



RESPONDING TO THE CALL

2016/2017
Financial report

WE ARE ALL **STARS**[®]

Risk & Opportunity Analysis

Inherent in our planning process is a careful review of the risks facing the organization and determination of risk mitigation strategies.

While the challenges of providing helicopter ambulance services to critically ill and injured patients continues to be the highest risk statistically, the current economic challenges we are facing in Western Canada, coupled with our unique funding model, requires us to pay special attention to our financial picture.

Overall, our sustainability as a 'going concern' is not in question. The following risks regarding budgetary pressures merit specific mention.

Expense risks

Annual market adjustments (inflation)

Expenditures, as described in our financial statements, are likely to increase at the annual market adjustments (inflation). Given the current economic environment, the organization granted no wage increases for the 2016-17 fiscal year. For the 2017-18 fiscal year the organization, in not continuing with the wage freeze, has committed to modest increases to recognize crew contribution while also managing overall cost increases.

Aviation costs

Aviation costs are a blend of ongoing scheduled and unscheduled maintenance.

Integrating two types of aircraft into our operations has been a significant task for our crews since the arrival of our AW139 aircraft. We continue to undertake efforts to optimize our fleet to ensure we are maximizing the value of our aircraft and also to evaluate the risks and costs associated with operating two different aircraft types at a base. Our analysis and experience over the years has verified that it is indeed operationally and financially advantageous to operate a single helicopter type at each base. Simplifying our fleet deployment through this change will bring positive safety and cost benefits to STARS. As a result, during the 2016-17 fiscal year we moved from having three of our six bases operating two aircraft types to one base doing so.

Costs for the AW139 are incurred in US dollars and, as such, we have a US dollar hedging program whereby 35-65% of US dollar purchases are hedged at the prevailing US to Canadian dollar exchange rate, usually entered into during the first quarter of each fiscal year, with the remaining funds purchased as required. This has reduced our exposure to fluctuations in the US-Canadian exchange rate.

Costs are expected to slowly start increasing on the BK117 helicopter fleet. The BK117 has been a great performer for STARS over the last three decades. Due to the age of

the aircraft, we expect more scheduled and unscheduled maintenance will be required.

Fleet management

STARS currently operates 11 helicopters across Western Canada: eight BK117 helicopters and three AW139 helicopters.

The BK117 fleet was manufactured in the early 1980s. While the BK117 has been an outstanding platform for STARS' operations, the aircraft has now been designated as a 'legacy aircraft' by the manufacturer. When replacement parts are necessary, STARS must do a global search, which is costly, unpredictable and time intensive with wait time for parts measured in months.

While the AW139 is a newer aircraft, the high risk and high consequence demands of STARS' mission operations make it preferable to operate a standardized fleet. Further, fleet support, maintenance and pilot training costs also rise significantly with the operation of dissimilar aircraft types.

With an eye to ensuring stability in our operations long-term, STARS is constantly reviewing options to replace the aging aircraft and operate a standardized fleet. As STARS reviews options for fleet renewal planning, we are simultaneously researching options for funding and financing the new aircraft.

Revenue risks

Agreements with provincial governments

Alberta

An agreement with Alberta Health Services was signed effective April 1, 2010 and continues through 2020. In 2016-17, this agreement provided a baseline amount of partial funding for mission operations of approximately \$6 million plus reimbursement of Alberta mission fuel, landing fees and critical care training, representing approximately 20 per cent of total funding for our Alberta program. The remaining funding comes from community fundraising initiatives.

Saskatchewan

An agreement with the Government of Saskatchewan was signed in April 2011 and continues through 2021. The agreement is for five years with an automatic renewal for five years and also provides for a shared funding model between government, corporations and communities. In fiscal year 2016-17, the provincial government provided STARS with \$10.8 million, representing approximately 48 per cent of our operating budget in the province.

Manitoba

An agreement with the Government of Manitoba was signed in February 2012 and continues through 2022. In 2016-17, the Government of Manitoba provided STARS with approximately \$9 million in funding. This represents approximately 90 per cent of the operating budget in the province.

With the change in political leadership in the province, STARS is working proactively to meet with our new government stakeholders to ensure they are well acquainted with the value the STARS program delivers to communities in Manitoba.

Revenue generation initiatives

Fee-for-service programs offered through the STARS Emergency Link Centre generated approximately \$2.9 million in revenue last year and are positioned to continue generating revenue going forward.

STARS has also seen a nearly two-fold increase in call volumes related to monitoring lone workers, as corporate safety programs and legislative requirements makes this a priority. It is anticipated that growth in this segment will continue.

Finally, in May 2017, SOLUS – a smartphone app targeted to the individual consumers that tracks their locations in real time and enables them to request and receive emergency assistance from the STARS Emergency Link Centre 24/7 – was officially launched.

Although a drop in oil prices and subsequent scale-back in production by some producers has moderately reduced the number of registered industry sites monitored by the STARS Emergency Link Centre, this program remains a strong component of the Industry Services segment. Last year, approximately 29,000 industry sites were registered with the STARS ELC and nearly 120 emergency calls were fielded from workers on registered industry sites.

Philanthropy

The STARS Foundation continues to build the “Next Generation” of strategies and team members who are well prepared to meet the growing fiscal needs of STARS each year. While fundraising is always challenging, the current economic realities are expected to have lasting impacts on individual and corporate donors.

The reliance on the STARS Foundation to increase revenues is an ever present reality. In addition to growth into six bases across three provinces, annual inflation and new program opportunities continue to present themselves to the organization. A key focus to fundraising over the next 24 months will be diversification of revenue sources.

Of course, there is always the potential for significant events, such as the current slump in oil prices and the ripple effects through the Canadian economy, which could impact STARS' ability to fundraise.

On an ongoing basis, health care and hospital foundations appeal to similar individual and corporate donors. Additionally, many health foundations in our jurisdictions are gearing up for major capital campaigns or are ramping up fundraising activities, including:

- New cancer facility planned for Calgary.
- Children's Hospital of Saskatchewan, located in Saskatoon.
- The Health Sciences Centre Foundation in Winnipeg has a number of large-scale fundraising projects on the go, including the Kleysen Institute for Advanced Medicine which will be home to the Centre for Surgical Innovation.

Though the fundraising climate is challenging, the STARS brand is well-respected and donors have expressed they see significant community value in the work we do. As we expand the reach our fundraising program and seek out support from new segments, we feel confident in our ability to generate necessary operating revenue.

Regulatory risk

There are differing health legislation and compliance requirements in each province STARS operates in which has potential to impact our operations. A compliance review was conducted, including an audit of all applicable health legislation. STARS is working on this with each provincial College of Physicians and Surgeons, College of Paramedics, and Registered Nursing Associations.

Opportunities

As STARS is operating in eastern British Columbia, Alberta, Saskatchewan and Manitoba, there are new opportunities to enhance the quality of care provided, as well as access for people living in rural and remote areas.

There are opportunities to support interprovincial health-care collaboration, specifically as it relates to multi-province licensing for nurses and paramedics, and ensuring patients are transported to the appropriate tertiary care centre regardless of provincial boundary. Protocols are under development which would allow the most appropriate STARS base to respond.

Additionally, with a team of more than 100 transport physicians across three provinces, the potential for increasing the quality and effectiveness of the patient care provided through physician collaboration has never been greater.

STARS is often approached by provincial governments and private industry as a possible solution to health care access challenges. All of these opportunities need to

be carefully evaluated before moving forward. The team is developing criteria to ensure the opportunities we do move forward with are appropriately aligned and enhance our core business of providing care to patients who are critically ill and injured.

Management's Report

March 31, 2017

The accompanying combined financial statements of STARS as at March 31, 2017 and all other financial and operating information contained in this Annual Financial Report are the responsibility of management. The combined financial statements have been prepared in accordance with accounting policies detailed in the notes to the combined financial statements and in accordance with generally accepted accounting principles in Canada.

The organization's systems of internal controls have been designed and maintained to provide reasonable assurance that assets are properly safeguarded and that the financial records are sufficiently well maintained to provide relevant, timely and reliable information to management. Management believes the systems of internal controls were operating effectively in the 2016-17 fiscal year.

External auditors, appointed by the Board of Directors, have independently examined the combined financial statements. The Audit and Finance Committee has reviewed these combined financial statements with management and the external auditors.

The respective Boards of Directors have approved these combined financial statements on the recommendation of the Audit and Finance Committee.



Andrea Robertson
President and CEO
STARS and STARS Foundation



Jeff Quick, CA
CFO
STARS and STARS Foundation

Combined Financial Statements

Shock Trauma Air Rescue Service

March 31, 2017

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June 15, 2017

Independent Auditor's Report

To the Board of Directors of Shock Trauma Air Rescue Service

We have audited the accompanying combined financial statements of Shock Trauma Air Rescue Service, which comprise the combined statement of financial position as at March 31, 2017 and the combined statements of operations, change in fund balance and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements present fairly, in all material respects, the financial position of Shock Trauma Air Rescue Service as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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Shock Trauma Air Rescue Service

COMBINED STATEMENT OF FINANCIAL POSITION

Year ended March 31

	2017 \$	2016 \$
ASSETS		
Current		
Cash <i>[note 19]</i>	37,677	34,564
Accounts receivable <i>[note 3]</i>	1,624	4,291
Deferred expenses <i>[note 13]</i>	5,133	3,513
Prepaid expenses	1,205	2,295
Helicopter parts and store inventory <i>[note 4]</i>	3,170	2,502
Total current assets	48,809	47,165
Investments <i>[note 5]</i>	11,296	10,035
Property and equipment <i>[note 6]</i>	37,581	41,884
	97,686	99,084
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 7]</i>	4,792	3,102
Forward contract payable <i>[note 18]</i>	—	120
Deferred revenue <i>[note 13]</i>	9,241	9,974
Current portion of long-term debt <i>[note 8]</i>	2,636	3,653
Total current liabilities	16,669	16,849
Long-term debt <i>[note 8]</i>	1,351	2,752
Deferred contributions <i>[note 9]</i>	23,062	25,429
Total liabilities	41,082	45,030
Commitments and contingencies <i>[note 16]</i>		
Net assets		
Capital preservation fund	56,347	53,797
Endowment fund - externally restricted <i>[note 12]</i>	257	257
Total net assets <i>[note 19]</i>	56,604	54,054
	97,686	99,084

See accompanying notes to the combined financial statements

On behalf of the Board:



Director - Board Co-Chair
Dino DeLuca



Director - Audit & Finance Chair
Randy Garvey

Shock Trauma Air Rescue Service

COMBINED STATEMENT OF FUNDRAISING, OPERATIONS AND CHANGE IN FUND BALANCE

Year ended March 31	2017	2016
	\$	\$
Fundraising activities		
Donations and fundraising		
Gross revenue	26,792	25,409
Direct fundraising expenditures	(3,686)	(3,883)
	23,106	21,526
Lottery [note 13]		
Gross revenue	31,100	30,747
Direct expenditures, including prizes	(16,242)	(16,251)
	14,858	14,496
Calendar		
Gross revenue	2,298	2,646
Direct expenditures	(1,088)	(1,575)
	1,210	1,071
Investment and other income (loss) [note 5]	1,422	(128)
Total net fundraising revenue before other expenditures	40,596	36,965
General fundraising and administrative expenses	(4,415)	(4,651)
Excess of revenue over expenditures from fundraising	36,181	32,314
Operating activities		
Operating revenue		
Government contributions	27,162	27,973
Site registration recoveries	1,981	2,531
Fee for services [note 14]	1,791	2,296
	30,934	32,800
Operating expenditures		
Aviation operations	29,218	30,010
Clinical operations	17,170	17,920
STARS Emergency Link Centre	3,521	3,723
Base operations and administration	7,784	7,858
Amortization	6,872	7,639
	64,565	67,150
Deficiency of revenue over expenditures from operations	(33,631)	(34,350)
Combined excess (deficiency) of revenue over expenditures	2,550	(2,036)
Net assets, beginning of year	54,054	56,090
Net assets, end of year	56,604	54,054

See accompanying notes to the combined financial statements

Shock Trauma Air Rescue Service

COMBINED STATEMENT OF CASH FLOWS

Year ended March 31	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Combined excess (deficiency) of revenue over expenditures	2,550	(2,036)
Add (deduct) items not affecting cash:		
Amortization of property and equipment	6,872	7,639
Amortization of deferred contributions <i>[note 9]</i>	(3,532)	(4,600)
Gain on sale of investments <i>[note 5]</i>	(376)	(63)
Unrealized loss (gain) on investments <i>[note 5]</i>	(177)	845
Loss on sale of asset held for sale <i>[note 5]</i>	—	50
Net foreign exchange difference on cash	(906)	(641)
Unrealized foreign exchange gain	—	(487)
Loss (gain) on disposal of property and equipment	46	(623)
	4,477	84
Net change in non-cash working capital items <i>[note 15]</i>	2,306	1,844
Cash provided by operating activities	6,783	1,928
FINANCING ACTIVITIES		
Repayments of long-term debt <i>[note 8]</i>	(2,418)	(2,530)
Deferred contributions received during the year <i>[note 9]</i>	1,165	2,480
Cash used in financing activities	(1,253)	(50)
INVESTING ACTIVITIES		
Net change in investments <i>[note 5]</i>	(708)	(580)
Proceeds on sale of asset held for sale <i>[note 5]</i>	—	625
Purchase of property and equipment	(2,782)	(1,487)
Proceeds on sale of property and equipment	167	1,018
Cash used in investing activities	(3,323)	(424)
Net foreign exchange difference on cash	906	641
Net increase in cash during the year	3,113	2,095
Cash, beginning of year	34,564	32,469
Cash, end of year	37,677	34,564

See accompanying notes to the combined financial statements

Supplementary information

Interest received	162	132
Interest paid	174	268

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

1. NATURE OF OPERATIONS

These combined financial statements represent the financial position and the combined operations as at, and for the year ended, March 31, 2017 of the Shock Trauma Air Rescue Service Foundation (“**Foundation**”), the Shock Trauma Air Rescue Service (“**Service**”), and STARS Aviation Canada Inc. (“**Aviation**”). Collectively, these entities are referred to as “**STARS**”, “**Shock Trauma Air Rescue Service**” or the “**Organization**”.

Effective April 1, 2016 the Organization completed a corporate reorganization in order to bring the Foundation and the entity known as Shock Trauma Air Rescue Society (“**Society**”) under the new *Canada Not-For-Profit Corporations Act*.

Society

As part of the reorganization, Society was continued under the CNPCA. As a result, it is regulated federally, rather than provincially, but remains the same entity. The continued entity's name was changed from Shock Trauma Air Rescue Society to Shock Trauma Air Rescue Service as of April 1, 2016.

Foundation

Foundation was previously governed by the *Companies Act* (Alberta) and was unable to continue under the CNPCA. As a result, a new entity was formed under the CNPCA and on April 1, 2016 Foundation transferred all of its assets and liabilities to this new entity. Foundation is now governed by the Board of Directors of Service, resulting in the two entities being under common control.

Service and Foundation are non-profit and non-taxable registered charities pursuant to Section 149 of the *Income Tax Act (Canada)*. Aviation is a private corporation incorporated under the *Canada Business Corporations Act*. The Service has an economic interest in the Foundation because the Foundation is primarily responsible for the fundraising activities carried out in support of the Society's services and activities.

STARS works collaboratively with emergency services, the community, individuals, businesses, corporations, government, and regional health authorities to support and carry out its vision of saving lives through partnership, innovation, and leadership. The current service area for STARS is the Provinces of Alberta, Saskatchewan, Manitoba, and parts of the eastern Province of British Columbia, where it provides an emergency medical transport system to critically ill and injured patients. Emergency medical communications, education and research, and fundraising and community partnerships are also significant pillars of the STARS program.

STARS signed a Purchase Services Agreement with the Government of Manitoba in February 2012 for STARS to establish a base in Winnipeg. The Agreement is for a period of ten years and provides for a shared funding model between the community, individuals, businesses, corporations, government. Effective for the year ended March 31, 2014, STARS agreed to fund any deficiencies in fundraising activity in the province of Manitoba (Note 19).

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

1. NATURE OF OPERATIONS (continued)

STARS signed a Rural Red Patient Matters Services Agreement with the Government of Saskatchewan commencing on April 1, 2011 for STARS to establish two bases; one in each of Regina and Saskatoon. The Agreement is for five years with an automatic renewal for five years and provides for a shared funding model between the community, individuals, businesses, corporations and government. This agreement was renewed for five years as of April 1, 2016.

STARS signed a Rural Red Patient Matters Affiliation Agreement with Alberta Health Services that commenced on April 1, 2010 for five years with automatic renewal for five years. The Agreement provides for a shared funding model between the community, individuals, businesses, corporations and government. This agreement was renewed for five years as of April 1, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and combination

These combined financial statements have been prepared in accordance with Part III of the Chartered Professional Accountants of Canada ["CPA Canada"] Accounting Handbook - Accounting Standards for Not-for-Profit Organizations. They include the financial results as at and for the year ended March 31, 2017 of Foundation and the consolidated financial results as at and for the year ended March 31, 2017 of Service and its wholly-owned subsidiary Aviation. Transactions and balances between the entities have been eliminated in arriving at the combined financial statements.

Foreign currency translation

Foreign currency balances are translated into Canadian dollars as follows: monetary assets and liabilities are at the rates of exchange prevailing at the combined balance sheet date, non-monetary assets and liabilities are at historical exchange rates and revenue and expenses are at the approximate rate of exchange prevailing at the time of the transactions. Both realized and unrealized gains and losses resulting from the settlement or restatement of foreign currency transactions are included in the combined statement of fundraising and operations and change in fund balance, other than those related to designated hedges.

Helicopter parts and store inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined on a specific item basis for aircraft parts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are recorded at fair value with realized and unrealized gains and losses and any impairment recognized in the combined statement of fundraising and operations in the period incurred.

Property and equipment

Property and equipment are recorded at cost. Assets under capital lease are accounted for at cost, which corresponds to the present value of the minimum lease payments. Amortization is provided over the estimated useful life of the Organization's assets on a straight-line basis. Expenditures incurred during the development phase for assets under construction are capitalized and amortized over the asset's useful life once they are operating in the manner intended by management. The cost of routine repairs and maintenance are charged to operating expenditures as incurred.

Asset	Rate
Helicopters and aviation equipment	3 to 20 years
Buildings	20 years
Medical equipment	2 to 5 years
Computer hardware and software	2 to 3 years
Leasehold improvements	Lessor of term of lease or 5 years
Office equipment	5 years
Automobiles	5 years

Impairment of long-lived assets

Property and equipment subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying value of an asset to its net recoverable amount. If the carrying amount exceeds the net recoverable amount, the asset is written down to its estimated fair value (generally determined on an undiscounted cash flow basis). The resulting impairment loss is charged to the combined statement of fundraising and operations when identified. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes - Aviation

As a taxable private corporation, Aviation determines its income tax provision using the liability method of tax allocation. Future income taxes are recognized when there are differences between the carrying amount of existing assets and liabilities in the financial statements and their respective tax bases. Future tax assets and liabilities are measured using substantively enacted tax rates in effect in the period in which those temporary differences are expected to be recovered or settled. Changes to these balances are recognized in the statement of fundraising and operations in the period in which they occur. Unless it is more likely than not that future income tax assets will be realized, a valuation allowance is taken against the assets.

Financial derivative instruments

Financial derivative instruments are included in current assets/liabilities except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets/liabilities.

The Organization has not designated any of its financial derivative contracts as effective accounting hedges and, accordingly, fair values its derivative contracts with the resulting gains and losses recorded in the combined statement of fundraising and operations and change in fund balance.

The fair value of a financial derivative instrument on initial recognition is normally the transaction price. Subsequent to initial recognition, the fair values are based on quoted market prices where available from active markets; otherwise, fair values are estimated based on market prices at the reporting date for similar assets or liabilities with similar terms and conditions that would be available to the Organization at the reporting date.

The estimated fair value of derivative instruments resulting in derivative assets and liabilities are, by their very nature, subject to measurement uncertainty. A key estimate in the determination of the fair value of derivative instruments is that for forward foreign exchange rates.

Financial assets and liabilities

Financial assets and liabilities are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments that are measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition, and are then amortized using the straight-line method.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets

Internally restricted net assets

The Capital Preservation Fund is an internally restricted fund established by the Boards of Directors and exists to fund the management of current assets and liabilities of the Organization, to fund the current and future purchases of helicopters, buildings, and equipment. A portion of the Capital Preservation Fund has already funded past purchases of helicopters, buildings and equipment. Additionally, operating and fundraising surpluses and deficits, including unrealized gains and losses on available for sale investments, are allocated to this fund through resolutions of the Boards of Directors.

The Capital Preservation Fund also provides the Organization with the ability, should future fundraising initiatives not be successful as in the past, to have surplus cash on hand to enable sustainability of its operations and continue to deliver on STARS mission.

Externally restricted net assets

The Endowment Fund is a fund where the principal assets are to be maintained in perpetuity. The earnings from these assets are to be expended in accordance with the objectives of the endowment agreements.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Type of revenue	Revenue recognition policy
1) Donation contributions, including those received from government agencies	Deferral method.
a) Restricted contributions	Recognized as revenue in the year in which the related expenses are incurred, unless related to capital assets, in which case they are deferred and amortized to revenue in the same manner as the related asset.
b) Unrestricted contributions	Recognized when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.
2) Revenue received in advance of the period to which it relates	Recorded as deferred revenue.
3) Site registration and other fees for service	Recognized as revenue when the service has been performed.
4) Lottery revenue, having multiple elements including ticket revenue and contribution revenue	This multiple element arrangement is assessed for stand-alone value with the ticket revenue component measured at fair value and the contribution component comprised of the residual. STARS revenue recognition policies are then applied to each element. All revenue is recorded as lottery revenue as the bifurcation between ticket and contribution revenue is simply for timing to recognise revenue.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Type of revenue	Revenue recognition policy
5) Contribution revenue	Recognized when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.
6) Calendar revenue	Recognized at the time when calendars are sold.
7) Fundraising event revenue	Initially deferred and recognized as revenue when the event occurs.
8) Realized interest, unrealized gains and losses on investments and investment revenue	Recognized as earned in the statement of fundraising, operations and change in fund balance.
9) Endowment contributions	Recognized as an increase in net assets when received. Earnings from endowment assets are to be spent in accordance with the objectives of the endowment agreements.
10) Donations in kind of investments	Recorded at market value on the date of donation (excluding goods & services tax).

Donations of services and materials

Donations in kind are recorded at fair market value only when fair market value can be reasonably estimated and when the donated materials or services would otherwise normally be purchased and paid for by STARS. The value of donations in kind recorded in fiscal 2017 was \$1,469 (fiscal 2016 – \$1,653). Volunteers contribute substantial donated time and services throughout the year to STAR; however, due to the difficulty of determining fair market value of these donated services, this value is not recorded in these combined financial statements.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense recognition

Costs incurred for lottery and annual event marketing material not meeting the definition of an asset are expensed in the year incurred. All prize costs for the lottery and refundable fundraising deposits paid prior to the event are recorded as deferred expenses on the balance sheet until the lottery draw is held or the event happens.

Use of estimates

The preparation of the combined financial statements in conformity with Part III of the CPA Canada Accounting Handbook requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the combined financial statements and the reported amounts of revenues and expenditures during the reporting periods. Management believes the most significant estimates and assumptions are associated with the valuation of accounts receivable, inventories, amortization, fair value of foreign exchange contracts, and future tax assets (liabilities). If the underlying estimates and assumptions upon which the combined financial statements are based change in future periods, actual amounts may differ materially from those included in the accompanying combined financial statements. Revisions to accounting estimates are recognized in the period in which the estimates are made and in any future years affected.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

3. ACCOUNTS RECEIVABLE

	2017 \$	2016 \$
Industry services	1,185	1,594
Out of province patients and other	669	3,132
	1,854	4,726
Less: Allowance for doubtful accounts	(230)	(435)
	1,624	4,291

4. HELICOPTER PARTS AND STORE INVENTORY

	2017 \$	2016 \$
Helicopter parts	3,145	2,483
Store inventory	39	31
	3,184	2,514
Less: Provision for obsolete inventory	(14)	(12)
	3,170	2,502

The amount of inventories recognized in Aviation operations expenditures during the year ended March 31, 2017 was \$3,866 (year ended March 31, 2016 - \$3,265).

5. INVESTMENTS

Investment assets	2017 \$	2016 \$
Cash and cash equivalents	899	847
Bonds/fixed income	5,045	4,500
Canadian equities	2,698	2,388
Global equities	2,654	2,300
	11,296	10,035

The bond/fixed income and equity funds are professionally managed under pooled portfolio management service agreements. The Organization's Statement of Investment Beliefs ensures that the investment portfolio is managed with a primary emphasis on preservation and security of capital and a secondary emphasis on growth of that capital.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2017

5. INVESTMENTS (continued)

	2017	2016
	\$	\$
Investment and other income		
Interest and realized gains recognized in investment income	868	706
Gain on sale of investments	376	63
Loss on sale of asset held for sale – donated property	–	(50)
Unrealized gains (losses) on investments	177	(845)
Other income	1	(2)
Total investment and other income (loss)	1,422	(128)

During the year ended March 31, 2016, a donated property classified as an asset held for sale was sold for net proceeds of \$625 in July 2015. Not such properties were held during the year ended March 31, 2017.

6. PROPERTY AND EQUIPMENT

	2017			2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Helicopters and aviation equipment <i>[a]</i>	64,331	34,819	29,512	33,150
Buildings <i>[a]</i>	6,295	1,542	4,753	4,944
Medical equipment	5,684	4,721	963	1,320
Computer hardware and software <i>[b]</i>	8,123	6,688	1,435	1,208
Leasehold improvements	2,272	1,908	364	596
Office equipment	1,640	1,236	404	406
Automobiles	1,488	1,346	142	252
Other	8	–	8	8
	89,841	52,260	37,581	41,884

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
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6. PROPERTY AND EQUIPMENT (continued)

[a] Included in property and equipment are assets under capital lease as follows:

	2017			2016
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Helicopters	6,157	5,852	305	1,534
Buildings	4,876	1,130	3,746	3,939
Office equipment	334	37	297	215
	11,367	7,019	4,348	5,688

A donor made a five year pledge of \$1,100 per year toward the purchase of a BK117 helicopter and a hangar for the Regina base in 2011. Accordingly, STARS entered into capital lease agreements (Note 8) to finance the purchase of these assets to approximately match the annual donations with the principal payments.

[b] Includes internally generated hardware and software under development totaling \$703 as at March 31, 2017 (March 31, 2016 - \$491). As these assets are not yet in use, they are not subject to amortization.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017 \$	2016 \$
Accounts payable and accrued liabilities	4,762	3,096
Government remittances owing (owed)	30	6
	4,792	3,102

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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8. LONG-TERM DEBT AND CREDIT FACILITIES

<u>Long-term debt</u>	2017 \$	2016 \$
AW139 helicopter loan [a]	675	1,575
Regina hangar lease [b]	1,465	1,679
Regina hangar lease [c]	413	469
Saskatchewan BK117 helicopter leases [d]	327	1,610
Winnipeg hangar loan [e]	788	812
Various equipment capital leases [f]	319	260
	3,987	6,405
Scheduled repayments within one year	(2,636)	(3,653)
	1,351	2,752

[a] This loan bears interest at prime plus 0.25%, or 2.95% as at March 31, 2017 (March 31, 2016 - 2.95%) and has a five year term ending in December 2017. Monthly payments are \$75 and the helicopter - with a carrying value of \$12,414 as at March 31, 2017 (\$13,004 as at March 31, 2016) - has been pledged as collateral.

[b] This lease bears interest at a fixed rate of 3.72% and has a term of 60 months. Monthly lease payments are \$23, with a balance due of \$1,265 in March 2018.

[c] This lease came due in August 2016 and was renewed for an additional 60 month term ending in August 2021. It bears interest at 3.19% (2016 – 3.61%) and monthly lease payments are \$8 (\$2016 - \$6).

[d] Each of the two leases bears interest at 3.375% and have terms of 60 months. Monthly lease payments are \$110 with final payments being made in June 2017.

[e] This loan bears interest at 2.75%, has an amortization period of 25 years (with a 5 year renewal term ending in September 2019) and monthly payments are \$4. The hangar – with a carrying value of \$1,007 as at March 31, 2017 (\$1,005 as at March 31, 2016) - has been pledged as collateral.

[f] These capital leases are for office equipment, bear interest between 10.9% and 20.2% (2016 – 9.4% and 20.2%), have terms of 36 to 60 months and are repayable in monthly or quarterly instalments.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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8. LONG-TERM DEBT AND CREDIT FACILITIES (continued)

The scheduled repayment of principal on the long-term debt in each of the next five years and thereafter is as follows:

	\$
2018	2,636
2019	177
2020	187
2021	198
2022	137
Thereafter	652
	<u>3,987</u>

In fiscal 2017, STARS paid interest of \$174 (fiscal 2016 - \$268) on long-term debt.

Credit facilities

As at March 31, 2017 and 2016, the Organization had a line of credit available of up to \$1,000, bearing interest at prime plus 1%. No amounts were drawn on this line of credit during either fiscal year.

9. DEFERRED CONTRIBUTIONS

	2017 \$	2016 \$
Balance, beginning of year	25,429	27,549
Restricted contributions received	1,165	2,480
Amortization of amounts related to operating expenditures	(307)	(1,357)
Amortization of amounts related to property and equipment	(3,225)	(3,243)
Balance, end of year	<u>23,062</u>	<u>25,429</u>

Contributions are deferred when a donor restricts the usage of their contribution to a specific purpose. The majority of deferred contributions received by STARS relate to amounts to be used for the purchase of advanced technology helicopters and medical equipment.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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10. RELATED PARTY TRANSACTIONS

STARS also entered into commercial transactions during the year ended March 31, 2017 with an entity that a member of the Board of Directors is a partner. This organization provided industry specific consulting services to the Organization totalling \$88. Of these services, \$38 has been included in Aviation operations expense and \$50 has been included in Base operations and administration expense on the combined statement of operations. As at March 31, 2017, \$50 was owing to this organization and is included in accounts payable and accrued liabilities.

11. INCOME TAXES

At March 31, 2017, Aviation has non-capital losses for income tax purposes in the amount of \$10,005 (March 31, 2016 - \$4,661) which are available to be carried forward and used to reduce income for income tax purposes in future years until the losses expire in 2030. Aviation also has tax values in excess of book values related to its property & equipment of \$2,470 as at March 31, 2017 (March 31, 2016 - \$9,773). The potential benefit arising from the application of these losses and tax pools has not been recognized in the combined financial statements.

12. ENDOWMENT FUND

	2017 \$	2016 \$
Medical physicians	20	20
Doctors on board	237	237
	257	257

The interest earned in each of these funds is being used to support the programs to which they relate.

13. LOTTERY REVENUE AND EXPENSES

Lottery revenue has multiple elements including ticket revenue and contribution revenue. As appropriate, this multiple element arrangement is assessed for stand-alone value with the ticket revenue component measured at fair value and the contribution component comprised of the residual value. The Organization's revenue recognition policies are then applied to each element.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

(Thousands of dollars)
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13. LOTTERY REVENUE AND EXPENSES (continued)

Alberta Lottery

The following table summarizes the amounts deferred for the Alberta Lottery which closes in March of each year, but the prize draws occur in April:

	2017 \$	2016 \$
Lottery close date	March 22	March 23
Draw dates	April 10–13	April 11-14
Deferred ticket revenue	8,982	9,663
Deferred expenses	5,031	5,378
Net revenue deferred to the next fiscal year	3,951	4,285

Of the total deferred lottery expenditures, \$5,133 has been included in deferred expenses as at March 31, 2017 (\$3,513 as at March 31, 2016). The net contribution of \$3,951 will be recorded in the fiscal year ended March 31, 2018 (\$4,285 in the fiscal year ended March 31, 2017).

Saskatchewan Lottery

For the year ended March 31, 2017, the Saskatchewan Lottery sold out on July 20, 2016 (year ended March 31, 2016 – July 15, 2015), with the prize draws conducted on August 10, 2016 (year ended March 31, 2016 – August 10-12, 2015). Consistent with the Alberta Lottery, there are multiple elements of revenue, all of which were recognized at the same time given that the lottery occurred during the year as opposed to spanning the year end. Accordingly, the entire net contribution of \$2,595 was recognized during the year ended March 31, 2017 (\$2,559 during the year ended March 31, 2016).

14. FEE FOR SERVICES

	2017 \$	2016 \$
Human patient simulator	77	79
Emergency contact center	714	768
Foreign currency gains	286	312
Other	714	1,137
	1,791	2,296

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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15. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2017 \$	2016 \$
Accounts receivable	2,667	2,486
Deferred expenses	(1,620)	(82)
Prepaid expenses	1,090	159
Helicopter parts and store inventory	(668)	(153)
Accounts payable and accrued liabilities	1,690	(911)
Forward contract payable	(120)	120
Deferred revenue	(733)	225
	2,306	1,844

16. COMMITMENTS AND CONTINGENCIES

The Organization is obligated to make payments under certain base and office space, as well as office equipment lease agreements. In addition, STARS has committed to a set pilot training program for its AW139 pilots over the next five years. As at March 31, 2017 the aggregate payments in the next five years and thereafter are set out in the table below:

	\$
2018	2,871
2019	2,465
2020	2,491
2021	2,159
2022	1,321
Thereafter	1,444
	12,751

Contingent liabilities

STARS is party to certain legal actions resulting from its operations activities. These actions are routine litigation and administrative proceedings arising in the ordinary course of business, some of which are covered by liability insurance, and none of which are expected to have a material adverse effect on the combined financial position, results of fundraising and operations or cash flows of the Organization.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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17. FINANCIAL RISK MANAGEMENT

Financial instruments

Financial assets and liabilities are initially accounted for at fair value and subsequently recorded at either fair value or amortized cost as applicable. The fair value of cash, accounts receivable, asset held for sale and accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of those investments. The fair value of long-term debt is not materially different from its carrying amount. Financial assets and liabilities of the Organization consist of the following:

	Measurement	2017 \$	2016 \$
Financial assets			
Cash	Amortized cost	37,677	34,564
Accounts receivable	Amortized cost	1,624	4,291
Investments <i>[i]</i>	Fair value	11,296	10,035
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	4,792	3,102
Forward contract payable <i>[ii]</i>	Fair value	–	120
Long-term debt	Amortized cost	3,987	6,405
Credit facility	Amortized cost	–	–

[i] Investments include cash and bonds/fixed income instruments whose carrying values approximate their fair values due to their short-term nature and Canadian and global equity securities that are quoted in an active market.

[ii] Fair value is based on inputs, including quoted forward market prices for foreign exchange rates, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Risks and mitigation

The existence of financial instruments exposes the Organization to a number of financial risks, including market risk (interest rate risk and currency risk), price risk, credit risk and liquidity risk. The Organization's overall risk management program seeks to mitigate these risks and reduce volatility that may otherwise occur in its financial performance. Financial risk management is carried out by the Organization's finance group, under policies approved by the Board of Directors. STARS' policies for minimizing these risks are detailed below.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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17. FINANCIAL RISK MANAGEMENT (continued)

[a] Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Organization is exposed are discussed below.

[i] Interest rate risk

Interest rate risk refers to the risk that the fair value of a financial instrument or the future cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial liabilities (long-term debt and credit facilities) carried by the Organization. STARS manages interest rate risk by sourcing its borrowings from different sources providing short-term and long-term funding, seeking to fix interest rates where practical and controlling the mix of liabilities with fixed and variable interest rate obligations.

[ii] Currency risk

Currency risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in foreign currency exchange rates. The Organization enters into foreign currency purchase transactions and has liabilities that are denominated in foreign currencies and thus is exposed to the financial risks of earning fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. From time to time the Organization uses financial derivative instruments to reduce its exposure to currency risk as discussed in Note 18. STARS policy is to not utilize derivative financial instruments for trading or speculative purposes.

[b] Price risk

Price risk is the risk of a decline in the value of a security or portfolio. The Organization is subject to price risk on its investments for three primary reasons:

- Changing interest rates impact the market value of fixed rate investments such as bonds;
- Foreign exchange rates impact the market value of investments denominated in currencies other than the Canadian dollar; and
- General economic conditions affect the market value of the equity instruments held by the Organization.

STARS manages this risk by using an investment manager for its long-term portfolio investments and by investing other funds in short term fixed rate products with high credit ratings. At March 31, 2017, total foreign equity holdings were 23.5% (March 31, 2016 – 22.9%) of the Organization's investments and are monitored on a daily basis by the portfolio manager.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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17. FINANCIAL RISK MANAGEMENT (continued)

[c] Credit risk

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. STARS manages this risk by ensuring that its accounts receivable are from reputable, credit worthy organizations.

The Organization strives to mitigate risk of financial loss due to financial institution failure by maintaining cash balances in highly liquid investments or deposits in or with major Canadian financial institutions.

Approximately 12% of the Organization's accounts receivable balance at March 31, 2017 (11% at March 31, 2016) was outstanding for more than 120 days and the Organization considers the entire balance to be collectible.

[d] Liquidity risk

Liquidity risk includes the risk that:

- The Organization will not have sufficient funds to settle a transaction on the due date; and/or
- The Organization may be unable to settle or recover a financial asset at all.

To help mitigate these risks, STARS maintains cash and access to undrawn credit facilities, and adheres to its capital management policies discussed in Note 18, and continually monitoring forecasted cash flows and available credit under existing banking arrangements. Additionally, the Organization uses an investment manager to help alleviate the risk that the Organization would be required to sell a portion of its investment portfolio at a time that the market for these investments is unfavorable. STARS believes it has sufficient liquidity to meet its foreseeable spending requirements.

18. FINANCIAL DERIVATIVE INSTRUMENTS

STARS is party to certain financial instruments that have fixed the price of a portion of its US dollar purchases. From time to time the Organization enters into financial derivative instruments for risk management purposes only in order to protect a portion of its future cash flows from the volatility of foreign exchange rates. The Organization considers instruments to be effective on an economic basis but has decided not to designate them as hedges for accounting purposes. Accordingly, any unrealized gains or losses are recorded in the statement of fundraising and operations based on the fair value (mark-to-market) of the contracts at each reporting period.

The unrealized loss recorded for the year ended March 31, 2017 was \$nil (year ended March 31, 2016 - \$120).

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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18. FINANCIAL DERIVATIVE INSTRUMENTS (continued)

As at March 31, 2017 the Organization had no outstanding foreign exchange forward contracts. In comparison, the following foreign exchange forward contracts were outstanding as at March 31, 2016:

Settlement date	USD Purchased	Contract rate	Fair market value liability
	\$		\$
May 2016	1,000	1.3289	30
August 2016	1,000	1.3287	30
November 2016	1,000	1.3284	30
February 2017	1,000	1.3279	30
			120

19. CAPITAL MANAGEMENT

STARS objective when managing its capital is to safeguard its assets and continue as a going concern to provide appropriate benefits and services to its beneficiaries and its stakeholders.

STARS defines its capital as the amounts included in its net asset balances. Net assets as at March 31, 2017 were \$56,604 (March 31, 2016 - \$54,054), a portion of which includes the March 31, 2017 cash balance of \$37,677 (March 31, 2016 - \$34,564). Included in this cash balance is approximately \$12,000 representing the net contribution from the 2017 Alberta lottery. These lottery funds will be used to support the Organization's operating expenditures during the first six month of the next fiscal year.

A portion of its capital is restricted and the Organization must meet certain requirements in order to utilize externally restricted funds, as described in Note 2. The Organization has internal control processes to ensure that the restrictions are met prior to the utilization of these funds and the Organization has been in compliance with these restrictions throughout the year.

Additionally, the Organization adheres to conservative guidelines to safeguard its statement of financial position. This includes managing the maturity dates of its debt in order to avoid having a disproportionate amount of principal repayments becoming due within any fiscal period and protecting against volatility in interest rates by enduring a high percentage of its debt is subject to fixed interest rates.

20. SUPPLEMENTAL DISCLOSURES

Presented below is the combined statement of financial position as at March 31, 2017 and the statements of fundraising, operations and change in fund balance for the year then ended, segmented by each province that STARS operates in. Management assesses performance of each segment as part of assessing the overall performance of the Organization as a whole. The information provided in the following table may be useful to the reader of these combined financial statements.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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20. SUPPLEMENTAL DISCLOSURES (continued)

Combined Statement of Financial Position

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
Assets				
Current assets	41,404	6,762	643	48,809
Investments	11,296	–	–	11,296
Property and equipment	29,879	5,428	2,274	37,581
Total assets	82,579	12,190	2,917	97,686
Liabilities				
Current liabilities	13,783	2,152	734	16,669
Long-term debt	181	381	789	1,351
Deferred contributions	18,410	2,973	1,679	23,062
Total liabilities	32,374	5,506	3,202	41,082
Net assets				
Capital preservation fund	49,948	6,684	(285)	56,347
Endowment fund	257	–	–	257
Total net assets	50,205	6,684	(285)	56,604
Total liabilities and net assets	82,579	12,190	2,917	97,686

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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20. SUPPLEMENTAL DISCLOSURES (continued)

Combined Statement of Fundraising, Operations and Change in Fund Balance

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
Fundraising activities				
Donations and fundraising revenue (net)	13,891	8,716	499	23,106
Lottery revenue (net)	12,263	2,595	–	14,858
Calendar revenue (net)	1,009	127	74	1,210
Investment and other income	1,348	72	2	1,422
Total net fundraising revenue before other expenditures	28,511	11,510	575	40,596
General fundraising and administrative expenses	(2,931)	(1,077)	(407)	(4,415)
Excess of revenue over expenditures from fundraising	25,580	10,433	168	36,181
Operating activities				
Operating revenue	10,410	11,184	9,340	30,934
Operating expenditures	(32,870)	(21,555)	(10,140)	(64,565)
Deficiency of revenue over expenditures from operations	(22,460)	(10,371)	(800)	(33,631)
Combined excess (deficiency) of revenue over expenditures	3,120	62	(632)	2,550
Net assets, beginning of year	49,607	6,019	(1,572)	54,054
Permanent interprovincial funding	(2,522)	603	1,919	–
Net assets, end of year	50,205	6,684	(285)	56,604

Shock Trauma Air Rescue Service

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(Thousands of dollars)
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20. SUPPLEMENTAL DISCLOSURES (continued)

Beginning in the year ended March 31, 2014 in the province of Manitoba, the Organization has funded the deficiencies in fundraising activities from unrestricted cross provincial donations. During the year ended March 31, 2017, the province of Manitoba did not have any such fundraising-related deficiencies which the Organization would have had to fund. During the year ended March 31, 2017 the Organization made the decision to upgrade the Manitoba BK117 helicopter with 850 horsepower engines (from 750 horsepower) at a cost of \$603 which increased total permanent interprovincial funding to \$1,919 as at March 31, 2017.

Additionally, the Organization funded a similar helicopter engine upgrade during the year ended March 31, 2017 in the province of Saskatchewan totaling \$603. This established a permanent interprovincial fund of this amount as at March 31, 2017.

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
Commitments				
2018	1,705	1,046	120	2,871
2019	1,345	1,071	49	2,465
2020	1,346	1,096	49	2,491
2021	1,174	936	49	2,159
2022	978	294	49	1,321
Thereafter	345	–	1,099	1,444
	<u>6,893</u>	<u>4,443</u>	<u>1,415</u>	<u>12,751</u>

STARS has established individual bank accounts for each province to segregate fundraising and operations revenues and expenditures. On a monthly and quarterly basis STARS reconciles revenues and expenditures for each province which results in an interprovincial receivable or payable. Cash transfers settle interprovincial receivable or payable accounts on a monthly and/or quarterly basis.

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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21. FUNDRAISING EXPENSES AND OTHER

As required under Section 7(2) of the Charitable Fundraising Act Regulation of Alberta, the Organization discloses the following additional information:

	2017 \$	2016 \$
Alberta – Alberta Charitable Fundraising Act		
Gross contributions	17,201	17,401
Gross gaming proceeds	22,094	21,814
Soliciting contributions expense (1)	6,297	7,621
(1) Soliciting contributions expense includes:		
Fundraising expenses	2,542	3,002
Remuneration paid to employees	2,858	4,305
Third party fundraising expenses	897	314
Saskatchewan – Saskatchewan Charitable Fund-raising Businesses Act		
Gross contributions	9,008	9,065
Gross gaming proceeds	9,162	9,145
Soliciting contributions expense (2)	2,896	2,791
(2) Soliciting contributions expense includes:		
Fundraising expenses	1,582	1,541
Remuneration paid to employees	911	1,023
Third party fundraising expenses	403	227
Manitoba – Manitoba Charities Endorsement		
Gross contributions	942	1,015
Gross gaming proceeds	–	–
Soliciting contributions expense (3)	769	638
(3) Soliciting contributions expense includes:		
Fundraising expenses	406	350
Remuneration paid to employees	357	288
Third party fundraising expenses	6	–

Shock Trauma Air Rescue Service

NOTES TO COMBINED FINANCIAL STATEMENTS

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21. FUNDRAISING EXPENSES AND OTHER (continued)

Gross contributions include capital campaign receipts. The gross gaming proceeds were realized from lottery sales and other gaming activities, both of which are governed by each province's gaming authority. The remuneration paid to employees includes those whose principal duties are fundraising.