



# 2021/2022 FINANCIAL REPORT

**STARS**<sup>®</sup>

**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 2021-2022 revenue \$ 86,023 (numbers in 000s)**

**GOVERNMENT  
CONTRIBUTIONS**

**\$ 28,426**

**DONATIONS &  
FUNDRAISING**

**\$ 33,125**

**AB & SK  
LOTTERIES**

**\$ 16,986**

**INDUSTRY SERVICE  
REVENUE**

**\$ 6,718**

**INVESTMENTS &  
OTHER INCOME**

**\$768**

## **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.

Thanks to the support of the community and our government partners, our capital campaign has successfully concluded and nine H145 helicopters have been secured.

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

## MANAGEMENT'S REPORT

The accompanying consolidated financial statements of STARS as at March 31, 2022 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 2021-22 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 consolidated financial statements with Management and the external auditors.

The Board of Directors has approved these consolidated financial statements on the recommendation of the Audit and Finance Committee.



Andrea Robertson  
President and Chief Executive Officer  
STARS



Linda Dalgetty, FCPA, FCA  
Chief Financial Officer  
STARS

March 31, 2022

Consolidated financial statements

**Shock Trauma Air Rescue Service**

March 31, 2022

# Contents

	<b>Page</b>
Auditor's report	1
Consolidated statement of financial position	4
Consolidated statement of fundraising, operations and change in net assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7



## Independent auditor's report

To the Board of Directors of Shock Trauma Air Rescue Service

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### 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 subsidiary (together, the Organization) as at March 31, 2022 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, 2022;
- 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.

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### 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.

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### 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.

PricewaterhouseCoopers LLP  
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825



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.

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### **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 21, 2022

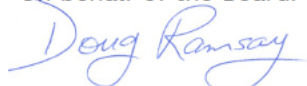
# Shock Trauma Air Rescue Service

## Consolidated statement of financial position

Year ended March 31, (Canadian dollars in thousands)		
	2022	2021
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash <i>[note 11]</i>	42,743	34,002
Restricted cash - fleet donations and grants	7,125	23,591
Accounts receivable <i>[note 4]</i>	2,117	1,822
Deferred expenses <i>[note 15]</i>	6,595	6,253
Prepaid expenses	1,232	2,228
Risk management contracts <i>[note 21]</i>	39	—
Deposits <i>[note 5]</i>	2,983	27,792
Assets held for sale <i>[note 9]</i>	216	—
Inventory <i>[note 6]</i>	3,224	3,195
<b>Total current assets</b>	<b>66,274</b>	<b>98,883</b>
Risk management contracts <i>[note 20]</i>	957	—
Investments <i>[notes 7 and 11]</i>	16,088	23,943
Maintenance contracts <i>[note 8]</i>	2,003	—
Property and equipment <i>[note 9]</i>	128,297	87,357
	<b>213,619</b>	<b>210,183</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 10]</i>	8,707	6,570
Deferred revenue <i>[note 15]</i>	12,013	11,323
Risk management contracts <i>[note 21]</i>	—	1,167
Current portion of long-term debt <i>[note 11]</i>	2,084	2,229
<b>Total current liabilities</b>	<b>22,804</b>	<b>21,289</b>
Risk management contracts <i>[note 21]</i>	—	118
Long-term debt <i>[note 11]</i>	16,081	18,500
Deferred contributions <i>[note 12]</i>	12,692	17,255
Deferred fleet contributions and grants <i>[note 13]</i>	86,805	84,770
<b>Total liabilities</b>	<b>138,382</b>	<b>141,932</b>
Commitments and contingencies <i>[note 19]</i>		
<b>Net assets <i>[note 14]</i></b>		
Capital preservation fund	74,980	67,994
Endowment fund - externally restricted	257	257
<b>Total net assets</b>	<b>75,237</b>	<b>68,251</b>
	<b>213,619</b>	<b>210,183</b>

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, (Canadian dollars in thousands)		
	2022	2021
	\$	\$
<b>Fundraising activities</b>		
<b>Donations and fundraising</b>		
Gross revenue [notes 9, 12 and 13]	33,124	26,357
Direct fundraising expenditures	(5,514)	(5,685)
	27,610	20,672
<b>Lottery [note 15]</b>		
Gross revenue	35,001	33,291
Direct expenditures, including prizes	(18,015)	(17,409)
	16,986	15,882
<b>Calendar</b>		
Gross revenue	1,456	1,266
Direct expenditures	(726)	(603)
	730	663
Investment and other income [note 7]	732	3,008
<b>Total net fundraising revenue before other expenditures</b>	<b>46,058</b>	<b>40,225</b>
General fundraising and administrative expenditures	(2,363)	(2,436)
<b>Excess of revenue over expenditures from fundraising</b>	<b>43,695</b>	<b>37,789</b>
<b>Operating activities</b>		
<b>Operating revenue</b>		
Government contributions [note 2]	28,423	31,962
Government fleet contributions - Federal and Provincial [note 13]	3,007	947
Site registration recoveries	1,934	1,683
Fee for services [note 16]	4,748	1,962
Investment income [note 7]	36	15
	38,148	36,569
<b>Operating expenditures</b>		
Aviation operations [note 8]	28,861	32,145
Clinical operations	20,259	18,923
STARS Emergency Link Centre	3,908	3,683
Base operations and administration	8,196	7,636
(Gain) loss on risk management contracts [note 21]	(919)	2,831
Amortization [note 9]	14,552	6,953
	74,857	72,171
<b>Deficiency of revenue over expenditures from operations</b>	<b>(36,709)</b>	<b>(35,602)</b>
<b>Consolidated excess of revenue over expenditures before gain on sale of asset</b>	<b>6,986</b>	<b>2,187</b>
Accelerated amortization of deferred contributions on sale of property and equipment [note 12]	—	6,720
Loss on sale of property and equipment	—	(4,146)
<b>Net gain on sale of asset [note 17]</b>	<b>—</b>	<b>2,574</b>
<b>Consolidated excess of revenue over expenditures</b>	<b>6,986</b>	<b>4,761</b>
Net assets, beginning of year	68,251	63,490
Addition to endowment fund	—	—
<b>Net assets, end of year</b>	<b>75,237</b>	<b>68,251</b>

See accompanying notes to the consolidated financial statements

# Shock Trauma Air Rescue Service

## Consolidated statement of cash flows

Year ended March 31 (Canadian dollars in thousands)		
	2022 \$	2021 \$
<b>Operating activities</b>		
Consolidated excess of revenue over expenditures	6,986	4,761
Add (deduct) items not affecting cash:		
Amortization of property and equipment	14,552	6,953
Amortization of deferred contributions <i>[note 12]</i>	(3,697)	(2,746)
Accelerated amortization of deferred contributions on sale of property and equipment <i>[note 12]</i>	—	(6,720)
Accelerated amortization of deferred contributions on impairment of property and equipment <i>[note 12]</i>	(2,693)	—
Amortization of deferred fleet contributions <i>[note 13]</i>	(3,945)	(1,214)
Unrealized gain on investments <i>[note 7]</i>	(4)	(2,362)
Unrealized (gain) loss on risk management contracts <i>[note 21]</i>	(2,281)	1,454
Assets available for sale <i>[note 9]</i>	(216)	—
Loss on sale of property and equipment <i>[note 17]</i>	—	4,146
	<b>8,702</b>	<b>4,272</b>
Net change in non-cash working capital items <i>[note 18]</i>	1,154	(2,616)
<b>Cash provided by operating activities</b>	<b>9,856</b>	<b>1,656</b>
<b>Financing activities</b>		
Proceeds from long-term debt	665	10,326
Repayments of long-term debt	(3,229)	(8,512)
Contributions to endowment fund	—	—
Deferred contributions received <i>[notes 12 and 13]</i>	7,807	4,299
<b>Cash provided by financing activities</b>	<b>5,243</b>	<b>6,113</b>
<b>Investing activities</b>		
Purchase of investments	(2,302)	(6,540)
Proceeds from sale of investments	10,161	50,183
Proceeds on sale of asset <i>[note 17]</i>	—	6,458
Deposits (paid) on H145 helicopters, net of transfers to property and equipment <i>[note 5]</i>	24,809	(11,131)
Purchase of property and equipment <i>[note 9]</i>	(55,492)	(29,519)
<b>Cash (used in) provided by investing activities</b>	<b>(22,824)</b>	<b>9,451</b>
<b>Net (decrease) increase in cash and restricted cash</b>	<b>(7,725)</b>	<b>17,220</b>
Cash and restricted cash, beginning of year	57,593	40,373
<b>Cash and restricted cash, end of year</b>	<b>49,868</b>	<b>57,593</b>

See accompanying notes to the consolidated financial statements

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### 1. Nature of operations

These consolidated financial statements represent the consolidated financial position and operations of Shock Trauma Air Rescue Service Foundation (“Foundation”) and Shock Trauma Air Rescue Service (“Service”). Collectively, these entities are referred to as “STARS” or the “Organization”.

On April 1, 2021, under the *Canadian Not for Profit Corporations Act* (“CNPCA”), Service and STARS Aviation Canada Inc. (“Aviation”), a wholly owned subsidiary of Service and a private corporation incorporated under the *Canada Business Corporations Act*, were amalgamated. To facilitate this, immediately prior to the amalgamation, Aviation was continued under the CNPCA. As the amalgamation was between two businesses, resulted in no change in ownership and was between related parties not in the normal course of business, this transaction was measured at the carrying amount, with Shock Trauma Air Rescue Service being the continuing entity. These consolidated financial statements include the financial position, results of operations and cash flows of the amalgamated entity for both the current period and all prior periods.

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)*.

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 is a trusted critical care provider. STARS supports critically ill and injured patients by providing emergency medical communications and emergency medical transport when needed. Education and research, 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; and
- The capital campaign to fundraise for the Fleet Renewal Program.

At March 31, 2022, all but one of the ten total Airbus H145 helicopters have been purchased. The capital campaign officially ended on March 31, 2022.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### 2. COVID-19 pandemic

The COVID-19 pandemic and the associated public health measures put in place, including 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. While restrictions are lifting and the economy is showing signs of recovery, uncertainty remains as to the long-term impact of the pandemic on STARS and the economy. Canadian and International public health orders have impacted, and may continue to impact, the Organization's ability to generate fundraising revenues through events, increased costs associated with personal protective health equipment and sanitization, and delayed implementation of the H145 helicopters and associated pilot training.

To minimize the impact of COVID-19, the Organization applied for government fiscal relief programs through the Canadian Emergency Wage Subsidy, Canadian Emergency Rent Subsidy, and Alberta Critical Care Worker Benefits. The Organization recorded \$87 (2021 - \$4,160) as government contributions during the year.

### 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, 2022, of Foundation and Service. Transactions and balances between the entities have been eliminated in arriving at the consolidated financial statements.

#### Net assets

The Capital Preservation Fund (the "Fund") is comprised of unrestricted and internally restricted funds 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 Fund has already funded past purchases of helicopters, buildings and equipment. Additionally, operating and fundraising surpluses and deficits are allocated to the Fund through resolutions of the Board of Directors.

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

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.

#### Cash and restricted cash

Bank balances are presented under cash and restricted cash. Restricted cash is subject to internal or external restrictions that prevent its use for general operations and must be spent in accordance with the relevant restrictions applied by management, donors or government bodies.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### 3. Significant accounting policies (continued)

#### Foreign currency translation

Foreign currency balances are translated into Canadian dollars as follows: monetary assets and liabilities at the rates of exchange prevailing at the consolidated statement of financial position date, non-monetary assets and liabilities at historical exchange rates and revenue and expenses 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, operations and change in net assets, other than those related to designated hedges.

#### Inventory

Inventory is valued at the lower of cost or net realizable value, with cost determined on a specific item basis. 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 net assets.

#### Property and equipment

Property and equipment are recorded at cost less accumulated amortization and any provision for impairment. The cost of contributed property and equipment is considered to be fair value at the date of contribution. The cost of property and equipment 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 on recognition, less accumulated amortization.

Amortization of property and equipment and assets under capital lease is provided over the estimated useful life of the Organization's assets on a straight-line basis or using the variable charge method. Helicopter and flight equipment are componentized into airframe and aviation equipment and engines. Expenditures incurred 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.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 3. Significant accounting policies (continued)

<b>Asset</b>	<b>Method</b>	<b>Useful life</b>
Helicopter airframe and aviation equipment	Straight-line	3 to 20 years
Engines	Variable charge	12.5 years
Buildings	Straight-line	20 years
Medical equipment	Straight-line	2 to 5 years
Computer hardware and software	Straight-line	2 to 3 years
Other (leasehold improvements, office equipment and automobiles)	Straight-line	Lessor of term of lease (where applicable) or 5 years

Engines are amortized using the variable charge method whereby amortization is calculated based on the actual flight hours incurred each fiscal year compared to an estimated 5,000 hours to overhaul.

Property and equipment is classified as held for sale when management commits to a plan, the asset is available for immediate sale in its present condition, an active program to locate a buyer has been initiated, the sale is probable and expected to be recognized as a sale within one year, the asset is being actively marketed for sale at a price that is reasonable and it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets held for sale are measured at the lower of their carrying value and their fair value less selling costs and are no longer amortized.

#### Maintenance and repairs

The Organization has long-term maintenance contracts (the "Contracts") that cover both engines and covered parts for the helicopter airframe and aviation equipment. The annual cost of these Contracts is based on a contractual hourly rate multiplied by the number of flight hours (subject to a minimum required hours). The provisions of the Contracts allow for the prepayment of engine overhauls and covered parts replacement which, when performed, will extend the life of the helicopters. An estimate of the proportion of the annual contractual hourly rate related to prepayment has been recorded as maintenance contracts on the consolidated statement of financial position. When engine overhauls or covered parts replacement occurs, the amount is transferred to the appropriate property and equipment category. The remainder of the amounts paid under the Contracts are expensed as incurred and included in aviation operations expenditures on the consolidated statement of fundraising, operations and change in net assets.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### 3. Significant accounting policies (continued)

#### Impairment

Property and equipment are reviewed for impairment when conditions indicate that a capital asset no longer contributes to STARS' ability to provide critical care services, or when conditions indicate that the carrying value of the asset may no longer be recoverable. The Organization assesses impairment by comparing the carrying value of the asset against the undiscounted cash flows expected from the asset's use and disposition. When 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 impairment losses are recognized as expenses in the consolidated statement of fundraising, operations and change in net assets and are not reversed if the fair value of the related asset subsequently increases.

#### Financial instruments

The Organization initially records arm's length financial instruments at fair value. Subsequently, the Organization measures financial instruments as follows:

- Investments in equity instruments that are quoted in an active market at fair value;
- All other financial assets, including cash, restricted cash, accounts receivable, risk management contracts, investments, deposits and maintenance contracts, at amortized cost;
- All other financial liabilities, including accounts payable and accrued liabilities, risk management contracts and long-term debt, at amortized cost; and
- Interest rate and foreign currency derivative contracts, not designated as a hedge, 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.

#### Long-term debt

Long-term debt is initially measured at fair value, net of transaction costs and financing fees. It is subsequently measured at amortized cost. Transaction costs and financing fees are amortized on a straight-line basis.

#### Financial derivative instruments

The Organization 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, none have been designated as effective hedges for accounting purposes.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 3. Significant accounting policies (continued)

Risk management contracts are initially measured at fair value with subsequent changes in fair value recognized as gains or losses on risk management contracts in the consolidated statement of fundraising, operations and change in net assets. The fair value of these derivative contracts is based on an estimate of the amounts that would be paid or received to settle these instruments at the consolidated 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 to be used only for the Fleet Renewal Program (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 and assistance	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 if the amount can be reasonably estimated and collection is reasonably assured.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 3. Significant accounting policies (continued)

Type of revenue	Revenue recognition policy
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	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	The contribution component comprised of the residual and recognized when received.
5) Calendar and merchandise revenue	Recognized at the time when calendars or merchandise are sold if the amount can be reasonably estimated, and collection is reasonably assured.
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 consolidated statement of fundraising, operations and change in net assets.
8) Donations of 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 the Organization. The value of donations in kind recorded in fiscal 2022 was \$1,334 (2021 – \$1,135). 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 consolidated statement of financial position until the lottery draw is held, or the event occurs.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 3. Significant accounting policies (continued)

#### 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, estimate of prepayment related to maintenance contracts 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.

### 4. Accounts receivable

	2022	2021
	\$	\$
Industry services	1,545	1,367
Out of province patients and other	572	371
Government remittances	197	246
	<b>2,314</b>	1,984
Less: Allowance for doubtful accounts	(197)	(162)
	<b>2,117</b>	1,822

### 5. Deposits

Deposits relate to H145 helicopter purchases and will be included in the cost of the asset upon arrival of the helicopter and final payment.

	2022	2021
	\$	\$
Balance, beginning of year	27,792	16,661
Additions	2,680	24,812
Transfers to property and equipment	(27,489)	(13,681)
Balance, end of year	<b>2,983</b>	27,792

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 6. Inventory

	2022	2021
	\$	\$
Helicopter parts	2,927	2,802
Calendar and merchandise inventory	320	422
	<b>3,247</b>	3,224
Less: Provision for obsolete inventory	(23)	(29)
	<b>3,224</b>	3,195

The amount of inventories recognized in aviation operations expenditures on the consolidated statement of fundraising, operations and change in net assets during the year ended March 31, 2022 was \$1,289 (2021 - \$3,117).

### 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. The mix of investment assets at March 31 are as follows:

	2022	2021
	\$	\$
Cash and cash equivalents	1,078	10,625
Bonds/fixed income	7,119	6,025
Canadian equities	3,682	3,641
Global equities	4,209	3,652
	<b>16,088</b>	23,943

Included in cash and cash equivalents as at March 31, 2022 is a \$1,000 (March 31, 2021 - \$1,000) guaranteed income certificate that is pledged as collateral under the Organization's credit facilities (Note 11). Additionally, the Organization's other investments are included in the minimum capital reserve requirement under its syndicated credit facility as discussed in Note 11.

Investment and other income on the consolidated statement of fundraising, operations and change in net assets for the year ended March 31 included:

	2022	2021
	\$	\$
Investment income	591	549
Gain on sale of investments	155	119
Unrealized gain on investments	4	2,362
Other income (loss)	18	(7)
<b>Total investment and other income</b>	<b>768</b>	3,023

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 8. Maintenance contracts

In fiscal 2020, the Organization entered into two Contracts for long-term maintenance related to engines and helicopter and aviation equipment. Both Contracts are for a term of ten years and provide for escalation of the contractual rate as defined in the Contract over that period.

	2022 \$	2021 \$
Balance, beginning of year	—	—
Additions	2,003	—
Transfers to property and equipment	—	—
Balance, end of year	2,003	—

Prior to the current year, the Organization recorded the full amount of the hourly contractual rate as maintenance expense and included in aviation operations expenditures on the consolidated statement of fundraising, operations and change in net assets.

### 9. Property and equipment

	March 31, 2022			March 31, 2021		
	Cost \$	Accumulated amortization \$	Net carrying value \$	Cost \$	Accumulated amortization \$	Net carrying value \$
Helicopters and aviation equipment	133,713	38,457	95,256	107,105	42,492	64,613
Engines	29,737	3,328	26,409	16,379	1,358	15,021
Buildings	6,471	3,085	3,386	6,433	2,771	3,662
Medical equipment	7,703	6,348	1,355	7,412	5,909	1,503
Computer hardware and software	12,325	10,584	1,741	11,808	9,507	2,301
Other	6,284	6,134	150	6,284	6,027	257
	<b>196,233</b>	<b>67,936</b>	<b>128,297</b>	<b>155,421</b>	<b>68,064</b>	<b>87,357</b>

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

	March 31, 2022			March 31, 2021
	Cost \$	Accumulated amortization \$	Net carrying value \$	Net carrying value \$
Buildings	4,876	2,355	2,521	2,766
Other	334	334	-	33
	<b>5,210</b>	<b>2,689</b>	<b>2,521</b>	<b>2,799</b>

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 9. Property and equipment (continued)

Property and equipment include internal hardware and software under development totaling \$386 at March 31, 2022 (March 31, 2021 - \$265). As these assets are not yet in use, they are not subject to amortization.

Also included in property and equipment are two AW139 helicopters with a carrying value of \$9,372 that are no longer expected to be used by the Organization in active operations effective April 1, 2022, with the Fleet Renewal Program coming to a close. As a result, these helicopters were assessed for impairment at March 31, 2022 which resulted in an impairment loss of \$3,346 being recorded in the current year. This amount has been included in amortization expense on the consolidated statement of fundraising, operations and change in net assets. Outstanding deferred contributions of \$2,693 associated with these helicopters were also recognized and are included in gross fundraising and donations revenue on the consolidated statement of fundraising, operations and change in net assets. Effective April 1, 2022, the AW139 helicopters will no longer be amortized as they are now considered to be not in use.

In November 2021, the Organization committed to a plan to dispose of four BK117 helicopters with a carrying value of \$nil that are considered to be excess fleet with the Fleet Renewal Program coming to a close. These helicopters were ready for immediate sale at the time the plan was committed to and were subsequently sold, on May 25, 2022, for total proceeds of US\$2,400. The gross cost and accumulated amortization of \$14,680 has been removed from helicopters and aviation equipment as these assets were considered to be available for sale at March 31, 2022.

Additionally, as part of the capital campaign to fundraise for the Program, the Organization restored a classic car with a carrying value of \$216 that was subsequently sold for a selling price of \$254 on April 20, 2022. The carrying value of this car is not included in property and equipment as this asset was also considered to be available for sale at March 31, 2022.

### 10. Accounts payable and accrued liabilities

	2022	2021
	\$	\$
Accounts payable and accrued liabilities	8,660	6,487
Government remittances owing	47	83
	<b>8,707</b>	<b>6,570</b>

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 11. Long-term debt

	2022	2021
	\$	\$
Syndicated credit facility	17,250	19,418
Reducing credit facilities	250	554
Revolving demand credit facility	665	—
Term loan	—	690
Various equipment capital leases	—	67
Total long-term debt	18,165	20,729
Less: current portion	(1,419)	(2,229)
Demand credit facility	(665)	—
Long-term portion of long-term debt	16,081	18,500

#### Syndicated credit facility

On March 28, 2019, the Organization entered into a non-revolving term syndicated credit facility (the “Syndicate”) 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 Syndicate has a term of five years, with individual loan amortization periods of 15 – 24 years, and quarterly repayments of \$292. Additionally, during the year ended March 31, 2022, the Organization made additional principal repayments of \$1,000. The average interest rate for the year ended March 31, 2022 was 3.25% (March 31, 2021 – 3.25%).

A second amending agreement was signed on December 31, 2020 to amend the collateral description of the general security agreement. On December 20, 2021, a third amending agreement was signed, reducing the minimum capital reserve requirements covenant in Alberta from \$15,000 to \$2,000. The minimum capital reserve requirement of \$1,500 in Saskatchewan remains unchanged. The minimum capital reserve requirements covenant is the only financial covenant related to the Syndicate and is calculated by comparing the minimum requirements to the Organization’s cash and cash equivalents at each reporting period. Cash and cash equivalents, for purposes of this calculation, include both the Organization’s cash balances (excluding cash restricted for fleet donations and grants) and investments not otherwise restricted. At March 31, 2022, the Organization was in compliance with this covenant.

The maturity date of the Syndicate is March 28, 2024, at which time all obligations must be repaid. STARS may request to extend the maturity date of the Syndicate 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 Syndicate is secured against the Organization’s helicopter assets and intellectual property.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### 11. Long-term debt (continued)

#### Credit facility agreement (the “Agreement”)

##### *Reducing credit facilities*

On December 4, 2008, the Organization entered into the Agreement to finance the purchase of the Regina hangar. This \$800 reducing leasehold mortgage facility (“Facility 1”) was advanced by way of a 3-year master lease agreement that was extended for two 60-month terms, bearing interest at 3.19% (2021 – 3.19%), has average monthly lease payments of \$8 (March 31, 2021 – \$8) and matured on September 28, 2021. The total amount outstanding on Facility 1 as at March 31, 2022 was \$nil (March 31, 2021 – \$41).

On September 15, 2011, the Agreement was amended to add a second reducing leasehold mortgage facility (“Facility 2”) in the amount of \$2,300 to finance construction on the Regina hangar. This facility was advanced in fiscal 2012 by way of a 6-year master lease agreement that was extended for a 60-month term, bearing interest at 3.94% (2021 – 3.94%), has average monthly lease payments of \$22 (March 31, 2021 – \$21) and matures on March 20, 2023. The total amount outstanding on Facility 2 at March 31, 2022 was \$250 (March 31, 2021 – \$513). Both Facility 1 and Facility 2 are collateralized by the hangar leases.

##### *Revolving demand credit facility*

On March 19, 2019, the Agreement was amended to add a \$1,000 credit facility (“Facility 3”) for ongoing general corporate purposes. This facility is revolving, due on demand, can be drawn in increments of \$5 and bears interest at bank prime. The Organization drew on Facility 3 on March 31, 2022 in order to repay the term loan related to the Winnipeg hangar as discussed further below. Additionally, the Organization has determined that monthly principal repayments of \$3 (March 31, 2021 – \$nil) will be made, based on the remaining amortization period of the term loan of approximately 18 years. The total amount outstanding on Facility 3 at March 31, 2022 was \$665 (March 31, 2021 – \$nil). A \$1,000 guaranteed investment certificate (included in investments – Note 7) has been pledged as collateral for Facility 3.

#### Term loan

On September 25, 2014 the Organization entered into an \$850 loan with a period of 25 years to finance the purchase of the Winnipeg hangar. This loan had an initial term of 66 months with two subsequent extensions of twelve months ending on March 31, 2021 and March 31, 2022, respectively. This loan bears interest at 2.86% (2021 – 2.86%) and has monthly principal repayments of \$4 (March 31, 2021 – \$4). The hangar, with a carrying value of \$797 as at March 31, 2022 (March 31, 2021 – \$860), was pledged as collateral.

On March 31, 2022 the Organization repaid the balance owing on the loan of \$663 (including interest) by way of drawing on Facility 3.

#### Various equipment capital leases

Capital leases for office equipment bearing interest at 10.89% (2021 – 10.89%) with monthly lease payments of \$7 (2021 – \$7) were fully repaid in the current year.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 11. Long-term debt (continued)

#### Scheduled repayments

The scheduled repayment of principal on long-term debt in each of the next five years and thereafter, assuming that the revolving demand credit facility is repaid over the remaining 18-year term, is as follows:

2023	\$	1,455
2024		1,205
2025		1,205
2026		1,205
2027		1,205
Thereafter		11,890
	<u>\$</u>	<u>18,165</u>

### 12. Deferred contributions

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

	2022	2021
	\$	\$
Balance, beginning of year	17,255	18,588
Restricted contributions received <i>[note 24]</i>	1,827	8,133
Amortization of amounts related to operating expenditures	(361)	(15)
Accelerated amortization of deferred contributions on sale of property and equipment <i>[note 17]</i>	—	(6,720)
Accelerated amortization of deferred contributions on impairment of property and equipment <i>[note 9]</i>	(2,693)	—
Amortization of amounts related to property and equipment	(3,336)	(2,731)
Balance, end of year	<u>12,692</u>	<u>17,255</u>

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 13. Deferred fleet contributions and grants

Fleet contributions and grants are deferred and restricted for the fleet renewal process – including current and future helicopter purchases and pilot and engineer training.

	2022 \$	2021 \$
Balance, beginning of year	84,770	82,198
Fleet contributions and grants received	5,980	3,786
Amortization of amounts related to operating expenditures	(656)	—
Amortization of amounts related to government funded property and equipment	(3,007)	(947)
Amortization of amounts related to property and equipment	(282)	(267)
Balance, end of year	86,805	84,770

### 14. Net assets

#### Capital preservation fund

	2022 \$	2021 \$
Unrestricted	74,320	63,694
Internally restricted for fleet	660	4,300
	74,980	67,994

#### Endowment fund

	2022 \$	2021 \$
Medical physicians	20	20
Doctors on board	237	237
	257	257

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 15. Lottery revenue and expenses

#### Alberta lottery

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

	2022 \$	2021 \$
Lottery close date	Mar 23, 2022	Mar 18, 2021
Draw dates	Apr 7, 2022	Apr 1, 2021
Lottery revenue	22,581	23,861
Lottery expenses	(10,985)	(11,051)
Net lottery revenue	11,596	12,810
	2022	2021
Deferred ticket revenue [a]	11,563	10,903
Deferred expenses [b]	(6,435)	(6,153)
Net revenue deferred to the next fiscal year	5,128	4,750

The net revenue deferred of \$5,128 will be recorded in the fiscal year ending March 31, 2023 (\$4,750 in the fiscal year ended March 31, 2022).

	2022 \$	2021 \$
<b>[a] Deferred revenue</b>		
Deferred ticket revenue	11,563	10,903
Other deferred revenue	450	420
Balance, end of year	12,013	11,323
<b>[b] Deferred expenses</b>		
Deferred expenses	6,435	6,153
Other deferred expenses	160	100
Balance, end of year	6,595	6,253

The Saskatchewan lottery begins and concludes within each fiscal year, thus there is no deferred revenue or expense associated with this lottery. Accordingly, the entire net contribution of \$5,390 was recognized during the year ended March 31, 2022 (2021 - \$3,072). This net contribution was comprised of \$12,420 in lottery revenue and \$7,030 in lottery expenses (2021 - \$9,430 in lottery revenue and \$6,358 in lottery expenses).

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 16. Fee for service

	2022	2021
	\$	\$
Support and other services	3,163	1,390
Emergency contact center	1,157	1,019
Foreign currency gain (loss)	375	(533)
Human patient simulator	20	41
Other	33	45
	<b>4,748</b>	<b>1,962</b>

### 17. Sale of property and equipment

During the year ended March 31, 2021, an AW139 helicopter 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 helicopter were recognized as accelerated amortization in the consolidated statement of fundraising, operations and change in net assets.

### 18. Net change in non-cash working capital items

	2022	2021
	\$	\$
Accounts receivable	(295)	(118)
Deferred expenses	(342)	(274)
Prepaid expenses	996	(618)
Inventory	(29)	513
Maintenance contracts	(2,003)	—
Accounts payable and accrued liabilities	2,137	(2,100)
Deferred revenue	690	(19)
	<b>1,154</b>	<b>(2,616)</b>

### 19. Commitments and contingencies

#### Commitments

The Organization is obligated to make payments under certain base and office space, as well as office equipment lease agreements. At March 31, 2022 the aggregate payments in the next five years and thereafter are set out in the table below:

2023	\$	2,311
2024		2,094
2025		1,489
2026		1,267
2027		642
Thereafter		1,170
	<b>\$</b>	<b>8,973</b>

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### 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

The existence of financial instruments exposes the Organization to financial risks. 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.

#### 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.

##### *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 through the use of interest rate swap derivative contracts and controlling the mix of liabilities with fixed and variable interest rate obligations.

##### *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. The Organization uses derivative financial instruments to mitigate its foreign currency risk.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### 20. Financial risk management (continued)

#### 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 Organization's Investment Policy.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable and maintenance contracts. STARS manages this risk by ensuring that it enters into business relationships with 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.

The Organization is also exposed to counterparty credit risk inherent in its interest rate swap and foreign currency forward contract derivatives. In all contracts, the counter party is a major Canadian financial institution, and the Organization has assessed these risks as minimal.

#### 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.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 21. Risk management contracts

The Organization uses a variety of financial derivative instruments to reduce its exposure to fluctuations in interest rates and foreign currencies. The following is a summary of all risk management contracts in place at March 31, 2022:

Interest rate swap contracts		
Term	Notional (\$CDN)	Fixed rate
April 2022 - Jan 2029	\$8,904	3.56%
April 2022 - Dec 2035	\$9,466	2.93%

As of March 31, 2022, the realized loss on risk management contracts related to interest rate swaps was \$264 (2021 - \$345) and the unrealized gain was \$1,294 (2021 - loss of \$310).

As at March 31, 2022 the fair value associated with STARS' interest rate risk management contracts was an asset of \$984 (2021 - liability of \$310), of which \$39 is classified as current and \$945 is classified as long term on the consolidated statement of financial position (2021 - liability of \$192 is current and liability of \$118 is long term).

Foreign currency forward contracts				
Value date	Amt sell (\$CAD)	Amt bought (\$USD)	Rate	Purpose
April 29, 2022	1,285	1,000	1.2848	Operating
July 29, 2022	1,251	1,000	1.2512	Operating
October 31, 2022	1,255	1,000	1.2550	Operating
July 13, 2022	5,775	7,172	1.2419	H145 deposits

To mitigate foreign currency risk on deposit payments for the purchase of H145 aircraft and operating costs related to helicopter maintenance and pilot and aviation engineer training, the Organization entered into foreign currency forward contracts. As at March 31, 2022 the realized loss on risk management contracts related to foreign currency contracts was \$1,098 (2021 - \$1,032) and the unrealized gain was \$987 (2021 - loss of \$1,144)

As at March 31, 2022 the fair value associated with STARS' foreign currency risk management contracts was an asset of \$12 (2021 - liability of \$975), all of which is classified as current on the consolidated statement of financial position.

At the consolidated statement of financial position date, the fair value of the interest rate swap and foreign currency forward contracts was determined with reference to a quotation from a derivatives dealer which the Organization accepts as the fair value of these instruments.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

*(Canadian dollars in thousands)*

### **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. These include managing the maturity dates of its debt in order to avoid having a disproportionate number of principal repayments becoming due within any fiscal period and protecting against volatility in interest rates by ensuring a high percentage of its debt is subject to fixed interest rates.

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 23. Supplemental disclosures

#### Provincial operations

Presented below is the consolidated statement of financial position as at March 31, 2022 and the consolidated statement of fundraising, operations and change in net assets for the year then ended, segmented by each province where STARS operates. 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 \$
<b>Assets</b>				
Cash	28,489	13,289	965	42,743
Restricted cash - fleet donations and grants	3,452	1,095	2,578	7,125
Current assets other than short term deposits	12,646	584	193	13,423
Short term deposits	2,862	121	—	2,983
Risk management contracts	—	957	—	957
Investments	16,088	—	—	16,088
Maintenance contracts	863	1,027	113	2,003
Property and equipment	99,619	27,367	1,311	128,297
<b>Total assets</b>	<b>164,019</b>	<b>44,440</b>	<b>5,160</b>	<b>213,619</b>
<b>Liabilities</b>				
Current liabilities	18,548	2,862	1,394	22,804
Long-term debt	—	16,081	—	16,081
Deferred contributions	8,856	2,039	1,797	12,692
Fleet contributions and grants	80,839	3,380	2,586	86,805
<b>Total liabilities</b>	<b>108,243</b>	<b>24,362</b>	<b>5,777</b>	<b>138,382</b>
<b>Net assets</b>				
Capital preservation fund	55,519	20,078	(617)	74,980
Endowment fund	257	—	—	257
<b>Total net assets (accumulated deficit)</b>	<b>55,776</b>	<b>20,078</b>	<b>(617)</b>	<b>75,237</b>
<b>Total liabilities and net assets</b>	<b>164,019</b>	<b>44,440</b>	<b>5,160</b>	<b>213,619</b>

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 23. Supplemental disclosures (continued)

*Consolidated statement of fundraising, operations and change in net assets*

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
<b>Fundraising activities</b>				
Donations and fundraising revenue (net)	17,572	8,120	1,918	27,610
Lottery revenue (net)	11,597	5,389	—	16,986
Calendar revenue (net)	455	161	114	730
Investment and other income	706	18	8	732
<b>Total net fundraising revenue before other expenditures</b>	<b>30,330</b>	<b>13,688</b>	<b>2,040</b>	<b>46,058</b>
General fundraising and administrative expenses	(1,531)	(587)	(245)	(2,363)
<b>Excess of revenue over expenditures from fundraising</b>	<b>28,799</b>	<b>13,101</b>	<b>1,795</b>	<b>43,695</b>
<b>Operating activities</b>				
Operating revenue	16,733	13,112	8,303	38,148
Operating expenditures	(45,215)	(19,635)	(10,007)	(74,857)
<b>Deficiency of revenue over expenditures from operations</b>	<b>(28,482)</b>	<b>(6,523)</b>	<b>(1,704)</b>	<b>(36,709)</b>
<b>Consolidated excess of revenue over expenditures</b>	<b>317</b>	<b>6,578</b>	<b>91</b>	<b>6,986</b>
<b>Net assets (accumulated deficit), beginning of year</b>	<b>55,551</b>	<b>13,501</b>	<b>(801)</b>	<b>68,251</b>
Permanent interprovincial funding	(93)	—	93	—
<b>Net assets (accumulated deficit), end of year</b>	<b>55,775</b>	<b>20,079</b>	<b>(617)</b>	<b>75,237</b>

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 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, 2022 and 2021, the province of Manitoba did not have any such fundraising-related deficiencies which the Organization would have had to fund.

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
<b>Commitments</b>				
2023	1,477	784	50	2,311
2024	1,241	803	50	2,094
2025	616	823	50	1,489
2026	585	632	50	1,267
2027	585	7	50	642
Thereafter	293	—	877	1,170
	<b>4,797</b>	<b>3,049</b>	<b>1,127</b>	<b>8,973</b>

The Organization 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 where the Organization has commercial activities in the ordinary course of business. As such, these organizations are related parties to STARS. Additionally, in December 2020 an AW139 helicopter with a fair market value of \$7,620 was donated to STARS by one of these related party organizations.

### 25. Comparative figures

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

# Shock Trauma Air Rescue Service

## Notes to the consolidated financial statements

March 31, 2022

(Canadian dollars in thousands)

### 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:

<b>Alberta Charitable Fundraising Act</b>	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Gross contributions	21,194	17,310
Gross gaming proceeds	22,791	23,710
Soliciting contributions expense [a]	5,622	5,217
<b>[a] Soliciting contributions expense includes:</b>		
Fundraising expenses	2,465	1,873
Remuneration paid to employees	2,636	2,905
Third party fundraising expenses	521	439
<b>Saskatchewan Charitable Fundraising Businesses Act</b>	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Gross contributions	9,920	7,875
Gross gaming proceeds	12,525	9,426
Soliciting contributions expense [b]	2,709	3,112
<b>[b] Soliciting contributions expense includes:</b>		
Fundraising expenses	1,458	1,428
Remuneration paid to employees	1,026	1,326
Third party fundraising expenses	225	358
<b>Manitoba Charities Endorsement</b>	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Gross contributions	2,992	1,983
Gross gaming proceeds	—	—
Soliciting contributions expense [c]	881	957
<b>[c] Soliciting contributions expense includes:</b>		
Fundraising expenses	415	475
Remuneration paid to employees	405	425
Third party fundraising expenses	61	57

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