

Consolidated Financial Statements of

**SPRINGS OF LIVING WATER
CENTRE INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Springs of Living Water Centre Inc.

Opinion

We have audited the consolidated financial statements of Springs of Living Water Centre Inc. (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of operations and net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

May 4, 2025

SPRINGS OF LIVING WATER CENTRE INC.

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023


	2024	2023
Assets		
Current assets:		
Cash	\$ 5,081,517	\$ 4,530,726
Short -term investments (note 3)	—	3,000,000
GST and other receivables	194,212	192,387
Inventory	67,538	69,596
Prepaid expenses and deposits	30,614	114,695
	5,373,881	7,907,404
Due from related party (note 4)	312,153	841,276
Capital assets (note 5)	33,438,797	20,289,706
	\$ 39,124,831	\$ 29,038,386

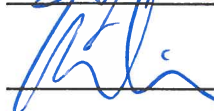
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 2,703,537	\$ 1,018,676
Long-term debt (note 7)	3,475,000	—
Deferred contributions related to capital assets (note 8)	9,091,586	5,183,635
	15,270,123	6,202,311
Net assets	23,854,708	22,836,075
Commitments (note 9)		
	\$ 39,124,831	\$ 29,038,386

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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
General offerings	\$ 9,773,620	\$ 11,271,634
Building revenue	688,292	687,792
Books, tapes and other revenue	427,945	386,457
Amortization of deferred capital contributions (note 8)	387,832	319,656
In-house ministries	348,549	208,186
Interest income	182,318	144,382
Gain on sale of capital assets	921,864	649
	<u>12,730,420</u>	<u>13,018,756</u>
Expenses:		
In-house ministries	6,057,097	5,403,890
Buildings (schedule)	1,760,963	1,921,551
Administration (schedule)	1,811,165	1,629,657
Missions	947,462	805,135
Amortization of capital assets	798,065	785,081
Books, tapes and other expenses	337,035	305,892
	<u>11,711,787</u>	<u>10,851,206</u>
Excess of revenue over expenses	1,018,633	2,167,550
Net assets, beginning of year	22,836,075	20,668,525
Net assets, end of year	<u>\$ 23,854,708</u>	<u>\$ 22,836,075</u>

See accompanying notes to consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses for the year	\$ 1,018,633	\$ 2,167,550
Items not involving cash:		
Amortization of capital assets	798,065	785,081
Amortization of deferred capital contributions	(387,832)	(319,656)
Gain on sale of capital assets	(921,864)	(649)
Changes in non-cash working capital balances:		
GST and other receivables	(1,825)	1,831,654
Inventory	2,058	963
Prepaid expenses and deposits	84,081	(88,135)
Due from related party	529,123	128,266
Accounts payable and accrued liabilities	1,684,861	149,215
	2,805,300	4,654,289
Investing activities:		
Sale of short-term investments	3,000,000	(3,000,000)
Purchase of capital assets	(14,147,472)	(856,562)
Proceeds from disposal of capital assets	1,122,180	1,121
	(10,025,292)	(3,855,441)
Financing activities:		
Long-term debt	3,475,000	(1,045,833)
Capital contributions	4,295,783	204,170
	7,770,783	(841,663)
Increase (decrease) in cash	550,791	(42,815)
Cash, beginning of year	4,530,726	4,573,541
Cash, end of year	\$ 5,081,517	\$ 4,530,726

See accompanying notes to consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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, 2024 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, including general offerings, are recognized as revenue when received. Building revenue consists of rent that is earned on a monthly basis. Books, tapes and other revenue primarily relates to concession sales and is recognized at the time the sale is made.

(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, 2024

2. Significant accounting policies (continued):

(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
Vehicles	Declining balance	30% per annum

The cost and related accumulated amortization of furniture and equipment and computer equipment that are fully amortized and are no longer in use are removed from the statement of financial position.

Assets under construction are not subject to amortization until the development is complete.

(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, furniture 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
Furniture and equipment	Straight-line	5 years

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(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 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.

(i) Use of estimates:

The preparation of the consolidated 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 consolidated 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.

3. Short-term investments:

Short term investments consist of a guaranteed investment certificate with a rate of 4.7% that matured in March 2024 (2023 - 4.7%).

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Controlled and related organizations:

The Church controls 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, 2024 and 2023 are as follows:

	2024	2023
Total assets	\$ 4,602,409	\$ 4,193,023
Total liabilities	1,914,716	2,282,991
Net surplus	2,687,693	1,910,032
Total revenues	9,349,974	8,433,711
Total expenses	8,572,313	7,096,708
Cash flows from operating activities	1,767,858	1,067,148
Cash flows from investing activities	(1,596,687)	(1,276,826)
Cash flows from financing activities	(484,728)	43,761

The amounts due from the School are non-interest bearing and have no specific terms of repayment:

	2024	2023
Due from related parties	\$ 312,153	\$ 841,276

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 5,960,532	\$ —	\$ 5,960,532	\$ 6,032,557
Buildings	24,824,963	12,755,105	12,069,858	12,329,791
Traffic signals	154,824	101,011	53,813	56,013
Parking lots and grounds	3,007,631	2,279,343	728,288	789,157
Furniture and equipment	1,145,372	857,458	287,914	394,932
Computer equipment	149,690	118,882	30,808	42,812
Vehicles	854,312	587,448	266,864	236,941
Assets under construction	14,040,720	—	14,040,720	407,503
	\$ 50,138,044	\$ 16,699,247	\$ 33,438,797	\$ 20,289,706

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2024 are payables in are government remittances payable of \$74,629 (2023 - \$61,861) relating to payroll taxes, health taxes and workers safety insurance.

7. Long-term debt:

The Church has an outstanding loan payable during the current period.

	2024	2023
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 prime plus 0.35%, repayable in monthly interest only payments, due December 2026.	\$ 3,475,000	\$ —

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Deferred contributions related to capital assets:

	Building	Furniture and Equipment	2024 Total	2023 Total
Balance, beginning of year	\$ 4,686,019	\$ 497,616	\$ 5,183,635	\$ 5,299,121
Add: capital contributions	4,295,783	—	4,295,783	204,170
	8,981,802	497,616	9,479,418	5,503,291
Less: amounts amortized to revenue	288,309	99,523	387,832	319,656
Balance, end of year	\$ 8,693,493	\$ 398,093	\$ 9,091,586	\$ 5,183,635

9. Commitments:

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

2025	\$ 34,260
2026	22,552

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:

Included in building revenue in the consolidated statement of operations is \$660,000 (2023 - \$660,000) of rental revenue received from the School, a related organization. Missions expense includes a donation of \$360,000 (2023 - \$360,000), which includes \$360,000 rent 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, 2024

12. Risk management:

The Church, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: liquidity risk, credit risk and interest rate risk. These risks have not changed significantly since the prior year.

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 forecasts 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 large, provincially, and federally regulated financial institutions in Canada and the Church's receivables are actively reviewed and collected, 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.

SPRINGS OF LIVING WATER CENTRE INC.

Schedule - Building Expense

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Grounds and storage	\$ 177,843	\$ 183,183
Insurance	86,218	81,601
Property taxes	195,104	191,086
Repairs and maintenance	817,641	753,365
Utilities	484,157	712,316
	<u>\$ 1,760,963</u>	<u>\$ 1,921,551</u>

Schedule - Administration Expense

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Adverting and promotion	\$ 10,816	\$ 10,502
Interest and bank charges	114,667	60,597
Interest on long-term debt	24,771	6,886
Office, printing and postage	350,252	304,035
Professional and consultant fees	45,254	58,672
Telecommunications	114,274	122,236
Vehicles and travel	321,470	385,639
Wages and benefits	829,661	681,090
	<u>\$ 1,811,165</u>	<u>\$ 1,629,657</u>