

STARS[®]



2020/2021
FINANCIAL
REPORT

STARS is a charitable, non-profit organization funded by our allies: visionary individuals, organizations, businesses, event partners and governments. Since 1985, 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 2020-2021 Revenue \$ 81,532 (numbers in 000s)

**GOVERNMENT
CONTRIBUTIONS
\$ 31,962**

**DONATIONS &
FUNDRAISING
\$ 27,020**

**AB & SK
LOTTERIES
\$ 15,882**

**INDUSTRY SERVICE
REVENUE
\$ 3,660**

**INVESTMENTS &
OTHER INCOME
\$ 3,008**

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

The entirety of our 2020-21 fiscal year was significantly impacted by multiple waves of the COVID-19 pandemic experienced across Western Canada.

STARS 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.

STARS also encouraged our operational and non-operational staff to obtain their COVID-19 vaccination as quickly as provincial policies allowed to best protect our team members and patients.

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 financial statements. Though we saw strength in some fundraising programs such as lotteries and annual giving, we saw significant weakness in corporate philanthropy, community events, and fee-for-service programs. Overall fundraising revenues declined by \$5.3 million and in consideration STARS applied for the Federal Canadian Emergency Wage Subsidy and Canadian Emergency Rent Subsidy programs and received approximately \$4.1M in assistance. Over the years STARS has built up a strong cash position which continues to help us mitigate the financial impact of the COVID-19 pandemic.

MANAGEMENT'S REPORT

The accompanying combined financial statements of STARS as at March 31, 2021 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 2020-21 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



Jeffrey Quick, CPA, CA
CFO
STARS

March 31, 2021

Consolidated Financial Statements

Shock Trauma Air Rescue Service

March 31, 2021

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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, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

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

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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.

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
June 24, 2021

Shock Trauma Air Rescue Service

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended March 31, Thousands of dollars	2021 \$	2020 \$
ASSETS		
Current		
Cash	34,002	38,513
Restricted cash - fleet donations and grants	23,591	1,860
Accounts receivable [note 4]	1,822	1,704
Deferred expenses [note 15]	6,253	5,979
Prepaid expenses	2,228	1,610
Risk management contracts [note 21]	—	169
Short term deposits [note 5]	27,792	11,083
Helicopter parts and store inventory [note 6]	3,195	3,708
Total current assets	98,883	64,626
Long term deposits [note 5]	—	5,578
Investments [note 7]	23,943	65,227
Property and equipment [note 8]	87,357	67,772
	210,183	203,203
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 9]	6,570	8,670
Deferred revenue [note 15]	11,323	11,342
Risk management contracts [note 21]	1,285	-
Current portion of long-term debt [note 10]	1,568	1,900
Total current liabilities	20,746	21,912
Long-term debt [note 10]	19,161	17,015
Deferred contributions [note 11]	17,255	18,588
Deferred fleet contributions and grants [note 12]	84,770	82,198
Total liabilities	141,932	139,713
Net assets		
Capital preservation fund	67,994	63,233
Endowment fund - externally restricted [note 14]	257	257
Total net assets	68,251	63,490
	210,183	203,203

Commitments and contingencies [note 19]

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	2021 \$	2020 \$
Fundraising activities		
Donations and fundraising		
Gross revenue	26,357	32,486
Direct fundraising expenditures	(5,685)	(7,963)
	20,672	24,523
Lottery [note 15]		
Gross revenue	33,291	28,460
Direct expenditures, including prizes	(17,409)	(16,156)
	15,882	12,304
Calendar		
Gross revenue	1,266	1,838
Direct expenditures	(603)	(864)
	663	974
Investment and other income (loss) [note 7]	3,008	(441)
Total net fundraising revenue before other expenditures	40,225	37,360
General fundraising and administrative expenses	(2,436)	(3,413)
Excess of revenue over expenditures from fundraising	37,789	33,947
Operating activities		
Operating revenue		
Government contributions [note 2]	31,962	27,331
Government fleet contributions - Federal and Provincial [note 12]	947	455
Site registration recoveries	1,683	1,944
Fee for services [note 16]	1,962	2,414
Investment income [note 7]	15	242
	36,569	32,386
Operating expenditures		
Aviation operations	32,145	34,493
Clinical operations	18,923	18,516
STARS Emergency Link Centre	3,683	3,753
Base operations and administration	7,636	8,223
Loss on risk management contracts [note 21]	2,831	-
Amortization	6,953	5,324
	72,171	70,309
Deficiency of revenue over expenditures from operations	(35,602)	(37,923)
Net gain on sale of asset [note 17]	2,574	-
Consolidated excess (deficiency) of revenue over expenditures and sale of asset	4,761	(3,976)
Net assets, beginning of year	63,490	67,466
Net assets, end of year	68,251	63,490

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		
	2021 \$	2020 \$
OPERATING ACTIVITIES		
Consolidated excess/(deficiency) of revenue over expenditures	4,761	(3,976)
Add (deduct) items not affecting cash:		
Amortization of property and equipment	6,953	5,324
Amortization of deferred contributions <i>[note 11]</i>	(2,746)	(2,494)
Accelerated amortization of deferred contributions <i>[note 11, 17]</i>	(6,720)	—
Amortization of deferred fleet contributions <i>[note 12]</i>	(1,214)	(2,938)
Unrealized (gain) loss on investments <i>[note 7]</i>	(2,362)	1,250
Unrealized loss on risk management contracts <i>[note 21]</i>	1,454	—
Loss on disposal of property and equipment <i>[note 17]</i>	4,146	—
	4,272	(2,834)
Net change in non-cash working capital items <i>[note 18]</i>	(2,616)	2,438
Cash provided by (used in) operating activities	1,656	(396)
FINANCING ACTIVITIES		
Proceeds from long-term debt	10,326	12,426
Repayments of long-term debt	(8,512)	(15,621)
Deferred contributions received during the year <i>[note 11, 12]</i>	4,299	70,711
Cash provided by provided by financing activities	6,113	67,516
INVESTING ACTIVITIES		
Purchase of investments	(6,540)	(54,688)
Proceeds from sale of investments	50,183	1,487
Proceeds on sale of asset <i>[note 17]</i>	6,458	-
Deposits <i>[note 5]</i>	(11,131)	(13,488)
Purchase of fleet renewal property and equipment <i>[note 8]</i>	(27,850)	(13,368)
Purchase of property and equipment <i>[note 8]</i>	(1,669)	(2,100)
Cash provided by (used in) investing activities	9,451	(82,157)
Net increase (decrease) in cash during the year	17,220	(15,037)
Cash and restricted cash, beginning of year	40,373	55,410
Cash and restricted cash, end of year	57,593	40,373

See accompanying notes to the consolidated financial statements

Supplementary information

Interest received	167	665
Interest paid	680	765

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

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, 2021 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’ Fleet Renewal Program (the “Program”) began in 2018 and is ongoing. The Program has two key parts:

- The Fleet Renewal Program to purchase 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

2. COVID-19 PANDEMIC

In March 2020, the World Health Organization 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 on events and gatherings, travel bans, closure of non-essential businesses, and physical distancing have caused disruption to businesses resulting in an economic slowdown.

Canadian and International public health orders have impacted or may continue to impact STARS in the following ways:

- Reduced revenues as restrictions have impeded the Organization’s ability to generate fundraising revenue through events
- Increased costs associated with personal protective equipment
- Delayed implementation of the new H145 aircraft and associated pilot training due to travel restrictions
- Contributed to increased volatility in the market value of investments and fluctuations in foreign currency exchange rates
- Increased credit risk on accounts receivable from industry partners

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

Management has applied for available Government fiscal relief programs to minimize the impact of COVID-19 on the Organization. The Organization recorded \$4,160 (2020 - \$nil) as government contributions during the year through the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs.

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". 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.

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, 2021 of the Foundation and the combined financial results as at and for the year ended March 31, 2021 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.

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 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.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Amortization is provided over the estimated useful life of the Organization's assets on a straight-line basis. Aircraft and flight equipment are componentized into airframe and engines. Airframes and engines are depreciated over periods not exceeding 20 years. Expenditures incurred in order to get an asset ready for use 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	Useful Life
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
Other (leasehold improvements, office equipment, and automobiles)	Lessor of term of lease (where applicable) or 5 years

Impairment

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. Any impairments of capital assets are recognized as expenses in the statement of operations and are not subsequently reversed.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Risk management contracts

STARS uses risk management contracts to economically hedge the impact of foreign currency changes in anticipated transactions denominated in foreign currencies and to mitigate the effect of changes in variable interest rates on variable rate debt. Although management considers all risk management contracts to be economic hedges, all contracts are not designated as effective hedges for accounting.

Hedge Accounting

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, STARS may choose to apply hedge accounting. When hedge accounting is applied gains and losses on risk management contracts are only recognized at maturity with no corresponding asset or liability recorded. Gains and losses on foreign currency forward contracts are entered into to hedge anticipated helicopter deposits, that qualify as hedges for accounting, are recognized as an adjustment to the carrying value of property and equipment when the payments are made. Gains and losses on interest rate swap contracts that qualify as accounting hedges are recognized in base operations and administration expenses on the consolidated statement of fundraising, operations and change in net assets when payments are made.

Critical terms of each hedging arrangement are assessed annually. In the event that the critical terms of a hedging arrangement are no longer considered to be an effective accounting hedge, hedge accounting will be discontinued and the risk management contract will be recorded at fair value within the consolidated statement of fundraising, operations and change in net assets. All subsequent changes in fair value are recorded as gains or losses on risk management contracts.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value

When hedge accounting is not applied, risk management contracts are initially measured at fair value with subsequent changes in fair value recognized as gains or losses on risk management contracts. The fair value of these derivative contracts are based on an estimate of the amounts that would be paid or received to settle these instruments at the statement of financial position date.

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 and equipment, in which case they are deferred and amortized to revenue in the same manner as the related asset.
b) Fleet contributions and grants	Fleet contributions and grants are internally or externally restricted funds received from donors and government agencies that are used only for the fleet renewal (including H145 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 or expenditure.
c) Unrestricted contributions and Government contributions	Recognized as operating revenue 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.

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Type of revenue	Revenue recognition policy
5) Calendar revenue	Recognized at the time when calendars are sold.
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 2021 was \$1,135 (2020 – \$1,433). 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, fair value and useful life of property and equipment, and fair value of foreign exchange and interest rate risk management 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, 2021

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. ACCOUNTS RECEIVABLE

	2021	2020
Industry services	\$1,367	\$1,570
Out of province patients and other	371	231
Government remittances	246	207
	\$1,984	\$2,008
Less: Allowance for doubtful accounts	(162)	(304)
	\$1,822	\$1,704

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

5. DEPOSITS

Short-term and long-term deposits relate to H145 helicopter purchases and will be included in the cost of the asset upon arrival.

	2021	2020
Balance, beginning of year	\$16,661	\$3,173
Additions	24,812	16,661
Transfers to property and equipment	(13,681)	(3,173)
Balance, end of year	\$27,792	\$16,661
Short-term	27,792	11,083
Long-term	-	5,578

6. HELICOPTER PARTS AND STORE INVENTORY

	2021	2020
Helicopter parts	\$2,802	\$3,483
Store inventory	422	253
	\$3,224	\$3,736
Less: Provision for obsolete inventory	(29)	(28)
	\$3,195	\$3,708

The amount of inventories recognized in Aviation operations expenditures during the year ended March 31, 2021 was \$3,117 (2020 - \$3,383).

7. INVESTMENTS

The majority of 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.

	2021	2020
Investment Assets		
Cash & cash equivalents [a]	\$10,625	\$54,904
Bonds/fixed income	6,025	4,670
Canadian equities	3,641	3,176
Global equities	3,652	2,477
	\$23,943	\$65,227

Shock Trauma Air Rescue Service

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of dollars)

March 31, 2021

7. INVESTMENTS (continued)

[a] 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 prior year and the interest earned on these investments is deferred and will be recognized over the life of the helicopter assets.

Investment and other income	2021	2020
Investment income	\$549	\$1,038
Gain on sale of investments	119	9
Unrealized gains / (losses) on investments	2,362	(1,250)
Other (loss) / income	(7)	4
Total investment and other income/ (loss)	\$3,023	(\$199)

8. PROPERTY AND EQUIPMENT

	March 31, 2021			March 31, 2020		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Helicopters, engines, and aviation equipment [a]	\$56,729	\$39,736	\$16,993	\$65,347	\$43,278	\$22,069
Fleet renewal (H145) [b]	66,755	4,114	62,641	38,905	1,325	37,580
Buildings [c]	6,433	2,771	3,662	6,407	2,461	3,946
Medical equipment	7,412	5,909	1,503	6,730	5,490	1,240
Computer hardware and software [d]	11,808	9,507	2,301	10,791	8,466	2,325
Other	6,284	6,027	257	6,392	5,780	612
Property and Equipment	\$155,421	\$68,064	\$87,357	\$134,572	\$66,800	\$67,772

[a] During the year the Organization sold a 2010 AW139 aircraft with an associated net book value of \$10,604 and a 2012 AW139 aircraft was donated to the Organization through a related party recorded at fair market value of \$7,620. See Note 17 and Note 24 for additional information.

[b] During the year STARS received two new H145 aircraft. Capital fleet renewal costs incurred in the year were \$27,850 (2020 - \$13,368).

Shock Trauma Air Rescue Service

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8. PROPERTY AND EQUIPMENT (continued)

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

	Cost	2021 Accumulated amortization	Net book value	2020 Net book value
Buildings	\$4,876	\$2,110	\$2,766	3,011
Office equipment	334	301	33	98
	\$5,210	\$2,411	\$2,799	3,109

[d] Includes internally generated hardware and software under development totaling \$75 as at March 31, 2021 (2020 - \$392). As these assets are not yet in use, they are not subject to amortization.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accounts payable and accrued liabilities	\$6,487	\$8,597
Government remittances owing	83	73
	\$6,570	\$8,670

10. LONG-TERM DEBT AND CREDIT FACILITIES

Long-term debt	2021	2020
H145 helicopter loans [a]	\$19,418	\$17,163
Regina hangar lease [b]	513	766
Regina hangar lease [c]	41	138
Winnipeg hangar loan [d]	690	708
Various equipment capital leases [e]	67	140
	\$20,729	18,915
Scheduled repayments within one year	(1,568)	(1,900)
	\$19,161	\$17,015

[a] On March 28, 2019 STARS established a non-revolving term syndicated credit facility under which it has a loan facility for the purchase of H145 helicopters. Individual helicopter loans are drawn under Canadian dollar bankers' acceptances, which carry stamping fees of 140 basis points. The facility has a term of 5 years with individual loan amortization periods of 15 – 21.5 years, and average quarterly payments of \$517 (2020 - \$549).

The maturity date of the facility is March 27, 2024 at which time all obligations under the credit facility must be repaid. STARS may request to extend the maturity date of the facility annually in conjunction with provision of the annual audited financial statements to the lenders provided the requested term does not exceed five years from the effective date of any such extension. The credit facility is secured against the Organization's helicopter assets and has a single financial covenant whereby STARS is required to maintain a minimum capital reserve of \$15,000 in Alberta and \$1,500 in Saskatchewan. As at March 31, 2021 STARS was in compliance with this covenant.

Shock Trauma Air Rescue Service

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

In order to mitigate variable interest rate risk Management has entered into interest rate swap contracts fixing the interest rate on these loans between 2.93% and 3.56%. See Note 21 for further information.

[b] This lease bears interest at a fixed rate of 3.94% (2020 – 3.94%) and has a term of 60 months ending February 2023. Monthly lease payments are \$23 (2020 - \$23).

[c] This lease bears interest at 3.19% (2020 – 3.19%), monthly lease payments are \$8 (2020 - \$8) and has a term of 60 months ending in August 2021.

[d] This loan bears interest at 2.86% (2020 – 3.79%), monthly payments are \$4 (2020 - \$4). The hangar, with a carrying value of \$860 as at March 31, 2021 (2020 - \$909), has been pledged as collateral.

[e] These capital leases are for office equipment, bear interest at 10.89% (2020 – 10.89%), and a term of 60 months ending January 2022 and monthly lease payments are \$7 (2020 - \$7)

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

2022	\$	1,568
2023		1,447
2024		1,198
2025		1,199
2026		1,200
Thereafter		14,117
	\$	<u>20,729</u>

Credit facilities

As at March 31, 2021 and 2020, 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

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 helicopters and medical equipment.

	2021	2020
Balance, beginning of year	\$18,588	\$19,795
Restricted donations received [note 24]	8,133	1,287
Amortization of amounts related to operating expenditures	(15)	(780)
Accelerated amortization of deferred contributions [note 17]	(6,720)	-
Amortization of amounts related to property and equipment	(2,731)	(1,714)
Balance, end of year	<u>\$17,255</u>	<u>\$18,588</u>

Shock Trauma Air Rescue Service

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12. DEFERRED FLEET CONTRIBUTIONS AND GRANTS

	2021	2020
Balance, beginning of year	\$82,198	\$15,712
Fleet contributions and grants received	3,786	69,424
Amortization of amounts related to operating expenditures	-	(2,407)
Amortization of amounts related to government funded property and equipment	(947)	(455)
Amortization of amounts related to property and equipment	(267)	(76)
Balance, end of year	\$84,770	\$82,198

13. INCOME TAXES

At March 31, 2021, Aviation has non-capital losses for income tax purposes in the amount of \$21,185 (2020 - \$20,598) which are available to be carried forward and used to reduce income for income tax purposes in future years until the losses expire in 2032. Aviation also has book values in excess of tax values related to its property & equipment of \$14,562 as at March 31, 2021 (2020 - \$15,850). The potential benefit arising from the application of these losses and tax pools has not been recognized in the consolidated financial statements.

14. NET ASSETS

[a] CAPITAL PRESERVATION FUND

	2021	2020
Unrestricted operations	\$63,694	\$63,233
Internally restricted for fleet	4,300	-
	\$67,994	\$63,233

[b] ENDOWMENT FUND

	2021	2020
Medical physicians	\$20	\$20
Doctors on board	237	237
	\$257	\$257

Shock Trauma Air Rescue Service

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15. 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:

	2021	2020
Lottery close date	Mar 18, 2021	Mar 19, 2020
Draw dates	April 1, 2021	April 2, 2020
Lottery revenue	\$23,861	\$19,217
Lottery expenses	(11,051)	(9,701)
Net lottery revenue	\$12,810	\$9,516
Deferred ticket revenue [a]	\$10,903	\$10,626
Deferred expenses [b]	(6,153)	(5,861)
Net revenue deferred to the next fiscal year	\$4,750	\$4,765

The net revenue deferred of \$4,750 will be recorded in the fiscal year ended March 31, 2022 (\$4,765 in the fiscal year ended March 31, 2021).

	2021	2020
[a] Deferred revenue		
Deferred ticket revenue	\$10,903	\$10,626
Other deferred revenue	420	716
Balance, end of year	\$11,323	\$11,342
[b] Deferred expenses		
Deferred expenses	\$6,153	\$5,861
Other deferred expenses	100	118
Balance, end of year	\$6,253	\$5,979

Saskatchewan Lottery

	2021	2020
Lottery close date	Jul 16, 2020	Jul 18, 2019
Draw date	Jul 30, 2020	Aug 1, 2019
Lottery revenue	\$9,430	\$9,243
Lottery expenses	(6,358)	(6,455)
Net lottery revenue	\$3,072	\$2,788

The Saskatchewan lottery concludes during the fiscal year and thus there is no deferred revenue or expense associated with the lottery. Accordingly, the entire net contribution of \$3,072 was recognized during the year ended March 31, 2021 (2020 - \$2,788).

Shock Trauma Air Rescue Service

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16. FEE FOR SERVICES

	2021	2020
Human patient simulator	\$41	\$60
Emergency contact center	1,019	1,179
Foreign currency (loss) gain	(533)	337
Training and support services	1,390	793
Other	45	45
	\$1,962	\$2,414

17. SALE OF ASSET

During the period an AW139 aircraft was sold for proceeds of \$6,458 with an associated net book value of \$10,604 resulting in a net loss of \$4,146. Outstanding deferred contributions of \$6,720 associated with this aircraft was recognized as accelerated amortization in the Statement of fundraising, operations and change in net assets.

18. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2021	2020
Accounts receivable	(\$118)	\$1,356
Deferred expenses	(274)	(1,122)
Prepaid expenses	(618)	(157)
Helicopter parts and store inventory	513	(640)
Accounts payable and accrued liabilities	(2,100)	352
Deferred revenue	(19)	2,649
	(\$2,616)	\$2,438

19. 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, 2021 the aggregate payments in the next five years and thereafter are set out in the table below:

2022	\$	2,353
2023		2,018
2024		1,526
2025		903
2026		682
Thereafter		928
	\$	8,410

Shock Trauma Air Rescue Service

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19. COMMITMENTS AND CONTINGENCIES (continued)

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.

20. FINANCIAL RISK MANAGEMENT

Financial instruments

Financial Instruments include cash, restricted cash, accounts receivable, risk management contracts, investments, short term and long-term deposits, accounts payable and accrued liabilities and long-term debt. Financial instruments are carried at amortized cost except for risk management contracts and investments, which are carried at fair value. As at March 31, 2021 and 2020, no significant differences existed between the carrying value of financial instruments and their estimated fair values.

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.

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20. FINANCIAL RISK MANAGEMENT (continued)

[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.

[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.

To help mitigate these risks, STARS maintains cash and access to undrawn credit facilities, and adheres to its capital management policies discussed in Note 22, 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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21. FINANCIAL DERIVATIVE INSTRUMENTS

STARS uses a variety of derivative instruments to reduce its exposure to fluctuations in foreign exchange and interest rates. Following is a summary of all risk management contracts in place at March 31, 2021:

Interest Rate Swap		
Term	Notional (\$CDN)	Fixed Rate
April 2021 - Jan 2029	\$9,658	3.56% ⁽¹⁾
April 2021 - Dec 2035	\$10,154	2.93% ⁽¹⁾

⁽¹⁾ Accounted for at fair value

Prior to April 1, 2020 STARS applied hedge accounting on the 3.56% interest rate swap. In December 2020 an early debt repayment resulted in the critical terms of the interest rate swap ceasing to match those of the underlying debt instrument. As a result, hedge accounting was discontinued, and a portion of the outstanding interest rate swap was unwound at a realized cost of \$345 (2020 - \$nil). Unrealized losses of \$310 (2020 - \$nil) related to interest rate swaps were incurred to March 31, 2021.

Foreign Currency Contracts				
Value Date	Amt Sell (CAD)	Amt Bought (USD)	Rate	Purpose
April 30, 2021	1,364	1,000	1.3635	Operating ⁽¹⁾
June 30, 2021	1,072	800	1.3399	Operating ⁽¹⁾
June 25, 2021	15,318	11,555	1.3257	H145 Deposits ⁽¹⁾

⁽¹⁾ Accounted for at fair value

To mitigate foreign currency risk on deposit payments for the purchase of H145 aircraft, Management entered into foreign currency forward contracts. At the inception of the contracts and up until December of 2020 the critical terms of the hedging contracts and the anticipated aircraft deposits matched. In December 2020 STARS was informed that, as a result of COVID-19, the delivery date of four H145 helicopters would be delayed, resulting in the critical terms of the foreign currency forward contracts ceasing to match the timing of the anticipated aircraft deposits and as such hedge accounting was discontinued. As at March 31, 2021 the total loss on risk management contracts related to the discontinuance of hedge accounting of the H145 foreign currency contracts was \$1,032 (2020 - \$nil). Unrealized losses of \$1,144 (2020 - \$nil) related to foreign currency contracts were recorded.

As at March 31, 2021 the fair value associated with STARS' risk management contracts was a liability of \$1,285 (2020 – asset of \$169)

Shock Trauma Air Rescue Service

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22. 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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23. SUPPLEMENTAL DISCLOSURES

[a] Provincial Operations

Presented below is the consolidated statement of financial position as at March 31, 2021 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				
Cash	\$24,520	\$8,689	\$793	\$34,002
Restricted cash - fleet donations and grants	20,347	1,000	2,244	23,591
Current assets	12,570	672	256	13,498
Short term deposits	27,671	121	-	27,792
Investments	23,943	-	-	23,943
Property and equipment	56,198	29,752	1,407	87,357
Total assets	\$165,249	\$40,234	\$4,700	\$210,183
Liabilities				
Current liabilities	\$15,833	\$3,330	\$1,583	\$20,746
Long-term debt	-	18,500	661	19,161
Deferred contributions	13,925	2,325	1,005	17,255
Fleet contributions and grants	79,940	2,578	2,252	84,770
Total liabilities	\$109,698	\$26,733	\$5,501	\$141,932
Net assets				
Capital preservation fund	\$55,294	\$13,501	(\$801)	\$67,994
Endowment fund	257	-	-	257
Total net assets	\$55,551	\$13,501	(\$801)	\$68,251
Total liabilities and net assets	\$165,249	\$40,234	\$4,700	\$210,183

Shock Trauma Air Rescue Service

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23. SUPPLEMENTAL DISCLOSURES (continued)

Consolidated Statement of Fundraising, Operations and Change in Net Assets

	Alberta	Saskatchewan	Manitoba	Total
Fundraising activities				
Donations and fundraising revenue (net)	\$12,568	\$7,835	\$269	\$20,672
Lottery revenue (net)	12,810	3,072	-	15,882
Calendar revenue (net)	417	184	62	663
Investment and other income / (loss)	2,979	24	5	3,008
Total net fundraising revenue before other expenditures	28,774	11,115	336	40,225
General fundraising and administrative expenses	(1,453)	(712)	(271)	(2,436)
Excess of revenue over expenditures from fundraising	\$27,321	\$10,403	\$65	\$37,789
Operating activities				
Operating revenue	14,194	12,661	9,714	36,569
Operating expenditures	(39,950)	(22,243)	(9,978)	(72,171)
Deficiency of revenue over expenditures from operations	(25,756)	(9,582)	(264)	(35,602)
Net gain from sale of assets	2,574	-	-	2,574
Consolidated excess (deficiency) of revenue over expenditures	4,139	821	(199)	4,761
Net assets, beginning of year	51,425	12,680	(615)	63,490
Permanent interprovincial funding	(13)	-	13	-
Net assets, end of year	\$55,551	\$13,501	(\$801)	\$68,251

Shock Trauma Air Rescue Service

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23. 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, 2021 and 2020, 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				
2022	\$1,538	\$765	\$50	\$2,353
2023	1,184	784	50	2,018
2024	673	803	50	1,526
2025	30	823	50	903
2026	-	632	50	682
Thereafter	-	-	928	928
	\$3,425	\$3,807	\$1,178	\$8,410

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.

24. RELATED PARTY TRANSACTION

Certain members of the STARS Board of Directors hold positions at organizations that STARS has commercial activities with in the ordinary course of business, as such these organizations are related parties to STARS. In December 2020 an AW139 aircraft was donated to STARS by one of these related party organizations. The aircraft was recorded at its fair market value of \$7,620.

25. SUBSEQUENT EVENT

Subsequent to March 31, 2021, under the *Canadian Not for Profit Corporations Act*, STARS Aviation Canada Inc. was amalgamated with Shock Trauma Air Rescue Service. The continuing entity will operate under the name Shock Trauma Air Rescue Service.

Shock Trauma Air Rescue Service

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26. FUNDRAISING EXPENSES AND OTHER

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

	2021	2020
Alberta Charitable Fundraising Act		
Gross contributions	\$17,310	\$19,746
Gross gaming proceeds	23,710	19,230
Soliciting donations expense (1)	5,217	8,204
(1) Soliciting donations expense includes:		
Fundraising expenses	1,873	3,452
Remuneration paid to employees	2,905	3,930
Third party fundraising expenses	\$439	\$822
Saskatchewan Charitable Fundraising Businesses Act		
Gross contributions	\$7,875	\$13,042
Gross gaming proceeds	9,426	9,255
Soliciting donations expense (2)	3,112	3,796
(2) Soliciting donations expense includes:		
Fundraising expenses	\$1,428	2,129
Remuneration paid to employees	1,326	1,343
Third party fundraising expenses	\$358	\$324
Manitoba Charities Endorsement		
Gross contributions	\$1,983	\$1,921
Gross gaming proceeds	-	-
Soliciting donations expense (3)	957	888
(3) Soliciting donations expense includes:		
Fundraising expenses	\$475	498
Remuneration paid to employees	425	335
Third party fundraising expenses	57	\$55

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.