Held by Not-For-Profit.

As the adoption of the new standard did not have a material impact on the Society's existing tangible capital asset practices, there was no effect on tangible capital assets or net assets as at June 1, 2018.

NOTES to the financial statements



Year Ended May 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the reporting date, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates include useful lives of capital assets, impairment of capital assets and amortization of forgivable loans/capital funding. These estimates are reviewed periodically and adjustments made, as appropriate, in the statement of operations in the year they become known.

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 in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in net earnings 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 net earnings in the period the reversal occurs.

Revenue Recognition

The Society follows the deferral method of accounting for contributions, where externally 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 reasonably assured.

Capital funding is deferred and recognized at the same rate that the related assets are being amortized.

Residential, education, community, and other revenue are recognized on an accrual basis when the good or service has been rendered.

Fund Accounting

The Society uses fund accounting to report the assets, liabilities, and net assets of the general, internally, and externally restricted funds. The Statement of Operations includes the activities of the Society; however, the Board or Management may allocate a portion of accumulated net assets to restricted cash to acknowledge future plans to invest in infrastructure or capital projects.

NOTES to the financial statements



Year Ended May 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

In a similar manner, previously apportioned restricted cash may be returned to the general fund in periods where qualifying investment has been made. The funds in use at the year-end include the following:

The General Fund reports revenues and expenses related to program delivery and administrative services.

The Restricted Fund reports amounts set aside (net any withdrawals) for specific purposes (Note 6 and 12). These funds may be ongoing in nature or resources for specific future activities and include:

Geoff Pawson Scholarship – the bursary is internally restricted and is intended to provide funding for former students to further their education in a post-secondary institution.

Capital Projects – is internally restricted for multi-year plans to improve existing infrastructure, as well as, to invest in future capital projects.

McEwen Manor Maintenance Reserve – is restricted under the forgivable loan agreement with Saskatchewan Housing Corporation. The Society is obliged to fund a reserve that is intended to support ongoing maintenance at McEwen Manor.

Intangible Assets

Software license rights and trademarks are being amortized on a straight-line basis over their estimated useful life of ten years.

Capital Assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods.

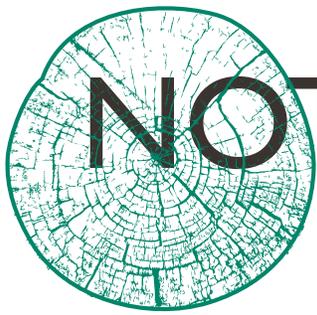
| | |
|------------------------|--|
| Building | 4% - 10% declining balance/25 years straight-line |
| Equipment | 20% declining balance/5 years straight-line |
| Motor Vehicles | 30% declining balance/5 years straight-line |
| Computer Equipment | 50% declining balance/3 years straight-line |
| Leasehold Improvements | 10% - 30% declining balance/10 years straight-line |

Impairment of Long-lived Assets

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of tangible capital assets is recognized as an expense in the statement of operations. A write-down should not be reversed.

Employee Future Benefits

The Society has a defined contribution pension plan where the Society and its employees contribute an identified amount to the plan annually. Amounts due to the plan are settled as they come due and there is no further obligation to report.



NOTES to the financial statements

Year Ended May 31, 2019

3. CAPITAL ASSETS

| | Cost | Accumulated Amortization | 2019 Net Book Value | 2018 Net Book Value |
|------------------------|----------------------|-----------------------------|------------------------|------------------------|
| Land | \$ 2,747,499 | \$ - | \$ 2,747,499 | \$ 2,777,912 |
| Buildings | 26,870,986 | 7,111,244 | 19,759,742 | 22,132,768 |
| Equipment | 2,593,603 | 2,185,831 | 407,772 | 425,397 |
| Motor Vehicles | 1,072,630 | 416,901 | 655,729 | 357,489 |
| Computer Equipment | 855,810 | 836,743 | 19,067 | 29,590 |
| Leasehold Improvements | 1,186,230 | 999,405 | 186,825 | 220,198 |
| | <u>\$ 35,326,758</u> | <u>\$ 11,550,124</u> | <u>\$ 23,776,634</u> | <u>\$ 25,943,354</u> |

The Society conducts regular program operational reviews to ensure programs are strategically aligned, specifically under the strategic themes of Quality Treatment Programs and Sustainable Effective Organization. The operational review of the Riding Arena program in Prince Albert led to management's decision to close the program as the ongoing operational cost of the program significantly exceeded the therapeutic value to the clients of the agency. The program closed October 2018 resulting in an asset partial impairment of the arena facility. The impairment loss was based on the asset replacement cost. Total impairment recognized on the statement of operations was \$1,276,380.

4. INTANGIBLE ASSETS

| | 2019 | 2018 |
|--------------------------|-------------------|-------------------|
| Software | \$ 881,676 | \$ 881,676 |
| Accumulated Amortization | <u>(430,203)</u> | <u>(342,036)</u> |
| | <u>\$ 451,473</u> | <u>\$ 539,640</u> |

5. TRUST ASSETS/LIABILITIES

Clients may raise funds to be used for recreational or other activities and at the discretion of the Society. While the Society holds these monies in an administrative capacity, these funds are held for clients. As a result, there are no revenues or expenses reported in these financial statements.

NOTES to the financial statements



Year Ended May 31, 2019

6. RESTRICTED FUND

Restricted cash has been set aside for specific purposes and is maintained in separate bank accounts and investments.

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Geoff Pawson Scholarship (Internally Restricted) | \$ 243,198 | \$ 236,796 |
| Capital Projects (Internally Restricted) | 4,934,338 | 3,265,250 |
| McEwen Manor Maintenance Reserve | <u>275,067</u> | <u>226,042</u> |
| | <u>\$ 5,452,603</u> | <u>\$ 3,728,088</u> |
| | | |
| Cash | 42,914 | 3,304,431 |
| Investments | <u>5,409,689</u> | <u>423,657</u> |
| | <u>\$ 5,452,603</u> | <u>\$ 3,728,088</u> |

7. INVESTMENTS

| | <u>2019</u> | <u>2018</u> |
|------------------------------------|---------------------|---------------------|
| Mutual funds | \$ - | \$ 722,830 |
| Guaranteed investment certificates | <u>342,084</u> | <u>1,178,793</u> |
| | 342,084 | 1,901,623 |
| Restricted investments (Note 6) | <u>5,409,689</u> | - |
| | <u>\$ 5,751,773</u> | <u>\$ 1,901,623</u> |

Investments in RBC Wealth Management Dominion Securities are in a balanced portfolio. The portfolio is flexible and can accommodate withdrawals necessary for ongoing operations, capital requirements, and strategic initiatives. Fixed income investments have terms up to four years with maturity dates ranging from 2020 to 2023.

| | Market Value | Current Yield | Asset % of Portfolio | Asset Mix Policy Target | Asset Mix Min / Max |
|-------------------------|---------------------|---------------|----------------------|-------------------------|---------------------|
| Cash or Cash Equivalent | \$ 342,084 | 1.60% | 5.94% | 0% | 0% / 15% |
| Fixed Income | 4,011,214 | 2.62% | 69.74% | 75% | 50% / 80% |
| Canadian Equities | 1,139,875 | 4.54% | 19.82% | 15% | 0% / 25% |
| US Equities (in CAD) | 258,600 | 2.64% | 4.50% | 5% | 0% / 10% |
| International Equities | - | - | - | 5% | 0% / 10% |
| | <u>\$ 5,751,773</u> | <u>2.94%</u> | <u>100.00%</u> | <u>100.00%</u> | |

Associated investment risks are outlined in Note 17.

NOTES to the financial statements



Year Ended May 31, 2019

8. LINE OF CREDIT

The Society has an operating line with Royal Bank of Canada totaling \$2,000,000 of which \$Nil (2018 - \$Nil) has been advanced at year end. The line of credit bears interest at prime plus 0.3% and is secured by accounts receivable. The line of credit is in addition to and independent of the credit facility outlined in Note 10.

The Society has an additional operating line with Conexus Credit Union totaling \$75,000 of which \$Nil (2018 - \$Nil) has been advanced at year end. The line of credit bears interest at 3.20% and is secured by a general security agreement.

9. DEFERRED REVENUE

| | <u>2019</u> | <u>2018</u> |
|---------------------------|-------------------|-------------------|
| Social Connections | \$ 1,457 | \$ 1,457 |
| Annual Pow Wow | 15,400 | 15,960 |
| Mentorship Program | 5,873 | 25,799 |
| Jays Baseball Camp | 25,000 | 25,000 |
| Regina ByPass Road Access | 108,677 | 126,020 |
| | <u>\$ 156,407</u> | <u>\$ 194,236</u> |

10. LONG TERM DEBT

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| RBC loan bearing interest at RBPrime+0.30%;4.25%, repayable in monthly fixed principal payments of \$31,439 plus interest over 60 months. | \$ 1,414,749 | \$ 1,792,015 |
| | 1,414,749 | 1,792,015 |
| Curent Portion | <u>(377,266)</u> | <u>(377,266)</u> |
| | <u>\$ 1,037,483</u> | <u>\$ 1,414,749</u> |

Principal repayment terms for the years ending May 31 are approximately:

- 2020 - \$377,266
- 2021 - \$377,266
- 2022 - \$377,266
- 2023 - \$282,951

NOTES to the financial statements



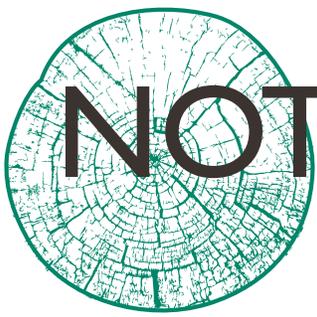
Year Ended May 31, 2019

11. FORGIVABLE LOANS/CAPITAL FUNDING

The annual forgiven/amortized portion of the forgivable loans/capital funding recorded as revenue in the statement of operations is \$440,924 (2018 - \$439,044).

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Saskatchewan Housing Corporation forgivable loans are forgivable in monthly instalments (Washington Park Place and Lakeshore Village). In 2017, one loan was fully forgiven with the remaining loans forgivable with monthly instalments of \$11,163 (Lakeshore Village). | \$ 242,161 | \$ 376,532 |
| Saskatchewan Housing Corporation forgivable loan with monthly instalments of \$15,846 (McEwen Manor). | 2,256,440 | 2,446,590 |
| Federal/Municipal grant funding amortized with monthly instalments of \$5,700 (McEwen Manor). | 496,469 | 564,870 |
| Saskatchewan Housing Corporation forgivable loan amortized as the sum of all digits with monthly instalments of \$2,667 (Chaz Court), | 672,004 | 704,004 |
| City of Regina grant funding amortized with monthly instalments of \$1,333 (Chaz Court). | 4,000 | 20,000 |
| | <u>3,671,074</u> | <u>4,111,996</u> |
| Current portion | <u>(413,788)</u> | <u>(440,924)</u> |
| | <u>\$ 3,257,286</u> | <u>\$ 3,671,072</u> |

The Saskatchewan Housing Corporation forgivable loans are not interest bearing and were advanced to cover a portion of the costs of significant renovations at Lakeshore Village. A condition of the advances is that the housing unit must be substantially used to provide long-term accommodation throughout the term of the agreement to qualifying low-income persons and families. If these conditions are not met, the unamortized portion must be repaid and interest will apply at a rate of 5.29% to 8.00%. The forgiven portion is taken into income over the amortization period outlined in the contract, which is a reasonable approximation of the life of the underlying asset.



NOTES to the financial statements

Year Ended May 31, 2019

11. FORGIVABLE LOANS/CAPITAL FUNDING (continued)

The Saskatchewan Housing Corporation forgivable loan and the Federal/Municipal grant funding were used to develop a supportive housing complex for homeless and at-risk adults with chronic, persistent mental health conditions (McEwan Manor). The forgivable loans associated with this project are forgiven over a period of 176 months.

Under the agreement with Saskatchewan Housing Corporation, the Society must provide affordable units to eligible households, at rents priced at or below the average market rates for comparable housing in the community. This commitment, the longest of the three agreements associated with the project, will be met in 2026.

In the event the Society does not meet the conditions of the Saskatchewan Housing Corporation forgivable loan, interest of 5.19% will be calculated on the principal amount outstanding at the time of default and monthly repayments would be required.

Funding for the Chaz Court was provided for the development of 8 affordable housing units. The forgivable loans associated with this project are recorded as revenue over the life of each of the agreements (Saskatchewan Housing Corporation – 180 months; City of Regina – 60 months)

Under the agreement with Saskatchewan Housing Corporation, Chaz Court units may only be rented to eligible households at rents priced at or below the average market housing rent for comparable housing in the community. The commitment under this agreement will be met in 2029.

In the event the Society does not meet the conditions of the Saskatchewan Housing Corporation forgivable loan related to the Pocket Project, interest is due on the remaining balance not forgiven at a rate of 5.24%.

In the event of default on Saskatchewan Housing Corporation loans, principal and interest is due on demand.

12. INTERNAL TRANSFERS

In the current year, the following transfers were made from the General Fund to the Restricted Fund:

The Society's agreement with Saskatchewan Housing Corporation obliges it to fund a maintenance reserve for McEwen Manor. The transfer in the current year is \$49,025 (2018 - \$39,334).

The Society systematically sets aside monies to fund upcoming capital improvements. The transfer in the current year is \$1,669,088 (2018 - \$9,948).

The Geoff Pawson Scholarship fund was increased by \$6,402 (2018 - \$829) in the form of interest earned.

NOTES to the financial statements



Year Ended May 31, 2019

13. DEFINED CONTRIBUTION PENSION PLAN

The Society sponsors and funds a defined contribution pension plan on behalf of its employees. During the year, the employer's contribution to the plan was \$1,408,833 (2017 - \$1,361,911).

14. COMMITMENTS

The Society has long term leases with respect to property, equipment, and vehicles. Future minimum lease payments as of May 31, 2019 are as follows:

| | <u>Equipment</u> | <u>Vehicles</u> | <u>Property</u> | <u>Total</u> |
|---------------------|------------------|------------------|---------------------|---------------------|
| 2020 | \$ 4,826 | \$ 43,855 | \$ 1,099,045 | \$ 1,147,726 |
| 2021 | 4,668 | - | 1,019,799 | 1,024,467 |
| 2022 | 3,048 | - | 834,053 | 837,101 |
| 2023 | 1,428 | - | 707,240 | 708,668 |
| 2024 and thereafter | 1,071 | - | 377,192 | 378,263 |
| | <u>\$ 15,041</u> | <u>\$ 43,855</u> | <u>\$ 4,037,329</u> | <u>\$ 4,096,225</u> |

15. NET CHANGE IN NON-CASH CURRENT ASSETS

| | <u>2019</u> | <u>2018</u> |
|------------------------------------|-------------------|---------------------|
| Goods and services tax recoverable | \$ (9,853) | \$ 847 |
| Prepaid expenses | (7,018) | (47,377) |
| Accounts receivable | 483,811 | (931,522) |
| Trust assets | (8,206) | (13,606) |
| | <u>\$ 458,734</u> | <u>\$ (991,658)</u> |

16. NET CHANGE IN NON-CASH CURRENT LIABILITIES

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Accounts payable and accrued Liabilities | \$ 219,349 | \$ (164,928) |
| Employee deductions payable | 18,276 | 585,025 |
| Deferred revenue | (37,829) | 55,399 |
| Trust liabilities | 8,206 | 13,606 |
| | <u>\$ 208,002</u> | <u>\$ 489,102</u> |

NOTES to the financial statements



Year Ended May 31, 2019

17. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate, and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of May 31, 2019.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews outstanding receivables on a monthly basis and reviews the allowance for doubtful accounts based on risk of specific accounts, historical trends, and other information. The allowance for doubtful accounts for 2019 is \$Nil (2018 - \$271,448). In addition, the Society has a consistent number of customers which minimizes concentration of credit risk and most of those are government agencies or large institutions where the likelihood of default is considered small. This risk is considered to be low.

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash to fund its obligations as they come due. Liquidity risk also includes the risk of the Society not being able to liquidate assets in a timely manner at a reasonable price.

The Society meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities, and holding assets that can be readily converted into cash.

As part of its strategic capital plan, the Society sets aside monies in internally restricted funds outlined in Note 6. The Society has also made arrangements with its financial institution to provide a credit facility which will meet any anticipated shortfalls.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to cash flow interest rate risk if a fixed rate debt matures and has to be renegotiated at current rates or if the Society draws on the variable rate line of credit.

Investment Risk

The following is a summary of risks associated with investing. This list is not exhaustive, but provides an indication of the factors that can affect the value of the Society's investments.

Equity Risk: Investments in equity securities may be exposed to a high level of risk because the price of equity securities can rise and fall significantly in a short period of time. This risk is mitigated through sector investment diversification.

NOTES to the financial statements



Year Ended May 31, 2019

17. FINANCIAL INSTRUMENTS (continued)

Investment Risk (continued)

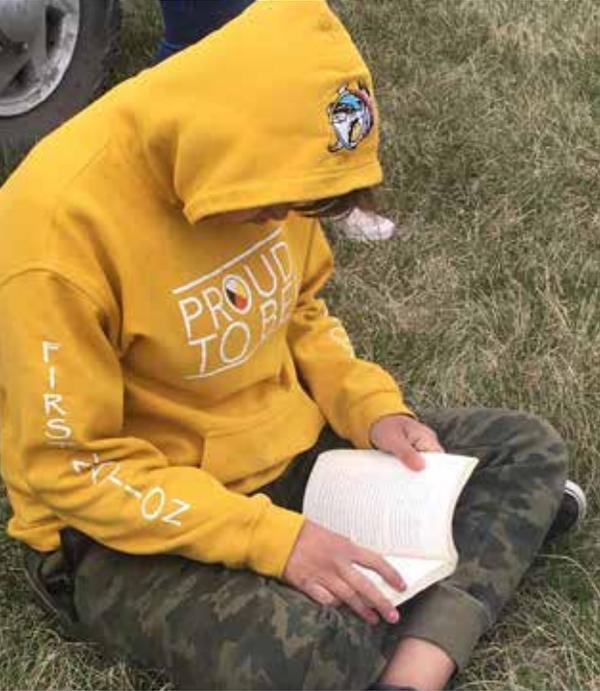
Credit Risk: Fixed income investments may be exposed to risk if the issuer of the fixed income security fails to honour the investment and repay with interest at the time of maturity. This risk is mitigated by investing in securities that have a credit rating of A- or higher.

Foreign Currency Risk: Investing in securities that are priced in foreign currencies can lose value when the Canadian dollar rises against the foreign currency. This risk is mitigated by restricting the overall portfolio percentage allowed for in foreign investment.

Liquidity Risk: Refers to the speed and ease with which an investment can be sold and converted into cash. The Society mitigates this risk through a diversified portfolio that consists of both short-term and long-term investments.

18. COMPARATIVE FIGURES

Certain comparative figures have been changed to conform with the current year presentation.



OUR MISSION

Ranch Ehrlo Society has developed unique and innovative programs to assist children, youth, families, and communities.

The mission of Ranch Ehrlo Society is to provide quality prevention, restorative, and advocacy services to vulnerable individuals and families through highly engaged and professional employees.

OUR VISION

We envision communities where all individuals and families achieve their full potential.

WHO WE SERVE

Our services include assessment and psychotherapy for members of the broader community, family treatment and reunification, early learning, vocational training, emergency receiving services, treatment foster care, affordable housing, residential treatment and education for children and youth with mental health and addictions needs, and residential and vocational services for older adolescents and adults with pervasive and complex developmental disorders, and community recreation and sports programs for at-risk youth. Our clients are referred from across the country.



**1951 Francis Street
Regina, SK S4V 6V1**

(p) : 306-781-1800
www.ehrlo.com

