

ANNUAL REPORT

Ranch Ehrlo Society

2011-2012



Ranch Ehrlo Society



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MESSAGE

from the Board Chair



It is my privilege as chair of the board of directors to present the 2011-2012 annual report for the Ranch Ehrlo Society.

To say that the year did not unfold as we anticipated would be an understatement. Dr. Geoff Pawson's sudden passing on January 30th while vacationing in Tucson came as a great shock. Geoff was a visionary and the agency was his great passion. He was friend and mentor to all of us and he is greatly missed.

With Geoff's passing, the board moved quickly to appoint Dr. Marion MacIver as president and CEO of the agency. Marion had been executive vice-president for the past five years, and as part of Geoff's succession plan, had been assuming more and more of the day-to-day operations, with Geoff continuing to provide the higher level strategic direction and visioning. The transition has been smooth and I'd like to thank my fellow board members and the senior leadership team at the agency for their tremendous efforts in this regard.

Notwithstanding the loss, the board and its committees continued to meet on a regular basis throughout the year providing oversight and direction on the agency's financial health, governance practices, risk management, capital expenditures, salary administration, diversity, and human resources policies. Both the Corman Park and Buckland committees continued to provide important oversight at their respective campuses. The board also had an opportunity to meet with the Council on Accreditation (COA) peer review team in September. The team was very positive about the board dynamics and oversight, but encouraged the board to take more of a leadership role in strategic planning. This will be one of our primary focuses over the next year.

As chair, I had an opportunity to participate in a number of special events over the past year including the opening of McEwen Manor in Regina and Jordan House at the Pilot Butte campus. I also had the good fortune to participate in the annual Awards Night and three-mile run in Regina. Serving as chair of an agency so dynamic is an honour. With the amalgamation of the Ranch Ehrlo and Ehrlo Community Services in June of 2011, the spectrum of services has expanded but the commitment to excellence has remained. In addition to excellent programs, the financial position of the agency remains strong and healthy.

I would like to thank all members of the board for their dedicated service, especially to those members who will be rotating off the board. I would like to thank Marion MacIver for her leadership during a difficult time. I look forward to working with Marion and the senior administration on several initiatives over the next year. I would also like to thank the vice-presidents and other members of the management team, especially those who served as staff resources to the board and committees, for their valuable assistance and support. And finally, a big thank-you to all the employees and volunteers who have made this agency so special. The success of our programs continues to be a reflection of your excellent work.

A handwritten signature in white ink on a dark green background. The signature is stylized, starting with a large 'J' and ending with a long horizontal stroke.

Jim Kenyon
Chair, Board of Directors

MESSAGE

from the President and CEO



This past year has been one of many highs and some lows at the Ranch Ehrlo Society. The sudden loss of the agency's founder and visionary leader, Dr. Geoffrey Pawson, in January had a tremendous impact on the entire agency as well as the community. But as was his manner, Geoff ensured that the people, policies, and procedures were all in place to ensure the ongoing success of the agency. In that, his legacy will live on.

In September the agency hosted a very successful site visit by the Council on Accreditation (COA) peer review team. The four member team conducted on-site file reviews at the agency's three campuses, toured various facilities and conducted meetings and one-to-one interviews with staff, youth, and board members. At the exit meeting, the team-lead stated "you are a premier organization, absolutely terrific with what you do and how you do it". Of the over 1000 standards that were checked the agency was required to respond to only three. Also in September the agency celebrated the official naming of the Buckland Centre riding arena to the Donalda Hansen Centre for Equine therapy. This state-of-the-art arena continues to be the hub of equine programs both for the residents and the community.

In October, I had the opportunity to present at the International Forum for Child Welfare in Melbourne, Australia. Due to Geoff's leadership the agency is always front and centre at the forum. In addition to presenting my paper, *Aboriginal students' perspectives on factors influencing high school completion*, in Melbourne, I presented it at a conference, co-sponsored by the Child Welfare League of America and the Child Welfare League of Canada, in Washington D.C. in February.

In February the agency was chosen as one of Saskatchewan's top employers for 2012. What an honour! The agency was rated high in its encouragement of work-life balance, including support for new mothers with maternity and parental leave top-up payments and parental top-up for new fathers and adoptive parents. The honour reflects the quality of people we have in positions at every level of the agency.

With the amalgamation of the Ranch Ehrlo Society and Ehrlo Community Services in June 2011, I am pleased to report on the ongoing success of our many community programs. In October our Treatment Foster Care Program was successful in responding to an Expression of Interest from the Ministry of Social Services to carry out a treatment foster care pilot. There are currently four youth in the program. RBC Foundation has come on board as the lead sponsor of the Ehrlo Outdoor Hockey League committing \$30,000 per year for three years. With this support we were able to establish a league in Saskatoon and expand the current program in Prince Albert. In partnership with the local Métis organization, the agency also inaugurated a soccer league in Prince Albert. In March our innovative Family Treatment Program and Intensive Family Preservation Program were awarded the Child Welfare League of Canada's, Children's Services Award in Ottawa. The award recognizes staff teams that demonstrate exceptional and measurable commitment, creativity, and dedication in their direct work with children, youth and families. Also in March, Ehrlo Counselling Services, in partnership with the Yorkton Tribal Council's 4-Directions, hosted three one-day workshops with Deena McMahon on Trauma Repair: Kids in Crisis.

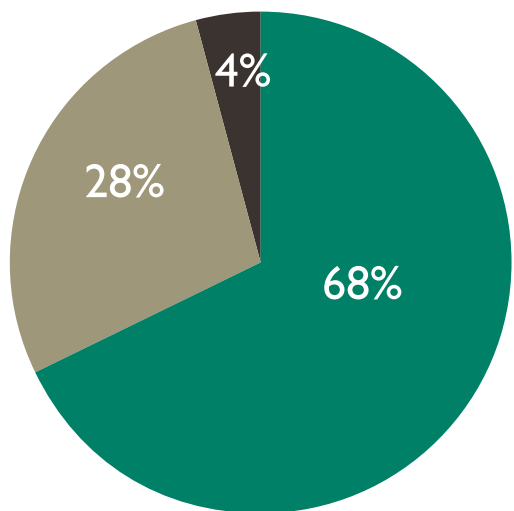
I would like to thank members of the board of directors for their direction and support during this period of transition, especially board chair, Jim Kenyon. I'd also like to thank the management team along with all the employees for their tremendous commitment and dedication to the young people, families, and communities that we serve.

Marion McIver
President and Chief Executive Officer

A handwritten signature in dark ink, appearing to read "M. McIver". The signature is fluid and cursive, with a large, stylized "M" and "McIver" written in a similar style.

Ranch Ehrlo Society

at a glance

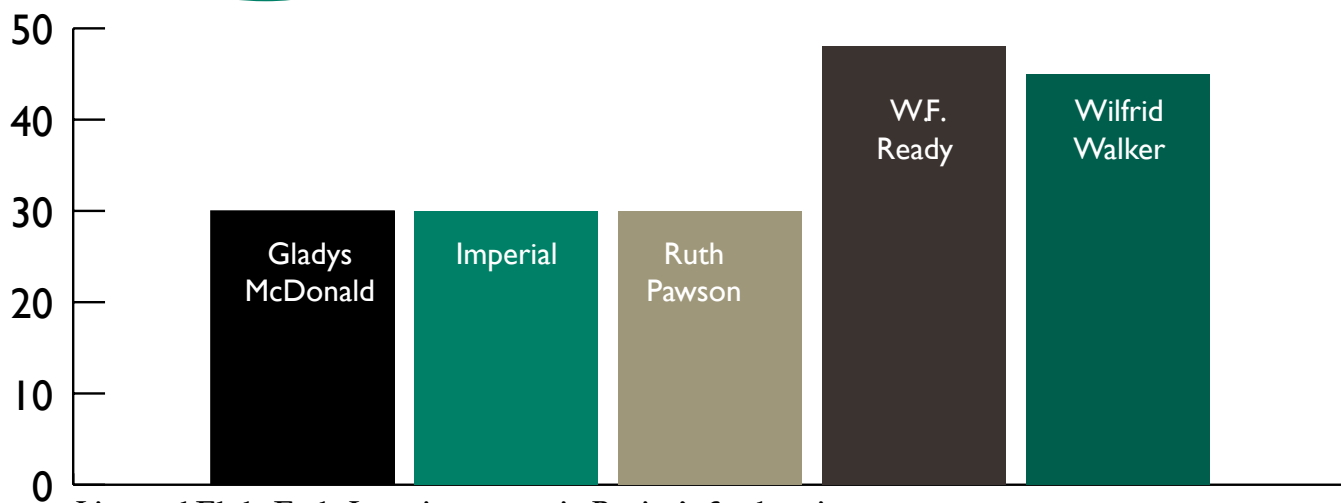


Residential and family programs

The percentages of clients as of February 2012 are as follows:

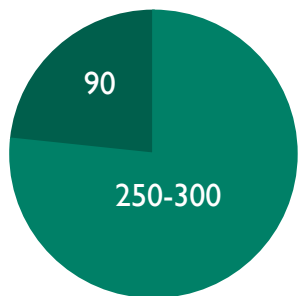
Residential programming – 68%
 Developmental disabilities – 28%
 Family programs – 4%

Ehrlo Early Learning



Licensed Ehrlo Early Learning spaces in Regina's five locations.

All programs are full with a waiting list varying from 20 to 150 families depending on location. Gladys McDonald, Ruth Pawson, and W.F. Ready also have school age programs.



Ehrlo Counselling Service

Ehrlo Counselling has approximately 250 – 300 face-to-face counselling sessions per month and approximately 90 sessions are pro-bono. Reasons for referral include issues in regards to child, adolescent, and family struggles as well as relationship, adult stress, depression, and couples therapy.

Results from client feedback surveys indicate that 90% of clients agree or strongly agree that the counselling process had already assisted them with their reason for referral.

96% felt their counsellor listens and understands their reason for counselling and 98% reported that they would return to Ehrlo Counselling Services if counselling was ever needed.



THERAPY

About the Ranch

Ranch Ehrlo Society is a non-profit, registered charitable organization dedicated to providing a range of quality assessment, treatment, education, support, and community services that improves the social and emotional functioning of children, youth, and families.

Ranch Ehrlo operates in a warm, nurturing environment that promotes dignity and self respect, offsetting social, physical and psychological difficulties. Basic to this approach is cultural sensitivity and respect that celebrates differences. Agency services are designed to create personal change that leads to improved social skills. These occur through special education, activity programs, social programs, and a variety of other involvements. We believe children tend to be and to become what they live. As a result, our programs are designed to provide positive living experiences.

Residential care

The residential programs of the agency provide residents with a structured experience to meet individual needs and develop skills for successful independent living. The agency operates several group-living residences at its three campuses located outside of Pilot Butte, Prince Albert, and Saskatoon. There are also residences in Regina and Prince Albert. Structured independent living and supported independent living programs designed to meet the needs of differing resident groups are also run in the cities of Prince Albert and Regina.

Intake and assessment

These programs are designed for intake, stabilization, and assessment of the youth entering the program; the majority of the residents coming to the Ranch Ehrlo Society begin at one of these homes.

Substance dependency and abuse

These programs are designed to treat residents who have demonstrated addiction to solvents and other chemicals and alcohol. They focus on changing the addictive pattern through an innovative approach that takes a holistic view of the resident, and focuses not only on the problems related directly to substance dependency and abuse, but on aspects such as diet, cultural awareness, spirituality, and physical activity.



Residents with sexually intrusive behaviours

These programs provide a high level of supervision, along with a number of specific programs designed to change the sexually intrusive behaviours.

Family programs

The family programs work to 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. The programs include the Family Treatment Program, the Intensive Family Preservation Services, and the Treatment Foster Care Program.

Educational programs

Ranch Ehrlo offers educational opportunities to youth through Schaller and Ellen Gunn Educational Centres. In September a classroom was opened on the Buckland campus. In addition to its rural campus facilities, the Ranch operates various integrated classrooms within local schools in Regina, Saskatoon, and Prince Albert and also offers a variety of vocational opportunities. The education programs are accredited by the Independent Schools Branch of the Saskatchewan Ministry of Education that oversees the approved alternative programs of instruction and social remediation.

Ranch Ehrlo's goal is to place students into the regular school systems operated by the public and separate school boards in Regina, Prince Albert and Saskatoon when it is appropriate. The Ranch Ehrlo education program provides an environment for educational assessment and social stabilization for students who need an opportunity to develop the skills necessary for a successful integrated school placement.

Clinical services

Clinical services at the Ranch are multifaceted with the aim of providing adjunct clinical services to the residential, educational, and vocational programs. There are three main branches to clinical services.

The first branch consists of program caseworkers who provide psychosocial assessment, treatment/service planning, individual and specialized group counselling, and crisis intervention to youth within group homes.



EDUCATION

The second branch is the clinical assessment and resource services team. This is an interdisciplinary team consisting of psychologists, a social worker, a speech-language consultant, an occupational therapist, and other contracted professionals as required. This team provides clinical assessment on a referral basis.

Psychiatric consultation services is the third branch of clinical services, and is also provided on a referral basis. As required, psychiatrists provide initial and follow-up consultations to monitor the use of medications and treatment.

Community programs

Ehrlo Early Learning Centre

Ehrlo Early Learning Centre provides high quality early learning and childcare to the children of Ranch Ehrlo Society employees, as well as to members of the general community. This is made possible through the co-operation and involvement of parents, children and caregivers. Children and caregivers sharing and creating experiences together are fundamental to providing the most desirable environment possible.

Ehrlo Sport Venture

Ehrlo Sport Venture is a community outreach program that aims to provide inner-city youth and families with access to recreational opportunities by reducing the barriers to participation in sports and physical activity. It operates an equipment lending library in Regina as well as four no-fee, drop-in leagues for basketball, football, soccer, and hockey. The leagues attract over 400 young people who might not otherwise have access to organized sports. The program has branched out to include drop-in-leagues in Saskatoon and Prince Albert. It also runs after school programs and camps for children who cannot be accommodated in mainstream arts and crafts and recreational programs.

Ehrlo Housing

Ehrlo Housing operates the Lakeshore Village, a 48-apartment complex in Regina for single adults, single parents and low-income families; priority is given to families. Ehrlo Housing also operates Washington Park Place that is a supportive living accommodation for young single mothers. Ehrlo Housing supports families through the provision of safe, affordable housing; a service of increasing relevance in Regina's current rental market.



Ehrlo Housing also operates McEwen Manor, a new 40-unit mixed housing building on Osler Street, in partnership with Phoenix Residential Society. The building provides affordable housing to people with serious mental health conditions and allows them to live independently.

Counselling

Ehrlo Counselling Services (ECS) provides a wide-range of counselling, psychological assessment, training, and consultation services in the community. ECS works with a number of employee and family assistance programs, organizations, companies, and all levels of government. It provides quality services based on current best practice standards. Its vision is to assist children, adults and families to achieve their full potential.

Schaller College

Schaller College is a CompTIA Authorized Partner, CompTIA Authorized Academy and a CISCO Networking Academy. The computer education received at Schaller is designed to meet each individual student's specific needs. The programs provide the flexibility for students to utilize time to complete their studies.

Ehrlo Community Economic Development

Avant-Garde

Avant-Garde College offers training programs in cosmetology and esthetics as well as a nail technician course. The training facility includes a full-service salon with all salon services performed by students of the program. Avant-Garde's goal is to remove financial and academic barriers for those students that would otherwise not have the opportunity to train in a post secondary institution. To promote this goal, the college offers two bursaries each year: one for hairstyling and one for esthetics.

Pre-trades construction project

The pre-trades construction project prepares youth for entry-level employment in construction. The program targets youth who are interested in careers in the construction industry but lack the necessary experience and skills to secure or maintain employment within the sector. Classroom, workshop, and on-the-job training, combined with career development, employability and skill development activities help prepare participants for careers in the construction sector.

A YEAR in review



The late Dr. Geoff Pawson, shown here helping a former youth with his boy scout uniform and below, founded Ranch Ehrlo Society in 1966 on a parcel of land outside Pilot Butte. On June 1, 1966 the first resident arrived. Within two weeks there were a dozen youth.

Today the Ranch employs over 700 people throughout the province and operates over 40 residential units, several school programs, five community-based programs, and three family treatment programs.



Dr. Geoff Pawson: a visionary leader who touched many lives

Founder and former president/CEO of the Ranch Ehrlo Society, Dr. Geoff Pawson, passed away on January 30, 2012 after a brief battle with cancer.

Geoff's vision saw a small program for six troubled youth, opened in 1966, expand to the continuum of services it is today. He had a passion for helping young people, families, and the community, and he shared that passion with all those around him.

He was also considered to be a visionary leader in his field. Geoff was internationally known and asked to present at several International Forums for Child Welfare, among other events over the years. Geoff was able to share Ranch Ehrlo's model of excellence with the world; creating a better place for children and families.

Over the years Dr. Pawson's commitment and determination to helping those most vulnerable in the community earned him many awards including the Order of Canada, the Saskatchewan Order of Merit, and an Honorary Doctorate of Law. At the time of his death, Geoff was working on an oral history book dedicated to preserving the rich history of the society. He will be greatly missed by everyone who knew him.

Ranch Ehrlo Society chosen as one of Saskatchewan's top employers for 2012

Everyone involved with Ranch Ehrlo might have always known it, but it was made official – the Ranch is a great place to work. Ranch Ehrlo was chosen as one of Saskatchewan's top employers for 2012. We joined the ranks of 20 other companies including Cameco Corporation, Group Medical Services, the Regina Police Service, SaskTel, University of Regina, and SaskEnergy.

At the Ranch Ehrlo Society, dedicated youth care workers, directors, unit managers, educational and other professionals are making a difference every day in the lives of hundreds of youth. Talented staff make the Ranch's programs and services stand above the crowd.

Ranch shines in COA visit

Ranch Ehrlo Society continues to maintain the highest level of standards and provides quality programs and services to the children, youth and families we serve. Following a two year review that culminated with a site visit in 2011, the agency has been reaccredited by the Council on Accreditation (COA).

COA reaccreditation is an objective and reliable verification that involves a detailed review and analysis of both an organization's administrative operations and its service delivery practices.

Lieutenant Governor's visit

Lieutenant Governor Dr. Gordon Barnhart joined the youth, staff, and executive at the Buckland campus on Tuesday, May 10, 2011 to celebrate Western Days.

The event was an opportunity to showcase its beautiful northern campus including the new riding arena. The afternoon began with the vice-regal salute and was followed by motivational remarks by His Honour who encouraged young people to follow their dreams and to never give-up hope. In addition to touring the arena and the campus, His Honour enjoyed performances by the Buckland riding club, both in the arena and in the outdoor corrals. The afternoon concluded with a meal of old-fashioned western food. His Honour got into the fun of the event and dressed up in old-fashion western attire for a photo shoot with youth and staff.

In September 2011, Heather Chow (arena manager of the Donalda Hansen Centre for Equine Therapy) and a Ranch youth attended a dinner hosted by Lieutenant Governor Barnhart. The dinner was held to honour the visit of the Governor General of Canada David Johnston and his wife Sharon.

Following the dinner, His Honour Gordon Barnhart donated \$500 to the equine assisted therapy program and stated that he was impressed with the program and the work of Ranch Ehrlo.



Governor General David Johnston, Heather Chow, Lieutenant Governor Dr. Gordon L. Barnhart

2011-2012 highlights

Pre-trades construction

Ranch Ehrlo Society secured funding to deliver pre-trades construction training for a group of six individuals, and the training began on July 4, 2011. Service Canada and CanSask Career and Employment Services provided the funding and participants received 25 weeks of paid training on the job in the construction industry. Upon completion, participants secured employment in the construction industry and/or continued training with the Saskatchewan Indian Institute of Technology as Level 1 apprentice carpenters.



Back row: Khalid Loda, Amanda McConnell, and Adam Huffman (Doggpound basketball training academy), Filipe Dos Santos (Ginga futebol). Front row: Laura Logan (manager of Sport Venture), Carole Bryant (vice-president Ranch Ehrlo), Len Gamache (president of the Children's Aid Foundation) and Marcus Parmegiani (Children's Aid Foundation).

Sport Venture receives generous donation

Canadian country music star Johnny Reid teamed up with the Children's Aid Foundation to sell a custom teddy bear at all his concerts last year with 100% of the proceeds going to help children and youth in need. On October 27, 2011 a cheque for \$16,318 was presented to Laura Logan (the manager of Ehrlo Sport Venture) from Len Gamache (president of the Children's Aid Foundation) that were the total sales from the five Saskatchewan concerts.

2011-2012 highlights



RBC donates \$30,000

The RBC Foundation has pledged \$30,000 per year for three years to Ehrlo Sport Venture Outdoor Hockey League. The Ehrlo Outdoor Hockey League, founded in Regina in 1992 is Sport Venture's flagship and inspired the creation of subsequent leagues and an equipment lending library in Regina.

With this donation, an Ehrlo Outdoor Hockey League was established in Saskatoon and the league in Prince Albert expanded. The donation also supported the continuation of the league in Regina. The funds were used to purchase new jerseys, new hockey equipment, and assisted in covering some travel and administrative costs.

McEwen Manor opens its doors

"What started as a dream among so few is now a reality for many," Saskatchewan Minister of Social Services, June Draude told a crowd of people gathered at the naming ceremony for McEwen Manor on December 13, 2011. McEwen Manor is a \$6 million, three-storey, mixed-use building, and includes 40 housing units for people with serious mental health conditions and cognitive disabilities who require support to live independently.

The idea to create McEwen Manor began in 2006, when Ranch Ehrlo Society employees Malcolm Neill and Helen Finucane ran into a former Ranch youth who discussed the difficulties of finding affordable housing in Regina while living with severe mental health issues. A broad partnership was formed to address this need among the Phoenix Residential Society, the Regina Branch of Canadian Mental Health Association, the Schizophrenia Society of



Bob McEwen at the naming ceremony for McEwen Manor

Saskatchewan, Regina Qu'Appelle Health Region, the City of Regina, the Province of Saskatchewan, and the Government of Canada.

The building is named McEwen Manor after former board chair R.M. (Bob) McEwen. McEwen was an active board member of Ehrlo Community Services and chair of the board from 2005 to 2007.

The official opening took place on April 20, 2012. As of May 1, 2012, McEwen Manor is fully occupied.

Ranch employee presents at World Forum

A group of employees attended the 2011 International Forum for Child Welfare (IFCW) in Melbourne, Australia. The late Geoff Pawson was accompanied by Marion MacIver (then executive vice-president and director of education), Bree Fiissel (director of Ehrlo Counselling), and Deb Jordan (past-chair of the board of directors).

The IFCW is a world body dedicated to the rights and well-being of children. Held from October 18 to 21, 2011, the theme of the 2011 World Forum was *Education and Children's Well-being - Philosophy, Policy and Practice*.

Marion presented at a break-out session and spoke on her doctorate research, entitled *Education in alternative settings: Aboriginal students' perspectives on factors influencing high school*

completion. Her main goal in presenting her findings was to increase awareness of the issues facing Canadian aboriginal students in completing high school. She was asked to present her research in Washington, DC in February 2012 at the CWLA Aboriginal/Indian Conference. She built into this presentation the Ranch education model and the overall treatment model for the Ranch with the four cornerstones (work, recreation, education, and treatment), which she feels exemplify most of what her research demonstrates should be done.

Official naming ceremony

The Buckland Centre Riding Arena has a new name; the Donalda Hansen Centre for Equine Therapy. The official naming ceremony took place on Tuesday, September 20, 2011 in front of Ranch youth, staff, board members, family, and friends in the arena on the Ranch's Buckland campus.

Donalda was born and raised in Prince Albert. She has been a teacher and a school administrator for the past 30 years and retired last year. Donalda was also a member of the Ranch Ehrlo Society board from November 2006 to June 2010.



Randy O'Shaughnessy, Geoff Pawson, Donalda Hansen, and Kevin Mugford.

Nunavut, volleyball, and Inuit culture

Ranch Ehrlo employees travelled to Iqaluit, Nunavut from October 24 to 31, 2011 to host Volleyball Canada camps and learn about the Inuit culture. The group included Scott Schutz (head coach for Volleyball Canada and teacher), Brian Bernauer (assistant instructor and teacher), Noah Roellchen-Pfohl (assistant instructor and teacher), Hayley Maurer (principal), and Nick Crighton (cultural coordinator). This trip was an initiative started by the Ranch Ehrlo Society in partnership with Volleyball Canada and Sport Nunavut. Funding and financial support were provided by

2011-2012 highlights

the Government of Canada, the Department of Canadian Heritage, and the Ranch Ehrlo Society.

The trip provided an opportunity to introduce frontline Ranch Ehrlo staff to the Iqaluit community and increase awareness of the Ranch Ehrlo treatment model. It also helped staff learn Inuit cultural practices.



Scott Schutz, Brian Bernauer, Noah-Roellchen-Pfohl, Hayley Maurer, and Nick Crighton with students of Aqsarniit School in Iqaluit, Nunavut.

New speech-language pathologist

Terrea Woodward-Friesen is the new speech-language pathologist with the Ranch Ehrlo Society. Terrea retired from the Prairie Valley School Division at the end of September after working in education for 28 years. She has a bachelor's degree in psychology and a master's degree in speech-language pathology.

Terrea works in the Developmental Disabilities Program and is also involved in completing speech and language assessments for the Clinical Assessment Team. She is involved in developing communication systems for those individuals who require another way to communicate (alternative/augmentative communication). In addition, she works with youth and adults to improve functional communication, language, and social skills.

Treatment Foster Care Program

The Treatment Foster Care Program has seen significant growth over the past year. Lisa Neill is the program director. Jenna Hesse was hired in December as the program caseworker and has been busy learning about the program and developing curricula for youth and family work.

Two families have completed their home study which was

2011-2012 highlights

conducted by the Ministry of Social Services and finished participating in Ranch Ehrlo's pre-service training. Four youth have been admitted into the program and we continue to actively recruit new families.

Teams recognized for outstanding service

Ranch Ehrlo's innovative Family Treatment Program (FTP) and Intensive Family Preservation Program (IFPS) were awarded the Child Welfare League of Canada (CWLC) Children's Services Award on March 22, 2012 in Ottawa. The award recognizes staff teams that demonstrate exceptional and measureable commitment, creativity, and dedication in their direct work with children, youth and/or families.

Now in its seventh year, the FTP works with families of children receiving residential treatment from the Ranch, but is open to referrals from other sources. The program is unique in that it provides the entire family a comprehensive array of services, including housing, food, clothing, recreation, and a range of clinical services including psychiatry and psychology. The FTP team assists families to obtain the knowledge, skills and abilities to successfully reunify children with their families. In its third year, the IFPS is an intensive, community-based,

in-home family program. It is designed to serve families with children who are at imminent risk of being placed in care. The program includes components such as low caseloads (two families per therapist), four to six week service duration, 24/7 on-call support and the provision of clinical and support services.

David Rivers (senior director of programs), Patti Petrucka (program manager of the family programs), Lynn Thera (family preservation therapist), and Dr. Marion MacIver (CEO) were on hand to accept the award.

Approximately 88% of families are still intact after completing the program.

Jordan House grand opening

The grand opening of Jordan House on the Pilot Butte campus was held May, 17, 2012. The new residential care home was named after past chair Deb Jordan who served as board chair from 2009 to 2011.

The opening was followed by the annual 3-mile race and a barbecue.

Amalgamation

A year after Ranch Ehrlo Society and Ehrlo Community Services officially amalgamated into the new and expanded Ranch Ehrlo Society, the agency continues to thrive.

The decision was made to amalgamate the two agencies at its year-end on May 31, 2011 and made official on June 15, 2011. The new officers of the amalgamated agency are Jim Kenyon (chair), Deb Jordan (past-chair), Cyril Kesten (vice-chair), Art Wakabayashi (treasurer), and Debbie McKague (secretary).

The amalgamation of the two agencies has helped to better serve youth and families in the province. The strengthened organization continues to play a vital role in the community through the Ranch's growing continuum of services including child welfare, counselling, affordable housing, and inner-city sports and recreation.

The agency continues to look for new ways that current services can be used in conjunction with other existing programs to better suit the needs of its clients.

Building scheduled to begin on pocket suites

Funding is approved for the pocket suite project on Montreal Street and construction commences this fall.

The "pocket suite" is aimed at young singles transitioning from foster homes, group homes, or other care arrangements to independent living. The concept was taken from an award-winning Winnipeg development, that spear-headed the small



Peter Dudding (CWLC CEO), David Rivers (senior director of programs), Marion MacIver (CEO), Patti Petrucka (program manager of the family programs), and Lynn Thera (family preservation therapist).

self-contained style of apartment in inner-city areas. Eight units in the apartment building will provide affordable housing for low-income individuals and allow people a greater amount of independence.

Ranch Ehrlo Society pre-trades construction program, “Groundwork” will be involved with the project. Groundwork will implement best practices in youth employment and training to ensure youth receive excellent on the job skills development, mentorship, and access to further career development and employment opportunities.

RQHR Social Connections

Ehrlo Sport Venture has entered into a partnership with the Regina Qu’Appelle Health Region to provide children diagnosed with autism spectrum disorder (ASD) with a variety of rich experiences. “Social Connections” promotes social development, healthy living, and improves motor skills through sports, recreation, and numerous art-related activities.

Avant-Garde partners with Regina public schools

In partnership with Regina public schools, Avant-Garde beauty college and salon has established a training salon and inventory on high school campuses.

Students and faculty at Avant-Garde also provide the schools with advanced technique workshops and work placement opportunities. In return the students from the public school program will be trained and better prepared to move into the post secondary program at Avant-Garde.

**ka-wîkîhk ôt ôma Ranch
mistahi miyo-ây-ispayin,
ka-ati-otôtêmin, ka-ati-
miyo-wâh-waskawîtôtên,
êkwa ka-miyo-pakosêyihtên
pimâtisiwin ôtê nîkân.**

*Translated from Cree - Living at the Ranch
is a great experience, filled with new friends,
new activities, and hope for a better future.*

2011-2012 highlights



**Dave Wiebe, Deena McMahon, Linda Meyer, Vance Heaney,
Bree Fiissel**

Trauma repair: Kids in crisis conference

In partnership with the Yorkton Tribal Council’s 4-Directions, Ehrlo Counselling hosted three one-day workshops entitled *Trauma Repair: Kids in Crisis* on March 28th to 30th. The workshops featured guest speaker Deena McMahon from St. Paul, Minnesota.

Noted for her work in the areas of adoption, attachment therapy, and childhood sexual abuse, Mahon spoke on the topic of understanding and repairing trauma in children.

The conference provided support to Ranch Ehrlo’s trauma informed care milieu, trauma repair training to the community, and networking and marketing opportunities for Ehrlo Counseling. It also raised money to provide pro-bono counselling services.

2012 Ehrlo Golf Classic

The 2012 Ehrlo Golf Classic was a huge success. Over \$26,000 was raised in support of Ehrlo Sport Venture that will provide community sport and recreation programming for Regina’s inner-city youth.

Congratulations to the team of Colin Bechard, Rob Pederson, Devon Crawford, and Dave Smith who took first place with a score of 57. A very special thank you to all the local businesses for their outstanding sponsorship and support of this year’s tournament. Also, thank you to all the golfers who participated this year and the Ehrlo Golf Classic committee hopes to see everyone again in 2013!

2011-2012 highlights



Day of Caring

City of Regina employees teamed up with the Ranch Ehrlo Society for the United Way's Day of Caring - Regina's largest volunteer event. Forty-five city employees converged on Lakeshore Village apartments and completed a number of painting and landscaping projects at the 48-unit apartment complex in south Regina at Hillsdale Street & 23rd Avenue. Lakeshore Village provides quality housing for singles, single-parent and low-income families.

Northern Ehrlo Soccer League

The Outdoor Soccer League in Prince Albert wrapped up its inaugural season on June 5, 2012 with each participant taking home a soccer ball and the opportunity to stay active throughout the summer.

Approximately 50 children participated in the cost-free league, named the OSL, which ran from April 24th to June 5th. While it was open to children from across the City of Prince Albert, the goal was to give youth from low-income families an opportunity to be active in a positive environment.

Métis Local 269 provided funding for the soccer league, including equipment, soccer balls, snacks, nets, and costs to run the facility.



Puck drops in Corman Park

The launch of the Outdoor Hockey League in Saskatoon on January 24, 2012 was a huge success. Over 30 youth dressed and played hockey including 12 Ranch Ehrlo youth. The ages of the players ranged from nine years up to 16.

Organizers were pleased with a turnout higher than expected. Youth from the community came out wanting to get involved. They were very grateful, enthusiastic, and excited to put on the equipment. For some youth this was the first time they had ever dressed in hockey gear.

**Ilangat piqujatta Ranch-
mi ilinnik angirrannut
utitsiaqullutit
tamaaninnit
qilamiugasuaqullugu.**

Translated from Inuktitut - One of our goals at the Ranch is to return you home and to your family as soon as possible.



BOARD

Committees highlights

Board of Directors 2011-2012

Jim Kenyon (Chair) – JC Kenyon Engineering Inc.

Deb Jordan (Past Chair) – Executive director acute and emergency services, Ministry of Health

Dr. Cyril Kesten (Vice chair) – Professor, Faculty of Education

Art Wakabayashi (Treasurer) – Chancellor Emeritus, University of Regina

Debbie McKague (Secretary) – Vice-President, Trans Gas

Staff Sergeant Scott Layman – Regina Police Service

Harvey Lammer – Senate appointment to the board

Dr. Craig Chamberlin – Acting Dean of Social Work and Dean of Kinesiology & Health Studies U of R

Andrea Seale – Retired lawyer

Karen Bright – Senior director of strategic services, Farm Credit Corporation

Barb Ryan – Volunteer

Doug Schneider – President, ADXSTUDIO

Heather Collins – Retired investment professional

Staff Sergeant Rob Cozine – RCMP

Hugh Hudson, Public Sector Executive – IBM

Dan Perrins – Executive-in-residence, Johnson-Shoyama Graduate School of Public Policy

Wanda Falkowsky – Volunteer

Christine Hansen Chad – Lawyer, Olive Waller Zinkhan & Waller

Mike Shaw – Consultant

Prince Albert board members

Robin Woodward – Consultant

Diane Matheson – Volunteer

Duane Hayunga – Retired

Corman Park board members

Tyler Steel – Firefighter

Ernestine Starr – Retired social worker

Quinton Hardage – Co-founder and principal, HCF Mercantile Inc

Finance Committee

Members: Art Wakabayashi (chair), Jim Kenyon, Deb Jordan, Heather Collins, Doug Schneider, Mike Shaw

The finance committee reviewed and presented to the board the agency's amalgamated monthly financial statements, quality assurance indicators, and capacity vs. billable occupancy rates. The committee also reviewed on a quarterly basis the detailed financial statements of the community programs. The committee reviewed the budget assumptions and proposed capital and operating budgets for 2012-2013. It received the first annual Risk Prevention and Management report that highlighted the purpose of the oversight committee, its membership, key outcomes, and recommendations for the year. In conjunction with the human resources committee of the board, the committee recommended the implementation of a salary administration schedule. It also reviewed and recommended revisions to the residential and education rates and reviewed two Early Childhood Services grant recommendations.

Audit Committee

Members: Doug Schneider (chair), Deb Jordan, Art Wakabayashi, Heather Collins

The audit committee met with the external auditor Mintz and Wallace to review the year-end audited financial statements and to consider recommendations in the Management Letter.

Governance Committee

Members: Dan Perrins (chair), Andrea Seale, Hugh Hudson

The governance committee continued to have oversight of the agency's quality improvement initiatives and recommended to the board the approval of a revised Quality Improvement Operational Plan. The revised plan incorporates 1) the new vision, mission and cultural statements of the amalgamated agency, 2) recognizes the establishment of a separate risk prevention and management committee, and 3) reflects the change in the use of information and performance management from Hull Outcomes Monitoring and Evaluation System (HOMES) to the Efforts to Outcome (ETO) system. The committee developed a board training schedule which included presentations on the Buckland and Corman Park initiatives as well as the new Treatment Foster Care Program. The committee reviewed the aggregate report of the third annual community stakeholder survey where the majority of respondents stated 1) that the length of time to receive services was appropriate, 2) the agency had a very positive reputation in the community, and 3) programming was

Board committees

culturally appropriate. As in previous years, the committee oversaw the board's annual self-evaluation survey that revealed positive feedback from participants. This year the survey was conducted on-line and had the highest response rate in recent memory.

Human Resources Committee

Members: Karen Bright (chair), Christine Hansen Chad, Wanda Falkowsky

The human resources committee focused its attention this past year on salary administration, employee benefits, recruitment and retention, and the CEO evaluation process. The committee oversaw the implementation of an employee health spending account (HSA) on January 1, 2012 that can be used to enhance current benefits or to spend on additional services and medical related supplies not covered in the current benefit plan. The committee continued to review the objectives, benchmarks, and implementation plans for the agency's diversity plan. The percentage of aboriginal employees remains at 12% while the percentage of visible minorities increased from 7.4% to 9%. The number of employees who self-identified as being disabled was 5%. The committee reviewed the 2011 turnover report as well as the exit survey report. Approximately 12% of full-time staff left the agency in 2011: similar to 2010, but down from the three years prior. The exit survey report was quite positive with 95% of those surveyed indicating they would recommend the Ranch Ehrlo Society as an employer of choice. The primary reasons for leaving the agency were hours of work (shift work), lack of room for advancement, and dissatisfaction with position or supervisor. In addition to reviewing quarterly human resources indicators, the committee reviewed detailed market analysis in preparation for the salary administration schedule. The committee also worked on establishing an annual CEO evaluation process.

Risk Management Committee

Members: Harvey Lammer (chair), Dr. Craig Chamberlin, S/Sgt. Rob Cozine, S/Sgt. Scott Layman

In fulfilling its mandate to oversee the non-financial risks to the agency, the risk management committee reviewed resident monthly critical incident reports, unauthorized leaves, and medication errors. The committee reviewed proposed

Board committees

changes to the Behaviour Management and Support Policy, quarterly case review reports, and the results of the residents' survey, the case managers' feedback survey, and the employee feedback survey. With respect to the residents' survey, 80% of the youth stated that they feel safe and cared for by Ranch staff. More than 90% of the referring case managers were satisfied with the services their clients were receiving at the Ranch. The staff survey results showed positive shifts in the area of work relationships with co-workers and quality of work space. There were some downward shifts in the areas of leadership, recognition, and job satisfaction. The committee oversaw the transition from HOMES to the new information management system, Efforts to Outcomes (ETO).

Research Advisory Committee

Members: Dr. Cyril Kesten, Dr. Craig Chamberlin, Dan Perrins

The research advisory committee continues to evolve as committee members refine and clarify the scope and mandate of the committee. This past year the committee agreed to focus on devising a policy framework for the agency to guide research initiatives in an organized and meaningful manner. The policy framework will provide the context to guide agency research over the next three to five years. Committee members agreed that they would take an active role in overseeing policies as they relate to research.

Capital Planning Committee

Members: Debbie McKague (chair), Jim Kenyon, Barb Ryan

The capital planning committee has planning oversight for the purchase and/or development and construction of new capital assets. The committee monitored capital expenditures approved in 2011-2012 including the construction of a new 10 bed group home on the Pilot Butte campus, the completion of McEwen Manor on Osler Street in Regina, roadway paving at the Pilot Butte campus, and the construction of a garage/shop at the Buckland campus.

Corman Park Committee

Members: Quinton Hardage (chair), Ernestine Starr, Tyler Steel

The Corman Park committee provides oversight and reviews on a regular basis, resident critical incident reports, human resources issues, and education updates. The committee continued to encourage community outreach and tours of the campus including visits this past year from students in the Prairie Spirit School Division, students from the faculty of social work, teachers from City Park School, a representative from the Children's Advocate Office, and community hockey teams who practice and play on the outdoor hockey arena located on campus. The education program gained a day student who now attends Ellen Gunn School. The Outdoor Hockey League had its inaugural season with games played at City Park School. The committee hosted a meeting of the Ranch Ehrlo Society board of directors in November 2011.

Buckland Committee

Members: Robin Woodward (chair), Duane Hayunga, Diane Matheson

The Buckland committee welcomed Kevin Mugford as the new program director to Buckland campus/Prince Albert programs. The committee provided oversight and reviewed on a regular basis the resident critical incident reports and human resources issues at Buckland and in Prince Albert. The committee also received regular updates on the education program that included the opening of a classroom at Buckland campus. On September 20, 2011, the committee participated in the official naming of the Buckland riding arena to the Donald Hansen Centre for Equine Therapy and received ongoing updates on the many programs facilitated by arena personnel including individual riding lessons, equine assisted learning sessions, and the 4-H club. Special sessions were also held on western riding, equine health care, colt breaking and trick training. The committee hosted a meeting of the Ranch Ehrlo Society board of directors in June 2012.

A photograph of three young adults smiling outdoors. In the foreground, a young woman with dark hair and a green tank top is smiling broadly. Behind her, a young woman with curly brown hair is also smiling. To the right, a young man with short dark hair is smiling. They are all looking towards the camera. The background shows a tree trunk and some foliage.

STAFF

Associations

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. All members are encouraged to get involved with their local staff council to help organize and promote events such as Christmas parties and sporting events.

Buckland/Prince Albert

Staff association president Brandon Sanders

Throughout 2011/2012 the Buckland/Prince Albert staff association organized several events and programs to allow staff and youth of the campus to interact, socialize and be active.

Staff and youth continue to work together to run the successful Outdoor Hockey League and the newly created Outdoor Soccer League.

Staff social events included a Christmas party featuring karaoke performances from staff, including vice-presidents, a very well received fall scavenger hunt, a staff children's Christmas party, a spring scavenger hunt, a May golf and steak night, and a waterslide family night.

The staff association also sent three staff members to play in the Ehrlo Golf Classic in Regina.

The out-going staff association was: president Brandon Sanders, vice-president Chris Shynkarul, secretary Donna Monus, and treasurer Shantelle Petersen. This year's staff association is: president Jody Wiesner, vice-president Ryan Childress, secretary Hally Grubbe, and treasurer Shantelle Petersen.

Corman Park

Staff association president Jenelle Rommel

Corman Park staff association has had a very busy year with many exciting events! In 2011 we did our monthly draws for staff, who won \$50 gift certificates that could be used any place of their choice. In March, we held a curling bonspiel in Martensville, and in May we got tickets to the Laugh Shop for a comedy show. In June we sent four staff to the Ehrlo Golf classic and they came back with many great things to say.

In November we held a sports night at Sport on Tap. We played pool and used a simulated golf machine which showed off

the golf talents, or lack of golf talents that Corman Park staff have. And at the end of year in December we held our annual Christmas Party at the Radisson that was enjoyed by all.

We are over half way through 2012 and we have already had a busy year as well with the many activities.

Our meetings are always full of laughs and great ideas! We discuss all things that are important to Corman Park such as: hiring new staff and switching of positions, what to do with money we receive from Ride for Refuge (which has gone to new bikes for the youth), reviewing past events and coming up with ways to improve them and anything that we as a staff association can do for Corman Park!

Regina/Pilot Butte

Staff association president Joanna Boyko

All staff employed by the Ranch in Regina/Pilot Butte are members of the association and are encouraged to get involved with the staff council.

The staff council is comprised of one person from every unit/department and meets at least four times a year. The mandate of the council is to deal with issues, policies, procedures, and systems that impact the employees of the agency.

The staff council had a busy and productive year with the following activities:

- The conference fund - The Ranch allocates an annual budget to be administered by staff council conference committee. These funds can be used to attend professional development opportunities within Saskatchewan up to a cost of \$500. Applications that cost more than \$500 or that are out-of-province are now authorized by the requesting individual's director.
- Operation Sunshine - we operate Operation Sunshine which is a program designed to give workers an opportunity for an expense paid vacation. The agency contributes two weeks leave to the winner of Operation Sunshine.
- Employee wellness reimbursement program - we initiated this program to promote wellness for staff.
- Rider ticket draw - every home game we draw a staff member winner who received two tickets to the Rider game.
- Monthly movie ticket draws - every month we draw four names of staff members who received two general admission tickets, two fountain drinks, and a popcorn.
- Social events - we plan events for the staff throughout the year including a golf outing, staff/ children Christmas party, steak and movie nights. Funding is available for approved social events and employees are encouraged to propose event ideas.

2011-2012

Performance outcomes report

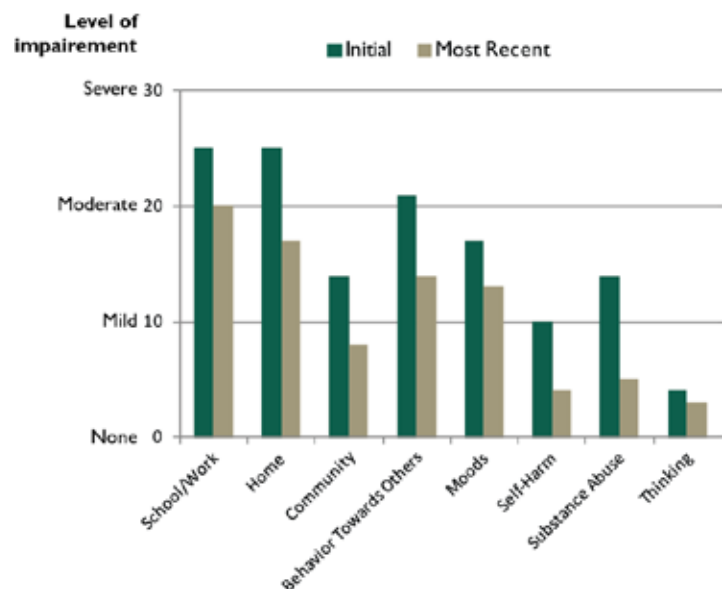
Reporting on youth success at Ranch Ehrlo Society is a major hallmark of the agency. This report presents a summary of resident outcomes at Ranch Ehrlo Society for the period June 1, 2011 to May 31, 2012. For a full report visit ehrlo.com. It is the agency's first year using Efforts to Outcomes (ETO) software to manage our outcomes.

The software allows our staff to access information, assess youth needs, develop treatment goals, write reports, document progress and efforts, analyze trends, and report to funders.

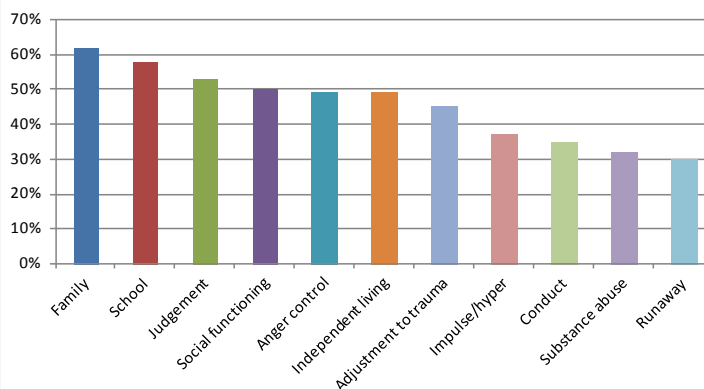
One of the primary goals of the Ranch is improved psychosocial functioning for residents. In order to measure progress for youth in this area, the Ranch uses the Child and Adolescent Functional Assessment Scale (CAFAS). The CAFAS measures the degree of impairment in youth with emotional, behavioural, psychiatric, psychological, or substance abuse problems. CAFAS scores range from 0 to 240, with higher scores indicating more severe impairments in functioning.

The average CAFAS score for our youth at their initial assessment was 135. The average score after their most recent assessment was 87. The decreases in scores are significant and indicate that the functioning of our youth has improved within the controlled, nurturing, and supportive environments at the Ranch.

CAFAS scores then and now

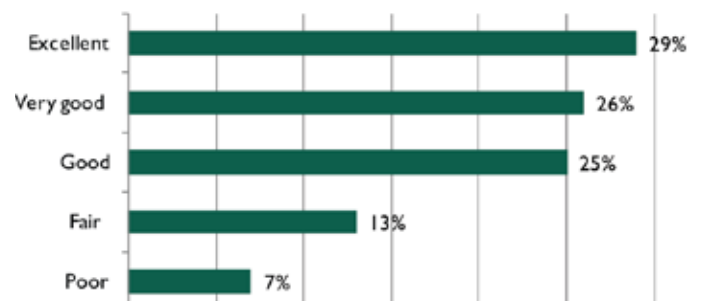


Service issues of residents at admission



Residents at the Ranch have a needs assessment completed when they arrive. The graph above lists the main reasons identified for why youth come to the Ranch and helps staff determine the degree of attention each issue requires.

How well has living at the Ranch helped you deal with your problems?



AUDITOR'S report



To the Members of Ranch Ehrlo Society

We have audited the accompanying financial statements of Ranch Ehrlo Society, which comprise the statement of financial position as at May 31, 2012 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ranch Ehrlo Society as at May 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without modification to our opinion, we wish to draw your attention to notes 1 and 16 which present additional information pertaining to the amalgamation of the Society with Ehrlo Community Services Inc. effective June 1, 2011.

Regina, Saskatchewan
September 8, 2012


Mintz & Wallace
Chartered Accountants LLP

MANAGEMENT'S responsibility for financial reporting

The financial statements of Ranch Ehrlo Society have been prepared in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Ranch Ehrlo Society's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance Committee. The Finance Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Mintz & Wallace Chartered Accountants LLP, in accordance with Canadian generally accepted auditing standards.



President and CEO

Chief Financial Officer

Pilot Butte, Saskatchewan

STATEMENT

of financial position

May 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 1,696,707	\$ -
Accounts receivable	3,841,015	4,616,925
Inventory	32,045	-
Goods and services tax recoverable	47,291	87,222
Prepaid expenses	19,824	43,482
	<u>5,636,882</u>	<u>4,747,629</u>
CAPITAL ASSETS (Note 3)	11,293,649	4,221,417
TRUST ASSETS (Note 4)	54,430	46,519
RESTRICTED CASH (Note 5)	359,026	243,750
	<u>\$ 17,343,987</u>	<u>\$ 9,259,315</u>
LIABILITIES		
CURRENT		
Bank indebtedness (Note 6)	\$ -	\$ 862,043
Accounts payable and accrued liabilities	4,093,217	3,101,149
Callable debt due in one year (Note 8)	261,903	67,355
Current portion of long term debt (Note 9)	1,962	-
Employee deductions payable	79,882	85,229
Deferred income (Note 7)	660,704	388,391
Due to related parties (Note 12)	14,064	-
	<u>5,111,732</u>	<u>4,504,167</u>
Callable debt due thereafter (Note 8)	666,685	63,177
	<u>5,778,417</u>	<u>4,567,344</u>
LONG TERM DEBT (Note 9)	31,475	-
ACCRUED BENEFIT LIABILITY (Note 15)	198,300	212,031
TRUST LIABILITIES (Note 4)	54,430	46,519
FORGIVABLE LOANS/CAPITAL FUNDING (Note 10)	4,880,438	-
	<u>10,943,060</u>	<u>4,825,894</u>
NET ASSETS		
General fund	6,041,901	4,189,671
Restricted fund (Note 5)	359,026	243,750
	<u>6,400,927</u>	<u>4,433,421</u>
	<u>\$ 17,343,987</u>	<u>\$ 9,259,315</u>

CREDIT FACILITIES (Note 13)

ON BEHALF OF THE BOARD

 Director

 Director

See accompanying notes

STATEMENT

of revenues and expenditures

Year Ended May 31, 2012

	2012	2011
REVENUE		
Residential	\$ 36,286,593	\$ 35,048,548
Education	7,672,306	7,471,340
Community	5,267,170	1,531,016
Forgiven/amortized capital funding (Note 10)	155,463	-
Other	77,154	36,456
	<u>49,458,686</u>	<u>44,087,360</u>
EXPENDITURES		
Salaries and benefits	35,664,551	32,101,295
Occupancy costs (Note 12)	4,699,982	4,131,224
Operational requirements	904,367	732,357
Interest and bank charges	56,267	40,169
Interest on callable debt	20,389	5,028
Interest on long term debt	1,044	-
Special programs	6,276,811	5,492,788
Miscellaneous other	363,129	245,113
Amortization	590,125	460,730
	<u>48,576,665</u>	<u>43,208,704</u>
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	882,021	878,656
OTHER INCOME (EXPENSES)		
Gain on amalgamation (Note 16)	1,085,485	-
EXCESS OF REVENUE OVER EXPENDITURES	\$ 1,967,506	\$ 878,656

STATEMENT

of changes in net assets

Year Ended May 31, 2012

	General Fund	Restricted Fund (Note 5)	2012	2011
NET ASSETS - BEGINNING OF YEAR	\$ 4,189,671	\$ 243,750	\$ 4,433,421	\$ 3,554,765
Excess of revenue over expenditures	1,967,506	-	1,967,506	878,656
Internal transfer (Note 11)	(115,276)	115,276	-	-
NET ASSETS - END OF YEAR	\$ 6,041,901	\$ 359,026	\$ 6,400,927	\$ 4,433,421

STATEMENT

of cash flows

Year Ended May 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 1,967,506	\$ 878,656
Items not affecting cash:		
Amortization of capital assets	590,125	460,730
Gain on amalgamation	(1,085,485)	-
Gain on disposal of assets	(20,934)	(14,100)
	<u>1,451,212</u>	<u>1,325,286</u>
Changes in non-cash working capital:		
Inventory	(12,346)	-
Accounts payable and accrued liabilities	(307,174)	331,404
Deferred income	(457,958)	100,059
Prepaid expenses	23,658	(6,850)
GST payable (receivable)	114,125	25,706
Accounts receivable	1,856,748	(1,188,671)
Employee deductions payable	(5,347)	85,229
	<u>1,211,706</u>	<u>(653,123)</u>
Cash flow from operating activities	<u>2,662,918</u>	<u>672,163</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(4,482,202)	(566,368)
Proceeds on disposal of capital assets	20,934	14,100
Cash flow used by investing activities	<u>(4,461,268)</u>	<u>(552,268)</u>
FINANCING ACTIVITIES		
Advances from related parties	145,017	74,803
Accrued benefit liability	(13,731)	(29,516)
Proceeds from callable debt financing	973,000	-
Repayment of callable debt	(174,945)	(64,572)
Repayment of long term debt	(1,890)	-
Forgivable loans received	3,347,640	-
Forgivable loans recognized	(107,052)	-
Cash acquired on amalgamation	304,337	-
Cash flow from (used by) financing activities	<u>4,472,376</u>	<u>(19,285)</u>
INCREASE IN CASH FLOW	<u>2,674,026</u>	<u>100,610</u>
DEFICIENCY - BEGINNING OF YEAR	<u>(618,293)</u>	<u>(718,903)</u>
CASH (DEFICIENCY) - END OF YEAR	<u>\$ 2,055,733</u>	<u>\$ (618,293)</u>
CASH (DEFICIENCY) CONSISTS OF:		
Cash	\$ 1,696,707	\$ -
Bank indebtedness	-	(862,043)
Restricted cash	359,026	243,750
	<u>\$ 2,055,733</u>	<u>\$ (618,293)</u>

See accompanying notes

NOTES

to financial statements

Year Ended May 31, 2012

1. NATURE OF ORGANIZATION

The Boards of Ranch Ehrlo Society and Ehrlo Community Services Inc., an associated charity, voted to amalgamate as of June 1, 2011 to form a single larger entity called Ranch Ehrlo Society that will continue to carry on the activities of each of the predecessors.

Ranch Ehrlo Society is a non-profit, registered charitable organization dedicated to providing programming in the following areas:

- Early learning/vocational
- Affordable housing
- Community therapeutic recreation
- Therapeutic counselling
- Family community
- Family residential
- Adolescent residential/education/clinical
- Life span residential

While the Society operates from a number of facilities in Saskatchewan, it serves communities across Canada on a referral basis.

The Society operates in Saskatchewan and is exempt from income taxes under section 149 of the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

Revenue recognition

The Society follows the deferral method of accounting for contributions, where externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

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

(continues)

NOTES

to financial statements

Year Ended May 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fund accounting

The Society uses fund accounting to recognize internally restricted activities.

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

The Restricted Fund is internally restricted to provide funding for board approved purposes.

Inventory

Inventory is recorded at the lower of cost and net realizable value using the first in first out cost method.

Financial Instruments

Cash and restricted cash are classified as held-for-trade and is measured at fair market value. Receivables and trust assets are classified as loans and receivables and are measured at amortized cost. Bank indebtedness, accounts payable, accrued liabilities, callable debt, long term debt and trust liabilities are classified as financial liabilities and are measured at amortized cost.

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. The Society regularly reviews its capital assets to eliminate obsolete items. Amortization begins in the month that the asset is put into use.

Buildings	4 - 10%	declining balance method
Equipment	20%	declining balance method
Motor vehicles	30%	declining balance method
Computer equipment	50%	declining balance method
Leasehold improvements	10% - 30%	declining balance method

Employee future benefits

The Society has a defined contribution pension plan. In addition, there is a defined benefit plan available to retirees for Health and Dental benefits. The cost of Health and Dental benefits earned by the employees is determined using the projected benefit method pro-rated on service and is charged to expense as services are rendered. The annual benefit recovery (net) for accounting purposes is actuarially determined based on the assumptions that reflect the management's best estimate of the effect of future events on the actuarial present value of accrued health and dental benefit obligations and the valuation of health and dental plan assets. The net health and dental transitional obligation is amortized over the expected average remaining period of service of the employees covered by the plan.

(continues)

NOTES

to financial statements

Year Ended May 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Forgivable loans

The Society has entered into forgivable loan agreements with Saskatchewan Housing Corporation. These loans are non-interest bearing and can be advanced to cover a portion of the costs of capital asset construction, significant renovations and large repairs. A condition of the advances is that the housing unit must be substantially used to provide long-term accommodation to qualifying persons and families over a specified term (amortization period of the loan). If these conditions are not met, the unamortized portion must be repaid. The forgiven portion annually is taken into income over the amortization period outlined in the contract, which is a reasonable approximation of the life of the underlying asset.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Land	\$ 264,083	\$ -	\$ 264,083	\$ -
Buildings	10,655,208	709,214	9,945,994	3,484,181
Equipment	2,180,674	1,614,114	566,560	338,980
Motor vehicles	263,163	189,033	74,130	90,399
Computer equipment	510,533	325,024	185,509	119,602
Leasehold improvements	663,500	406,127	257,373	188,255
	<u>\$ 14,537,161</u>	<u>\$ 3,243,512</u>	<u>\$ 11,293,649</u>	<u>\$ 4,221,417</u>

Capital asset additions related to the construction of new facilities in Pilot Butte totaling \$231,297 (2011 - \$469,679), Prince Albert totaling \$2,912 (2011 - \$4,292), Rorison house \$13,400, Regina pocket project \$49,332 and Corman Park \$26,263 were not ready for use by yearend, and therefore, were not amortized.

4. TRUST ASSETS

The Society administers work project funds, which have been designated for a specific purpose. Revenue generated by and expenditures made by these funds are not included in the Society's operations. Some of these trust funds are maintained in separate bank accounts while others are included in general funds.

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Year Ended May 31, 2012

5. RESTRICTED FUND

Restricted fund is cash that has been earmarked for a specific purposes and is tracked in separate bank accounts.

	2012	2011
Geoff Pawson Scholarship	\$ 193,535	\$ 168,750
Avant Garde Bursary	2,453	-
Corman Park sewer upgrades	150,037	75,000
Replacement reserve	13,001	-
	<u>\$ 359,026</u>	<u>\$ 243,750</u>

6. BANK INDEBTEDNESS

The Society has an operating line with Royal Bank of Canada totaling \$1,600,000 of which \$Nil (2011 - \$805,000) has been advanced at year end. The bank indebtedness figure appearing in the statement of financial position for the prior year will vary from the advance as a consequence of deposits in transit and outstanding cheques. The line of credit bears interest at bank prime + .30% and is secured by accounts receivable. The line of credit is in addition to the credit facility outlined in Note 14 below and is independent of it.

The Society has an additional line of credit with Conexus Credit Union totaling \$75,000 of which \$Nil (2011 - \$Nil) has been advanced at year end. The line of credit bears interest at bank prime + .5% and is secured by a general security agreement.

7. DEFERRED REVENUE

	2012	2011
2012-2013 Golf tournament	\$ 36,912	\$ -
Ehrlo Child and Family Foundation capital funding	-	353,000
Ehrlo Child and Family Foundation counseling grant	200,000	-
Ehrlo Child and Family Foundation family treatment funding	62,200	-
Regina Qu'Apelle Heath Region Autism camp grant	135,665	-
Avant Garde student tuition	78,542	-
Treatment Foster Support Program	147,385	-
Designated donations	-	3,692
Daycare expansion grants	-	31,699
	<u>\$ 660,704</u>	<u>\$ 388,391</u>

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Year Ended May 31, 2012

8. CALLABLE DEBT

The following loans are advanced on a demand basis but the Royal Bank has agreed to fixed repayment terms that extent beyond one year.

	<u>2012</u>	<u>2011</u>
Royal Bank loan bearing interest at prime plus .30% per annum, repayable in monthly blended payments of \$5,800. The loan is renewable on November 5, 2013. The security on this loan is outlined in Note 14.	\$ 64,253	\$ 130,532
Royal Bank loan bearing interest at prime plus .30% per annum, repayable in monthly blended payments of \$8,100. The loan is renewable on August 18, 2012. The security on this loan is outlined in Note 14.	353,744	-
Royal Bank loan bearing interest at prime plus .30% per annum, repayable in monthly blended payments of \$10,500. The loan is renewable on December 16, 2012. This security on this loan is outlined in Note 14.	<u>510,591</u>	<u>-</u>
Principal due in one year	<u>(261,903)</u>	<u>(67,355)</u>
	<u>\$ 666,685</u>	<u>\$ 63,177</u>

Principal repayment terms are approximately:

2013	\$ 261,903
2014	204,270
2015	211,115
2016	206,755
2017	<u>44,545</u>
	<u>\$ 928,588</u>

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Year Ended May 31, 2012

9. LONG TERM DEBT

	2012	2011
Toronto Dominion bank loan bearing interest at prime plus 1% per annum, repayable in monthly blended payments of \$272. The loan is secured by the McTavish St. property.	\$ 33,437	\$ -
Amounts payable within one year	(1,962)	-
	<u>\$ 31,475</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2013	\$ 1,962
2014	2,042
2015	2,126
2016	2,212
2017	2,302
Thereafter	<u>22,793</u>
	<u>\$ 33,437</u>

10. FORGIVABLE LOANS/CAPITAL FUNDING

	2012
Saskatchewan Housing Corporation Forgivable Loan - forgivable in monthly instalments over the next 176 months.	\$ 3,576,274
Federal/Municipal grant funding - amortized in monthly instalments over the next 176 months.	975,269
Ehrlo Child and Family Foundation capital funding - amortized at a rate of 20% annually.	<u>328,895</u>
	<u>\$ 4,880,438</u>

The forgiven/amortized portion is recorded as revenue in the statement of revenue and expenditures.

In the event that the Saskatchewan Housing Corporation forgivable loan is defaulted interest of 5.19% will be calculated on the principal amount outstanding under the loan agreement.

11. INTERNAL TRANSFERS

In the current year the board of directors approved a \$115,276 (2011 - \$93,000) transfer from the general fund. All restricted fund amounts are now transferred from the general operating bank account to a restricted fund bank account and at yearend the total in the account is \$359,026 (2011 - \$243,750).

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Year Ended May 31, 2012

12. RELATED PARTIES

The Society is related to RES & E Holding Corporation in that they share a common credit facility and the Society is the Corporation's only tenant.

During the year the Society paid rent and related expenses of \$1,737,914 (2011 - \$1,486,579). Rent is based on terms outlined in Note 17 and is intended to recover all costs plus a modest allowance for overhead. As at the yearend, the balance owing from the Society to RES & E Holding Corporation was \$14,064 (2011 - \$Nil). Payments between related parties are treated like trade payables and are settled on a current basis. In addition, these two related parties share common credit facilities as outlined in Note 14.

13. CREDIT FACILITIES

Conexus Credit Union

The Society has established a lending arrangement with Conexus Credit Union to be used in the construction of the facility on Osler Street. The total loan amount is \$1,000,000 which bears interest at a rate of 4.7871% for three years. The mortgage will be amortized over 25 years upon conversion.

Royal Bank

Ranch Ehrlo Society and RES & E Holding Corporation share a common credit facility. The security for this facility is a general security agreement covering all assets of these two entities and thus each is contingently liable for the debts of the other in addition to their own debt. At yearend the facility consisted of:

Drawn by Ranch Ehrlo Society	Drawn by RES & E Holding Corporation	2012 Total
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Capital line of Credit

The established limit of this facility is \$2,000,000 and it bears interest at RBC bank prime plus .30%. Each advance has fixed repayment terms that cannot exceed 5 years. Ranch Ehrlo Society and RES & E Holding Corporation can draw upon this line.

\$ 928,588	\$ 366,620	\$ 1,295,208
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Fixed Term

The established limit of this facility is \$5,000,000 and it bears interest at 6.44% per annum. Each advance has fixed repayment terms with an amortization period that cannot exceed 15 years. RES & E Holding Corporation can draw upon this debt.

\$ -	\$ 3,546,752	\$ 3,546,752
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Year Ended May 31, 2012

14. DEFINED 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 \$886,960 (2011 - \$789,742).

15. ACCRUED BENEFITS LIABILITY

The Society has a defined benefit group insurance plan available to employees upon eligible retirement.

The most recent actuarial valuation of the defined benefit group insurance plan occurred effective May 31, 2010. The results of the actuarial valuation have been extrapolated to May 31, 2012. Information about the defined benefit plan of the Society is as follows. A discount rate of 5.75% was used in the valuation.

	2012	2011
<u>Accrued benefit obligation:</u>		
Balance - beginning of year	\$ 399,418	\$ 377,700
Current service cost	41,700	41,700
Interest cost	26,067	23,987
Benefits paid in year	(11,051)	(4,455)
Actuarial loss (gain)	(33,750)	(39,514)
	<u>\$ 422,384</u>	<u>\$ 399,418</u>
<u>Fair value of plan assets</u>		
Balance - beginning of year	\$ 204,806	\$ 159,273
Benefits paid	(11,051)	(4,455)
Employer contributions	47,051	40,455
Investment return(loss)	6,830	9,533
	<u>\$ 247,636</u>	<u>\$ 204,806</u>
Plan assets have been invested in RBC mutual funds and are reported at fair market value.		
<u>Funded status</u>		
Accrued benefit obligation	\$ (422,384)	\$ (399,418)
Fair value of plan assets	247,636	204,806
	<u>\$ (174,748)</u>	<u>\$ (194,612)</u>
<u>Accrued benefit liability</u>		
Funded status - (deficit)	\$ (174,748)	\$ (194,612)
Unamortized transitional obligation	121,752	144,828
Unamortized net actuarial gain (loss)	(145,304)	(162,247)
	<u>\$ (198,300)</u>	<u>\$ (212,031)</u>

The current defined health and dental benefit expense for the year was \$103,281 (2011 - \$103,872).

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Year Ended May 31, 2012

16. GAIN ON AMALGAMATION

Ranch Ehrlo Society (RES) and Ehrlo Community Services Inc. (ECS) were amalgamated creating a single successor agency Ranch Ehrlo Society. The following net assets were transferred from ECS as of June 1, 2011:

	<u>2012</u>
Total assets transferred	\$ 4,790,181
Total liabilities assumed	<u>(3,704,696)</u>
Net asset transfer and gain on amalgamation	<u>\$ 1,085,485</u>

All assets of the predecessor entities ECS were transferred and all liabilities were assumed. The transaction took place at fair market value.

While this transaction is treated as a purchase, the cashflow statement does not report the assets transferred or the liabilities assumed as investing and financing activities respectively. Instead, a gain is reported since there is no exchange of cash. In addition, cash held by ECS on transfer date is reported as a source of financing (\$304,337).

17. LEASE COMMITMENTS

The Society has committed to a lease agreement with a related party (RES & E Holding Corporation) for a period of 25 years. The lease agreement calls for minimum lease payments of \$5,000 per month plus rent for facilities equal to the principal and interest payments, insurance and property tax charges on the rented properties. The estimated future minimum lease payments are as follows:

2013	\$ 1,892,688
2014	1,806,288
2015	1,705,848
2016	1,705,848

18. FINANCIAL INSTRUMENTS

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 a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of customers which minimizes concentration of credit risk and most of those are government agencies or large institutions and the likelihood of default is considered small. This risk is considered to be low.

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Year Ended May 31, 2012

18. FINANCIAL INSTRUMENTS *(continued)*

Fair value

The Society's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Society for debt with similar terms.

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 interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities but it is not significantly levered and thus this risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or 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. The Society has also made arrangements with its financial institution to provide a credit facility which will meet any anticipated shortfalls.

19. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. There was no impact on previously reported net income.

20. FUTURE ACCOUNTING POLICIES

Effective June 1, 2012 the Ranch Ehrlo Society will adopt Part III of the CICA Handbook - Accounting Standards for Not-for-Profit Organizations. The reported results of the Society are not expected to significantly change under the new standards.



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