

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2018



Deloitte Ltd.
Corner House
20 Parliament Street
P.O. Box HM 1556
Hamilton HM FX
Bermuda

Tel: + 1 (441) 292 1500
Fax: + 1 (441) 292 0961
www.deloitte.com

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, 2018 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. Our audit opinion on the financial statements for the year ended June 30, 2017 included a similar qualified opinion.

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, 2018 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 21, 2018

WINDREACH
STATEMENT OF FINANCIAL POSITION
as at June 30, 2018
(expressed in Bermuda Dollars)

	2018	2017
CURRENT ASSETS		
Cash	\$ 339,488	405,728
Investments, held for trading (Note 3)	1,836	2,173
Accounts receivable	56,671	12,725
Prepaid expenses	7,888	8,306
	405,883	428,932
CAPITAL ASSETS (Note 4)		
PONIES (Note 5)	182,431	92,656
	18,323	28,149
	\$ 606,637	\$ 549,737
LIABILITIES		
Accounts payable (Note 7)	\$ 32,523	\$ 28,687
Deferred revenue	56,505	56,725
Deferred contributions (Note 6 and 8)	194,187	144,467
	283,215	229,879
MEMBERS' EQUITY		
Contributed surplus	128,092	128,092
Surplus	195,330	191,766
	323,422	319,858
	\$ 606,637	\$ 549,737

See accompanying notes to the financial statements

APPROVED BY THE BOARD:


.....Director
TREASURER - KEVIN HOVI


.....Director
CHAIRMAN - STEWART HITTIE

WINDREACH
STATEMENT OF OPERATIONS
for the year ended June 30, 2018
(expressed in Bermuda Dollars)

	2018	2017
REVENUES		
Donations (Notes 6, 8 and 9)	\$ 735,606	\$ 752,235
Program revenue (Note 6)	189,705	145,172
Activities and events revenue	184,146	53,905
Rental income	44,745	83,449
Other income	313	1,039
	1,154,515	1,035,800
EXPENDITURES		
Salaries and benefits	633,457	646,145
Facility and program supplies	120,241	145,976
Professional fees (Note 9)	116,745	77,333
Activities and events expense	77,501	14,292
Amortization of capital assets and ponies	58,632	59,662
Repairs and maintenance	53,555	42,167
Insurance and property taxes	20,470	22,754
Utilities	16,179	15,587
Administrative	14,888	9,922
Computer	11,399	14,730
Staff development	11,122	3,945
Telephone	6,916	7,276
Promotion	9,846	5,195
	1,150,951	1,064,984
EXCESS OF REVENUE OVER EXPENDITURES/ (EXPENDITURES OVER REVENUE)	\$ 3,564	\$ (29,184)

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the year ended June 30, 2018
(expressed in Bermuda Dollars)

	2018	2017
Contributed surplus, beginning and end of year:	\$ 128,092	\$ 128,092
Surplus, beginning of year	191,766	220,950
Excess of revenue over expenditures/(expenditures over revenue)	3,564	(29,184)
Surplus, end of year	195,330	191,766
Balance, end of year	\$ 323,422	\$ 319,858

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CASH FLOWS
for the year ended June 30, 2018
(expressed in Bermuda Dollars)

	2018	2017
OPERATING ACTIVITIES		
Excess of expenditures over revenue	\$ 3,564	\$ (29,184)
Item not affecting cash:		
Amortization of capital assets and ponies	58,631	59,662
Loss on disposal of capital assets	-	3,300
Unrealized gain/(loss) on investments	337	(320)
Changes in assets and liabilities:		
Accounts receivable	(43,946)	3,100
Prepaid expenses	418	(643)
Accounts payable	3,836	(9,781)
Deferred revenue	49,720	53,025
Deferred contributions	(220)	(54,525)
Net cash provided by operating activities	72,340	21,334
INVESTING ACTIVITIES		
Purchase of capital assets, being net cash used in investing activities	(138,580)	(1,150)
NET (DECREASE)/INCREASE IN CASH	(66,240)	20,184
CASH, BEGINNING OF YEAR	405,728	385,544
CASH, END OF YEAR	\$ 339,488	\$ 405,728

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018
(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.

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.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018
(expressed in Bermuda Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. Amortization of expenditures for Cottage Renovations will commence once the associated Adult Day Program services are commenced.

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

	<u>Cost</u> <u>June 30, 2018</u>	<u>Fair Value</u> <u>June 30, 2018</u>	<u>Cost</u> <u>June 30, 2017</u>	<u>Fair Value</u> <u>June 30, 2017</u>
Investments, held for trading	\$ 997	\$ 1,836	\$ 997	\$ 2,173

4. CAPITAL ASSETS

	<u>Cost</u> <u>June 30, 2018</u>	<u>Accumulated</u> <u>amortization for</u> <u>the year ended</u> <u>June 30, 2018</u>	<u>Net</u> <u>Book Value</u> <u>June 30, 2018</u>	<u>Net</u> <u>Book Value</u> <u>2017</u>
Computer equipment	\$ 29,550	\$ 28,835	\$ 715	\$ 149
Computer software	9,579	5,120	4,459	6,382
Cottage Renovations	133,418	-	133,418	-
Furniture and equipment	256,082	212,243	43,839	86,125
Property	8,864	8,864	-	-
Total	<u>\$ 442,493</u>	<u>\$ 255,062</u>	<u>\$ 182,431</u>	<u>\$ 92,656</u>

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018
(expressed in Bermuda Dollars)

5. PONIES

	Cost <u>June 30, 2018</u>	Accumulated amortization for the year ended <u>June 30, 2018</u>	Net Book Value <u>June 30, 2018</u>	Net Book Value <u>2017</u>
Ponies	\$ 53,236	\$ 34,913	\$ 18,323	\$ 28,149

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 <u>June 30, 2017</u>	Recognized as contributions received during the year ended <u>June 30, 2018</u>	Donations or program revenue during the year ended <u>June 30, 2018</u>	Balance <u>June 30, 2018</u>
Adaptive Sports	\$ 18,187	\$ 40,000	\$ 28,188	\$ 29,999
Adult Day Program	-	102,500	44,247	58,253
Air Conditioners	31,157	-	11,004	20,153
Assistance with Fees	-	60,000	25,272	34,728
Education & Recreation	1,510	-	1,510	-
Fire System	8,161	-	5,532	2,629
Flooring	12,768	-	9,972	2,796
Healthy Harvest	13,919	15,000	14,191	14,728
Life Skills	-	23,000	23,000	-
Life Skills—Transportation	1,550	-	500	1,050
Music Enrichment	5,000	-	2,340	2,660
Photocopier	5,344	-	5,344	-
Ponies	23,399	-	8,292	15,107
Program Supplies	2,881	2,000	2,180	2,701
Riding Program	-	99,601	99,601	-
Sensory Room	19,179	-	9,996	9,183
Shades	1,412	-	1,212	200
	<u>\$ 144,467</u>	<u>\$ 342,101</u>	<u>\$ 292,381</u>	<u>\$ 194,187</u>

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$9,140 (2017: \$9,970) due to the Bermuda Government.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018
(expressed in Bermuda Dollars)

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, 2018 \$75,451 (2017: \$80,004), which is included in donations in the statement of operations.

During the year ended June 30, 2018, The Windreach Bermuda Trust (the “Trust”) donated \$100,000 (2017: \$Nil) towards the startup costs of the Adult Day Program, which is included in deferred contributions in the statement of financial position. The trust and the Company are related by way of one common director.

During the year ended June 30, 2018, directors and officers made cash donations and provided event revenues of \$10,700 (2017: \$13,425) to the Company, which is included donations and activities and events revenue in the statement of operations.

9. DONATED SERVICES

Audit fees are recorded at their fair value of \$26,000 (2017: \$26,000) and are included in professional fees in the statement of operations. The actual amount charged for the audit is \$2,250 with the difference of \$23,750 (2017: \$26,000) 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. One director of the Company is also a trustee of the Trust.

12. SUBSEQUENT EVENTS

The Company has evaluated all events and transactions that occurred after June 30, 2018 through November 21, 2018, the date these financial statements were available to be issued, for recognition and disclosure and it was determined that there were no material events that would require recognition or disclosure in the Company’s financial statements through that date.