

**The WindReach Recreational  
Village Ltd.**

**Financial Statements and  
Independent Auditors' Report**

**June 30, 2007**

## INDEPENDENT AUDITORS' REPORT

To the Shareholder  
of The WindReach Recreational Village Ltd.

We have audited the accompanying balance sheet of The WindReach Recreational Village Ltd. as at June 30, 2007 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, 2007 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.




April 22, 2008

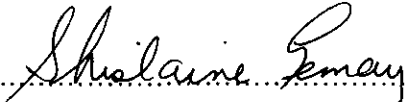
**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**BALANCE SHEET**  
as at June 30, 2007  
*(expressed in Bermuda Dollars)*

	2007	2006
<b>CURRENT ASSETS</b>		
Cash	\$ 205,142	\$ 92,723
Accounts receivable	2,416	10,662
Receivable from Windreach Bermuda Trust	7,140	-
Prepaid expenses	49	399
	214,747	103,784
 <b>CAPITAL ASSETS (Note 3)</b>	 1,040	 2,078
	\$ 215,787	\$ 105,862
 <b>LIABILITIES</b>		
Accounts payable	\$ 5,676	\$ 38,092
Deferred contributions (Note 4)	62,435	-
	68,111	38,092
 <b>SHAREHOLDER'S EQUITY</b>		
Share capital (Note 5)	12,000	12,000
Contributed surplus	108,745	108,745
Surplus (deficit)	26,931	(52,975)
	147,676	67,770
	\$ 215,787	\$ 105,862

*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, 2007  
*(expressed in Bermuda Dollars)*

	2007	2006
<b>REVENUES</b>		
Donations (Note 6)	\$ 351,415	\$ 398,106
Product sales	111	352
Program revenue	136,963	34,259
Bank interest	342	859
Rental and maintenance	72,241	51,436
	<u>561,072</u>	<u>485,012</u>
<b>EXPENDITURES</b>		
Administrative	7,202	9,617
Amortization	1,038	1,038
Computer	3,951	7,117
Facility and program supplies	87,027	72,583
Insurance	12,210	12,256
Professional fees (Note 6)	10,187	9,765
Promotion	5,499	2,164
Repairs and maintenance	52,572	94,660
Salaries and benefits	267,341	233,509
Staff development	4,251	8,263
Telephone	7,071	4,287
Utilities	22,817	22,440
	<u>481,166</u>	<u>477,699</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	79,906	7,313
<b>DEFICIT, BEGINNING OF YEAR</b>	(52,975)	(60,288)
<b>SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 26,931</u>	<u>\$ (52,975)</u>

*See accompanying notes to the financial statements*

**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**STATEMENT OF CASH FLOWS**  
year ended June 30, 2007  
*(expressed in Bermuda Dollars)*

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenues over expenditures	\$ 79,906	\$ 7,313
Item not affecting cash:		
Amortization of capital assets	1,038	1,038
Changes in assets and liabilities:		
Accounts receivable	8,246	(10,662)
Receivable from Windreach Bermuda Trust	(7,140)	-
Prepaid expenses	350	3,603
Accounts payable	(32,416)	6,821
Restricted assets	62,435	-
	112,419	8,113
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of capital assets, being net cash used in investing activities	-	(3,116)
	-	(3,116)
<b>NET INCREASE IN CASH</b>	112,419	4,997
<b>CASH, BEGINNING OF YEAR</b>	92,723	87,726
	92,723	87,726
<b>CASH, END OF YEAR</b>	\$ 205,142	\$ 92,723

*See accompanying notes to the financial statements*

**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2007  
*(expressed in Bermuda Dollars)*

1. ORGANIZATION

The WindReach Recreational Village Ltd. (the "Company") is an organization 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, WindReach Recreational Village Ltd. applied for and received charitable status. This allows WindReach Recreational Village to receive donations directly. The Company is registered in Bermuda as a charity under Registration No. 763.

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.

**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2007  
*(expressed in Bermuda Dollars)*

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Future accounting changes

Non-publicly accountable enterprises, as defined in Differential Reporting, paragraph 1300.02, may defer application of these new standards to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, which the village has decided to defer.

Effective January 1, 2008, the trust will be required to comply with the new provisions of the CICA Handbook on accounting for Financial Instruments.

The new sections on Financial Instruments and Comprehensive Income, including revisions to other sections, replace previous guidance on these items issued by the CICA.

Under the new guidance, all financial assets, including derivatives, must be classified as available for sale, held for trading, held to maturity, or loans and receivables. All financial liabilities, including derivatives, must be classified as held for trading or other liabilities. All financial instruments classified as available for sale or held for trading are required to be recognized at fair value on the balance sheet while financial instruments classified as loans and receivables or other liabilities will continue to be measured at amortised cost using the effective interest rate method. The standards allow the village to designate certain financial instruments, on initial recognition, as held for trading.

3. CAPITAL ASSETS

	Rate	Cost	Accumulated Amortization	Net Book Value	
				2007	2006
Computer equipment	3 yrs	\$ 7,122	\$ 6,082	\$ 1,040	\$ 2,078

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

June 30, 2007

*(expressed in Bermuda Dollars)*

4. 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	2006	Contributions	Recognised as Revenue	2007
Nature Pond	\$ -	\$ 28,655	\$ -	\$ 28,655
Work Experience	-	562	-	562
Slammers	-	7,825	-	7,825
Petting Zoo	-	3,145	-	3,145
Sensory Trail	-	4,500	-	4,500
Sensory Room	-	1,000	-	1,000
Butterfly Garden	-	549	-	549
Summer Camp	-	16,199	-	16,199
	<u>\$ -</u>	<u>\$ 62,435</u>	<u>\$ -</u>	<u>\$ 62,435</u>

5. SHARE CAPITAL

	2007	2006
Common shares		
Authorized, issued and fully paid 12,000 shares of par value \$1 each	<u>\$ 12,000</u>	<u>\$ 12,000</u>

6. DONATIONS

Donations revenue includes amounts totaling \$60,000 (2006: \$360,000) which were received from the parent. The amounts were donated in connection with the parent's commitment to the long-term viability and future of the Company to assist in its support and maintenance of the village.

The auditors have donated their services and an amount of \$9,000 (2006: \$8,000) has been recognized in the financial statements as donations revenue as well as professional fees.



**THE WINDREACH RECREATIONAL VILLAGE LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2007  
*(expressed in Bermuda Dollars)*

7. COMMITMENTS

WindReach International has pledged to provide ongoing financial support to the operations of WindReach Recreational Village. Commitments in future years amount to:

Year	Commitment
2006	\$ 144,000
2007	128,000
2008	112,000
2009	96,000
2010	80,000
2011	80,000
2012	80,000
2013	80,000
2013	80,000
2014	80,000

8. BERMUDA RIDING FOR THE DISABLED

Subsequent to June 30, 2007, The Bermuda Riding for the Disabled Ltd., the tenant of the stables at WindReach Recreational Village, requested the assistance of the Village to operate and manager their program. Currently, negotiations are taking place for WindReach to operate the stables and provide a Therapeutic Riding Programme.

9. COMPARATIVE FIGURES

Certain prior year balances have been reclassified to conform with current year presentation.