12. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets and liabilities, known as price risk. The Conference is exposed to interest rate risk relating to investments. To minimize this risk, the Conference has invested in fixed-rate guaranteed investment certificates. It is management's opinion that fluctuations in market interest rates on these financial instruments will not have a significant impact on the Conference's operations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Some of the Conference's investments expose the Conference to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Conference is exposed to credit risk relating to assessments receivable and some investments. Management has assessed the credit risk associated with its financial assets to not be significant.