

**BAPTIST GENERAL CONFERENCE
IN ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

Mayfield Square I
10476 Mayfield Road
Edmonton, Alberta
T5P 4P4

Telephone: 780-489-9606
Toll Free: 1-877-489-9606
Fax: 780-484-9689
Email: hed@hed-edm.com

INDEPENDENT AUDITORS' REPORT

To the Directors
Baptist General Conference in Alberta
Edmonton, Alberta

We have audited the accompanying financial statements of the Baptist General Conference in Alberta (the "Conference"), which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Basis for Qualified Opinion

In common with many non-profit organizations, the Conference derives revenues from cash donations and fundraising activities, the completeness of which is not readily susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Conference, and we were not able to determine whether any adjustments might be necessary to excess (deficiency) of revenues over expenses, assets, liabilities and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Baptist General Conference in Alberta as at March 31, 2011 and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
June 1, 2011

HAWKINGS EPP DUMONT LLP
Chartered Accountants

Stony Plain Office
Suite 101, 5300 - 50 Street
PO Box 3188 Stn Main
Stony Plain, Alberta T7Z 1T8

Telephone: 780-963-2727
Fax: 780-963-1294
Email: email@hawkings.com

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

The management of Baptist General Conference in Alberta prepared these financial statements and is responsible for their reliability, completeness and integrity. They conform in all material respects to Canadian generally accepted accounting principles.

Management maintains the necessary accounting and internal control systems designed to ensure: the timely production of reliable and accurate financial information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The external auditors, appointed by the Board of Directors, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards. The Treasurer, the Trustee and management reviewed these financial statements with the external auditors in detail before recommending their approval to the Board of Directors.

Edmonton, Alberta
June 1, 2011

Roger Helland
District Manager

Corey Williams
Treasurer

BAPTIST GENERAL CONFERENCE IN ALBERTA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011

	<u>ASSETS</u>			
	<u>General Fund</u>	<u>Investment and Loan Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
Current Assets				
Cash	\$ 25,631	\$ 898,796	\$ 924,427	\$ 1,068,192
Accounts receivable	543	-	543	5,209
Accrued interest receivable	-	7,844	7,844	6,816
Prepaid expenses	411	-	411	441
Current portion of mortgages and loans receivable (Note 4)	<u>-</u>	<u>113,457</u>	<u>113,457</u>	<u>86,364</u>
	26,585	1,020,097	1,046,682	1,167,022
Mortgages and Loans Receivable (Note 4)	-	1,518,564	1,518,564	1,344,771
Property and Equipment (Note 5)	<u>114,882</u>	<u>-</u>	<u>114,882</u>	<u>108,546</u>
	<u>\$ 141,467</u>	<u>\$ 2,538,661</u>	<u>\$ 2,680,128</u>	<u>\$ 2,620,339</u>

The accompanying notes are an integral part of these financial statements.

BAPTIST GENERAL CONFERENCE IN ALBERTA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2011

	General <u>Fund</u>	Investment and Loan <u>Fund</u>	2011 <u>Total</u>	2010 <u>Total</u>
Revenue				
Donations - church	\$ 148,750	\$ -	\$ 148,750	\$ 159,144
Interest on mortgages and loans	38,343	62,374	100,717	85,473
Donations - other	26,212	-	26,212	28,370
Harvest Celebration	14,523	-	14,523	17,832
Deferred capital allocation	3,921	-	3,921	3,138
Interest	769	2,193	2,962	2,301
Seminars	<u>2,042</u>	<u>-</u>	<u>2,042</u>	<u>1,640</u>
	<u>234,560</u>	<u>64,567</u>	<u>299,127</u>	<u>297,898</u>
Expenses				
Salaries and benefits	130,187	-	130,187	123,176
Interest on bonds	-	32,644	32,644	35,010
Travel and conference	16,623	-	16,623	17,487
Accounting and legal fees	14,755	-	14,755	6,594
Amortization	9,541	-	9,541	7,359
Accounting	6,821	-	6,821	8,811
Rent	6,000	-	6,000	6,000
Leadership development	5,022	-	5,022	6,882
Harvest Celebration	4,513	-	4,513	5,680
Telephone and utilities	3,660	-	3,660	3,560
Supplies and office	3,277	-	3,277	4,733
Insurance	2,771	-	2,771	2,608
Grant aid	1,875	-	1,875	13,750
Bank charges	474	-	474	526
Processing charge	-	51	51	2,967
Donation Lone Prairie Camp	-	-	-	35,549
Gain on disposal of property and equipment	(400)	-	(400)	-
Administration (recovery)	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
	<u>190,119</u>	<u>47,695</u>	<u>237,814</u>	<u>280,692</u>
Excess of Revenue over Expenses	\$ <u>44,441</u>	\$ <u>16,872</u>	\$ <u>61,313</u>	\$ <u>17,206</u>

BAPTIST GENERAL CONFERENCE IN ALBERTA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2011

	<u>General Fund</u>	<u>Loan Prairie Camp</u>	<u>Extension Fund</u>	<u>Investment and Loan Fund</u>	<u>Total</u>
INVESTED IN PROPERTY AND EQUIPMENT					
Balance, Beginning of Year	\$ 24,931	\$ -	\$ -	\$ -	\$ 24,931
Purchase of Property and Equipment	15,876	-	-	-	15,876
Transfer to Deferred Capital Allocation	(12,963)	-	-	-	(12,963)
Amortization of Deferred Capital Allocation	3,921	-	-	-	3,921
Amortization of Property and Equipment	<u>(9,541)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,541)</u>
Balance, End of Year	<u>\$ 22,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,224</u>
UNRESTRICTED (DEFICIENCY)					
Balance (Deficiency), Beginning of Year	\$ (6,354)	\$ -	\$ -	\$ 1,670,523	\$ 1,664,169
Excess of Revenue over Expenses for the Year	44,441	-	-	16,872	61,313
Purchase of Property and Equipment	(2,913)	-	-	-	(2,913)
Amortization of Property and Equipment	9,541	-	-	-	9,541
Amortization of Deferred Capital Allocation	<u>(3,921)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,921)</u>
Balance End of Year	<u>\$ 40,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,687,395</u>	<u>\$ 1,728,189</u>

The accompanying notes are an integral part of these financial statements.

BAPTIST GENERAL CONFERENCE IN ALBERTA
STATEMENT OF CHANGES IN NET ASSETS (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2010

	<u>General Fund</u>	<u>Loan Prairie Camp</u>	<u>Extension Fund</u>	<u>Investment and Loan Fund</u>	<u>Total</u>
INVESTED IN PROPERTY AND EQUIPMENT					
Balance, Beginning of Year	\$ 2,355	\$ 26,797	\$ -	\$ -	\$ 29,152
Purchase of Property and Equipment	16,067	-	-	-	16,067
Transfer to Deferred Capital Allocation	(16,067)	-	-	-	(16,067)
Amortization of Deferred Capital Allocation	3,138	-	-	-	3,138
Amortization of Property and Equipment	(7,359)	-	-	-	(7,359)
Interfund Transfers	<u>26,797</u>	<u>(26,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>\$ 24,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,931</u>
UNRESTRICTED (DEFICIENCY)					
Balance (Deficiency), Beginning of Year	\$ (7,832)	\$ -	\$ 873	\$1,649,701	\$1,642,742
Excess (Deficiency) of Revenue over Expenses for the Year	(3,616)	-	-	20,822	17,206
Amortization of Property and Equipment	7,359	-	-	-	7,359
Amortization of Deferred Capital Allocation	(3,138)	-	-	-	(3,138)
Interfund Transfers	<u>873</u>	<u>-</u>	<u>(873)</u>	<u>-</u>	<u>-</u>
Balance (Deficiency), End of Year	<u>\$ (6,354)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,670,523</u>	<u>\$1,664,169</u>

The accompanying notes are an integral part of these financial statements.

BAPTIST GENERAL CONFERENCE IN ALBERTA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
Operating Activities		
Working capital from operations:		
Excess of revenue over expenses	\$ 61,313	\$ 17,206
Amortization	9,541	7,359
Gain on disposal of property and equipment	<u>(400)</u>	<u>-</u>
	70,454	24,565
Changes in non-cash working capital balances related to operations:		
Accounts receivable	4,666	38,936
Accrued interest receivable	(1,028)	2,108
Prepaid expenses	30	2,469
Accounts payable and accrued liabilities	<u>1,246</u>	<u>(24,095)</u>
	<u>75,368</u>	<u>43,983</u>
Financing Activities		
Deferred contributions	(28,520)	(9,248)
New bonds issued	37,709	40,000
Redemption of bonds payable	(33,130)	(143,170)
Accrued interest on bonds payable	12,129	(5,254)
Deferred capital allocation, net	9,042	13,469
Proceeds on sale of property and equipment	<u>400</u>	<u>-</u>
	<u>(2,370)</u>	<u>(104,203)</u>
Investing Activities		
Purchase of property and equipment	(15,876)	(16,607)
New mortgages and loans advanced	(325,000)	(5,500)
Principal reduction in mortgages and loans	<u>124,113</u>	<u>269,287</u>
	<u>(216,763)</u>	<u>247,180</u>
Change in Cash and Cash Equivalents During the Year	(143,765)	186,960
Cash and Cash Equivalents, Beginning of Year	<u>1,068,192</u>	<u>881,232</u>
Cash and Cash Equivalents, End of Year	\$ <u>924,427</u>	\$ <u>1,068,192</u>
Cash and Cash Equivalents Represented by:		
Cash	\$ <u>924,427</u>	\$ <u>1,068,192</u>
Interest Received During the Year	\$ <u>102,452</u>	\$ <u>89,882</u>

The accompanying notes are an integral part of these financial statements.

BAPTIST GENERAL CONFERENCE IN ALBERTA

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

1. PURPOSE OF ORGANIZATION

The Baptist General Conference in Alberta (the "Conference") plants and grows worshipping, caring churches by disciple making in Alberta.

The Conference is incorporated under the *Religious Societies Land Act*.

2. ACCOUNTING POLICIES

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenue Recognition

The Conference follows the deferral method of accounting for contributions. Designated contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unspent contributions are recorded as deferred contributions until such time as the restriction has been removed. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized in revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Deferred capital allocation is recognized as revenue on a declining balance basis at 4% or 20%, being the estimated useful life of the related building asset or equipment.

(b) Funds

The General Fund accounts for the administrative activities of the Conference, including fund raising and promotion of its programs.

The Investment and Loan Fund borrows funds through bonds, mainly held by members of congregations associated with the Baptist General Conference in Alberta and lends these funds as loans for purposes of church building erection or extension. The Investment and Loan Fund also facilitates the planting of new congregations by grant aid.

(c) Use of Estimates

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and localities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations.

The work of the Conference is dependant on the voluntary service of many individuals. Since these services are not normally purchased by the Conference and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

(d) Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Additions are amortized at one half their normal rates in the year of acquisition. Amortization is provided using the declining balance method at the following annual rates:

Building	4%
Building improvements	10%
Computer equipment	100%
Equipment	20%

BAPTIST GENERAL CONFERENCE IN ALBERTA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

MARCH 31, 2011

2. ACCOUNTING POLICIES (CONT'D)

(d) Property and Equipment (continued)

Land and buildings are recorded at nominal values, as the original costs were not reasonably determinable.

(e) Long - lived Assets

Long-lived assets held and used by the Conference are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that the Conference expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes that there has been no impairment of the Conference's long-lived assets as at March 31, 2011.

(f) Financial Instruments - Recognition and Measurement

Financial assets must be classified as either held for trading ("HFT"), held to maturity ("HTM"), available-for-sale ("AFS"), or loans and receivables. Financial liabilities are classified as held for trading or other. Initially, all financial assets and financial liabilities must be recorded on the statement of financial position at fair value with subsequent measurement determined by the classification of each financial asset and liability.

HFT financial assets and financial liabilities are measured at fair value with the changes in fair value reported in the statement of operations. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading are measured at amortized cost. AFS financial assets are measured at fair value with changes in fair value reported in the statement of changes in net assets until realized through sale or other than temporary impairment.

Cash and restricted fund investments have been classified as HFT. Receivables have been classified as loans and receivables. Payable and accruals and long term liabilities have been classified as other financial liabilities

(g) Mortgages Receivable

Mortgages receivable are recorded at amortized cost using the effective interest rate method.

(h) Bonds Payable

Bonds payable are recorded at amortized cost using the effective interest rate method.

3. FUTURE ACCOUNTING CHANGES

The Canadian Institute of Chartered Accountants has released new accounting standards for not-for-profit organizations that are expected to be relevant to the corporation's financial statements for the fiscal year commencing January 1, 2012.

Section 1501, "First Time Adoption by Not-For-Profit Organizations", establishes standards for preparing transition financial statements and first time adoption considerations.

The impact of adopting these new standards has not yet been assessed and cannot be reasonably estimated at this time.

BAPTIST GENERAL CONFERENCE IN ALBERTA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

MARCH 31, 2011

4. MORTGAGES AND LOANS RECEIVABLE - INVESTMENT FUND

Details are as follows:

	<u>2011</u>	<u>2010</u>
Canyon Creek Church Christian Fellowship (Trinity Christian School), Calgary - 6% mortgage receivable, \$3,502 per month including principal and interest, maturing June 1, 2011	\$ 370,782	\$ 390,204
Castle Downs Baptist Church, Edmonton - 6% mortgage receivable, monthly payments interest only plus principal as available, maturing January 31, 2012	148,986	151,726
Ellerslie Road Baptist Church, Edmonton - 6% mortgage receivable, interest only payments due semi-annually maturing January 28, 2013	101,513	101,455
Lansdowne Chinese Baptist Church, Edmonton - 6% mortgage receivable, \$1,926 per month including principal and interest, maturing February 29, 2016	106,066	134,848
Sherwood Park Baptist Church, Sherwood Park - 6% mortgage receivable, \$1,341 per month including principal and interest, maturing January 31, 2012	7,496	26,539
Riverbend Baptist Church, Edmonton - 6% mortgage receivable, \$2,560 per month including principal and interest, maturing January 1, 2013	157,488	182,140
Canyon Creek Christian Fellowship, Calgary - 6% loan receivable, \$175 per month including principal and interest, maturing May 15, 2011	18,397	19,376
Baptist General Conference of Canada, 6% loan receivable, \$335 per month including principal and interest, maturing March 31, 2014	41,002	42,541
Baptist General Conference of Canada, 6% loan receivable, \$335 per month including principal and interest, maturing June 30, 2015	42,912	44,342
1st Apostolic Church of Grande Prairie, Grande Prairie - 7.95% conditional sales contract, \$3,781 per month including principal and interest, maturing February 17, 2021	312,379	332,464
Lone Prairie Camp Ltd, Ferintosh.	-	5,500

(continued)

BAPTIST GENERAL CONFERENCE IN ALBERTA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

MARCH 31, 2011

4. MORTGAGES AND LOANS RECEIVABLE - INVESTMENT FUND (CONT'D)

	<u>2011</u>	<u>2010</u>
Faith Builder International Church, Calgary - 6% loan receivable, \$2,079 per month including principal and interest, maturing January 25, 2036.	<u>325,000</u>	<u>-</u>
	1,632,021	1,431,135
Less: current portion due within one year	<u>113,457</u>	<u>86,364</u>
	<u>\$ 1,518,564</u>	<u>\$ 1,344,771</u>

Mortgages receivable are secured by a charge on land and building.

5. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2011</u>	<u>2010</u>
Building - cabins	\$ 102,803	\$ 10,144	\$ 92,659	\$ 83,616
Building - improvements	35,443	13,738	21,705	24,116
Computer	5,208	4,912	296	538
Equipment	2,577	2,359	218	272
Cemeteries	2	-	2	2
Friedhem Church	1	-	1	1
Red Deer Lake Camp	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
	<u>\$ 146,035</u>	<u>\$ 31,153</u>	<u>\$ 114,882</u>	<u>\$ 108,546</u>

6. BONDS PAYABLE AND ACCRUED INTEREST

In order to fund mortgages and loans to congregations, individuals invest in bonds issued by the Conference. These bonds are normally issued for five year terms at prevailing market rates as determined by the Board of Directors and are unsecured. Issued and outstanding bonds bear interest at rates ranging from 0% to 8%.

If a bond matures and is not redeemed by the bondholder, the interest rate changes from the stated rate to a rate determined by the Board of Directors. At present, this rate is 4%.

	<u>2011</u>	<u>2010</u>
Bonds payable and accrued interest	\$ 810,192	\$ 793,483
Less: current portion	<u>429,677</u>	<u>404,664</u>
	<u>\$ 380,515</u>	<u>\$ 388,819</u>

BAPTIST GENERAL CONFERENCE IN ALBERTA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

MARCH 31, 2011

7. DEFERRED CONTRIBUTIONS

(a) General Fund

Deferred contributions to the General Fund relate to contributions received for the following purposes of the Conference. Changes in deferred contributions recorded in the General Fund are as follows:

	<u>2011</u>	<u>2010</u>
<u>Benevolent</u>		
Balance, beginning of year and end of year	\$ <u>1,913</u>	\$ <u>1,913</u>
<u>Women's Ministries</u>		
Balance, beginning of year	\$ 8,371	\$ 8,191
Contributions and registrations received	180	180
Expenditures	<u>(446)</u>	<u>-</u>
Balance, end of year	\$ <u>8,105</u>	\$ <u>8,371</u>

(b) Building at Lone Prairie Camp

In prior years, the Conference received contributions toward the construction of a new multi-purpose building at the Lone Prairie Camp. Externally restricted contributions related to the building campaign are included in deferred contributions in the General Fund.

Balance, beginning of year	\$ 13,160	\$ 29,767
Less: amounts transferred to deferred capital allocation (Note 8)	<u>(12,963)</u>	<u>(16,607)</u>
Balance, end of year	\$ <u>197</u>	\$ <u>13,160</u>

(c) Lone Prairie Camp Development Fund

Balance, beginning of year	\$ 2,241	\$ 8,112
Current year contributions	200	27,756
Less: expenditures	<u>(2,441)</u>	<u>(33,627)</u>
Balance, end of year	\$ <u>-</u>	\$ <u>2,241</u>

BAPTIST GENERAL CONFERENCE IN ALBERTA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

MARCH 31, 2011

7. DEFERRED CONTRIBUTIONS (CONT'D)

(d) Church Planting

In 2010, deferred contributions arose when the interest revenue received on the mortgage to 1st Apostolic Church of Grande Prairie exceeded the grant aid expense according to active Church Plant Agreements.

In 2011, the Board of Directors passed a motion to recognize the \$13,050 as revenue of the general fund. All current and future interest income from the 1st Apostolic Church of Grande Prairie will be recognized as interest income of the general fund.

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 13,050	\$ -
Interest received	-	26,800
Grant aid expensed	<u>(13,050)</u>	<u>(13,750)</u>
Balance, end of year	<u>-</u>	<u>13,050</u>
Total deferred contributions	<u>\$ 10,215</u>	<u>\$ 38,735</u>

8. DEFERRED CAPITAL ALLOCATION

Details are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 83,616	\$ 70,147
Amounts transferred from deferred contributions [Note 7 (b)]	12,963	16,607
Less: amounts amortized to income	<u>(3,921)</u>	<u>(3,138)</u>
Balance, end of year	<u>\$ 92,658</u>	<u>\$ 83,616</u>

9. REGISTERED PENSION PLAN

Employees of the Conference participate in a defined contribution registered pension plan administered by Baptist General Conference of Canada pension plan.

The Conference is required to make current service contributions to the Plan of 7% of pensionable earnings.

Total current contributions made by the Conference to the plan in the 2011 fiscal year were \$4,900 (2010 - \$4,900). No contributions were made by employees to the plan in the current year.

10. FINANCIAL INSTRUMENTS

a) Fair values

The fair value of cash, accounts receivable, and accounts payable and accrued liabilities are assumed to approximate their carrying amounts because of their short term to maturity. The carrying value of long term liabilities approximate fair value due to their market rates of interest.

BAPTIST GENERAL CONFERENCE IN ALBERTA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

MARCH 31, 2011

10. FINANCIAL INSTRUMENTS (CONT'D)

b) Credit risk

It is management's opinion that the Conference is not exposed to interest rate risk, or currency risk arising from these financial instruments. The Conference is exposed to credit risk on the mortgages receivable which is the risk that the borrowers may default on payment.

c) Liquidity risk

Liquidity risk is the risk the Conference will encounter difficulties meeting its financial liability obligations. The Conference manages its liquidity risk through cash and debt management.

11. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the current year's financial statement presentation.

12. INCOME TAX STATUS

The Conference is a registered charity within the meaning of the *Income Tax Act* and, as such, is exempt from income taxes.