

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
WindReach

Qualified Opinion

We have audited the financial statements of WindReach (the "Company"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019, 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 Qualified Opinion

In common with many not-for-profit organizations, the Company derives revenue 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 recorded contributions, the excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2019 and 2018, current assets as at June 30, 2019 and 2018, and net assets as at July 1 and June 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Company in accordance with the ethical requirements that are relevant to our audit 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 qualified 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (cont'd)

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 GAAS 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 GAAS, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company'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 Company 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.

Deloitte Ltd.

January 29, 2020

WINDREACH
STATEMENT OF FINANCIAL POSITION
as at June 30, 2019
(expressed in Bermuda Dollars)

	2019	2018
CURRENT ASSETS		
Cash	\$ 270,874	\$ 339,488
Investments, held for trading (Note 3)	1,835	1,836
Accounts receivable	63,232	56,671
Prepaid expenses	7,367	7,888
	343,308	405,883
CAPITAL ASSETS (Note 4)		
PONIES (Note 5)	502,463	182,431
	8,694	18,323
	\$ 854,465	\$ 606,637
LIABILITIES		
Accounts payable (Note 7)	\$ 31,785	\$ 32,523
Deferred revenue	41,550	56,505
Deferred contributions (Note 6 and 8)	503,290	194,187
	576,625	283,215
MEMBERS' EQUITY		
Contributed surplus	128,092	128,092
Surplus	149,748	195,330
	277,840	323,422
	\$ 854,465	\$ 606,637

See accompanying notes to the financial statements

APPROVED BY THE BOARD:


.....**STEWART RITCHIE**.....Director
JANUARY 27, 2020


.....**KEVIN HOVI**.....Director
JAN 27, 2020

WINDREACH
STATEMENT OF OPERATIONS
for the year ended June 30, 2019
(expressed in Bermuda Dollars)

	2019	2018
REVENUES		
Donations (Notes 6, 8 and 9)	\$ 663,605	\$ 735,606
Program revenue (Note 6)	196,613	189,705
Activities and events revenue	250,807	184,146
Rental income	33,450	44,745
Other income	1,520	313
	1,145,995	1,154,515
EXPENDITURES		
Salaries and benefits	657,950	633,457
Activities and events expense	133,950	77,501
Facility and program supplies	114,853	120,241
Professional fees (Note 9)	106,947	116,745
Amortization of capital assets and ponies	49,804	58,632
Repairs and maintenance	47,145	53,555
Insurance and property taxes	20,647	20,470
Administrative	17,310	14,888
Utilities	17,020	16,179
Computer	13,963	11,399
Telephone	5,425	6,916
Staff development	4,523	11,122
Promotion	2,040	9,846
	1,191,577	1,150,951
EXCESS OF REVENUE OVER EXPENDITURES/ (EXPENDITURES OVER REVENUE)	\$ (45,582)	\$ 3,564

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the year ended June 30, 2019
(expressed in Bermuda Dollars)

	2019	2018
Contributed surplus, beginning and end of year	\$ 128,092	\$ 128,092
Surplus, beginning of year	195,330	191,766
Excess of revenue over expenditures/(expenditures over revenue)	(45,582)	3,564
Surplus, end of year	149,748	195,330
Balance, end of year	\$ 277,840	\$ 323,422

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CASH FLOWS
for the year ended June 30, 2019
(expressed in Bermuda Dollars)

	2019	2018
OPERATING ACTIVITIES		
Excess of expenditures over revenue	\$ (45,582)	\$ 3,564
Item not affecting cash:		
Amortization of capital assets and ponies	49,804	58,631
Unrealized gain/(loss) on investments	1	337
Changes in assets and liabilities:		
Accounts receivable	(6,561)	(43,946)
Prepaid expenses	521	418
Accounts payable	(738)	3,836
Deferred revenue	(14,955)	49,720
Deferred contributions	309,103	(220)
	291,593	72,340
INVESTING ACTIVITIES		
Purchase of capital assets, being net cash used in investing activities	(360,207)	(138,580)
NET (DECREASE)/INCREASE IN CASH	(68,614)	(66,240)
CASH, BEGINNING OF YEAR	339,488	405,728
CASH, END OF YEAR	\$ 270,874	\$ 339,488

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

(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 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, 2019

(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. The Company has entered into a lease with the WindReach Bermuda Trust (the "Trust") that owns the land and buildings on which the Company operates under which no material rent is paid by the Company. Because of the difficulty in determining a fair value for this support, this benefit is not recognized in the financial statements.

Capital assets and ponies

Capital assets and ponies are initially recognized at their fair value, along with any costs to bring those assets into use. They are subsequently carried at amortized costs. Amortization is provided on a straight-line basis over the assets' estimated useful lives. Amortization of expenditures for the Playground will commence July 1, 2019 upon project completion.

Computer equipment	3 years
Computer software	5 years
Cottage renovations	5 years
Furniture and equipment	5 years
Playground	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, HELD FOR TRADING

	Cost <u>June 30, 2019</u>	Fair Value <u>June 30, 2019</u>	Cost <u>June 30, 2018</u>	Fair Value <u>June 30, 2018</u>
Investments, held for trading	\$ 997	\$ 1,835	\$ 997	\$ 1,836

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019
(expressed in Bermuda Dollars)

4. CAPITAL ASSETS

	Cost <u>June 30, 2019</u>	Accumulated amortization for the year ended <u>June 30, 2019</u>	Net Book Value <u>June 30, 2019</u>	Net Book Value <u>2018</u>
Computer equipment	\$ 29,550	\$ 29,129	\$ 421	\$ 715
Computer software	9,579	7,040	2,539	4,459
Cottage renovations	143,043	5,070	137,973	133,418
Furniture and equipment	250,870	222,665	28,205	43,839
Playground	333,325	-	333,325	-
Property	8,864	8,864	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 775,231	\$ 272,768	\$ 502,463	\$ 182,431
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. PONIES

	Cost <u>June 30, 2019</u>	Accumulated amortization for the year ended <u>June 30, 2019</u>	Net Book Value <u>June 30, 2019</u>	Net Book Value <u>2018</u>
Ponies	\$ 53,236	\$ 44,542	\$ 8,694	\$ 18,323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent amounts received in the current period for which related expenses will be incurred in a subsequent period. At June 30, 2019 the Company had \$503,290 of deferred contributions (\$194,187 at June 30, 2018). During the period the Company received \$595,314 of contributions for which it recognized \$286,211 of revenue. \$326,980 of deferred contributions is related to the Playground project that will commence operations July 1, 2019.

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$8,936 (2018: \$9,140) due to the Bermuda Government.

8. RELATED PARTY TRANSACTIONS

WindReach International (“WRI”) pledged to provide \$6,667 per month (the “Commitment”) to support the operating expenses of the Company. This pledged was discontinued in May of 2018 following the passing of the ultimate benefactor of WRI. WRI and the Company are related by way of one common director. Donations received from WRI during the year ended June 30, 2019 \$7,425 (2018: \$75,451), which is included in donations in the statement of operations. The donations received in 2019 were to reimburse the Company for expenses incurred.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

(expressed in Bermuda Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd)

During the year ended June 30, 2019, The Windreach Bermuda Trust (the "Trust") donated \$Nil (2018: \$100,000) towards the startup costs of the Adult Day Program, which was considered a deferred contribution. The trust and the Company are related by way of one common director and the Company's economic reliance on the Trust for provision of its land and buildings.

During the year ended June 30, 2019, directors and officers made donations and provided event revenues of \$12,505 (2018: \$10,700) to the Company, which is included donations and activities and events and fee for service revenue in the statement of operations.

9. DONATED SERVICES

Audit fees are recorded at their fair value of \$26,000 (2018: \$26,000) and are included in professional fees in the statement of operations. The actual amount charged for the audit is \$2,300 with the difference of \$23,700 (2018: \$23,750) being recorded in donations revenue.

10. 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.

11. 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.

12. SUBSEQUENT EVENTS

The Company has evaluated all events and transactions that occurred after June 30, 2019 through January 29, 2020, the date these financial statements were available to be issued, for recognition and disclosure and it was determined that there were events that would require recognition or disclosure.