



Ehrlo Community Services

Annual Report

2009-2010

Ehrlo Sport Venture Program

Ehrlo Housing

Ehrlo Counselling Services

Community Economic Development



Ehrlo Community Services

Sport Venture Program • Counselling Services •

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Message from the Board Chair



It is my privilege as chair of the board of directors to present the 2009-2010 annual report for Ehrlo Community Services. It is a pleasure to be associated with an organization that is so committed to promoting healthy families and communities.

My first year as chair has been a rewarding and challenging one and an incredible learning experience.

The board met on a regular basis throughout the year, providing oversight and direction on the agency's financial health, governance practices, risk management, capital expenditures and program development. Board training included a session on financial literacy presented by finance director Danny Wilson and a session on primary and priority board responsibilities presented by Bev Bradshaw of OMG Consulting. The board participated in a strategic planning session with the boards of Ranch Ehrlo Society, Ehrlo Child and Family Foundation and the RES & E Holding Corporation in November of 2009. The board adopted a risk prevention and management checklist and completed a board self-evaluation. As the fiscal year drew to an end, the board of Ranch Ehrlo Society and the board of Ehrlo Community Services began discussions on the amalgamation of the two agencies to streamline programs and strengthen the continuum of services provided to our clients.

The audit and finance committee met on a regular basis to review the monthly financial statements. The committee met with the agency's auditor to review the year-end audited financial statements and address issues raised in the Management Letter. The committee also reviewed the agency's accounting policies and key internal controls. I would like to thank Ray Arscott who has chaired the committee for the past two years for his leadership on the board.

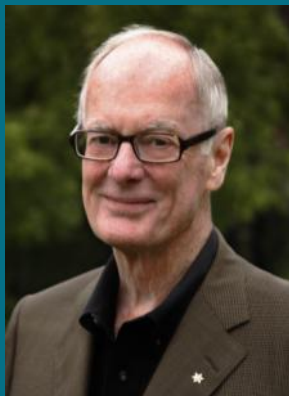
Ehrlo Community Services continues to expand programming in the community through a number of partnership arrangements. In collaboration with Phoenix Residential Society, and with financial support from three levels of government, work is proceeding on a 40 unit affordable housing project at 2035 Osler Street for individuals with serious mental illness. With the support of the Saskatchewan Housing Corporation (SHC), the agency acquired property located at 1125 McTavish Street and added it as an affordable housing unit to its approved inventory. SHC also hired the agency to manage 2735 5th Avenue, an affordable housing complex for individuals with or at risk of acquiring HIV/AIDS. Partnering with Dr. Kristi Wright at the University of Regina, Ehrlo Sport Venture facilitated a research project which demonstrated the impact of respite programs on stress reduction for parents of children with attention deficit hyperactivity disorder. The agency received \$217,000 from the federal government and \$435,000 from the provincial government for its pre-trades construction program.

I would like to thank vice-chair Aubrey Steadman and the other members of the board for their commitment to the agency, with special appreciation to Ray Arscott who is rotating off the board. I would also like to thank Dr. Geoff Pawson, Danny Wilson, Marion MacIver and the other members of the management team for their excellent work. A special thank you to Malcolm Neill, vice-president of Ehrlo Community Services for his support and for providing strong leadership for the agency. And finally, thank you to all the employees and the many volunteers who make Ehrlo Community Services such a wonderful organization. The success of our programs is a tribute to the work that you do.

A handwritten signature in black ink that reads "Andrea Seale". The signature is fluid and cursive.

Andrea Seale
Chair

Message from the President & CEO



This past year has seen one of growth and development at Ehrlo Community Services. The agency continues to expand the breadth and depth of its programs to meet the ever-changing needs of the community.

At Sport Venture, the official opening of the Outdoor Hockey Season was held at a media launch in conjunction with the official opening of, the Cooperators Centre, a new multi-purpose facility at Evraz Place. Players and volunteers were the first to enjoy the new ice arenas. With funding from the Regina Qu'Appelle Health Region, Sport Venture provided a number of respite recreation and craft sessions as well as a number of one-week long day camps. The third annual Ehrlo Golf Classic held on June 1, 2009 generated over \$20,000 support for Sport Venture Programs.

There have been a number of developments at Ehrlo Housing. Longtime employee Helen Finucane retired from Ehrlo Housing this past year. Helen laid the successful groundwork for this program and her experience will be missed. Lakeshore Village received a number of capital improvements this year thanks to funding from SHC Affordable Housing Trust Fund and federal stimulus funding. A rental rate increase was approved at Washington Park Place, which was offset by Saskatchewan Rental Housing Supplement.

Ehrlo Counselling continued to expand its services. Throughout the year, the need for counselling continued to surpass capacity, demonstrating the strong reputation the program

has in the community for providing quality counselling services. In November Ehrlo Counselling partnered with a number of agencies and departments to host a very successful conference featuring Dr. Tim Feeney. Dr. Feeney's work focuses on collaborative support for individuals with brain injury, autism, and related disorders. Ehrlo Counselling continues to provide pro-bono/sliding scale options for individuals and families who are unable to receive support due to gaps in services or financial limitations. Financial support from the Ehrlo Child and Family Foundation and the Kramer Foundation enable this important work to continue.

Avant-Garde had a successful year with net income above that projected. Student enrolment was above target for the year by 5.45%. Student recruitment continues to be a high priority. The feedback on a newly launched four-week mini program has been very positive. The Pre-Trades Construction Project successfully fulfilled its obligation to train 30 youth by June 2010. However, it will not be recommending that the revised pilot model be adopted for future projects, but instead a project model based on best practices and our historical success.

I would like to thank members of the board, especially Andrea Seale, board chair, the management staff, the employees, and all the volunteers for their tremendous commitment and hard work over this past year. I would also like to acknowledge and commend the outstanding work of Malcolm Neill, vice-president. Without all your efforts, Ehrlo Community Services would not be the successful agency it is today.

A handwritten signature in black ink, appearing to read 'Geoff Pawson'. The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Dr. Geoff Pawson
President and CEO

Ehrlo Community Services Inc. was established as a non-profit organization in 1995. It is an associated charity with the Ranch Ehrlo Society and its mandate is to provide community-based prevention and intervention services.

Mission

To promote healthy communities for children and families, free of abuse, neglect, addictions and violence.

Vision

To build caring communities in which children and families can achieve full potential in environments that are safe and nurturing.



Ehrlo Sport Venture Program

The mission of the Ehrlo Sport Venture Program is to encourage participation in positive recreation activities within Regina's inner city. This is accomplished through the equipment lending library and no fee leagues in basketball, football, soccer and of course hockey. The leagues attract over 400 athletes who might not otherwise have access to organized sport, and there are over 150 registered patron groups who access the library to facilitate their own recreational programming.

We would like to thank the Crown Investments Corporation for their support of the Ehrlo Soccer League and the Monday Night Football program. The Outdoor Hockey League is made possible through the generous support of Conexus Credit Union and Regina Kidsport. Sport Venture also received support from the Optimist Clubs of Regina, Coca Cola Bottling Company, Prairie Mobile Communications, Canadian Tire Foundation, Walmart, Harvard Broadcasting, the Saskatchewan Science Centre, the Shooting Stars Foundation, the Co-operators and Evraz Place.

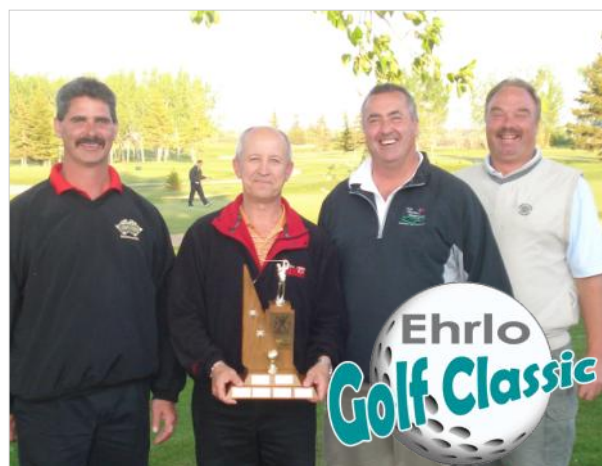


Sport Venture Programs Manager, Laura Logan, with Glen Bohay of The Co-operators at the announcement of a partnership giving OHL players ice time at the new Co-operators Centre.

Once again Sport Venture delivered recreational programming for clients of the Regina Qu'Appelle Health Region's Child and Youth Services. The purpose is to provide parents of children with complex mental health disorders with some respite, while allowing the children to experience success in a healthy, pro-social environment.

Sport Venture has been approved to implement a 33 month pilot project through Public Safety Canada's Crime Prevention Action Fund. This is a specialized after-school program for children between the ages of eight and twelve years of age who have been identified as high-risk of becoming involved in the criminal justice system. Referrals for this program will come through the Regina Police Services, the Ministry of Social Services, and the Regina Qu'Appelle Health Region's Child and Youth Services.

The 3rd Annual Ehrlo Golf Classic was held at the Royal Regina Golf Course on June 1st, 2009. The tournament was well attended with 136 golfers. The tournament raised over \$22,000 to help make sport and recreation possible to inner city Regina's youth.



The 2009 Ehrlo Golf Classic winning team of Jeff Markcott, Ken Beres, Gary Leontowicz and Ken Nichols.

Ehrlo Housing Program

Ehrlo Housing supports families through the provision of safe affordable housing, an activity of increasing relevance in Regina's current rental market. During the past year, the 61 units were maintained at 98% occupancy, speaking to both the rental market and the work of our dedicated staff. The agency is very pleased that our rent rates remain at some of the lowest in the city.

Through partnerships with Saskatchewan Housing Corporation (SHC) and the federal government, Ehrlo has invested in refurbishments and upgrades to the Lakeshore Village, completed and planned work includes: window upgrades, roofing, bathroom renovations and grading.

Ehrlo remains active in housing advocacy and partnered with the SHC in supporting the Neighbourhood Home Ownership Program and the affordable housing development at 2735 5th Avenue. The agency will continue to work with others to improve housing conditions in Regina.

POCKET UNIT PROJECT

The acute housing shortage for individuals leaving care and transitioning to independence is reaching a critical level in our community. In an effort to begin addressing this need, Ehrlo Housing has been working with the SHC and the City of Regina to develop "pocket suites." This award-winning design by architect Stephen Cohlmeier has been successfully used in Winnipeg and is ideal for redevelopment of the inner city.

Two lots have been purchased and efforts are underway to move this project forward. It is planned to have the Ehrlo pre-trades construction program participate in the construction of these pocket units, with the program participants having an opportunity to assume residence upon completion.

OSLER STREET PROJECT

Construction is underway of a \$6 million, 40 unit mixed-use housing development at 2035 Osler Street. This project has taken nearly four years to progress from identification of the community need to the construction phase. It will provide supportive affordable housing to individuals with serious mental health issues.

This project could not have been realized without funding support from the City of Regina, the Province of Saskatchewan and the Government of Canada. The program is a broad partnership bringing together Ehrlo Community Services, the Phoenix Residential Society, the Canadian Mental Health Association, Regina Branch, and the Schizophrenia Society of Saskatchewan. It is anticipated that the first tenants will move in by June of 2011.



Above: An artist rendering of the Osler Street housing development.

Ehrlo Counselling Services

The goal of Ehrlo Counselling is to make professional counselling and treatment services accessible to the members of the community to support young people and families. This makes the knowledge and experience of the Ranch Ehrlo Society available to the broader society, supporting families within the community. Counselling services are provided on a variety of issues including: Mental health problems, suicidal ideation, parenting, crisis responding, work/problem and stress, depression, anxiety, grief/loss/identity, substance abuse, relationship problems, marital therapy, sexual abuse, blended family, self-mutilation, and other behaviours of concern.

Demand for counselling services has continued to rise, and we are thankful for the support we have received from the Ehrlo Child and Family Foundation and the Kramer Foundation, which has allowed the agency to expand the program to meet the increased need. This translated to the provision of pro bono or subsidized treatment



Above: Bree Fiissel, Director of Ehrlo Counselling Services.

services valuing over \$110,000. The Board of Directors provides oversight of this program through regular reporting.

Ehrlo Counselling continues to participate in the Cognitive Disability Strategy through hosting the consultants for the Regina region. The Cognitive Disability Strategy is an interdepartmental provincial government initiative to increase consultation, assessment and resources, for individuals and families impacted by a disability.

TRAINING EVENTS

Ehrlo Counselling Services continues to provide training to the community in various areas:

- Education and awareness of various types of cognitive disabilities
- Training on behaviour support strategies related to an individual's disability
- Focus groups on needs and gaps in services (involved in government discussions of an FASD strategy)
- FASD awareness and education
- Suicide Intervention Certification (two certifications completed in Iqaluit and Stony Rapids)
- Parent workshops and education (EFAP conference)
- Safe Talk (suicide intervention awareness)
- Communication workshops (EFAP workshop)

Community Economic Development

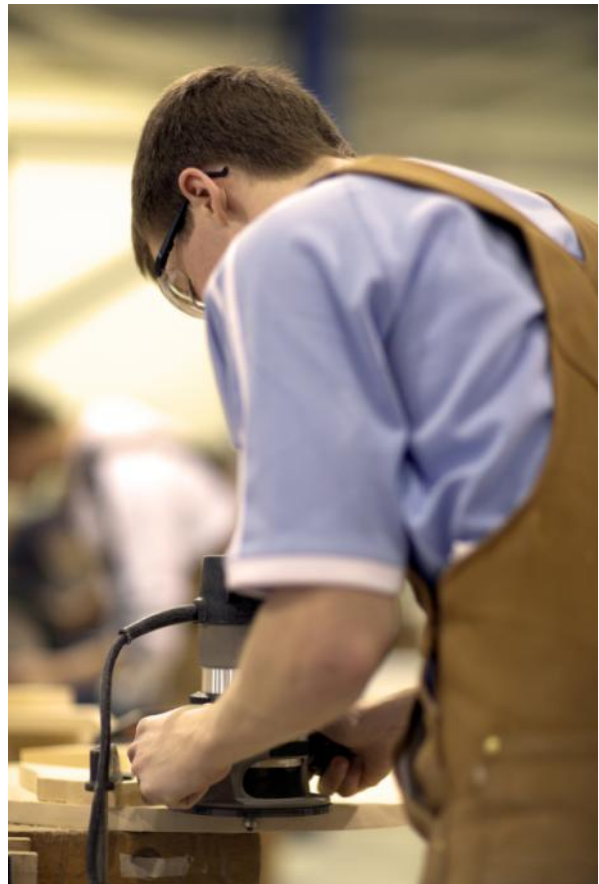
Ehrlo Pre-Trades Construction Project

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

In December 2008, Ehrlo was approached by the Department of Advanced Education, Employment and Labour to examine the possibility of expanding its pre-trades construction project to accommodate more trainees. As a result, a pilot project model was developed and in May 2009 Ehrlo received a provincial grant of \$459,139 and a federal grant of \$217,159 to deliver a year round pre-trades construction training project. The project was expected to train 30 youth by June 18, 2010.

Changes to the intake process, staffing structure and partnership roles ensured that training the 30 youth by June 18 was achieved. However, these changes along with the tight Regina labour market adversely affected the project outcomes in the areas of trainee education and employment attainment, trainee attendance, and trainee turnover. Thus, Ehrlo did not recommend the pilot project model be adopted for future projects.

Ehrlo will continue to execute future projects based on best practices and historical success. Grant applications have been submitted to deliver pre-construction training to youth over the next year and are currently in the approval process.



Community Economic Development

Avant-Garde College

Avant-Garde College offers training programs in Cosmetology and Esthetics, as well as a Nail Technician Course. The training facility includes a full-service salon, with all salon services performed by students of the program.

The 2009/2010 fiscal year showed considerable improvement for Avant-Garde's financial position, with a positive net income above projection. Increased student recruitment and retention efforts helped the college achieve an enrollment rate higher than anticipated.

The college continue its commitment to the mandate of Ehrlo Community Services by creating opportunities for student success and being an active member of the community. A newly launched four-week mini program has been developed for the youth of the Ranch Ehrlo Society and has received very positive feedback. The college has progressive policies which allow

students to work off fees, bring children to school when needed and access other programs of Ehrlo Community Services. Avant-Garde also spent a great deal of time in the community this past year volunteering at special events, fundraisers, and providing complimentary services to the less fortunate.

Students of Avant-Garde continue to compete in beauty industry events, and this past year the college placed third in Saskatchewan at the Allied Beauty Association competition in Saskatoon. Avant-Garde is the only beauty college in Saskatchewan to have placed in the top three for the past two consecutive years. This year Avant-Garde has one student that will represent the college in the September 2010 competition.



Board of Directors

Andrea Seale (Chair)
Lawyer (Retired)

Dale Chastkiewicz (Past Chair)
President, CHAZ Sales

Aubrey Steadman (Vice Chair)
General Manager, Gene's Realty Partnership

Deb Jordan (Chair of Ranch Ehrlo Society
Board of Directors)
Director of Community Hospitals and
Emergency Services,
Ministry of Health

Raymond Arscott (Chair, Audit & Finance
Committee)
Director, Financial and Property Management,
Ministry of the Environment

Cliff Walker
Chief Executive Officer/Notary Public
Commissionaires Saskatchewan

Wanda Falkowski
Community Volunteer

Vic Huard
Consultant

Shannon Fayant
Vice Principal,
Thomson Community School

Christine Hansen Chad
Lawyer, Christine Hansen Chad Olive Waller
Zinkhan & Waller LLP

Lyle Meena
General Manager, Central Region,
Enbridge Pipelines Inc.

Steve Klippenstein
Captive Audience

Management Team

Malcolm Neill, M.Sc.
Vice President of Ehrlo Community Services

Laura Logan, BPAS
Manager, Ehrlo Sport Venture

Bree Fiissel, M.Ed. (Psych)
Director, Ehrlo Counselling Services

Lori Pawson
Principal/Manager, Avant-Garde College

Monica Rivers, RPN
Vocational Coordinator/Project Manager,
Ehrlo Pre-Trades Construction Project

Shelley Sayer, BSW
Assistant Director of Ehrlo Housing

Auditor's Report



To the Members of Ehrlo Community Services Inc.

We have audited the statement of financial position of Ehrlo Community Services Inc. as at May 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at May 31, 2010 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

REGINA, Saskatchewan
August 31, 2010


Mintz & Wallace
Chartered Accountants LLP

Statement of Financial Position

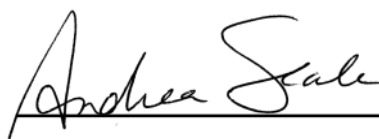
As at May 31, 2010

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 949,616	\$ 384,422
Accounts receivable	68,290	115,643
Due from related party (Note 8)	17,057	32,599
GST receivable	10,303	3,282
Inventory	26,319	25,815
Prepaid expenses	<u>2,345</u>	<u>9,580</u>
	1,073,930	571,341
CAPITAL ASSETS (Note 4)	<u>642,564</u>	<u>225,528</u>
	<u>\$ 1,716,494</u>	<u>\$ 796,869</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 152,221	\$ 193,158
Deferred revenue (Note 6)	719,584	113,243
Current portion of long term debt (Note 5)	956	-
Security deposits payable	<u>7,123</u>	<u>4,030</u>
	879,884	310,431
LONG TERM DEBT (Note 5)	36,234	-
FORGIVABLE LOAN (Note 7)	<u>36,175</u>	<u>-</u>
	<u>952,293</u>	<u>310,431</u>
NET ASSETS		
- general	761,748	478,423
- bursary fund	<u>2,453</u>	<u>8,015</u>
	<u>764,201</u>	<u>486,438</u>
	<u>\$ 1,716,494</u>	<u>\$ 796,869</u>

See accompanying notes

Approved by the Board

 Director

 Director

Statement of Operations

Year Ended May 31, 2010

	Housing, Counselling and Services						2009
	Housing	Community Development	Counselling	Sports Venture	Admin	Avant Garde Operations	Total
REVENUE							
Rental income	\$ 414,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,042
Tuition	-	-	-	-	-	253,194	253,194
Kits	-	-	-	-	-	113,710	113,710
Retail sales	-	-	-	-	-	179,649	179,649
Grants	99,000	429,739	312,650	100,753	-	-	942,142
Training/Consulting	44,929	-	2,875	-	-	-	47,804
Counselling	-	-	351,193	-	-	-	351,193
Assistance (Note 11)	-	-	(109,204)	-	-	(5,562)	(114,766)
Donation	-	-	10,739	-	113	12,558	37,343
Fundraising	-	-	27,600	13,933	-	-	73,037
Secondment grant (Note 8)	134,051	-	183,219	60,360	191,565	-	569,195
Other	6,409	-	370	15,885	585	7,753	31,002
	<u>698,431</u>	<u>429,739</u>	<u>779,442</u>	<u>236,368</u>	<u>192,263</u>	<u>561,302</u>	<u>2,897,546</u>
EXPENSES							
Advertising and promotion	1,181	91	1,225	2,119	116	3,126	7,858
Amortization	5,129	-	940	-	-	8,030	14,099
Bad debts	6,243	-	603	-	-	-	6,846
Bank charges	25	-	132	-	17,199	4,232	21,588
Building and grounds maintenance	72,069	-	3,592	466	100	12,157	88,384
Consulting and contract services	56	21,230	6,305	6,503	546	-	34,640
Cost of goods - supplies	-	-	-	-	-	112,481	112,481
Fundraising	-	-	23,513	23,970	-	200	47,683
Goodwill impairment	-	-	-	-	-	-	-
Insurance	(545)	-	3,183	504	13,097	3,904	20,143
Management services	-	-	-	-	(30,000)	30,000	-
Other	13,508	59,185	12,724	28,150	479	20,761	134,807
Professional fees	-	-	-	-	15,444	329	15,773
Rent	235,923	19,856	24,160	19,975	-	107,789	407,703
Secondment salaries (Note 8)	134,051	-	183,219	60,360	191,565	-	569,195
Sports equipment and activities	-	-	-	20,336	-	-	20,336
Telephone	6,095	1,561	8,521	2,247	949	6,510	25,883
Utilities	74,032	-	4,032	4,032	79	12,864	91,007
Wages and benefits	51,849	337,135	381,692	40,889	-	189,791	1,001,356
	<u>599,616</u>	<u>439,058</u>	<u>649,809</u>	<u>209,551</u>	<u>209,574</u>	<u>512,174</u>	<u>2,619,782</u>
EXCESS REVENUE (EXPENSES)	\$ <u>98,815</u>	\$ <u>(9,319)</u>	\$ <u>129,633</u>	\$ <u>26,817</u>	\$ <u>(17,311)</u>	\$ <u>49,128</u>	\$ <u>277,763</u>
							\$ <u>51,040</u>

See accompanying notes

Statement of Changes in Net Assets

Year Ended May 31, 2010

	<u>General</u>	<u>Bursary Fund</u>	<u>2010 Total</u>	<u>2009 Total</u>
NET ASSETS - beginning of year	\$ 478,423	\$ 8,015	\$ 486,438	\$ 435,398
EXCESS REVENUE (EXPENSES)	<u>283,325</u>	<u>(5,562)</u>	<u>277,763</u>	<u>51,040</u>
NET ASSETS - end of year	<u>\$ 761,748</u>	<u>\$ 2,453</u>	<u>\$ 764,201</u>	<u>\$ 486,438</u>

See accompanying notes

Statement of Cash Flows

Year Ended May 31, 2010

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Excess revenue (expenses)	\$ 277,763	\$ 51,040
Plus items not affecting cash:		
- amortization	14,099	15,125
- goodwill impairment	<u>-</u>	<u>71,660</u>
	<u>291,862</u>	<u>137,825</u>
Net change in non-cash current assets	62,603	140,416
Net change in non-cash current liabilities	<u>568,497</u>	<u>(4,128)</u>
Net cash from operating activities	<u>922,962</u>	<u>274,113</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(431,134)</u>	-
Net cash from investing activities	<u>(431,134)</u>	-
FINANCING ACTIVITIES		
Proceeds from long term financing	37,493	-
Proceeds from forgivable loan	36,175	-
Repayment of long term debt and current portion	<u>(302)</u>	-
Net cash from financing activities	<u>73,366</u>	-
INCREASE IN CASH RESOURCES	565,194	274,113
CASH - beginning of year	<u>384,422</u>	<u>110,309</u>
CASH - end of year	<u>\$ 949,616</u>	<u>\$ 384,422</u>

See accompanying notes

Notes to Financial Statements

1. NATURE OF OPERATIONS

Ehrlo Community Services Inc. offers programs in affordable housing, counselling and support services, inner-city recreation, and community economic development, including vocational training, with the aim of improving the quality of life for Regina and area citizens. Ehrlo Community Services Inc. is registered under the Non-Profit Corporations Act of Saskatchewan and is a registered charity under the Income Tax Act and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following policies:

Capital Management

Capital is comprised of the Organization's net assets and any debt that it may issue. As at May 31, 2010, the Organization's net assets were \$764,201 and it had outstanding debt of \$73,365. The Organization's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities.

Financial Instruments

Cash is classified as held-for-trade and is measured at fair market value. Receivables are classified as loans receivable and are measured at amortized cost. Accounts payable, accrued liabilities, long term debt and forgivable loan are classified as other financial liabilities and are measured at amortized cost.

As at May 31, 2010, Ehrlo Community Services (ECS) does not have any outstanding contracts or financial instruments with embedded derivatives.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

Revenue Recognition

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

Notes to Financial Statements

Year Ended May 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Inventory

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

Capital Assets

Capital assets are recorded at cost at the time of acquisition. Amortization is taken using the declining balance method at the rates noted below.

Computer equipment	50%
Furniture and fixtures	20%
Leasehold improvements	30%

Funds

The organization uses fund accounting which includes the following funds:

a) Housing, Counselling, Community Development and Services

This fund reports the activities related to providing affordable housing to low income persons and young parents, counselling services and sports venture programming. The organization's general administrative activities are also included in this fund.

b) Avant Garde Operations

This fund reports the day to day operations of the Avant Garde Beauty College and Training Facility and the Bursary Fund.

The Bursary Fund has been established by the board of directors to provide assistance to students of the College. The net proceeds of fundraising activity undertaken by the College are transferred to the Bursary Fund.

3. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivables, accounts payable, accrued liabilities, long term debt and forgivable loan. Unless otherwise noted, the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Notes to Financial Statements

Year Ended May 31, 2010

4. CAPITAL ASSETS

	-----2010-----			---2009---
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
<u>General Fund</u>				
Land	\$ 186,035	\$ -	\$ 186,035	\$ 176,035
Buildings	402,234	-	402,234	-
Computers	16,890	16,247	643	1,286
Furniture and fixtures	103,547	93,196	10,351	12,912
Leasehold improvements	<u>20,900</u>	<u>4,767</u>	<u>16,133</u>	<u>98</u>
	<u>\$ 729,606</u>	<u>\$ 114,210</u>	<u>\$ 615,396</u>	<u>\$ 190,331</u>
 <u>Avant Garde</u>				
Furniture and fixtures	\$ 78,147	\$ 57,911	\$ 20,236	\$ 25,295
Leasehold improvements	<u>40,354</u>	<u>33,422</u>	<u>6,932</u>	<u>9,902</u>
	<u>\$ 118,501</u>	<u>\$ 91,333</u>	<u>\$ 27,168</u>	<u>\$ 35,197</u>
	<u>\$ 848,107</u>	<u>\$ 205,543</u>	<u>\$ 642,564</u>	<u>\$ 225,528</u>

Capital assets additions related to the construction of new facilities on Osler Street totalling \$335,338 and 1125 McTavish Street totalling \$76,896 were not ready for use by year end, and therefore, were not amortized.

5. LONG TERM DEBT

	<u>2010</u>	<u>2009</u>
Toronto Dominion loan bearing interest at 6% per annum, repayable in monthly blended payments of \$263. The loan matures on February 24, 2015 and is secured by property.	\$ 37,190	\$ -
	<u>37,190</u>	<u>-</u>
Amounts payable within one year	<u>(956)</u>	<u>-</u>
	<u>\$ 36,234</u>	<u>\$ -</u>

Principal repayments over the next five years are as follows:

2011 - \$	956
2012 -	1,016
2013 -	1,078
2014 -	1,145
2015 -	1,215
thereafter -	<u>31,780</u>
	<u>\$ 37,190</u>

Notes to Financial Statements

Year Ended May 31, 2010

6. DEFERRED REVENUE

	<u>2010</u>	<u>2009</u>
Program funding	\$ 125,230	\$ 66,465
Osler Street Project funding	543,407	-
Tuition fees	<u>50,947</u>	<u>46,778</u>
	<u>\$ 719,584</u>	<u>\$ 113,243</u>

7. FORGIVABLE LOAN

In the current year, Ehrlo community Services received a forgivable loan of \$36,175 from Saskatchewan Housing Corporation (SHC) to purchase 1125 McTavish Street in Regina.

This loan is forgivable the succeeding 2 years and ECS is prohibited from selling or otherwise disposing of the property in that period without prior written notice from SHC. If the property is sold or disposed, ECS is responsible to repay the remaining loan balance.

8. RELATED PARTIES

The Ehrlo Community Services (ECS) is an associated charity with Ranch Ehrlo Society and is related to RES & E Holding Corporation through some common board members.

During the year, the ECS paid rent of \$269,051 (2009 - \$247,649) to RES & E Holdings Ltd. As at year end, the balance owing from RES & E Holdings Ltd was \$17,057 (2009 - \$32,599).

During the year, ECS seconded services of the Society's employees. Seconded services are valued based on approximated time spent by Society employees plus a provision for overhead and professional fees.

At year-end, the balance due to Ranch Ehrlo Society is \$10,794 (2009 - \$Nil) and would be recorded as part of accounts payable. Ehrlo Community Services Inc. provided \$19,941 (2009 - \$35,778) in consulting and training services to Ranch Ehrlo Society throughout the fiscal year.

9. CREDIT FACILITY

Line of credit

Ehrlo Community Services Inc. has a line of credit with Conexus Credit Union in the amount of \$75,000 with an interest rate of prime plus 1/2% and secured by real property owned by RES & E Holdings Ltd. At year-end, the amount outstanding was \$Nil.

Future borrowing

ECS has established a lending arrangement with Conexus Credit Union to be used in the construction of the facility on Osler Street. The total loan amount is \$1,300,000 which bears interest at a rate of bank prime plus 3.0%. The mortgage will be amortized over 25 years upon conversion.

Notes to Financial Statements

Year Ended May 31, 2010

10. LEASE COMMITMENTS

ECS is committed to a lease agreement with a related party (RES & E Holding Corporation) for a period of 25 years. The lease agreement calls for minimum lease payments of \$1,000 per month plus rent for facilities equal to the principal and interest payments, insurance and property tax charges on the rented properties. The estimated future minimum lease payments are as follows:

2011	\$ 230,020
2012	\$ 230,020
2013	\$ 230,020
2014	\$ 230,020
2015	\$ 230,020

ECS has also committed to a four year lease ending in May 2012 with regards to property used in the operation of Avant Garde. The estimated future minimum lease payments are as follows:

2011	\$ 107,800
2012	\$ 107,800

11. ASSISTANCE

During the year, counselling services totaling \$109,204 (2009 - \$27,049) for qualifying individuals and families were sponsored through ECS and \$5,562 in bursary payouts for qualifying individuals to attend classes at Avant Garde.

12. ALLOCATED OVERHEAD COSTS

ECS has allocated some overhead costs to Housing, Counselling and Services based on management's best estimate of time invested (salaries) and resources consumed (occupancy costs).

13. COMPARATIVE FIGURES

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



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