

SPRINGS

C H U R C H

Annual Report 2017



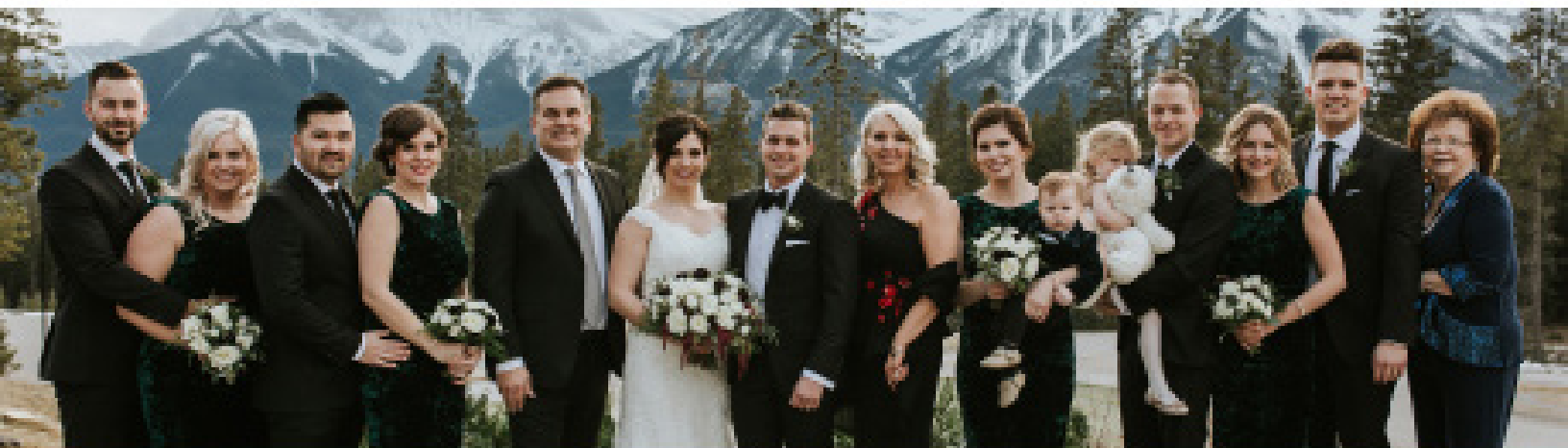


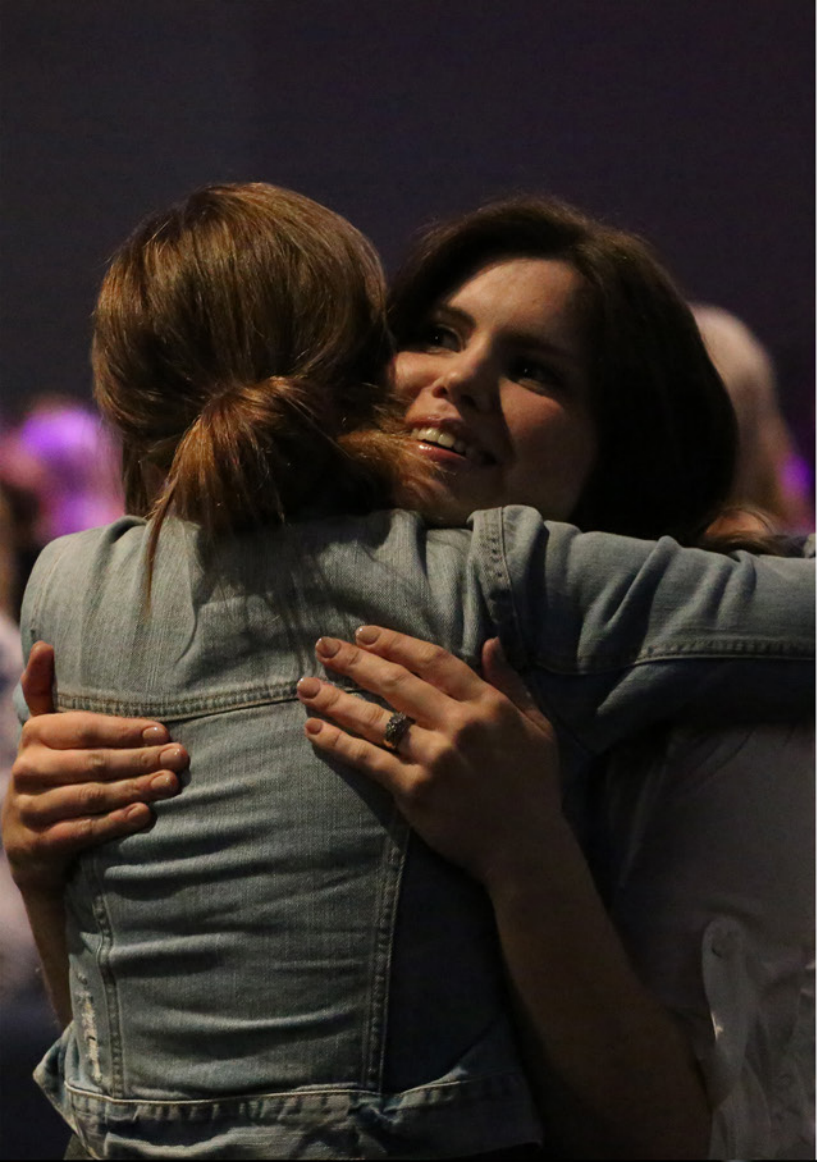
Pastor's Report

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





Love, Accept, Forgive

(LAF) is at the heart of everything we do as a church. Our desire is to show people how to apply love, acceptance and forgiveness in every facet of their lives. John 10:10 says “The thief comes only to steal and kill and destroy. I came that they may have life, and have it abundantly.” We want others to not just live successfully, but significantly – showing the goodness of God in our lives without compromising the Word of God. We call this Spirit Contemporary; people empowered to live fully alive with God’s power, yet completely relevant in their day-to-day. Church is the key to changing our world. Through Springs we want to impact our city, our province, our country and the world in a Spirit Contemporary way.



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, hundreds of 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.



Over 5000 hours
of volunteer time
for our weekly services

Over 2500
volunteers
gave their time in 2017

Over 650 volunteers
each Sunday in our
Winnipeg location alone

Praise and Worship

At the heart of the Springs Music team are volunteers who are passionate about this “one thing”; to worship God fully and see all people experience the refreshing yet powerful presence of God in their lives. Through our Sunday services, special events, youth bands, and songwriting, Springs worship brings all our cultures and generations together and focuses our affections on God in a powerful way.

In addition, our songwriting teams have been actively working behind the scenes and we now have 9 Springs originals. Our latest 2 are “Fearless” and “Higher”.

For the first time, all 6 locations also did a Christmas eve service! Weekly, we schedule full worship teams for all of our locations. We are always eager to build, create and develop our Music team volunteers through weekly training and rehearsals. We are building for our future and for the generations of worshippers to come.



Service Teams

Our Teams include many incredible areas of volunteerism such as Ushers, Greeters, Parking, Security, Bus Drivers Shakers & Movers, Green Thumbs, Helping Hands, and Medical Teams plus new this year “Acts of Kindness” (furniture to needy) As your first impressions are very important to all of us - from the moment you enter our property (grounds keeping and our parking crew), to entering our well maintain 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 & Ladies Sports (winter & 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

This year, we opened a new coffee shop in Calgary - 924 Coffee is a stunning space where our church can build relationships between services and our teams can meet during the week. It has given us an opportunity to meet our new guests and build on our culture of community.

Among all our great yearly special events, we have also had the privilege of being involved in our new Business and Leadership events which we have done throughout the year. These monthly events has brought in 100's of business leaders across our city and given them an opportunity to learn great business principles from Pastor Leon and networked together.

On a weekly basis, in all of our coffee shops and in our outreach events across our locations, we love being part of creating the atmosphere and culture of Springs Church. We enjoy seeing more and more people connecting with one another in our lounges, building relationships and creating community. It has been an incredible year and we are looking forward to all the amazing things God continues to have in store for us.





Stay N' Play

Springs Kids loves to connect community and church by hosting a weekly drop in play group for kids and parents. Parents bring their kids ages 0 – 5 years to Stay 'N Play to enjoy coffee and meet new people or catch 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.



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 Spring 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.



Youth

2017 was a great 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 single 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. It is also a place that is relevant to the community, we have anywhere between 5-15 first time guests to youth each and every week. Not only is youth a great place for the students, but through youth, we've been able to raise up other young leaders on stage, behind the mic, and many different areas.

It is an amazing place of growth in many different areas for our student's volunteers and our adult volunteers. Our Springs Youth small groups ran weekly in 2017 on Wednesday evenings at 595. We have specific Small Groups for both guys & girls, where they take time weekly to re-cap and discuss Pastor Leon's (or whomever is speaking on Sun.) messages 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. Surprisingly a lot of our junior high girl's group are unchurched. Completely new to church, and God, but love the atmosphere at small groups.



Seniors Drop-In

Again this year, our Seniors Drop-in was a great success. The Drop-In Center was started not only for our awesome and faithful seniors at Springs but also as an outreach into our local community. We hold this event every second week and are very excited to see new people attending each time. We are so thankful for the team of volunteers that help to facilitate these times. We are looking forward to serving our seniors in the coming year with excellence, love and respect.

Twenty Somes

2017 for our Young Adults at Springs was all about building relationships and community. We changed our monthly events late in the year which were a great success. We saw many guests attending who had never been to church before. What we love most about 20 Somes, is that it is a diverse cultural group. There are so many different people that attend! 20 Somes is so much more than just a church, It is an outreach and we would say that 30-40% of unchurched people attend every month. Relationships are made, good times are had, and 20 somes is turning into a large community of people that enjoy getting together! We are looking forward to 2018 being an even bigger and better year!



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.



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.

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.





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.



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.





SCA

Springs Christian Academy (SCA) is our Preschool through Grade 12 school. With approximately 378 Kindergarten to Grade 12 students and 55 Preschool students, our Mission Statement is to Pursue Christ. Pursue Excellence. Through education. In the 2017-2018 school year, we graduated 21 young men and women who 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, house teams, Movie production in the elementary, media training, volunteer opportunities, Christmas concerts, band concerts, arts department drama production, trip to Memphis, ski trips, ministry trips 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 grown into incredible men and women of God.





Sports

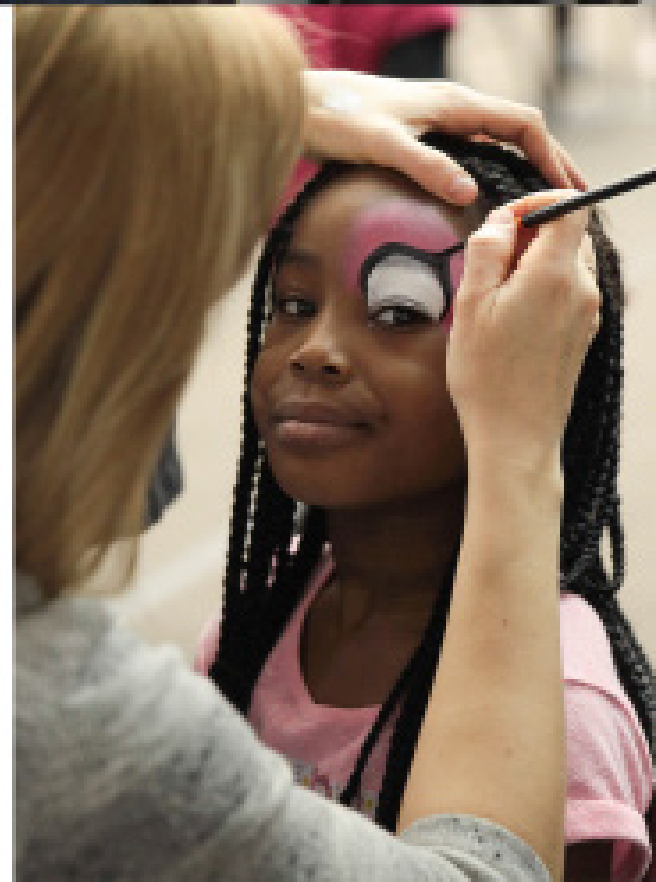
There is no better way to make new friend than playing a sport together. As a church we have organized several areas for years for our members and community alike. Gathering around their favourite sport; like Men's & Ladies Floor Hockey, Volleyball, Hockey, Baseball, Indoor/Outdoor Soccer, Cycling and Pickleball plus new Co-ed Zumba. Keeping active is always on everyone's mind and that opportunity is there through Springs Sports.



Family Fun Day

On Monday, February 19 (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 and 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!

**Cool stat
goes here**





Car Fest 2017

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 a drag car starting its 3400 hp engines (you can feel this throughout your entire body) to Classic Muscle cars to Ferrari and Lamborghinis. We even had something for the whole family to do; while dads looked at cars, kids had everything from bouncers to car paint shop and reptile zoo and don't forget mini car town to keep them entertained.



Golf Classic

In September of 2017 we once again hosted our charity men's golf tournament, the 19th annual "Springs Golf Classic," held at Bridges Golf Course. Our 146 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 and dinner at the same time supporting a very worth-while cause. We raised enough money this year to buy Inner City another new to us School Bus from picking up the youth.

**RAISED ENOUGH MONEY TO
PURCHASE A BUS FOR OUR
INNER CITY YOUTH PROGRAM**

Television

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.



MISSIONS

Missions are close to the heart of Springs Church, and each month we financially support one of these four ministries from around the world.

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.

Inner City

Everything we do at Springs Inner City has the same end goal in mind. It is to lead people into a real relationship with Jesus and to empower people to live beyond the circumstances they see all around them. We do this through our food programs, kids/youth services, and Sunday church service. Every Wednesday morning our basement is packed out with people eating breakfast and hearing a message specifically designed to help them overcome whatever situation they're struggling with. On Thursdays we have over 300 families that we help bi-weekly with groceries. We meet their felt needs and share an encouraging message. On Fridays, our 4 buses are filled with kids and youth that are picked up right from their homes for our 1 hour services. We are reshaping our Inner-city by mentoring and discipling the next generation and are seeing incredible changes in whole family units. We hear often that this is the highlight of their week. It's the one thing they can look forward to and count on. Location is key when it comes to our Sunday services. Almost no one in our congregation has vehicles, so we bring our life giving, Spirit Contemporary message from our senior pastor right to their neighborhood. We also have our annual Summer Community Carnival and kids and youth Christmas parties. This past year we had 353 kids and youth at our Christmas Parties and 1414 people at our Community Carnival. It is exciting to see what God has done in the last 20 years and we know there is so much more ahead.





Watoto

Watoto's mandate, under the leadership of Gary and Marilyn Skinner, is to "Rescue a child, raise a leader and rebuild a nation." Every few months we take up special offerings for this ministry. We are so excited to be able to give our support to them each year.

**How much did SCA raise
for Watoto?**



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. Once every few months we take up a mission offering for this ministry. We truly support the incredible work they are doing in India.



SPRINGS

CHURCH

Winnipeg

595 Lagimodiere Blvd

Winnipeg

725 Lagimodiere Blvd

Winnipeg

648 Burrows Ave - Inner City

Calgary

924 Heritage Dr SW

STEINBACH

179 Chapel Dr

SELKIRK

479 Eveline St



A dark teal circle is centered on a white background. Inside the circle, the text "SPRINGS CHURCH" is at the top, "FINANCIAL INFORMATION" is in the middle in a larger, bold font, and "2017" is at the bottom.

SPRINGS
CHURCH

**FINANCIAL
INFORMATION**

2017

Springs Church – A Commitment to Maintain Trust (2017)

- 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 2017, Springs Church expensed 81.2% 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 91.3% of total expenditures on our programs and services.
- During 2017, Springs Church spent about 4.3% 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 2017, Springs Church salaries accounted for 42.5% of total revenue (\$4.47 million in wages and benefits for 62 full-time and 22 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, 2017



KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada
Telephone (306) 791-1200
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, 2017, 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, 2017, 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.

KPMG LLP

Chartered Professional Accountants

April 3, 2018

Winnipeg, Canada

SPRINGS OF LIVING WATER CENTRE INC.

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

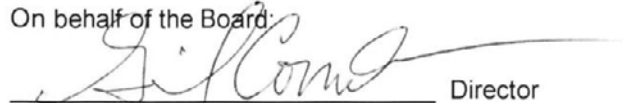
	2017	2016
Assets		
Current assets:		
Cash	\$ 2,542,926	\$ 2,218,618
Due from related party (note 3)	507,344	204,682
GST and other receivables	41,367	85,127
Inventory	66,916	75,910
Prepaid expenses and deposits	29,272	39,227
	3,187,825	2,623,564
Due from related party (note 3)	92,276	92,276
Charitable remainder trust (note 4)	–	40,000
Capital assets (note 5)	21,707,370	22,412,080
	\$ 24,987,471	\$ 25,167,920

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 331,955	\$ 450,507
Current portion of long-term debt (note 7)	974,032	945,106
	1,305,987	1,395,613
Long-term debt (note 7)	5,299,906	6,269,152
Deferred contributions related to capital assets (note 8)	6,248,890	6,287,796
Net assets	12,132,688	11,215,359
	\$ 24,987,471	\$ 25,167,920

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, 2017, with comparative information for 2016

	2017	2016
Revenue:		
General offerings	\$ 8,941,590	\$ 8,659,052
Building revenue	693,192	695,692
Amortization of deferred contributions	407,012	423,127
Books, tapes and other revenue	264,686	230,050
In-house ministries	197,715	184,204
Interest income	14,252	17,409
	10,518,447	10,209,534
Expenses:		
In-house ministries	4,452,843	4,522,726
Administration (schedule)	1,840,940	1,924,115
Buildings (schedule)	1,323,848	1,366,266
Amortization of capital assets (note 5)	1,059,116	1,082,257
Missions	735,042	944,243
Books, tapes and other expenses	189,329	175,723
	9,601,118	10,015,330
Excess of revenue over expenses	917,329	194,204
Net assets, beginning of year	11,215,359	11,021,155
Net assets, end of year	\$ 12,132,688	\$ 11,215,359

See accompanying notes to consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Consolidated Statements of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses for the year	\$ 917,329	\$ 194,204
Items not involving cash:		
Amortization of capital assets	1,059,116	1,082,257
Amortization of deferred contributions	(407,012)	(423,127)
Changes in non-cash working capital balances:		
Due from related party	(302,662)	(156,451)
GST and other receivables	43,760	(34,248)
Inventory	8,994	(3,211)
Prepaid expenses and deposits	9,955	13,386
Accounts payable and accrued liabilities	(118,552)	(91,758)
	1,210,928	737,503
Investing activities:		
Purchase of capital assets	(354,406)	(1,073,075)
Charitable remainder trust	40,000	-
	(314,406)	(1,073,075)
Financing activities:		
Repayment of long-term debt	(940,320)	(925,939)
Capital contributions	368,106	354,395
	(572,214)	(571,544)
Increase (decrease) in cash	324,308	(1,063,567)
Cash, beginning of year	2,218,618	3,282,185
Cash, end of year	\$ 2,542,926	\$ 2,218,618

See accompanying notes to consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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 presentation:

The consolidated financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(b) Basis of consolidation:

The consolidated financial statements for the year ended December 31, 2017 include the accounts of the Church and its wholly-owned subsidiary, SC Holdings Ltd.

(c) 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.

(d) 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, 2017

2. Significant accounting policies (continue):

(e) 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.

(f) 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, 2017

2. Significant accounting policies (continue):

(g) 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.

(h) 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.

(i) 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, 2017

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, 2017 and 2016 are as follows:

	2017	2016
Total assets	\$ 1,644,831	\$ 2,231,826
Total liabilities	1,133,906	1,342,667
Net assets	510,925	889,159
Total revenues	4,937,850	5,128,565
Total expenses	5,316,084	5,560,926
Cash flows from operating activities	(602,237)	(236,800)
Cash flows from investing activities	(493,767)	(277,477)
Cash flows from financing activities	152,524	(5,550)

The amounts due from the School are as follows:

	2017	2016
Current amount	\$ 507,344	\$ 204,681
Long-term amount	92,276	92,276
	\$ 599,620	\$ 296,958

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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. During the year, the Church received \$40,000 from the Trust after the donor's death.

5. Capital assets:

		2017		2016
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 6,044,557	\$ –	\$ 6,044,557	\$ 6,044,557
Buildings	23,280,103	9,175,954	14,104,149	14,466,368
Traffic signals	154,824	83,589	71,235	74,147
Parking lots and grounds	2,661,073	1,825,393	835,680	895,792
Furniture and equipment	2,150,989	1,623,195	527,794	790,991
Computer equipment	53,509	26,799	26,710	8,455
Vehicle	555,086	457,841	97,245	131,770
	\$ 34,900,141	\$ 13,192,771	\$ 21,707,370	\$ 22,412,080

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2017 are government remittances payable of \$54,583 (2016 - \$53,865) 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, 2017

7. Long-term debt:

The long-term debt consists of the following:

	2017	2016
Commercial loan payable to Assiniboine Credit Union (ACU), secured by first charge debenture on land and building and a variable rate demand promissory note, bearing interest at 3.60% (4.20% starting March 8, 2018), repayable in blended weekly payments of \$6,000, due March 11, 2022	\$ 3,515,213	\$ 3,697,656
Commercial loan payable to ACU, secured by first charge debenture on land and building, bearing interest at prime plus 0.25%, repayable in blended weekly payments of \$3,815, due July 31, 2027	1,026,733	1,190,410
Commercial mortgage payable to ACU, 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	615,469	840,666
Commercial mortgage payable to ACU, 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	1,116,523	1,485,526
	6,273,938	7,214,258
Less current portion	974,032	945,106
Balance, end of year	\$ 5,299,906	\$ 6,269,152

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

2018	\$ 974,032
2019	1,009,615
2020	853,760
2021	400,338
2022	410,314
Thereafter	2,625,879
	\$ 6,273,938

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Deferred contributions related to capital assets:

	Building	Equipment	2017 Total	2016 Total
Balance, beginning of year	\$ 5,514,350	\$ 773,446	\$ 6,287,796	\$ 6,356,528
Add: capital contributions	261,707	106,399	368,106	354,395
	5,776,057	879,845	6,655,902	6,710,923
Less amounts amortized to revenue	(231,043)	(175,969)	(407,012)	(423,127)
Balance, end of year	\$ 5,545,014	\$ 703,876	\$ 6,248,890	\$ 6,287,796

9. Commitments:

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

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 (2016 - \$660,000) of rental revenue received from the School, a related organization. Missions expense includes a donation of \$420,000 (2016 - \$300,000) 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, 2017

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 \$25,244 (2016 - \$2,149) 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:

	2017	2016
Related party transactions billed to The Miracle Channel for expenses incurred by the Church:		
TV production costs	\$ 134,260	\$ 171,680
Rent	36,705	39,304
Travel	13,904	28,488
Management consulting	—	56,050
	\$ 184,869	\$ 295,522
Related party transactions paid to The Miracle Channel and recorded as expenses by the Church:		
Donations to The Miracle Channel	\$ 57,405	\$ 50,923
The Miracle Channel expenses reimbursed by the Church	3,235	27,151
Rent	2,000	—
Airtime and closed captioning	—	74,890
	\$ 62,640	\$ 152,964

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.

SPRINGS OF LIVING WATER CENTRE INC.

Schedule - Administration Expense

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Adverting and promotion	\$ 8,761	\$ 4,348
Interest and bank charges	127,329	106,849
Interest on long-term debt	239,851	275,920
Office, printing and postage	351,340	331,003
Professional and consultant fees	98,996	82,879
Telecommunications	143,741	182,060
Vehicle and travel	351,689	479,509
Wages and benefits	519,233	461,547
	\$ 1,840,940	\$ 1,924,115

Schedule - Building Expense

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Grounds and storage	\$ 149,045	\$ 167,842
Insurance	54,996	57,117
Property taxes	214,131	241,242
Repairs and maintenance	451,678	458,798
Utilities	453,998	441,267
	\$ 1,323,848	\$ 1,366,266

See accompanying notes to consolidated financial statements.