

# **WindReach**

**Financial Statements and  
Independent Auditors' Report**

**June 30, 2020**

## 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, 2020, and the statements of operations, statement of changes in members' equity 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, 2020, 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 in Bermuda and Canada.

### 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, 2020 and 2019, current assets as at June 30, 2020 and 2019, and net assets as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with generally accepted auditing standards in Canada and Bermuda. 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 Bermuda, 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 accounting standards for not-for-profit organizations 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.

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 generally accepted auditing standards in Canada and Bermuda 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 generally accepted auditing standards in Canada and Bermuda, 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 26, 2021


**WINDREACH**  
**STATEMENT OF FINANCIAL POSITION**  
as at June 30, 2020  
*(expressed in Bermuda Dollars)*

	2020	2019
<b>CURRENT ASSETS</b>		
Cash	\$ 233,437	\$ 270,874
Investments, held for trading (Note 3)	1,074	1,835
Accounts receivable	8,697	63,232
Prepaid expenses	7,364	7,367
	250,572	343,308
<b>CAPITAL ASSETS (Note 4)</b>	452,225	502,463
<b>PONIES (Note 5)</b>	618	8,694
	\$ 703,415	\$ 854,465
<b>LIABILITIES</b>		
Accounts payable (Note 7)	\$ 21,488	\$ 31,785
Deferred revenue	3,610	41,550
Deferred contributions (Note 2 and 6)	370,750	503,290
	395,848	576,625
<b>MEMBERS' EQUITY</b>		
Contributed surplus	128,092	128,092
Surplus	179,475	149,748
	307,567	277,840
	\$ 703,415	\$ 854,465

*See accompanying notes to the financial statements*

APPROVED BY THE BOARD:

  
.....Director  
Kevin Hovi  
January 26, 2021

  
.....Director  
STEWART RITCHIE  
JANUARY 26, 2021

**WINDREACH**  
**STATEMENT OF OPERATIONS**  
for the year ended June 30, 2020  
*(expressed in Bermuda Dollars)*

	2020	2019
<b>REVENUES</b>		
Donations (Notes 8 and 9)	\$ 836,831	\$ 663,605
Program revenue	174,761	196,613
Activities and events revenue	20,547	250,807
Rental income	32,322	33,450
Other income	4,892	1,520
	1,069,353	1,145,995
<b>EXPENDITURES</b>		
Salaries and benefits	562,514	657,950
Depreciation of capital assets and ponies	114,734	49,804
Professional fees (Note 9)	108,057	106,947
Facility and program supplies	105,477	114,853
Repairs and maintenance	43,793	47,145
Insurance and property taxes	25,415	20,647
Activities and events expense	15,394	133,950
Utilities	17,214	17,020
Computer	16,391	13,963
Administrative	14,329	17,310
Promotion	7,832	2,040
Telephone	5,314	5,425
Staff development	3,162	4,523
	1,039,626	1,191,577
<b>EXCESS OF REVENUE OVER EXPENDITURES/ (EXPENDITURES OVER REVENUE)</b>	\$ 29,727	\$ (45,582)

*See accompanying notes to the financial statements*

**WINDREACH**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
for the year ended June 30, 2020  
*(expressed in Bermuda Dollars)*

	2020	2019
Contributed surplus, beginning and end of year	\$ 128,092	\$ 128,092
	<hr/>	<hr/>
Surplus, beginning of year	149,748	195,330
Excess of revenue over expenditures/(expenditures over revenue)	29,727	(45,582)
	<hr/>	<hr/>
Surplus, end of year	182,275	149,748
	<hr/>	<hr/>
Balance, end of year	\$ 310,367	\$ 277,840
	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes to the financial statements*

**WINDREACH**  
**STATEMENT OF CASH FLOWS**  
for the year ended June 30, 2020  
*(expressed in Bermuda Dollars)*

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of expenditures over revenue / (expenditures over revenue)	\$ 29,727	\$ (45,582)
Item not affecting cash:		
Depreciation of capital assets and ponies	114,734	49,804
Gain on sale of pony	(4,584)	-
Unrealized gain/(loss) on investments	761	1
Changes in assets and liabilities:		
Accounts receivable	54,535	(6,561)
Prepaid expenses	3	521
Accounts payable	(10,297)	(738)
Deferred revenue	(37,940)	(14,955)
Deferred contributions	(132,540)	309,103
	14,399	291,593
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets, being net cash used in investing activities	(59,836)	(360,207)
Disposal of assets	8,000	-
	(51,836)	(360,207)
<b>NET DECREASE IN CASH</b>	(37,439)	(68,614)
<b>CASH, BEGINNING OF YEAR</b>	270,874	339,488
<b>CASH, END OF YEAR</b>	\$ 233,437	\$ 270,874

*See accompanying notes to the financial statements*

**WINDREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*(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.

*Cash and cash equivalents*

The Company’s 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.



**WINDREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*(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 cost. Depreciation is provided on a straight-line basis over the assets' estimated useful lives.

Computer equipment	5 years
Computer software	5 years
Furniture and equipment	5 years
Playground	5 years
Property	5 years
Ponies	5 years
Cottage renovations	10 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, 2020</u>	Fair Value <u>June 30, 2020</u>	Cost <u>June 30, 2019</u>	Fair Value <u>June 30, 2019</u>
Investments, held for trading	\$ 997	\$ 1,074	\$ 997	\$ 1,835

**WINDREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2020  
*(expressed in Bermuda Dollars)*

4. CAPITAL ASSETS

	Cost <u>June 30, 2020</u>	Accumulated depreciation for the year ended <u>June 30, 2020</u>	Net Book Value <u>June 30, 2020</u>	Net Book Value <u>June 30, 2019</u>
Computer equipment	\$ 31,893	\$ 29,732	\$ 2,161	\$ 421
Computer software	9,579	8,960	619	2,539
Cottage renovations	188,768	29,591	159,177	137,973
Furniture and equipment	246,111	235,260	10,851	28,205
Playground	345,006	69,001	276,005	333,325
Property	8,864	8,864	-	-
Maintenance equipment	4,759	1,347	3,412	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ 834,980	\$ 382,755	\$ 452,225	\$ 502,463
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

5. PONIES

	Cost <u>June 30, 2020</u>	Accumulated depreciation for the year ended <u>June 30, 2020</u>	Net Book Value <u>June 30, 2020</u>	Net Book Value <u>June 30, 2019</u>
Ponies	\$ 32,555	\$ 31,937	\$ 618	\$ 8,694
	<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, 2020 the Company had \$370,750 of deferred contributions (2019: \$503,290). During the year the Company received \$90,647 in contributions for which it recognized \$234,870 of revenue.

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$3,311 (2019: \$8,936) due to the Bermuda Government.

**WINDREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

*(expressed in Bermuda Dollars)*

8. RELATED PARTY TRANSACTIONS

WindReach 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. Donations received from The WindReach Bermuda Trust (the "Trust") during the year ended June 30, 2020 was \$7,800 (2019: \$7,425), which is included in donations in the statement of operations. The donations received in 2020 were to reimburse the Company for expenses incurred.

During the year ended June 30, 2020, directors and officers made donations and provided event revenues of \$4,955 (2019: \$12,505) 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 \$26,520 (2019: \$26,000) and are included in professional fees in the statement of operations. The actual amount charged for the audit is \$2,650 with the difference of \$23,870 (2019: \$23,700) being recorded in donations revenue.

10. 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.

11. SUBSEQUENT EVENTS

The spread of coronavirus ("COVID-19") has caused significant business and economic disruption globally. The Company's operations have been impacted through an extended closure of the premises, resulting in the cancellation and postponement of activities and programs and a decline in donations. The Company's employees continued to be furloughed due the temporary disruption in operation. Disruption of the Company's operations for an extended period of time could have a significant impact on the revenue, profits, and cashflows of the Company. However, the Company resumed operations in July 2020. Given the uncertainty regarding the duration of the virus, and its ultimate impact, it is uncertain the financial impact the virus will have on future performances. However, management believes that despite the uncertainty of the virus, it will not affect the Company's continued operations.

The Company has evaluated all events and transactions that occurred after June 30, 2020 through January 26, 2021, 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.