

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
WindReach

We have audited the accompanying financial statements of WindReach, (the "Company"), which comprise the statement of financial position as at June 30, 2014, and the statement of operations, statement of changes in members' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Company derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Company and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and members' equity.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada.

Deloitte Ltd.

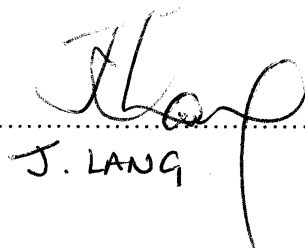
January 12, 2015


WINDREACH
STATEMENT OF FINANCIAL POSITION
as at June 30, 2014
(expressed in Bermuda Dollars)

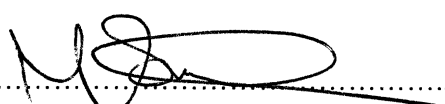
	June 30, 2014	June 30, 2013
CURRENT ASSETS		
Cash	\$ 454,853	\$ 574,918
Investments, held for trading (Note 3)	1,904	1,532
Accounts receivable	19,086	6,114
Prepaid expenses	5,040	5,191
	480,883	587,755
CAPITAL ASSETS (Note 4)		
PONIES (Note 5)	141,960	29,930
	11,813	956
	\$ 634,656	\$ 618,641
LIABILITIES		
Accounts payable (Note 7)	\$ 45,215	\$ 38,611
Deferred revenue	20,258	59,409
Deferred contributions (Note 6)	252,405	252,563
	317,878	350,583
MEMBERS' EQUITY		
Contributed surplus	128,092	128,092
Surplus	188,686	139,966
	316,778	268,058
	\$ 634,656	\$ 618,641

See accompanying notes to the financial statements

APPROVED BY THE BOARD:


.....Director
J. LANG


.....
E. MURPHY - TREASURER


.....Director
M. SIMAS

WINDREACH
STATEMENT OF OPERATIONS
for the year ended June 30, 2014
(expressed in Bermuda Dollars)

	2014	2013
REVENUES		
Donations (Notes 6, 8 and 9)	\$ 692,299	\$ 557,538
Program revenue (Note 6)	146,202	152,913
Rental income	99,385	103,828
Activities and events	85,667	114,932
Other income	863	1,146
	1,024,416	930,357
EXPENDITURES		
Salaries and benefits	622,227	538,523
Facility and program supplies	163,741	174,918
Repairs and maintenance	50,781	34,113
Amortization of capital assets and ponies	24,849	14,650
Activities and events	21,376	28,134
Utilities	17,465	18,460
Computer	16,880	14,097
Professional fees (Note 9)	16,000	23,270
Insurance	15,811	18,054
Administrative	9,007	13,010
Telephone	6,955	7,599
Promotion	5,475	11,730
Staff development	5,129	4,138
	975,696	900,696
EXCESS OF REVENUES OVER EXPENDITURES	\$ 48,720	\$ 29,661

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the year ended June 30, 2014
(expressed in Bermuda Dollars)

	2014	2013
Contributed surplus, beginning and end of year	\$ 128,092	\$ 128,092
Surplus, beginning of year	139,966	110,305
Excess of revenue over expenditures for the year	48,720	29,661
Surplus, end of year	188,686	139,966
Balance, end of year	\$ 316,778	\$ 268,058

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CASH FLOWS
for the year ended June 30, 2014
(expressed in Bermuda Dollars)

	2014	2013
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 48,720	\$ 29,661
Item not affecting cash:		
Amortization of capital assets and ponies	24,849	14,650
Unrealized gain on investments	(372)	(427)
Changes in assets and liabilities:		
Accounts receivable	(12,972)	2,986
Prepaid expenses	151	534
Accounts payable	6,604	18,745
Deferred revenue	(39,151)	(21,375)
Deferred contributions	(158)	51,623
	27,671	96,397
INVESTING ACTIVITIES		
Purchase of capital assets and ponies, being net cash used in investing activities	(147,736)	(18,778)
	(120,065)	77,619
NET (DECREASE)/INCREASE IN CASH	(120,065)	77,619
CASH, BEGINNING OF YEAR	574,918	497,299
	\$ 454,853	\$ 574,918
CASH, END OF YEAR	\$ 454,853	\$ 574,918

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014
(expressed in Bermuda Dollars)

1. ORGANIZATION

WindReach (the “Company”) was incorporated under the Companies Act, 1981 (the “Act”) on November 26, 2008. Following an application for the Company to be registered as a company limited by guarantee, the Company received notification on February 3, 2009 from the Minister of Finance that such approval had been granted.. The Company commenced operations on September 1, 2009.

The Company was created to effect the amalgamation on September 1, 2009, of the Company with Bermuda Riding for the Disabled (“BRD”) and assumed all of the assets, liabilities, and net assets of BRD. On the same date, the Company received a transfer of certain net assets from The WindReach Recreational Village Ltd. (“WRV”). From this date, the Company commenced operations, running the programs of the former BRD and WRV.

Upon amalgamation, the Company assumed the charitable certificate of BRD. The change of name of the certificate from Bermuda Riding for the Disabled to WindReach was registered on October 14, 2009.

The Company’s purpose is to operate an inclusive and accessible community facility to enrich the quality of life for people of all abilities, ages, and special needs.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada (“Part III”). The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The significant accounting policies are as follows:

Revenue recognition

The Company follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and pledges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014
(expressed in Bermuda Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Donated services and assets

The Company records the value of donated services and assets at fair value when the fair value can be reasonably estimated, and the services are normally purchased and would be paid for if not donated.

Volunteers contribute many hours to assist the Company in carrying out its service delivery activities. Because of the difficulty in determining their fair value, these services are not recognized in the financial statements.

Capital assets and ponies

Purchased capital assets and ponies are stated at cost. Donated capital assets are recorded at fair value at the date of the donation. Amortization is provided on a straight-line basis over the assets' estimated useful lives.

Computer equipment	3 years
Vehicle	3 years
Furniture and equipment	5 years
Property	5 years
Ponies	5 years

Financial instruments

The Company initially measures its financial assets and liabilities at fair value. The Company subsequently measures investments at fair value at the date of the statement of financial position with the changes in fair value included in the statement of operations. All other financial assets and financial liabilities are subsequently measured at amortized cost and consist of cash and cash equivalents, restricted cash, accounts receivable and accrued interest, grants receivable and accounts payable and accrued liabilities.

3. INVESTMENTS

	Cost 2014	Fair value 2014	Cost 2013	Fair value 2013
Marketable securities, held for trading	\$ 997	\$ 1,904	\$ 997	\$ 1,532

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014
(expressed in Bermuda Dollars)

4. CAPITAL ASSETS

	Cost 2014	Accumulated amortization 2014	Net Book Value	
			2014	2013
Computer equipment	\$ 28,145	\$ 27,409	\$ 736	\$ 377
Furniture and equipment	179,433	38,209	141,224	21,705
Vehicle	21,651	21,651	-	6,014
Property	8,864	8,864	-	1,834
	<u>238,093</u>	<u>96,133</u>	<u>141,960</u>	<u>29,930</u>
Total	\$ 238,093	\$ 96,133	\$ 141,960	\$ 29,930

5. PONIES

	Cost 2014	Accumulated amortization 2014	Net Book Value	
			2014	2013
Ponies	\$ 15,974	\$ 4,161	\$ 11,813	\$ 956

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent amounts received in the current period for which related expenses will be incurred in a subsequent period. Changes in the deferred contributions balance are as follows:

	Balance June 30, 2013	Contributions received during the period	Recognized as donation or program revenue during the period	Balance June 30, 2014
Riding Program	\$ 154,720	\$ 163,005	\$ 210,788	\$ 106,937
Adaptive Sports	41,941	58,825	91,104	9,662
Work Experience	-	23,420	23,420	-
Healthy Harvest	-	1,450	1,450	-
Petting Zoo	-	1,000	1,000	-
Maintenance projects	-	15,295	15,295	-
Vehicle	6,014	-	6,014	-
Shades	-	6,058	1,010	5,048
Flooring	49,888	-	7,204	42,684
Fire System	-	27,646	415	27,231
Sensory Room	-	50,000	833	49,167
Ponies	-	23,747	12,071	11,676
	<u>\$ 252,563</u>	<u>\$ 370,446</u>	<u>\$ 370,604</u>	<u>\$ 252,405</u>

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014
(expressed in Bermuda Dollars)

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$10,459 (2013: \$8,456) due to the Bermuda Government.

8. RELATED PARTY TRANSACTIONS

Donations revenue includes amounts totaling \$80,004 (2013: \$80,772) which were received from WindReach International (“WRI”). These amounts were donated in connection with a commitment to the long-term viability and future of the Company. WRI and the Company are related by way of one common director.

During the year ended June 30, 2014, directors made cash donations of \$7,785 (2013: \$7,550) to the Company.

9. DONATED SERVICES

Audit fees are recorded at their fair value of \$16,000 (2013: \$16,000). The actual amount charged for the audit is \$Nil with the difference of \$16,000 (2013: \$16,000) being recorded in donations revenue.

10. COMMITMENTS

WRI has pledged to provide ongoing financial support to the operations of the Company with a monthly donation to support operating expenses set at US\$6,667 per month until December 2015.

11. CAPITAL DISCLOSURES

The Company’s capital objective is to ensure effective resources are available to support its operational activities. The Company maintains its capital mainly in the form of cash and cash equivalents. The Company is not subject to any externally imposed capital requirements.

12. LEASE

The Company has entered into a lease with WindReach Bermuda Trust dated August 26, 2009 for land situated in Warwick for a term of twenty years. The annual lease payment consists of one dollar and one horseshoe.

13. RECLASSIFICATIONS

Certain prior period figures have been reclassified wherever necessary to conform to the current year’s presentation.