



EXCELLENCE

a year in review at Ranch Ehrlo Society

ANNUAL REPORT 2014-2015



ehrlo.com

Table of contents



3
Message from the board chair

4
Message from the CEO

5-7
Residential programs

8-10
Community programs

11-13
Family programs

11-13
Education programs

17
Agency milestones

18
Outcomes

19
Senior leadership

20-21
Highlights from the board committees

22
Highlights from the staff associations

23
Auditor's report

24
Management's responsibility for financial reporting

25
Statement of financial position

26
Statement of revenues and expenditures

27
Statement of changes in net assets

28
Statement of cash flow

29-37
Notes to financial statements

Message from board chair

It is my privilege to present the 2014-2015 Annual Report for Ranch Ehrlo Society.

It has been another dynamic year for the agency. This past year the board of directors facilitated the change in senior leadership with the appointment of Andrea Brittin as the agency's president and CEO. Andrea, who was the former Assistant Deputy Minister of Child and Family Services at the Ministry of Social Services, assumed her new responsibilities on Aug.18, 2014. We are excited about the depth of experience in the child welfare and human services field that she brings to the agency.

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 prevention and management, expenditures, salary administration, and human resources.

As the agency continues to expand, the need for adequate infrastructure continues to grow. The board approved the upgrading of the Pilot Butte water system, connection of Corman Park campus to the Martensville sewer system, construction of a new emergency receiving unit on the Pilot Butte campus and the design work for a new administration building. Further work on the administration building has been suspended for a year providing management an opportunity to evaluate the efficacy of the plan.

The agency has just completed its second year of its three year strategic plan where an engaged workforce, exemplary governance practices, quality programs for individuals, families, and communities, and financial strength were identified as key strategic themes. To this end, the board continued



Dr. Cyril Kesten
chair, Board of Directors

to strengthen its governance practices, adopted new financial policies and procedures, confirmed its delegation of authority guidelines and enhanced its enterprise risk oversight.

The fall of 2014 marked the kick-off to another Council on Accreditation (COA) review at the agency. Having successfully maintained its full accreditation status with COA since 1977, teams have been working diligently this past year to review and provide evidence of compliance with more than 300 administrative, financial, and service delivery standards. We look forward to hosting the accreditation team for a site visit this September.

As I conclude my term as chair and transfer these responsibilities to the very capable hands of our vice-chair Debbie McKague, I would like to thank all members of the board for their dedicated service; a special thank you to Jim Kenyon and Quinton Hardage who will be rotating off the board and to Craig Chamberlin who is relocating from Regina. I was pleased to welcome Bev Betteridge to the board in February. Her strong financial background will add depth to our collective wisdom. I would also like to thank Andrea Brittin and her executive team for their excellent work. And finally, a special thank you to all the employees and volunteers who have transformed the lives of many young people and their families.

***The board continued to
strengthen its governance
practices, adopted new financial
policies and procedures, confirmed
its delegation of authority
guidelines and enhanced its
enterprise risk oversight.***

Message from the CEO

This past year has been one of new directions and exciting ventures for Ranch Ehrlo Society. The agency's programs and services continued to evolve to meet the ever-changing needs of our clients and communities.

The Family Treatment Program experienced significant growth this past year. In June 2014, the program expanded to include 15 families. The expansion was accommodated to fulfill the waitlist and satisfy a growing demand.

In July 2014, the Therapeutic Camping Program also underwent expansion with the re-opening of the Chitek Lake camp. After being closed for more than 10 years, this northern campsite is now open for youth to enjoy great camping experiences.

The Alternative Vocational Education Program (AVEP) was a new program launched in March 2015 by amalgamating clients from the former Working towards Independence and Nourishing Growing Skills (WINGS) program and select clients from the Transition Centre. The amalgamation better utilizes agency resources and optimizes programs and services for clients.

An important focus of this past year was ensuring Ranch Ehrlo is a respectful place to work. The most recent Staff Feedback Survey highlighted the need to focus on training in this area and to refine our policies

with respect to harassment and/or intimidation. Earlier this spring, Respectful Workplace Training was

delivered and made mandatory to staff in the agency and the Respectful Workplace and Anti-Harassment Policy was developed and implemented.

Another key focus over the past year has been on ensuring operational efficiency. This means looking for ways to streamline processes, reduce redundancy and utilize our resources most effectively.

There have been many special events and developments over the past year. One of those highlights was the opening reception of the Reflection Centre; a special outdoor space at the Pilot Butte campus dedicated to the celebration and commemoration of Ranch staff and associates who have passed away.

In February 2015, Ranch Ehrlo Society was once again recognized as an exceptional place to work. For the fourth consecutive year, the agency was named as one of Saskatchewan's Top Employers, ranking high in a variety of areas including its progressive and forward-thinking employee programs.

I would like to thank members of the board of directors for their direction and support during this past year, especially to board chair, Cyril Kesten. I look forward to working with Debbie McKague, the new board chair. 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.

The agency's programs and services continued to evolve to meet the ever-changing needs of our clients and communities...



Andrea Brittin
president and CEO

EXCELLENCE FOUND IN **RESIDENTIAL** programs

All Ranch Ehrlo Society residential programs serve a specific purpose designed to accommodate the needs of the residents living in each home.



Residential programming

Buckland campus

- 30 beds available in three residential homes: Alex Guy House, Klassen House, Matheson House (Prince Albert)
- Donalda Hansen Centre for Equine Assisted Therapy
- outdoor hockey rink, basketball courts, soccer field, riding and walking trails
- Hansen Education Centre
- Frank Flegel House

Corman Park campus

- 20 beds available in two residential homes: May House and Welke House
- Ellen Gunn Education Centre
- outdoor hockey rink and basketball court
- Tim Young Administration Building

Pilot Butte campus

- 50 beds available in: Mitchell House, Jewison House, Rever House, Jordan House, and Appleton House
- 12 beds available in two emergency receiving homes
- McNamara Family home
- Schaller Education Centre
- Hudson Administration Building
- outdoor rink, outdoor sports field, common picnic area

Regina

- Dalla-Vicenza House
- Fitch House
- Hilsden House
- Jillings House
- Kruzeniski House
- Lee House
- MacKay House
- Peterson House
- Lammer House
- Supportive Living Program
- Supportive Independent Living Program
- Transition programs
- Family programs



Buckland campus



Corman Park campus



Pilot Butte campus

Buckland campus

Corman Park campus

Pilot Butte campus

How it works



Ranch Ehrlo offers services to address a number of challenges faced by youth including:

- intake and assessment homes
- substance abuse programs
- sexually intrusive behaviour programs
- Youth Transition Program
- Emergency Receiving Program

We also offer programs specifically designed to meet the needs of people with developmental disabilities.

Ranch Ehrlo programs and services are designed to enhance the well-being of individuals and their families through the provision of holistic, psychosocial therapies leading to improved social and emotional functioning.

The philosophy of the Ranch involves the concept of “social nourishment” as the primary means to counteract the effects of abuse and neglect. The key principles guiding the philosophy:

- Programs of the agency strive towards normalcy as an operational expectation
- Whenever possible, programs are community-based
- Programs are designed to address the specific needs of the resident
- Programs utilize the relationship and therapeutic support as part of the nurturing process
- Programs build on a balanced perspective that includes work, education, recreation, and therapy

Clinical treatment is also an integral part of what we do at Ranch Ehrlo. We help youth confront the issues that brought them here, while working to enhance their individual psychological and social well-being. Clinical services provide a cooperative and supportive effort to enhance the treatment process. Clinical treatment consists of program caseworkers, clinical assessment, and resource services.

EXCELLENCE FOUND IN COMMUNITY programs

Ranch Ehrlo community services provide community-based prevention and intervention services and work to promote healthy communities for children and families, free of abuse, neglect, addictions, and violence.



Community programming



Paper Crane Community Arts Centre

Arts programming to assist individuals in the community with personal growth and well-being.



Ehrlo Housing

Affordable housing for low-income families, single mothers, individuals with chronic mental health conditions and youth transitioning from care.



Ehrlo Sport Venture

Inner-city recreation programs, sports equipment, summer camps, and after school programs.



Avant-Garde College

Training in hairstyling, esthetics and nail technician throughout the year.



Ehrlo Counselling Services

Professional counselling services and programs to children, adolescents and families in the community that address a variety of issues.



Ehrlo Early Learning Centre

Quality early learning and child care available in five locations in Regina.

How it works



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. Our community services are intended to make places of living, working, and playing better places to be. The services are available to the community free of charge or at the lowest fee possible.

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; a parent can feel confident about leaving their child at daycare; a single mother can give her kids a roof

over their heads; a father at wits-end can find support; and families can heal together and stay together.

So where can you find us in the community?

You can find our programs in the core areas of Regina, including North Central and the Heritage neighbourhood and across the city.

Why community programming?

Learning and playing is imperative to building healthy communities. Ranch Ehrlo programs and services are created in efforts to build stronger, healthier, and more integrated communities.



EXCELLENCE FOUND IN **FAMILY** programs

Our diverse family programs offer resources and supports to keep families together, to assist families in the reunification process, and to provide family-based care for children.



Family programs

Family Treatment Program

60 per cent of families referred to us were reunified in the Family Treatment Program.



Parent education group



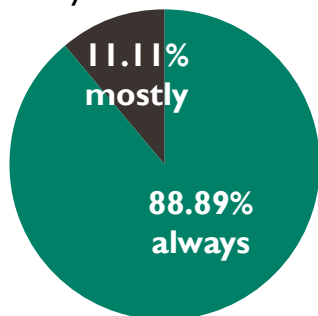
Equine therapy



Family camp at Echo Lake

The Treatment Foster Care Program

Youth view: Do you feel safe in your foster home?



86 per cent of children in Treatment Foster Care unified with family at time of discharge from the program.

Intensive Family Preservation Program

Quick stat

Last year, of the families referred to us, **86** per cent of out-of-home placements were prevented thanks to the Intensive Family Preservation program.

How it works



We are a family-focused agency and our goal is to keep families together whenever possible. We have 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: The program aims to improve family safety, family functioning, and child well-being so families can remain together. The Family Treatment Program provides services to the whole family to assist families in preventing the placement of children out of their home or to assist families to unite after having a child in care.

Intensive Family Preservation Services: The Intensive Family Preservation Services (IFPS) program is an intensive

in-home family treatment program that works with families who are at imminent risk of having their children removed from their homes, or those who have recently had children removed from their care. IFPS is designed to stabilize and strengthen families and to prevent the unnecessary out-of-home placement of children.

Treatment Foster Care Program: The 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.



EXCELLENCE FOUND IN EDUCATION programs

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



Education programs

Classrooms on campus

45

students at
Schaller Education Centre
on the Pilot Butte campus

20

students at
Ellen Gunn Education Centre
on the Corman Park campus
(seven integrated)

27

students at
Hansen Education Centre
on the Buckland campus
(10 integrated in high school)

Regina classrooms

26

students at
Regina elementary schools

50

students at
Regina high schools

18

students at
Ranch Ehrlo's Transition Centre

Alternative education



39

individuals at
Community Education Vocational programs



15

clients at
the Learning Centre



10

clients at
Working towards Independence and Nourishing
Growing Skills program now called AVEP

How it works



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 structured educational environments within Ranch-operated Schaller, Hansen, and Ellen Gunn education centres located on our three campuses: Pilot Butte, Buckland, and Corman Park. The agency also has a Transition Program in Regina which prepares youth to transition from their intake classroom toward a 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 change, 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 Community Vocational Education and Alternative Vocational Education programs provide a variety of work training experience and skill development designed to assist those with mental and cognitive disabilities.

Agency milestones

CHANGE

Andrea Brittin became the new Ranch Ehrlo president/CEO in August 2014.

RENEWAL

Property at Chitek Lake was reclaimed and developed for summer camping.

EXPANSION

The Family Treatment Program expanded to accommodate three new families, with additional rental units and staff.

FINDING

Students at Schaller school found their voice thanks to the Saskatchewan Arts Board which awarded Paper Crane Community Arts Centre with a grant to finance an online art project.

SPACE

Chaz Court, a pocket suite apartment building for young singles transitioning from care to independent living, opened in Regina.

CAMP

Ehrlo Sport Venture operated a summer Autism Camp in the city of Regina for the third consecutive year.

OPEN HOUSES

The completion of the renovation and rebuild of Mitchell and Jewison houses on Pilot Butte campus was topped off with celebratory open houses.

FUNDRAISING

The 2014 Dr. Geoff Pawson Memorial Golf Classic raised over \$30,000 for Ehrlo Sport Venture.

REFLECTION

The Reflection Centre, a space to honour past champions and commemorate their contributions to the agency, was unveiled at Pilot Butte.

ACTIVE

Ranch Ehrlo's third annual Youth Activity Fair in Prince Albert was a success with a steady flow of families and dozens of community organizations, clubs, and associations in attendance.

PEER SUPPORT

Fathers supported their community peers in the Family Reunification Program's new dad's support group called 24:7 Dad.

KNOWLEDGE

We introduced Tana Nash to Saskatchewan organizations working in the area of child mental health to share an online mental health resource toolkit.

HEALTHY

Ehrlo Early Learning Centre participated in a province-wide program aimed at getting children healthy and active at a young age.

TOPS

For the fourth year, the agency was recognized as an exceptional place to work.

PROGRAMMING

Ranch Ehrlo launched two new programs: the Alternative Vocational Education Program (AVEP) and a new Supported Living Program (SLP D).

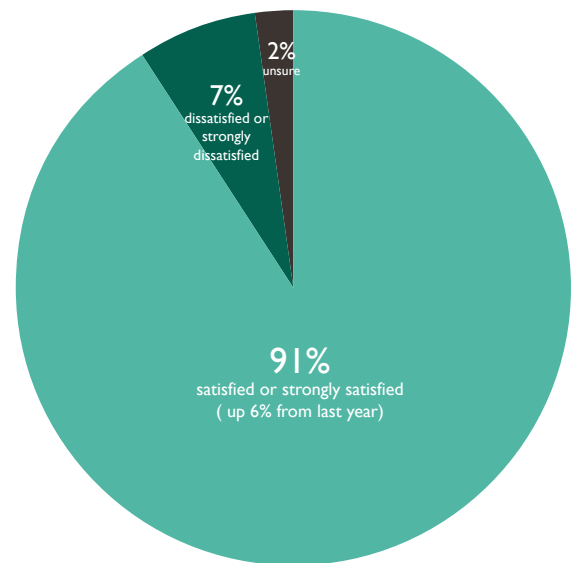
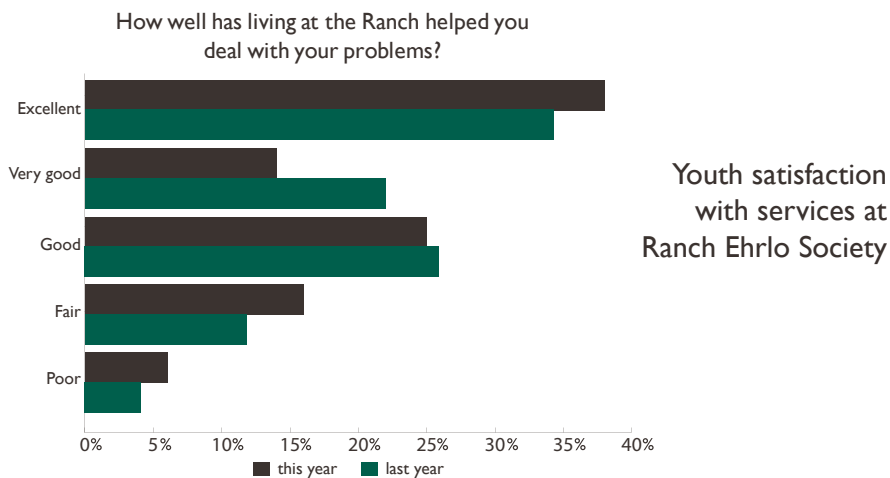
PASSING

Dr. Alex Guy, former board chair, senate member, and advocate of Ranch Ehrlo Society passed away on March 19, 2015.

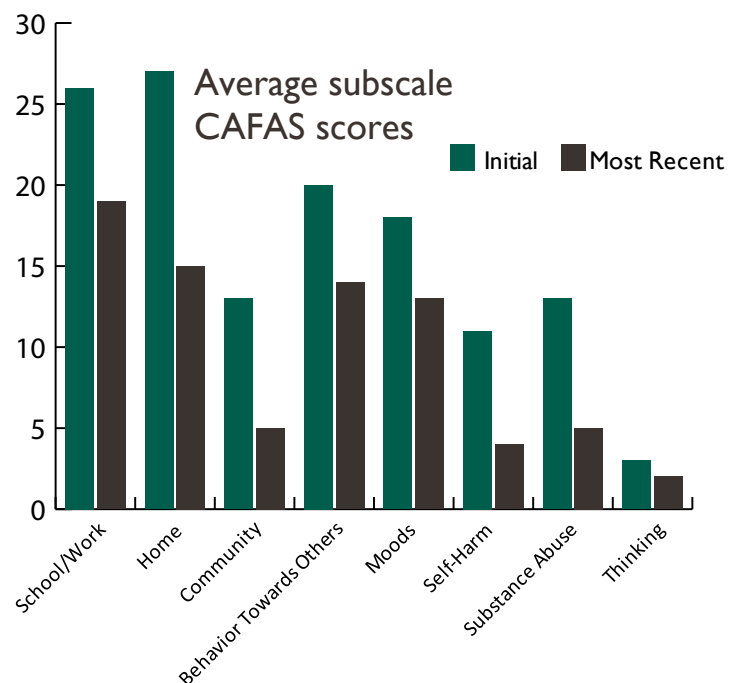
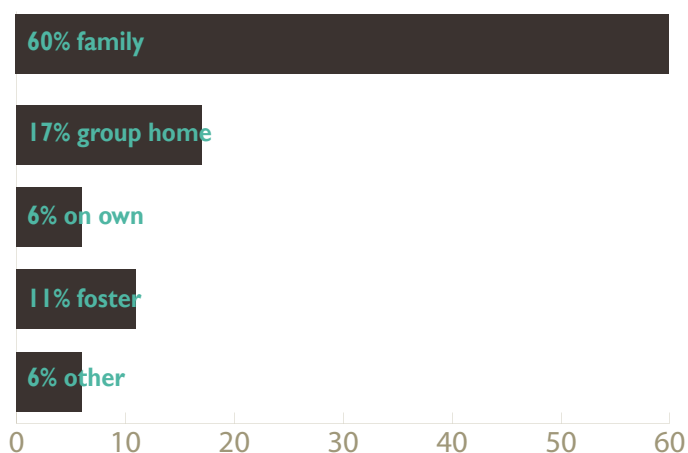
Our outcomes

Continual improvement has always been a top priority for Ranch Ehrlo Society. The agency has worked diligently over the decades to ensure the delivery of its programs and services are effective in meeting the needs of its clients. Analyzing and reporting our residents' success provides key performance indicators and outcome information. The feedback we receive is used to determine specific goals, identify areas of needed improvement, and if necessary, to modify or discontinue programs or services.

Below is a summary of resident outcomes at Ranch Ehrlo Society for the period of June 1, 2014 to May 31, 2015. It is the agency's ninth annual outcome report but the fourth year using Efforts to Outcomes (ETO) software (managed by Social Solutions Inc.).



Placement after Ranch Ehrlo



Our senior leadership



Dean Parker joined Ranch Ehrlo Society as the manager of human resources (HR) in 2001. Before becoming vice-president of HR in November 2011, Dean worked as the assistant director and senior director of HR.



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.



Ian Rea joined Ranch Ehrlo Society as chief financial officer in 2012, with 34 years of finance, management, and governance experience. Ian retired from the agency in the spring of 2015.



Linda Meyer, a registered psychologist, started her career at Ranch Ehrlo in 1989 as a unit manager. Her career evolved as she became a clinical caseworker, assistant director of residential care and treatment, senior director of Ehrlo Counselling Services, vice-president of programs, and vice-president of clinical services and research.



Carole Bryant joined the Ranch in 2000 as director of development and volunteers services. In 2003 she became vice-president of Ehrlo Community Services (amalgamated with Ranch Ehrlo Society in 2011) and in 2005 the vice-president of administration and quality improvement.



Andrea Brittin started her career at Ranch Ehrlo in August 2014 as the president/CEO. She spent 23 years of her career in the area of child welfare, most recently working as the Assistant Deputy Minister of Child and Family Services with Saskatchewan Social Services.



Corinna Hayden-Fidler has been an educator for 23 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.

Board of Directors

2014-2015

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

Jim Kenyon (past chair) – JC Kenyon Engineering Inc.

Debbie McKague (vice chair) – Vice-President, Trans Gas (retired)

Jamie Burrows (treasurer) – Assurance Partner, MNP

Wanda Falkowsky – Senate appointment to the board

Dr. Craig Chamberlin – Associate professor of Kinesiology & Health Studies, U of R

Karen Bright – Senior Director of Strategic Services, Farm Credit Corporation

Laurel Garven – Director, Strategy and Stakeholder Relations, Information Services Corporation

Staff Sergeant Jerry Nelson (retired) – Job coach, Saskatchewan Indian Institute of Technology's Construction Careers

Greg Fieger – Professional management consultant, Conroy Ross Partners

Dr. Ron Martin – Dentist, Dene Dent Family Dentistry

Mark Guillet – Vice-President, General Counsel & Corporate Secretary, SaskEnergy

Bev Betteridge – Accountant, Bev Betteridge CMA Professional Corp

Richard Hazel (retired) – Executive Director of Saskatchewan Association of Social Workers

Prince Albert board members

Alan Fraser – Retired Prince Albert police officer

Dr. Bonnie Jeffery – Professor, Faculty of Social Work at the University of Regina

Corman Park board members

Quinton Hardage – Chief Technical Officer, HCF Mercantile Inc



Board report

Audit committee:

Members: Alan Fraser (chair), Jamie Burrows, Craig Chamberlin, Richard Hazel, Bonnie Jeffery

The audit committee met with the external auditor, Mintz and Wallace, to review the year-end audited financial statements and findings and to consider recommendations and responses to the auditor's Constructive Services Letter. It also met with the external auditor to review the external audit plan for 2014/2015. In addition, the committee conducted its annual assessment of the external auditor. The committee continues to have responsibility for monitoring agency-wide risk. It made adjustments to the enterprise risk management (ERM) framework this past year, adding one risk as it relates to corporate structure. The committee reviewed and recommended to the board acceptance of the second annual Enterprise Risk Management Report and recommended the further integration of ERM into the strategic planning process and alignment with the Council on Accreditation (COA) standards.

Finance committee:

Members: Jamie Burrows (chair), Jim Kenyon, Bev Betteridge, Quinton Hardage, Cyril Kesten

The finance committee reviewed and presented to the board the agency's monthly and quarterly financial statements and quality assurance indicators. The committee reviewed the budget assumptions and proposed capital and operating budgets for 2015-2016. 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 one Early Childhood Services grant recommendation. The committee continues to work on the enhancement of financial policies and procedures. It reviewed the agency's insurance coverage recommending minor adjustments.

Governance and Nominations committee:

Members: Mark Guillet (chair), Debbie McKague, Craig Chamberlin, Wanda Falkowsky, Laurel Garven, Richard Hazel

The governance and nominations committee continued its work in strengthening the board governance structure including development of a board orientation and training policy, a board work plan for 2015-2016 and terms of reference for the board chair. The committee reviewed and put forward a number of policies for the board's consideration including a new Policy and Procedure Development Policy, as well as amendments to the Research Studies Policy, Conflict of Interest Policy, and Confidentiality Policy. The committee also undertook a review of the agency's bylaws. The committee continued its work on board renewal, refining and honing a process introduced two years ago. As in the past, the committee continued to overview board training and orientation, and facilitated the annual board self-evaluation process. The committee also provided oversight for the Council on Accreditation (COA) re-accreditation process including review of the ethical practice standards and governance standards narratives.

Human Resources and Compensation committee:

Members: Karen Bright (chair), Greg Fieger, Jerry Nelson, Bonnie Jeffery, Ron Martin

The human resources and compensation committee focused its attention this past year on salary administration, employee benefits, recruitment and retention, and succession planning. The committee reviewed and recommended that the board approve a new Respectful Workplace and Anti-Harassment Policy. The committee received regular updates on the ultimate time and attendance software implementation project. The committee continued to review the objectives, benchmarks, and implementation plans for the agency's diversity plan. The committee reviewed the 2014 turnover report as well as the exit survey report. In addition to reviewing quarterly human resources indicators, the committee continued to work on refining a smaller number of key human resource indicators that would assist the committee in gauging the health of the organization. The committee reviewed detailed market analysis in preparation for the salary administration schedule.

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.

Although the activities in each association differ, common activities include school year meet and greets, movie nights, holiday parties, and golf events.

The Regina/Pilot Butte Staff Association holds a draw at Christmas time for staff across the province called Operation Sunshine. It is a program designed to give employees an opportunity for an expense-paid vacation. The agency contributes two weeks leave to the winner of Operation Sunshine.

The association also allots money to the conference fund. These funds can be used by staff to attend professional development opportunities within Saskatchewan.

The staff association also distributes money for the Employee Wellness Reimbursement Program. It initiated this program to promote wellness for staff.

AUDITOR'S report



Chartered Professional
Accountants LLP

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, 2015 and the statements of operations, changes in net assets and cash flow 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 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.

Auditor's 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 auditor's 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.

Independent Auditor's Report to the Members of Ranch Ehrlo Society *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ranch Ehrlo Society as at May 31, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

MWCLLP

Chartered Professional Accountants

Regina, Saskatchewan
September 1, 2015

MANAGEMENT'S responsibility for financial reporting

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

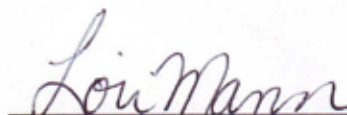
The financial statements of Ranch Ehrlo Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain 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 Audit Committee. The Audit 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 Audit 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 MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.



President and CEO

Chief Financial Officer

Pilot Butte, Saskatchewan
September 01, 2015

STATEMENT of financial position

RANCH EHRLO SOCIETY

Statement of Financial Position

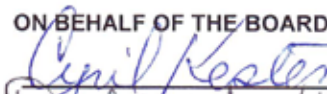
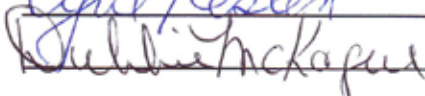
May 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 1,115,942	\$ -
Inventory	19,104	23,691
Goods and services tax recoverable	68,785	68,243
Prepaid expenses	26,982	34,546
Accounts receivable	5,297,165	5,808,885
Trust assets (Note 5)	55,368	50,902
	<u>6,583,346</u>	<u>5,986,267</u>
CAPITAL ASSETS (Note 3)	14,319,929	14,171,902
INTANGIBLE ASSETS (Note 4)	804,143	582,363
RESTRICTED CASH (Note 6)	2,561,999	1,867,638
	<u>\$ 24,269,417</u>	<u>\$ 22,608,170</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness (Note 7)	\$ -	\$ 81,513
Accounts payable and accrued liabilities	3,704,658	3,605,351
Callable debt due in one year (Note 9)	206,924	211,111
Current portion of long term debt (Note 10)	24,782	23,679
Employee deductions payable	606,984	552,852
Deferred revenue (Note 8)	424,785	550,680
Trust liabilities (Note 5)	55,368	50,902
	<u>5,023,501</u>	<u>5,076,088</u>
Callable debt due thereafter (Note 9)	44,383	251,394
	<u>5,067,884</u>	<u>5,327,482</u>
LONG TERM DEBT (Note 10)	912,466	937,641
FORGIVABLE LOANS/CAPITAL FUNDING (Note 11)	4,870,838	4,854,875
	<u>10,851,188</u>	<u>11,119,998</u>
NET ASSETS		
General fund	10,856,230	9,620,534
Restricted fund (Note 6)	2,561,999	1,867,638
	<u>13,418,229</u>	<u>11,488,172</u>
	<u>\$ 24,269,417</u>	<u>\$ 22,608,170</u>

CONTINGENT LIABILITY (Note 13)

COMMITMENTS (Note 16)

ON BEHALF OF THE BOARD

 Director
 Director

STATEMENT of operations

RANCH EHRLO SOCIETY

Statement of Operations

Year Ended May 31, 2015

	2015	2014
REVENUES		
Residential	\$ 46,550,742	\$ 43,128,198
Education	8,994,349	8,735,453
Community	6,212,658	6,309,084
Forgiven/amortized capital funding (Note 11)	309,572	317,983
Other	104,961	56,624
	<u>62,172,282</u>	<u>58,547,342</u>
EXPENSES		
Salaries and benefits	44,063,651	40,511,726
Occupancy costs (Note 14)	5,416,443	5,361,383
Operational requirements	1,841,588	1,380,939
Interest and bank charges	35,214	33,670
Interest on callable debt	12,002	18,919
Interest on long term debt	42,528	43,764
Programming	7,030,759	6,556,371
Miscellaneous	758,265	1,109,164
Amortization of capital assets	1,047,004	1,226,262
Amortization of intangible assets	67,934	9,599
	<u>60,315,388</u>	<u>56,251,797</u>
EXCESS OF REVENUES (EXPENSES) FROM OPERATIONS	1,856,894	2,295,545
OTHER INCOME		
Gain on disposal of capital assets	73,163	9,728
EXCESS OF REVENUES (EXPENSES)	\$ 1,930,057	\$ 2,305,273

STATEMENT

of changes of net assets

RANCH EHRLO SOCIETY

Statement of Changes in Net Assets

Year Ended May 31, 2015

	General Fund	Restricted Fund	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 9,620,534	\$ 1,867,638	\$ 11,488,172	\$ 9,182,899
Excess of revenues (expenses)	1,930,057	-	1,930,057	2,305,273
Internal transfer (<i>Note 12</i>)	(694,361)	694,361	-	-
NET ASSETS - END OF YEAR	\$ 10,856,230	\$ 2,561,999	\$ 13,418,229	\$ 11,488,172

STATEMENT of cash flows

RANCH EHRLO SOCIETY

Statement of Cash Flow

Year Ended May 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 1,930,057	\$ 2,305,273
Items not affecting cash:		
Amortization of capital assets	1,047,004	1,226,262
Amortization of intangible assets	67,934	9,599
Gain on disposal of assets	(73,163)	(9,728)
Forgivable loan recognized	(309,572)	(317,983)
	2,662,260	3,213,423
Changes in non-cash working capital	550,877	(1,255,469)
Cash flow from operating activities	3,213,137	1,957,954
INVESTING ACTIVITIES		
Purchase of capital assets	(1,217,880)	(2,452,067)
Purchase of intangible assets	(289,714)	(500,278)
Proceeds on disposal of capital assets	96,009	20,765
Cash flow from investing activities	(1,411,585)	(2,931,580)
FINANCING ACTIVITIES		
Accrued benefit liability	-	(145,973)
Repayment of callable debt	(211,198)	(204,281)
Repayment of long term debt	(24,073)	(23,028)
Forgivable loans received	325,535	524,169
Cash flow from financing activities	90,264	150,887
INCREASE (DECREASE) IN CASH FLOW	1,891,816	(822,739)
CASH - BEGINNING OF YEAR	1,786,125	2,608,864
CASH - END OF YEAR	\$ 3,677,941	\$ 1,786,125
CASH CONSISTS OF:		
Cash	\$ 1,115,942	\$ -
Bank indebtedness	-	(81,513)
Restricted cash	2,561,999	1,867,638
	\$ 3,677,941	\$ 1,786,125

NOTES

to financial statements

Year Ended May 31, 2015

1. NATURE OF ORGANIZATION

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

Basis of presentation

These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets including cash, restricted cash and accounts receivable are reported at amortized cost. Investments are recorded at fair market value.

Financial liabilities including bank indebtedness, accounts payable, accrued liabilities, callable debt, long term debt and forgivable loans/capital funding are measured at amortized cost.

NOTES

to financial statements

Year Ended May 31, 2015

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

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 is 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 recognize internally restricted activities.

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

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

Geoff Pawson scholarship - this bursary is intended to provide funding for former students to further their education in a post secondary institution.

Avant Garde bursary - this bursary was intended to support potential applicants to this vocational school who may not have the resources to enrol. The balance of this restricted fund has been returned to the General Fund and in the current and subsequent years, the bursary payments will be treated as an operating expense.

Capital projects - the Society has multi-year plans to expand and improve their facilities and sets aside monies annually to invest in future capital projects.

McEwen Manor maintenance reserve - 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.

Inventory

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

NOTES

to financial statements

Year Ended May 31, 2015

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

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/straight line method
Equipment	20%	declining/straight line method
Motor vehicles	30%	declining/straight line method
Computer equipment	50%	declining/straight line method
Leasehold improvements	10% - 30%	declining/straight line method

Intangible assets

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

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.

Use of estimates

The Society made a significant investment in the year in financial reporting and human resource management software. While a large portion of these costs were purchases of the related software and equipment, the Society invested additional dollars in salaries and benefits of employees and contract personnel to make this software functional. The Society monitored the number of persons and the share of their time devoted to this project and has included it in the capital cost.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 243,624	\$ -	\$ 243,624	\$ 266,472
Buildings	12,342,340	1,588,574	10,753,766	10,783,394
Equipment	2,629,343	1,826,925	802,418	964,815
Motor vehicles	318,608	257,367	61,241	61,813
Computer equipment	778,901	607,230	171,671	154,484
Leasehold improvements	3,611,263	1,324,054	2,287,209	1,940,924
	\$ 19,924,079	\$ 5,604,150	\$ 14,319,929	\$ 14,171,902

Capital asset additions related to the construction of new facilities for the Pilot Butte administration centre (\$352,882) and Rorison house (\$28,044) were not available for use by yearend and were not amortized.

NOTES

to financial statements

Year Ended May 31, 2015

4. INTANGIBLE ASSETS

	2015	2014
Software	\$ 881,676	\$ 591,962
Accumulated amortization	(77,533)	(9,599)
	<u>\$ 804,143</u>	<u>\$ 582,363</u>

In the current year \$120,062 (2014 - \$165,512) of salaries were capitalized in the implementation of the new software components.

5. TRUST ASSETS/LIABILITIES

Clients may receive or raise funds to use at their discretion for recreational or other activities. While the Society holds these monies in an administrative capacity, funds raised or spent are not properly treated as revenues or expenses reported in these statements.

6. RESTRICTED CASH

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

	2015	2014
Geoff Pawson scholarship	\$ 239,285	\$ 238,273
Avant Garde bursary	-	978
Capital projects	2,209,809	1,552,748
McEwen Manor maintenance reserve	112,905	75,639
	<u>\$ 2,561,999</u>	<u>\$ 1,867,638</u>
Cash	\$ 2,174,728	\$ 1,867,638
Investments - mutual funds	387,271	-
	<u>\$ 2,561,999</u>	<u>\$ 1,867,638</u>

7. BANK INDEBTEDNESS

The Society has an operating line with Royal Bank of Canada totaling \$1,600,000 (increases to \$2,000,000 in the summer months) of which \$Nil (2014 - \$385,000) has been advanced at year end. The bank indebtedness figure appearing in the statement of financial position for the year will vary from the operating line advance as a consequence of deposits in transit, outstanding cheques and other bank accounts. 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 13 below and is independent of it.

The Society has an additional line of credit with Connexus Credit Union totaling \$75,000 of which \$Nil (2014 - \$Nil) has been advanced at year end. The line of credit bears interest at bank prime + .50% and is secured by a general security agreement.

NOTES

to financial statements

Year Ended May 31, 2015

8. DEFERRED REVENUE

	2015	2014
Treatment Foster Support Program	\$ -	\$ 49,533
Ehrlo Child and Family Foundation housing funding	100,800	100,800
Ehrlo Child and Family Foundation family treatment funding	200,000	200,000
Ehrlo Child and Family Foundation therapeutic camping funding	74,200	74,200
Roof replacement funding for leased property	-	45,000
Avant Garde gift certificates	2,222	2,008
Avant Garde tuition	47,563	79,139
	<u>\$ 424,785</u>	<u>\$ 550,680</u>

9. CALLABLE DEBT

	2015	2014
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, 2015. The security on this loan is outlined in Note 13.	\$ 84,422	\$ 177,228
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, 2015. The security on this loan is outlined in Note 13.	166,885	285,277
	251,307	462,505
Principal due in one year	(206,924)	(211,111)
	<u>\$ 44,383</u>	<u>\$ 251,394</u>

Principal repayment terms are approximately:

2016	\$ 206,924
2017	44,383

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

NOTES

to financial statements

Year Ended May 31, 2015

10. LONG TERM DEBT

	2015	2014
Conexus Credit Union loan bearing interest at 4.487% per annum, repayable in monthly blended payments of \$5,528. The loan matures on August 1, 2015 and is secured by McEwen land/building and a general security agreement.	\$ 937,248	\$ 961,320
Amounts payable within one year	(24,782)	(23,679)
	<u>\$ 912,466</u>	<u>\$ 937,641</u>
Principal repayment terms are approximately:		
2016	\$ 24,782	
2017	25,917	
2018	27,104	
2019	28,346	
2020	29,644	

11. FORGIVABLE LOANS/CAPITAL FUNDING

	2015	2014
Saskatchewan Housing Corporation Forgivable Loan - forgivable in monthly instalments of \$15,846.	\$ 3,017,039	\$ 3,184,263
Federal/Municipal grant funding - amortized in monthly instalments of \$5,703.	770,069	838,469
Ehrlo Child and Family Foundation capital funding - amortized at a rate of 10-20% annually.	254,130	309,678
Saskatchewan Housing Corporation Forgivable Loan - Pocket project	761,600	522,465
City of Regina grant funding pocket project - amortized in monthly instalments of \$1,333.	68,000	-
	<u>\$ 4,870,838</u>	<u>\$ 4,854,875</u>

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

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.

In the event that 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.

The Saskatchewan Housing Corporation forgivable loan related to the Pocket Project is amortized over 15 years using the sum of the year's digits method. In the event of a default the terms of the agreement, interest is due on the remaining balance not forgiven at a rate of 5.24% per annum. In the event if a default, principal and interest is due on demand.

NOTES

to financial statements

Year Ended May 31, 2015

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 \$37,266 (2014 - \$37,266).

The Society systematically sets aside monies to fund upcoming capital improvements. The transfer in the current year is \$657,095 (2014 - \$1,340,696).

13. CREDIT FACILITIES/CONTINGENCY

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	2015 Total
<u>Capital line of Credit</u>			
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.	\$ 251,307	\$ 55,558	\$ 306,865
<u>Fixed Term</u>			
Mortgage payable bearing interest at 3.95% per annum; renewable on October 10, 2015.	\$ -	\$ 2,674,772	\$ 2,674,772
	\$ 251,307	\$ 2,730,330	\$ 2,981,637

14. 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 \$1,320,839 (2014 - \$1,321,621). The Society charges RES & E Holding Corporation \$9,600 per year for administrative services. At the yearend, the balance owing from the Society to RES & E Holding Corporation was \$Nil (2014 - \$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 13.

NOTES

to financial statements

Year Ended May 31, 2015

15. 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 \$1,078,998 (2014 - \$1,056,099).

16. COMMITMENTS

The Society has long term leases with respect to property, equipment and vehicles. Future minimum lease payments as of May 31, 2015 are as follows:

	Equipment	Vehicles	Property	Total
2016	\$ 16,262	\$ 284,451	\$ 2,233,865	\$ 2,534,578
2017	7,896	228,048	2,109,690	2,345,634
2018	4,920	136,502	2,031,308	2,172,730
2019	4,920	23,004	1,608,252	1,636,176
2020	3,113	-	1,329,208	1,332,321

In the current year, a contract was signed with Wood Country Building Services Ltd. for the construction of the new Rorison group home with an estimated cost of \$ 410,550.

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, 2015.

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 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 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.

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.

NOTES

to financial statements

Year Ended May 31, 2015

17. FINANCIAL INSTRUMENTS *(continued)*

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 leveraged and thus this risk is considered low.

18. CORRESPONDING FIGURES

Some of the corresponding figures have been reclassified to conform to the current year's presentation.



OUR MISSION

Over its 49-year history, 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 a continuum of quality preventative, restorative, and advocacy services, promoting the well-being of individuals, families, and communities through the elimination of abuse, neglect, addictions, and violence, in Saskatchewan and beyond.

OUR VISION

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

OUR CULTURE

The culture at Ranch Ehrlo Society: “Builds and maintains services founded on respect, caring, and nurturing for individuals and families; recognizes the dignity, value, and personal worth of all people; creates opportunities for people to reach their full potential through a continuum of practical programs of support, counselling, and training; provides advocacy on behalf of individuals, families and communities with all levels of government; and, builds and maintains high levels of competence within the organization through leadership, training, and experience.”



Ranch Ehrlo Society

Pilot Butte campus

Box 570

Pilot Butte, SK S0G 3Z0

Phone: 306-781-1800

www.ehrlo.com