

STARS[®]



**2019/2020
FINANCIAL REPORT**

STARS is a charitable, non-profit organization funded by our allies: visionary individuals, organizations, businesses, event partners and governments. For more than 30 years, our success has been grounded in community partnerships and donations. We are committed to continuing those alliances and providing life-saving services well into the future, for your children, your grandchildren, and beyond. Below you'll find a breakdown of our annual revenue.

HOW WE ARE FUNDED

Fiscal 2019/2020 Revenue \$ 72,533 (numbers in 000s)

**GOVERNMENT
CONTRIBUTIONS**

\$ 27,331

**DONATIONS &
FUNDRAISING**

\$ 27,765

**AB & SK
LOTTERIES**

\$ 12,156

**FEE FOR INDUSTRY
SERVICE**

\$ 2,656

**SITE
REGISTRATION
RECOVERIES**

\$ 1,944

CALENDAR SALES

\$ 966

**INVESTMENTS &
OTHER INCOME ¹**

\$ (285)

¹Our fiscal year runs April 1 through March 31. In the current financial year, the COVID-19 pandemic, which began in mid-March, had negative impacts on our financial situation, in particular our investments. This is reflected in the numbers above. Subsequent to the year end the portfolio has recovered fully the unrealized losses occurred in March 2020.

WHERE ARE FUNDS INVESTED?

At STARS, we are able to save lives because our allies have ensured we have an adept, adaptable and very talented crew. We can equip them with the right tools and continuously train them on the most recent developments in critical care. Our helicopter fleet and technology ensure timely care, even in remote locations. Here is how we allocate funds within these three areas.

TIME

Time can make the difference between life and death, or between intervention and irreversible impacts. You ensure STARS can transport equipment and skilled experts to the scene of a remote or urgent situation.

STARS' fleet of medically outfitted helicopters, through your support, allow treatment to be deployed directly to patients in dire need of help, land in what can be unusual circumstances, and fly directly to the hospital while providing treatment on the way.

TOOLS

You make sure we have the right tools and technology to save lives. Our STARS Emergency Link Centre is pivotal, deploying medical staff, coordinating with other first responders, and connecting teams in transport with receiving medical centers.

In the air, sophisticated yet compact medical setups include mechanical ventilators, video laryngoscopes, ultrasound machines, blood for transfusions, the ability to conduct lab work, and approximately 70 medications, all within arm's reach. On the ground, simulators keep our medical teams current and trained for any trauma situation.

TALENT

Our people are our biggest asset; the crew members who are making a difference in people's lives.

They are selected because of their aptitude and commitment to staying on top of new trends and treatment options, to being the best in trauma transport and a broad scope of patient care. Your support means there is always an unparalleled depth of trauma experience available to those who are critically in need.

This includes care for patients flown by our helicopters as well as many more who receive advanced care overseen remotely by STARS physicians.

OUR FLEET RENEWAL PROJECT

This ambitious project is the most important initiative in STARS' history and will enable us to serve patients across Western Canada for decades to come.

For the latest information about STARS' fleet renewal project, please visit <http://fightinflight.ca/>

COVID-19

STARS has continued our operations and ensured the safety of our crews and patients in response to the pandemic by minimizing the flow of public and staff not required on-site at our bases and with the use of appropriate personal protective equipment by crews.

Associated with the pandemic has been the economic impact on all businesses' revenues and costs of operating. STARS has also been impacted as reflected in the last month of our fiscal year ended March 31, 2020, wherein STARS fundraising events were either cancelled or deferred until a future date. Looking to the future, STARS will see an erosion of its fundraising revenues which will have a direct impact in the reduction of our operating cash. Over the years STARS has built up a strong cash position which we believe will allow us to get through the financial impact of the COVID-19 pandemic.

The Federal and Provincial Governments have provided various financial support programs to businesses and individuals. STARS has, where applicable to our circumstances, made use of these programs.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of STARS as at March 31, 2020 and all other financial and operating information contained in this Annual Financial Report are the responsibility of Management. The consolidated financial statements have been prepared in accordance with accounting policies detailed in the notes to the consolidated 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 2019-20 fiscal year.

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

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



Andrea Robertson
President and Chief Executive Officer
STARS



Jeffrey Quick, CPA, CA
Chief Financial Officer
STARS

March 31, 2020

Consolidated Financial Statements

Shock Trauma Air Rescue Service

March 31, 2020

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Independent auditor's report

To the Board of Directors of Shock Trauma Air Rescue Service

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Shock Trauma Air Rescue Service and its subsidiaries (together, the Organization) as at March 31, 2020 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.

What we have audited

The Organization's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2020;
- the consolidated statement of fundraising, operations and change in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
July 15, 2020

Shock Trauma Air Rescue Service


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended March 31, Thousands of dollars	2020 \$	2019 \$
ASSETS		
Current		
Cash	38,513	39,698
Restricted cash - fleet donations and grants <i>[note 4]</i>	1,860	15,712
Accounts receivable <i>[note 5]</i>	1,704	3,060
Deferred expenses <i>[note 14]</i>	5,979	4,857
Prepaid expenses	1,610	1,453
Short term deposits <i>[note 4]</i>	11,083	3,173
Helicopter parts and store inventory <i>[note 6]</i>	3,708	3,068
Total current assets	64,457	71,021
Long term deposits <i>[note 4]</i>	5,578	—
Investments <i>[note 4, 7]</i>	65,227	13,276
Property and equipment <i>[note 4, 8]</i>	67,772	57,627
	203,034	141,924
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 9]</i>	8,501	8,149
Deferred revenue <i>[note 14]</i>	11,342	8,693
Current portion of long-term debt <i>[note 4, 10]</i>	1,900	2,422
Total current liabilities	21,743	19,264
Long-term debt <i>[note 4, 10]</i>	17,015	19,687
Deferred fleet contributions and grants <i>[note 4]</i>	82,198	15,712
Deferred contributions <i>[note 11]</i>	18,588	19,795
Total liabilities	139,544	74,458
Net assets		
Capital preservation fund	65,149	68,669
Fleet fund <i>[note 4]</i>	(1,916)	(1,460)
Endowment fund - externally restricted <i>[note 13]</i>	257	257
Total net assets	63,490	67,466
	203,034	141,924

Commitments and contingencies *[note 17]*

See accompanying notes to the consolidated financial statements

On behalf of the Board:


Director - Board Co-Chair
Doug Ramsay


Director - Audit & Finance Chair
Stuart Lee

Shock Trauma Air Rescue Service

CONSOLIDATED STATEMENT OF FUNDRAISING, OPERATIONS AND CHANGE IN NET ASSETS

Year ended March 31, Thousands of dollars	2020 \$	2019 \$
Fundraising activities		
Donations and fundraising		
Gross revenue	32,941	34,129
Direct fundraising expenditures	(5,176)	(4,949)
	27,765	29,180
Lottery [note 14]		
Gross revenue	28,312	30,336
Direct expenditures, including prizes	(16,156)	(16,271)
	12,156	14,065
Calendar		
Gross revenue	1,830	2,034
Direct expenditures	(864)	(1,079)
	966	955
Investment and other (loss) income [note 7]	(285)	899
Total net fundraising revenue before other expenditures	40,602	45,099
General fundraising and administrative expenses	(6,200)	(5,928)
Excess of revenue over expenditures from fundraising	34,402	39,171
Operating activities		
Operating revenue		
Government contributions	27,331	28,879
Site registration recoveries	1,944	2,037
Fee for services [note 15]	2,656	2,007
	31,931	32,923
Operating expenditures		
Aviation operations	34,493	29,966
Clinical operations	18,516	17,887
STARS Emergency Link Centre	3,753	3,422
Base operations and administration	8,223	8,217
Amortization	5,324	3,593
	70,309	63,085
Deficiency of revenue over expenditures from operations	(38,378)	(30,162)
Consolidated (deficiency) excess of revenue over expenditures	(3,976)	9,009
Net assets, beginning of year	67,466	58,457
Net assets, end of year	63,490	67,466

See accompanying notes to the consolidated financial statements

Shock Trauma Air Rescue Service

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
Thousands of dollars

	2020 \$	2019 \$
OPERATING ACTIVITIES		
Consolidated (deficiency)/excess of revenue over expenditures	(3,976)	9,009
Add (deduct) items not affecting cash:		
Amortization of property and equipment	5,324	3,593
Amortization of deferred fleet contributions <i>[note 4]</i>	(2,938)	(3,058)
Amortization of deferred contributions <i>[note 11]</i>	(2,495)	—
(Gain) on sale of investments <i>[note 7]</i>	(10)	9
Unrealized loss on investments <i>[note 7]</i>	1,250	(2)
Net foreign exchange difference on cash	(246)	(549)
	(3,091)	9,002
Net change in non-cash working capital items <i>[note 16]</i>	2,438	(3,628)
Cash provided by (used in) operating activities	(653)	5,374
FINANCING ACTIVITIES		
Proceeds from long-term debt <i>[note 4, 10]</i>	12,426	19,929
Repayments of long-term debt <i>[note 4, 10]</i>	(15,621)	(413)
Deferred contributions received during the year <i>[note 4, 11]</i>	70,720	16,480
Cash (used in) provided by provided by financing activities	67,525	35,996
INVESTING ACTIVITIES		
Net change in investments <i>[note 4, 7]</i>	(53,191)	(1,550)
Long term deposits <i>[note 4, 17]</i>	(13,488)	9,519
Purchase of fleet renewal property and equipment <i>[note 4, 8]</i>	(13,368)	(26,041)
Purchase of property and equipment <i>[note 8]</i>	(2,108)	(1,210)
Cash (used in) investing activities	(82,155)	(19,282)
Net foreign exchange difference on cash	246	549
Net (decrease) increase in cash during the year	(15,037)	22,637
Cash and restricted cash, beginning of year	55,410	32,773
Cash and restricted cash, end of year	40,373	55,410

See accompanying notes to the consolidated financial statements

Supplementary information

Interest received	665	548
Interest paid	765	93

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

1. NATURE OF OPERATIONS

These consolidated financial statements represent the financial position and the consolidated operations as at, and for the year ended, March 31, 2020 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".

Service and Foundation are registered federally under the Canada Not for Profit Corporations Act. Foundation is 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. Service has an economic interest in the Foundation because the Foundation is primarily responsible for the fundraising activities carried out in support of Services' operating 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 the eastern part 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. Beginning in the year ended March 31, 2014, STARS agreed to fund any deficiencies in fundraising activity in the province of Manitoba (Note 21).

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 extended for 18 months to September 30, 2021.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2019, STARS adopted the new standards of the Chartered Professional Accountants (CPA) Handbook, Part III – Accounting for Not-for-Profit Organizations (ASNPO), Section 4433 (Tangible Capital Assets Held by Not-for-Profit Organizations).

The adoption of Section 4433 – Tangible Capital Assets Held for Not-for-Profit Organizations resulted in a change to STARS' accounting policies with respect to componentization and amortization of tangible capital assets. The cost of tangible capital assets, which is made up of significant separable component parts, is now allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

In accordance with transitional provisions in Section 4433, the cost and related accumulated amortization of those tangible capital assets identified as having significant separable components were allocated to their component parts as of April 1, 2019, based on the proportional value of their original cost at the date of transition. Estimates of the useful lives of the components were made and applied on a prospective basis.

In accordance with Section 4433, STARS' accounting policies with respect to impairment of long-lived assets has also been revised with no impairment to the value of assets recorded as at March 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and consolidation

These consolidated 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, 2020 of the Foundation and the combined financial results as at and for the year ended March 31, 2020 of Service and its wholly-owned subsidiary Aviation. Transactions and balances between the entities have been eliminated in arriving at the consolidated financial statements.

Net Assets

The Capital Preservation Fund is a restricted fund established by the Board of Directors and exists to fund the management of current assets and liabilities of the Organization, and to fund the purchases of future 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 are allocated to this Fund through resolutions of the Board of Directors.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 fleet renewal program and continue to deliver on STARS' mission.

The Fleet Fund exists to fund the organizations Fleet Renewal Program for the purchase of helicopters, ground service equipment, pilot and aviation engineer training and other related costs.

The Endowment Fund is an externally restricted 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.

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 consolidated 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 consolidated statement of fundraising and operations and change in net assets, 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.

Investments

Investments are recorded at fair value with realized and unrealized gains and losses and any impairment recognized in the consolidated statement of fundraising, operations and change in fund balances.

Property and equipment

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost for contributed capital assets is considered to be fair value at the date of contribution. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components. Assets under capital lease are accounted for at cost, which corresponds to the present value of the minimum lease payments.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization is provided over the estimated useful life of the Organization's assets on a straight-line basis for most assets. Aircraft and flight equipment are componentized into airframe and engines. Airframes and engines are depreciated over periods not exceeding 20 years. 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.

<u>Asset</u>	<u>Rate</u>
Helicopters, engines 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

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to STARS' ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-downs of capital assets are recognized as expenses in the statement of operations and are not subsequently reversed.

Income taxes - Aviation

As a taxable 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.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization designated a portion of its financial derivative contracts as accounting hedges and others as financial derivative contracts. Accordingly, the Organization fair values its derivative contracts with the resulting gains and losses recorded in the consolidated statement of fundraising and operations and change in net assets

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 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.

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 property equipment, in which case they are deferred and amortized to revenue in the same manner as the related asset.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Type of revenue	Revenue recognition policy
b) Fleet donations and grants	Fleet donations and grants are externally restricted funds received from donors and government agencies that are to be used only for the fleet renewal (including helicopter purchases and pilot and engineer training). Fleet donations and grants are deferred and amortized to revenue in the same manner as the related asset.
c) Unrestricted contributions	Recognized when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.
d) Endowment contributions	Recognized as an increase in net assets when received. Earnings from endowment assets are to be recognized in accordance with the objectives of the endowment agreements.
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 has two elements:	The two elements are determined based on:
a) Ticket revenue associated with a purchaser buying a ticket with the intended purpose of winning a prize	a) The stand-alone value of the ticket revenue component measured at fair value as compared to other similarly prize based lotteries recognized at the time the prizes are drawn
b) Contribution revenue based on the ticket purchasers intended purpose to contribute to STARS' mission.	b) The contribution component comprised of the residual and recognized when received
5) Calendar revenue	Recognized at the time when calendars are sold.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Type of revenue	Revenue recognition policy
6) Fundraising event revenue	Initially deferred and recognized as revenue when the event occurs.
7) Realized interest, unrealized gains and losses on investments and investment revenue	Recognized as earned in the statement of fundraising, operations and change in net assets.
8) 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 2020 was \$1,433 (2019 – \$1,577). Volunteers contribute substantial donated time and services throughout the year to STARS; however, due to the difficulty of determining fair market value of these donated services, this value is not recorded in these consolidated financial statements.

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 consolidated 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 consolidated 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, and fair value of foreign exchange contracts. If the underlying estimates and assumptions upon which the consolidated financial statements are based change in future periods, actual amounts may differ materially from those included in the accompanying consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative figures

Certain prior year figures have been reclassified when necessary to conform to the current year's presentation.

4. STARS' FLEET RENEWAL AND CAPITAL CAMPAIGN PROGRAM

STARS' Fleet Renewal Program and related Capital Campaign (the "Program") began in 2018 and is ongoing. The Program has two key parts:

- The Fleet Renewal Program to purchase nine Airbus H145 medically equipped helicopters, provide initial training to STARS' Pilots and Aviation Engineers on the new aircraft, and phase out and ultimately dispose of the legacy helicopters.
- The Capital Campaign to fundraise for the Fleet Renewal Program

Fleet donations and grants are deferred and restricted for the fleet renewal program – including current and future helicopter purchases and pilot and engineering training. Since inception of the Program, STARS has received donations, recognized revenue and incurred expenditures as detailed below:

	March 31, 2020 Inception to date \$	March 31, 2019 Inception to date \$
Donations and Grants		
Fleet Donations	6,371	2,712
Government of Alberta Grant	13,066	13,000
Government of Canada Grant	65,699	-
Total Donations and Grants	85,136	15,712
Revenue recognized / amortized	(2,938)	-
Total Deferred Contributions	82,198	15,712

Shock Trauma Air Rescue Service

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4. STARS' FLEET RENEWAL AND CAPITAL CAMPAIGN PROGRAM (continued)

	March 31, 2020 Inception to date \$	March 31, 2019 Inception to date \$
Expenditures		
Helicopters and Ground Service Equipment	38,905	25,536
Pilot and Engineering Training	2,839	1,460
Fleet Financing Interest	690	-
Total Expenditures	42,434	26,996

Restricted cash and investments of \$53,563 is included in deferred contributions above and summarized below:

	March 31, 2020 Inception to date \$	March 31, 2019 Inception to date \$
Restricted cash - fleet donations and grants	1,860	15,712
Investments	51,703	-
Total restricted cash and investments	53,563	15,712

Fleet funds are invested in Guaranteed Investment Certificates at interest rates of 1.95%-2.39% purchased with the Government of Canada Grant received during the year. These investments are for a term of 3 – 15 months and will be used for future H145 helicopter payments.

Shock Trauma Air Rescue Service

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a) PROPERTY AND EQUIPMENT

	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Helicopters and Ground Service Equipment	38,905	1,325	37,580	25,536

Helicopters and ground service equipment totals \$38,905 and is included in the Organization's property and equipment. During the year ended March 31, 2020 the Organization purchased a helicopter and ground service equipment totaling \$13,369 (2019 - \$25,536)

b) LONG-TERM DEBT AND CREDIT FACILITIES

The Organization entered into a five-year \$39,000 credit facility with a Banking Syndicate on March 28, 2019 to finance current and future purchases of H145 aircraft related to the fleet renewal process. The credit facility is secured against the Organization's assets.

During the year ended March 31, 2020, \$12,651 of the donations and grants received to date and \$2,336 from operations cash was used to reduce STARS' bank term debt.

	March 31, 2020 Inception to date \$	March 31, 2019 Inception to date \$
Balance, beginning of the year	19,928	-
Proceeds from long-term debt	12,426	19,928
Repayments of long-term debt from donations and grants	(12,651)	-
Repayments of long-term debt from operations	(2,336)	-
Banking syndicate fees	(204)	-
Balance, end of the year	17,163	19,928

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b) 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:

	\$
2021	1,452
2022	1,407
2023	1,430
2024	1,430
2025	1,430
Thereafter	10,014
	<u>17,163</u>

c) COMMITMENTS AND FINANCIAL DERIVATIVE INSTRUMENTS

STARS is party to certain financial instruments that have fixed the price for a portion of its United States 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 purchases from the volatility of foreign exchange rate between the Canadian dollar and the United States dollar (“US\$”)

STARS periodically uses forward contracts to economically hedge the impact of foreign currency changes in anticipated transactions denominated in foreign currencies. When both at the inception of a hedging relationship and throughout its term, STARS has reasonable assurance that the critical terms of the hedging item and the hedged item are the same, and, in the case of an anticipated transaction, it is probable that the anticipated transaction will occur at the time and in the amount designated, STARS may choose to apply hedge accounting. STARS formally documents the hedging relationship, identifying the hedged item, the related hedging item, the nature of the specific risk exposure or exposures being hedged and the intended term of the hedging relationship.

As of March 31, 2020, STARS has contracted Airbus Helicopters to deliver a further six helicopters in 2020 and 2021 for US\$53,223. STARS has deposited \$16,661 with Airbus of which, \$11,083 is classified as short term deposits and \$5,578 as long term deposits.

During the year, the Organization entered into multiple foreign exchange forward contracts amounting to US\$53,223 which STARS has designated as hedges for accounting purposes. Accordingly, no unrealized gains or losses were recorded on the statement of fundraising and operations and change in net assets for the period ended March 31, 2020.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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d) COMMITMENTS AND FINANCIAL DERIVATIVE INSTRUMENTS (continued)

As at March 31, 2020 the Organization had the following outstanding hedged foreign exchange forward contracts (2019 - \$8,048).

Settlement date	US\$ Purchased	Average Contract rate
June 2020-June 2021	\$53,223	1.3250

As at March 31, 2020, per the Bank of Canada, the foreign exchange rate for the US dollar was \$1.4187

5. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Industry services	1,570	943
Out of province patients and other	231	798
Government remittances	207	1,504
	2,008	3,245
Less: Allowance for doubtful accounts	(304)	(185)
	1,704	3,060

6. HELICOPTER PARTS AND STORE INVENTORY

	2020	2019
	\$	\$
Helicopter parts	3,483	2,858
Store inventory	253	229
	3,736	3,087
Less: Provision for obsolete inventory	(28)	(19)
	3,708	3,068

The amount of inventories recognized in Aviation operations expenditures during the year ended March 31, 2020 was \$3,383 (2019 - \$1,900).

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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7. INVESTMENTS

	2020	2019
	\$	\$
Investment assets		
Cash & cash equivalents	54,904	1,784
Bonds/fixed income	4,670	5,914
Canadian equities	3,176	2,834
Global equities	2,477	2,744
	65,227	13,276

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.

	2020	2019
	\$	\$
Investment and other income		
Interest and realized gains recognized in investment income	952	906
Gain / (loss) on sale of investments	10	(9)
Unrealized (losses) / gains on investments	(1,250)	-
Other income	3	2
Total investment and other income	(285)	899

Shock Trauma Air Rescue Service

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8. PROPERTY AND EQUIPMENT

	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Helicopters, engines and aviation equipment [a]	65,347	43,278	22,069	24,293
Fleet renewal (H145) [b]	38,905	1,325	37,580	25,536
Buildings [a]	6,407	2,461	3,946	4,213
Medical equipment	6,730	5,490	1,240	479
Computer hardware and software [c]	10,791	8,466	2,325	2,493
Leasehold improvements	2,707	2,586	121	310
Office equipment	2,074	1,715	359	266
Automobiles	1,499	1,479	20	29
Other	112	-	112	8
	134,572	66,800	67,772	57,627

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

	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Buildings	4,876	1,865	3,011	3,256
Office equipment	334	236	98	164
	5,210	2,101	3,109	3,420

[b] In June 2019 STARS received its third H145 aircraft as part of the fleet renewal process. The helicopter was purchased at a cost of \$12,890 (2019 - \$26,041).

[c] Includes internally generated hardware and software under development totaling \$392 as at March 31, 2020 (2019 - \$999). As these assets are not yet in use, they are not subject to amortization.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020 \$	2019 \$
Accounts payable and accrued liabilities	8,428	8,085
Government remittances owing	73	64
	8,501	8,149

10. LONG-TERM DEBT AND CREDIT FACILITIES

<u>Long-term debt</u>	2020 \$	2019 \$
H145 helicopter loans [a]	17,163	19,929
Regina hangar lease [b]	766	1,008
Regina hangar lease [c]	138	232
Winnipeg hangar loan [d]	708	735
Various equipment capital leases [e]	140	205
	18,915	22,109
Scheduled repayments within one year	(1,900)	(2,422)
	17,015	19,687

[a] This loans bear interest at 3.56% (2019 – 3.56%) and has a term of 5 years with an amortization of 10 - 20 years and average quarterly payments of \$439 (2019 - \$585). The interest rate is fixed for 10 years utilizing an interest rate swap derivative.

[b] This lease bears interest at a fixed rate of 3.94% (2019 – 3.94%) and has a term of 60 months. Monthly lease payments are \$23 (2019 - \$23).

[c] This lease bears interest at 3.19% (2019 – 3.19%), monthly lease payments are \$8 (2019 - \$8) and has a term of 60 months ending in August 2021.

[d] This loan bears interest at 3.79% (2019 – 2.75%), has an amortization period of 25 years and monthly payments are \$4 (2019 - \$4). The hangar, with a carrying value of \$909 as at March 31, 2020 (2019 - \$957), has been pledged as collateral.

[e] These capital leases are for office equipment, bear interest at 10.89% (2019 – 10.89%), have a term of 60 months and monthly lease payments are \$7 (2019 - \$7)

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)
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10. 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:

	\$
2021	1,900
2022	1,804
2023	1,708
2024	1,459
2025	1,450
Thereafter	10,594
	<u>18,915</u>

Credit facilities

As at March 31, 2020 and 2019, 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.

11. DEFERRED CONTRIBUTIONS

	2020 \$	2019 \$
Balance, beginning of year	19,795	22,085
Restricted donations received	1,287	768
Amortization of amounts related to operating expenditures	(780)	(1,404)
Amortization of amounts related to property and equipment	(1,714)	(1,654)
Balance, end of year	<u>18,588</u>	<u>19,795</u>

Donations are deferred when a donor restricts the usage of their contribution to a specific purpose. The majority of deferred donations 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 CONSOLIDATED FINANCIAL STATEMENTS

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12. INCOME TAXES

At March 31, 2020, Aviation has non-capital losses for income tax purposes in the amount of \$20,036 (2019 - \$16,485) which are available to be carried forward and used to reduce income for income tax purposes in future years until the losses expire in 2031. Aviation also has book values in excess of tax values related to its property & equipment of \$15,287 as at March 31, 2020 (2019 - \$8,732 tax values in excess of book values). The potential benefit arising from the application of these losses and tax pools has not been recognized in the consolidated financial statements.

13. ENDOWMENT FUND

	2020 \$	2019 \$
Medical physicians	20	20
Doctors on board	237	237
	257	257

14. LOTTERY REVENUE AND EXPENSES

Alberta Lottery

The following table summarizes the net lottery revenue recognized during the period and amounts deferred to the next fiscal period based on contribution margins as the Alberta Lottery closes in March of each year and prize draws occur in April:

	2020 \$	2019 \$
Lottery close date	Mar 19, 2020	Mar 21, 2019
Draw dates	April 2, 2020	Apr 4-9, 2019
Lottery revenue	19,113	21,432
Lottery expenses	9,701	9,967
Net lottery revenue	9,412	11,465

	2020 \$	2019 \$
Deferred ticket revenue	10,626	8,379
Deferred expenses	5,861	4,732
Net revenue deferred to the next fiscal year	4,765	3,647

Shock Trauma Air Rescue Service

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14. LOTTERY REVENUE AND EXPENSES (continued)

The net revenue deferred of \$4,765 will be recorded in the fiscal year ended March 31, 2021 (\$3,647 in the fiscal year ended March 31, 2020).

Saskatchewan Lottery

	2020 \$	2019 \$
Lottery close date	Jul 18, 2019	Jul 19, 2018
Draw date	Aug 1, 2019	Aug 2, 2018
Lottery revenue	9,199	8,904
Lottery expenses	6,455	6,304
Net lottery revenue	2,744	2,600

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 \$2,744 was recognized during the year ended March 31, 2020 (2019 - \$2,600).

15. FEE FOR SERVICES

	2020 \$	2019 \$
Human patient simulator	60	55
Emergency contact center	1,179	919
Foreign currency gains	337	347
Training and support services	793	321
Other	287	365
	2,656	2,007

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16. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2020 \$	2019 \$
Accounts receivable	1,356	(1,527)
Deferred expenses	(1,122)	313
Prepaid expenses	(157)	(257)
Short term deposits	-	(3,173)
Helicopter parts and store inventory	(640)	(842)
Accounts payable and accrued liabilities	352	2,475
Deferred revenue	2,649	(617)
	<u>2,438</u>	<u>(3,628)</u>

17. COMMITMENTS AND CONTINGENCIES

The Organization is obligated to make payments under certain base and office space, as well as office equipment lease agreements. As at March 31, 2020 the aggregate payments in the next five years and thereafter are set out in the table below:

	\$
2021	1,960
2022	817
2023	449
2024	87
2025	53
Thereafter	982
	<u>4,348</u>

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 consolidated financial position, results of fundraising and operations or cash flows of the Organization.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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18. 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, short term and long term deposits, and accounts payable and accrued liabilities approximate their carrying value due to the nature of those instruments. Instruments 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. The fair value of long-term debt is not materially different from its carrying amount.

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.

[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.

Shock Trauma Air Rescue Service

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18. FINANCIAL RISK MANAGEMENT (continued)

From time to time the Organization uses financial derivative instruments to reduce its exposure to currency risk as discussed in Note 19. 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 investments 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 in line with the Organizations Investment Policy. At March 31, 2020, total foreign equity holdings were 18.32% (2019 – 20.67%) of the Organization's investments (excluding fleet funds invested in GICs).

[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.

[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 20, 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.

Shock Trauma Air Rescue Service

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19. FINANCIAL DERIVATIVE INSTRUMENTS

STARS is party to certain financial instruments that have fixed the price for a portion of its United States 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 purchases from the volatility of foreign exchange rate between the Canadian dollar and the United States dollar (“US\$”)

Foreign exchange forward contracts related to operations

The Organization has entered into multiple foreign exchange forward contracts, for the purchase of US\$2,900. STARS considers these 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 and change in net assets based on the fair value (mark-to-market) of the contracts at each reporting period. The unrealized gain recorded for the year ended March 31, 2020 associated with these contracts was \$169 (2019 - \$35).

As at March 31, 2020 the Organization had the following outstanding foreign exchange forward contracts.

<u>Settlement date</u>	<u>USD Purchased</u>	<u>Contract rate</u>
April 30, 2020	1,000	1.3063
July 31, 2020	1,000	1.3058
September 15, 2020	900	1.4400

As at March 31, 2020, per the Bank of Canada, the foreign exchange rate for the US dollar was \$1.4187

20. 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.

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 3. 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.

Shock Trauma Air Rescue Service

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21. SUPPLEMENTAL DISCLOSURES

Presented below is the consolidated statement of financial position as at March 31, 2020 and the statements of fundraising, operations and change in net assets 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 consolidated financial statements.

Consolidated Statement of Financial Position

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
Assets				
Current assets	49,296	12,689	612	62,597
Fleet donations and grants	700	–	1,160	1,860
Long term deposits	5,578	–	–	5,578
Investments	65,227	–	–	65,227
Property and equipment	49,006	17,134	1,632	67,772
Total assets	169,807	29,823	3,404	203,034
Liabilities				
Current liabilities	18,020	2,693	1,030	21,743
Long-term debt	6,442	9,883	690	17,015
Fleet contributions and grants	78,884	2,146	1,168	82,198
Deferred contributions	15,036	2,421	1,131	18,588
Total liabilities	118,382	17,143	4,019	139,544
Net assets				
Capital preservation fund	51,168	12,680	(615)	63,233
Endowment fund	257	–	–	257
Total net assets	51,425	12,680	(615)	63,490
Total liabilities and net assets	169,807	29,823	3,404	203,034

Shock Trauma Air Rescue Service

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21. SUPPLEMENTAL DISCLOSURES (continued)

Consolidated Statement of Fundraising, Operations and Change in Net Assets

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
Fundraising activities				
Donations and fundraising revenue (net)	15,934	10,349	1,482	27,765
Lottery revenue (net)	9,412	2,744	-	12,156
Calendar revenue (net)	765	153	48	966
Investment and other income	(513)	201	27	(285)
Total net fundraising revenue before other expenditures	25,598	13,447	1,557	40,602
General fundraising and administrative expenses	(4,100)	(1,646)	(454)	(6,200)
Excess of revenue over expenditures from fundraising	21,498	11,801	1,103	34,402
Operating activities				
Operating revenue	11,232	11,791	8,908	31,931
Operating expenditures	(37,499)	(22,692)	(10,118)	(70,309)
Deficiency of revenue over expenditures from operations	(26,267)	(10,901)	(1,210)	(38,378)
Consolidated (deficiency) excess of revenue over expenditures	(4,769)	900	(107)	(3,976)
Net assets, beginning of year	58,777	11,177	(2,488)	67,466
Permanent interprovincial funding	(2,583)	603	1,980	-
Net assets, end of year	51,425	12,680	(615)	63,490

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21. SUPPLEMENTAL DISCLOSURES (continued)

Beginning in the year ended March 31, 2014 in the province of Manitoba, the Organization committed to funding the deficiencies in fundraising activities from unrestricted cross provincial donations. During the years ended March 31, 2020 and 2019, the province of Manitoba did not have any such fundraising-related deficiencies which the Organization would have had to fund.

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
Commitments				
2021	1,350	560	50	1,960
2022	760	7	50	817
2023	399	-	50	449
2024	37	-	50	87
2025	3	-	50	53
Thereafter	3	-	979	982
	2,552	567	1,229	4,348

STARS has established individual bank accounts for each province to segregate fundraising and operations revenues and expenditures. On a monthly and/or 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.

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22. FUNDRAISING EXPENSES AND OTHER

As required under Section 7(2) of the Charitable Fundraising Act Regulation of Alberta, the Saskatchewan Charitable Fund-raising Businesses Act, and the Manitoba Charities Endorsement the Organization discloses the following additional information:

	2020 \$	2019 \$
Alberta – Alberta Charitable Fundraising Act		
Gross contributions	19,746	22,842
Gross gaming proceeds	19,230	21,667
Soliciting donations expense (1)	8,204	8,185
(1) Soliciting donations expense includes:		
Fundraising expenses	3,452	3,691
Remuneration paid to employees	3,930	3,444
Third party fundraising expenses	822	1,050
Saskatchewan – Saskatchewan Charitable Fund-raising Businesses Act		
Gross contributions	13,042	12,703
Gross gaming proceeds	9,255	8,900
Soliciting donations expense (2)	3,796	3,221
(2) Soliciting donations expense includes:		
Fundraising expenses	2,129	1,682
Remuneration paid to employees	1,343	1,150
Third party fundraising expenses	324	389
Manitoba – Manitoba Charities Endorsement		
Gross contributions	1,921	1,320
Gross gaming proceeds	-	-
Soliciting donations expense (3)	888	813
(3) Soliciting donations expense includes:		
Fundraising expenses	498	479
Remuneration paid to employees	335	272
Third party fundraising expenses	55	62

Shock Trauma Air Rescue Service

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March 31, 2020

22. FUNDRAISING EXPENSES AND OTHER (continued)

Gross donations 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.

23. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic resulting in significant public health measures and restrictions put in place. Restrictions such as travel bans, closure of non-essential businesses and physical distancing, have caused disruption to businesses and a significant decline in global capital markets resulting in an economic slowdown. Management has assessed the impact this could have on the Organization as part of year end and determined that there wasn't an impact on the year end numbers presented in these statements.

The long-term impact of the pandemic on STARS and the economy is not yet known and information surrounding the global economic impact of COVID-19 and the estimated length of the pandemic continues to evolve. Future impacts of the pandemic will have a financial effect on STARS' future revenues and operating results including:

- Fundraising revenues, including events, lotteries, calendar sales, and donations
- Potential for increased costs associated with personal protective equipment
- Decline in market value of investments
- Potential increased currency risk as the Organization routinely enters into foreign currency purchase transactions and has liabilities denominated in foreign currencies.

STARS continues its operations of saving the lives of critically ill and injured patients. Non-essential staff are working from home until the Federal, Provincial and Municipal Governments approve and provide guidelines for "returning to work".