

Non-Consolidated Financial Information of

**SPRINGS OF LIVING WATER
CENTRE INC.**

And Compilation Engagement Report thereon

Year ended December 31, 2021



COMPILATION ENGAGEMENT REPORT

To the Members of Springs of Living Water Centre Inc.

On the basis of information provided by management, we have compiled the non-consolidated statement of financial position of Springs of Living Water Centre Inc. as at December 31, 2021, the non-consolidated statement of operations and net assets for the year then ended, and the notes to the non-consolidated financial information, which describe the basis of accounting applied in the preparation of the compiled financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

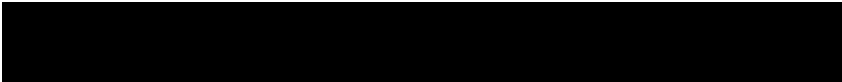

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion or provide any form of assurance on the financial information.

Readers are cautioned that the financial statements may not be appropriate for their purposes.



Chartered Professional Accountants

Winnipeg, Canada



SPRINGS OF LIVING WATER CENTRE INC.

Non-Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 4,327,398	\$ 2,843,620
Due from related party (note 4)	1,202,320	1,186,026
GST and other receivables	33,485	107,037
Inventory	69,242	66,356
Prepaid expense and deposits	24,377	39,160
	<u>5,656,822</u>	<u>4,242,199</u>
Investment in SC Holdings Ltd.	846,376	838,776
Capital assets (note 5)	20,373,628	20,624,169
	<u>\$ 26,876,826</u>	<u>\$ 25,705,144</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 877,534	\$ 856,993
Current portion of long-term debt	1,103,114	1,086,414
	<u>1,980,648</u>	<u>1,943,407</u>
Long-term debt (note 6)	1,132,954	2,237,073
Deferred contributions related to capital assets (note 7)	5,472,937	5,720,757
Net assets	18,290,287	15,803,907
	<u>\$ 26,876,826</u>	<u>\$ 25,705,144</u>

See accompanying notes to non-consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Non-Consolidated Statement of Operations and Net Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
General offerings	\$ 11,199,381	\$ 9,524,371
Building revenue	691,592	692,692
Government funding	—	560,423
Amortization of deferred contributions	336,853	392,328
Books, tapes and other revenue	205,663	196,544
In-house ministries	81,596	99,966
Interest income	16,570	11,946
	12,531,655	11,478,270
Expenses:		
In-house ministries	4,868,202	4,935,783
Administration (schedule)	1,728,409	1,805,709
Buildings (schedule)	1,485,048	1,452,829
Missions	993,314	1,014,576
Amortization of capital assets	809,592	793,517
Books, tapes and other expenses	160,710	149,868
Loss on sale of capital assets	—	30,876
	10,045,275	10,183,158
Excess of revenue over expenses	2,486,380	1,295,112
Net assets, beginning of year	15,803,907	14,508,795
Net assets, end of year	\$ 18,290,287	\$ 15,803,907

See accompanying notes to non-consolidated financial statements.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Non-Consolidated Financial Information

Year ended December 31, 2021

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. Basis of presentation:

The basis of accounting applied in the preparation of the financial information is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accounts receivable less an allowance for doubtful accounts;
- Capital assets are amortized over their useful life;
- Accounts payable and accrued liabilities;
- Deferred contributions related to capital assets are recorded at the fair value at time of receipt and amortized over the useful life of the related asset.

3. Non-consolidation:

The non-consolidated financial information has been prepared using the cost method to record the Church's investment in its wholly-owned subsidiary company, SC Holdings Ltd., using the cost method of accounting. In addition, separate audited consolidated financial statements of the Church have also been prepared.

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Non-Consolidated Financial Information (continued)

Year ended December 31, 2021

4. Controlled and related organizations:

(a) Due from Springs of Living Water Christian Academy Incorporated:

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 amounts due from the School is as follows:

	2021	2020
Current amount	\$ 1,202,320	\$ 1,186,026

(b) Investment in SC Holdings Ltd.:

The Church's investments in SC Holdings Ltd. consist of the following:

	2021	2020
Loan advances	\$ 494,749	\$ 487,150
Shares	351,627	351,627
	\$ 846,376	\$ 838,777

5. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 5,646,642	\$ —	\$ 5,646,642	\$ 5,646,642
Buildings	24,483,098	11,289,240	13,193,858	13,513,123
Traffic signals	154,824	94,138	60,686	63,167
Furniture and equipment	931,962	467,568	464,394	370,950
Parking lots and grounds	3,007,631	2,081,051	926,580	909,763
Computer equipment	122,307	81,950	40,357	64,818
Vehicles	432,163	391,052	41,111	55,706
	\$ 34,778,627	\$ 14,404,999	\$ 20,373,628	\$ 20,624,169

SPRINGS OF LIVING WATER CENTRE INC.

Notes to Non-Consolidated Financial Information (continued)

Year ended December 31, 2021

6. Long-term debt:

The long-term debt consists of the following:

	2021	2020
Commercial loan payable to [REDACTED] secured by first charge debenture on land and building and a variable rate demand promissory note, bearing interest at prime +0.25% repayable in blended weekly payments of \$23,000, due October 2033	\$ 2,098,664	\$ 2,831,517
Commercial loan payable to [REDACTED] 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	137,404	491,970
	2,236,068	3,323,487
Less current portion	1,103,114	1,086,414
Balance, end of year	\$ 1,132,954	\$ 2,237,073

7. Deferred contributions related to capital assets:

	Building	Equipment	2021 Total	2020 Total
Balance, beginning of year	\$ 5,156,899	\$ 563,858	\$ 5,720,757	\$ 5,999,339
Add: capital contributions	—	89,033	89,033	113,746
	5,156,899	652,891	5,809,790	6,113,085
Less: amounts amortized to revenue	(206,275)	(130,578)	(336,853)	(392,328)
Balance, end of year	\$ 4,950,624	\$ 522,313	\$ 5,472,937	\$ 5,720,757

SPRINGS OF LIVING WATER CENTRE INC.

Schedule - Administration Expense

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Adverting and promotion	\$ 1,308	\$ 2,863
Interest and bank charges	114,634	99,843
Interest on long-term debt	110,939	152,304
Office, printing and postage	241,313	238,811
Professional and consultant fees	75,251	156,375
Telecommunications	142,639	138,028
Vehicles and travel	267,966	292,340
Wages and benefits	774,359	725,145
	<u>\$ 1,728,409</u>	<u>\$ 1,805,709</u>

Schedule - Building Expense

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Building rentals and grounds	\$ 268,556	\$ 206,947
Insurance	62,886	67,646
Property taxes	177,885	212,431
Repairs and maintenance	409,509	446,339
Utilities	566,212	519,466
	<u>\$ 1,485,048</u>	<u>\$ 1,452,829</u>