

**The WindReach Recreational  
Village Ltd.**

**Financial Statements and  
Independent Auditors' Report**

**June 30, 2009**

## INDEPENDENT AUDITORS' REPORT

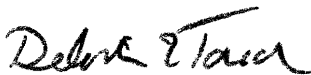
To the Shareholder and Board of Directors  
of The WindReach Recreational Village Ltd.

We have audited the accompanying balance sheet of The WindReach Recreational Village Ltd. as at June 30, 2009 and the related statements of operations and cash flows for the year then ended. 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 an 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 non-profit organizations, the Company derives revenue from donations and fundraising projects, 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 expenditures, current assets and surplus.

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 concerning the completeness of the revenues 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.



June 22, 2010

**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**BALANCE SHEET**  
as at June 30, 2009  
*(expressed in Bermuda Dollars)*

	2009	2008
<b>CURRENT ASSETS</b>		
Cash	\$ 213,419	\$ 132,418
Accounts receivable	250	4,233
Receivable from The WindReach Bermuda Trust	-	24,155
Prepaid expenses (Note 10)	18,862	-
	232,531	160,806
<b>CAPITAL ASSETS (Note 4)</b>	42,837	31,226
	\$ 275,368	\$ 192,032
<b>LIABILITIES</b>		
Accounts payable	\$ 14,249	\$ 39,402
Payable to The WindReach Bermuda Trust	4,198	-
Deferred revenue	18,072	11,320
Deferred contributions (Note 5)	81,520	48,534
	118,039	99,256
<b>SHAREHOLDER'S EQUITY</b>		
Share capital (Note 6)	12,000	12,000
Contributed surplus	108,745	108,745
Surplus (deficit)	36,584	(27,969)
	157,329	92,776
	\$ 275,368	\$ 192,032

*See accompanying notes to the financial statements*

APPROVED BY THE BOARD:

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

**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**STATEMENT OF OPERATIONS**  
year ended June 30, 2009  
*(expressed in Bermuda Dollars)*

	2009	2008
<b>REVENUES</b>		
Donations (Note 5 and 7)	\$ 538,703	\$ 297,218
Program revenue	230,248	221,108
Rental and maintenance	75,813	73,773
Bank interest	1,155	607
	<u>845,919</u>	<u>592,706</u>
 <b>EXPENDITURES</b>		
Salaries and benefits	422,097	303,089
Facility and program supplies	188,938	208,062
Repairs and maintenance	66,995	72,745
Insurance	10,874	11,604
Professional fees (Note 7)	10,742	10,200
Computer	11,673	9,173
Utilities	12,605	8,417
Telephone	7,325	7,383
Administrative	15,030	7,240
Promotion	7,851	4,225
Amortization	22,329	4,056
Staff development	4,907	1,412
	<u>781,366</u>	<u>647,606</u>
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b> <b>(EXPENDITURES OVER REVENUES)</b>	 64,553	 (54,900)
 <b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	 <u>(27,969)</u>	 <u>26,931</u>
 <b>SURPLUS (DEFICIT), END OF YEAR</b>	 <u>\$ 36,584</u>	 <u>\$ (27,969)</u>

*See accompanying notes to the financial statements*

**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**STATEMENT OF CASH FLOWS**  
year ended June 30, 2009  
*(expressed in Bermuda Dollars)*

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenues over expenditures (expenditures over revenues)	\$ 64,553	\$ (54,900)
Item not affecting cash:		
Amortization of capital assets	22,329	4,056
Changes in assets and liabilities:		
Accounts receivable	3,983	(1,817)
Receivable from /payable to The WindReach Bermuda Trust	28,353	(17,015)
Prepaid expenses	(18,862)	49
Accounts payable	(25,153)	33,726
Deferred revenue	6,752	-
Deferred contributions	32,986	(2,581)
	114,941	(38,482)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital asset additions, being net cash used in capital activities	(33,940)	(34,242)
	81,001	(72,724)
<b>NET INCREASE (DECREASE) IN CASH</b>		
	81,001	(72,724)
<b>CASH, BEGINNING OF YEAR</b>	132,418	205,142
	132,418	132,418
<b>CASH, END OF YEAR</b>	\$ 213,419	\$ 132,418

*See accompanying notes to the financial statements*

**THE WINDREACH RECREATIONAL VILLAGE LTD.  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2009

*(expressed in Bermuda Dollars)*

**1. ORGANIZATION**

The WindReach Recreational Village Ltd. (the "Company") was incorporated on June 29, 2001.

The Company is a wholly-owned subsidiary of The Windreach Bermuda Trust (the "Parent"). The Parent is registered in Bermuda as a charity under Registration No. 386.

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.

In 2006, the Company applied for and received charitable status. This allows the Company to receive donations directly. The Company is registered in Bermuda as a charity under Registration No. 763.

**2. CHANGES IN ACCOUNTING POLICIES**

**Adoption of accounting policies**

On July 1, 2008, the Company adopted the provisions of Section 1535, Capital Disclosures, of the Canadian Institute of Chartered Accountants (the "CICA"). Section 1535 requires disclosure of an entity's objectives, policies and processes for managing capital, whether the entity has complied with any capital requirements and the consequences of not complying with these capital requirements. Upon adoption of this new standard there was no impact on the financial statements of the Company, but has resulted an additional note disclosure to the financial statements (Note 9).

**Future Accounting Policies**

The CICA issued a revised Section 4400 for not-for-profit organizations which replaces the existing standards for not-for-profit organizations. The CICA also issued revisions to EIC-123, Reporting Revenue on a Gross-Net Presentation Basis which now applies to not-for-profit organizations. The revised standards are applicable for accounting periods beginning on or after January 1, 2009. The Company does not anticipate the revised requirements will have a significant impact on its financial statements.

**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2009

*(expressed in Bermuda Dollars)*

3. 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.

Capital assets

Purchased capital assets 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

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.

**THE WINDREACH RECREATIONAL VILLAGE LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2009

*(expressed in Bermuda Dollars)*

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Classification

Cash	Held for trading
Accounts receivable	Receivables
Receivable from the Parent	Receivables
Accounts payable	Other liabilities
Payables to the Parent	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.

Other liabilities

Accounts payable are recorded at amortized cost using the effective interest method and include all financial liabilities (for accounts payable and payables to the parent 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.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net book value	
			2009	2008
Computer equipment	\$ 54,517	\$ 26,740	\$ 27,777	\$ 21,275
Furniture and equipment	20,787	5,727	15,060	9,951
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ 75,304	\$ 32,467	\$ 42,837	\$ 31,226
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2009  
*(expressed in Bermuda Dollars)*

5. 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:

Designated contributions	June 30, 2008	Contributions	Recognized as Revenue	June 30, 2009
Nature Pond	\$ 30,885	\$ 20,000	\$ 50,885	\$ -
Riding Program	-	45,043	-	45,043
Adaptive Sports	3,999	50,450	54,449	-
Petting Zoo	775	500	-	1,275
Sensory Trail	888	-	-	888
Sensory Room	4,073	-	4,073	-
Butterfly Garden	4,914	-	-	4,914
Summer Camp	-	27,500	-	27,500
Memorial Garden	2,380	-	480	1,900
Skink Project	620	-	620	-
	<u>\$ 48,534</u>	<u>\$ 143,493</u>	<u>\$ 110,507</u>	<u>\$ 81,520</u>

6. SHARE CAPITAL

	2009	2008
Common shares		
Authorized, issued and fully paid	\$ <u>12,000</u>	\$ <u>12,000</u>

7. DONATIONS

Donations revenue includes amounts totaling \$104,000 (2008: \$120,000) which were received from WindReach International and \$Nil (2008: \$4,564) which were received from the Parent. The amounts were donated in connection with their commitment to the long-term viability and future of the Company to assist in its support and maintenance of the Village. Donations include \$41,370 (2008: \$20,658) received from the parent to fund the costs of an Adaptive Sports Coordinator and \$28,707 (2008: \$Nil) to fund the costs of a Development Director. The Parent also donated \$31,698 (2008: \$17,108) during the year related to an insurance claim for lightning damage at the Company and expenses relating to the storm of \$36,251 (2008: \$5,550) were incurred by the Company.

The auditors have donated their services and an amount of \$9,500 (2008: \$9,500) has been recognized in the financial statements as donations revenue and professional fees.

**THE WINDREACH RECREATIONAL VILLAGE LTD.  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2009

*(expressed in Bermuda Dollars)*

**8. COMMITMENTS**

WindReach International has pledged to provide ongoing financial support to the operations of the Company with minimum annual funding commitments of \$80,000 until the year ended 2015.

Subsequent to year-end, the Company was informed that donations will be received on a month to month basis that matches donations received by WindReach International. A monthly donation to support operating expenses has been set at US\$6,667 per month.

**9. 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.

**10. SUBSEQUENT EVENT**

In 2008, Bermuda Riding for the Disabled Ltd. ("BRD"), the tenant of the stables at Windreach Recreational Village, requested the assistance of the Company to operate and manage their program. A new entity, WindReach was formed and amalgamated with BRD on August 1, 2009. At the same time, certain of the assets and liabilities of the Company were contributed to WindReach. WindReach will assume all responsibility for the operations previously carried out by the Company and BRD. Set up costs of \$4,905 related to the formation of WindReach were paid for by the Company and at June 30, 2009 are included in prepaid expenses.