
FINANCIAL STATEMENTS

TFL TECHNOLOGY FOR LIVING SOCIETY

March 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of
TFL Technology for Living Society

Opinion

We have audited the financial statements of TFL Technology for Living Society (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- 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 Society'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 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 Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
September 2, 2020

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	Restricted Funds		Association	2020	2019
	PROP	TIL	Funds	Total	Total
	\$	\$	\$	\$	\$
ASSETS					
Current					
Cash and cash equivalents <i>[note 3]</i>	—	—	3,983,661	3,983,661	4,708,931
Interfund balances	3,398,125	269,099	(3,667,224)	—	—
Investments	—	—	—	—	3,444
Funding and accounts receivable	2,334	11,201	48,368	61,903	39,233
GST receivable	18,273	2,271	12	20,556	18,472
Inventory of supplies	248,346	15,456	—	263,802	307,787
Prepaid expenses	11,429	2,858	—	14,287	38,872
Total current assets	3,678,507	300,885	364,817	4,344,209	5,116,739
Equipment <i>[note 4]</i>	2,210,273	64,991	—	2,275,264	2,636,383
	5,888,780	365,876	364,817	6,619,473	7,753,122
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accruals <i>[note 5]</i>	505,758	42,053	6	547,817	272,908
Deferred funding and revenue <i>[note 6]</i>	1,020,885	119,838	16,790	1,157,513	2,378,996
Deferred interest	129,360	—	—	129,360	112,388
Total current liabilities	1,656,003	161,891	16,796	1,834,690	2,764,292
Deferred equipment funding <i>[note 7]</i>	2,210,273	64,991	—	2,275,264	2,636,383
Total liabilities	3,866,276	226,882	16,796	4,109,954	5,400,675
Net assets					
Internally restricted <i>[note 8]</i>	—	—	186,677	186,677	186,677
Restricted funds	2,022,504	138,994	—	2,161,498	2,062,939
Unrestricted	—	—	161,344	161,344	102,831
Total net assets	2,022,504	138,994	348,021	2,509,519	2,352,447
	5,888,780	365,876	364,817	6,619,473	7,753,122

Commitment *[note 11]*

COVID-19 *[note 14]*

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

STATEMENT OF CHANGES IN NET ASSETS AND RESTRICTED FUNDS

Year ended March 31

	Restricted Funds		Association Funds		Total
	PROP	TIL	Internally Restricted	Un - Restricted	
	\$	\$	\$	\$	\$
2020			<i>[Note 8]</i>		
Balance, beginning of year	1,936,736	126,203	186,677	102,831	2,352,447
Excess of revenue for the year	85,768	12,791	—	58,513	157,072
Balance, end of year	2,022,504	138,994	186,677	161,344	2,509,519
2019					
Balance, beginning of year	1,436,092	135,839	186,677	48,419	1,807,027
Excess of revenue (expenses) for the year	500,644	(9,636)	—	54,412	545,420
Balance, end of year	1,936,736	126,203	186,677	102,831	2,352,447

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2020				2019
	Restricted Funds		Association	Total	Total
	PROP	TIL	Funds		
\$	\$	\$	\$	\$	
REVENUE					
Contracts and Grants <i>[note 6]</i>					
Vancouver Coastal Health Authority <i>[note 13]</i>	3,124,846	406,541	—	3,531,387	3,448,104
Open doors project	—	16,242	—	16,242	27,902
Government of Canada	—	—	—	—	6,809
Donations	530	72,754	—	73,284	17,265
Interest and other	—	—	59,857	59,857	35,535
Fees for services	6,698	29,989	—	36,687	41,774
Fundraising	—	1,500	—	1,500	12,882
Amortization - deferred equipment funding <i>[note 7]</i>	1,031,340	45,160	—	1,076,500	1,211,624
Revenue used for equipment purchases	(668,277)	(47,104)	—	(715,381)	(504,979)
	3,495,137	525,082	59,857	4,080,076	4,296,916
EXPENSES					
Salaries and benefits	1,217,278	239,837	—	1,457,115	1,333,241
Client service costs					
Supplies	425,090	34,268	—	459,358	427,547
Contracted client services	84,215	52,527	—	136,742	106,745
Equipment maintenance	118,140	9,405	—	127,545	141,201
Educational materials/peer support	97,079	23,393	—	120,472	45,629
Travel	107,668	11,668	—	119,336	94,563
Open doors project	—	16,242	—	16,242	27,902
Amortization expense	1,031,340	45,160	—	1,076,500	1,211,624
Office and administration	150,250	34,206	1,344	185,800	147,858
Rent and premises	90,326	23,591	—	113,917	109,808
Insurance	87,983	21,994	—	109,977	105,339
Fundraising	—	—	—	—	39
	3,409,369	512,291	1,344	3,923,004	3,751,496
Excess of revenue for the year	85,768	12,791	58,513	157,072	545,420

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue for year	157,072	545,420
Items not affecting cash		
Amortization - equipment	1,076,500	1,211,624
Amortization - deferred equipment funding	(1,076,500)	(1,211,624)
Change in other non-cash items		
Funding and accounts receivable	(22,670)	(27,001)
GST receivable	(2,084)	(1,579)
Inventory of supplies	43,985	8,024
Prepaid expenses	24,585	(26,062)
Accounts payable and accruals	274,909	118,086
Deferred funding and revenue	(1,221,483)	(461,291)
Deferred interest	16,972	24,711
Cash provided by (used in) operating activities	(728,714)	180,308
FINANCING ACTIVITIES		
Restricted funding used for equipment purchases	715,381	504,979
Increase in investments (net)	3,444	(496)
Cash provided by financing activities	718,825	504,483
INVESTING ACTIVITIES		
Purchases of equipment	(715,381)	(504,979)
Cash used in investing activities	(715,381)	(504,979)
Increase (decrease) in cash for the year	(725,270)	179,812
Cash, beginning of year	4,708,931	4,529,119
Cash, end of year	3,983,661	4,708,931
Cash consists of:		
Cash	3,983,661	4,708,927
Restricted cash - gaming	—	4
	3,983,661	4,708,931

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

1. NATURE OF OPERATIONS

TFL Technology for Living Society (the "Society") commenced operations on April 1, 2006 when it assumed certain net assets and related contractual obligations of the B.C. Paraplegic Association. The Society is incorporated under the Societies Act (B.C.) and is a not-for-profit organization established for the purpose of providing assistive technologies and associated supports to meet the needs of persons with disabilities living independently in the community. The Society became a registered charity effective April 1, 2007.

The Society provides assistance through the following programs:

[a] The Technology for Independent Living ("TIL") program provides environmental controls and related supports to assist persons with severe disabilities in operating standard equipment in the home environment (i.e. telephone, lighting etc.). It also provides supports for those individuals who are physically disabled and non-vocal.

[b] The Provincial Respiratory Outreach Program ("PROP") provides a comprehensive range of equipment and supplies, respiratory therapy, education, biomedical engineering, and peer support to individuals with disabilities who need assisted ventilation to meet their respiratory needs while living in the community.

During the year, the Society changed its name from B.C. Association for Individualized Technology and Supports for People with Disabilities to TFL Technology for Living Society.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO 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 date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of deferred revenue. Actual results could differ from these estimates.

Revenue Recognition

Revenue is recognized using the deferral method of accounting, as it is earned.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Accounting

The Society reflects revenues relating to the PROP and TIL programs as separate funds. Any unexpended funding for the PROP and TIL programs must be used for future expenditures or they are otherwise repayable to Vancouver Coastal Health Authority, the Province of B.C. or other service provider, or to the donor.

Direct Access Gaming Revenues

Direct access gaming revenues are taken into income and reported as an expense as the funds are disbursed. Unexpended gaming funds are reported as deferred revenue of the TIL program.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, short-term deposits and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accruals.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Investments

The investments are recorded at their fair market value.

Inventory of Supplies

Inventory of supplies is recorded at the lower of cost and current replacement cost.

Equipment

Equipment is recorded at cost, less accumulated amortization, and is amortized on a straight-line basis over the following estimated useful lives:

- PROP 5 years
- TIL 3 years

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

3. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Current account - operating	348,164	186,395
Current account - Premium Interest account	585,445	1,471,530
Current account - gaming	—	4
Guaranteed investment certificates	3,050,000	3,050,000
Investment account cash balance	52	1,002
	3,983,661	4,708,931

The guaranteed investment certificates have interest rates ranging from 1.45% to 1.95% and maturity dates ranging from June 2020 to December 2020.

4. EQUIPMENT

	Cost	Accumulated Amortization	Book Value
	\$	\$	\$
2020			
PROP equipment	5,979,163	3,768,890	2,210,273
TIL equipment	329,482	264,491	64,991
	6,308,645	4,033,381	2,275,264
2019			
PROP equipment	5,927,756	3,354,420	2,573,336
TIL equipment	282,378	219,331	63,047
	6,210,134	3,573,751	2,636,383

Pursuant to the Society's contracts with Vancouver Coastal Health Authority ("VCHA") or the Province of B.C., the above equipment is held solely for use in the PROP and TIL programs.

5. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
	\$	\$
Operations	514,746	255,959
Government remittances - payroll deductions	32,693	13,900
- WorkSafeBC	378	3,049
	547,817	272,908

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

6. DEFERRED FUNDING AND REVENUE

Deferred funding and revenue represents funding received that is designated for operating and program expenses to be incurred after the end of the year.

	Opening deferred \$	Received or Receivable \$	Earned \$	Closing deferred \$
PROP Fund:				
Vancouver Coastal Health Authority - operations	149,444	1,871,603	1,866,408	154,639
Vancouver Coastal Health Authority - equipment	2,124,684	—	1,258,438	866,246
	2,274,128	1,871,603	3,124,846	1,020,885
TIL Fund:				
Vancouver Coastal Health Authority	32,761	407,543	406,541	33,763
Open Doors project	57,817	44,500	16,242	86,075
Government of Canada	—	—	—	—
	90,578	452,043	422,783	119,838
Association Fund:				
Simon Cox Innovations fund	13,400	2,500	—	15,900
Suzette Lewis fund	890	—	—	890
	14,290	2,500	—	16,790
	2,378,996	2,326,146	3,547,629	1,157,513

7. DEFERRED EQUIPMENT FUNDING

Deferred equipment funding represent past funding received that has been expended on equipment purchases that have not yet been recognized as income. This funding is being amortized to income over the useful life of the related equipment, as follows:

	2020 \$	2019 \$
Balance, beginning of year	2,636,383	3,343,028
Expended on equipment during the year		
From PROP funding	668,277	463,644
From TIL funding	47,104	41,335
Amortization of equipment for the year - PROP equipment	(1,031,340)	(1,177,319)
Amortization of equipment for the year - TIL equipment	(45,160)	(34,305)
Balance, end of year	2,275,264	2,636,383

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

8. INTERNALLY RESTRICTED NET ASSETS

The Society's Board of Directors has internally restricted net assets for the following purposes:

	Opening \$	Restricted in year \$	Utilized in year \$	Closing \$
TIL development plan	35,335	—	—	35,335
TIL special needs equipment	22,349	—	—	22,349
Building fund	128,993	—	—	128,993
	186,677	—	—	186,677

9. ALLOCATED EXPENSES

In 2020, the Society allocated salary and benefits expenses and administrative costs to the PROP and TIL programs, as shown in the following table:

	PROP	TIL	Association
Salaries and benefits			
Executive director, finance & admin. Manager	80%	20%	Nil
Biomedical engineering department manager	50%	50%	Nil
Biomedical technician	50%	50%	Nil
Client services & IT manager, materials manager	80%	20%	Nil
Respiratory therapy department manager	100%	Nil	Nil
Administrative costs			
Rent and premises	80%	20%	Nil
Staff travel	80%	20%	Nil
Office and administration	80%	20%	Nil

Insurance is allocated to PROP, TIL and the Association based on the relative value of the items insured. All other costs were incurred specifically for each program.

10. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2020.

Credit Risk

The Society is exposed to credit risk with respect to its bank deposits, short-term investments and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and investments are invested with a large financial institution.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

10. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society is exposed to interest rate risk on its term deposits in so far that the initial rate may be higher than the current interest rate obtained on maturity and renewal.

11. COMMITMENT

Operations are conducted from leased premises, currently rented at a base rent plus operating expenses and property taxes. The lease expires on July 31, 2020.

The commitment for the next year, for base rent only, is:

	\$
2021	16,625

12. SALARIES AND BENEFITS

Pursuant to the British Columbia Societies Act, the Society is required to disclose salaries and benefits paid to employees who are paid \$75,000 or more during the fiscal year. 2020 salaries and benefits expense includes \$598,358 paid to seven employees.

13. ECONOMIC DEPENDENCE

The primary source of the Society's revenues are the grant revenues from Vancouver Coastal Health Authority. The Society's ability to continue viable operations is dependent upon maintaining this source of revenue. These financial statements have been prepared on a going concern basis on the assumption this source of funding will continue to finance the Society's program activities.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

14. COVID-19

PROP and TIL staff are using complete PPE equipment when visiting service users in their homes. During the pandemic stage 1, the Society tried to keep staff in the office to a minimum and ran essential services from the office, which included staff shipping equipment, essential biomedical work and essential PROP services. Now as the Society enters stage 2, the Society is more relaxed about staff going to the office as long as they keep a safe distance from each other. Many staff are working at home and some are also working compressed work weeks. No staff were laid off as a result of the pandemic.

The main effect of the pandemic on PROP services was that in the early stages people were ordering more than the usual amount of supplies. The Society managed the increased requests, and had enough supplies in stock to match the requests. In March and early April staff were working very hard to keep up with the almost overwhelming requests. Additionally, the health authorities were working to clear the hospitals and were discharging people into the community. PROP staff continued with the home ventilation set ups and training the caregivers during this time. Within a few months people began to contact the Society less as doctors were not making some of the usual referrals to PROP. The Society noticed a decline in new members for PROP services. As the Society enters phase 2 of the pandemic, the doctors are starting to once again prescribe PROP services for people, which is resulting in a higher amount of new service users on the program.

TIL services dropped off at the beginning of the pandemic. Whereas PROP was very busy, TIL was quiet with few people requesting visits. Biomedics all started working a compressed work week, had to come to the office to do essential PROP and TIL work, and they staggered their hours so they weren't together at one time. Now as the Society enters phase 2, more TIL service users are requesting non-essential services such as automatic doors. The Society is seeing an increase in the TIL work as the Society moves into phase 2.