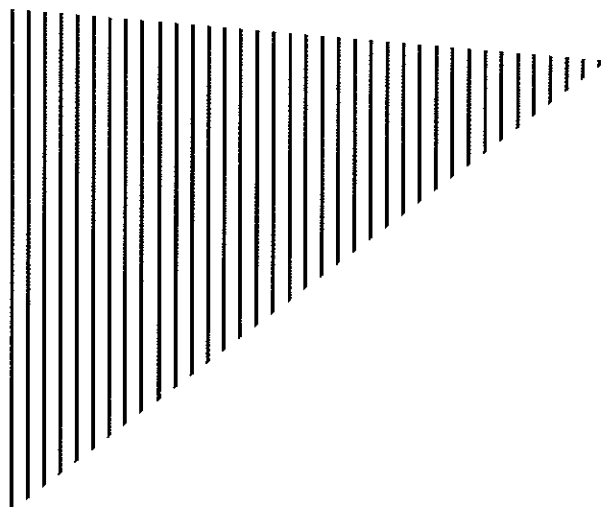


Consolidated Financial Statements

**British Columbia Conference,
The United Church of Canada**
December 31, 2009



AUDITORS' REPORT

To the Members of
British Columbia Conference, The United Church of Canada

We have audited the consolidated statement of financial position of **British Columbia Conference, The United Church of Canada** as at December 31, 2009 and the consolidated statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Conference's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Conference as at December 31, 2009 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
March 16, 2010.

Ernst & Young LLP

Chartered Accountants

British Columbia Conference, The United Church of Canada

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Conference and Metropolitan Council**

As at December 31

	Operating Fund \$	Camp Futures Fund \$	Administered Fund \$	2009 \$	2008 \$
ASSETS					
Current					
Cash	—	—	—	—	25,736
Accounts receivable	538,720	—	—	538,720	175,142
Prepaid expenses	4,894	—	—	4,894	24,339
Total current assets	543,614	—	—	543,614	225,217
Investments <i>[note 7]</i>	10,131,326	18,461,338	3,095,163	31,687,827	22,020,831
Loans <i>[note 8]</i>					
Congregation loans	111,719	—	—	111,719	298,716
Minister loans	10,662	—	—	10,662	4,473
Property expenditures receivable <i>[note 9]</i>	148,006	—	—	148,006	235,621
Due from Property Development Council <i>[note 10]</i>	—	—	—	—	243,001
Camp Futures - property under development <i>[note 11]</i>	—	1,721,747	—	1,721,747	219,093
Equipment, net <i>[note 12]</i>	139,974	—	—	139,974	156,517
Total assets	11,085,301	20,183,085	3,095,163	34,363,549	23,403,469
LIABILITIES AND NET ASSETS					
Current					
Bank indebtedness	4,438	—	—	4,438	—
Accounts payable and accrued liabilities	540,159	273,524	—	813,683	214,245
Total current liabilities	544,597	273,524	—	818,121	214,245
Due to Property Development Council <i>[note 10]</i>	7,880,403	—	—	7,880,403	—
Total liabilities	8,425,000	273,524	—	8,698,524	214,245
Commitments <i>[notes 14 and 15]</i>					
Net assets					
Internally restricted for building and equipment	139,974	1,721,747	—	1,861,721	375,610
Unrestricted	2,520,327	—	—	2,520,327	2,093,008
Internally restricted administered funds <i>[schedule 1]</i>	—	—	1,737,456	1,737,456	1,647,865
Externally restricted administered funds <i>[schedule 1]</i>	—	—	1,357,707	1,357,707	1,142,901
Internally restricted - Camp Futures Fund	—	18,187,814	—	18,187,814	17,929,840
Total net assets	2,660,301	19,909,561	3,095,163	25,665,025	23,189,224
Total liabilities and net assets	11,085,301	20,183,085	3,095,163	34,363,549	23,403,469

See accompanying notes

On behalf of the Board:

Executive Secretary

Financial Manager

 **ERNST & YOUNG**

A member firm of Ernst & Young Global Limited

British Columbia Conference, The United Church of Canada

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Conference and Metropolitan Council**

Year ended December 31

	Operating Fund		Camp Futures Fund		Administered	2009	2008
	Equipment	Unrestricted	development	Internally	Fund		
					restricted		
\$	\$	\$	\$	\$	\$	\$	
Balance, beginning of year	156,517	2,093,008	219,093	17,929,840	2,790,766	23,189,224	24,627,909
Excess (deficiency) of revenues over expenses for the year							
Operating Fund	—	350,451	—	—	—	350,451	(309,078)
Allocate amortization	(30,356)	30,356	—	—	—	—	—
Administered Funds	—	—	—	—	364,722	364,722	(239,398)
Camp Futures Fund	—	—	—	1,760,628	—	1,760,628	(890,209)
Purchase of equipment (net)	13,813	(13,813)	—	—	—	—	—
Camp Futures - property under development	—	—	1,502,654	(1,502,654)	—	—	—
Interfund transfers	—	60,325	—	—	(60,325)	—	—
Balance, end of year	139,974	2,520,327	1,721,747	18,187,814	3,095,163	25,665,025	23,189,224

See accompanying notes

British Columbia Conference, The United Church of Canada

CONSOLIDATED STATEMENT OF OPERATIONS
Conference and Metropolitan Council

Year ended December 31

	Operating budget 2009 \$	Operating Fund 2009 \$	Camp Futures Fund \$	Actual		
				Administered Fund 2009 \$	Total 2009 \$	Total 2008 \$
REVENUES						
Presbytery allocations	538,344	538,346	—	—	538,346	519,203
General Council staff grants	378,025	378,024	—	—	378,024	378,528
Campus ministries	72,500	72,500	—	—	72,500	72,500
Other income	3,000	1,635	—	—	1,635	—
Transfer contingency fund	29,000	—	—	—	—	—
Grants and contributions [schedule 1]	—	—	—	365,917	365,917	439,366
Conference annual meeting	115,000	115,000	—	—	115,000	110,000
Investment income	155,000	266,372	907,542	—	1,173,914	898,856
Loan interest	8,000	9,663	—	—	9,663	68,009
Other income	—	—	—	—	—	3,674
Van Dusen Fund	133,600	54,000	—	—	54,000	129,600
	1,432,469	1,435,540	907,542	365,917	2,708,999	2,619,736
EXPENSES						
Amortization	—	30,356	—	—	30,356	27,543
Campus ministries	72,500	72,500	—	—	72,500	72,500
Conference annual meeting	115,000	115,000	—	—	115,000	110,000
Archives committee	3,150	3,387	—	—	3,387	2,675
Communications committee	4,000	2,405	—	—	2,405	1,016
Childrens Ministry	2,300	1,556	—	—	1,556	—
ELTC meeting	4,500	3,276	—	—	3,276	7,739
Ethnic Ministries committee	3,850	770	—	—	770	3,602
Global & Societal committee	3,000	1,612	—	—	1,612	329
Outdoor Ministries committee	8,000	1,981	—	—	1,981	7,791
Resource management library	23,000	21,410	—	—	21,410	21,985
Staffing committee	2,750	1,628	—	—	1,628	2,956
Volunteer human resources	1,500	—	—	—	—	—
Conference executive	62,000	52,437	—	—	52,437	47,959
Events, committees and other [schedule 1]	—	—	—	216,910	216,910	234,315
Finance council	17,000	13,665	—	—	13,665	16,489
Grants [schedule 1]	—	—	—	117,089	117,089	255,985
Investment income disbursed [schedule 1]	25,000	102,817	—	(102,817)	—	(5)
Investment management fees	—	35,743	114,400	—	150,143	164,977
Ministry and personnel council	43,500	67,516	—	—	67,516	56,954
Native Ministries council	26,500	28,713	—	—	28,713	18,924
Presbytery office support	100,000	61,927	—	—	61,927	77,419
Presbytery travel	37,000	37,000	—	—	37,000	36,000
Staff and office expenditures [schedule 2]	855,541	832,368	232,379	—	1,064,747	948,487
Transfers and refunds	—	—	—	—	—	109
Youth Ministry	26,000	30,510	—	—	30,510	31,471
	1,436,091	1,518,577	346,779	231,182	2,096,538	2,147,220
Excess (deficiency) of revenues over expenses before the following	(3,622)	(83,037)	560,763	134,735	612,461	472,516
Other grant revenue (expense)						
Grants from PDC	—	1,199,617	—	—	1,199,617	—
Grants to others [note 13]	—	(906,858)	—	—	(906,858)	—
Net other grant revenue	—	292,759	—	—	292,759	—
Unrealized investment gain (loss)	—	140,729	1,199,865	229,987	1,570,581	(1,911,201)
Excess (deficiency) of revenues over expenses for the year	(3,622)	350,451	1,760,628	364,722	2,475,801	(1,438,685)

See accompanying notes

British Columbia Conference, The United Church of Canada

CONSOLIDATED STATEMENT OF CASH FLOWS
Conference and Metropolitan Council

Year ended December 31

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses for the year	2,475,801	(1,438,685)
Add (deduct) items not affecting cash		
Amortization of equipment	30,356	27,543
Unrealized loss (gain) on investments	(1,570,851)	1,911,201
	<u>935,306</u>	<u>500,059</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	(363,578)	(32,121)
Prepaid expenses	19,445	(3,520)
Accounts payable and accrued liabilities	599,438	49,685
Cash provided by operating activities	<u>1,190,611</u>	<u>514,103</u>
INVESTING ACTIVITIES		
Purchase of investments, net	(8,096,145)	(279,105)
Purchase of equipment	(13,813)	(14,323)
Investment in Camp Futures - property under development	(1,502,654)	(219,093)
Property expenditures receivable	87,615	25,085
Cash used in investing activities	<u>(9,524,997)</u>	<u>(487,436)</u>
FINANCING ACTIVITIES		
Congregation and minister loans	180,808	(20,986)
Loan from (to) Property Development Council	8,123,404	(86,796)
Cash provided by (used in) financing activities	<u>8,304,212</u>	<u>(107,782)</u>
Net decrease in cash during the year	(30,174)	(81,115)
Cash, beginning of year	25,736	106,851
Cash (bank indebtedness), end of year	<u>(4,438)</u>	<u>25,736</u>

See accompanying notes

CONSOLIDATED SCHEDULE OF ADMINISTERED FUNDS
Conference and Metropolitan Council

Year ended December 31

	Revenue		Expenses		Adjustments		Balance 2009
	Balance 2008	Grants and contributions	Interest	Grants and other costs	Events, committees and other costs	Transfers	
	\$	\$	\$	\$	\$	\$	\$
Externally restricted							
Archives Fund	182,914	100,000	8,851	—	—	—	311,563
Archives Operating Fund	7,183	8,375	366	—	3,459	—	13,285
Comox Nanaimo Presbytery Fund	56,784	—	2,158	—	—	—	63,769
Victoria Presbytery Trust Fund	41,638	—	1,582	—	—	—	46,759
Prince Rupert Presbytery Trust Fund	—	6,319	—	—	6,319	—	—
Adams Trust Fund	3,000	—	—	—	—	—	3,000
Annual Meeting Fund	97,193	115,000	—	—	168,928	—	43,265
Campership Fund	500	125	—	—	—	—	625
Congregational Learning Fund	6,562	9,883	—	5,643	—	—	10,802
Evans Memorial Fund	4,582	—	165	—	500	—	4,615
Imagine Fund	18,125	2,012	653	3,885	8	—	18,358
Frontier Continuing Education Fund	1,584	—	—	—	—	—	1,584
Melba Johnston Campus Ministries	97,045	6,000	3,298	26,500	—	—	87,220
Native Bursary Fund	3,933	—	141	450	—	—	3,939
Parlons Francais Par Coeur Bursary	400	—	—	—	—	—	400
Pearl Griffin Memorial Fund	1,719	—	65	—	—	—	1,930
Refugee Emergency Support Fund	283	—	11	—	—	—	318
Refugee Sponsorship Fund	6,192	—	235	—	—	—	6,953
Residential School Workers Gathering Fund	4,732	—	—	—	—	—	4,732
Stewardship Initiative Fund	389	26,000	—	—	18,757	—	7,632
Thomas Crosby Fund	629,688	—	23,656	3,200	11,147	—	691,911
Thomas Crosby Leadership Fund	1,972	—	48	1,400	—	—	728
Van Dusen Fund	88,355	67,437	3,198	75,699	120	60,325	30,000
VB/VS Youth Trust Fund	3,846	—	146	—	—	—	4,319
	1,258,619	341,151	44,573	116,777	209,238	60,325	1,357,707

CONSOLIDATED SCHEDULE OF ADMINISTERED FUNDS (cont'd)
Conference and Metropolitan Council

Year ended December 31

	Revenue		Expenses		Adjustments		Balance 2009
	Grants and contributions	Interest	Grants	Events, committees and other costs	Transfers	Unrealized gain	
\$	\$	\$	\$	\$	\$	\$	\$
Internally restricted							
1955 West 4th Fund	540,501	20,539	—	—	—	45,942	606,982
Congregation/Personnel Emergency Fund	2,021	—	312	—	—	—	1,709
Gambier Island Road Proceeds Fund	48,909	1,871	—	—	—	4,186	55,632
Ministry and Personnel Fund	8,701	—	—	7,672	—	—	3,156
Mission Support (B.C.) Fund	464,851	17,664	—	—	—	39,512	522,027
R & M Cherry Fund	467,164	17,980	—	—	—	40,218	537,335
Price Mission Support Fund	—	190	—	—	—	425	10,615
	1,532,147	58,244	312	7,672	—	130,283	1,737,456
	2,790,766	102,817	117,089	216,910	60,325	229,987	3,095,163

**CONSOLIDATED SCHEDULE OF OPERATING FUND
AND CAMP FUTURES FUND
Staff and Office Expenditures**

Year ended December 31

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
Operating Fund			
Data and word processing	35,000	32,578	24,350
Equipment purchases	6,000	6,707	4,762
Equipment rent and maintenance	7,000	7,984	5,333
Miscellaneous	8,900	7,948	5,607
Office rent and maintenance	35,980	35,410	31,048
Postage and courier	13,000	10,445	9,230
Professional fees	22,000	47,823	38,101
Staff salaries and benefits	674,411	639,063	667,054
Stationery and printing	12,000	13,175	13,131
Telecommunications	16,000	11,995	17,390
Travel	25,250	19,240	26,250
Total Operating Fund	855,541	832,368	842,256
Camp Futures Fund			
Camp			
Office operations and miscellaneous	—	3,018	802
Professional fees	36,000	34,300	23,224
Staff salaries and benefits	97,835	97,289	63,692
Camp planning costs	—	4,301	18,513
Travel	—	4,254	—
	133,835	143,162	106,231
Mission			
Mission salaries and benefits	102,151	89,217	—
Total Camp Futures Fund	235,986	232,379	106,231
Total Operating Fund and Camp Futures Fund	1,091,527	1,064,747	948,487

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

1. PURPOSE OF THE ORGANIZATION

British Columbia Conference, The United Church of Canada [the "Conference"] is an organization operating programs and administering funds with the aim of promoting the health of congregations and other ministries of The United Church of Canada within the bounds of British Columbia, encouraging effective church leadership and supporting faithful public witness. The Conference is a registered Canadian charity and was established by United Church of Canada Act. It is not subject to income taxation.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the financial statements of the Conference, and the Metropolitan Council of The United Church of Canada [the "Metropolitan Council"] which is considered to be controlled by the Conference. The Metropolitan Council is currently inactive and its mandates have been assumed by the Conference.

The British Columbia Conference Property Development Council of The United Church of Canada [the "Property Development Council"], which is also considered to be controlled by the Conference, is not consolidated in these financial statements and separate financial statements have been prepared. The mandate of the Property Development Council is to locate, erect and acquire land and buildings to carry on the work of The United Church of Canada and to receive contributions and grants and to apply these as the Property Development Council sees fit.

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

As at December 31, a summary of the financial position, operations and cash flows of the Property Development Council is as follows:

	2009 \$	2008 \$
Total assets	10,829,293	9,526,404
Total liabilities	20,369	494,815
Net assets	<u>10,808,924</u>	<u>9,031,589</u>
Revenues		
Option fee – Bethany Newton United Church agreement	32,000	24,000
Investment income	299,788	—
Gain on sale of land and buildings	3,714,800	850,000
Gain on settlement of road trespass claim	—	191,000
	<u>4,046,588</u>	<u>1,065,000</u>
Expenses		
Grants and loan forgiveness to congregations	707,351	94,163
Grants to British Columbia Conference	1,199,617	—
Legal costs related to sale of land and buildings	296,832	16,000
Other operating expenses	65,453	93,761
	<u>2,269,253</u>	<u>203,924</u>
Excess of revenues over expenses for the year	<u>1,777,335</u>	<u>861,076</u>
Other direct increases in net assets	—	8,190,200
Cash provided by (used in):		
Operating activities	(10,025,000)	60,000
Investing activities	10,025,000	—
Financing activities	—	(60,000)

There are no significant differences in accounting policies between the Property Development Council and the Conference.

Volunteer services

The Conference receives the benefit of the contribution of significant time by many volunteers. Because of the difficulty in determining the fair value, volunteer services are not recognized in these consolidated financial statements.

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

Cash

Cash includes all balances held at banks, excluding overdraft amounts, with an original maturity of less than three months.

Investments

Investments are classified as held-for-trading and are recorded at fair market values based on year-end quoted bid prices and reported values. Investment income, which consists of interest, dividends, interest distributions from pooled funds, and realized and unrealized gains and losses, is recorded as revenue in the consolidated statement of operations. Transaction costs are expensed as incurred.

Camp Futures - property under development

The Camp Futures - property under development is recorded at cost and is not being amortized. When the project under development is complete, the Camp Futures - property under development project will be transferred to the appropriate asset category and amortized over its useful life.

Equipment

Equipment is recorded at cost. Amortization is determined on a straight-line basis over the following periods:

Computer	4 years
Office equipment	4 - 10 years
Leasehold improvements	20 years

Fund accounting

The Conference follows the restricted fund method of accounting for contributions.

The Internally Restricted for Building and Equipment Fund includes the cost of land, buildings and equipment of the Conference and related amortization of these assets. Additions are funded through financing activities, loans, or transfers from the Unrestricted Fund as approved by the Board of Trustees.

The Unrestricted Fund accounts for the Conference's program delivery and administrative activities. This fund reports unrestricted resources and operating grants designated for a particular purpose within Conference operations.

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

The Camp Futures Fund was established through the sale of camp properties. Funds are internally restricted for the construction of camps and the generation of income to fund camp and mission initiatives.

The Administered Fund accounts for various internally and externally restricted funds which are administered by the Conference and are to be used for a particular purpose.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Administered Fund or Camp Futures Fund as appropriate.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Investment income earned on the Administered Fund that must be used for specific purposes is recognized as revenue of the appropriate Administered Fund, less a 1.5% management fee. Other investment income is recognized as revenue of the Operating Fund when earned.

Unrealized gains and losses on held-for-trading investments are recognized as revenue or expense in the consolidated statement of operations.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Financial instruments

The Conference has chosen to continue to apply the Canadian Institute of Chartered Accountants' ["CICA"] Handbook Section 3861, *Financial Instruments – Disclosure and Presentation* in place of CICA Handbook Section 3862, *Financial Instruments – Disclosures* and CICA Handbook Section 3863, *Financial Instruments - Presentation*.

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

3. CHANGES IN ACCOUNTING POLICIES

Statement of cash flows

CICA Handbook Section 1540 was amended to include not-for-profit organizations within its scope. As a result of adopting this standard, a consolidated statement of cash flows has been presented.

Financial statement presentation by not-for-profit organizations

Section 4400 of the CICA Handbook was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets; and
- require that revenues and expenses be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions.

The Conference has internally restricted the amount invested in capital assets for each of the years presented and accordingly, there is no impact of adopting this amendment.

Disclosure of related party transactions by not-for-profit organizations

Section 4460 of the CICA Handbook was amended to be consistent with the related party accounting rules for private and public enterprises. This standard was effective for the Conference's reporting period beginning January 1, 2009. There was no impact to the consolidated financial statements of the Conference as a result of adopting this amendment.

Disclosure of allocated expenses by not-for-profit organizations

Section 4470 of the CICA Handbook establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. Particular emphasis is made to allocation of fundraising and general administration expenses. This standard is effective for the Conference's reporting period beginning January 1, 2009. There was no impact to the consolidated financial statements of the Conference as a result of adopting this standard.

Financial statement concepts

In February 2008, the Accounting Standards Board amended CICA Handbook Section 1000, *Financial Statement Concepts*, to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized in the balance sheet.

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

The amendment is effective for financial statements for fiscal years beginning on or after October 1, 2008. The Council adopted the amendment retroactively effective January 1, 2009.

There was no impact of implementing this amendment on the consolidated financial statements.

4. FINANCIAL INSTRUMENTS

The Conference's financial instruments consist of cash, accounts receivable, investments, congregation and minister loans, property expenditures receivable, due from (to) Property Development Council, bank indebtedness and accounts payable and accrued liabilities. The fair values of the congregation and minister loans are estimated to be the stated value as interest is charged at market related rates. The fair value of the property expenditures receivable is not readily determinable as these will only be repaid if the congregation disbands or an alternative repayment plan is arranged. The property expenditures receivable balances have no stated terms of repayment. It is management's opinion that the Conference is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Conference investments are held in professionally administered funds. These funds are subject to fluctuating returns based on the market and are exposed to the risk of market volatility. Risk has been assessed by management and an investment policy adopted to mitigate such market risk. 14% of the portfolio is invested in equities with the balance being held in bonds or cash equivalents. The fair values of these financial instruments approximate their carrying values.

The Conference has classified its financial instruments as follows:

Financial instrument	Classification
Cash	Held-for-trading
Investments	Held-for-trading
Accounts receivable	Loans and receivables
Congregation and minister loans	Loans and receivables
Property expenditures receivable	Loans and receivables
Due from Property Development Council	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Due to Property Development Council	Other financial liabilities

Financial assets and liabilities classified as held-for-trading are measured at fair values at each reporting period with changes in fair value in subsequent periods included in the consolidated statement of operations.

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

Financial assets classified as loans and receivables and liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method.

5. CAPITAL DISCLOSURES

The mandate of the Conference is to operate programs and administer funds with the aim of promoting the health of congregations and other ministries of The United Church of Canada within the bounds of British Columbia, encouraging effective church leadership and supporting faithful public witness.

Objectives are to maximize the return or opportunity to the Conference or the Church community based on the mission of the Conference. The assessment of return may be based on Church values that differ from the normal maximization of profit.

The Conference is not subject to externally imposed capital requirements and its capital management strategy has not changed from the previous year.

6. GOING CONCERN

Management believes the Conference has a strong financial position and is able to continue as a going concern over the next twelve months.

7. INVESTMENTS

Investments consist of the following:

	2009		2008	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds	19,132,882	18,762,630	14,965,088	15,486,805
Equity stocks	7,852,435	8,166,569	3,130,203	4,774,116
Cash equivalents	4,702,510	4,707,935	3,925,540	3,926,154
	31,687,827	31,637,134	22,020,831	24,187,075

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

8. LOANS

The Conference offers one year term loans to congregations and ministries at interest rates equivalent to the bank's prime rate plus 1%. The loans have varying amortization terms. Loans and interest rates are reviewed upon renewal. The loans are unsecured but the loan agreements allow the Conference to collateralize the loans against the property related to the loan.

9. PROPERTY EXPENDITURES RECEIVABLE

From time to time the Conference makes payments to third parties for expenditures in respect of properties owned by congregations for repairs, maintenance, property taxes, insurance and other items. These properties are registered in the name of The United Church of Canada. These expenditures are recorded as receivables at the time of payment by the Conference until such time in the future when the property is sold and the amounts can be repaid to the Conference. These loans would not normally be recoverable unless the congregation disbands or an alternative repayment plan is arranged.

	2009	2008
	\$	\$
Bethany Newton	—	88,261
Eagle Ridge Church	123,467	123,467
Longhouse - 2595 Franklin, Vancouver	24,539	23,893
	<u>148,006</u>	<u>235,621</u>

10. DUE FROM (TO) PROPERTY DEVELOPMENT COUNCIL

The Conference, which is considered to control the Property Development Council, provides funds to the Property Development Council to fund the acquisition of properties and to cover operating costs and has received funds generated by the Property Development Council through the sale of properties. These amounts have no specific terms of repayment and bear no interest.

The transactions with the Property Development Council are recorded at the exchange amounts established and agreed between the entities.

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

11. CAMP FUTURES - PROPERTY UNDER DEVELOPMENT

	2009 \$	2008 \$
Camp Fircom	997,528	143,351
Camp Pringle	691,234	75,742
Camp Grafton	32,985	—
	<u>1,721,747</u>	<u>219,093</u>

The property under development represents amounts spent to date to redevelop Camp Fircom, Camp Pringle and Camp Grafton on behalf of the Conference Camp Futures Program.

It is planned that, on completion, the redevelopment will be sold to a Society tasked with holding the properties on behalf of the Conference Camp Futures Program. The purchase will be made possible by a grant from the Conference.

No amortization has been recorded as the development work undertaken has not been placed into service.

12. EQUIPMENT

	Cost \$	Accumulated amortization \$	Net book value \$
2009			
Computer	128,870	109,113	19,757
Office equipment	225,103	197,703	27,400
Leasehold improvements	232,047	139,230	92,817
	<u>586,020</u>	<u>446,046</u>	<u>139,974</u>

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
2008			
Computer	116,666	98,402	18,264
Office equipment	224,130	190,298	33,832
Leasehold improvements	232,047	127,626	104,421
	<u>572,843</u>	<u>416,326</u>	<u>156,517</u>

Leasehold improvements represent expenditures related to improvements made to office premises leased and occupied by the Conference.

13. OTHER GRANT REVENUE/EXPENSE

Grant revenue

During the year, the Conference received grants from the Property Development Council which were generated from the proceeds of partial sale of Bethany Newton United Church.

Grant expense

During the year, the Conference provided grants to the following:

	2009
	\$
From the Property Development Council grant funds	
Naramata Conference Centre	500,000
Vancouver School of Theology	300,000
The Bob Stewart Archives Fund	100,000
Total grants from PDC funds	<u>900,000</u>
Other - Oak Avenue	6,858
Total grant expense	<u>906,858</u>

British Columbia Conference, The United Church of Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

14. COMMITMENTS

The Conference has a lease agreement for office premises. The terms of the lease include an annual rent of \$1 plus operating costs. The term of the lease is 20 years and commenced in March 1998.

15. COMMITMENT TO REFURBISH CAMPS

The Conference has committed to use some of the funds generated through the sale of camp property to refurbish and improve current camp properties during 2010 and 2011.

	<u>\$</u>
Commitment	
Camp Fircom	7,600,000
Camp Pringle	<u>3,500,000</u>
Total commitment	11,100,000
Less: spent to date	<u>1,722,000</u>
Estimated remaining commitment	<u>9,378,000</u>