



YE 20
25

**CONSOLIDATED FINANCIAL
STATEMENTS**

SHOCK TRAUMA AIR RESCUE SERVICE

March 31, 2025



Fiscal 2025 YEAR IN REVIEW



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 2025 revenues of \$98,194 (amounts in 000's)¹

**GOVERNMENT
CONTRIBUTIONS**

\$36,810

**DONATIONS &
FUNDRAISING**

\$35,962

AB & SK LOTTERIES ²

\$13,660

**INDUSTRY SERVICES
REVENUE**

\$7,398

**INVESTMENT & OTHER
INCOME**

\$3,640

CALENDAR ²

\$724

¹ Excludes prior year receipts of \$4,677 related to the fleet renewal

² Shown on a net basis

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of STARS as at March 31, 2025 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 fiscal 2025.

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

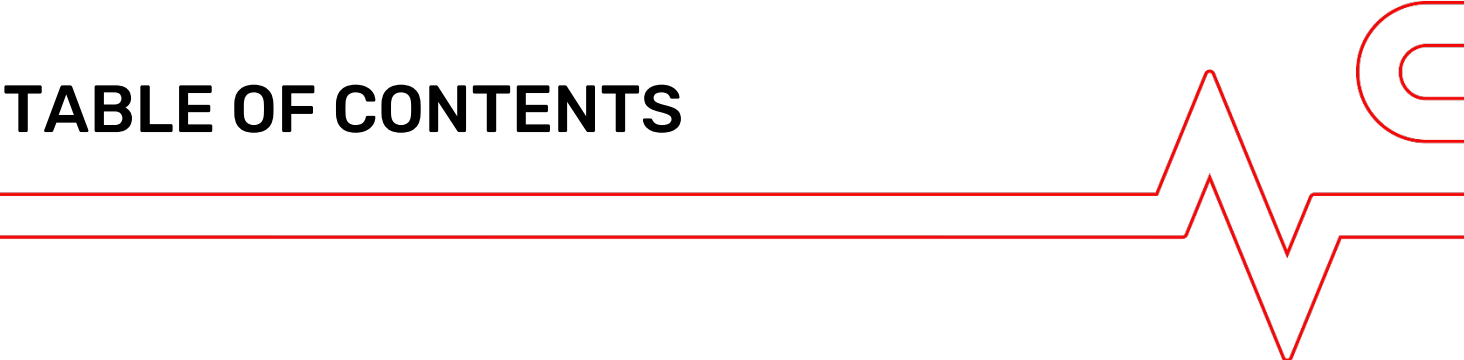
The Board of Directors has approved these consolidated financial statements on the recommendation of the Audit and Finance Committee.

[Originally signed by
Dr. John Froh, MD, BSc, CCFP(EM), FCFP]
President and Chief Executive Officer
STARS

[Originally signed by
Linda Dalgetty, FCPA, FCA]
Chief Financial Officer
STARS

June 25, 2025

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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 subsidiary (together, the Organization) as at March 31, 2025 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, 2025;
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Organization as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 26, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended March 31,

(Canadian dollars in thousands)

	2025	2024
	\$	\$
Assets		
Current		
Cash	60,667	63,131
Accounts receivable <i>[note 3]</i>	2,621	1,036
Deferred expenses <i>[note 13]</i>	1,270	1,259
Prepaid expenses	1,069	1,152
Deposits	39	160
Inventory <i>[note 5]</i>	2,565	2,760
Total current assets	68,231	69,498
Investments <i>[note 6]</i>	19,225	17,685
Maintenance contracts <i>[note 7]</i>	10,844	8,047
Property and equipment <i>[note 8]</i>	121,571	120,682
	219,871	215,912
Liabilities		
Current		
Accounts payable and accrued liabilities <i>[note 9]</i>	9,423	7,908
Deferred revenue <i>[note 13]</i>	2,830	2,551
Total current liabilities	12,253	10,459
Deferred contributions <i>[note 11]</i>	82,158	86,985
Total liabilities	94,411	97,444
Commitments and contingencies <i>[notes 16 and 20]</i>		
Net assets		
Capital preservation fund	125,203	118,211
Endowment fund - externally restricted <i>[note 12]</i>	257	257
Total net assets	125,460	118,468
	219,871	215,912

See accompanying notes to the consolidated financial statements

On behalf of the Board:

[Originally signed by Curtis Stange]
Director – Board Co-Chair

[Originally signed by Theresa Jang]
Director – Audit & Finance Chair

CONSOLIDATED STATEMENT OF FUNDRAISING, OPERATIONS & CHANGE IN NET ASSETS

Year ended March 31, <i>(Canadian dollars in thousands)</i>	2025 \$	2024 \$
Fundraising activities		
Donations and fundraising		
Gross revenue <i>[note 11]</i>	35,962	36,457
Direct fundraising expenditures	(5,957)	(5,784)
	30,005	30,673
Lottery <i>[note 13]</i>		
Gross revenue	33,429	42,940
Direct expenditures, including prizes	(19,769)	(23,958)
	13,660	18,982
Calendar		
Gross revenue	1,382	1,386
Direct expenditures	(658)	(681)
	724	705
Total net fundraising revenue before other expenditures	44,389	50,360
General fundraising and administrative expenditures	(2,553)	(2,479)
Excess of revenue over expenditures from fundraising	41,836	47,881
Operating activities		
Operating revenue		
Government contributions	36,810	38,302
Government funded property and equipment - Federal and Provincial <i>[note 11]</i>	4,677	4,891
Site registration recoveries	3,530	3,195
Fee for services <i>[note 14]</i>	3,868	2,463
	48,885	48,851
Operating expenditures		
Aviation operations <i>[note 5]</i>	32,944	32,936
Clinical operations	25,884	24,431
STARS Emergency Link Centre <i>[note 22]</i>	5,421	4,842
Base operations and administration <i>[notes 21 and 22]</i>	13,007	11,037
Amortization <i>[note 8]</i>	10,304	10,369
	87,560	83,615
Deficiency of revenue over expenditures from operations	(38,675)	(34,764)
Consolidated excess of revenue over expenditures before other items	3,161	13,117
Investment and other income <i>[note 6]</i>	3,640	3,486
Gain (loss) on risk management contracts <i>[note 18]</i>	191	(203)
Consolidated excess of revenue over expenditures before net gain on sale assets held for sale	6,992	16,400
Accelerated amortization of deferred contributions on sale of assets held for sale	-	7,184
Gain on sale of assets held for sale	-	3,850
Net gain on sale of assets held for sale <i>[note 4]</i>	-	11,034
Consolidated excess of revenue over expenditures	6,992	27,434
Net assets, beginning of year	118,468	91,034
Net assets, end of year	125,460	118,468

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

March 31, 2025
(Canadian dollars in thousands)

Year ended March 31, (Canadian dollars in thousands)	2025 \$	2024 \$
Operating activities		
Consolidated excess of revenue over expenditures	6,992	27,434
Add (deduct) items not affecting cash:		
Amortization of property and equipment [note 8]	10,304	10,369
Amortization of deferred contributions [note 11]	(7,855)	(8,362)
Accelerated amortization of deferred contributions on sale of assets held for sale [note 11]	–	(7,184)
Unrealized gain on investments [note 6]	(805)	(965)
Realized (gain) loss on risk management contracts [note 18]	(191)	203
Gain on sale of assets held for sale [note 4]	–	(3,850)
	8,445	17,645
Net change in non-cash working capital items [note 15]	(2,321)	(8,436)
Cash provided by operating activities	6,124	9,209
Financing activities		
Repayments of long-term debt [note 10]	–	(23,184)
Proceeds on settlement of risk management contracts [note 18]	191	1,174
Deferred contributions received [note 11]	3,028	3,610
Cash provided by (used in) financing activities	3,219	(18,400)
Investing activities		
Purchase of investments	(1,141)	(2,245)
Proceeds from sale of investments	406	1,645
Proceeds on sale of assets held for sale, net of selling costs of \$nil (2024 - \$34) [note 4]	–	8,536
Deposits, net of transfers to property and equipment	121	(39)
Purchase of property and equipment [note 8]	(11,193)	(4,519)
Cash (used in) provided by investing activities	(11,807)	3,378
Net decrease in cash	(2,464)	(5,813)
Cash, beginning of year	63,131	68,944
Cash, end of year	60,667	63,131

See accompanying notes to the consolidated financial statements

March 31, 2025
(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 ("Service") and Shock Trauma Air Rescue Service Foundation ("Foundation"). Collectively, these entities are referred to as "STARS" or the "Organization".

Service and Foundation are registered federally under the Canada Not-for-Profit Corporations Act. Through its right and ability as the sole member of Foundation to appoint the majority of Foundation's Board of Directors, Service controls Foundation. 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 provide critical care, anywhere 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 by air, by ground or virtually, when needed. Education and research, fundraising and community partnerships are also significant pillars of the STARS program.

2. 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, 2025, of Service and Foundation. Transactions and balances between the entities have been eliminated in arriving at the consolidated financial statements.

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.

March 31, 2025
(Canadian dollars in thousands)

2. Significant accounting policies (continued)

Investments

Investments are recorded at fair value with realized and unrealized gains and losses and any impairment recognized in the 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 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. Helicopters and related equipment are componentized into helicopter airframe and aviation equipment and engines. 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. The cost of assets under construction includes direct design and construction costs and overhead costs directly attributable to these activities.

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. Expenditures incurred to get an asset ready for use are capitalized and amortized over the asset's useful life once they are being utilized in the manner intended by management. When assets under construction are completed and ready for their intended use, the amounts are transferred to the appropriate property and equipment category and amortized over the asset's useful life. The cost of routine repairs and maintenance is charged to operating expenditures as incurred.

Asset type	Method	Useful life
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 and office equipment)	Straight-line	Lesser 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 until an overhaul is completed, and the hours are reset to zero.

March 31, 2025
(Canadian dollars in thousands)

2. Significant accounting policies (continued)

Property and equipment is classified as held for sale when management commits to a plan whereby 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.

Cloud computing arrangements

The Organization follows the simplification approach which requires that the Organization recognize the expenditures related to the elements in cloud computing arrangements as an expense.

Maintenance and repairs

The Organization has long-term maintenance contracts (the "Contracts") that cover both engines and covered parts for 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.

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 an expense 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.

March 31, 2025
(Canadian dollars in thousands)

2. Significant accounting policies (continued)

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, accounts receivable, deposits and maintenance contracts, at amortized cost;
- All other financial liabilities, including accounts payable and accrued liabilities and long-term debt, at amortized cost; and
- Risk management 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.

Risk management contracts

The Organization uses financial derivative instruments 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.

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.

March 31, 2025
(Canadian dollars in thousands)

2. Significant accounting policies (continued)

Revenue recognition

Type of revenue	Revenue recognition policy
1) Donation contributions, including those received from government agencies.	Deferral method.
a) Restricted contributions	Recognized as revenue in the year in which the related expenses are incurred, unless related to property and equipment, in which case they are accounted for as capital contributions and grants.
b) Capital contributions and grants	Capital contributions and grants are externally restricted funds received from donors and government agencies that are to be used only for capital purchases. Capital contributions and grants are deferred and amortized to revenue in the same manner as the related asset.
c) Unrestricted contributions and government contributions	Recognized when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.
d) Endowment contributions	Recognized as an increase in net assets when received. Earnings from endowment assets are to be recognized in accordance with the objectives of the endowment agreements.
2) Revenue received in advance of the period to which it relates	Recorded as deferred revenue.
3) Site registration and other fees for service	Recognized as revenue when the service has been performed if the amount can be reasonably estimated and collection is reasonably assured.

March 31, 2025
(Canadian dollars in thousands)

2. 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	Deferred and recognized as revenue when the event occurs.
7) Realized interest, unrealized gains and losses on investments and investment revenue	Recognized in revenue as earned.
8) Donations of in-kind investments	Recorded at fair market value on the date of donation.

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 2025 was \$750 (2024 – \$982). 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.

March 31, 2025
(Canadian dollars in thousands)

2. Significant accounting policies (continued)

Expense recognition

Costs incurred for the 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 paid prior to the event are recorded as deferred expenses on the consolidated statement of financial position until the lottery draw is held.

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 prepayments related to maintenance contracts and the fair value of investments and 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.

3. Accounts receivable

	2025 \$	2024 \$
Site registration recoveries	691	1,008
Government contributions and other	1,792	98
Government remittances	201	224
	2,684	1,330
Less: Allowance for doubtful accounts	(63)	(294)
Balance, end of year	2,621	1,036

March 31, 2025
(Canadian dollars in thousands)

4. Assets held for sale

Starting in November 2021, the Organization committed to a plan to dispose of a total of eight BK117 helicopters and two AW139 helicopters considered to be excess fleet.

During the year ended March 31, 2024 one of the remaining two BK117 helicopters, with a carrying value of \$nil, along with an additional engine from the last BK117 helicopter held for sale (also with a carrying value of \$nil), were sold for total proceeds of \$1,659 resulting in a gain on sale of assets held for sale of \$1,656, net of costs to sell. The remaining BK117 helicopter with a carrying value of \$nil continues to be held for sale at March 31, 2025.

On February 6, 2024, the last AW139 helicopter, with a carrying value of \$4,686, was sold for total proceeds of \$6,911 resulting in a gain on assets held for sale of \$2,194, net of costs to sell. Outstanding deferred contributions of \$7,184 associated with this helicopter were also recognized.

The total gain on sale of assets held for sale of \$3,850 and outstanding deferred contributions of \$7,184 were included in net gain on sale of assets held for sale on the consolidated statement of fundraising, operations and change in net assets for the year ended March 31, 2024.

5. Inventory

	2025 \$	2024 \$
Helicopter parts	2,433	2,548
Calendar and merchandise inventory	132	212
Balance, end of year	2,565	2,760

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, 2025 was \$680 (2024 - \$697).

March 31, 2025
(Canadian dollars in thousands)

6. Investments

Most of the Organization's 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 is as follows:

	2025 \$	2024 \$
Cash and cash equivalents	3,321	3,232
Bonds/fixed income	7,675	6,979
Canadian equities	3,892	3,660
Global equities	4,337	3,814
	19,225	17,685

Included in cash and cash equivalents as at March 31, 2025 is a \$1,000 (March 31, 2024 - \$1,000) guaranteed income certificate that is pledged as collateral under the Organization's credit facilities (note 10).

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

	2025 \$	2024 \$
Investment income	2,740	2,502
Gain on sale of investments	69	19
Unrealized gain on investments	805	965
Other income	26	—
Total investment and other income	3,640	3,486

March 31, 2025
 (Canadian dollars in thousands)

7. Maintenance contracts

In fiscal 2020, Service 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.

	2025 \$	2024 \$
Balance, beginning of year	8,047	5,092
Additions	2,797	2,955
Balance, end of year	10,844	8,047

8. Property and equipment

	March 31, 2025			March 31, 2024
	Cost \$	Accumulated amortization \$	Net carrying value \$	Net carrying value \$
Helicopters & aviation equipment	108,570	22,951	85,619	89,306
Engines	34,816	12,530	22,286	25,384
Buildings	15,324	4,259	11,065	2,814
Medical equipment	8,181	7,114	1,067	1,032
Computer hardware and software	3,992	3,298	694	1,602
Assets under construction	235	–	235	–
Other	6,078	5,473	605	544
	177,196	55,625	121,571	120,682

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

	March 31, 2025			March 31, 2024
	Cost \$	Accumulated amortization \$	Net carrying value \$	Net carrying value \$
Buildings	4,876	3,090	1,786	2,031
	4,876	3,090	1,786	2,031

Property and equipment includes \$2,597 of assets not yet in use at March 31, 2025 (March 31, 2024 - \$2,887) and are not subject to amortization.

March 31, 2025
(Canadian dollars in thousands)

9. Accounts payable and accrued liabilities

	2025 \$	2024 \$
Accounts payable and accrued liabilities	9,391	7,894
Government remittances owing	32	14
Balance, end of year	9,423	7,908

10. Long-term debt

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. The Syndicate had a term of five years with individual loan amortization periods of 15 – 24 years, and quarterly repayments of \$429. On May 1, 2023, the Organization repaid the full balance outstanding on the Syndicate of \$22,419 without penalty and also settled the two interest rate swap contracts related to this debt as discussed in note 18.

Demand credit facility

The Organization has a demand credit facility (the "Facility") for a maximum amount of \$1,000 for ongoing general corporate purposes. The Facility is revolving, due on demand, can be drawn in increments of \$5 and bears interest at bank prime. The Organization drew on the Facility in fiscal 2022 to repay a term loan held at a different financial institution related to the Winnipeg hangar and had monthly principal payments of \$3. On December 15, 2023, the Organization repaid the full balance outstanding of \$605 on the Facility.

The total amount outstanding on the Facility at March 31, 2025 was \$nil (March 31, 2024 – \$nil). A \$1,000 guaranteed investment certificated (included in investments – note 6) has been pledged as collateral for the Facility.

March 31, 2025
 (Canadian dollars in thousands)

11. Deferred contributions

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

	2025 \$	2024 \$
Balance, beginning of year	86,985	98,921
Restricted contributions received	3,028	3,610
Amortization of amounts related to operating expenditures	(908)	(1,426)
Accelerated amortization of deferred contributions on sale of assets held for sale <i>[note 4]</i>	—	(7,184)
Amortization of amounts related to government funded property and equipment	(4,677)	(4,891)
Amortization of amounts related to property and equipment	(2,270)	(2,045)
Balance, end of year	82,158	86,985

Amortization of amounts related to operating expenditures and property and equipment are included in gross donations and fundraising revenue on the consolidated statement of fundraising, operations and change in net assets.

12. Net assets

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.

Endowment fund

	2025 \$	2024 \$
Medical physicians	20	20
Doctors on board	237	237
Balance, end of year	257	257

March 31, 2025
 (Canadian dollars in thousands)

13. 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. This deferral is based on contribution margins for prize draws occurring in April.

	2025 \$	2024 \$
Lottery close date	Mar 27, 2025	Mar 21, 2024
Main lottery prize draw date	Mar 31, 2025	Mar 28, 2024
Daily cash raffle prize draw dates	Apr 1 – May 4, 2025	Mar 28 – Apr 30, 2024
Lottery revenue	22,224	32,434
Lottery expenses	(12,663)	(17,530)
Net lottery revenue	9,561	14,904

	2025 \$	2024 \$
Deferred ticket revenue [a]	1,700	1,500
Deferred expenses [b]	(850)	(750)
Net revenue deferred to the next fiscal year	850	750

The net revenue deferred of \$850 relates to the daily cash raffle and will be recorded in the fiscal year ending March 31, 2026 (\$750 in the fiscal year ended March 31, 2025).

[a] Deferred revenue	2025 \$	2024 \$
Deferred ticket revenue	1,700	1,500
Other deferred revenue	1,130	1,051
Balance, end of year	2,830	2,551

[b] Deferred expenses	2025 \$	2024 \$
Deferred lottery expenses	850	750
Other deferred expenses	420	509
Balance, end of year	1,270	1,259

March 31, 2025
(Canadian dollars in thousands)

13. Lottery revenue and expenses (continued)

Saskatchewan lottery

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 \$4,261 was recognized during the year ended March 31, 2025 (2024 - \$4,078). This net contribution was comprised of \$11,059 in lottery revenue and \$6,798 in lottery expenses (2024 - \$10,506 in lottery revenue and \$6,428 in lottery expenses).

14. Fee for service

	2025 \$	2024 \$
Support and other services	2,534	2,404
Foreign currency gain (loss)	275	(68)
Human patient simulator	187	71
Excess helicopter inventory sales	863	4
Other	9	52
	3,868	2,463

15. Net change in non-cash working capital items

	2025 \$	2024 \$
Accounts receivable	(1,585)	752
Deferred expenses	(11)	4,978
Prepaid expenses	83	(23)
Inventory	195	(616)
Maintenance contracts	(2,797)	(2,955)
Accounts payable and accrued liabilities	1,515	(1,252)
Deferred revenue	279	(9,320)
	(2,321)	(8,436)

March 31, 2025
 (Canadian dollars in thousands)

16. Commitments and contingencies

Commitments

The Organization is obligated to make payments under certain base and office space lease agreements. At March 31, 2025 the aggregate payments in the next five years and thereafter are set out in the table below:

	\$
2026	2,250
2027	805
2028	438
2029	178
2030	179
Thereafter	2,944
	6,794

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.

17. 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 as needed by sourcing its borrowings from different sources providing short-term and long-term funding options as required, 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.

March 31, 2025
(Canadian dollars in thousands)

17. Financial risk management (continued)

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 financial derivative contracts from time to time to mitigate its foreign currency risk.

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 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 financial derivative contracts. In all contracts that the Organization may enter, the counter party is a global business and the Organization assesses this risk as minimal.

March 31, 2025
(Canadian dollars in thousands)

17. Financial risk management (continued)

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, adheres to its capital management policies as discussed in note 19 and continually monitors 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.

18. Risk management contracts

From time to time, the Organization uses financial derivative contracts 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, 2025.

Interest rate swap contracts

In May 2023, in conjunction with repayment of the Syndicate as discussed in note 10, both interest rate swap contracts were settled for proceeds of \$1,174. As of March 31, 2025, the realized loss on risk management contracts related to these contracts was \$nil (2024 – loss of \$203).

Foreign currency derivative contracts

To mitigate foreign currency risk primarily on helicopter upgrades, purchase of medical equipment, on-going helicopter maintenance and pilot and aircraft maintenance engineer training, the Organization entered into foreign currency derivative contracts.

March 31, 2025
(Canadian dollars in thousands)

18. Risk management contracts (continued)

As at March 31, 2025, the following contracts were outstanding (March 31, 2024 – none):

Foreign currency forward contracts			
Maturity date	Amount sold (\$CAD)	Amount bought (\$USD)	Rate
April 29, 2025	\$355	\$250	1.4210
May 30, 2025	\$355	\$250	1.4195
June 27, 2025	\$355	\$250	1.4180
July 30, 2025	\$354	\$250	1.4160
August 28, 2025	\$354	\$250	1.4150
Foreign currency options			
Maturity dates	Amount sold (\$CAD)	Rate	
April 2025 – July 2025	Floor \$400 Ceiling \$200	Floor 1.4175 Ceiling 1.4750	

For the year ended March 31, 2025, the realized gain on risk management contracts related to foreign currency forward contracts was \$191 (2024 – \$nil).

At the consolidated statement of financial position date, the fair value of the risk management contracts was based on quoted market prices in active markets, determined by the Organization's counter party, who is a financial service organization, which the Organization accepts as the fair value of these instruments.

19. Capital management

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

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

March 31, 2025
(Canadian dollars in thousands)

20. Supplemental disclosures

Commitments

As disclosed in note 16, the Organization is obligated to make payments under certain base and office space lease agreements. At March 31, 2025 the aggregate payments in the next five years and thereafter, by province, are set out in the table below:

	Alberta \$	Saskatchewan \$	Manitoba \$	Total \$
Commitments				
2026	1,560	632	58	2,250
2027	740	7	58	805
2028	380	—	58	438
2029	120	—	58	178
2030	121	—	58	179
Thereafter	2,103	—	841	2,944
	5,024	639	1,131	6,794

Other considerations

Beginning in the year ended March 31, 2014 and ending in the year ended March 31, 2025, 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, 2025 and 2024, the province of Manitoba did not have any such fundraising-related deficiencies which the Organization would have had to fund.

The Organization has also established individual bank accounts for each province to segregate fundraising and operations revenues and expenditures. On a regular 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 regular basis.

21. Related party transactions

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. All related party transactions are recorded at the agreed upon exchange amount.

During the year, the Organization received donations and sponsorships of \$1,597 (2024 – \$1,350) from certain of these related parties and paid operating expenditures of \$1,050 (2024 – \$1,063) to certain of these related parties.

March 31, 2025
(Canadian dollars in thousands)

22. Cloud computing arrangement

For the year ended March 31, 2025, the Organization expensed \$1,179 (2024 – \$230) for elements in cloud computing arrangements. These amounts are included in base operations and administration expenditures.

23. Comparative figures

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

24. 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:

	2025 \$	2024 \$
Alberta Charitable Fundraising Act		
Gross contributions	23,750	25,046
Gross gaming proceeds	22,073	32,233
Soliciting contributions expense [a]	5,876	5,558
[a] Soliciting contributions expense includes:		
Fundraising expenses	2,235	2,035
Remuneration paid to employees	3,108	2,997
Third party fundraising expenses	533	526
Saskatchewan Charitable Fundraising Businesses Act		
Gross contributions	9,332	11,815
Gross gaming proceeds	10,963	10,535
Soliciting contributions expense [b]	2,588	2,816
[b] Soliciting contributions expense includes:		
Fundraising expenses	1,322	1,516
Remuneration paid to employees	979	1,031
Third party fundraising expenses	287	269

March 31, 2025
(Canadian dollars in thousands)

24. Fundraising expenses and other (continued)

Manitoba Charities Endorsement	2025 \$	2024 \$
Gross contributions	3,282	2,308
Gross gaming proceeds	149	—
Soliciting contributions expense [c]	869	911
[c] Soliciting contributions expense includes:		
Fundraising expenses	425	403
Remuneration paid to employees	271	417
Third party fundraising expenses	173	91

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.