

SPRINGS
CHURCH

annual 2016 report





pastor's report

2016 was another incredible year! We are so thankful for your continued prayers and support. God is doing a mighty work at Springs and it has been so evident as we saw the incredible growth and change in people throughout the year. Through Spirit Contemporary teaching, we have been able to connect to even more people this year. Spirit Contemporary is the key to living a life that connects your everyday existence with God's supernatural power.

As the year is now done, we would like to take this opportunity to share a few of the highlights with you. In the next several pages of this report, you will see some of the 2016 journey God took us on. Together, we will continue to pursue all that God has planned for us. We are making history as we allow Jesus to build his church through us in this Spirit Contemporary way!

Leon & Sally



volunteers

Our volunteer teams are incredible! They make up the heartbeat of our church. Without the dedication of these faithful men, women and students, we wouldn't be able to fulfill the call of God on our church. At our 595 campus alone, over 650 volunteers are needed to run our Sunday services and create an incredible atmosphere. Our volunteer teams give thousands of hours to volunteering each year to help us run our weekly services.



praise AND worship

Weekly, our Praise & Worship volunteers play an integral part at Springs and speaks to all cultures throughout our church. Worship brings all of us together and focuses our affections on God in a life-giving way. By coming together through music our volunteers create an alive, energetic and vibrant experience in each of our services. Seeing youth and people of all generations serving, loving and giving with their musical skills opens our hearts to God in personal ways. In a historic first time event, Springs worship team took part in a live broadcast on TBN featuring our Worship and Miracles service. Weekly, the Worship team leads people around the globe as a part of our Springs Church Online services. Songwriting for our church is a strong focal point for the team this year and we were excited to recently introduce our church family to “Without You”. With full teams of volunteer musicians scheduled at all of our 6 weekly services, we always look to build, create and develop our teams through weekly trainings and rehearsals. Leaders are being built for the future and all that God holds in store for us here at Springs Church.



service Teams

Our Service Teams include many incredible ministries such as Ushers, Greeters, Parking, Security, Bus Drivers, Shakers and Movers, Green Thumbs, Helping Hands, and Medical Teams. Your first impressions are important to all of us - from the moment you enter our property (grounds keeping and our parking crew), to entering our well maintained buildings, to the warm friendly smiles on every member of this team. Even at your first glance it is not hard to see the passion of our volunteers. These teams help to create what you have come to expect...Excellence. We have over 850 people making up these incredible teams! It is such an honour volunteering alongside each and every one of them!

From our Men's and Ladies Sports (winter and summer), to our Annual Car Shows, to Drifting Demos, Motorcycle Rallies and even much much more; we the “Service Team” want to make sure boring is not a part of our church's life.



hospitality

Our hospitality team consisting of over 200 volunteers has had the opportunity to serve at many events across all our locations. Regular events such as 20 Somethings, Kingdom Builders, Friday night Youth, Tuesday and Wednesday evening courses and services, to name just a few. Other larger events we were privileged to be a part of were Men's and Women's events and Family Movie nights in both Winnipeg and Calgary as well as Summer Family events in Steinbach, Selkirk and Inner City.

All of our coffee shops and all our outreach events in each location have seen growth as we've been able to welcome and serve our many new guests, alongside those who call Springs home. We love being such a significant part of creating the atmosphere and culture of our church and enjoy seeing more and more people connecting with one another in our lounges. It has been an incredible year and we are looking forward to all the amazing things God continues to have in store for us.



pastoral

Our pastoral team is devoted to caring for the many needs of our congregation at all of our sites. Their responsibilities include hospital visits, handling emergency calls, officiating at weddings, funerals and services in general, water baptisms, counseling (in-house only), and much more. They also minister to families who have lost loved ones, are dealing with illness or are going through difficult times, our shut-in seniors and those living in Personal Care Homes.

A group of five young girls are smiling and posing together. One girl in the foreground is wearing a black lace top, while others are in casual clothing like a denim jacket and a white lace top. They are all looking towards the camera with happy expressions.

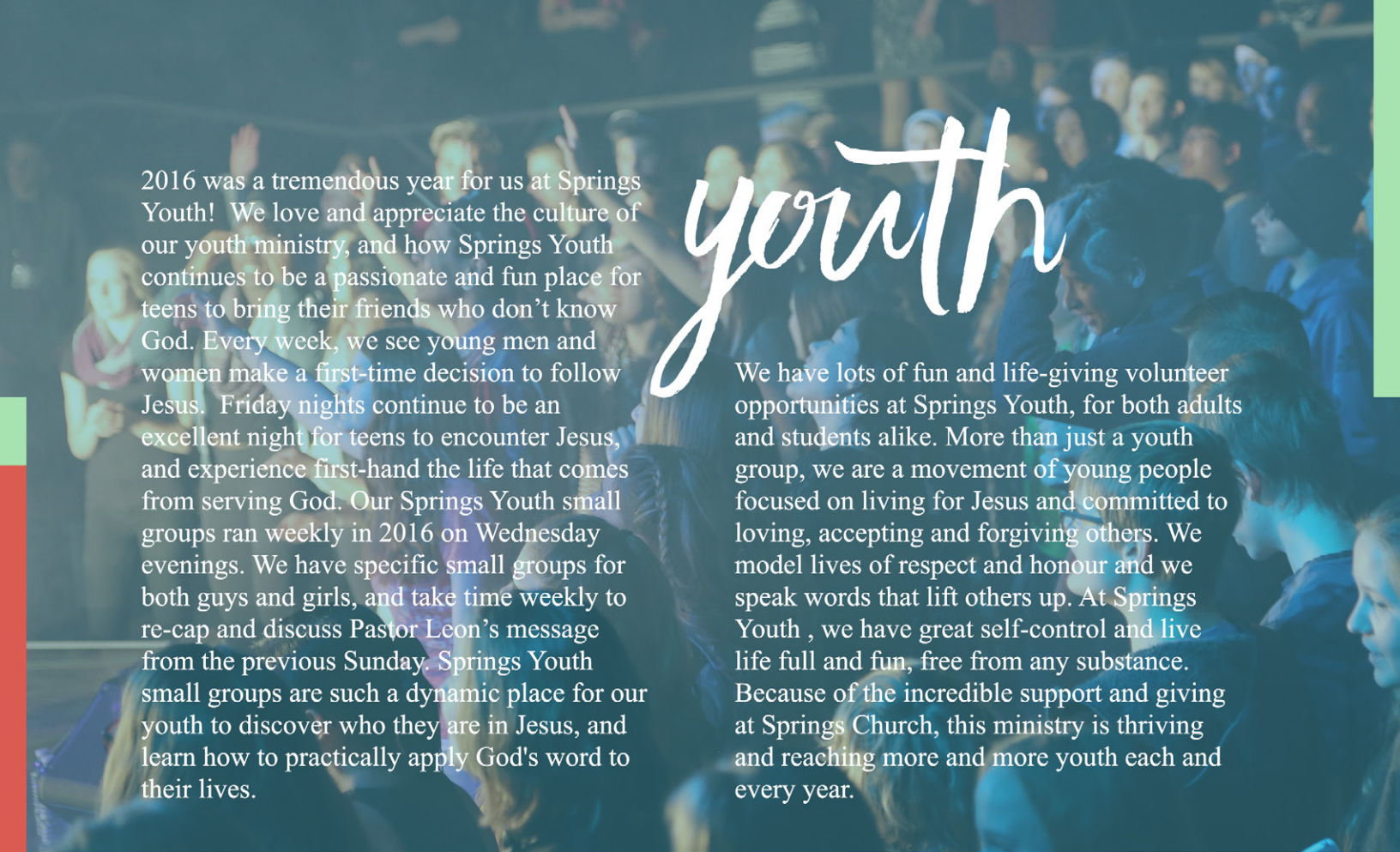
kids

This year in Springs Kids we had an exciting year as we continued to see kids lives transformed and changed with the love of Jesus. We loved pulling off original puppet performances, as well as additional performances this year. In our ministry we saw many miracles take place in kids and families. We love seeing kids passionate about church and wanting to come back each week. Our teams love working together to help our kids develop their faith and become Spirit Contemporary Christians.

A woman in a black coat and purple leggings is running and holding hands with three young girls. The girls are wearing blue t-shirts with cartoon characters and pink pants. They are all running on a light-colored floor, possibly in a hallway or gymnasium.

stay 'n play

Springs Kids loves to connect community and church by hosting a weekly drop-in play group for kids ages 0-5 and parents. Kids had fun while their parents enjoyed coffee and meeting new people or catching up with friends. We have loved meeting so many new families in our community and seeing new faces out each week. Running from September to May, many children and parents from the community enjoyed our inflatable bouncers, new toys, games, slides, crafts and activity tables.



2016 was a tremendous year for us at Springs Youth! We love and appreciate the culture of our youth ministry, and how Springs Youth continues to be a passionate and fun place for teens to bring their friends who don't know God. Every week, we see young men and women make a first-time decision to follow Jesus. Friday nights continue to be an excellent night for teens to encounter Jesus, and experience first-hand the life that comes from serving God. Our Springs Youth small groups ran weekly in 2016 on Wednesday evenings. We have specific small groups for both guys and girls, and take time weekly to re-cap and discuss Pastor Leon's message from the previous Sunday. Springs Youth small groups are such a dynamic place for our youth to discover who they are in Jesus, and learn how to practically apply God's word to their lives.

youth

We have lots of fun and life-giving volunteer opportunities at Springs Youth, for both adults and students alike. More than just a youth group, we are a movement of young people focused on living for Jesus and committed to loving, accepting and forgiving others. We model lives of respect and honour and we speak words that lift others up. At Springs Youth, we have great self-control and live life full and fun, free from any substance. Because of the incredible support and giving at Springs Church, this ministry is thriving and reaching more and more youth each and every year.



Twenty somes

2016 for our Young Adults at Springs was all about building and growing relationships; with each other and with God. We love that Springs has young adults integrated and leading within every team and ministry. Springs is a place for our young adults to grow in their heart for Jesus, and test their own sense of worth in being active as leaders in Jesus' church. We love that! Twenty Somes has continued to provide times and spaces for our young adults to gather. Whether it's centred around sharing great food, laughter, and playing fun board games or worshipping Jesus and hearing a message from the heart of our Pastor, our young adults love getting together. We're so thankful for our young adult community at Springs, and how our ministry to them has facilitated growth and maturity as they follow Jesus.



seniors

Our seniors are an integral part of our church family. With the experience and wisdom they share, they come alongside us to provide a great sense of family and connection. For those unable to attend church, we have several teams that visit different Senior Care Facilities on a weekly basis, holding services and prayer right where they live.

SENIORS DROP-IN

Once again our Seniors Drop-in was a great success. It was started not only for our awesome and faithful seniors at Springs but also as an outreach into our local community. We are so thankful for the team of volunteers that help to facilitate these events. We are looking forward to serving our seniors in the coming year with excellence, love and respect.



days in the sun

Our Springs College students were given the opportunity to apply all the leadership training they were gaining in their program by being placed in charge of a week-long day camp for students in grades 1 to 6. This year's camp was themed "Candy Land" which 65 energetic kids signed up to attend. The week-long camp was a huge success and the kids had a blast growing in their relationship with Jesus and participating in activities such as Sky Zone, Swimming and Great Big Adventure.

nations connect

Springs Church has always been about people. What makes us unique as a church is the amazing amount of people we have from various cultures and backgrounds—people coming together to celebrate God and build community. Nations Connect is a regular gathering for people of any race, culture or background who desire to make friends, build relationships and celebrate their heritage. We party together quarterly with games and food provided. These parties provide a great opportunity for people to meet others with their same ethnic backgrounds as well as provide a fun venue to bring out family and friends for their first introduction to our Springs family.



ladies bible study

Through Ladies Bible Study, many women have made lasting friendships as every Tuesday morning they gather to study the Word of God. These studies have become a great time for the women to come together, recharge, relax and grow their relationship with God. Many say that these times have helped them through different seasons of life as they learned practical truths from the Bible.



SPRINGS College

INTERNING

After a nine-month full-time program, students looking to continue their training in leadership and ministry can apply for our internship program. This nine-month opportunity gives the student a hands-on approach to learning the ins and outs of ministry at Springs Church. Working closely with various leaders, our students finish the year having learned first-hand how to maintain and grow a volunteer team, handle day-to-day administration and so much more.

FULL-TIME

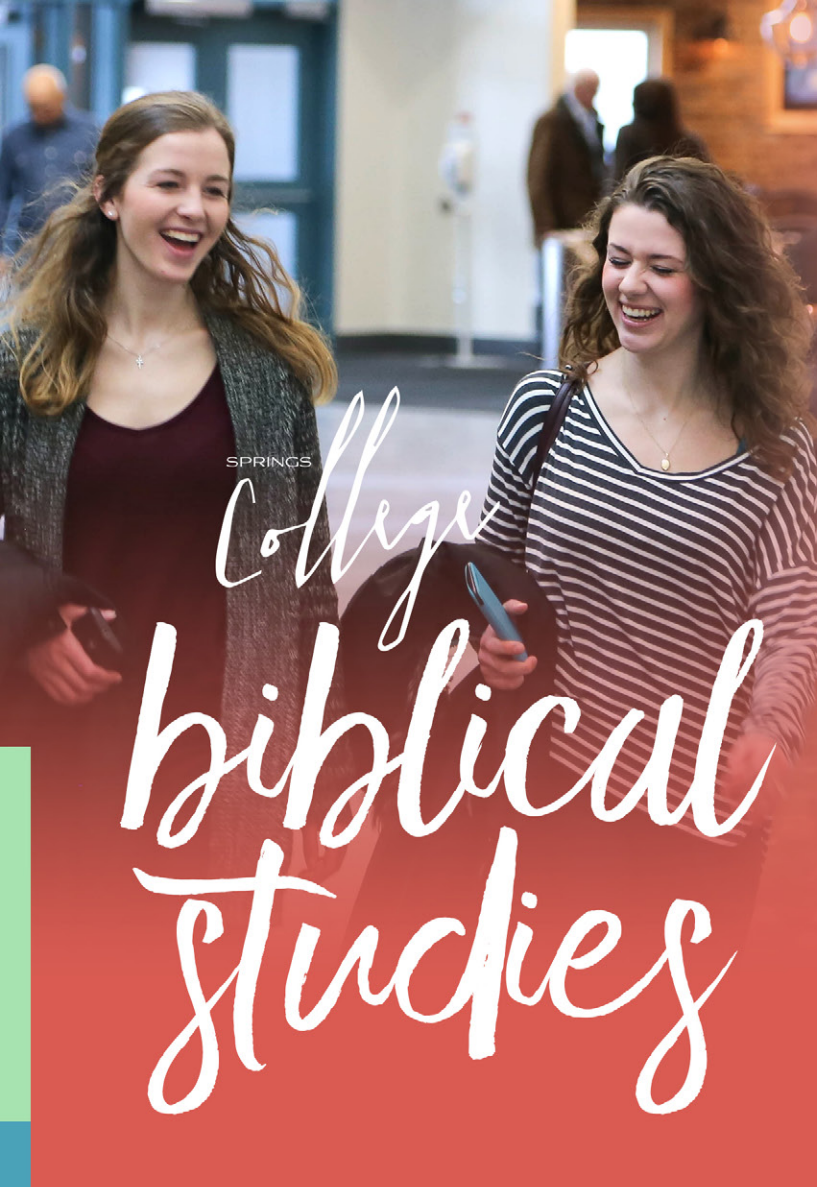
What an exciting and power packed year it has been! The Springs College full-time program is such an exciting program because it does much more than provide our students with the information they need to be successful in life. It provides an incredible environment for them to personally transform their lives to become who God has already said they are. This year the students grabbed a hold of the opportunity to take nine months of their lives to see themselves, family, church, community, and the world through God's eyes and to be equipped for the work of the ministry. (Eph 4:12). A passionate group of students graduated from our experiential leadership and management program, that combines a biblical, skills-based framework with practical hands-on experience. During the program students had the opportunity to minister to our community in areas such as Special Olympics, Inner City Food Bank, the Santa Claus Parade and Steinbach Family Resource Centre to name a few. They also served in a number of Springs Church ministry areas and also prepared a number of elementary and high school chapels for Springs Christian Academy. The students capped off the year with a week long Day Camp for elementary students, that they planned and ran, and they also went on a trip to Calgary to visit our Springs Church location and serve in the ministry areas there.



SPRINGS College continuing education

Our Leadership Level 1 and 2 programs, give people from all walks of life the building blocks they need to develop their leadership skills. Being taught in a Spirit Contemporary way, these courses give students a strong foundation in leadership that they can apply both in their local church and in the marketplace. Held one evening a week, the curriculum consists of specially selected courses that build knowledge in finance, management, relationships and Biblical studies.





SPRINGS

College biblical studies

In June 2016, we were so excited to celebrate with our graduates from our Biblical Studies program. We continually endeavour to train and equip our church to walk and share in God's abundant life.

Through Spirit Contemporary teaching, we offered an array of courses that included Bible Foundations, Grace, Prayer, Holy Spirit, and much more. These courses enabled the students to delve deeper into biblical truths and lead them on a journey of increased knowledge and understanding, helping them to take their relationship with God to much higher levels.

We believe that Springs College will continue to develop great leaders within the church and equip people to excel in family and career!

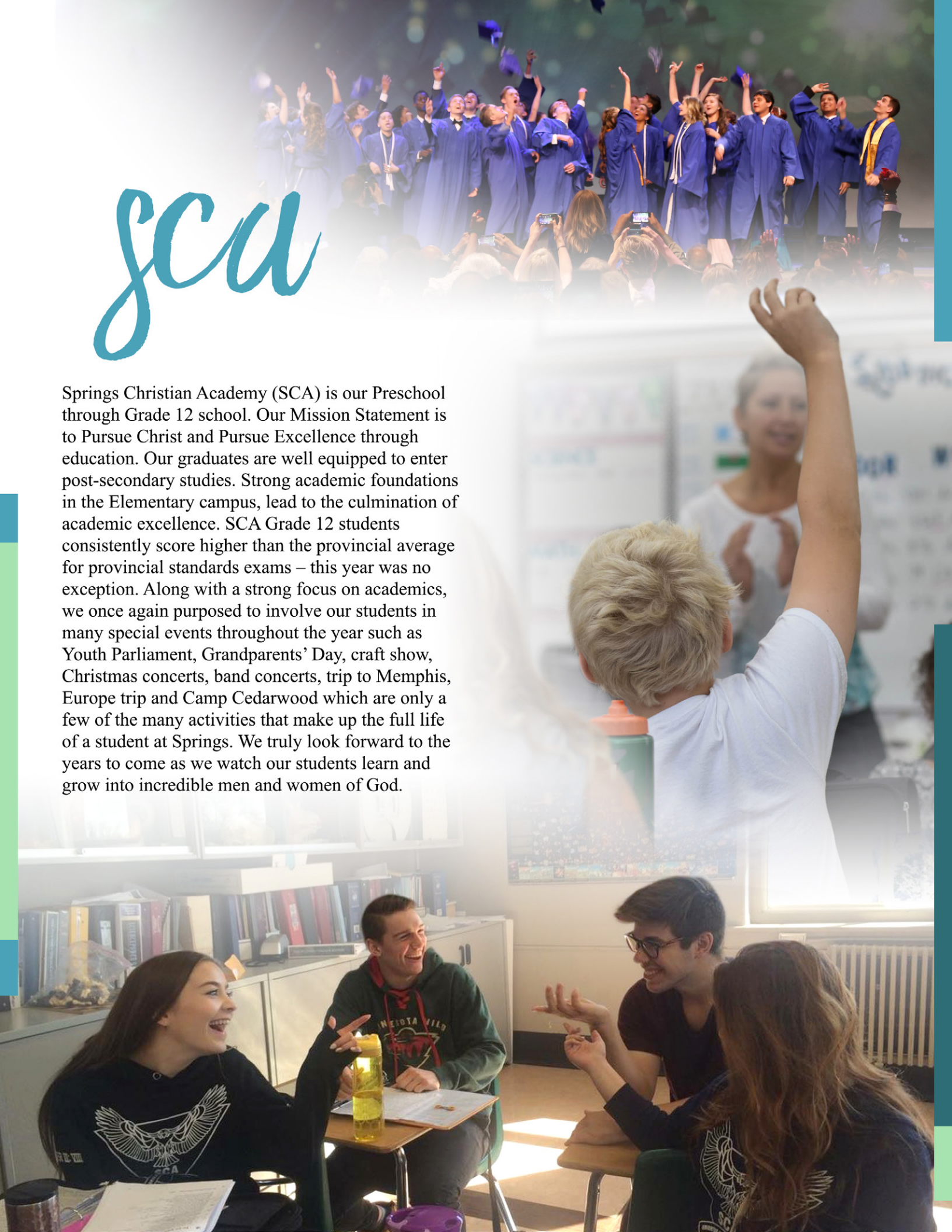


life courses

In 2016, we offered many different courses, some being offered several times throughout the year. We love that our Life Courses provide a way to meet new people and invest in their lives. These courses are designed to strengthen and encourage people in every walk of life. At Springs Church we believe in teaching and training people. Jesus came that we could have abundant life and He shows us in His word and how to walk it out in our daily lives.



Springs Christian Academy (SCA) is our Preschool through Grade 12 school. Our Mission Statement is to Pursue Christ and Pursue Excellence through education. Our graduates are well equipped to enter post-secondary studies. Strong academic foundations in the Elementary campus, lead to the culmination of academic excellence. SCA Grade 12 students consistently score higher than the provincial average for provincial standards exams – this year was no exception. Along with a strong focus on academics, we once again purposed to involve our students in many special events throughout the year such as Youth Parliament, Grandparents' Day, craft show, Christmas concerts, band concerts, trip to Memphis, Europe trip and Camp Cedarwood which are only a few of the many activities that make up the full life of a student at Springs. We truly look forward to the years to come as we watch our students learn and grow into incredible men and women of God.



special speakers

Throughout 2016, we were honoured to welcome several guest speakers who joined us for our Sunday services and special events. At Springs, we love to bring in world-class speakers to train and equip us in every area of life. Speakers we hosted this year included Steve Penny, Speaker, Author, and Leadership Consultant, Australia, Dr. Caroline Leaf, cognitive neuroscientist, Southlake, TX, Johnnie Moore, President of The Kairos Company, Glendale, California and Christine Caine, Author and International Speaker from Australia. We had such a fantastic year of life-changing messages.





sports

There is no better way to make new friends than playing a sport together; as a church we have organized several areas for years for our members and community alike. Gathering around their favourite sport; such as Men's & Ladies Floor Hockey, Volleyball, Hockey, Baseball, Indoor/Outdoor Soccer, Cycling and coming soon Pickleball. Keeping active is always on everyone's mind and that opportunity is given through Springs Sports.

family fun day

On Monday, February 20 (Louis Riel Day), we once again hosted a Family Fun Day! The inside of our 595 building was filled with inflatable bouncers, yummy food and tons of fun activities for the kids. We had face painting, story time, Jedi training, reptile gardens, mini donuts, balloon animals as well as a baby & toddler corner. Kids even met some of their favourite Disney characters! Outside was a fun time too as many enjoyed the great weather and played boot hockey, went tobogganing and enjoyed a sleigh ride!



special days

We make it a priority to celebrate special days such as Easter, Christmas, Mother's Day and Father's Day. Throughout the year these celebrations give us an amazing opportunity to invite friends and family who don't know Jesus and they allow us to celebrate each of them in a very special way. It is all about Jesus and we celebrate Him in a big way at all our locations.





carfest

This event is solely a community outreach event with a focus on making our community aware of our Inner City Youth outreach programs. Cars, cars and more cars is what the day is all about; from the Corvette Club doing there slalom runs (driving skills competition) to drag cars starting their 1800 hp engines (you can feel this throughout your entire body). There was something for the whole family to do; from bouncers to petting zoo, reptile zoo and don't forget mini car town.



golf classic

In September of 2016 we once again hosted our charity men's golf tournament, the 18th annual "Springs Golf Classic," held at Bridges Golf Course. Our 152 tickets sold out and all golfers left once again with some amazing prizes (some even walked away with 2). All funds raised were donated to our Springs Inner City Youth Programs. This has been a very successful community event for our church over the years where many new people join in the fun each year for a relaxing day of golf / dinner and at the same time supporting a very worth-while cause. We raised enough money this year to buy Inner City, a new to us, School Bus for picking up the youth.

Television 2016 update

This past year was another great year for the media team. One of the biggest endeavours that took place in 2016 was the switch away from doing The Leon Show programs to starting a daily Spirit Contemporary Life program in 6 different languages. The response was noticeable within months, with one report coming back to us that said in 1 month 2000 Muslims in Pakistan accepted Jesus as a result of our programs.

We also saw an increase in attendance in our Online Church audience, doubling that of the last few months of 2015.

There's no denying that our team would not be able to be effective without the Media Volunteers. In 2016 they helped to take our team to new levels in all areas. As we continued to take the Spirit Contemporary message we hear every week to the world through our various TV programs, in-house church experiences and Online.

The Volunteer Edit Team is another area that has continued to develop this year. Volunteers have spent countless hours editing, script writing, and creating many different videos that are used throughout the church. And this year we extended the team to 2 days a week instead of just one to allow for larger projects.



springs online

Springs Online is a global community with online services for people around the world. Anyone with an internet connection can watch, be prayed for and chat live with members of our volunteer team and other guests around the world.. We've seen so many people reached for Jesus, including new salvations almost every week. With the relationships that are being built in the chat and prayer rooms and the lives being saved, we know this will continue to grow and reach more and more people around the world in the months and years to come.

church app

The Springs App continues to be a great place for people to find up-to-date event info, articles, video and podcasts from Springs Church and Leon Fontaine.





SPRINGS
MISSIONS

Watoto

Based in Uganda, Africa, Watoto's mandate, under the leadership of Gary and Marilyn Skinner, is to "Rescue a child, raise a leader and rebuild a nation." We are so excited to be able to give regular support to Watoto each year.



love india

Dr. Jey and Lizy Jeyaseelan's mission is to take the love of Christ to as many people as possible so that every area of their lives are transformed by His presence and His Word. They seek to achieve this by starting and developing strong local churches around the nation where people can find love, acceptance, training and encouragement to be all that God wants them to be. We truly support the incredible work Dr. Jey & Lizy are doing in India through both prayer and finances.



springs inner city

Winnipeg's inner city is filled with wonderful people who need Jesus. Through Springs Inner City, we have been given the opportunity to show these people God's unconditional love and teach them how God sees them. 2016 was another incredible year of reaching out and connecting. Through our Sunday morning services, and our Breakfast and a Message service Wednesday mornings, we were able to teach practical relevant messages to all who attended. We also enjoyed hanging out with our inner city kids Friday nights at our Kids Klub and Youth nights.

It gave us a chance to let the next generation know that God truly loves them and they can make a difference in their world! Throughout the year we had several special events as well such as our Annual Community Carnival and Kids and Youth Christmas parties that allowed us to show our community that we care. Our goal is to genuinely accept people where they are. Let's expect great increase as we continue to introduce them to our amazing God! Thank you for standing with us in prayer, love and support!



miracle
channel

At Springs, we're excited to support Miracle Channel in its mission to help people all over the world grow closer to Jesus. Broadcasting 24/7, Miracle Channel impacts many who 'happen' across it, often in the middle of a sleepless night that is filled with fear, depression or grief. Miracle Channel is like a light shining in the darkest night, saying "Hope is here!" From the incredible teaching of world-renown guests to the personal encouragement and prayers of awesome call-in centre volunteers, Miracle Channel's LIVE programs are making a huge impact. Miracle Channel is the only television station that provides 24 hour access to Biblical teaching in Canada, and their role in bringing the truth of God's Word to a hurting world is vitally important. For many remote Northern communities, Miracle Channel is the only source of Christian teaching and discipleship.



locations

WINNIPEG - 595 LAGIMODIERE BLVD

Our main campus is located at 595 Lagimodiere Blvd. in Winnipeg, Canada. This campus is our main church building as well as home to our elementary campus of Springs Christian Academy. In this location we were able to minister to thousands of people during our Sunday and Wednesday services. Our facility is buzzing with activity on a daily basis. With our elementary school throughout the day, Sunday services, Life Courses, training and other special events held evenings and weekends, there is rarely a time that our building is empty.



WINNIPEG - 725 LAGIMODIERE BLVD

Our 725 location is our conference centre and youth facility which also houses our administration offices. It is used every Friday to welcome our young teens that come out for Springs Youth. This facility is also used for many of our special events such as our men's and women's events, ministry parties Senior's Drop-In and BBQs, plus much, much more!



WINNIPEG - INNER CITY

Our Springs Inner City campus is located at 648 Burrows Ave. Throughout the week we host many different services and events that people from our inner city can join us. Through our Sunday Services, kids classes, Friday night Kids Klub, Friday night youth, Food Bank, Breakfast and a message and many more we know that God is impacting our inner city in a huge way!

CALGARY - 924 HERITAGE DR SW

Every Sunday morning we have three energy-packed, Spirit Contemporary services! The excitement in the building is phenomenal! Our attendance is always increasing at this location. God is making such a great impact on Calgary and we are expecting big things to happen in the years to come.

SELKIRK - 479 EVELINE ST

Every Sunday, we have a service with amazing worship, inspiring performances, live music and a practical and relevant message from our Senior Pastor. Each week the message helps people develop their life for success and significance. It is also such a joy to reach out to the Selkirk Community! Once again this year we had Movie Matinéés, a Fishing Derby, joined the Selkirk Parade and a Family Carnival where many people from around the area joined us in the fun and festivities.

STEINBACH - 179 CHAPEL DR

At our Steinbach location, through Spirit Contemporary services each Sunday morning, we have live worship and host Leon's 9am Winnipeg message! We also have our awesome Springs Kids programs running at the same time as our main service each week. We enjoy many special events throughout the year such as Movie Nights, joining in with the Steinbach Parade, Steinbach Fun Days and Hockey Nights. Once again we had an incredible year!

It is so incredible to be able to reach out to so many people in so many different locations. We can't wait to see what God has in store for us next!



Springs Church – A Commitment to Maintain Trust (2016)

- Springs Church recognizes that our finances originate as donations by people committed to the work of the local church known as Springs Church. Our obligation, therefore, is to spend that money conservatively and wisely in continuing the ministry.
- Springs Church employs qualified, accredited financial accounting staff that are trained and equipped to keep the financial records of the church.
- Springs Church voluntarily submits to an annual audit by an independent public accounting firm. All financial statements are presented in accordance with generally accepted accounting principles.
- Springs Church believes in compliance with all federal, provincial, and municipal laws and regularly receives legal advice to ensure that the ministry is staying current with applicable laws and regulations as they change.
- Springs Church requires all board members and employees to abide by a policy regarding conflicts of interest that encourages high standards of ethics and integrity.
- During 2016, Springs Church expensed 87.5% of total revenues on programs, services, and outreach directed at reaching people with the Gospel of Jesus Christ and meeting the physical needs of the less fortunate. In addition to expenses, Springs Church also invests in capital assets (lands, buildings, and equipment). These are recorded on the balance sheet as assets and are written down over their useful lives through amortization. If amortization were included in the figure above, Springs Church would have expensed 98.1% of total expenditures on our programs and services.
- During 2016, Springs Church spent about 4.5% of revenues on administration.
- Any cash reserves that Springs Church accumulates are solely for the purposes of fiscal responsibility, savings, future growth, and expansion (buildings, lands, and equipment).
- During 2016, Springs Church salaries accounted for 42.9% of total revenue (\$4.38 million in wages and benefits for 63 full-time and 32 part-time staff). Springs Church believes in paying its employees fairly. As such, Springs Church pays employee salaries in line with the market place. Executive salaries are determined through independent salary surveys and market conditions. Benefits for all Springs Church employees are in line with market place practices. Pastor Leon Fontaine's salary is determined solely by the Board of Springs Church based on recommendations from independent salary surveys.
- Springs Church strives to ensure that all fundraising efforts clearly portray the purpose of the funds to be raised and that all contributions received are used for those specific purposes. If funds cannot be used for the designated purpose, the donor will be contacted and asked for direction.
- Springs Church believes in dealing fairly with vendors. We make every effort to pay our vendors within their payment terms thus not taking advantage of them by using their money. Although we need to be fiscally responsible, we also recognize that vendors need to earn a fair profit and as such, make every effort to create win-win scenarios in pricing negotiations.
- Springs Church commits to posting our consolidated audited financial statements on our website and updating the information annually.
- Springs Church protects the privacy of our members and donors by not marketing our mailing list. Information collected in our database is used only for the internal purposes of communicating with our members, mobilizing and utilizing our volunteers, and for income tax receipting purposes.

Consolidated Financial Statements of

**SPRINGS OF LIVING WATER
CENTRE INC.**

Year ended December 31, 2016



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Fax (306) 757-4703

INDEPENDENT AUDITORS' REPORT

To the Members of Springs of Living Water Centre Inc.

We have audited the accompanying consolidated financial statements of Springs of Living Water Centre Inc., which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Springs of Living Water Centre Inc. as at December 31, 2016, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The consolidated financial statements of Springs of Living Water Centre Inc. as at and for the year ended December 31, 2015 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on March 23, 2016.

KPMG LLP

Chartered Professional Accountants

April 19, 2017

Winnipeg, Canada

SPRINGS OF LIVING WATER CENTRE INC.

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 2,218,618	\$ 3,282,185
Due from related party (note 3)	204,682	48,231
GST and other receivables	85,127	50,879
Inventory	75,910	72,699
Prepaid expenses and deposits	39,227	52,613
	<u>2,623,564</u>	<u>3,506,607</u>
Due from related party (note 3)	92,276	92,276
Charitable remainder trust (note 4)	40,000	40,000
Capital assets (note 5)	22,412,080	22,421,262
	<u>\$ 25,167,920</u>	<u>\$ 26,060,145</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 450,507	\$ 542,265
Current portion of long-term debt (note 7)	945,106	905,260
	<u>1,395,613</u>	<u>1,447,525</u>
Long-term debt (note 7)	6,269,152	7,234,937
Deferred contributions related to capital assets (note 8)	6,287,796	6,356,528
Net assets	11,215,359	11,021,155
	<u>\$ 25,167,920</u>	<u>\$ 26,060,145</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

 Director

 Director

SPRINGS OF LIVING WATER CENTRE INC.

Consolidated Statement of Operations and Net Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
General offerings	\$ 8,659,052	\$ 8,678,903
In-house ministries	184,204	209,902
Building revenue	695,692	700,527
Interest income	17,409	24,217
Books, tapes and other revenue	230,050	219,882
Amortization of deferred contributions	423,127	436,756
	<u>10,209,534</u>	<u>10,270,187</u>
Expenses:		
Administration (schedule)	1,924,115	2,178,727
Buildings (schedule)	1,366,266	1,344,857
Amortization of capital assets (note 5)	1,082,257	1,130,820
Missions	944,243	963,241
In-house ministries	4,522,726	4,562,704
Books, tapes and other expenses	175,723	145,060
	<u>10,015,330</u>	<u>10,325,409</u>
Excess (deficiency) of revenue over expenses	194,204	(55,222)
Net assets, beginning of year	11,021,155	11,076,377
Net assets, end of year	<u>\$ 11,215,359</u>	<u>\$ 11,021,155</u>

See accompanying notes to consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Consolidated Statements of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures for the year	\$ 194,204	\$ (55,222)
Items not involving cash:		
Amortization of capital assets	1,082,257	1,130,820
Amortization of deferred contributions	(423,127)	(436,756)
Changes in non-cash working capital balances:		
GST and other receivables	(34,248)	67,686
Inventory	(3,211)	3,149
Prepaid expenses and deposits	13,386	29,470
Accounts payable and accrued liabilities	(91,758)	11,884
	737,503	751,031
Investing activities:		
Purchase of capital assets	(1,073,075)	(1,458,944)
Advances to related parties	(156,451)	(6,887)
	(1,229,526)	(1,465,831)
Financing activities:		
Repayment of long-term debt	(925,939)	(855,531)
Capital contributions	354,395	1,752,968
	(571,544)	897,437
(Decrease) increase in cash	(1,063,567)	182,637
Cash, beginning of year	3,282,185	3,099,548
Cash, end of year	\$ 2,218,618	\$ 3,282,185

See accompanying notes to consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Purpose of the organization:

Springs of Living Water Centre Inc. (the Church) is incorporated under *The Corporations Act* of Manitoba as a not-for-profit organization and is a registered charitable organization under the *Income Tax Act*.

The Church's purpose is to carry on the ministry of a Christian church of which some of the activities are conducting services of worship, carrying out cooperative activities with other Christian organizations, ministering to the needs of the poor, the underprivileged and other groups and spreading the Gospel of Jesus Christ both locally and world-wide.

2. Significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements for the year ended December 31, 2016 include the accounts of the Church and its wholly-owned subsidiary, SC Holdings Ltd.

(b) Revenue recognition:

The Church follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the collection is reasonably assured and the amount to be received can be reasonably estimated.

(c) Inventory:

The inventory is recorded at the lower of cost and net realizable value.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

2. Significant accounting policies (continue):

(d) Capital assets:

Capital assets purchased are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization of capital assets has been provided for using the following rates and methods which will amortize the cost of the assets over their estimated useful lives:

Asset		Term
Buildings	Declining balance	4% per annum
Traffic signals	Declining balance	4% per annum
Parking lots and grounds	Declining balance	8% per annum
Furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	5 years
Vehicle	Declining balance	30% per annum

The cost and related accumulated amortization of furniture and equipment, and computer equipment, that is fully amortized for at least one fiscal year, are removed from the statement of financial position.

(e) Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent capital fund contributions received by the Church to assist with the development and purchase of Church buildings and equipment. Amortization of the deferred contributions has been provided for using the following rates and methods which will amortize the credits to income under the estimated useful life of the related capital asset.

Asset		Term
Buildings	Declining balance	4% per annum
Equipment	Straight-line	5 years

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

2. Significant accounting policies (continue):

(f) Contributed services:

Volunteers contribute numerous hours per year to assist the Church in carrying out its purpose. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Church has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the church determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the companies expect to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(h) Use of estimates:

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Church to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include allowance for doubtful accounts and estimated useful life of capital assets. Actual results could differ from the Church's best estimates, as additional information becomes available in the future.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

3. Controlled and related organizations:

The Church controls the Springs of Living Water Christian Academy Incorporated (the School), a private Christian school. The Corporate Board of Directors of the School have been appointed by the Board of Directors of the Church. The School is incorporated under the *Corporations Act* of Manitoba as a not-for-profit organization and is a registered charitable organization under the *Income Tax Act*.

The School has not been consolidated in the Church's financial statements.

The School's condensed audited financial statements for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Total assets	\$ 2,231,826	\$ 2,665,763
Total liabilities	1,342,667	1,344,243
Net assets	889,159	1,321,520
Total revenues	5,128,565	5,218,799
Total expenses	5,560,926	5,306,893
Cash flows from operating activities	(236,800)	(30,629)
Cash flows from investing activities	(277,477)	(30,000)
Cash flows from financing activities	(5,550)	4,199

The amounts due from the School are as follows:

	2016	2015
Current amount	\$ 204,682	\$ 48,231
Long-term amount	92,276	92,276
	\$ 296,958	\$ 140,507

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

4. Charitable remainder trust:

A donor entered into an agreement to place \$40,000 into an irrevocable Trust, with the Church appointed as the beneficiary of the Trust. The income from the Trust is paid to the donor for life and upon the donor's death the Trust assets are transferred to the Church. The death benefit amount is recorded as a receivable on the statement of financial position. Related revenues were recorded at the time a charitable receipt was issued to the donor and as subsequent interest was earned.

5. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 6,044,557	\$ —	\$ 6,044,557	\$ 6,044,557
Buildings	23,068,304	8,601,936	14,466,368	14,157,421
Traffic signals	154,824	80,677	74,147	77,178
Parking lots and grounds	2,651,848	1,756,056	895,792	970,660
Furniture and equipment	2,335,366	1,544,375	790,991	1,026,956
Computer equipment	40,185	31,730	8,455	15,621
Vehicle	555,086	423,316	131,770	128,869
	\$34,850,170	\$ 12,438,090	\$ 22,412,080	\$ 22,421,262

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2016 are government remittances payable of \$53,865 (2015 - \$57,790) relating to payroll taxes, health taxes and workers safety insurance.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

7. Long-term debt:

The long-term debt consists of the following:

	2016	2015
Commercial loan, secured by first charge debenture on land and building and a variable rate demand promissory note, bearing interest at 3.60%, repayable in blended weekly payments of \$6,000, due March 9, 2018	\$ 3,697,656	\$ 3,877,354
Commercial loan, secured by first charge debenture on land and building, bearing interest at prime plus 0.25%, repayable in blended weekly payments of \$3,815	1,190,410	1,354,495
Commercial mortgage, secured by first charge debenture on land and building, bearing interest at 3.60% repayable in blended weekly payments of \$4,831, due December 14, 2018	840,666	1,062,947
Commercial mortgage, secured by first charge debenture on land and building, bearing interest at 3.95%, repayable in blended weekly payments of \$8,040, due January 8, 2021	1,485,526	1,845,401
	7,214,258	8,140,197
Less current portion	945,106	905,260
Balance, end of year	\$ 6,269,152	\$ 7,234,937

Future principal repayments, based on current interest rates and loan conditions are estimated as follows:

2017	\$ 945,106
2018	978,929
2019	1,013,972
2020	858,179
2021	403,464
Thereafter	3,014,608
	\$ 7,214,258

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

8. Deferred contributions related to capital assets:

	Building	Equipment	2016 Total	2015 Total
Balance, beginning of year	\$ 5,531,406	\$ 825,122	\$ 6,356,528	\$ 5,040,316
Add: capital contributions	212,710	141,685	354,395	1,752,968
	5,744,116	966,807	6,710,923	6,793,284
Less amounts amortized to revenue	(229,766)	(193,361)	(423,127)	(436,756)
Balance, end of year	\$ 5,514,350	\$ 773,446	\$ 6,287,796	\$ 6,356,528

9. Commitments:

The Church has annual lease commitments for equipment and vehicles for the next four years as follows:

2017	\$	41,611
2018		41,611
2019		35,529
2020		3,019

10. Operating line of credit

The Church has a bank line of credit amounting to \$150,000. The line of credit bears interest at prime plus 0.5 percent. At year-end, no amount has been advanced on this line of credit.

11. Related party transactions:

- (a) Included in building revenue in the statement of operations is \$660,000 (2015 - \$664,000) of rental revenue received from a related organization, Springs of Living Water Christian Academy Incorporated (the School). Missions expense includes a donation of \$300,000 (2015 - \$240,000) that the Church donated back to the School. These transactions were in the normal course of business and were reported at the exchange amount.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

11. Related party transactions (continued):

(b) Included in the Church's books, tapes and other expenses in the statement of operations are royalty fees of \$2,149 (2015 - \$9,213) paid to a company controlled by the Chief Executive Officer of the Church. The royalty fees are in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

(c) Springs of Living Water Centre Inc. is related to The Miracle Channel by virtue of common Chief Executive Officers. During the year, the Church engaged in related party transactions with The Miracle Channel. These transactions were in the normal course of business and are reported at the exchange amount as follows:

	2016	2015
Related party transactions billed to The Miracle Channel for expenses incurred by the Church:		
Management consulting	\$ 56,050	\$ 39,745
Rent	39,304	35,000
Travel	28,488	118,777
TV production costs	171,680	217,500
	<u>\$ 295,522</u>	<u>\$ 411,022</u>
Related party transactions paid to The Miracle Channel and recorded as expenses by the Church:		
Airtime and closed captioning	\$ 74,890	\$ 95,300
Donations to The Miracle Channel	50,923	41,186
The Miracle Channel expenses reimbursed by the Church	27,151	39,506
	<u>\$ 152,964</u>	<u>\$ 175,992</u>

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

12. Risk Management:

Liquidity risk:

Liquidity risk is the risk that the Church will not be able to fulfill its obligations on a timely basis or at a reasonable cost. The Church manages its liquidity risk by monitoring its operating requirements. The Church prepares budgets and cash forecast to ensure it has sufficient funds to fulfill its obligations.

Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of a financial instrument. The Church's financial assets consist primarily of cash and receivables. The Church's cash is held with a large, provincially and federally regulated financial institution in Canada and the Church's receivables are actively reviewed and turned over regularly, mitigating credit risk.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Church is subject to interest rate risk to the extent that required interest payments on certain long term debt will fluctuate with changes in the prime rate.

13. Comparative information:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

SPRINGS OF LIVING WATER CENTRE INC.

Schedule - Administration Expense

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Adverting and promotion	\$ 4,348	\$ 4,859
Interest and bank charges	106,849	132,001
Interest on long-term debt	275,920	327,141
Office, printing and postage	331,003	450,155
Professional and consultant fees	82,879	139,063
Telecommunications	182,060	163,532
Vehicle and travel	479,509	594,421
Wages and benefits	461,547	367,555
	<u>\$ 1,924,115</u>	<u>\$ 2,178,727</u>

Schedule - Building Expense

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Grounds and storage	\$ 167,842	\$ 145,146
Insurance	57,117	55,807
Property taxes	241,242	172,718
Repairs and maintenance	458,798	521,770
Utilities	441,267	449,416
	<u>\$ 1,366,266</u>	<u>\$ 1,344,857</u>

See accompanying notes to consolidated financial statements.