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**CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION**  
*ASSOCIATION CANADIENNE DES MANUFACTURIERS DE PALETTES ET CONTENANTS*

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

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**CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION**  
*ASSOCIATION CANADIENNE DES MANUFACTURIERS DE PALETTES ET CONTENANTS*

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**DECEMBER 31, 2006**

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## AUDITOR'S REPORT

### To the Members of Canadian Wood Pallet and Container Association

I have audited the statement of financial position of Canadian Wood Pallet and Container Association as at December 31, 2006 and the statement of operations for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

As is the case with many not-for-profit organizations, the Association derives sundry revenues from various activities which are not susceptible to complete audit verification. Accordingly, my verification procedures consisted of the comparison of the amounts recorded in the accounts to the amounts deposited to the bank, and we were not able to determine whether any adjustments might be necessary to these sundry revenues.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of sundry revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2006 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Corporations Act, I report that in my opinion, these principles have been applied on a basis consistent with the prior year.

North York, Ontario  
March 30, 2007



Michael Argue Chartered Accountant  
Licensed Public Accountant

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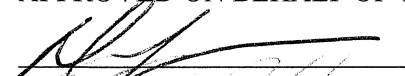
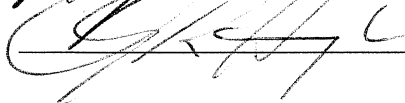
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2006**

	2006	2005
<b>ASSETS</b>		
Cash	\$ 209,546	\$ 11,552
Term deposits	56,515	57,210
Accounts Receivable	58,094	17,389
GST Tax Recoverable	3,737	2,164
Prepaid Expenses and Sundry Assets	102,992	63,291
Capital Assets (Note 3)	8,620	3,396
	<b>\$ 439,504</b>	<b>\$ 155,002</b>

<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 76,411	\$ 10,639
Deferred Revenue (Note 4)	96,102	-
	<b>172,513</b>	<b>10,639</b>

<b>NET ASSETS</b>		
Net Assets, Beginning of year	144,363	116,620
Net Earnings (Loss)	122,628	27,742
	<b>266,991</b>	<b>144,363</b>
	<b>\$ 439,504</b>	<b>\$ 155,002</b>

APPROVED ON BEHALF OF THE BOARD:

 Director  
 Director EGM

**CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION**  
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**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Budget</b>	<b>2006</b>	<b>2005</b>
<b>MEMBERSHIP FEES</b>	\$ 144,000	\$ 144,662	\$ 145,829
<b>EXPENSES</b>			
Directors' meetings and travel	10,000	10,358	10,241
Management fees	126,000	101,536	98,555
Office	30,000	26,315	24,806
Postage and handling	9,000	11,766	12,935
Printing and reproduction	15,000	11,750	12,821
Amortization of tangible assets	-	1,421	1,283
Professional fees	6,000	7,300	5,000
Program expenses - CWPCP	-	-	8,761
Rent	12,000	7,531	9,600
Telephone	7,000	7,296	7,689
Vehicle expenses	5,000	-	-
	220,000	185,273	191,691
<b>EARNINGS (LOSS) FROM MEMBERSHIP ACTIVITIES</b>	(76,000)	(40,611)	(45,862)
<b>MEETINGS AND ACTIVITIES (Page 4)</b>	52,000	41,957	31,482
<b>SUNDRY ACTIVITIES (Page 5)</b>	55,600	60,687	40,638
<b>INSPECTION DIVISION (Page 6)</b>	-	58,970	-
<b>EARNINGS (LOSS) BEFORE INTEREST INCOME</b>	31,600	121,003	26,258
<b>INTEREST INCOME</b>	1,000	1,625	1,484
<b>NET EARNINGS (LOSS)</b>	32,600	122,628	27,742

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

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**SCHEDULE OF MEETINGS AND ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>2006</b>	<b>2005</b>
<b>ANNUAL MEETING</b>		
Registration	\$ 18,937	\$ 216,134
Expenses	(23,289)	(215,740)
	(4,352)	394
<b>REGIONAL MEETINGS</b>		
Registration	25,770	28,142
Expenses	(13,579)	(26,009)
	12,191	2,133
<b>PALLET TOUR</b>		
Registration	44,840	-
Expenses	(31,849)	-
	12,991	-
<b>SAFETY GROUP</b>		
Registration	24,510	32,416
Expenses	(8,250)	(7,354)
	16,260	25,062
<b>SCRAMBLE GOLF TOURNAMENT</b>		
Registration	12,300	10,950
Expenses	(7,433)	(7,057)
	4,867	3,893
	\$ 41,957	\$ 31,482

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**SCHEDULE OF SUNDRY ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
<b>SUNDRY REVENUES</b>		
Advertising	\$ 51,505	\$ 42,805
ISO 9002	-	1,500
Promotional Items	2,000	-
Pallet Enterprise Subscriptions	1,750	2,035
Safety Manuals	9,455	200
Sundry Items	8,864	-
Paldraw Sales	4,075	2,130
	77,649	48,670
<b>SUNDRY EXPENSES</b>		
Advertising	3,001	3,518
Promotional Items	3,374	-
Sundry Items	-	2,684
Safety Manuals	7,232	-
Paldraw Expense	3,355	1,830
	16,962	8,032
	\$ 60,687	\$ 40,638

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**SCHEDULE OF INSPECTION DIVISION  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
<b>REVENUE</b>	\$ 336,800	\$ -
<b>COST OF REVENUE</b>	183,600	-
	153,200	-
<b>EXPENSES</b>		
Advertising and Promotion	12,537	-
Amortization	450	-
Insurance	11,480	-
Office Wages	17,634	-
Office Expenses	10,122	-
Management Fees	28,783	-
Professional Fees	6,756	-
Rent and Utilities	2,681	-
Telephone and Communications	1,567	-
Travel and Meeting Expenses	2,220	-
	94,230	-
	\$ 58,970	\$ -

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**1. PURPOSE OF THE ORGANIZATION**

The purpose of the Canadian Wood Pallet and Container Association (the "Association") is to promote the general welfare of the wooden pallet and packaging industry by providing newsletters to members and organizing events, activities and workplace programs for members. Under the Income Tax Act for Canada, the Association qualifies as a not-for-profit organization and is exempt from income tax.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Financial Instruments**

The financial instruments are comprised of cash, accounts receivable, prepaid expenses, accounts payable and deferred revenue. None of these financial instruments possess inherent risks not normally found in this industry.

The Association does have cash holdings denominated in U.S dollars that are subject to exchange rate fluctuations.

**(b) Revenue Recognition**

The organization follows the deferral method of accounting for contributions. Contributions are recognized as revenue of the fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other revenues and expenses are recorded on the accrual basis.

**(c) Capital Assets**

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	- 30% diminishing balance
Office equipment	- 20% diminishing balance

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**3. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2006</b>	<b>Net 2005</b>
Computer equipment	\$ 15,936	\$ 10,498	\$ 5,438	\$ 2,765
Office equipment	12,438	9,256	3,182	631
	<b>\$ 28,374</b>	<b>\$ 19,754</b>	<b>\$ 8,620</b>	<b>\$ 3,396</b>

**4. DEFERRED REVENUE**

The deferred revenue represents fees charged in 2006 for the 2007 pallet tour.

**5. STATEMENT OF CASH FLOWS**

A statement of cash flows has not been presented as it would not provide any additional useful information.

**6. BUDGET**

The budgeted figures are presented for comparison purposes only and are unaudited.

**7. COMPARATIVE FIGURES**

Certain figures for 2005 have been reclassified to make their presentation identical to that adopted in 2006.