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FINANCIAL STATEMENTS

TFL TECHNOLOGY FOR LIVING SOCIETY

March 31, 2022

Limited Liability Partnership



Tompkins Wozny
Chartered Professional Accountants

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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 15, 2022

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

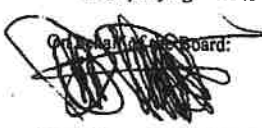
As at March 31

	Restricted Funds		Association Funds	2022 Total	2021 Total
	PROP	TTL			
	\$	\$	\$	\$	\$
ASSETS					
Current					
Cash and cash equivalents <i>[note 3]</i>	—	—	1,417,538	1,417,538	2,378,850
Interfund balances	590,539	146,083	(736,622)	—	—
Funding and accounts receivable	3,796,656	1,085	7,054	3,804,795	255,360
GST receivable	21,914	1,582	1,769	25,265	22,475
Inventory of supplies	135,742	9,668	—	145,410	235,968
Prepaid expenses	9,368	2,342	—	11,710	18,467
Total current assets	4,554,219	160,760	689,739	5,404,718	2,911,120
Equipment <i>[note 4]</i>	3,108,828	69,808	—	3,178,636	2,090,052
	7,663,047	230,568	689,739	8,583,354	5,001,172
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accruals <i>[note 5]</i>	167,601	26,459	25,820	219,880	247,607
Deferred funding and revenue <i>[note 6]</i>	3,778,523	—	192,130	3,970,653	292,263
Total current liabilities	3,946,124	26,459	217,950	4,190,533	539,870
Deferred equipment funding <i>[note 7]</i>	3,108,828	69,808	—	3,178,636	2,090,052
Total liabilities	7,054,952	96,267	217,950	7,369,169	2,629,922
Net assets					
Internally restricted <i>[note 8]</i>	—	—	186,677	186,677	186,677
Restricted funds	608,095	134,301	—	742,396	1,898,448
Unrestricted	—	—	285,112	285,112	286,125
Total net assets	608,095	134,301	471,789	1,214,185	2,371,250
	7,663,047	230,568	689,739	8,583,354	5,001,172

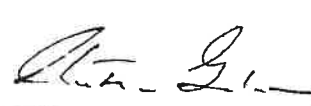
Commitment *[note 11]*
 COVID-19 *[note 14]*

See accompanying notes to the financial statements

On behalf of the Board:



Director



Director

TFL Technology for Living Society

STATEMENT OF CHANGES IN NET ASSETS AND RESTRICTED FUNDS

Year ended March 31

	<u>Restricted Funds</u>		<u>Association Funds</u>		<u>Total</u>
	<u>PROP</u>	<u>TIL</u>	<u>Internally</u>	<u>Un -</u>	
	<u>\$</u>	<u>\$</u>	<u>Restricted</u>	<u>Restricted</u>	<u>\$</u>
			<u>\$</u>	<u>\$</u>	
2022			<i>[Note 8]</i>		
Balance, beginning of year	1,763,509	134,939	186,677	286,125	2,371,250
Excess of expenses for the year	(1,155,414)	(638)	—	(1,013)	(1,157,065)
Balance, end of year	608,095	134,301	186,677	285,112	1,214,185
2021					
Balance, beginning of year	2,022,504	138,994	186,677	161,344	2,509,519
Excess of expenses for the year	(258,995)	(4,055)	—	124,781	(138,269)
Balance, end of year	1,763,509	134,939	186,677	286,125	2,371,250

See accompanying notes to the financial statements



STATEMENT OF OPERATIONS

Year ended March 31

	2022			2021	
	Restricted Funds		Association	Total	Total
	PROP	TIL	Funds		
\$	\$	\$	\$	\$	
REVENUE					
Contracts and Grants <i>[note 6]</i>					
Vancouver Coastal Health Authority <i>[note 13]</i>	3,807,745	456,641	—	4,264,386	3,361,203
Open doors project	—	—	59,143	59,143	71,250
New Horizons - We Talk Tech	5,000	1,250	19,110	25,360	—
George Pearson Centre fund	—	—	11,316	11,316	840
Central Okanagan Foundation	—	—	10,000	10,000	—
Simon Cox Competition	—	—	8,682	8,682	—
Youth Assistive Technology Fund	—	—	8,131	8,131	—
Neil Squire - wage subsidy	—	—	7,620	7,620	10,020
Simon Cox Innovation Fund	—	—	2,995	2,995	—
Government of Canada - summer grant	2,830	1,886	—	4,716	3,151
Government of Canada - wage subsidy <i>[note 14]</i>	—	—	—	—	25,000
Province of BC - temporary pandemic pay	—	—	—	—	35,298
Muscular Dystrophy Canada	—	—	—	—	25,000
Fees for services	696	—	33,565	34,261	49,499
Donations	—	—	40,344	40,344	22,076
Interest and other <i>[note 15]</i>	140,980	—	11,140	152,120	146,200
Fundraising	—	—	—	—	—
Amortization - deferred equipment funding <i>[note 7]</i>	906,665	48,697	—	955,362	1,077,092
Write-down of deferred equipment funding <i>[note 15]</i>	566,895	—	—	566,895	—
Revenue used for equipment purchases	(2,567,294)	(43,547)	—	(2,610,841)	(891,880)
	2,863,517	464,927	212,046	3,540,490	3,934,749
EXPENSES					
Salaries and benefits	1,341,822	281,543	8,330	1,631,695	1,589,983
Client service costs					
Supplies	459,093	39,378	24,593	523,064	486,557
Contracted client services	108,793	4,852	62,037	175,682	154,723
Equipment maintenance	139,450	7,974	—	147,424	139,462
Educational materials/peer support	68,162	5,656	615	74,433	80,463
Travel	64,180	4,578	—	68,758	29,830
Open doors project	—	—	59,143	59,143	71,250
New Horizons - We Talk Tech	—	—	25,267	25,267	—
Central Okanagan Foundation	—	—	10,250	10,250	—
Simon Cox Competition	—	—	8,682	8,682	—
Youth Assistive Technology Fund	—	—	7,516	7,516	—
George Pearson Centre fund	—	—	4,446	4,446	175
Muscular Dystrophy Canada	—	—	—	—	25,000
Amortization expense	906,665	48,697	—	955,362	1,077,092
Write-down of equipment <i>[note 15]</i>	566,895	—	—	566,895	—
Rent and premises	162,156	39,409	1,000	202,565	165,408
Office and administration	129,346	30,801	1,180	161,327	141,042
Insurance	72,369	2,677	—	75,046	112,033
	4,018,931	465,565	213,059	4,697,555	4,073,018
Excess of expenses for the year	(1,155,414)	(638)	(1,013)	(1,157,065)	(138,269)

See accompanying notes to the financial statements



STATEMENT OF CASH FLOWS

Year ended March 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses for year	(1,157,065)	(138,269)
Items not affecting cash		
Amortization - equipment	955,362	1,077,092
Amortization - deferred equipment funding	(955,362)	(1,077,092)
Write-down of equipment	566,895	—
Write-down of deferred equipment funding	(566,895)	—
Change in other non-cash items		
Funding and accounts receivable	(3,549,435)	(193,457)
GST receivable	(2,790)	(1,919)
Inventory of supplies	90,558	27,834
Prepaid expenses	6,757	(4,180)
Accounts payable and accruals	(27,727)	(300,210)
Deferred funding and revenue	3,678,390	(865,250)
Deferred interest	—	(129,360)
Cash used in operating activities	(961,312)	(1,604,811)
FINANCING ACTIVITIES		
Restricted funding used for equipment purchases	2,610,841	891,880
Cash provided by financing activities	2,610,841	891,880
INVESTING ACTIVITIES		
Purchases of equipment	(2,610,841)	(891,880)
Cash used in investing activities	(2,610,841)	(891,880)
Decrease in cash for the year	(961,312)	(1,604,811)
Cash, beginning of year	2,378,850	3,983,661
Cash, end of year	1,417,538	2,378,850

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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.

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, 2022

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, when applicable, 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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equipment

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

- PROP equipment 5 years
- PROP computers 5 years
- PROP database 15 years
- PROP furniture and fixtures 10 years
- PROP leasehold improvements 20 years
- TIL equipment 3 years

3. CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Current account - operating	93,349	240,083
Current account - Premium Interest account	4,189	88,767
Guaranteed investment certificates	1,320,000	2,050,000
	1,417,538	2,378,850

The guaranteed investment certificates have interest rates ranging from 0.45% to 0.60% and maturity dates ranging from June 2022 to December 2022.

4. EQUIPMENT

	Cost	Accumulated Amortization	Book Value
	\$	\$	\$
2022			
PROP equipment	5,689,563	2,717,873	2,971,690
PROP computers	28,312	16,928	11,384
PROP database	120,732	10,027	110,705
PROP furniture and fixtures	12,649	2,530	10,119
PROP leasehold improvements	14,085	9,155	4,930
TIL equipment	426,697	356,889	69,808
	6,292,038	3,113,402	3,178,636

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

4. EQUIPMENT (CONT'D)

	Cost \$	Accumulated Amortization \$	Book Value \$
2021			
PROP equipment	5,939,160	3,990,427	1,948,733
PROP computers	28,312	13,562	14,750
PROP database	29,668	1,978	27,690
PROP furniture and fixtures	12,649	1,265	11,384
PROP leasehold improvements	14,085	704	13,381
TIL equipment	383,150	309,036	74,114
	6,407,024	4,316,972	2,090,052

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

	2022 \$	2021 \$
Operations	186,034	213,641
Government remittances - payroll deductions	28,803	29,356
- WorkSafeBC	5,043	4,610
	219,880	247,607

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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	156,969	1,778,326	1,935,295	—
Vancouver Coastal Health Authority - equipment	—	5,650,973	1,872,450	3,778,523
Province of BC - temporary pandemic pay	—	—	—	—
New Horizons - We Talk Tech	—	5,000	5,000	—
Government of Canada - summer grant	—	2,830	2,830	—
	156,969	7,437,129	3,815,575	3,778,523
TIL Fund:				
Vancouver Coastal Health Authority	34,519	422,122	456,641	—
New Horizons - We Talk Tech	—	1,250	1,250	—
Government of Canada - summer grant	—	1,886	1,886	—
	34,519	425,258	459,777	—
Association Fund:				
Open Doors project	32,325	95,000	59,143	68,182
Smart Technology	25,000	4,859	—	29,859
Simon Cox Innovations fund	13,400	—	2,995	10,405
Simon Cox Competition	5,000	8,500	8,682	4,818
Suzette Lewis fund	890	—	—	890
Neil Squire Society - wage subsidy	—	7,620	7,620	—
George Pearson Centre fund	24,160	10,000	11,316	22,844
New Horizons - We Talk Tech	—	40,590	19,110	21,480
Youth Assistive Technology Fund	—	41,783	8,131	33,652
Central Okanagan Foundation	—	10,000	10,000	—
	100,775	218,352	126,997	192,130
	292,263	8,080,739	4,402,349	3,970,653

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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:

	2022	2021
	\$	\$
Balance, beginning of year	2,090,052	2,275,264
Expended on equipment during the year		
From PROP funding	2,567,294	836,804
From TIL funding	43,547	55,076
Write down of equipment	(566,895)	—
Amortization of equipment for the year - PROP equipment	(906,665)	(1,032,476)
Amortization of equipment for the year - TIL equipment	(48,697)	(44,616)
Balance, end of year	3,178,636	2,090,052

8. INTERNALLY RESTRICTED NET ASSETS

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

	Opening	Restricted in	Utilized in	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

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

9. ALLOCATED EXPENSES

In 2022, 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, 2022.

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.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

11. COMMITMENT

Operations are conducted from leased premises, currently rented at a base rent plus operating expenses and property taxes. The lease expires on October 31, 2024.

The commitment for the next three years, for base rent only, is:

	\$
2023	117,146
2024	153,951
2025	95,224
	<u>366,321</u>

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. 2022 salaries and benefits expense includes \$763,235 paid to nine employees [2021 - \$956,000 - eleven 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.

14. COVID-19

PROP and TIL staff are visiting membership at home, and are still doing some work over the phone or by video conference. PROP and TIL staff are following the health directives, wear masks and use gloves in the home visits. In some circumstances the PROP staff are using full PPE when visiting homes. In the office, masks and sanitizer are available. Some staff are working a hybrid of home/office, a few staff are working completely at home, and some staff need to be in the office every day. All public health orders are adhered to.

During the year, the Society received temporary wage subsidies in the amount of \$Nil [2021 - \$25,000].

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

15. WRITE DOWN OF CAPITALIZED EQUIPMENT

During the year, there was a recall on capitalized equipment that required a write down of \$566,895. A credit of \$140,980 was provided by the supplier and is included in accounts receivable.

