

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2023

INDEPENDENT AUDITOR'S 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, 2023, and the statements of operations, 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, 2023, 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 donations, the excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S 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 19, 2023

WINDREACH
STATEMENT OF FINANCIAL POSITION
as at June 30, 2023
(expressed in Bermuda Dollars)

	2023	2022
CURRENT ASSETS		
Cash	\$ 568,671	\$ 596,268
Investments, held for trading (Note 3)	1,982	1,751
Accounts receivable	73,299	66,711
Prepaid expenses	6,592	44,584
	650,544	709,314
NON-CURRENT ASSETS		
Capital Assets (Note 4)	250,765	318,606
Ponies (Note 5)	28,076	-
	\$ 929,385	\$ 1,027,920
	\$ 929,385	\$ 1,027,920
LIABILITIES		
Accounts payable (Note 7)	\$ 48,632	\$ 39,776
Deferred revenue	50,050	34,890
Deferred contributions (Note 6)	327,837	384,730
	426,519	459,396
MEMBERS' EQUITY		
Contributed surplus	128,092	128,092
Accumulated surplus	374,774	440,432
	502,866	568,524
	\$ 929,385	\$ 1,027,920
	\$ 929,385	\$ 1,027,920

See accompanying notes to the financial statements

APPROVED BY THE BOARD:


.....Director
Stewart Ritchie, December 19, 2023


.....Director
James Dockeray, December 19, 2023

WINDREACH
STATEMENT OF OPERATIONS
for the year ended June 30, 2023
(expressed in Bermuda Dollars)

	2023	2022
REVENUES		
Donations (Notes 9 and 10)	\$ 814,578	\$ 811,176
Program revenue	315,386	184,528
Activities and events revenue	182,322	270,163
Rental income	37,572	28,819
Other income	952	1,100
	1,350,810	1,295,786
EXPENDITURES		
Salaries and benefits	631,453	563,614
Professional fees (Note 8)	207,074	160,690
Facility and program supplies	148,613	117,308
Depreciation of capital assets and ponies	120,728	111,248
Repairs and maintenance	84,128	81,990
Activities and events	83,587	47,899
Loss on disposal of ponies	54,404	-
Insurance and property taxes	30,555	27,029
Utilities	17,494	18,494
Computer	16,353	13,705
Administrative	11,414	12,304
Staff development	6,368	6,273
Promotion	4,297	2,315
	1,416,468	1,162,869
(DEFICIT)/EXCESS OF REVENUE OVER EXPENDITURES	\$ (65,658)	\$ 132,917

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the year ended June 30, 2023
(expressed in Bermuda Dollars)

	2023	2022
Contributed surplus, beginning and end of year	\$ 128,092	\$ 128,092
Accumulated surplus, beginning of year	<u>440,432</u>	<u>307,515</u>
(Deficit)/Excess of revenue over expenditures	<u>(65,658)</u>	<u>132,917</u>
Accumulated surplus, end of year	<u>374,774</u>	<u>440,432</u>
Members' Equity, beginning and end of year	<u><u>\$ 502,866</u></u>	<u><u>\$ 568,524</u></u>

See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CASH FLOWS
for the year ended June 30, 2023
(expressed in Bermuda Dollars)

	2023	2022
OPERATING ACTIVITIES		
(Deficit)/Excess of revenue over expenditures	\$ (65,658)	\$ 132,917
Items not affecting cash:		
Depreciation of capital assets and ponies	120,728	111,248
Unrealized gain on investments	(231)	(112)
Loss on disposal of ponies	54,404	-
Changes in assets and liabilities:		
Accounts receivable	(6,588)	(6,848)
Prepaid expenses	37,992	(2,971)
Accounts payable	8,856	(16,565)
Deferred revenue	15,160	1,520
Deferred contributions	(56,893)	14,547
	107,770	233,736
INVESTING ACTIVITIES		
Purchase of capital assets, being net cash used in investing activities	(135,367)	(63,960)
	(135,367)	(63,960)
Net cash used in investing activities	(135,367)	(63,960)
NET (DECREASE)/INCREASE IN CASH	(27,597)	169,776
CASH, BEGINNING OF YEAR	596,268	426,492
	596,268	426,492
CASH, END OF YEAR	\$ 568,671	\$ 596,268

See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

(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 enrich the quality of life for individuals with diverse support needs. The Company offers a variety of therapeutic and educational experiences for people with varying physical and intellectual abilities.

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, 2023
(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	10 years
Cottage renovations	10 years
Solar panels	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, 2023</u>	Fair Value <u>June 30, 2023</u>	Cost <u>June 30, 2022</u>	Fair Value <u>June 30, 2022</u>
Investments, held for trading	\$ 997	\$ 1,982	\$ 997	\$ 1,751

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

(expressed in Bermuda Dollars)

4. CAPITAL ASSETS

	Cost <u>June 30, 2023</u>	Accumulated depreciation for the year ended <u>June 30, 2023</u>	Net Book Value <u>June 30, 2023</u>	Net Book Value <u>June 30, 2022</u>
Computer equipment	\$ 38,567	\$ 34,713	\$ 3,854	\$ 1,568
Computer software	9,579	9,579	-	-
Cottage renovations	188,768	117,875	70,893	100,321
Furniture and equipment	258,556	248,288	10,268	12,698
Playground	345,006	276,005	69,001	138,002
Property	8,864	8,864	-	-
Maintenance equipment	31,009	13,155	17,854	14,310
Solar Panels	54,910	8,694	46,216	51,707
Paddock Project	8,880	-	8,880	-
Solar Panels Cottage	23,799	-	23,799	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 967,938	\$ 717,173	\$ 250,765	\$ 318,606
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amortization commences once projects are completed and brought into use. At June 30, 2023, the Paddock Project at a cost of \$8,880 and Solar Panels on the ADP Cottage at a cost of \$23,799 were unamortized. The Solar Panels were completed in July and the Paddock Project was incomplete at the time these financial statements were available to be issued.

5. PONIES

	Cost <u>June 30, 2023</u>	Accumulated depreciation for the year ended <u>June 30, 2023</u>	Net Book Value <u>June 30, 2023</u>	Net Book Value <u>June 30, 2022</u>
Ponies	\$ 63,467	\$ 35,391	\$ 28,076	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the year, the Company purchased three ponies for a total amount of \$86,711. Amortization of \$4,229 was recognized during the year relating to the acquired ponies. In Q3, two of the ponies were euthanized. The unamortized cost of \$54,404 is recognized as a loss on disposal of a fixed asset in the Statement of Operations.

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, 2023 the Company had \$327,837 of deferred contributions (2022: \$384,730). During the year the Company received \$481,200 in contributions and recognized \$538,093 in revenue.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023
(expressed in Bermuda Dollars)

6. DEFERRED CONTRIBUTIONS (cont'd)

	<u>Deferred Contributions June 30, 2022</u>	<u>Deferred Donations Received During June 30, 2023</u>	<u>Donations Recognized in Revenue June 30, 2023</u>	<u>Deferred Contributions June 30, 2023</u>
Deferred Contributions	\$ 384,730	\$ 481,200	\$ 538,093	\$ 327,837

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued expenses is \$9,322 (2022: \$7,233) due to the Bermuda Government.

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, 2023, was \$7,000 (2022: \$17,083), which is included in donations and activities in the statement of operations.

During the year ended June 30, 2023, directors and officers made donations and provided event revenues of \$12,570 (2022: \$3,585) 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 \$28,970 (2022: \$28,400) and are included in professional fees in the statement of operations. The actual amount charged for the audit is \$2,900 with the difference of \$26,070 (2022: \$25,560) 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 Company has evaluated all events and transactions that occurred after June 30, 2023, through December 19, 2023, the date these financial statements were available to be issued, for recognition and disclosure and it was determined that in September 2023, the WindReach Bermuda Trust, received a transfer of additional acreage adjoining the current WindReach property from another trust and intends to make this land available to WindReach for the furtherance of its programmes.