

WindReach

**Financial Statements and
Independent Auditors' Report**

June 30, 2010

INDEPENDENT AUDITORS' REPORT

To the Members of
WindReach

We have audited the balance sheet of WindReach (the "Company") as of June 30, 2010 and the statements of operations, changes in members' equity, and cash flows for the period from November 26, 2008 (date of incorporation) to June 30, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Company derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of revenues was limited to the amounts recorded in the records of the Company and consequently, we were not able to determine whether it would be necessary to record any adjustments to revenues, deficiency of revenues over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2010, and the results of its operations, changes in members' equity, and its cash flows for the period from November 26, 2008 (date of incorporation) to June 30, 2010 in accordance with accounting principles generally accepted in Bermuda and Canada.

Deloitte + Touche Ltd.

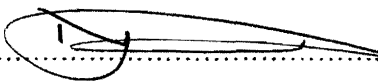

March 28, 2011

WINDREACH
BALANCE SHEET
as at June 30, 2010
(expressed in Bermuda Dollars)

CURRENT ASSETS	
Cash	\$ 433,206
Investments, held for trading (Note 3)	954
Accounts receivable	5,008
Prepaid expenses	5,988
	445,156
CAPITAL ASSETS (Note 4)	43,174
PONIES (Note 5)	3,417
	\$ 491,747
	\$ 491,747
LIABILITIES	
Accounts payable	\$ 37,599
Payable to the WindReach Bermuda Trust (Note 7)	10,000
Deferred revenue	106,963
Deferred contributions (Note 6)	189,661
	344,223
	344,223
MEMBERS' EQUITY	
Contributed surplus	128,092
Surplus	19,432
	147,524
	147,524
	\$ 491,747

See accompanying notes to the financial statements

APPROVED BY THE BOARD:

..........Director .....Director

WINDREACH
STATEMENT OF OPERATIONS
for the period from November 26, 2008 (date of incorporation) to June 30, 2010
(expressed in Bermuda Dollars)

REVENUES	
Donations (Note 7)	\$ 722,816
Activities and events	98,417
Rental income	51,665
Program revenue	44,369
Other income	1,150
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	918,417
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EXPENDITURES	
Salaries and benefits	501,948
Facility and program supplies	116,106
Activities and events	85,050
Repairs and maintenance	72,160
Professional fees (Note 8)	27,810
Amortization	17,220
Insurance	15,362
Utilities	14,615
Administrative	14,418
Computer	11,871
Promotion	9,939
Telephone	7,774
Staff development	4,712
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	898,985
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EXCESS OF REVENUES OVER EXPENDITURES	\$ 19,432
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See accompanying notes to the financial statements

IMPORTANT NOTE

Operations of WindReach were transferred from WindReach Recreational Village Ltd to WindReach on the date of the amalgamation of WindReach with Bermuda Riding for the Disabled on 1 September 2009.

The WindReach financials therefore only include operations from 1 September 2009 to 30 June 2010. Below is the combined Statement of Operations for the 12 months commencing 1 July 2009.

WindReach/The Windreach Recreational Village Ltd.

Preliminary Combined Statement of Operations

Year Ended June 30, 2010

REVENUES

Donations	790,415
Program revenue	111,680
Activities and Events	98,417
Miscellaneous	1,452
Rental and maintenance	59,165
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	1,061,129
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EXPENDITURES

Administrative	17,279
Amortisation	21,249
Computer	11,871
Facility and program supplies	185,065
Activities and Events	85,050
Insurance	17,289
Professional fees	27,811
Promotion	11,052
Repairs and maintenance	81,325
Salaries and benefits	581,640
Staff development	4,151
Telephone	8,288
Utilities	18,099
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	1,070,167
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EXCESS OF EXPENDITURES OVER REVENUES

(9,038)

PLEASE NOTE THIS PAGE DOES NOT FORM PART OF THE FINANCIAL STATEMENTS AND HAS BEEN ADDED SUBSEQUENT TO FINALIZATION OF THE AUDIT FOR INFORMATION PURPOSES

WINDREACH
STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the period from November 26, 2008 (date of incorporation) to June 30, 2010
(expressed in Bermuda Dollars)

Contributed surplus, beginning of period	\$ -
Net assets contributed by the WRV	103,669
Amount due to WRV forgiven by WRV	20,323
Net assets contributed by BRD	4,100
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Contributed surplus, end of period	128,092
Excess of revenue over expenditures for the period	19,432
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Balance, end of period	\$ 147,524
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See accompanying notes to the financial statements

WINDREACH
STATEMENT OF CASH FLOWS
for the period from November 26, 2008 (date of incorporation) to June 30, 2010
(expressed in Bermuda Dollars)

OPERATING ACTIVITIES:	
Excess of revenues over expenditures	\$ 19,432
Item not affecting cash:	
Amortization of capital assets	17,220
Gain on sale of investments	(15,281)
Unrealized loss on investment	43
Changes in assets and liabilities:	
Accounts receivable	(4,692)
Prepaid expenses	1,050
Accounts payable	44,510
Payable to the WindReach Bermuda Trust	10,102
Deferred revenue	106,963
Deferred contributions	(97,261)
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Net cash provided by operating activities	82,086
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INVESTING ACTIVITIES:	
Purchase of capital assets	(11,732)
Proceeds on sale of investments	91,705
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Net cash provided by investing activities	79,973
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FINANCING ACTIVITIES	
Cash received on amalgamation with BRD	183,388
Cash contributed by WRV	87,760
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Net cash provided by financing activities	271,147
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NET INCREASE IN CASH, BEING CASH, END OF PERIOD	\$ 433,206
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See accompanying notes to the financial statements

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2010
(expressed in Bermuda Dollars)

1. ORGANIZATION

WindReach (the "Company") was incorporated under the Companies Act, 1981 on November 26, 2008. On February 3, 2009, the Company received notification from the Minister of Finance that they were registered under the Act as a company limited by guarantee. The Company commenced operations on September 1, 2009 as discussed below.

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.

On September 1, 2009, the Company amalgamated with Bermuda Riding for the Disabled (the "BRD") and assumed all of the assets, liabilities, and net assets of BRD. On September 1, 2009, The WindReach Recreational Village Ltd. (the "WRV") transferred certain net assets to the Company. 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.

Bermuda Riding for the Disabled amalgamation

Following the amalgamation with BRD, the Company assumed ownership of BRD's ponies which had a carrying value of \$4,100 as of September 1, 2009. These are included in contributed surplus. The other assets and liabilities of BRD consisted of the following, which were recorded by the Company at fair value, on the date of amalgamation.

Cash	\$	183,388
Investments		77,421
Accounts payable		(10,257)
		250,552
	\$	250,552

The gross cash and investments amount contributed on amalgamation with BRD are restricted for future use in the riding program and are included in deferred contributions while the ponies were added to the contributed surplus.

The WindReach Recreational Village Ltd. contributions

The following assets and liabilities were contributed by WRV. As the Company shares many members of its Board of Directors with the members of the Board of Directors of WRV, WRV is considered a related party to the Company. Therefore the assets and liabilities of WRV were transferred to the Company at carrying value.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(expressed in Bermuda Dollars)

1. ORGANIZATION (cont'd)

Cash	\$ 87,760
Accounts receivable	316
Receivable from WindReach Bermuda Trust	102
Prepaid expense	7,038
Capital assets	47,978
Accounts payable	(3,155)
Deferred contributions	(36,370)
	\$ 103,669
	\$ 103,669

The Company received various donations and paid certain expenses on behalf of WRV. The net amount payable to WRV resulting from these transactions was \$20,323. This amount was forgiven by WRV and is included in contributed surplus.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in conformity with accounting principles generally accepted in Bermuda and Canada. 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 reporting period. Actual results could differ from those estimates.

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

The Company records the value of donated services 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, 2010
(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.

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

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Classification

Cash	Held for trading
Investments	Held for trading
Accounts receivable	Receivables
Accounts payable	Other liabilities
Payables to the WindReach Bermuda Trust	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Receivables

Receivables are accounted for at amortized cost using the effective interest method (for short term receivables, amortized cost using the effective interest method approximates cost). The fair value of receivable approximates their carrying value due to their short term maturity.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(expressed in Bermuda Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other liabilities

Accounts payable are recorded at amortized cost using the effective interest method and include all financial liabilities (for short term accounts payable amortized cost using the effective interest method approximates cost). The fair value of accounts payable approximates their carrying values due to their short term maturity.

New accounting framework

The Canadian Institute of Chartered Accountants (the "CICA") has issued a new accounting framework applicable to not-for-profit organizations. These new standards are effective on January 1, 2012 for organizations with a fiscal year commencing on or after this date. As such the Company will have to adopt these standards for the fiscal year ended June 30, 2013.

3. INVESTMENTS

	Cost	Fair value
Marketable securities, held for trading	\$ 997	\$ 954

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 25,272	\$ 10,458	\$ 14,814
Furniture and equipment	25,575	4,551	21,024
Property	8,864	1,528	7,336
Total	<u>\$ 59,711</u>	<u>\$ 16,537</u>	<u>\$ 43,174</u>

5. PONIES

	Cost	Accumulated Amortization	Net Book Value
Ponies	\$ 4,100	\$ 683	\$ 3,417

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(expressed in Bermuda Dollars)

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:

	Transfers upon amalgamation	Contributions received during the period	Recognized as donation revenue during the period	Closing balance
Riding Program*	\$ 277,943	\$ 86,279	\$ (174,811)	\$ 189,411
Butterfly Garden	4,914	-	(4,914)	-
Memorial Garden	1,900	-	(1,900)	-
Petting Zoo	1,275	8,897	(10,172)	-
Sensory Trail	888	-	(888)	-
Work Experience	-	60,638	(60,638)	-
Adaptive Sports	-	52,400	(52,400)	-
Music programme	-	7,500	(7,500)	-
Sensory Room	-	250	-	250
	<u>\$ 286,920</u>	<u>\$ 215,964</u>	<u>\$ (313,223)</u>	<u>\$ 189,661</u>

*Contributions received during the period include realized gains on investments.

7. RELATED PARTY TRANSACTIONS

Donations revenue includes amounts totaling \$85,019 which were received from WindReach International ("WRI"). Of this amount, \$72,000 was donated in connection with a commitment to the long-term viability and future of the Company to assist in its support and maintenance of the Company. The remaining \$13,019 was received from WRI to partially fund the costs of a Development Director. The companies are related by way of two common directors.

At June 30, 2010, the Company owed \$10,000 to the WindReach Bermuda Trust, a company related by way of two common directors.

8. DONATED SERVICES

Audit fees are recorded at their fair value of \$13,500. The actual amount charged for the audit is \$Nil with the difference of \$13,500 being recorded in donations revenue.

WINDREACH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

(expressed in Bermuda Dollars)

9. 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. WRI has currently pledged to support the Company in this respect up to and including 2015.

10. CAPITAL DISCLOSURES

The Company's capital objective is to ensure effective resources are available to support the Company's operational activities. The Company maintains its capital 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 WindReach Bermuda 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.