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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, 2010**

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

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**DECEMBER 31, 2010**

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## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Canadian Wood Pallet and Container Association, which comprise the statement of financial position as at December 31, 2010, and the statements of revenues and expenditures and changes in net assets 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.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

*(continues)*

*Independent Auditor's Report to the Members of Canadian Wood Pallet and Container Association  
(continued)*

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, the Association derives sundry revenues from various activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Independent Auditor's Report to the Member of Canadian Wood Pallet and Container Association.

**Qualified Opinion**

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 the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Canadian Wood Pallet and Container Association as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**North York, Ontario  
April 15, 2011**

**Michael Argue Chartered Accountant  
Licensed Public Accountant**

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2010**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 95,222	\$ 200,981
Term Deposits (Note 3)	571,727	476,608
Accounts Receivable	17,516	10,710
GST Tax Recoverable	12,511	5,318
Prepaid Expenses and Sundry Assets	8,761	10,871
	705,737	704,488
Capital Assets (Note 4)	10,482	4,749
	\$ 716,219	\$ 709,237

**LIABILITIES**

<b>Current</b>		
Accounts Payable and Accrued Liabilities	\$ 85,109	\$ 39,361

**NET ASSETS**

Net Assets, Beginning of year	669,876	613,056
Net Earnings	(38,766)	56,819
	631,110	669,876
	\$ 716,219	\$ 709,237

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

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

**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Budget</b>	<b>2010</b>	<b>2009</b>
<b>MEMBERSHIP FEES</b>	\$ 120,500	\$ 103,697	\$ 109,422
<b>EXPENSES</b>			
Directors' meetings and travel	73,500	17,640	41,536
Management fees and wages	82,176	122,933	75,283
Office	24,175	15,666	11,045
Postage and handling	22,000	7,925	6,481
Printing and reproduction	20,000	5,646	7,125
Amortization of tangible assets	-	984	997
Professional fees	7,500	12,120	16,550
Rent	12,800	9,148	5,553
Telephone	3,500	3,696	2,814
	244,651	195,758	167,384
<b>EARNINGS ( LOSS) FROM MEMBERSHIP ACTIVITIES</b>	(124,151)	(92,061)	(57,962)
<b>MEETINGS AND ACTIVITIES (Page 4)</b>	(34,000)	(15,005)	(22,054)
<b>SUNDRY ACTIVITIES (Page 5)</b>	3,350	(20,148)	(16,904)
<b>INSPECTION NET EARNINGS</b>	17,474	78,020	140,618
<b>(LOSS) EARNINGS (LOSS) BEFORE INTEREST INCOME</b>	137,327	(49,194)	43,698
<b>INTEREST INCOME</b>	10,000	10,428	13,120
<b>NET (LOSS) EARNINGS</b>	(128,327)	(38,766)	56,818

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**CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION**  
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**SCHEDULE OF MEETINGS AND ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>2010</b>	<b>2009</b>
<b>ANNUAL MEETING</b>		
Registration	\$ 20,195	\$ 17,155
Expenses	(31,869)	(22,855)
	(11,674)	(5,700)
<b>REGIONAL MEETINGS</b>		
Registration	16,941	6,586
Expenses	(20,588)	(24,179)
	(3,647)	(17,593)
<b>SCRAMBLE GOLF TOURNAMENT</b>		
Registration	7,935	10,021
Expenses	(7,619)	(8,782)
	316	1,239
	\$ (15,005)	\$ (22,054)

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**CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION**  
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**SCHEDULE OF SUNDRY ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>2010</b>	<b>2009</b>
<b>SUNDRY REVENUES</b>		
Advertising	\$ 3,651	\$ 784
Pallet Enterprise Subscriptions	1,092	1,568
Paldraw Sales	-	806
	4,743	3,158
<b>SUNDRY EXPENSES</b>		
Advertising	14,786	16,889
Foreign Exchange Loss	4,305	2,492
Relocation Costs	5,800	36
Paldraw Expense	-	645
	24,891	20,062
	\$ (20,148)	\$ (16,904)

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## **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) Foreign Currency Translation**

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenue and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

### **(b) 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

### **(c) Revenue Recognition**

The Association 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.

### **(d) 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**3. FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash and cash equivalents, receivables, guaranteed investment certificates, payables and accruals. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The guaranteed investment certificates are recorded at cost and have an approximate fair market value of \$572,532.

**4. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2010</b>	<b>Net 2009</b>
Computer equipment	\$ 16,806	\$ 15,138	\$ 1,668	\$ 2,383
Office equipment	21,408	12,594	8,814	2,366
	<b>\$ 38,214</b>	<b>\$ 27,732</b>	<b>\$ 10,482</b>	<b>\$ 4,749</b>

**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 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.