

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2021

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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with generally accepted auditing standards in Bermuda and Canada. 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 Bermuda and Canada 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 Bermuda and Canada, 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.

December 6, 2021

WINDREACH
STATEMENT OF FINANCIAL POSITION
as at June 30, 2021
(expressed in Bermuda Dollars)

| | 2021 | 2020 |
|--|------------|------------|
| CURRENT ASSETS | | |
| Cash | \$ 426,492 | \$ 233,437 |
| Investments, held for trading (Note 3) | 1,639 | 1,074 |
| Accounts receivable | 59,863 | 8,697 |
| Prepaid expenses | 41,613 | 7,364 |
| | 529,607 | 250,572 |
| CAPITAL ASSETS (Note 4) | 365,894 | 452,225 |
| PONIES (Note 5) | - | 618 |
| | \$ 895,501 | \$ 703,415 |
| | \$ 895,501 | \$ 703,415 |
| LIABILITIES | | |
| Accounts payable (Note 7) | \$ 56,341 | \$ 21,488 |
| Deferred revenue | 33,370 | 3,610 |
| Deferred contributions (Note 6) | 370,183 | 370,750 |
| | 459,894 | 395,848 |
| MEMBERS' EQUITY | | |
| Contributed surplus | 128,092 | 128,092 |
| Accumulated surplus | 307,515 | 179,475 |
| | 435,607 | 307,567 |
| | \$ 895,501 | \$ 703,415 |
| | \$ 895,501 | \$ 703,415 |

See accompanying notes to the financial statements

APPROVED BY THE BOARD:


.....Director
KEVIN HOVI


.....Director
STEWART RITCHIE

WINDREACH
STATEMENT OF OPERATIONS
for the year ended June 30, 2021
(expressed in Bermuda Dollars)

| | 2021 | 2020 |
|--|-------------------|------------------|
| REVENUES | | |
| Donations (Notes 8 and 9) | \$ 876,382 | \$ 836,831 |
| Program revenue | 145,410 | 174,761 |
| Activities and events revenue | 146,335 | 20,547 |
| Rental income | 11,030 | 32,322 |
| Other income | 2,882 | 4,892 |
| | 1,182,039 | 1,069,353 |
| EXPENDITURES | | |
| Salaries and benefits | 441,263 | 562,514 |
| Depreciation of capital assets and ponies | 107,202 | 114,734 |
| Professional fees (Note 9) | 183,255 | 108,057 |
| Facility and program supplies | 94,820 | 105,477 |
| Repairs and maintenance | 78,385 | 43,793 |
| Activities and events expense | 73,054 | 15,394 |
| Insurance and property taxes | 27,029 | 25,415 |
| Computer | 14,673 | 16,391 |
| Utilities | 12,792 | 17,214 |
| Administrative | 11,784 | 14,329 |
| Telephone | 4,846 | 5,314 |
| Staff development | 2,935 | 3,162 |
| Promotion | 1,961 | 7,832 |
| | 1,053,999 | 1,039,626 |
| EXCESS OF REVENUE OVER EXPENDITURES | \$ 128,040 | \$ 29,727 |

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the year ended June 30, 2021
(expressed in Bermuda Dollars)

| | 2021 | 2020 |
|--|-------------|-------------|
| Contributed surplus, beginning and end of year | \$ 128,092 | \$ 128,092 |
| | <hr/> | <hr/> |
| Accumulated surplus, beginning of year | 179,475 | 149,748 |
| Excess of revenue over expenditures | 128,040 | 29,727 |
| | <hr/> | <hr/> |
| Accumulated surplus, end of year | 307,515 | 179,475 |
| | <hr/> | <hr/> |
| Members' Equity, beginning and end of year | \$ 435,607 | \$ 307,567 |
| | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CASH FLOWS
for the year ended June 30, 2021
(expressed in Bermuda Dollars)

| | 2021 | 2020 |
|---|------------|------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures | \$ 128,040 | \$ 29,727 |
| Item not affecting cash: | | |
| Depreciation of capital assets and ponies | 107,202 | 114,734 |
| Gain on sale of pony | - | (4,584) |
| Unrealized (gain)/ loss on investments | (565) | 761 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (51,166) | 54,535 |
| Prepaid expenses | (34,249) | 3 |
| Accounts payable | 34,853 | (10,297) |
| Deferred revenue | 29,760 | (37,940) |
| Deferred contributions | (567) | (132,540) |
| | 213,308 | 14,399 |
| INVESTING ACTIVITIES | | |
| Purchase of capital assets, being net cash used in investing activities | (20,253) | (59,836) |
| Disposal of assets | | 8,000 |
| | (20,253) | (51,836) |
| NET INCREASE/ (DECREASE) IN CASH | 193,055 | (37,437) |
| CASH, BEGINNING OF YEAR | 233,437 | 270,874 |
| CASH, END OF YEAR | \$ 426,492 | \$ 233,437 |

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

(expressed in Bermuda Dollars)

1. ORGANIZATION

WindReach (the “Company”) was incorporated under the Companies Act, 1981 (the “Act”) on November 26, 2008 and was registered as a Company limited by guarantee on February 3, 2009 following the Minister of Finance approval.

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, 2021
(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, 2021</u> | Fair Value <u>June 30, 2021</u> | Cost <u>June 30, 2020</u> | Fair Value <u>June 30, 2020</u> |
|----------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------------|
| Investments, held for trading | \$ 997 | \$ 1,639 | \$ 997 | \$ 1,074 |

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021
(expressed in Bermuda Dollars)

4. CAPITAL ASSETS

| | Cost <u>June 30, 2021</u> | Accumulated depreciation for the year ended <u>June 30, 2021</u> | Net Book Value <u>June 30, 2021</u> | Net Book Value <u>June 30, 2020</u> |
|-------------------------|------------------------------|---|---|---|
| Computer equipment | \$ 33,354 | \$ 31,121 | \$ 2,233 | \$ 2,161 |
| Computer software | 9,579 | 9,579 | - | 619 |
| Cottage renovations | 188,768 | 59,019 | 129,749 | 159,177 |
| Furniture and equipment | 247,537 | 239,381 | 8,156 | 10,851 |
| Playground | 345,006 | 138,003 | 207,003 | 276,005 |
| Property | 8,864 | 8,864 | - | - |
| Maintenance equipment | 22,215 | 3,462 | 18,753 | 3,412 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | \$ 855,323 | \$ 489,429 | \$ 365,894 | \$ 452,225 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

5. PONIES

| | Cost <u>June 30, 2021</u> | Accumulated depreciation for the year ended <u>June 30, 2021</u> | Net Book Value <u>June 30, 2021</u> | Net Book Value <u>June 30, 2020</u> |
|--------|------------------------------|---|---|---|
| Ponies | \$ 32,555 | \$ 32,555 | \$ - | \$ 618 |
| | <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, 2021 the Company had \$370,183 of deferred contributions (2020: \$370,750). During the year the Company received \$223,563 in contributions and recognized \$224,130 in revenue.

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$7,093 (2020: \$3,311) due to the Bermuda Government.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

(expressed in Bermuda Dollars)

8. RELATED PARTY TRANSACTIONS

WindReach Trust and the Company are related by 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, 2021 was \$35,142 (2020: \$7,800), which is included in donations in the statement of operations. The donations received in 2021 were to reimburse the Company for expenses incurred.

During the year ended June 30, 2021, directors and officers made donations and provided event revenues of \$8,915(2020: \$4,955) 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 \$27,050 (2020: \$26,520) and are included in professional fees in the statement of operations. The actual amount charged for the audit is \$2,705 with the difference of \$24,345 (2020: \$23,870) 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. COVID-19

The COVID-19 pandemic continued to cause disruption to the Company's operations in the year ended June 30, 2021. Whilst donation revenue was not negatively impacted, our ability to deliver programs to our participants and thus earn program revenue was curtailed due to the application of government restrictions. Whilst the Company continues to develop innovative ways to deliver our program through remote channels, there can be no certainty that further lockdowns or restrictions may be imposed in future which could impact the revenue, profits, and cash flows of the Company. However, Management believes that despite the uncertainty of the virus, it will not affect the Company's continued operations.

12. SUBSEQUENT EVENTS

The Company has evaluated all events and transactions that occurred after June 30, 2021 through December 6, 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.