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STARS[®]

Aug 13 2009

2008 governance
and financial report

BOARDS of directors

(S) Alberta Shock Trauma Air Rescue Society (STARS)

(F) Alberta Shock Trauma Air Rescue Service Foundation (STARS Foundation)

Hugh Bolton, FCA (S) (1)
EPCOR Utilities Inc., Edmonton

Allan R. Buchignani (S) Board Chair
ENMAX Corporation, Calgary

Neil Camarta (S, F) (3) (5)
Petro-Canada, Calgary

Lyle D. Carlstrom (S, F) (4)
Kay McVey Smith & Carlstrom LLP, Grande Prairie

Christopher J. Doig, MD MSc FRCPC (S) (1) (2) (3)
University of Calgary & Alberta Health Services,
Calgary

R.T. Noel Gibney, MB, FRCP(C) (S) (3)
University of Alberta, Edmonton

John P. Harms (S, F) (2) (4)
Westerner Park, Red Deer

Andre Harpe (S) (3)
Wieso Acres Ltd, Grande Prairie

Brian Hesje (S) (1)
Fountain Tire, Edmonton

Grant Innes, MD FRCPC (S) (3)
Alberta Health Services, Calgary

Fauzia Lalani (F) (2) (3)
Corporate Director, Calgary

Alison Love (F) (2) (4)
Enbridge Inc., Calgary

Ken McKenzie (S) (3)
WestJet, Calgary

Kevin O. Meyers (S) (1)
ConocoPhillips Canada, Calgary

Elaine Noel-Bentley (F) (2) (5)
Corporate Director, Calgary

Robert J. Normand (F) Board Chair
Corporate Director, Edmonton

D. Gregory Powell, O.C., MD FRCPC (S, F)
STARS President & CEO
University of Calgary &
Alberta Health Services, Calgary

Douglas R. Ramsay (S) (5)
Calfrac Well Services Ltd., Calgary

Janice Rennie, FCA (F) (1)
Corporate Director, Edmonton

Steve Reynish (S, F) (4)
Marathon Oil Canada Corporation, Calgary

W. A. (Sam) Shaw, PhD, CDir (S) (4)
NAIT, Edmonton

Rory Tyler (F) (2) (4) (5)
Korn/Ferry International, Calgary

Brian Vaasjo (F) (1)
EPCOR Utilities Inc., Edmonton

Stephen J. Wuori (S) (4)
Enbridge Inc., Calgary

(Numbers denote committee membership)

Committees:

- (1) Audit and Finance Committee
- (2) Human Resources and Compensation Committee
- (3) Safety and Risk Management Committee
- (4) Governance and Nominating Committee
- (5) Investment Committee

Volunteer, non-director committee members:

Art Hironaka, FCA (1) (5)
Michael Trattner (5)
Graham Weir (5)

Honourary Members:

Stan G.P. Grad, Art Hironaka, J.D. Hole,
James Alexander Lang, Lorraine Myers,
John Panton and Robert G. Peters

Board Chairs and the Chief Executive Officer are
ex-officio members of all Standing Committees.

STARS executive team

Dr. Greg Powell
President & Chief Executive Officer

Dr. Dennis Nездoly
Chief Medical Officer

Rand Smale
Vice President, Finance and Chief Financial Officer

Bill Werny
Vice President, Operations and General Manager, Edmonton base

Phil Levson
Vice President, STARS Foundation

Sharaz Khan
Vice President, Information Systems and Chief Information Officer

Linda Powell
Vice President, Governance & External Affairs

Andy Stewart
General Manager, Grande Prairie base

Cam Bell
Director, Medical Operations

Mike Lamacchia
Director, *THE STARS CENTRE*

Ken King
Director, STARS Emergency Link Centre

Scott Young
Director, Aviation Operations

Paul Jackson
Manager, Safety & Risk Management

STARS governance

Statement of Governance Practices

STARS is committed to the principles of strong governance. It strives to lead in the area of voluntary and non-profit sector governance with a commitment to stewardship of the STARS organization through effective and best practices.

Effective governance requires sound ethical and legal processes, direction consistent with the organization's vision and mission, and adequate controls to ensure appropriate oversight of the organization's resources. For non-profit, charitable organizations, this includes appropriate guidance and protection of the benefits and services provided to the community and sound stewardship of the resources, whether funding, volunteer time, financial or other expertise, or other skills committed to the organization.

The STARS Boards of Directors recognize their governance responsibilities to all stakeholders including our patients, the provincial government, Alberta Health Services, emergency service providers, corporate and community donors, volunteers, employees and the general public.

STARS is committed to the ongoing evaluation and application of best practices in governance to promote a healthy, productive, transparent, accountable and effective organization. We regularly assess emerging best practices and have voluntarily committed to disclosure practices which exceed the requirements for a non-profit organization.

Code of Conduct and Code of Ethics:

The STARS Code of Conduct and Code of Ethics is approved by the Boards of Directors of STARS and the STARS Foundation. An Accountability and Compliance Hot-line (commonly called a "whistleblower" line) is in place, and a Communications Policy provides guidance for external and internal communications. These policies and supporting information are found on STARS website – www.stars.ca. Employees are required to promptly report breaches of the Code of Conduct and Code of Ethics.

Our governance best practices include a separation of duties between the Board Chairs and Chief Executive Officer, regularly scheduled in-camera sessions for our Board and Board Committee meetings, in-camera sessions with our auditor with Audit & Finance Committee members present only, and a formalized workplan calendar for Board and Board Committee meetings. Each of the Audit & Finance and Investment Committees of the Boards meet between four and six times yearly. The Boards carry out an annual review of the effectiveness of board governance practices, which includes overall board assessment and self-assessment. Director attendance at board and committee meetings is tracked and reviewed. Succession planning processes are in place for our Chief Executive Officer, Board Chairs and members of the Boards of Directors. The Boards annually review board terms and the skills, qualifications and characteristics required for future directors and a comprehensive orientation program is carried out for all new directors. Risk assessment is inherent and integrated into board strategic planning and management planning and execution practices.

Charitable Status and Organizational Structure

The Alberta Shock Trauma Air Rescue Society ("STARS Society"), the Alberta Shock Trauma Air Rescue Service Foundation ("STARS Foundation") and the Shock Trauma Air Rescue Society (Canada) ("STARS Canada") are each non-profit and registered charitable organizations ("Organizations"), under the Income Tax Act (Canada). STARS Foundation is also designated as a public foundation. STARS Aviation Canada Inc. ("STARS Aviation") is a wholly owned subsidiary of STARS Society which retains ownership of helicopters and operating licenses to meet Transport Canada requirements. STARS Education and Response Technologies Inc. is also a wholly owned subsidiary of STARS Society and is nonoperational at this time. Collectively, this group is known as STARS.

Boards of Directors – Volunteer Governance

As charitable and non-profit entities, STARS Society, STARS Foundation and STARS Canada have no shareholders and are each governed by volunteer boards of directors. STARS Aviation and STARS Education and Response Technologies Inc. are governed by shareholder resolutions of STARS Society. The members of the respective Boards do not receive any remuneration, consideration or fees for undertaking the responsibilities, risks and the significant time commitment involved in being a volunteer director.

A Governance and Nominating Standing Committee stewards the governance process and culture. Formalized Guidelines for Governance and Terms of Reference for the standing board committees are regularly reviewed and revised as required.

Mandate of the Boards of Directors

The fundamental responsibility of the Boards of Directors is to oversee the management of the organization, with a view to maximizing benefit and value to the community in carrying out the vision, mission and strategic objectives and to ensure the ongoing continuity and strength of its membership. The Boards' responsibilities include, among others, the appointment of the Chief Executive Officer and other officers, approval of senior management compensation, monitoring the performance of the Chief Executive Officer and approving the strategy for the Organizations. The Boards have established administrative procedures which prescribe the rules governing the approval of transactions carried out in the course of the Organizations' operations, the delegation of authority and the execution of documents on behalf of the Organizations.

The Boards, including committees or an individual director, may engage an outside advisor at the expense of the Organizations to assist them in the execution of their directors' responsibilities. From time to time, the Organizations may use professional services from a business affiliated with a Director, recognizing the expertise the business brings to STARS. At this time, the engagement of such services has not affected the independence of any members of the Boards.

The Boards and the Standing Board Committees meet independently of management on a regular basis.

Board responsibilities

Strategic Planning

STARS' Boards of Directors have the responsibility for setting and monitoring overall strategic direction with management. In assuming this responsibility, the Boards of Directors undertake an annual strategic planning session with the senior management team to review and approve the direction of the Organizations. Senior management regularly prepares reports that are reviewed and discussed with the Boards. Strategic plans and budgets are approved by the Boards prior to implementation. Key objectives of the strategy are incorporated into the annual review and budget processes.

Communications

STARS is committed to ongoing transparent communications with its stakeholders. Key communications issues are reported to the Boards of Directors. STARS issues regular newsletters and communicates ongoing and annual activities through the STARS Report to the Community. Information is released to the public on a regular basis on issues of impact to our stakeholders.

Safety and Risk Management

The Boards work with management to ensure that a system is in place to identify the principal risks to the Organizations and that appropriate procedures are in place to monitor and mitigate the risks. STARS is committed to the health and safety of STARS personnel and volunteers, takes appropriate remedial and preventative actions as required, and supports wellness initiatives.

Succession Planning

The Boards ensure that a process is established that adequately provides for succession planning, both within the Boards and for senior members of management.

Composition of the Boards of Directors

The Board of STARS Society had 17 Directors as of December 31, 2008 and the Board of STARS Foundation had 12 Directors. As of December 31, 2008, the membership of the Foundation Board included an overlap of five members of the Society Board. The Chief Executive Officer is a Director of STARS and STARS Foundation, and member of senior management and is an ex-officio member of the Boards' Standing Committees.

STARS Aviation and STARS Education and Response Technologies Inc. each has a sole Director and each is governed by its sole shareholder, the STARS Society.

A Board of three volunteer Directors governs STARS Canada, two Directors being independent and non-related and one Director of STARS and STARS Foundation being the Chief Executive Officer and related. STARS Canada is not active at this time.

Board Committees

Standing Committees:

The Boards of Directors of the STARS Society and the STARS Foundation have five Joint Standing Committees that assist the Boards in fulfilling their mandate.

The Boards annually review and appoint members to the Joint Standing Committees with mandates as outlined in the Board-approved Terms of Reference for the Committees. All committees make recommendations to the respective Boards for approval and do not act independently unless specifically authorized to do so by the Board(s) of Directors.

Five Standing Committees assist the Boards in their stewardship role: the Governance and Nominating Committee, the Audit and Finance Committee, the Investment Committee, the Human Resources and Compensation Committee, and the Safety and Risk Management Committee. The majority of members of all Standing Committees are non-management directors and unrelated. The Investment Committee currently has three external, non-related, non-Director members. The Safety & Risk Management Committee currently has one volunteer, non-Director member. The Board Chairs and the Chief Executive Officer are ex-officio members of the Standing Committees. Appropriate skills and expertise are considered in the formation of each respective Committee. Committee membership is reviewed annually.

Governance and Nominating Committee

The Governance and Nominating Committee monitors and manages Board governance practices and is responsible for: proposing all nominees to the Boards and the Committees; monitoring Board and Board Committee effectiveness and performance according to the goals and objectives of the Organizations; overseeing orientation of new board members and ongoing education of incumbent members.

Audit and Finance Committee

The Audit and Finance Committee monitors the financial accountability, risk and integrity of the Organizations, ensuring that appropriate internal control and reporting systems are in place. The Committee reviews the annual financial audit and quarterly financial statements and reports its findings and recommendations to the Boards. The Committee reviews the terms of engagement, including fees of the external auditors and recommends the appointment of the auditors to the Boards for recommendation to the members on an annual basis. The Committee regularly meets independently of management and of the external auditors. One member of the Committee must have a financial designation as required by the terms of reference for that committee.

Investment Committee

The Investment Committee is responsible for monitoring investment returns, reviewing the investment strategies and making recommendations to the Boards on investment policy and overall strategy.

Safety and Risk Management Committee

The Safety and Risk Management Committee assists the Boards in carrying out their responsibilities by monitoring and discussing principal risks identified by management and faced by the Organizations. The Committee annually reviews insurance coverage as recommended by management.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for monitoring compensation and human resource policies, for developing and monitoring a succession plan for the Chief Executive Officer of the Organizations, for the annual performance review and compensation recommendations for the Chief Executive Officer and for the annual review of senior management compensation.

Executive Compensation

The Human Resources and Compensation Committee annually reviews senior management compensation. The remuneration for the Chief Executive Officer and senior management is independently and regularly evaluated by the Human Resources and Compensation Committee by an independent consultant, utilizing market assessments and various industry and professional benchmarks, including those for charitable and non-profit organizations. The Committee's conclusions are recommended to the Boards of Directors for approval.

Privacy

We are committed to maintaining the accuracy, confidentiality and security of the personal and health information under our custody, control or management. We have adopted privacy policies and practices to address the privacy concerns of the various groups of individuals with whom we interact. Our External Privacy Policy is available at www.stars.ca or by contacting our Chief Privacy Officer. If you have any questions about our privacy policy or practices, please contact:

Chief Privacy Officer

STARS
1441 Aviation Park NE, Box 570, Calgary, AB T2E 8M7
Phone: 403.295.1811
Fax: 403.295.2426
e-mail: privacy@stars.ca

Accountability and Compliance Hotline 1.866.380.5387

STARS endeavours to maintain the highest standards of accountability and transparency in all activities in ensuring appropriate governance and management of the Organization. STARS has implemented a confidential Accountability and Compliance Hotline to handle concerns regarding STARS accounting, internal controls, human resources, privacy and the integrity of management.

Additional information about the Accountability and Compliance Hotline and methods to forward your concerns can be found on our website.

Visit www.stars.ca and click on Governance.

STARS Code of Conduct

STARS is privileged to have a knowledgeable, passionate and committed group of individuals working within several diverse areas within the Organization. Our formal Code of Conduct sets out the foundation from which we all operate by outlining the culture, values and beliefs shared by those who help STARS meet its lifesaving mission. We embrace the highest moral and ethical standards and respect for diversity and operate with integrity and fiscal prudence.

For more information about the STARS Code of Conduct, visit www.stars.ca and click on Governance.

MESSAGE FROM **President & CEO**

STARS continues to meet the challenges of our times head-on.

Our guiding focus is the care of the critically ill and injured patient. Programs and departmental activities are related to maintaining, improving and broadening that focus.

The organization reviews its strategic direction on an ongoing basis. Annually, each department and operational area determines goals and establishes performance metrics, tied to our balanced scorecard, and provides a report on a quarterly basis to the Executive Team. On a regular basis, we carefully review the risks facing the organization and determine risk mitigation strategies. The resulting plans are implemented and monitored.

While the clinical challenges of providing emergency care to very ill or injured patients continue to be the highest risk statistically, the current global economic situation requires us to pay special attention to our financial picture.

In summary, we continue to be a patient-centric organization, located in three geographical bases, and focused on the pillars of finding the patient, medical care and transport, clinical provider of education and research, and community support.

Strategic directions:

- To provide critical care to the population we serve from three geographic bases, being Calgary, Edmonton and Grande Prairie, and leveraging the economies of scale effectively;
- To provide a “one call does it all” concept for critical care for all red patients in the current medical referral network;
- To add two new advanced technology helicopters to our aging fleet based in strategic locations;
- To train the necessary critical care providers to meet the needs of critically ill and injured patients (STARS Critical Care and Transport Medicine Academy);
- To continue to meet the needs of our industry partners by expanding our emergency call taking/GIS systems in the STARS Emergency Link Centre;
- To develop the information technology, communications and fundraising infrastructure to sustain the plan.

This is a logical and iterative strategic plan, with a strong likelihood of success as assessed by our track record and evolving epidemiology (aging population, etc). However, the current turbulent economic instability, combined with the significant re-structuring of the Alberta provincial health system, demands we do a careful and frequent economic re-assessment of our plan.

Over the past three years, average revenue net of direct fundraising expenditures was \$26.5 million from all sources – operations, investments and net philanthropy. Over that same time period, average expenditures were \$25.6 million. The resulting increase in the capital preservation fund over the three years from operations and fundraising, before unrealized losses on investments, was \$2.7 million.

Risk & Opportunity Analysis

Overall, our sustainability as a going concern is not in question.

The following risks regarding budgetary pressures merit specific mention:

Expense Risk

Annual market adjustment rate:

Expenditures as described in our financial statements are likely to increase at the annual market adjustment rate.

Operating costs of new helicopters:

Aviation costs are a blend of ongoing scheduled and unscheduled maintenance. The initial start-up costs of the AW139s on a one-time basis are included in the 2009 and 2010 budgets. We will likely be unable to reduce those costs further, given the age of the current fleet and the arrival of new helicopters requiring pilot and engineering training and maintenance equipment.

Revenue Risk

Agreements with provincial government:

Until April 1, 2009, government funding was provided through affiliation agreements with the Calgary Health Region and Capital Health. The recent re-structuring of the health system will transition a new agreement with the new entity, Alberta Health Services. While there is a risk of decreased (or no additional) government funding to support STARS operations, we feel the risk is minimal. We are optimistic that the collaborative model of partial funding from government and partial funding from the STARS Foundation will remain intact. STARS is a not-for-profit, charitable entity that receives the majority of required funding from philanthropy and fundraising programs.

THE STARS CENTRE and STARS Emergency Link Centre (“ELC”) costs are stable, and the centres are positioned to generate revenue. The current relationship with Medical Education Technologies, Inc. (METI) continues as a growing revenue source.

The overall economic downturn has the potential to decrease several of the major revenue streams important to the ongoing financial sustainability of STARS’ current three-base model. At the onset of the economic downturn, we initiated cost control programs across the organization that have been effective. In the long term, these measures will be detrimental to our continuous learning and community relations programs, but are tolerable and necessary within the two to three year horizon.

The annual STARS Lottery provides significant revenue and could experience difficulty selling out and providing expected revenue. However, the 2009 lottery sold out before the early-bird draw, as it has since inception 16 years ago. The risk of missed revenue from this venue is felt to be low.

Other revenue sources such as site registration, corporate donations and fundraising event proceeds may be less than expected as industry experiences a major slow down. The risk here is significant and likely to occur but the overall dollar value will be within manageable amounts. Other programs are planned to make up the shortfall in these areas.

Capital procurement risk:

STARS Aviation has an agreement with AgustaWestland to purchase two new AW139 helicopters and is negotiating the installation of the medical interior. The Vision Critical Campaign raised the required funds to meet the payment schedule for both helicopters. Additional fundraising is required to address the costs of the medical interiors, currency fluctuations and new aircraft pilot training, all of which have created the potential for a \$4.4 million shortfall by the end of 2010. We are developing mitigation strategies which include targeted fundraising for the medical interiors. The potential certification delays of the AW139 due to external factors will increase the time window to manage these costs, and we believe the liabilities can be managed through fundraising and bridge financing without significant difficulty.

Workforce demographics:

The shortage of appropriately talented and qualified physicians is growing in our province and country. While the implication of being unable to provide physician coverage for every flight in the province is a cost reduction, the clinical penalty may be noticeable. We are currently exploring innovative and collaborative strategies to minimize the impact. Professional costs will likely decrease by \$100 thousand per year.

Regulatory Risk

Over the past year, there have been multiple changes in the governance structure of the health care system. Of particular note, the many urban and rural ground ambulance systems have been brought under the newly formed Alberta Health Services structure. This change is accompanied by new and revised legislation and regulations governing ground and, over time, air ambulance services.

The risk that new regulations may change dispatch functions, physician involvement or level of service provided to patients is moderate. Mitigation of this risk involves multiple consultations and a focus on optimal patient care. An ongoing involvement of physicians with a specialized focus on transport medicine is important.

Opportunity

The economic turbulence and health care re-structuring also creates opportunities to enhance patient care delivery.

There are other cost offset initiatives that can intermittently provide revenues such as temporary or short-term external deployments. This activity is predicted to net \$500 thousand per year. Given the current known uncertainties, such as delivery dates of the new helicopters, this is a preferable alternative to the currently budgeted revenue from the sale of a BK117. The market for a used BK117 is very limited at this time, therefore revenue generating medical use/lease is a more certain alternative.

Currently, STARS provides communications and/or direct patient care for approximately 80 per cent of the critically ill or injured patients in the province. Extending this capability to 100 per cent through a one-number system is an opportunity to improve outcomes and avoid downstream costs within the health care system. The capacity to provide this care exists without the need for significant expansion of infrastructure.

As the understanding and clarity in the health care community gains momentum about rapid sophisticated intervention saving downstream costs, we have the opportunity to collaboratively study and realize those system savings.

The new AW139 helicopters will enhance range of access. Future hoist capabilities will enhance the rescue function. It is anticipated that a collaborative service agreement with Alberta Emergency Management Agency will provide the opportunity for further integration in the Emergency Preparedness Search and Rescue mode.

The analysis and discussion presented here will be revisited and revised on a frequent basis as internal and external variables change.

May 7, 2009

AUDITORS' report

To the Boards of Directors of

Alberta Shock Trauma Air Rescue Society and Alberta Shock Trauma Air Rescue Service Foundation (collectively "STARS")

We have audited the combined statement of financial position of STARS as at December 31, 2008 and the combined statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of STARS' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of STARS as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2007 and for the year then ended were audited by other auditors who expressed an unqualified opinion thereon, dated April 24, 2008.

PricewaterhouseCoopers LLP

Chartered Accountants

MANAGEMENT'S report

The accompanying combined financial statements of STARS as at December 31, 2008 and all other financial and operating information contained in this Annual Financial Report are the responsibility of management. The combined financial statements have been prepared in accordance with accounting policies detailed in the notes to the combined financial statements and in accordance with generally accepted accounting principles in Canada.

The Organization's systems of internal controls have been designed and maintained to provide reasonable assurance that assets are properly safeguarded and that the financial records are sufficiently well maintained to provide relevant, timely and reliable information to management. Management believes the systems of internal controls were operating effectively in 2008.

External auditors, appointed by the Directors, have independently examined the combined financial statements. They have performed such tests as they deemed necessary to enable them to express an opinion on these combined financial statements.

The Audit Committee has reviewed these combined financial statements with management and the external auditors.

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

[Signature of D. Gregory Powell]

D. Gregory Powell, O.C., MD FRCPC
President & Chief Executive Officer
May 7, 2009

[Signature of Rand Smale]

Rand Smale, C.A.
Vice President, Finance & Chief Financial Officer

COMBINED STATEMENT OF **financial position**

(thousands of dollars)

December 31

ASSETS

Current

Cash	\$ 2,551	\$ 3,621
Marketable securities	-	1,052
Receivables (Note 4)	1,726	2,456
Deferred expenses (Note 5)	1,012	375
Prepaid expenses	224	208
Foreign exchange contract (Note 6)	1,784	-
Helicopter parts and store inventories	839	757
	<u>8,136</u>	<u>8,469</u>

Investments (Note 10)	14,410	22,786
Commitment to purchase helicopter (Note 12)	-	1,563
Deposit on advanced technology helicopters (Note 12)	1,792	3,993
Property and equipment (Note 11)	32,715	20,646
	<u>\$ 57,053</u>	<u>\$ 57,457</u>

LIABILITIES

Current

Bank indebtedness	\$ -	\$ 17
Payables and accruals	2,820	2,034
Deferred revenue	458	429
Commitment to purchase helicopter (Note 12)	1,317	-
Current portion of long-term debt (Note 13)	155	119
	<u>4,750</u>	<u>2,599</u>

Foreign exchange contract (Note 6)	-	1,096
Long-term debt (Note 13)	3,747	3,742

Deferred contributions (Note 8)	17,286	15,904
	<u>25,783</u>	<u>23,341</u>

NET ASSETS

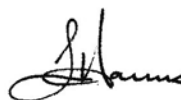
Capital Preservation Fund (Note 9)	31,250	34,096
Endowment Fund – externally restricted	20	20
	<u>31,270</u>	<u>34,116</u>
	<u>\$ 57,053</u>	<u>\$ 57,457</u>

Commitments and contingencies (Notes 6, 12 and 15)

On behalf of the Board



Allan R. Buchignani
Director, STARS



John P. Harms
Director, STARS
Director, STARS Foundation

See accompanying notes to the combined financial statements.

COMBINED STATEMENT OF operations, fundraising and change in fund balance

(thousands of dollars)

Year ended December 31	2008	2007
OPERATING ACTIVITIES:		
Operating revenue		
Government contributions	\$ 4,878	\$ 4,271
Site registration recoveries	2,745	2,619
Other cost recoveries (Note 7)	1,617	1,207
	9,240	8,097
Operating expenditures		
Aviation	8,897	8,604
Medical service	4,752	4,316
STARS Emergency Link Centre	3,917	3,484
THE STARS CENTRE	1,905	1,517
Administration	4,944	4,745
Amortization	2,835	2,159
	27,250	24,825
Deficiency of revenue over expenditures from operations	(18,010)	(16,728)
FUNDRAISING ACTIVITIES:		
Fundraising revenue		
Amortization of deferred contributions	371	283
Donations and fundraising revenue	9,812	9,906
Donations and fundraising expenditures	2,216	1,682
	7,967	8,507
Lottery revenue	15,905	14,825
Lottery expenditures	6,771	6,138
	9,134	8,687
Calendar revenue	3,250	2,978
Calendar expenditures	1,958	2,224
	1,292	754
Interest and investment revenue	(740)	3,633
Total net fundraising revenue before other expenditures	17,653	21,581
Other expenditures		
Administration	1,963	1,885
Amortization	28	24
Chain of Survival funding	257	590
	2,248	2,499
Excess of revenue over expenditures from fundraising	15,405	19,082
Combined (deficiency) excess of revenue over expenditures	(2,605)	2,354
Capital Preservation Fund, beginning balance	34,096	34,418
Unrealized loss on investments	(241)	(2,676)
Capital Preservation Fund, end of year	\$ 31,250	\$ 34,096

See accompanying notes to the combined financial statements.

COMBINED STATEMENT OF **cash flows**
(thousands of dollars)

Year ended December 31

Increase (decrease) in cash

OPERATIONS

Combined (deficiency) excess of revenue over expenditures
Items not requiring cash outlay:
Amortization of property and equipment
Amortization of deferred contributions
Amortization of bond discount
Deferred contributions - operations
Deferred contributions recognized in revenue
Loss (gain) on sale of investments
Changes in non-cash working capital (Note 16)

FINANCING

Repayment of long-term debt and credit facilities
Deferred contributions

INVESTING

Proceeds on sale of investments
Purchase of investments
Deposits on advanced technology helicopters
Purchase of property and equipment

Net increase (decrease) in cash

Cash, net of bank indebtedness, beginning of year

Cash, net of bank indebtedness, end of year

	2008	2007
	\$ (2,605)	\$ 2,354
	2,863	2,183
	(371)	(283)
	3	(120)
	-	1,774
	-	(2,322)
	1,761	(1,987)
	1,978	1,553
	<u>3,629</u>	<u>3,152</u>
	(118)	(119)
	1,753	3,265
	<u>1,635</u>	<u>3,146</u>
	37,778	14,592
	(31,523)	(16,227)
	2,201	(408)
	(14,773)	(1,910)
	<u>(6,317)</u>	<u>(3,953)</u>
	(1,053)	2,345
	3,604	1,259
	<u>\$ 2,551</u>	<u>\$ 3,604</u>

See accompanying notes to the combined financial statements.

NOTES TO THE combined financial statements

(thousands of dollars)
December 31, 2008

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1. General

These combined financial statements represent the financial position and the combined operations as at, and for the year ended, December 31, 2008 of the Alberta Shock Trauma Air Rescue Service Foundation (the "Foundation"), the Alberta Shock Trauma Air Rescue Society (the "Society"), and STARS Aviation Canada Inc. ("Aviation"). Collectively, these entities are referred to as "STARS", "Alberta Shock Trauma Air Rescue Service" or the "Organization". Each entity has a separate Board of Directors, although some Directors are common to more than one Board. Transactions and balances between the entities have been eliminated in arriving at the combined financial statements.

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

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

STARS has Affiliation Agreements with Capital Health and the Calgary Health Region to provide annual funding for the provision of rotary-wing air ambulance services. The current agreements expire March 31, 2009. The renewal of the agreements is presently being negotiated with Alberta Health Services. In 2008, the funding received under these agreements was \$4,139 (2007 - \$3,665).

2. Summary of significant accounting policies

a) Revenue recognition

STARS follows the deferral method of accounting for donation contributions, including government contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions received for capital assets are deferred and amortized to revenue in the same manner as the related asset. Unrestricted contributions are recognized when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.

Revenue received in advance of the period to which it relates is recorded as deferred revenue.

Site registration and other fees for service are recognized as revenue when the service has been performed.

Lottery and calendar revenue is recognized at the time the tickets and calendars are sold. Lottery expenses incurred prior to the tickets being available for sale are recorded as deferred expenses.

Fundraising event revenue and costs incurred are initially deferred and recognized as revenue and expense when the event occurs.

Realized interest and investment revenue is recognized as it is earned in the combined statement of operations, fundraising and change in fund balance. Unrealized gains and losses on investments are recognized directly in net assets.

Endowment contributions are recognized as an increase in net assets when received. Earnings resulting from endowment assets may be spent in accordance with the objectives of STARS.

Donations in kind of investments, if any, are recorded at market value on the date of donation.

b) Description of net assets:

Internally restricted net assets:

The Capital Preservation Fund is an internally restricted fund established by the Boards of Directors and exists to fund future purchases of new and replacement helicopters, buildings and equipment. Operating and fundraising surpluses and deficits, including unrealized gains and losses on available for sale investments, are allocated to this fund through resolutions of the Boards of Directors.

Externally restricted net assets:

The Endowment Fund is a fund where the principal assets are to be maintained in perpetuity. There is no restriction on the earnings from these assets provided the revenue is expended in accordance with the objectives of STARS.

c) Marketable securities

Marketable securities are money market mutual funds that are accounted for as held for trading. The funds are reported at fair value with unrealized gains and losses recognized in the combined statement of operations, fundraising and change in fund balance.

d) Investments

Investments are accounted for as available for sale. These investments are recorded at fair value with all unrealized gains and losses recognized directly in the Capital Preservation Fund. Realized gains and losses on the sale of investments and impairments are recognized on the combined statement of operations, fundraising and change in fund balance.

e) Property and equipment

STARS provides for amortization of the original cost net of salvage value over the estimated useful life of its assets on a straight-line basis as follows:

Helicopters	20 years
Night vision goggles	3 years
Medical equipment	2 to 5 years
Office equipment	5 years
Computer equipment and software	2 to 3 years
Leasehold improvements	5 years
Buildings	20 years
Automobiles	5 years

f) 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 normally otherwise be purchased and paid for by STARS. The value of donations in kind recorded in 2008 was \$515 (2007 - \$536) and consists primarily of items donated that were subsequently auctioned at fundraising events.

Volunteers contribute substantial donated time and services throughout the year to STARS but because of the difficulty of determining fair market value of these donated services, the value is not recorded in these financial statements.

g) Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

h) Cash

Cash includes cash on hand and balances with banks net of outstanding cheques. Bank indebtedness includes bank overdrafts.

i) Inventories

Inventories are valued at the lower of cost and current replacement cost or net realizable value. Cost is determined on a weighted-average basis for store merchandise and on a specific item basis for aircraft parts. The amount of inventory recognized as expense in 2008 was \$618 (2007 - \$661).

j) Income taxes – Aviation

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

k) Foreign currency

Transactions denominated in foreign currencies are translated into Canadian dollars at the approximate rate of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the year end exchange rate. Foreign exchange gains and losses are included in the combined statement of operations, fundraising and change in fund balance, other than those related to available for sale financial assets and designated hedges.

l) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value with their subsequent measurement being dependent on their classification. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and STARS designation of such instruments. The standards require that all financial assets be classified as either held for trading (“HFT”), available for sale (“AFS”), held to maturity (“HTM”), or loans and receivables (“LR”) and all financial liabilities be classified as either (“HFT”) or other financial liabilities (“OFL”).

The following is a summary of the classifications STARS has applied to each of its significant categories of financial instruments:

Cash	HFT
Marketable securities	HFT
Receivables	LR
Foreign exchange contract	HFT
Investments	AFS
Bank indebtedness	OFL
Payables and accruals	OFL
Long-term debt	OFL

Realized gains and losses and impairments are recognized in the combined statement of operations, fundraising and change in fund balance. Financial instruments that are classified as HFT or AFS are measured at the end of each reporting period at fair value with the resulting unrealized gain or loss, including unrealized foreign exchange gains and losses, recognized in the combined statement of operations, fundraising and change in fund balance for HFT financial instruments and directly in the Capital Preservation Fund for AFS financial assets. All other financial instruments are accounted for at amortized cost with unrealized foreign exchange gains and losses recognized in the combined statement of operations, fundraising and change in fund balance.

m) Impairment of long-lived assets

On a periodic basis, management assesses the carrying value of long-lived assets for indicators of impairment. When an indicator of impairment is present, STARS tests for impairment by comparing the carrying value of the asset to its net recoverable amount. If the carrying amount is greater than net recoverable amount, the asset is written down to its estimated fair value.

n) Hedges

On January 1, 2007, STARS designated the foreign exchange contract (see Note 6) as a fair value hedge of its firm commitment to purchase the second AgustaWestland helicopter (see Note 12). The foreign exchange contract is measured at fair value, based on observable market data, at the end of each period and the resulting gain or loss is recognized in the combined statement of operations, fundraising and change in fund balance. A corresponding adjustment is made to the carrying value of the firm commitment with the resulting gain or loss also recognized in the combined statement of operations, fundraising and change in fund balance. The net result, assuming the hedge remains effective, is that the gains and losses offset one another.

3. Change in Accounting Policies

STARS has chosen to early adopt the Canadian Institute of Chartered Accountants ("CICA") revised standards for not-for-profit organizations. The sections affected by these revisions are:

Financial Statement Presentation for Not-For-Profit Organizations (Section 4400)

This standard has been revised to clarify that general accounting standards apply to not-for-profit organizations unless a specific standard exists, remove the requirement to report net assets invested in capital assets as a separate category of net assets in the statement of financial position, clarify that revenues and expenses must be disclosed in their gross amounts, require that financing and investing activities be reported separately in the statement of cash flows.

Capital Assets Held by Not-For-Profit Organizations (Section 4430)

This standard has been revised to clarify that capital assets must be amortized and assessed for impairment.

Disclosure of Related Party Transactions by Not-For Profit Organizations (Section 4460)

This standard has been revised to make the reporting requirements for employee future benefits the same as other organizations.

Disclosure of Allocated Expenses by Not-For Profit Organizations (Section 4470)

This standard has been revised to require organizations that are making allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which the allocations have been made and the functions to which they have been allocated.

The major impact on the combined financial statements of STARS resulting from the adoption of these standards is that the net investment in property and equipment is no longer disclosed in the net asset section of the combined statement of financial position. The 2007 balance of \$15,771 was retroactively reclassified as an internally restricted fund within the Capital Preservation Fund.

STARS also adopted, effective January 1, 2008, the Canadian Institute of Chartered Accountants revised standards in the following areas:

Capital Disclosures (Section 1535)

This section establishes standards requiring the disclosure of objectives, policies and processes for managing an entity's capital. In addition, disclosures will include whether an entity has complied with any externally imposed capital requirements. The impact on the combined financial statements of STARS resulting from the adoption of this standard is the addition of Note 18.

Inventories (Section 3031)

This standard provides more guidance on the measurement and disclosure requirements for inventory. More specifically, the standard provides guidance on the determination of cost and its subsequent recognition as an expense. The impact on the combined financial statements of STARS resulting from the adoption of this standard is additional disclosure in Note 2(i).

Going Concern (Section 1400)

This standard requires management to make an assessment of the organization's ability to continue as a going concern. Financial statements are to be prepared on a going concern basis unless management intends to liquidate the organization or has no realistic alternative but to do so. There is no impact on the consolidated financial statements of STARS since the organization has a history of revenues exceeding the costs of service delivery.

STARS has elected not to adopt the CICA issued Handbook Sections **3862 Financial Instruments – Disclosures** and **3863 Financial Instruments – Presentation** as permitted by the Accounting Standards Board.

4. Receivables

	2008	2007
Site registration fees	\$ 1,030	\$ 1,052
Goods and Services Tax	143	708
Other	553	696
	<u>\$ 1,726</u>	<u>\$ 2,456</u>

5. Deferred expenses

	2008	2007
Deferred lottery expenses	\$ 994	\$ 359
Deferred fundraising expenses	18	16
	<u>\$ 1,012</u>	<u>\$ 375</u>

6. Foreign exchange contract

In 2006, STARS entered into a foreign currency forward contract to sell CAD \$12,286 in exchange for US \$11,200 on November 2, 2009. The fair value of the contract equates to an asset of \$1,784 (2007 – liability of \$1,096) as at December 31. This contract was entered into by STARS in an effort to manage its foreign currency risk on the purchase of the second AgustaWestland helicopter (see Note 12), and on January 1, 2007 the contract was designated as a hedge for accounting purposes (see Note 2(n)).

7. Other cost recoveries

	2008	2007
Human patient simulator	\$ 472	\$ 199
Patient referral coordination	409	320
Edmonton rent	388	388
Administration	246	228
Other	97	60
External training	5	12
	<u>\$ 1,617</u>	<u>\$ 1,207</u>

8. Deferred contributions

	Advanced Technology Helicopters	THE STARS CENTRE	Other	2008 Total	2007 Total
Balance, beginning of year	\$ 14,890	\$ 157	\$ 857	\$ 15,904	\$ 13,470
Restricted contributions received	1,680	75	(2)	1,753	5,039
Amounts recognized in revenue	-	-	-	-	(2,322)
Amortization of amounts related to capital assets	-	(79)	(292)	(371)	(283)
Balance, end of year	<u>\$ 16,570</u>	<u>\$ 153</u>	<u>\$ 563</u>	<u>\$ 17,286</u>	<u>\$ 15,904</u>

Contributions are deferred when a donor restricts the usage of their contribution to a specific purpose. These contributions are recognized as operating revenue at the time the related expenditure is recognized in the combined statement of operations, fundraising and change in fund balance. Contributions received for capital assets are amortized in the same manner as the related asset. The contributions for *THE STARS CENTRE* were provided for the purchase of a second mobile simulator unit and classroom development. The other funds are to cover equipment upgrades and the acquisition of new software.

Deferred contributions include \$7,523 (2007 - \$1,014) related to capital assets already purchased, \$nil (2007 - \$1,355) used for a deposit on the advanced technology helicopters (see Note 12) and \$9,047 (2007 - \$13,535) restricted for future capital purchases.

9. Capital Preservation Fund

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	Fundraising	Unrealized Gain (Loss) on Available for Sale Investments (AFS)	2008 Total	2009 Total
Balance, beginning of year	\$ 36,783	\$ (2,687)	\$ 34,096	\$ 34,429
Excess of revenue over expenditures	(2,605)	-	(2,605)	367
Realized gain on AFS investments	-	1,761	1,761	1,987
Unrealized gain (loss) on AFS investments	-	(2,002)	(2,002)	(2,687)
Balance, end of year	<u>\$ 34,178</u>	<u>\$ (2,928)</u>	<u>\$ 31,250</u>	<u>\$ 34,096</u>

10. Investments

	2008	2007
Equity and bond funds	\$ 6,936	\$ 8,752
Cash and cash equivalents	-	19
Money market mutual funds	-	1,544
Government of Canada treasury bills	-	2,100
Canadian dollar bonds	7,474	-
US dollar bonds	-	10,371
Total investments	<u>\$ 14,410</u>	<u>\$ 22,786</u>

The equity and bond funds are professionally managed under pooled portfolio management service agreements. The Canadian dollar bonds are low risk, fixed term investments.

Certain of the investments are pledged as security for long-term debt (see Note 13). The security is limited to \$1,350 (2007 - \$1,350).

11. Property and equipment

	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Helicopters	\$ 33,259	\$ 7,867	\$ 25,392	\$ 13,326
Night vision goggles	306	263	43	39
Medical equipment	1,693	1,246	447	129
Office equipment	834	506	328	340
Equipment under capital lease	159	-	159	-
Computer equipment and software	3,203	2,311	892	1,251
Leasehold improvements	1,518	856	662	464
Buildings	5,200	681	4,519	4,815
Automobiles	772	499	273	282
	<u>\$ 46,944</u>	<u>\$ 14,229</u>	<u>\$ 32,715</u>	<u>\$ 20,646</u>

Helicopters include \$12,883 (2007 - nil) related to assets not in use and were thus not subject to amortization.

STARS Edmonton base building is leased to a third party for base rent of \$380 per year, and this lease expires on January 14, 2016. STARS subleases a portion of the building from the third party for its Edmonton base operations. The purchase of the building was financed in part by term loans. The balances of the term loans at December 31, 2008 are disclosed in Note 13.

12. Advanced technology helicopters

The Society has paid deposits of \$1,792 (US \$1,500) prior to 2007 in respect of an advanced technology helicopter scheduled for delivery in November, 2009. The total contract value for the helicopter, including the deposit, is US \$12,700 with the balance of the payment of US \$11,200 being due at time of delivery.

The foreign exchange contract as disclosed in Note 6 has been designated as a hedge against the foreign exchange risk related to the commitment to purchase the second helicopter. The required accounting results in the recording of the commitment liability of \$1,317 (2007 – asset of \$1,563) on the balance sheet, which is the change in the fair value of the effective portion of the foreign exchange contract since being designated as a hedge.

13. Long-term debt and credit facilities

Term loan, bearing interest at 5.77%, repayable in monthly instalments of \$18 including interest, secured by a mortgage on the building and an assignment of leases/rents, maturing October 2011.

Term loan, bearing interest at 5.52%, repayable in monthly instalments of \$9 including interest, secured by a charge against certain investments, maturing October 2011.

Capital lease obligation bearing interest at 9.44%, repayable in quarterly instalments of \$10

Current portion

Long-term debt

	2008	2007
	\$ 2,481	\$ 2,559
	1,262	1,302
	159	-
	3,902	3,861
	(155)	(119)
	<u>\$ 3,747</u>	<u>\$ 3,742</u>

Principal repayments due are estimated as follows:

2009	155
2010	161
2011	3,515
2012	34
2013	37
	<u>\$ 3,902</u>

The Organization has a line of credit available of up to \$2,000,000, due on June 1st, 2009 and bearing interest at prime plus 1%. As at December 31, 2008 and 2007, no amount was drawn on this line of credit.

The fair value of the debt facilities approximate their carrying values because interest rates approximate market rates.

14. Income taxes

Aviation has tax values in excess of book values for property and equipment of \$2,347 for which no tax benefit has been recognized. The amounts paid by the Society to cover Aviation operating expenditures is the main source of revenue for Aviation and there is no profit component in these amounts.

There were no income taxes paid in 2008 or 2007.

15. Lease obligations and commitments

The Calgary base lease was renewed in 2005 for a five year term maturing December 31, 2009. STARS' sublease for its Edmonton base matures on December 31, 2015. Future minimum lease payments are as follows:

2009	\$	836
2010		871
2011		827
2012		763
2013		763
2014 and beyond		961
	\$	5,021

16. Supplemental cash flow information

	2008	2007
Change in non-cash operating working capital		
Receivables	\$ 846	\$ (391)
Marketable securities	1,052	1,172
Deferred expenses	(637)	(17)
Prepaid expenses	(16)	(29)
Helicopter parts and store inventories	(82)	(69)
Payables and accruals	786	793
Deferred revenue	29	94
	\$ 1,978	\$ 1,553

In 2008, STARS paid interest of \$217 (2007 - \$225) relating to loans from financial institutions. Of this amount, \$217 (2007 - \$216) relates to long-term debt.

17. Financial instruments

Fair values

Financial instruments consist of cash, marketable securities, receivables, foreign exchange contract, investments, bank indebtedness, payables and accruals, commitment to purchase helicopters, and long-term debt. The fair values of the financial instruments approximate their carrying values, unless otherwise disclosed in the financial statements.

Price Risk

The foreign exchange contract entered into by STARS is subject to price risk because changes in the Canadian to US dollar exchange rate affect the market value of the contract. This is not a risk to STARS since the purpose of the contract is to fix the purchase price of the advanced technology helicopter and there is no intention to sell the contract. The interest rate risk for the long term debt is low because the rates are fixed until 2011.

The investments are subject to price risk because changing interest rates impact the market value of the fixed rate investments, general economic conditions affect the market value of equity investments and currency exchange rate changes impact the market value of the investments denominated in currencies other than the Canadian dollar. This risk is mitigated through the use of an investment manager for the long term portfolio investments and by investing other funds in short term fixed rate products with high credit ratings.

Credit risk

STARS does not believe it is exposed to significant credit risk on any of its financial assets. STARS manages credit risk by maintaining bank accounts with reputable financial institutions, only investing in securities that are liquid, highly rated, traded in active markets and ensuring that its accounts receivable are from reputable, credit worthy organizations.

Liquidity Risk

STARS is exposed to a liquidity risk resulting from the foreign exchange contract and from its investments. STARS manages foreign exchange contract risk by placing the contract with a large reputable Canadian financial institution and monitoring the ability of the financial institution to complete the transaction at the date the contract matures. To manage the investment risk, STARS uses an investment manager for the investments it plans to hold for a long period of time. These investments are subject to liquidity risk if STARS is required to sell at a time that the market for the investments is unfavourable.

18. Capital Disclosure

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STARS defines its capital as the amounts included in its net asset and long-term debt balances.

STARS' objective when managing its capital is to safeguard STARS' ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders.

The long-term debt was used to fund the purchase of the building that is used to house the Edmonton base. There are no externally imposed capital requirements as a result of this long-term debt.

A portion of STARS' capital is restricted in that the organization is required to meet certain requirements in order to utilize its externally restricted fund balance, as in note 2(b). The organization has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

STARS sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

19. Additional information to comply with the disclosure requirements of the Alberta Charitable Fundraising Act

Gross contributions, including capital campaign receipts, governed by the Alberta Charitable Fundraising Act totalled \$14,869 (2007 - \$13,145). In addition, \$15,999 (2007 - \$14,899) of gross proceeds were realized from lottery sales and other gaming activities governed by the Alberta Gaming and Liquor Act. All expenses incurred for the purposes of soliciting contributions under the Charitable Fundraising Act were \$6,164 (2007 - \$5,791). Of these expenditures, \$2,673 (2007 - \$2,363) were paid as remuneration to employees whose principal duties involve fundraising. Also included in expenditures for soliciting contributions were \$235 (2007 - \$224) paid as remuneration to third party fundraising businesses, including any expenses or fees paid by the Foundation on behalf of the fundraising businesses or as reimbursements to the fundraising businesses.

20. Comparative figures

Certain comparative amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

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