

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2017 and 2016

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, 2017 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 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, 2017 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.

December 14, 2017

WINDREACH
STATEMENTS OF FINANCIAL POSITION
as at June 30, 2017 and 2016
(expressed in Bermuda Dollars)

	2017	2016
CURRENT ASSETS		
Cash	\$ 405,728	\$ 385,544
Investments, held for trading (Note 3)	2,173	1,853
Accounts receivable	12,725	15,825
Prepaid expenses	8,306	7,663
	428,932	410,885
CAPITAL ASSETS (Note 4)	92,656	141,339
PONIES (Note 5)	28,149	37,978
	\$ 549,737	\$ 590,202
LIABILITIES		
Accounts payable (Note 7)	\$ 28,687	\$ 38,468
Deferred revenue	56,725	3,700
Deferred contributions (Note 6)	144,467	198,992
	229,879	241,160
MEMBERS' EQUITY		
Contributed surplus	128,092	128,092
Surplus	191,766	220,950
	319,858	349,042
	\$ 549,737	\$ 590,202

See accompanying notes to the financial statements

APPROVED BY THE BOARD:

Stewart RitchieDirector
STEWART RITCHIE
E. Murphy - Treasurer
ELIZABETH MURPHY

Theresa HallDirector
THERESA HALL

WINDREACH
STATEMENTS OF OPERATIONS
for the years ended June 30, 2017 and 2016
(expressed in Bermuda Dollars)

	2017	2016
REVENUES		
Donations (Notes 6, 8 and 9)	\$ 752,235	\$ 834,605
Program revenue (Note 6)	145,172	146,935
Rental income	83,449	82,415
Activities and events	53,905	74,445
Other income	1,039	4,486
	1,035,800	1,142,886
EXPENDITURES		
Salaries and benefits	646,145	686,215
Facility and program supplies	145,976	173,316
Consultant and professional fees (Note 9)	77,333	26,000
Amortization of capital assets and ponies	59,662	57,495
Repairs and maintenance	42,167	66,558
Insurance and property taxes	22,754	18,974
Utilities	15,587	15,178
Computer	14,730	14,905
Activities and events	14,292	14,967
Administrative	9,922	8,568
Telephone	7,276	7,108
Promotion	5,195	5,946
Staff development	3,945	6,615
Loss on disposal of capital asset	-	3,300
	1,064,984	1,105,145
EXCESS OF (EXPENDITURES OVER REVENUE)/ REVENUES OVER EXPENDITURES	\$ (29,184)	\$ 37,741

See accompanying notes to the financial statements

WINDREACH
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
for the years ended June 30, 2017 and 2016
(expressed in Bermuda Dollars)

	2017	2016
Contributed surplus, beginning and end of year	\$ 128,092	\$ 128,092
Surplus, beginning of year	220,950	183,209
Excess of (expenditures over revenue) revenue over expenditures, for the year	(29,184)	37,741
Surplus, end of year	191,766	220,950
Balance, end of year	\$ 319,858	\$ 349,042

See accompanying notes to the financial statements

WINDREACH
STATEMENTS OF CASH FLOWS
for the years ended June 30, 2017 and 2016
(expressed in Bermuda Dollars)

	2017	2016
OPERATING ACTIVITIES		
Excess of (expenditures over revenue)/revenues over expenditures	\$ (29,184)	\$ 37,741
Item not affecting cash:		
Amortization of capital assets and ponies	59,662	57,495
Loss on disposal of capital asset	-	3,300
Unrealized (gain) loss on investments	(320)	276
Changes in assets and liabilities:		
Accounts receivable	3,100	6,949
Prepaid expenses	(643)	19,186
Accounts payable	(9,781)	(739)
Deferred revenue	53,025	(25,121)
Deferred contributions	(54,525)	(119,772)
	21,334	(20,685)
INVESTING ACTIVITIES		
Purchase of capital assets and ponies, being net cash used in investing activities	(1,150)	(51,949)
	20,184	(72,634)
NET INCREASE/(DECREASE) IN CASH		
CASH, BEGINNING OF YEAR	385,544	458,178
CASH, END OF YEAR	\$ 405,728	\$ 385,544

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017 and 2016
(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, 2017 and 2016
(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 2017	Fair value 2017	Cost 2016	Fair value 2016
Marketable securities, held for trading	\$ 997	\$ 2,173	\$ 997	\$ 1,853

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016
(expressed in Bermuda Dollars)

4. CAPITAL ASSETS

	Cost 2017	Accumulated amortization 2017	Net Book Value	
			2017	2016
Computer equipment	\$ 28,828	\$ 28,679	\$ 149	\$ 593
Computer software	9,579	3,197	6,382	8,299
Furniture and equipment	251,644	165,519	86,125	132,447
Property	8,864	8,864	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 298,915	\$ 206,259	\$ 92,656	\$ 141,339
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. PONIES

	Cost 2017	Accumulated amortization 2017	Net Book Value	
			2017	2016
Ponies	\$ 53,236	\$ 25,087	\$ 28,149	\$ 37,978
	<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. Changes in the deferred contributions balance are as follows:

	Balance June 30, 2016	Contributions received during the year	Recognized as donation or program revenue during the year	Balance June 30, 2017
Riding Program	\$ 19,260	\$ 110,671	\$ 129,931	\$ -
Music Enrichment	5,000	-	-	5,000
Adaptive Sports	-	59,200	41,013	18,187
Education & Recreation	5,010	-	3,500	1,510
Life Skills/Work Experience	-	-	33,000	33,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Life Skills – Transportation	-	2,000	450	1,550
Healthy Harvest	13,785	20,000	19,866	13,919
Seniors	-	5,000	5,000	-
Shades	2,624	-	1,212	1,412
Flooring	22,740	-	9,972	12,768
Fire System	13,693	-	5,532	8,161
Sensory Room	29,175	-	9,996	19,179
Air Conditioners	42,161	-	11,004	31,157
Photocopier	10,672	-	5,328	5,344
Ponies	31,691	-	8,292	23,399
Program supplies	3,181	2,000	2,300	2,881
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	\$ 198,992	\$ 231,871	\$ 286,396	\$ 144,467
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017 and 2016
(expressed in Bermuda Dollars)

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$9,970 (2016: \$13,562) due to the Bermuda Government.

8. RELATED PARTY TRANSACTIONS

Donations revenue includes amounts totaling \$80,004 (2016: \$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 (See Note 10). WRI and the Company are related by way of one common director.

During the year ended June 30, 2017, directors and officers made cash donations of \$13,425 (2016: \$11,150) to the Company.

9. DONATED SERVICES

Audit fees are recorded at their fair value of \$26,000 (2016: \$26,000) and are included in consultant and professional fees in the statement of operations. The actual amount charged for the audit is \$Nil with the difference of \$26,000 (2016: \$26,000) 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 2018.

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.

13. RECLASSIFICATIONS

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