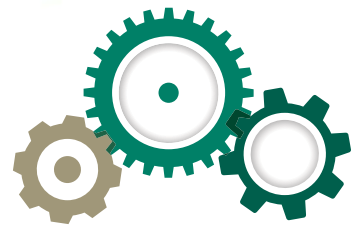




jump into the action at Ranch Ehrlo Society



ANNUAL REPORT 2016-2017



Table of contents

3
Message from the board chair

4
Message from the CEO

5-6
Residential programs

7-8
Community programs

9-10
Family programs

11-12
Education programs

13
Strategic plan

14-15
Strategic impacts

16
Outcomes

17
Ranch Ehrlo executive

18-19
Highlights from the board committees

20
Highlights from the staff associations

21
Auditor's report

22
Statement of financial position

23
Statement of revenues and expenditures

24
Statement of changes in net assets

25
Statement of cash flow

26-36
Notes to financial statements



Message from board chair

It is my privilege to present the 2016-2017 Annual Report for Ranch Ehrlo Society.

This was a year of opportunity for Ranch Ehrlo Society. The board of directors continued to guide the agency using the three-year strategic plan approved in 2016 where an engaged workforce, quality programs, advocacy and prevention, and sustainability were identified as key strategic themes.

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, expenditure management, salary administration, and human resources. The board adopted new governance policies, continued to strengthen governance practices and enhanced its enterprise risk oversight.

In addition to approving the annual business plan, the board approved a multi-year capital plan. The agency's ongoing focus on expenditure management and efficiencies has resulted in a surplus that will be reinvested into programs and facilities. One of the projects includes enhancements to the Hudson Administration Building on the Pilot Butte campus, which will address the current space shortages and the need for additional training space.

Safety continues to be a priority at the agency. To strengthen our current practices, we have been working with the Service and Hospitality Safety Association to establish a safety management system. Leadership safety training and a safety governance structure have been implemented. The enhanced focus is already having a positive effect on reducing injuries.

In February 2017, Ranch Ehrlo Society was once again recognized as an exceptional place to work. For the sixth consecutive year, the agency was named one of

Saskatchewan's Top Employers, ranking high in a variety of areas including its progressive and forward-thinking employee programs. The board continued its work on the plan to amalgamate Ranch Ehrlo Society, RES&E Holding Corporation, and the Ehrlo Child and Family Foundation. The boards and the memberships of all three entities agreed to the amalgamation last year to provide more effective use of financial and human resources. The amalgamation became effective June 1st.

As I conclude my term as chair, I would like to thank all members of the board of directors for their dedicated service; a special thank you to Cyril Kesten and Mark Guillet who will be rotating off the board. Their dedication to improving the lives of youth and families will be missed. I also want to welcome Laurel Garven, incoming board chair.

I would 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 time and again rise to serve our clients.



Debbie McKague
chair, Board of Directors





Message from the CEO

This past year has been exciting for Ranch Ehrlo Society as we build on our legacy of success. The agency's 50th anniversary celebrations throughout the year provided an excellent springboard to highlight the accomplishments of the past and our vision for the future.

We continue to look for opportunities to respond to the changing needs in the community. To address the growing demand for family services, the agency approved a 40 per cent expansion in the Family Treatment Program which now serves 23 families. As well the agency will be expanding its Treatment Foster Care Program by three families to provide services for up to six additional children in need of out of home care. In partnership with Saskatoon Public Schools, a new education day program for autistic students was opened at Ellen Gunn Education Centre at the Corman Park campus.

In May, the agency rolled out its new compensation framework for staff, including an enhanced salary structure and benefit package, with an expanded employee and family assistance program. An outside consultant was engaged to design a new job evaluation process, conduct a market analysis, and make recommendations with respect to the new salary structure. This has served to ensure ongoing market competitiveness and to simplify and standardize the existing compensation model.

We have started the process of bringing the CARE (Children and Residential Experiences: Creating

Conditions for Change) practice model to the Ranch. This model, based out of Cornell University, is very congruent with our current practice and focuses on improving services for children in out-of-home care. Staff at all levels of the agency will receive training to ensure everything we do in the agency is based on the six CARE principles, namely: developmentally focused; family involved; relationship based; competence centered; trauma informed; and, ecologically oriented.

This past year saw changes to the executive team. Stuart Cunningham, who was appointed as vice-president of human resources in August, left in January to pursue another opportunity. Judy Bidyk was appointed to this position in March. Carole Bryant, former vice-president of administration, took on a new role as director of governance and corporate services. Lori Mann, former CFO, assumed more responsibility for support services; accordingly, her title has been changed to vice-president of finance and administration to more accurately reflect her role. And after her 27 year career we wished Linda Meyer, the former vice president of clinical services a fond farewell and happy retirement. Bree Fiissel assumed this position in June.

I would like to thank members of the board of directors for their direction and support during the past year, especially to outgoing board chair, Debbie McKague. 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 we serve.



Andrea Brittin
president and CEO

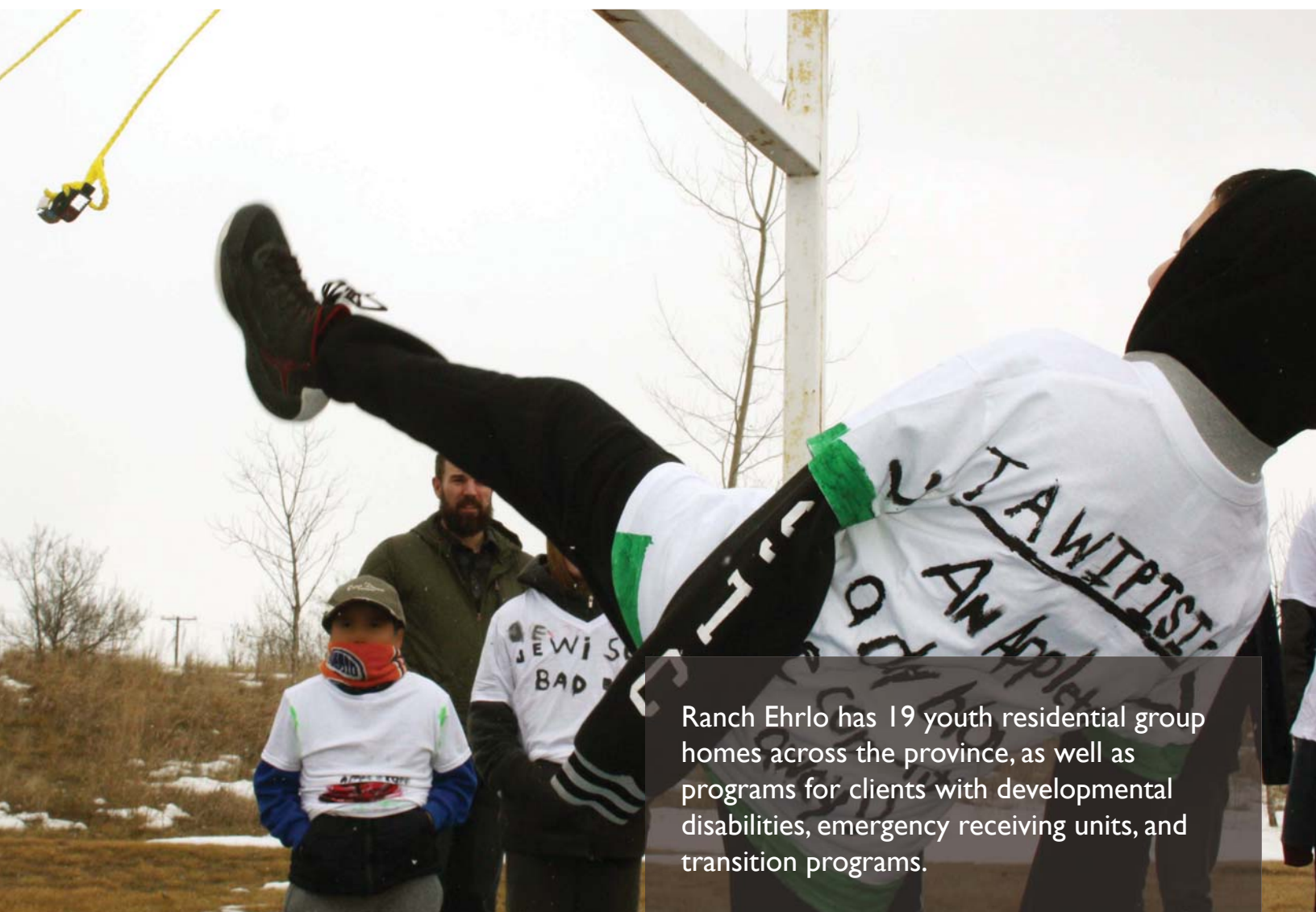
***We continue to look for opportunities
to respond to the changing needs in the
community.***



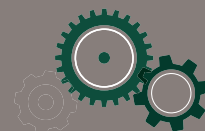


Our **RESIDENTIAL** programs

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



Ranch Ehrlo has 19 youth residential group homes across the province, as well as programs for clients with developmental disabilities, emergency receiving units, and transition programs.



Residential programming



Our residential programs are more than group homes; each is an integrated treatment approach that incorporates residential services, clinical treatment, education, and recreation. Every activity a client takes part in, is focused on achieving the best outcome for that individual.

The residential experience we provide prepares clients to return to their families, live independently, move to a “step down service”, or build more skills in a community setting.

Clinical treatment is an integral part of the program. It helps clients confront the

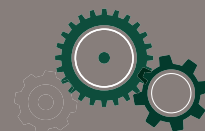
issues that brought them to the agency, while working to enhance their individual psychological and social well-being.

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

Youth come to the agency with a number of challenges. To address these, the Ranch offers the following services:

- intake and assessment services
- residential treatment services
- youth transition services
- emergency receiving services

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





Our COMMUNITY programs

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



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



Community programming



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

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

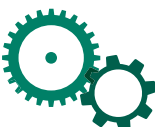
A little boy can play hockey for the first time; a young teen can express herself through art; a student can learn outside of the classroom; parents can feel confident about leaving their child at daycare; a single mother can give her children a roof over their heads; a father struggling to parent can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

What programs do we offer?

- **Paper Crane Community Arts Centre** - clinical intervention using expressive arts programming for vulnerable individuals that have been referred to the program.
- **Ehrlo Housing** - affordable housing for low-income families, single mothers, individuals with chronic mental health conditions, and youth transitioning from care.
- **Ehrlo Sport Venture** - organized inner-city recreation programs, free sports equipment rental, and an after school program.
- **Ehrlo Counselling Services** - professional counselling, assessment, training, and consultation services for children, teens, and families.
- **Ehrlo Early Learning Centres** - provide quality learning and childcare to families in Regina.

So where can you find us in the community?

You can find our programs throughout Regina, including North Central and the Heritage neighbourhoods.



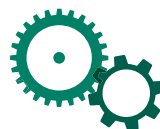


Ranch Ehrlo has three family programs that help keep or bring families together.

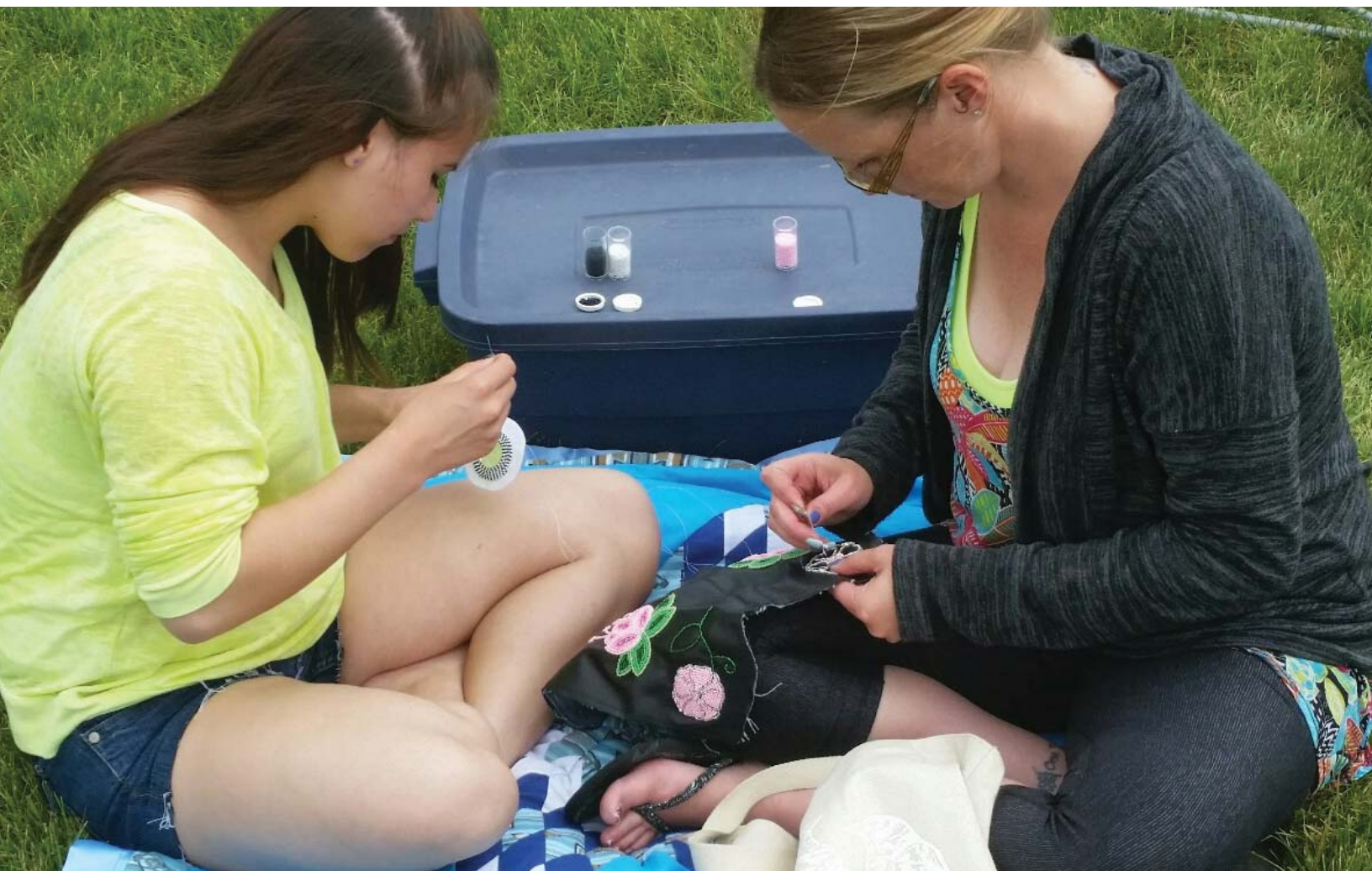


Our **FAMILY** programs

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



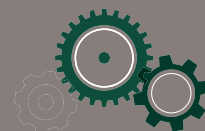
Ranch Ehrlo is a family-focused agency and its goal is to keep families together whenever possible.

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

Family Treatment Program: 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 to safely care for their children and prevent out-of-home care, 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 referred from the Ministry of Social Services in the southern region of the province. IFPS is designed to stabilize and strengthen families and to prevent 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.



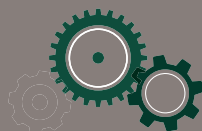


Our programs are designed to address different needs; whether it's the requirement of hands-on-learning, development of life skills, or a sensory need, we have a program that maximizes our client's potential.



Our **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



Most youth coming to Ranch Ehrlo have had little success in school. Frustration and failure have often led to anger or withdrawal. As a result, they are no longer interested in learning.

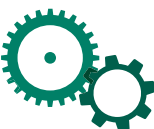
To meet this challenge, the agency provides accredited, structured educational environments within Ranch-operated Schaller, Hansen, and Ellen Gunn education centres located on our three campuses at Pilot Butte, Buckland, and Corman Park. The agency also has a Transition Program in Regina which prepares youth to transition from a Ranch classroom toward 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 skills development designed to assist those with mental and cognitive disabilities.



Our strategic plan

2016-2019

Vision We envision communities where all individuals and families achieve their full potential.				
Mission To provide quality prevention, restorative, and advocacy services to vulnerable individuals and families through highly engaged and professional employees.				
We value...				
Service Excellence	Integrity and Mutual Respect	Employees and Teamwork	Empowerment and Accountability	Open and Consistent Communication
Strategic themes				
Quality treatment programs	Engaged employees	Advocacy and prevention programs	Sustainable effective organization	
Goal statements				
To strive for excellence, based on research and best practices, in the delivery of clinical, residential, educational programs and services to meet the needs of individuals and families.	To foster a healthy diverse work environment with motivated, competent employees.	To work with others to build stronger communities.	To ensure long-term sustainability through sound governance and effective risk and financial management.	
Objectives				
- Deliver quality programs and services - Meet individual and family needs - Maintain accreditation	-Recruit and retain a talented workforce -Enhance performance through development and training - Focus on continuous workplace health and safety - Communicate effectively	- Build capacity in communities through partnering - Be a respected, influential voice for improving child welfare	- Ensure the board, management, and employees function with clear roles and accountabilities - Enhance risk management tools and practices - Sustain financial strength	



Our achievements

The past year was filled with extraordinary achievement. Here are some of our accomplishments that furthered our strategic vision.

Ranch Ehrlo named Top Employer

For the sixth year running, Ranch Ehrlo Society has been named one of Saskatchewan's Top Employers.

Strategic objective: Engaged employees

Ranch CEO awarded Safety Centered Leadership award

Ranch Ehrlo CEO and president Andrea Brittin was awarded the 2016 Safety Centered Leadership Award from the Saskatchewan Health and Safety Association (SHSA). This award is given to individuals, who, through their leadership, have made an impact on the safety culture in Saskatchewan.

*Strategic objective: Engaged employees/
Sustainable effective organization*

Sweat lodge built on campus

In November, a sweat lodge was built on the Pilot Butte campus for staff and youth. The structure allows for more frequent opportunities for youth and staff to sweat, and is a place that offers more chances for healing and learning.

Strategic objective: Quality treatment programs

Ehrlo Housing turns 20

Ehrlo Housing celebrated 20 years of providing hope and housing to vulnerable individuals in the city of Regina.

Strategic objective: Advocacy and prevention programs

Jumpstart donation

In January 2017, Canadian Tire Jumpstart offered to sponsor Ehrlo Sport Venture's leagues. They began with a generous donation of hockey equipment for the Outdoor Hockey League, which allowed more youth to safely play hockey.

Strategic objective: Advocacy and prevention programs

Ehrlo Counselling visits La Ronge

In the wake of the mental health crisis experienced by northern Saskatchewan, the First Nations and Inuit Health Branch of Health Canada reached out for help and Ehrlo Counselling Services answered the call. Social workers and psychologists offered their services to the community.

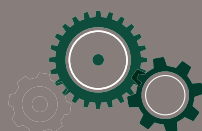
Strategic objective: Advocacy and prevention programs



Andrea Brittin and George Marshall, CEO of the SHSA



Sweat lodge



Our achievements (con't)

New education program in Corman Park

A partnership that began seven years ago developed into a new education day program for autistic students at the Ellen Gunn Education Centre at Ranch Ehrlo's Corman Park campus.

Strategic objective: Quality treatment programs/ Advocacy and prevention programs

New VP of human resources

Judy Bidyk joined the executive team at Ranch Ehrlo, taking on the role of vice-president of human resources in March 2017.

Strategic objective: Engaged employees

Memories made at powwow

On August 30, 2016 Ranch Ehrlo's Pilot Butte campus was temporarily transformed into a powwow ground and carnival. Ranch staff and youth, along with their families and friends, and powwow dancers from all over came to the campus to take part in the festivities as dancers, singers, drummers, or spectators.

Strategic objective: Quality treatment programs

Ehrlo Sport Venture goes north

Ehrlo Sport Venture employees were invited to La Loche to increase leadership and sport training capacity for the community's youth.

Youth who took the program and completed 60 hours of sports-related volunteer work within the community received a high school credit.

Strategic objective: Advocacy and prevention programs

50th anniversary celebrations

June 1, 2016 officially marked Ranch Ehrlo Society's 50th anniversary. The agency celebrated on the original campus located in Pilot Butte with a community-wide powwow and a celebratory gala featuring keynote speaker Jeannette Walls.

Strategic objective: Advocacy and prevention programs/ Sustainable effective organization/ Quality treatment programs

Family Treatment Program expansion

In September, Ranch Ehrlo's family program underwent its biggest expansion to date adding eight new families to its fold. To help provide services to these families, a new manager, clinical supervisor, three family treatment workers, and a family care worker were added to the program. The program celebrated its 10th anniversary.

Strategic objective: Advocacy and prevention programs



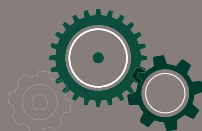
Jeannette Walls



50th Powwow



Sport Venture in La Loche

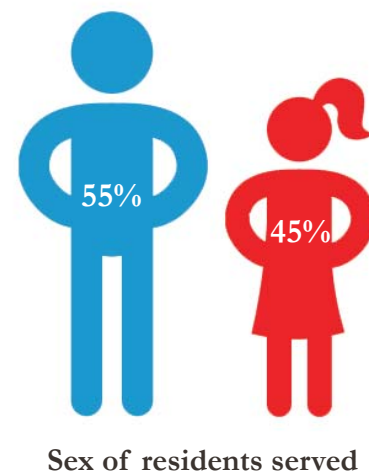
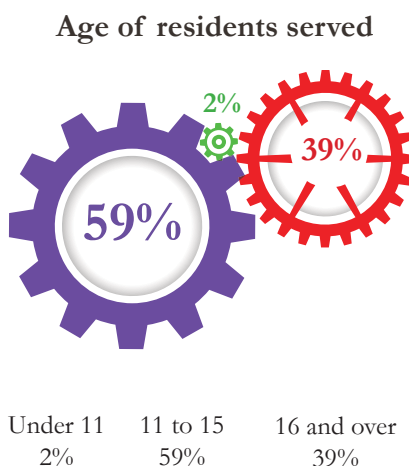
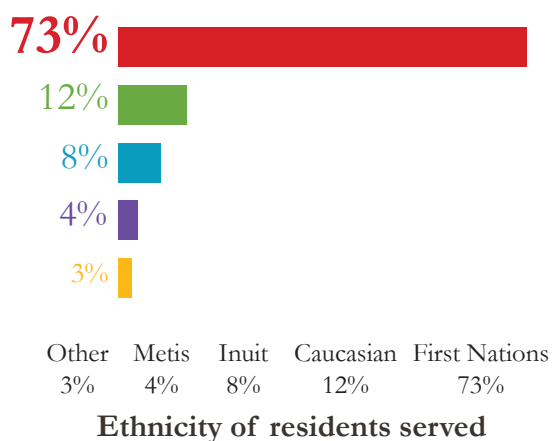


Our outcomes

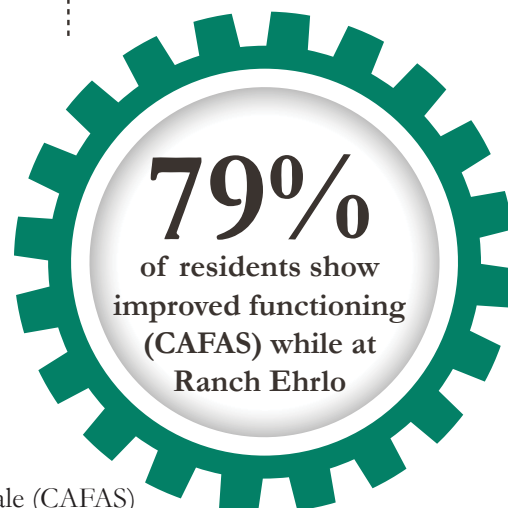
Continual improvement has always been a top priority for Ranch Ehrlo Society. The agency has worked diligently over the decades to ensure the delivery of its programs and services are effective in meeting the needs of its clients.

Analyzing and reporting our service recipients' success at Ranch Ehrlo provides key performance indicators and outcome information. The feedback we receive is used to evaluate services, identify opportunities for improvement, and develop plans. Below is a summary of youth resident outcomes at Ranch Ehrlo Society for the period of June 1, 2016 to May 31, 2017. You can read the full report including all the statistics about all our residential treatment areas, and statistics relating to our family, education, and community programs.

Last year the residential treatment program served 303 youth. The average length of stay was 19 months, up from 15 months. There were 132 residents discharged during the year. In addition, 184 youth were served in our emergency receiving program.

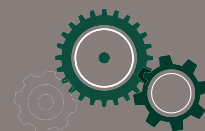


Youth who were satisfied with services at Ranch Ehrlo!



of residents show improved functioning (CAFAS) while at Ranch Ehrlo

The Child and Adolescent Functional Assessment Scale (CAFAS) measures the degree of impairment with emotional, behavioural, psychiatric, psychological, or substance abuse problems.



The executive



Stuart Cunningham joined Ranch Ehrlo as vice-president of human relations in August 2016. Stuart came to the Ranch from Five Hills Health Region. He left the agency at the end of January.



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.



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



Linda Meyer, a registered psychologist, started her career at Ranch Ehrlo in 1989. Her career evolved as she became a clinical caseworker, assistant director of residential care and treatment, senior director of Ehrlo Counselling, vice-president of programs, and vice-president of clinical services and research. Linda retired May 31, 2017.



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



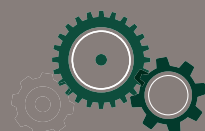
Corinna Hayden-Fidler has been an educator for 24 years. Before being appointed the vice-president of education in September 2013, she held the title of director of secondary and vocational programs at the agency.



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



Andrea Brittin started her career at Ranch Ehrlo in August 2014 as the president/CEO. She spent 24 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.

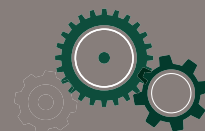




Board of Directors

2016-2017

- **Debbie McKague (chair)** retired, vice-president of Trans Gas
- **Dr. Cyril Kesten (past-chair)** professor, Faculty of Education U of R
- **Laurel Garven (vice-chair/secretary)** director, Strategy & Stakeholder Relations, ISC
- **Bev Betteridge (treasurer)**, accountant
- **Jamie Burrows**, audit partner, MNP
- **Wanda Falkowsky**, senate representative
- **Greg Fieger**, partner, Conroy Ross Partners
- **Mark Guillet**, Q.C. vice-president, general counsel & corp. sec., SaskEnergy
- **Richard Hazel**, social worker (retired)
- **Annette Revet**, chief transformation officer, Conexus Credit Union
- **Dr. Judy White**, Dean, Faculty of Social Work University of Regina
- **Marlys Tafelmeyer**, assistant chair, Public Service Commission
- **Dr. Jaime Lavallee**, director of Indigenous Justice, Governance Law and Policy, FHQTC
- **Gwen Kennedy**, retired police officer/instructor



Board committee report

Audit and Finance Committee:

Members: Bev Betteridge (chair), Jaime Burrows, Richard Hazel, Debbie McKague, Judy White

In September 2016, the board agreed to amalgamate the former audit committee and finance committee into a single audit & finance committee which is consistent with other agencies in the non-profit sector. With the change, revised terms of reference were adopted by the committee. Following an extensive RFP process, the committee recommended that the board appoint Deloitte as the audit service provider from 2016/17 through to 2018/19. We thank our former auditor, MWC, for their many years of service to the agency. As in the past, the committee reviewed and presented to the board the agency's quarterly financial statements and agency score card. The committee reviewed the budget assumptions and proposed business plan for 2017-2018. In conjunction with the human resources and compensation committee, it recommended approval of a new total compensation framework. It also reviewed revisions to the residential and education rates as well as rates for Ehrlo Counselling, Ehrlo Housing, and Ehrlo Early Learning Centres. The committee reviewed the risks from the Enterprise Risk Management Report dealing with financial sustainability. The committee annually reviews the agency's insurance coverage.

Governance and Nominations Committee

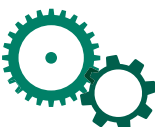
Members: Mark Guillet (chair), Cyril Kesten, Laurel Garven, Annette Revet

The governance and nominations committee continued its work in strengthening the board governance structure including a review of the board of directors' terms of reference and the terms of reference for the three board committees. It developed guidelines for in-camera sessions and a template for committee self-evaluation. The committee developed a board of directors' conflict of interest declaration and revised the board alert system. The committee continued its work on board renewal, board training and orientation, and facilitated the annual board self-evaluation process. The committee reviewed the risks from the Enterprise Risk Management Report dealing with governance matters.

Human Resources and Compensation Committee

Members: Greg Fieger (chair), Marlys Tafelmeyer (part-year), Wanda Falkowsky, Jaime Lavallee, Gwen Kennedy

The human resources and compensation committee focused its attention this past year on the implementation of the new total compensation framework with its enhanced salary and benefit package. The committee updated its terms of reference to include oversight of safety at the agency as part of its mandate. As such, it oversaw the implementation of a strengthened safety management system and safety governance structure. The committee reviewed the risks from the Enterprise Risk Management Report dealing with human resources and safety issues.



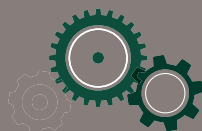
Staff associations



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.

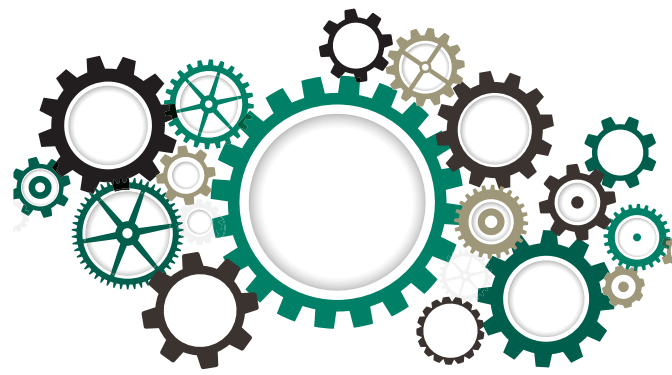
Regionally, each campus operates its own staff association through the direction of a staff council. All members are encouraged to get involved with their local staff council to help organize and promote events such as Christmas parties and sporting events.

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



INDEPENDENT auditor's report

Deloitte.



INDEPENDENT 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, 2017, and the statement of operations, 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 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.

Opinion

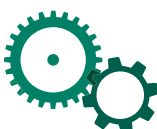
In our opinion, the financial statements present fairly, in all material respects, the financial position of Ranch Ehrlo Society as at May 31, 2017, and the results of its operations and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

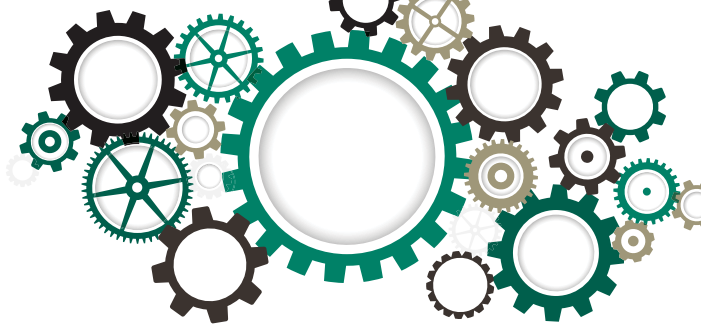
The financial statements of Ranch Ehrlo Society for the year ended May 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on September 6, 2016.

Chartered Professional Accountants
Licensed Professional Accountants

September 6, 2017
Regina, Saskatchewan



STATEMENT of financial position



May 31, 2017

	2017	2016
ASSETS		
Current		
Cash	\$ 3,616,739	\$ 2,309,132
Goods and services tax recoverable	73,150	52,968
Prepaid expenses	28,224	29,903
Accounts receivable	6,066,834	5,165,760
Trust assets (Note 5)	64,815	57,746
	<u>9,849,762</u>	<u>7,615,509</u>
Restricted fund (Note 6)	3,666,363	2,602,004
Capital assets (Note 3)	12,997,530	13,592,189
Intangible assets (Note 4)	627,808	715,976
	<u>\$ 27,141,463</u>	<u>\$ 24,525,678</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 4,536,862	\$ 4,642,219
Deferred revenue (Note 8)	582,817	60,546
Trust liabilities (Note 5)	64,815	57,746
Callable debt due in one year (Note 9)	-	44,231
Current portion of long term debt (Note 10)	878,203	909,288
Current portion of forgivable loans/ capital funding (Note 11)	355,697	349,297
	<u>6,418,394</u>	<u>6,063,327</u>
Forgivable loans/capital funding (Note 11)	3,822,946	4,178,643
	<u>10,241,340</u>	<u>10,241,970</u>
NET ASSETS		
General fund	13,233,760	11,681,704
Restricted fund	3,666,363	2,602,004
	<u>16,900,123</u>	<u>14,283,708</u>
	<u>\$ 27,141,463</u>	<u>\$ 24,525,678</u>

Contingent liability (Note 13)

Commitments (Note 16)

Subsequent events (Note 21)

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

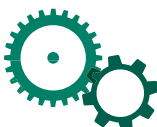
ON BEHALF OF THE BOARD

Director

Dulcie McKague

Director

[Signature]



STATEMENT of operations

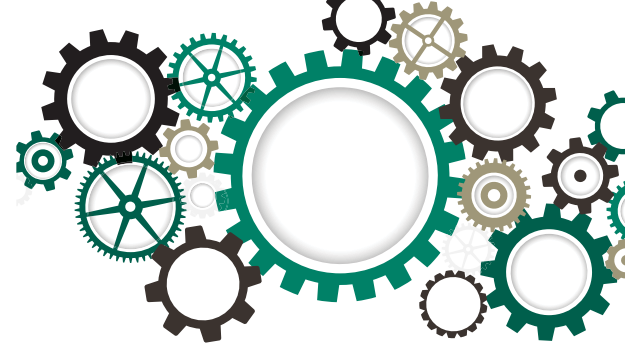
May 31, 2017

	2017	2016
REVENUES		
Residential	\$ 51,861,656	\$ 47,095,242
Education	9,676,279	9,013,380
Community	5,870,369	6,169,893
Other	442,948	65,259
Forgiven/amortized capital funding (Note 11)	349,297	342,897
	<u>68,200,549</u>	<u>62,686,671</u>
EXPENSES		
Salaries and benefits	49,700,773	45,901,320
Occupancy costs	5,759,698	5,340,611
Operational requirements	1,947,227	1,740,087
Interest and bank charges	27,406	25,869
Interest on callable debt	297	4,597
Interest on long term debt	26,515	34,458
Programming	6,458,999	6,410,428
Miscellaneous	685,515	746,011
Amortization of capital assets	889,536	964,014
Amortization of intangible assets	88,168	88,168
	<u>65,584,134</u>	<u>61,255,563</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE UNDERNOTED	2,616,415	1,431,108
Sale of Avant-Garde (Note 20)	-	82,880
Write off of administration building (Note 20)	-	482,749
	<u>-</u>	<u>565,629</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 2,616,415</u>	<u>\$ 865,479</u>

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



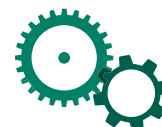
STATEMENT of changes in net assets



May 31, 2017

	General Fund	Restricted Fund	2017	2016
Net Assets - Beginning of Year	\$ 11,681,704	\$ 2,602,004	\$ 14,283,708	\$ 13,418,229
Excess of revenues over expenses	2,616,415	-	2,616,415	865,479
Internal transfers (Note 12)	(1,064,359)	1,064,359	-	-
Net Assets - End of Year	<u>\$ 13,233,760</u>	<u>\$ 3,666,363</u>	<u>\$ 16,900,123</u>	<u>\$ 14,283,708</u>

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

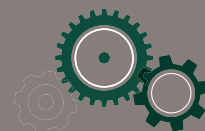


STATEMENT of cash flows

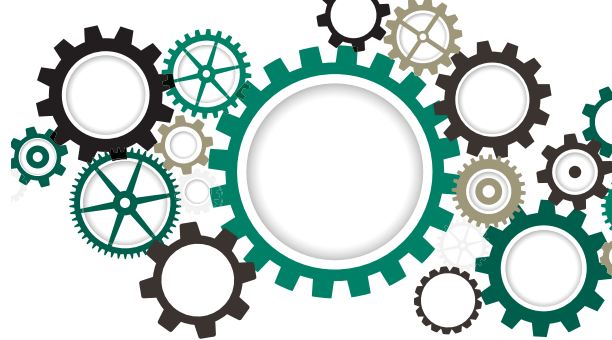
May 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 2,616,415	\$ 865,479
Items not affecting cash		
Forgiven/amortized capital funding	(349,297)	(342,897)
Amortization of capital assets	889,536	964,014
Amortization of intangible assets	88,168	88,168
Write off of administration building	-	482,749
Sale of Avant Garde	-	16,351
	<u>3,244,822</u>	<u>2,073,864</u>
Changes in non-cash working capital		
Net change in non-cash current assets (Note 17)	(926,646)	164,206
Net change in non-cash current liabilities (Note 18)	423,983	(31,284)
Cash from operations	<u>2,742,159</u>	<u>2,206,786</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(294,877)</u>	<u>(735,375)</u>
Cash used by investing activities	<u>(294,877)</u>	<u>(735,375)</u>
FINANCING ACTIVITIES		
Repayment of callable debt	(44,231)	(207,076)
Repayment of long term debt	<u>(31,085)</u>	<u>(27,960)</u>
Cash used by financing activities	<u>(75,316)</u>	<u>(235,036)</u>
NET INCREASE IN CASH	2,371,966	1,236,375
Cash, beginning of year	4,911,136	3,674,761
Cash, end of year	<u>\$ 7,283,102</u>	<u>\$ 4,911,136</u>
CASH CONSISTS OF		
Cash	3,616,739	2,309,132
Restricted Cash	3,666,363	2,602,004
	<u>\$ 7,283,102</u>	<u>\$ 4,911,136</u>

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



NOTES to the financial statements



Year Ended May 31, 2017

1. NATURE OF ORGANIZATION

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Presentation

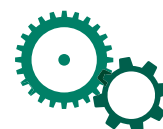
These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Use of Estimates

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

Financial Instruments

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



NOTES

to the financial statements

Year Ended May 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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

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

Revenue Recognition

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

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

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

Fund Accounting

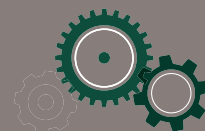
The Society uses fund accounting to report the assets, liabilities, and net assets of the general, internally, and externally restricted funds. The Statement of Operations includes the activities of the Society; however, the Board or Management may allocate a portion of accumulated net assets to restricted cash to acknowledge future plans to invest in infrastructure or capital projects. In a similar manner, previously apportioned restricted cash may be returned to the general fund in periods where qualifying investment has been made. The funds in use at the year-end include the following.

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

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

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

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



NOTES to the financial statements



Year Ended May 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

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

Intangible Assets

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

Capital Assets

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

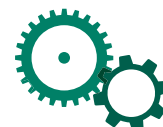
Building	4% - 10% declining balance/25 years straight-line
Equipment	20% declining balance/5 years straight-line
Motor Vehicles	30% declining balance/5 years straight-line
Computer Equipment	50% declining balance/3 years straight-line
Leasehold Improvements	10% - 30% declining balance/10 years straight-line

Impairment of Long-lived Assets

When a tangible capital asset or an intangible asset that is subject to amortization no longer has any long-term service potential for the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. A write-down should not be reversed.

Employee Future Benefits

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



NOTES

to the financial statements

Year Ended May 31, 2017

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Land	\$ 243,624	\$ -	\$ 243,624	\$ 243,624
Buildings	13,203,953	2,724,236	10,479,717	10,400,553
Equipment	2,592,801	2,055,228	537,573	669,435
Motor Vehicles	464,924	299,032	165,892	43,767
Computer Equipment	827,404	773,058	54,346	129,381
Leasehold Improvements	2,989,824	1,473,446	1,516,378	2,105,429
	<u>\$ 20,322,530</u>	<u>\$ 7,325,000</u>	<u>\$ 12,997,530</u>	<u>\$ 13,592,189</u>

4. INTANGIBLE ASSETS

	2017	2016
Software	\$ 881,676	\$ 881,676
Accumulated Amortization	(253,868)	(165,700)
	<u>\$ 627,808</u>	<u>\$ 715,976</u>

5. TRUST ASSETS/LIABILITIES

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

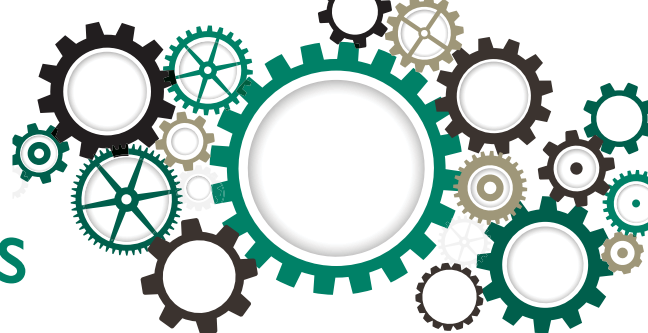
6. RESTRICTED FUND

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

	2017	2016
Geoff Pawson Scholarship (Internally Restricted)	\$ 235,967	\$ 237,914
Capital Projects (Internally Restricted)	3,243,689	2,215,009
McEwen Manor Maintenance Reserve	186,707	149,081
	<u>\$ 3,666,363</u>	<u>\$ 2,602,004</u>
Cash	3,254,320	2,214,642
Investments	412,043	387,362
	<u>\$ 3,666,363</u>	<u>\$ 2,602,004</u>



NOTES to the financial statements



Year Ended May 31, 2017

6. RESTRICTED FUND (continued)

Investments in RBC Royal Mutual Funds Inc. are in a balanced portfolio and can be converted to cash at any time. Rates of return are calculated using a dollar-weighted methodology which is an investment industry standard.

7. LINE OF CREDIT

The Society has an operating line with Royal Bank of Canada totaling \$2,000,000 of which \$Nil (2016 - \$Nil) has been advanced at year end. The line of credit bears interest at prime plus 0.3% and is secured by accounts receivable. The line of credit is in addition to and independent of the credit facility outlined in Note 13.

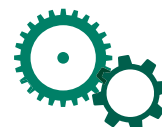
The Society has an additional operating line with Conexus Credit Union totaling \$75,000 of which \$Nil (2016 - \$Nil) has been advanced at year end. The line of credit bears interest at 3.20% and is secured by a general security agreement.

8. DEFERRED REVENUE

	2017	2016
Social Connections	\$ 1,457	\$ 1,933
Ehrlo Child and Family Foundation	570,000	-
2017 Pow Wow	7,920	-
2017 Multi Sports Program	3,440	-
50th Anniversary Sponsorships	-	58,613
	<u>\$ 582,817</u>	<u>\$ 60,546</u>

9. CALLABLE DEBT

	2017	2016
Royal Bank loan bearing interest at prime plus 0.3% per annum, repayable in monthly blended payments of \$10,500. The loan was fully settled in the year ended May 31, 2016.	\$ -	\$ 44,231
	-	44,231
Principal due in one year	-	(44,231)
	<u>\$ -</u>	<u>\$ -</u>



NOTES

to the financial statements

Year Ended May 31, 2017

10. CURRENT PORTION OF LONG TERM DEBT

	2017	2016
Conexus Credit Union loan bearing interest at 2.98% per annum, repayable in monthly blended payments of \$4,801. The loan is renewable August 1, 2017 and is secured by McEwen land/building with a carrying value of \$4,810,256 and a general security agreement.	\$ 878,203	\$ 909,288

11. FORGIVABLE LOANS/CAPITAL FUNDING

The annual forgiven/amortized portion of the forgivable loans/capital funding recorded as revenue in the statement of operations is \$349,297 (2016 - \$342,897).

	2017	2016
Saskatchewan Housing Corporation forgivable loan with monthly instalments of \$15,846 (McEwen Manor)	\$ 2,636,740	\$ 2,826,890
Federal/Municipal grant funding amortized with monthly instalments of \$5,700 (McEwen Manor)	633,269	701,669
Saskatchewan Housing Corporation forgivable loan amortized as the sum of all digits with monthly instalments of \$1,600 (Pocket Project)	729,600	748,800
City of Regina grant funding amortized with monthly instalments of \$1,333 (Pocket Project)	36,000	52,000
Ehrlo Child and Family Foundation capital funding amortized with monthly instalments of \$4,629	143,034	198,581
	4,178,643	4,527,940
Current portion	(355,697)	(349,297)
	\$ 3,822,946	\$ 4,178,643

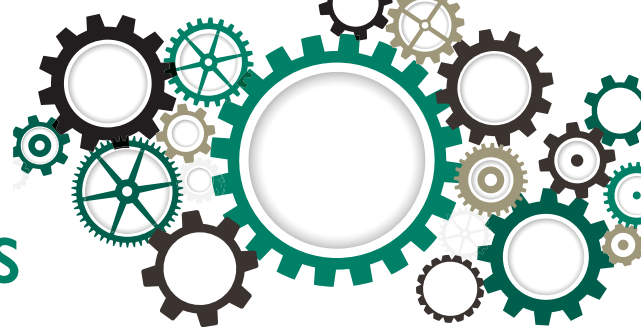
The Saskatchewan Housing Corporation forgivable loan and the Federal/Municipal grant funding were used to develop a supportive housing complex for homeless and at-risk adults with chronic, persistent mental health conditions. The forgivable loans associated with this project are forgiven over a period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

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

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



NOTES to the financial statements



Year Ended May 31, 2017

11. FORGIVABLE LOANS/CAPITAL FUNDING (continued)

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

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

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

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

12. INTERNAL TRANSFERS

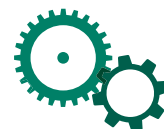
In the current year, the following transfers were made from the General Fund to the Restricted Fund:

The Society's agreement with Saskatchewan Housing Corporation obliges it to fund a maintenance reserve for McEwen Manor. The transfer in the current year is \$37,625 (2016 - \$36,176).

The Society systematically sets aside monies to fund upcoming capital improvements. The transfer in the current year is \$1,004,276 (2016 - \$5,200).

The Society made a payment of \$2,500 (2016 - \$2,000) to a qualified student from the Geoff Pawson Scholarship fund. In addition, the fund was increased by \$553 (2016 - \$629) in the form of interest earned for a net change of (\$1,947) (2016 - (\$1,371)).

The Society transferred the gain on investments of \$24,405 (2016 - \$Nil).



NOTES

to the financial statements

Year Ended May 31, 2017

13. CONTINGENT LIABILITY

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. The Society believes that this endorsement will not have any significant unfavourable impact on its financial position and, consequently, no provision has been made in the financial statements.

At year end the facility consisted of:

	Drawn by Ranch Ehrlo Society	Drawn by RES & E Holding Corporation	2017 Total
Capital Line of Credit	\$ -	\$ -	\$ -
Fixed Term	-	2,003,174	2,003,174
	<u>\$ -</u>	<u>\$ 2,003,174</u>	<u>\$ 2,003,174</u>

A capital line of credit facility is available with a limit of \$2,000,000 which bears interest at RBC bank prime plus 0.3%. Each advance has fixed repayment terms that cannot exceed 5 years. Both entities can draw upon this line.

The fixed term mortgage payable bearing interest at 2.62% per annum is renewable on October 10, 2017.

14. RELATED PARTIES

The Society is related to RES & E Holding Corporation.

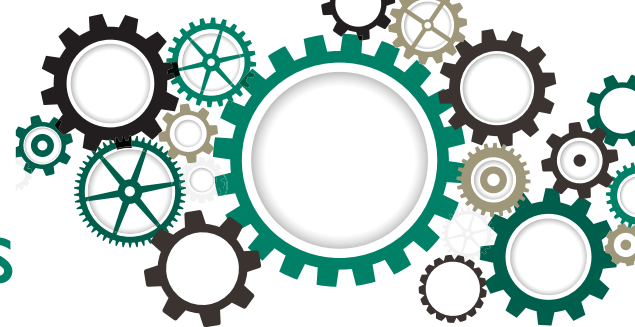
During the year, the Society paid rent and related expenses of \$1,255,131 (2016 - \$1,316,382) to RES & E Holding Corporation. The Society charges RES & E Holding Corporation \$9,600 per year for administrative services. At year end, the balance owing from the Society to RES & E Holding Corporation was \$Nil (2016 - \$Nil). Payments between related parties are settled on a current basis.

15. DEFINED CONTRIBUTION PENSION PLAN

The Society sponsors and funds a defined contribution pension plan on behalf of its employees. During the year, the employer's contribution to the plan was \$1,215,815 (2016 - \$1,173,529).



NOTES to the financial statements



Year Ended May 31, 2017

16. COMMITMENTS

The Society has long term leases with respect to property, equipment, and vehicles. Future minimum lease payments as of May 31, 2017 are as follows:

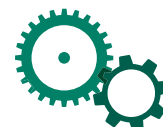
	Equipment	Vehicles	Property	Total
2018	\$ 4,656	\$ 215,624	\$ 1,364,259	\$ 1,584,539
2019	3,934	70,436	834,404	908,774
2020	317	17,527	703,108	720,952
2021	158	-	703,108	703,266
2022 and thereafter	-	-	983,631	983,631
	<u>\$ 9,065</u>	<u>\$ 303,587</u>	<u>\$ 4,588,510</u>	<u>\$ 4,901,162</u>

17. NET CHANGE IN NON-CASH CURRENT ASSETS

	2017	2016
Goods and Services Tax Recoverable	\$ (20,182)	\$ 15,817
Inventory	-	19,104
Prepaid Expenses	1,679	(2,921)
Accounts Receivable	(901,074)	134,584
Trust Assets	(7,069)	(2,378)
	<u>\$ (926,646)</u>	<u>\$ 164,206</u>

18. NET CHANGE IN NON-CASH CURRENT LIABILITIES

	2017	2016
Accounts Payable and Accrued Liabilities	\$ (105,357)	\$ 330,577
Deferred Revenue	522,271	(364,239)
Trust Liabilities	7,069	2,378
	<u>\$ 423,983</u>	<u>\$ (31,284)</u>



NOTES

to the financial statements

Year Ended May 31, 2017

19. 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, 2017.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews outstanding receivables on a monthly basis and reviews the allowance for doubtful accounts based on risk of specific accounts, historical trends, and other information. The allowance for doubtful accounts for 2017 is \$241,645 (2016 - \$211,645). In addition, the Society has a consistent number of customers which minimizes concentration of credit risk and most of those are government agencies or large institutions where the likelihood of default is considered small. This risk is considered to be low.

Liquidity Risk

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

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

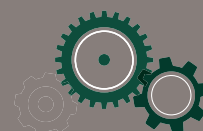
As part of its strategic capital plan, the Society sets aside monies in internally restricted funds outlined in Note 6. The Society has also made arrangements with its financial institution to provide a credit facility which will meet any anticipated shortfalls.

Interest Rate Risk

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

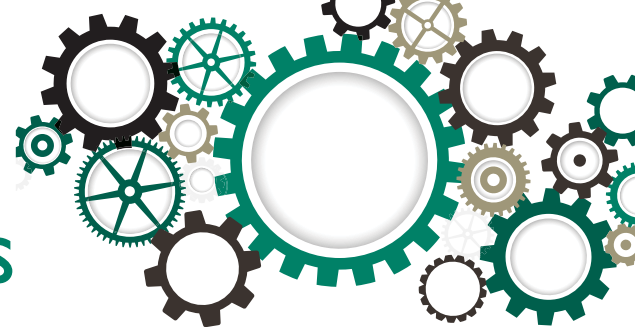
20. SALE OF AVANT-GARDE/WRITE OFF OF THE ADMINISTRATION BUILDING

Management and the Board regularly evaluate programs and capital investments made by the Society for their consistency with strategic objectives and the economic impact on the organization. In the year ended May 31, 2016, the Agency completed a program evaluation of Avant-Garde College and Salon with regard to operational alignment with the mission and vision. As a result, the College was sold to the former college manager. In addition, the decision was made by the Board of Directors not to proceed with the construction of a new administration building. For this reason, previously capitalized amounts and related contractual commitments in the year were written off.



NOTES

to the financial statements



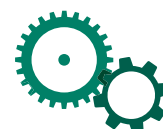
Year Ended May 31, 2017

21. SUBSEQUENT EVENTS

In March 2016, the Board passed a motion to participate in principle in a planned amalgamation of the Society with RES & E Holding Corporation and Ehrlo Child & Family Foundation. Membership consent by the three agencies was received in September 2016. The amalgamation was approved by the Saskatchewan Corporations Branch with an effective date of June 1, 2017. Approval by the Charities Directorate is pending completion of a revised purpose statement for the amalgamated entity.

22. COMPARATIVE FIGURES

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





OUR MISSION

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

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

OUR VISION

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

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

1951 Francis Street
Regina, SK S4V 6V1
Phone: 306-781-1800
www.ehrlo.com

