

**CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION**

**Financial Statements**

**Year Ended December 31, 2011**

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Canadian Wood Pallet and Container Association

We have audited the accompanying financial statements of Canadian Wood Pallet and Container Association, which comprise the statement of financial position as at December 31, 2011, 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

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 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.

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

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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 revenue from various activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves 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, 2011 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Phomin Leslie*

Ottawa, Ontario  
April 30, 2012

Phomin Leslie, Chartered Accountants (A Professional Corporation)  
Authorized to practice public accounting by  
The Institute of Chartered Accountants of Ontario

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Statement of Financial Position

December 31, 2011

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 379,275	\$ 95,222
Accounts receivable	7,231	17,516
Harmonized services tax recoverable	22,034	12,511
Prepaid expenses	3,883	8,761
	412,423	134,010
<b>PROPERTY AND EQUIPMENT</b> (Note 3)	257,731	10,482
<b>LONG TERM INVESTMENTS</b> (Market value \$58,972) (Note 4)	58,972	571,727
	\$ 729,126	\$ 716,219
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 18,071	\$ 85,109
Deferred income	23,325	-
	41,396	85,109
<b>NET ASSETS</b>		
Net assets	687,730	631,110
	\$ 729,126	\$ 716,219

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Statement of Revenues and Expenditures Year Ended December 31, 2011

	2011	2010
<b>REVENUE</b>		
Membership fees	\$ 94,747	\$ 103,691
Inspection fees	726,153	738,767
	<b>820,900</b>	<b>842,458</b>
<b>EXPENSES</b>		
Amortization	7,355	1,957
Directors' meetings and travel expenses	21,458	11,889
EGM Travel expenses	8,013	5,751
Inspection services	422,281	458,786
Insurance	16,954	13,793
Management salaries	92,692	129,489
Office	26,055	27,419
Postage and handling	8,554	7,925
Printing and reproduction	6,618	5,646
Professional fees	7,900	18,727
Rent	5,191	17,282
Salaries and wages	100,961	116,376
Sponsorship	-	10,000
Telephone	5,580	7,393
Training	-	19,148
Travel	1,226	141
	<b>730,838</b>	<b>851,722</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>90,062</b>	<b>(9,264)</b>
<b>OTHER INCOME</b>		
Unrealized gain on investments	4,414	-
Investment income	5,145	10,425
Foreign exchange	1,712	-
Schedule of Meetings and Activities <i>(Schedule 1)</i>	(37,582)	(15,005)
Schedule of Sundry Activities <i>(Schedule 2)</i>	(7,131)	(24,922)
	<b>(33,442)</b>	<b>(29,502)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 56,620</b>	<b>\$ (38,766)</b>

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Statement of Changes in Net Assets Year Ended December 31, 2011

	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 631,110	\$ 669,876
Excess of revenue over expenses	<u>56,620</u>	<u>(38,766)</u>
NET ASSETS - END OF YEAR	<u>\$ 687,730</u>	<u>\$ 631,110</u>

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2011

### 1. PURPOSE OF 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

The financial statements of the Association have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies outlined below.

#### Property and equipment

Property & equipment are stated at cost less accumulated amortization. Property & equipment are amortized over their estimated useful lives at the following rates and methods:

Building	4%	diminishing balance method
Computer equipment	30%	diminishing balance method
Furniture and equipment	20%	diminishing balance method

Amortization is recorded at one-half the normal rate in the year of acquisition.

#### Long-term investments

Long-term investments are classified as held for trading and are therefore carried at fair value. Unrealized gains or losses are reported as part of net income.

#### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

*(continues)*



# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

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

#### Measurement uncertainty

When preparing financial statements according to GAAP, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, legal and tax contingencies, and employee compensation plans.

#### Future changes in significant accounting policies

The following accounting standard has been issued by the Canadian Institute of Chartered Accountants (CICA) but is not yet effective for the Association. The Association is currently evaluating the effect of adopting this standard, which it will do in fiscal year 2012.

The Accounting Standards Board will be implementing Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective for years beginning on or after January 1, 2012.

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2011

### 3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Building	\$ 254,605	\$ 5,092	\$ 249,513	\$ -
Computer equipment	16,305	15,138	1,167	1,668
Furniture and equipment	19,645	12,594	7,051	8,814
	<u>\$ 290,555</u>	<u>\$ 32,824</u>	<u>\$ 257,731</u>	<u>\$ 10,482</u>

### 4. LONG TERM INVESTMENTS

Long-term investments consist of guaranteed investment certificates with original maturities greater than one year.

### 5. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, long-term investments, and accounts payable and accrued liabilities. 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 fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### 6. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented because it would not provide any additional meaningful information that is not readily determinable from information presented in the other financial statements.

### 7. COMPARATIVE FIGURES

The prior year comparative figures were audited by another chartered accountant. Some of the comparative figures have been reclassified to conform to the current year's presentation.

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Schedule of Meetings and Activities

*(Schedule 1)*

Year Ended December 31, 2011

	2011	2010
<b>ANNUAL MEETING</b>		
Registration	\$ 20,409	\$ 20,195
Expenses	(45,578)	(31,869)
	(25,169)	(11,674)
<b>REGIONAL MEETINGS</b>		
Registration	8,316	16,941
Expenses	(21,397)	(20,588)
	(13,081)	(3,647)
<b>SCRAMBLE GOLF TOURNAMENT</b>		
Registration	9,415	7,935
Expenses	(8,747)	(7,619)
	668	316
	\$ (37,582)	\$ (15,005)

# CANADIAN WOOD PALLET AND CONTAINER ASSOCIATION

## Schedule of Sundry Activities (Schedule 2) Year Ended December 31, 2011

	2011	2010
<b>SUNDRY REVENUES</b>		
Advertising	\$ 3,387	\$ 3,651
Pallet enterprise subscriptions	924	1,092
	<b>4,311</b>	4,743
<b>SUNDRY EXPENSES</b>		
Advertising	4,720	14,786
Foreign exchange loss	4,344	4,305
Relocation costs	2,378	10,574
	<b>11,442</b>	29,665
	<b>\$ (7,131)</b>	<b>\$ (24,922)</b>