

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
WindReach

We have audited the accompanying financial statements of WindReach, (the "Company"), which comprise the statements of financial position as at June 30, 2016 and 2015 and the statements of operations, statements of changes in members' equity and statements of cash flows for the years 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 audits. We conducted our audits 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, 2016 and 2015 and the results of its operations and its cash flows for the years then ended in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada.

Deloitte Ltd.

November 8, 2016

WINDREACH
STATEMENTS OF FINANCIAL POSITION
as at June 30, 2016 and 2015
(expressed in Bermuda Dollars)

	2016	2015
CURRENT ASSETS		
Cash	\$ 385,544	\$ 458,178
Investments, held for trading (Note 3)	1,853	2,129
Accounts receivable	15,825	22,774
Prepaid expenses	7,663	26,849
	410,885	509,930
CAPITAL ASSETS (Note 4)		
PONIES (Note 5)	141,339	178,862
	37,978	9,301
	\$ 590,202	\$ 698,093
LIABILITIES		
Accounts payable (Note 7)	\$ 33,447	\$ 29,165
Deferred revenue	3,700	28,821
Deferred contributions (Note 6)	204,013	328,806
	241,160	386,792
MEMBERS' EQUITY		
Contributed surplus	128,092	128,092
Surplus	220,950	183,209
	349,042	311,301
	\$ 590,202	\$ 698,093

See accompanying notes to the financial statements

APPROVED BY THE BOARD: ON NOVEMBER 8, 2016

E. Murphy

E. MURPHY - TREASURER

Stewart Ritchie
.....Director
STEWART RITCHIE

Theresa Hall
.....Director
THERESA HALL

WINDREACH
STATEMENTS OF OPERATIONS
for the years ended June 30, 2016 and 2015
(expressed in Bermuda Dollars)

	2016	2015
REVENUES		
Donations (Notes 6, 8 and 9)	\$ 834,605	\$ 697,624
Program revenue (Note 6)	146,935	166,182
Rental income	82,415	78,425
Activities and events	74,445	84,271
Other income	4,486	904
	1,142,886	1,027,406
 EXPENDITURES		
Salaries and benefits	686,215	660,628
Facility and program supplies	173,316	173,570
Repairs and maintenance	66,558	44,938
Amortization of capital assets and ponies	57,495	37,193
Professional fees (Note 9)	26,000	16,679
Insurance	18,974	18,974
Utilities	15,178	15,080
Activities and events	14,967	23,828
Computer	14,905	14,661
Administrative	8,568	9,306
Telephone	7,108	7,478
Staff development	6,615	5,231
Promotion	5,946	5,317
Loss on disposal of capital asset	3,300	-
	1,105,145	1,032,883
 EXCESS OF REVENUES OVER EXPENDITURES/ (EXPENDITURES OVER REVENUE)	 \$ 37,741	 \$ (5,477)

See accompanying notes to the financial statements

WINDREACH
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
for the years ended June 30, 2016 and 2015
(expressed in Bermuda Dollars)

	2016	2015
Contributed surplus, beginning and end of year	\$ 128,092	\$ 128,092
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Surplus, beginning of year	183,209	188,686
Excess of revenue over expenditures/(expenditures over revenue) for the year	37,741	(5,477)
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Surplus, end of year	220,950	183,209
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Balance, end of year	\$ 349,042	\$ 311,301
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See accompanying notes to the financial statements

WINDREACH
STATEMENTS OF CASH FLOWS
for the years ended June 30, 2016 and 2015
(expressed in Bermuda Dollars)

	2016	2015
OPERATING ACTIVITIES		
Excess of revenues over expenditures/(expenditures over revenue)	\$ 37,741	\$ (5,477)
Item not affecting cash:		
Amortization of capital assets and ponies	57,495	37,193
Loss on disposal of capital asset	3,300	-
Unrealized loss (gain) on investments	276	(225)
Changes in assets and liabilities:		
Accounts receivable	6,949	(3,688)
Prepaid expenses	19,186	(21,809)
Accounts payable	4,282	(16,050)
Deferred revenue	(25,121)	8,563
Deferred contributions	(124,793)	76,401
	(20,685)	74,908
INVESTING ACTIVITIES		
Purchase of capital assets and ponies, being net cash used in investing activities	(51,949)	(71,583)
	(72,634)	3,325
NET INCREASE/(DECREASE) IN CASH		
CASH, BEGINNING OF YEAR	458,178	454,853
CASH, END OF YEAR	\$ 385,544	\$ 458,178

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015
(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, 2016 and 2015
(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
Computer software	5 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, accounts receivable and accounts payable.

3. INVESTMENTS

	Cost 2016	Fair value 2016	Cost 2015	Fair value 2015
Marketable securities, held for trading	\$ 997	\$ 1,853	\$ 997	\$ 2,129

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016 and 2015
(expressed in Bermuda Dollars)

4. CAPITAL ASSETS

	Cost 2016	Accumulated amortization 2016	Net Book Value	
			2016	2015
Computer equipment	\$ 28,828	\$ 28,235	\$ 593	\$ 869
Computer software	9,579	1,280	8,299	-
Furniture and equipment	250,494	118,047	132,447	177,993
Vehicle	21,651	21,651	-	-
Property	8,864	8,864	-	-
Total	<u>\$ 319,416</u>	<u>\$ 178,077</u>	<u>\$ 141,339</u>	<u>\$ 178,862</u>

5. PONIES

	Cost 2016	Accumulated amortization 2016	Net Book Value	
			2016	2015
Ponies	<u>\$ 53,236</u>	<u>\$ 15,258</u>	<u>\$ 37,978</u>	<u>\$ 9,301</u>

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, 2015	Contributions received during the year	Recognized as donation or program revenue during the year	Balance June 30, 2016
Riding Program	\$ 88,538	\$ 143,569	\$ 212,847	\$ 19,260
Music Enrichment	5,000	-	-	5,000
Adaptive Sports	15,292	45,780	61,072	-
Education & Recreation	9,070	250	4,310	5,010
Life Skills/Work Exp	-	20,100	20,100	-
Healthy Harvest	13,181	20,000	19,396	13,785
Petting Zoo	-	2,250	2,250	-
Seniors	-	5,500	5,500	-
Shades	3,836	-	1,212	2,624
Flooring	32,712	-	9,972	22,740
Fire System	22,251	-	8,558	13,693
Sensory Room	39,171	-	9,996	29,175
Air Conditioners	53,165	-	11,004	42,161
Photocopier	16,000	-	5,328	10,672
Ponies	29,090	9,781	7,180	31,691
Playground	-	5,021	-	5,021
Program supplies	1,500	3,000	1,319	3,181
	<u>\$ 328,806</u>	<u>\$ 255,251</u>	<u>\$ 380,044</u>	<u>\$ 204,013</u>

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015
(expressed in Bermuda Dollars)

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$13,562 (2015: \$10,596) due to the Bermuda Government.

8. RELATED PARTY TRANSACTIONS

Donations revenue includes amounts totaling \$80,004 (2015: \$80,004) 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 two common directors.

During the year ended June 30, 2016, directors made cash donations of \$11,150 (2015: \$15,364) to the Company.

9. DONATED SERVICES

Audit fees are recorded at their fair value of \$26,000 (2015: \$16,218). The actual amount charged for the audit is \$Nil with the difference of \$26,000 (2015: \$16,218) 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 2016.

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 The WindReach Bermuda Trust (the “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. Two directors of the Company are also trustees at the Trust.