SPRINGS OF LIVING WATER CENTRE INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

INDEPENDENT AUDITORS' 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 "Church"), which comprise the consolidated statement of financial position as at December 31, 2025, 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 Church as at December 31, 2025, and the results of its consolidated 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Church 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 Church'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 Church or cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 these financial statements.

INDEPENDENT AUDITORS' REPORT, cont'd

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 risk 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 Church'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 Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Church 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.

We 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.

Other Matter

The consolidated financial statements of Springs of Living Water Centre Inc. for the year ended December 31, 2024 were audited by another practitioner who expressed an unmodified conclusion on those financial statements on May 4, 2025.

Parker Clark

Winnipeg, Manitoba
March 24, 2026

Chartered Professional Accountants

SPRINGS OF LIVING WATER CENTRE INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

Assets	2025	2024
Current assets		
Cash	$ 4,941,581	$ 5,081,517
GST and other receivables	447,407	194,212
Inventory	74,869	67,538
Prepaid expenses and deposits	55,152	30,614
	5,519,009	5,373,881
Due from related party (note 3)	232,874	312,153
Capital assets (note 4)	58,265,261	33,438,797
	$ 64,017,144	$ 39,124,831

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued liabilities (note 5)	$ 3,284,675	$ 2,703,537
Long-term debt (note 6)	20,930,995	3,475,000
Deferred contributions related to capital assets (note 7)	14,116,689	9,091,586
	38,332,359	15,270,123
Net assets	25,684,785	23,854,708
	$ 64,017,144	$ 39,124,831

Approved on behalf of the Board

______________________ Director

______________________ Director

SPRINGS OF LIVING WATER CENTRE INC.

CONSOLIDATED STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Revenue		
General offerings	$ 10,652,329	$ 9,773,620
Gain on sale of capital assets	1,367,018	921,864
Building revenue (note 8)	739,192	688,292
Books, tapes and other revenue	475,811	427,945
In-house ministries	418,518	348,549
Amortization of deferred capital contributions (note 7)	255,528	387,832
Interest income	35,037	182,318
	13,943,433	12,730,420
Expenses		
In-house ministries	6,227,939	6,057,097
Administrative (schedule)	2,216,534	1,811,165
Buildings (schedule)	1,512,626	1,760,963
Missions (note 8)	1,031,943	947,462
Amortization of capital assets	739,602	798,065
Books, tapes and other expenses	384,712	337,035
	12,113,356	11,711,787
Excess of revenue over expenses	1,830,077	1,018,633
Net assets, beginning of year	23,854,708	22,836,075
Net assets, end of year	$ 25,684,785	$ 23,854,708

SPRINGS OF LIVING WATER CENTRE INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Cash flows from operating activities		
Excess of revenue over expenses	$ 1,830,077	$ 1,018,633
Items not involving a current outlay of cash		
Amortization of capital assets	739,602	798,065
Amortization of deferred capital contributions	(255,528)	(387,832)
Gain on sale of capital assets	(1,367,018)	(921,864)
	947,133	507,002
Net change in non-cash working capital balances		
GST and other receivables	(253,195)	(1,825)
Inventory	(7,331)	2,058
Prepaid expenses and deposits	(24,538)	84,081
Due from related party	79,279	529,123
Accounts payable and accrued liabilities	581,138	1,684,861
	1,322,486	2,805,300
Cash flows from investing activities		
Sale of short-term investments	-	3,000,000
Purchases of capital assets	(26,958,871)	(14,147,472)
Proceeds on disposal of capital assets	2,759,823	1,122,180
	(24,199,048)	(10,025,292)
Cash flows from financing activities		
Proceeds from long-term debt	19,127,712	3,475,000
Repayment of long-term debt	(1,671,717)	-
Capital contributions	5,280,631	4,295,783
	22,736,626	7,770,783
Increase (decrease) in cash	(139,936)	550,791
Cash, beginning of year	5,081,517	4,530,726
Cash, end of year	$ 4,941,581	$ 5,081,517

SPRINGS OF LIVING WATER CENTRE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. General

Springs of Living Water Centre Inc. (the "Church") was 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

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

a) Basis of consolidation

The consolidated financial statements for the year ended December 31, 2025 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, 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.

c) Inventory

Inventory is valued at the lower of cost and net realizable value.

SPRINGS OF LIVING WATER CENTRE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. Significant accounting policies, continued

d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization of capital assets is provided using the following methods and rates intended to amortize the cost of the assets over their estimated useful lives:

Buildings	4%	declining balance
Traffic signals	4%	declining balance
Parking lots and grounds	8%	declining balance
Furniture and equipment	5 years	straight line
Computer equipment	5 years	straight line
Vehicles	30%	declining balance

The cost and related 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.

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 buildings, furniture and equipment. Amortization of the deferred contributions has been provided for using the following rates and methods which will amortize the contributions to income under the estimated useful life of the related capital asset.

Buildings	4%	declining balance
Furniture and equipment	5 years	straight line

f) Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net income for the current period.

SPRINGS OF LIVING WATER CENTRE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include allowance for doubtful accounts and estimated useful lives of capital assets. Actual results could differ from these estimates, as additional information becomes available in the future.

i) Financial instruments

Measurement of financial instruments
The Church initially measures its financial assets and liabilities at fair value. The Church subsequently measures all its financial assets and financial liabilities at amortized cost, unless management has elected to carry any such financial instruments at fair value. Financial assets measured at amortized cost include GST and other receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Impairment
Financial assets are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

SPRINGS OF LIVING WATER CENTRE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. Due from related party

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, 2025 and 2024 are as follows:

	2025	2024
Total assets	$ 5,614,610	$ 4,602,409
Total liabilities	1,765,218	1,914,716
Net surplus	3,849,392	2,687,693
Total revenues	10,564,546	9,349,974
Total expenses	9,402,847	8,572,313
Cash flows from operating activities	1,984,137	1,767,858
Cash flows from investing activities	(235,165)	(1,596,687)
Cash flows from financing activities	(365,084)	(484,728)

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

	2025	2024
Due from related party	$ 232,874	$ 312,153

SPRINGS OF LIVING WATER CENTRE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. Capital assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 5,644,632	$ -	$ 5,960,532	$ -
Buildings	22,805,572	11,944,708	24,824,963	12,755,105
Traffic signals	154,824	103,124	154,824	101,011
Parking lots and grounds	2,924,304	2,276,793	3,007,631	2,279,343
Furniture and equipment	964,388	774,403	1,145,372	857,458
Computer equipment	54,367	34,432	149,690	118,882
Vehicles	778,343	492,935	854,312	587,448
Assets under construction	40,565,226	-	14,040,720	-
	$ 73,891,656	$ 15,626,395	$ 50,138,044	$ 16,699,247
Cost less accumulated amortization		$ 58,265,261		$ 33,438,797

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities as at December 31, 2025 are government remittances payable of $69,031 (2024 - $74,926) relating to provincial sales taxes, payroll taxes, and health taxes.

6. Long-term debt

	2025	2024
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.	$ 20,930,995	$ 3,475,000

In December 2026, the loan will convert to a term loan with principal and interest payments and will be amortized over a maximum of 240 months.

SPRINGS OF LIVING WATER CENTRE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

7. Deferred contributions related to capital assets

	Building	Furniture and Equipment	2025	2024
Balance, beginning of year	$ 8,693,493	$ 398,093	$ 9,091,586	$ 5,183,635
Add: capital contributions	5,280,631	-	5,280,631	4,295,783
	13,974,124	398,093	14,372,217	9,479,418
Less: amounts amortized to revenue	175,909	79,619	255,528	387,832
Balance, end of year	$ 13,798,215	$ 318,474	$ 14,116,689	$ 9,091,586

8. Related party transactions

Included in building revenue in the consolidated statement of operations is $660,000 (2024 - $660,000) of rental revenue received from the School, a related organization. Missions expense includes a donation of $360,000 (2024 - $360,000), which includes $360,000 of rent that the Church donated back to the School. These transactions were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Lease commitments

The Church leases equipment and a vehicle. The minimum lease payments are as follows:

2026	$ 23,966

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 0.50 percent. No amount has been advanced on this line of credit as at December 31, 2025.

SPRINGS OF LIVING WATER CENTRE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11. Financial instruments

Risks and concentrations

The Church is exposed to various risks through its financial instruments. The following analysis provides for a measure of the Church's risk exposure and concentrations at December 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. 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 one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Church's main risk relates to its cash and receivables. The Church's cash is held with large, provincially, and federally regulated financial insitutions 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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Church is exposed to interest rate risk on its long-term debt which has a variable interest rate.

12. Subsequent event

Subsequent to year-end, the Church entered into an agreement to sell a property with a net book value of $502,760.

SPRINGS OF LIVING WATER CENTRE INC.

SCHEDULE - ADMINISTRATIVE EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Advertising and promotion	$ 226	$ 10,816
Interest and bank charges	63,567	114,667
Interest on long-term debt	654,252	24,771
Office, printing and postage	345,760	350,252
Professional and consultant fees	38,525	45,254
Telecommunications	77,712	114,274
Vehicles and travel	331,034	321,470
Wages and benefits	705,458	829,661
	$ 2,216,534	$ 1,811,165

SCHEDULE - BUILDINGS EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Grounds and storage	$ 126,862	$ 177,843
Insurance	79,940	86,218
Property taxes	249,402	195,104
Repairs and maintenance	552,317	817,641
Utilities	504,105	484,157
	$ 1,512,626	$ 1,760,963