

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2013

INDEPENDENT AUDITORS' REPORT

To the Trustees
of the WindReach Bermuda Trust

We have audited the accompanying financial statements of The WindReach Bermuda Trust, (the "Trust") which comprise the statement of financial position as at June 30, 2013, and the statement of operations, changes in net assets and 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 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 net assets.

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, 2013, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the Company adopted accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada on July 1, 2012 with a transition date of July 1, 2011. The adoption of these standards had no impact on the previously reported assets, liabilities and net assets balances of the Company and, accordingly, no adjustments have been recorded in the previously reported statements of financial position, operations, changes in members' equity and cash flows.

Deloitte + Touche Ltd.

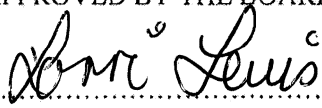
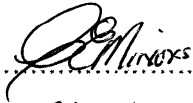
December 5, 2013

WINDREACH
BALANCE SHEET
as at June 30, 2013
(expressed in Bermuda Dollars)

	June 30, 2013	June 30, 2012 (Note 2)	July 1 2011 (Note 2)
CURRENT ASSETS			
Cash	\$ 574,918	\$ 497,299	\$ 361,177
Investments, held for trading (Note 4)	1,532	1,105	1,010
Accounts receivable	6,114	9,100	-
Prepaid expenses	5,191	5,725	10,749
	<u>587,755</u>	<u>513,229</u>	<u>372,936</u>
CAPITAL ASSETS (Note 5)	29,930	24,981	43,995
PONIES (Note 6)	956	1,777	2,597
	<u>\$ 618,641</u>	<u>\$ 539,987</u>	<u>\$ 419,528</u>
LIABILITIES			
Accounts payable (Note 8)	\$ 38,611	\$ 19,486	\$ 21,323
Payable to WindReach Bermuda Trust	-	-	10,000
Deferred revenue	59,409	81,164	78,335
Deferred contributions (Note 7)	252,563	200,940	153,663
	<u>350,583</u>	<u>301,590</u>	<u>263,321</u>
MEMBERS' EQUITY			
Contributed surplus	128,092	128,092	128,092
Surplus	139,966	110,305	28,115
	<u>268,058</u>	<u>238,397</u>	<u>156,207</u>
	<u>\$ 618,641</u>	<u>\$ 539,987</u>	<u>\$ 419,528</u>

See accompanying notes to the financial statements

APPROVED BY THE BOARD:

Director LORRI LEMS <i>E. Murphy</i> ELIZABETH MURPHY TREASURER	Director Cheryl Minors Director
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WINDREACH
STATEMENT OF OPERATIONS
for the year ended June 30, 2013
(expressed in Bermuda Dollars)

	2013	2012 (Note 2)
REVENUES		
Donations (Notes 7, 9 and 10)	\$ 557,538	\$ 705,675
Program revenue (Note 7)	152,913	116,404
Activities and events	114,932	118,537
Rental income	103,828	78,658
Other income	1,146	509
	930,357	1,019,783
EXPENDITURES		
Salaries and benefits	538,523	586,688
Facility and program supplies	174,918	150,154
Repairs and maintenance	34,113	49,465
Activities and events	28,134	37,386
Professional fees (Note 10)	23,270	16,550
Utilities	18,460	19,205
Insurance	18,054	17,798
Amortization of capital assets and ponies	14,650	19,834
Computer	14,097	7,380
Administrative	13,010	12,655
Promotion	11,730	5,665
Telephone	7,599	8,162
Staff development	4,138	6,651
	900,696	937,593
EXCESS OF REVENUES OVER EXPENDITURES	\$ 29,661	\$ 82,190

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the year ended June 30, 2013
(expressed in Bermuda Dollars)

	2013	2012 (Note 2)
Contributed surplus, beginning of year	\$ 128,092	\$ 128,092
Surplus, beginning of year	110,305	28,115
Excess of revenue over expenditures for the year	29,661	82,190
Surplus, end of year	139,966	110,305
Balance, end of year	\$ 268,058	\$ 238,397

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CASH FLOWS
for the year ended June 30, 2013
(expressed in Bermuda Dollars)

	2013	2012 (Note 2)
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 29,661	\$ 82,190
Item not affecting cash:		
Amortization of capital assets and ponies	14,650	19,834
Unrealized gain on investments	(427)	(95)
Changes in assets and liabilities:		
Accounts receivable	2,986	(9,100)
Prepaid expenses	534	5,024
Accounts payable	18,745	(1,837)
Payable to the WindReach Bermuda Trust	-	(10,000)
Deferred revenue	(21,375)	2,829
Deferred contributions	51,623	47,277
	96,397	136,122
INVESTING ACTIVITIES		
Purchase of capital assets, being net cash used in investing activities	(18,778)	-
NET INCREASE IN CASH	77,619	136,122
CASH, BEGINNING OF YEAR	497,299	361,177
CASH, END OF YEAR	\$ 574,918	\$ 497,299

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013
(expressed in Bermuda Dollars)

1. ORGANIZATION

WindReach (the “Company”) was incorporated under the Companies Act, 1981 (the “Act”) on November 26, 2008. On February 3, 2009, the Company received notification from the Minister of Finance that they were registered under the Act as a company limited by guarantee. The Company commenced operations on September 1, 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.

On September 1, 2009, the Company amalgamated with Bermuda Riding for the Disabled (“BRD”) and assumed all of the assets, liabilities, and net assets of BRD. On September 1, 2009, The WindReach Recreational Village Ltd. (“WRV”) transferred certain net assets to the Company. 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.

2. ADOPTION OF ACCOUNTING STANDARDS FOR NON-FOR-PROFIT ORGANIZATIONS

Effective July 1, 2012, the Company adopted the requirements of Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook, accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada (“Part III”). These are the Company’s first financial statements prepared in accordance with Part III which has been applied retrospectively. The adoption of Part III had no impact on the previously reported assets, liabilities and net asset balances of the Company and, accordingly, no adjustments have been recorded in the statements of financial position, operations, changes in members’ equity and cash flows. The Company disclosures included in these financial statements reflect the new disclosure requirements of Part III.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in conformity with Part III. The preparation of financial statements in conformity with Part III 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 reporting period. Actual results could differ from those estimates.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

(expressed in Bermuda Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 balance sheet date 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.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013
(expressed in Bermuda Dollars)

4. INVESTMENTS

	Cost 2013	Fair value 2013	Cost 2012	Fair value 2012
Marketable securities, held for trading	\$ 997	\$ 1,532	\$ 997	\$ 1,105

5. CAPITAL ASSETS

	Cost 2013	Accumulated amortization 2013	Net Book Value	
			2013	2012
Computer equipment	\$ 27,366	\$ 26,989	\$ 377	\$ 1,119
Furniture and equipment	44,355	22,650	21,705	6,963
Vehicle	21,651	15,637	6,014	13,231
Property	8,864	7,030	1,834	3,668
Total	\$ 102,236	\$ 72,306	\$ 29,930	\$ 24,981

6. PONIES

	Cost 2013	Accumulated amortization 2013	Net Book Value	
			2013	2012
Ponies	\$ 4,100	\$ 3,144	\$ 956	\$ 1,777

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013
(expressed in Bermuda Dollars)

7. 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, 2012	Contributions received during the period	Recognized as donation or program revenue during the period	Balance June 30, 2013
Riding Program	\$ 146,038	\$ 204,139	\$ 195,457	\$ 154,720
Adaptive Sports	25,671	100,322	84,052	41,941
Work Experience	-	16,500	16,500	-
Petting Zoo	1,000	1,530	2,530	-
Other	15,000	49,888	15,000	49,888
Vehicle	13,231	-	7,217	6,014
	<u>\$ 200,940</u>	<u>\$ 372,379</u>	<u>\$ 320,756</u>	<u>\$ 252,563</u>

8. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$8,456 (2012: \$7,320) due to the Bermuda Government.

9. RELATED PARTY TRANSACTIONS

Donations revenue includes amounts totaling \$80,772 (2012: \$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 one common director.

During the year ended June 30, 2013, directors made cash donations of \$7,550 (2012: \$8,000) to the Company.

10. DONATED SERVICES

Audit fees are recorded at their fair value of \$16,000 (2012: \$15,300). The actual amount charged for the audit is \$Nil with the difference of \$16,000 (2012: \$15,300) being recorded in donations revenue.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013
(expressed in Bermuda Dollars)

11. 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.

12. 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.

13. 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.