



helping to make
lives better



ANNUAL REPORT 2017-2018

Bringing in CARE

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

developmentally
focused

family involved

relationship based

trauma informed

competence centred

ecologically oriented

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Message from board chair

This was a year of milestones and celebrations for Ranch Ehrlo Society, including anniversary celebrations at our Corman Park and Buckland campuses. These events provide an excellent springboard to highlight the accomplishments of the past and lead us towards our vision for the future.

This vision, in part, is guided by the agency's four-year strategic plan 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 strategy, as well as its 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 and 2018-2019 budget, the board monitored its multi-year capital plan. As part of this plan, work is being completed to enhance the Hudson Administration Building on the Pilot Butte campus, to address the current space shortages and the need for additional training space. This investment reflects the agency's priority in having an engaged workforce and our ongoing commitment to education and training.

The agency remains committed to our principles related to staff safety and service excellence. This year we began the agency-wide implementation of Children And Residential Experiences (CARE), a model that aligns closely with our current values and will serve to improve the work we do.

Members of the board joined senior leadership for a CARE board training session in September to assist us in understanding the fundamentals and key concepts of the model.

In February 2018, Ranch Ehrlo Society was once again recognized as an exceptional place to work. For the seventh 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.

As I conclude my first year as chair, I would like to thank all members of the board of directors for their dedicated service; a special thank you to Richard Hazel, Jamie Burrows, Wanda Falkowsky, and Jaime Lavallee who will be rotating off the board. Their dedication to improving the lives of youth and families will be missed. I also want to thank past-chair Debbie McKague and vice-chair Greg Fieger for their assistance and support over the past year.

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 continue to give our clients the best possible service.



Laurel Garven
chair, Board of Directors

Message from the CEO

This past year has been another exciting one for Ranch Ehrlo. As always, we continue to look for opportunities to respond to the evolving needs of the communities we serve while remaining focused on our strategic priorities of service excellence and engaged employees.

An operational review of the community vocational program led to the creation of three separate programs structured to focus on life skills, vocational training, and supported employment. These programs are more specialized and will better meet the needs of the clients we serve. As well, we have restructured the arts-based therapy program in Regina to focus more directly on the specific needs of our residents.

This past year was filled with agency milestones with the Corman Park campus celebrating its 10th anniversary and Buckland campus celebrating its 20th. Our community programs also marked special celebrations with the Ehrlo Outdoor Hockey League's 25th anniversary and Ehrlo Sport Venture Library marking 20 years of providing a free equipment lending library to youth at-risk. As well, Ehrlo Housing marked 20 years of providing safe, affordable housing in Regina.

In June 2017, the agency rolled out its new compensation framework for staff with an enhanced salary structure and benefit package, including an expanded employee and family assistance program.

Safety continues to be a priority at the agency. A new safety governance structure was implemented this past year. Working in partnership with the Service Hospitality Safety Association (SHSA) a customized training program was developed and all members of the agency's 26 local OHS personnel have been trained.

Throughout the year we have continued the process of bringing the CARE (Children And Residential Experiences: Creating Conditions for Change) practice model to the Ranch. Training for all employees in the agency, including the executive team, began in January and will continue until completion. We have already witnessed the positive impact that implementing the CARE model has had on the work that we do.

I would like to thank members of the Ranch board for their direction and support during the past year, especially to board chair, Laurel Garven. 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



Residential

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

Residential programs

Youth programs

In our residential treatment programs, every activity a client takes part in is focused on achieving the best outcome for that individual.

Clients have access to psychiatric services, speech and language pathologists, equine assisted learning, arts-based 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.

Programs include:

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

Programs for Persons with Developmental Disabilities

Ranch Ehrlo provides person-centred and strength-based programs for people with multiple, complex developmental needs. They are designed to provide individualized treatment based on principles of social integration and normalization and provide residents with an opportunity to develop skills to live more independently in their community.

Participants have access to a multidisciplinary team of clinical consultants, with backgrounds in speech and language pathology, occupational therapy, social work, psychiatric nursing, and psychology.

Emergency Receiving Programs

Ranch Ehrlo provides emergency receiving services for up to 14 youth, ages 12 to 15, awaiting placement.





FAMILY

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



Family programs

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

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

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

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

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



COMMUNITY

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



Community programs

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

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

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

What programs do we offer?

- **Ehrlo Housing** - affordable housing for low-income families, single mothers, individuals with chronic mental health conditions, and youth transitioning from care.
- **Ehrlo Sport Venture** - organized recreation programs, free sports equipment 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** - quality learning and childcare for families in Regina.





EDUCATION

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



Education programs

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

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

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

As students progress and their behaviours 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 three vocational and life skills programs provide a variety of work training experience and skills development designed to assist those with developmental and cognitive disabilities.





Strategic priorities 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				
<ul style="list-style-type: none">- Deliver quality programs and services- Meet individual and family needs- Maintain accreditation	<ul style="list-style-type: none">-Recruit and retain a talented workforce-Enhance performance through development and training- Focus on continuous workplace health and safety- Communicate effectively	<ul style="list-style-type: none">- Build capacity in communities through partnering- Be a respected, influential voice for improving child welfare	<ul style="list-style-type: none">- 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 achievements. Here are some of our accomplishments that furthered our strategic vision.

Ranch Ehrlo named Top Employer

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

Strategic objective: Engaged employees

Therapist presents at mental health conference

Erica Gray, a therapist in the Family Treatment Program (FTP), presented at the second annual CMHA Manitoba and Winnipeg conference. The theme was bridging mental health and addiction supports. She was part of a panel called "Lessons Learned – Success and Challenges in Family Based Care."

Strategic objective: Engaged employees/ advocacy and prevention programs

Buckland makes community connection

A partnership between Ranch Ehrlo Equine Assisted Learning program and the Homeward Bound program has given at-risk people the chance to learn firsthand what benefits can be gleaned from some one-on-one time with horses.

Homeward Bound focuses on moving people who are chronically homeless as rapidly as possible from the street or emergency shelters into permanent housing with supports.



Rylee Fraser his parents, Tara Fraser and Shaun Smith

Strategic objective: Advocacy and prevention programs/engaged employees

Writing to release the past

The Family Treatment Program created a new treatment group that focuses on writing to help deal with clients' past traumas.

Participant and mom of five, Felicia Kakakaway, has been a regular participant of the group. "All of the hurtful experiences that you can't get out verbally, you can write it down on a piece of paper and release it," Kakakaway explained.

Strategic objective: Quality treatment programs/engaged employees

Investing in family

Rylee Fraser, 13, spent three months in Appleton House before

his parents, Tara Fraser and Shaun Smith, came down from their home in Whitehorse to join him in the Ranch's Family Treatment Program.

Using his iPhone's built-in movie maker, Rylee created a video about his family's time in the program and how it changed their lives.

"I used to have rough times back home, but after getting tons of help and support here, it helped me change."

Strategic objective: Quality treatment programs/advocacy and prevention programs/engaged employees

Second annual powwow

For the second year, Ranch Ehrlo Society's Pilot Butte campus was transformed into a powwow



Participants in Ehrlo Sport Venture's new baseball league

ground as we celebrated changing lives with the help of our community partners.

Strategic objective: Quality treatment programs/advocacy and prevention programs/engaged employees

Buckland turns 20

In September, youth, staff, and community members gathered to celebrate the Buckland campus' 20th anniversary.

Strategic objective: Quality treatment programs/advocacy and prevention programs/engaged employees

Counselling partnership

In October, Ehrlo Counselling partnered with the Autism Resource Centre to fill gaps in ARC clients' access to mental health supports. The partnership remains in place until March 2019.

Strategic objective: Engaged employees/advocacy and prevention

Corman Park celebrates milestone

Staff, youth, and community members gathered to celebrate the campus' 10-year anniversary on October 13th with a barbeque.

"The celebration was small but joyful," said Dionne Baergen, director of residential services.

Strategic objective: Quality treatment programs/engaged employees/sustainable, effective organization

Inclusive programs

If you visit the family programs office, you'll probably feel very at home. Their "welcome wall" displays the word "welcome" in 30 languages, ranging from Cree to German and nearly everything in between.

Wanting the program to be representative of who they serve, director Patti Petrucka came up with the idea.

"In my programs I also work with newcomers to Canada. And what a wonderful thing, to come into a space and see in your own language, 'welcome'."

Strategic objective: Advocacy and prevention programs/engaged employees/quality treatment programs

Sport Venture begins mentorship program

Ehrlo Sport Venture (ESV) has



Cutting the Buckland anniversary cake (l to r), Andrea Brittin, Ingrid Sinoski, Kevin Mugford, and Malcolm Neill

teamed up with The Regina Intersectoral Partnership (TRiP) to help our city's most vulnerable youth in a new way, by pairing youth in need of mentorship with a caring adult mentor provided by ESV. Five youth participated in the program's first year.

Strategic objective: Advocacy and prevention programs/engaged employees

Sport Venture's new league

In April, Ehrlo Sport Venture announced the beginning of a new league, offering free-of-charge baseball to children and youth.

The league was made possible through a partnership with the Jays Care Foundation, Toronto Blue Jays' charitable organization whose mission is to use baseball to teach life skills and create lasting social change for children and youth in marginalized communities across Canada.

The league ran in June and July.

Strategic objective: Advocacy and prevention programs

Focus on outcomes

Continual improvement has always been a top priority for us. We take great strides to better understand how our programs impact our youth, adults, and families and we work diligently to ensure the delivery of our services are effective in meeting their needs.

We have a system in place for analyzing and reporting our service recipients' success. We use the data to evaluate services, identify opportunities for improvement, and develop plans.



Snapshot of our progress

Why are youth at the Ranch?

88%
youth who were
satisfied
with services at
Ranch Ehrlo!



95%
of youth think the
Ranch helped them
to participate in
community activities

youth who
reached/
attained part
or all of their
goals

85%

Youth who
think working
on goals helps
deal with
problems

79%

The executive



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



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



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



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



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



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



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

Board of Directors

2017-2018

- Laurel Garven, (chair) director, Strategy & Stakeholder Relations, ISC
- Debbie McKague, (past chair) retired, vice-president of Trans Gas
- Greg Fieger, (vice-chair/secretary) partner, Conroy Ross Partners
- Bev Betteridge, (treasurer) accountant
- Jamie Burrows, audit partner, MNP
- Wanda Falkowsky, senate representative
- Richard Hazel, social worker (retired)
- Annette Revet, chief transformation officer Conexus Credit Union
- Dr. Judy White, Dean, Faculty of Social Work U of R
- Dr. Jaime Lavallee, director of Indigenous Justice, Governance Law and Policy, FHQTC
- Gwen Kennedy, retired, police officer/instructor
- Carmen Lien, principal Link Developments
- Dr. Louise Greenberg, former DM Advanced Education (retired)
- Hiedi Pearson, manager of HR & Corporate Communications, Harvard Developments
- Marlys Tafelmeyer, HR consultant



Board committee report

Audit and Finance Committee

Members: Bev Betteridge (chair), Jamie Burrows, Laurel Garven, Carmen Lien, Louise Greenberg

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

Governance and Nominations Committee

Members: Annette Revet (chair), Jaime Lavallee, Richard Hazel, Wanda Falkowsky, Debbie McKague

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 undertook an extensive review of Ranch Ehrlo's bylaws and recommended a number of changes to the board. The committee conducted its biennial review of the Board of Directors Orientation and Training Policy and Code of Conduct Policy. It continued its work on board renewal, board training and orientation, and facilitated the annual board self-evaluation process. The committee reviewed the risks from the Enterprise Risk Management Report dealing with governance.

Human Resources and Compensation Committee

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

The human resources and compensation committee continued to provide oversight for the agency's total compensation plan, performance management framework, and implementation of a strengthened safety management system and safety governance structure. It developed a pension reporting process to ensure appropriate oversight of the agency's self-directed pension plan. It also provided oversight for a succession plan for key leadership roles in the agency. The committee reviewed the risks from the Enterprise Risk Management Report dealing with human resources management.



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 to help organize and promote events such as holiday parties and sporting events.

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

INDEPENDENT

auditor's report



To the Members of Ranch Ehrlo Society

We have audited the accompanying financial statements of Ranch Ehrlo Society, which comprise the statement of financial position as at May 31, 2018, 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, 2018, 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.

A handwritten signature in dark ink that reads "Deloitte LLP".

Chartered Professional Accountants
Licensed Professional Accountants

August 28, 2018
Regina, Saskatchewan

STATEMENT of financial position

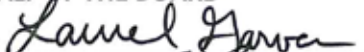
May 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 4,136,574	\$ 4,750,628
Investments (Note 8)	1,901,623	1,872,899
Goods and services tax recoverable	74,200	75,047
Prepaid expenses	78,093	30,716
Accounts receivable	6,998,356	6,066,834
Trust assets (Note 6)	78,421	64,815
	<u>13,267,267</u>	<u>12,860,939</u>
Restricted fund (Note 7)	3,728,088	3,666,363
Capital assets (Note 4)	25,943,354	26,607,730
Intangible assets (Note 5)	539,640	627,808
	<u>\$ 43,478,349</u>	<u>\$ 43,762,840</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 5,009,146	\$ 4,589,049
Deferred revenue (Note 10)	194,236	138,837
Trust liabilities (Note 6)	78,421	64,815
Callable debt due in one year (Note 11)	-	2,003,174
Current portion of long term debt (Note 12)	377,266	900,053
Current portion of forgivable loans/ capital funding (Note 13)	440,502	437,649
	<u>6,099,571</u>	<u>8,133,577</u>
Long term debt (Note 12)	1,414,749	105,731
Forgivable loans/capital funding (Note 13)	3,671,494	4,113,391
	<u>11,185,814</u>	<u>12,352,699</u>
NET ASSETS		
General fund	28,564,447	27,743,778
Restricted fund	3,728,088	3,666,363
	<u>32,292,535</u>	<u>31,410,141</u>
	<u>\$ 43,478,349</u>	<u>\$ 43,762,840</u>
Commitments (Note 16)		

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

ON BEHALF OF THE BOARD

Director



Director



STATEMENT of operations

May 31, 2018

	2018	2017
REVENUES		
Residential	\$ 50,230,033	\$ 51,861,656
Education	10,246,647	9,676,279
Community	5,687,341	5,920,321
Other	133,036	444,437
Forgiven/amortized capital funding (Note 13)	439,044	437,649
	<u>66,736,101</u>	<u>68,340,342</u>
EXPENSES		
Salaries and benefits	50,243,335	49,700,773
Occupancy costs	4,623,202	4,678,355
Operational requirements	2,200,879	1,947,211
Interest and bank charges	1,677	27,529
Interest on callable debt	10,204	297
Interest on long term debt	87,283	92,042
Programming	6,459,606	6,458,999
Miscellaneous	647,077	707,234
Amortization of capital assets	1,492,276	1,391,996
Amortization of intangible assets	88,168	88,168
	<u>65,853,707</u>	<u>65,092,604</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 882,394</u>	<u>\$ 3,247,738</u>

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

STATEMENT

of changes in net assets

May 31, 2018

	General Fund	Restricted Fund	2018	2017
Net Assets - Beginning of Year	\$ 27,743,778	\$ 3,666,363	\$ 31,410,141	\$ 28,162,403
Excess of revenues over expenses	882,394	-	882,394	3,247,738
Internal transfers (Note 14)	(61,725)	61,725	-	-
Net Assets - End of Year	<u>\$ 28,564,447</u>	<u>\$ 3,728,088</u>	<u>\$ 32,292,535</u>	<u>\$ 31,410,141</u>

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

STATEMENT of cash flows

May 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 882,394	\$ 3,247,738
Items not affecting cash		
Forgiven/amortized capital funding	(439,044)	(437,649)
Amortization of capital assets	1,492,276	1,391,996
Amortization of intangible assets	88,168	88,168
	<u>2,023,794</u>	<u>4,290,253</u>
Changes in non-cash working capital		
Net change in non-cash current assets (Note 17)	(991,658)	(928,268)
Net change in non-cash current liabilities (Note 18)	489,102	(185,139)
Cash from operations	<u>1,521,238</u>	<u>3,176,846</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(827,900)	(290,869)
Purchase of investments	(28,724)	(29,859)
Cash used by investing activities	<u>(856,624)</u>	<u>(320,728)</u>
FINANCING ACTIVITIES		
Repayment of callable debt	-	(388,399)
Repayment of long term debt	(1,216,943)	(50,766)
Cash used by financing activities	<u>(1,216,943)</u>	<u>(439,165)</u>
NET (DECREASE) INCREASE IN CASH	<u>(552,329)</u>	<u>2,412,945</u>
Cash, beginning of year	<u>8,416,991</u>	<u>6,004,046</u>
Cash, end of year	<u>\$ 7,864,662</u>	<u>\$ 8,416,991</u>
CASH CONSISTS OF		
Cash	4,136,574	4,750,628
Restricted Cash	<u>3,728,088</u>	<u>3,666,363</u>
	<u>\$ 7,864,662</u>	<u>\$ 8,416,991</u>

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

NOTES

to the financial statements

Year Ended May 31, 2018

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. AMALGAMATION

On June 1, 2017, RES & E Holding Corporation and Ehrlo Child and Family Foundation amalgamated with the Society. As a result of the amalgamation, the financial statements reflect the amalgamated organizations’ operations, assets and liabilities based on the historical carrying amounts.

The following table summarizes the carrying value of the net assets after inter-entity adjustments transferred as of June 1, 2017:

Assets	\$	16,621,377
Liabilities		2,111,359
Carrying value of net assets transferred	\$	<u>14,510,018</u>

3. 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.

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Year Ended May 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

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

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

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

Revenue Recognition

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

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

Forgivable loans and capital funding are deferred and recognized at the same rate that the related assets are being amortized.

Investment income is recognized as revenue when earned.

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 7 and 14). These funds may be ongoing in nature or resources for specific future activities and include:

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to the financial statements

Year Ended May 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

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

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

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

Intangible Assets

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

Capital Assets

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

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

Impairment of Long-lived Assets

When 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.

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Year Ended May 31, 2018

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Land	\$ 2,777,912	\$ -	\$ 2,777,912	\$ 2,777,912
Buildings	26,815,872	4,683,104	22,132,768	22,817,032
Equipment	2,514,882	2,089,485	425,397	536,858
Motor Vehicles	619,513	262,024	357,489	158,065
Computer Equipment	846,222	816,632	29,590	54,347
Leasehold Improvements	1,186,230	966,032	220,198	263,516
	<u>\$ 34,760,631</u>	<u>\$ 8,817,277</u>	<u>\$ 25,943,354</u>	<u>\$ 26,607,730</u>

5. INTANGIBLE ASSETS

	2018	2017
Software	\$ 881,676	\$ 881,676
Accumulated Amortization	(342,036)	(253,868)
	<u>\$ 539,640</u>	<u>\$ 627,808</u>

6. 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.

7. RESTRICTED FUND

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

	2018	2017
Geoff Pawson Scholarship (Internally Restricted)	\$ 236,796	\$ 235,967
Capital Projects (Internally Restricted)	3,265,250	3,243,689
McEwen Manor Maintenance Reserve	226,042	186,707
	<u>\$ 3,728,088</u>	<u>\$ 3,666,363</u>
Cash	3,304,431	3,254,320
Investments	423,657	412,043
	<u>\$ 3,728,088</u>	<u>\$ 3,666,363</u>

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to the financial statements

Year Ended May 31, 2018

7. 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.

8. INVESTMENTS

	2018	2017
Mutual funds	\$ 722,830	\$ 1,508,383
Guaranteed investment certificates	1,178,793	364,516
	<u>\$ 1,901,623</u>	<u>\$ 1,872,899</u>

Guaranteed investment certificates yield interest which varies between 1.2% and 2.4% and matures July 25, 2018.

9. LINE OF CREDIT

The Society has an operating line with Royal Bank of Canada totaling \$2,000,000 of which \$Nil (2017 - \$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 Society has an additional operating line with Conexus Credit Union totaling \$75,000 of which \$Nil (2017 - \$Nil) has been advanced at year end. The line of credit bears interest at prime plus 0.5% and is secured by a general security agreement.

10. DEFERRED REVENUE

	2018	2017
Social Connections	\$ 1,457	\$ 1,457
2018 Pow Wow	15,960	7,920
2018 Mentorship	25,799	3,440
2018 Jays	25,000	-
Regina ByPass Road Access	126,020	126,020
	<u>\$ 194,236</u>	<u>\$ 138,837</u>

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Year Ended May 31, 2018

10. DEFERRED REVENUE (continued)

In the year ending May 31, 2016, RES&E Holding Corporation received an advance of \$126,020 as a preliminary payment to offset costs that may be incurred associated with the Ministry of Highway's Regina Bypass project. Due to amalgamation, this amount passes through to the Society (Note 2). To date, no costs have been incurred and this advance has been deferred.

11. CALLABLE DEBT

RBC loan bearing interest at 2.62% per annum, repayable blended payments of \$33,570. The loan was renewed under the long term debt facility (Note 12) in 2018.

	2018	2017
	\$ -	\$ 2,003,174

12. LONG TERM DEBT

RBC loan bearing interest at Prime+0.30%; 3.75%, repayable in monthly fixed principal payments of \$31,439 plus interest over 60 months.

	2018	2017
	\$ 1,792,015	\$ -

CMHC loan bearing interest at 7.5% per annum, repayable in monthly blended payments of \$2,492. The loan was to mature on July 1, 2022 and was secured by property with a net carrying value of \$2,359,154, however was paid out in February 2018 under a special agreement with CMHC.

- 127,581

Conexus Credit Union loan bearing interest at 2.98% per annum, repayable in monthly blended payments of \$4,801. The loan was renewed August 1, 2017 and was secured by McEwen land/building with a carrying value of \$4,810,256 and a general security agreement, however was paid out in September 2017.

	\$ -	\$ 878,203
	1,792,015	1,005,784
	(377,266)	(900,053)
	\$ 1,414,749	\$ 105,731

Current portion

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to the financial statements

Year Ended May 31, 2018

12. LONG TERM DEBT (continued)

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

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

13. FORGIVABLE LOANS/CAPITAL FUNDING

The annual forgiven/amortized portion of the forgivable loans/capital funding recorded as revenue in the statement of operations is \$439,044 (2017 - \$437,649).

	2018	2017
Saskatchewan Housing Corporation forgivable loans with monthly installments of \$11,163 (Lakeshore Village).	\$ 376,532	\$ 515,431
Saskatchewan Housing Corporation forgivable loan with monthly installments of \$15,846 (McEwen Manor).	2,446,590	2,636,740
Federal/Municipal grant funding amortized with monthly installments of \$5,700 (McEwen Manor).	564,870	633,269
Saskatchewan Housing Corporation forgivable loan amortized as the sum of all digits with monthly installments of \$2,133 (Chaz Court).	704,004	729,600
City of Regina grant funding amortized with monthly installments of \$1,300 (Chaz Court).	20,000	36,000
	4,111,996	4,551,040
Current portion	(440,502)	(437,649)
	\$ 3,671,494	\$ 4,113,391

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

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Year Ended May 31, 2018

13. FORGIVABLE LOANS/CAPITAL FUNDING (continued)

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

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

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

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

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

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

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

14. 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 \$39,334 (2017 - \$37,625).

The Society systematically sets aside monies to fund upcoming capital improvements. The transfer in the current year is \$9,948 (2017 - \$1,004,276).

The Society made a payment of \$Nil (2017- \$2,500) to a qualified student from the Geoff Pawson Scholarship fund. In addition, the fund was increased by \$829 (2017 - \$533) in the form of interest earned.

The Society transferred the gain on investments of \$11,614 (2017 - \$24,405).

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to the financial statements

Year Ended May 31, 2018

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 \$1,361,911 (2017 - \$1,215,815).

16. COMMITMENTS

The Society has long term leases with respect to property, equipment, and vehicles. Future minimum lease payments as of May 31, 2018 are as follows:

	Equipment	Vehicles	Property	Total
2019	\$ 5,292	\$ 75,742	\$ 896,249	\$ 977,283
2020	3,240	16,500	714,804	734,544
2021	3,240	-	706,435	709,675
2022	3,240	-	706,435	709,675
2023	2,430	-	669,993	672,423
	<u>\$ 17,442</u>	<u>\$ 92,242</u>	<u>\$ 3,693,916</u>	<u>\$ 3,803,600</u>

17. NET CHANGE IN NON-CASH CURRENT ASSETS

	2018	2017
Goods and services tax recoverable	\$ 847	\$ (20,182)
Prepaid expenses	(47,377)	1,679
Accounts receivable	(931,522)	(902,696)
Trust assets	(13,606)	(7,069)
	<u>\$ (991,658)</u>	<u>\$ (928,268)</u>

18. NET CHANGE IN NON-CASH CURRENT LIABILITIES

	2018	2017
Accounts payable and accrued liabilities	\$ 420,097	\$ (144,479)
Deferred revenue	55,399	(47,729)
Trust liabilities	13,606	7,069
	<u>\$ 489,102</u>	<u>\$ (185,139)</u>

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Year Ended May 31, 2018

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, 2018.

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 2018 is \$271,448 (2017 - \$241,645). 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 7. 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.



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

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