

2010

ANNUAL REPORT



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Transmittal Letter

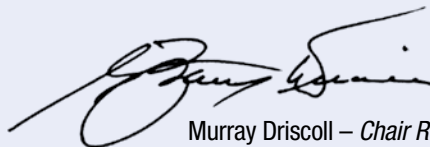
Dear Minister:

On behalf of the Board and staff of Recycle New Brunswick, I am pleased to present to you our annual report for the calendar year 2010. This report is presented in accordance with Section 11 of the *Designated Materials Regulation* (New Brunswick Regulation 2008-54) enacted under the *Clean Environment Act*.

I would also like to take this opportunity to offer a special note of thanks and appreciation to you and the staff of your department for all the assistance we received during the year.

As Chair of the Board, my signature below is indicative of the overall accountability of the Board for the content of the 2010 Annual Report and the accuracy of the results reported herein.

Respectfully submitted,



Murray Driscoll – Chair Recycle NB

Recycle NB - An Overview

The Government of New Brunswick established Recycle NB under the *Designated Materials Regulation* (New Brunswick Regulation 2008-54) of the *Clean Environment Act* on May 1, 2008. A Board of Directors, consisting of not less than 5 and not more than 12 members appointed by the Minister of the Environment, manages the affairs of the corporate body.

The Regulation enables the government to designate materials that can become the responsibility of Recycle NB. Recycle NB then becomes responsible for establishing and administering a management program for each designated material. The program may include such functions as storage, collection, transportation, recycling, processing, disposal and other handling of a designated material.

Recycle NB is responsible for two designated materials: paint and tires. Paint became the responsibility of Recycle NB on May 1, 2008 on the adoption of the *Designated Materials Regulation*. The same Regulation transferred the rights and obligations of the New Brunswick Tire Stewardship Board to the new entity, Recycle NB. The Tire Stewardship Board had assumed the responsibility for tires as early as 1996 with the adoption of New Brunswick Regulation 96-82 under the Act, which made it possible for the Board to establish and administer a scrap tire management program.

Key Accomplishments

Since the inception of the New Brunswick tire recycling program in 1996, the equivalent of more than 14 million scrap tires have been recycled into new value-added products through the Tire Stewardship Program.

- The recovery rate of scrap tires since the inception of the program continues to be exceptional. This has enabled Tire Recycling Atlantic Canada Corporation (TRACC) located in Minto to become a world class leader in rubber recycling market development. This made in New Brunswick solution provides stability to the program as well as green sector manufacturing jobs.
- TRACC's facility remanufactures the scrap tires into more than 80 different products such as roofing shingles, landscape mulch, rubberized playground surfaces, livestock mats and many other moulded rubber goods.
- The Tire Stewardship Program received top rankings in a survey by the Rubber Association of Canada in six Canadian cities:
 - Awareness of provincial scrap tire collection and recycling system
 - Satisfaction with the manner in which scrap tires are managed
 - Satisfied with what happens to tires when they are scrapped
- As the first Extended Producer Responsibility program in New Brunswick, the Paint Stewardship Program (PSP) has been very well received by consumers. In addition, the program continues to improve paint recycling accessibility by expanding the network of drop-off depots across the province.
- The management plan of the Paint Stewardship Program called for a minimum reuse rate of 70%. During the first two years of the program, the paint recyclability/reuse rate exceeded 87%.
- The paint recycler has remarked on the excellent quality of paint collected and low level of non-program materials (mainly household hazardous waste) being received from New Brunswick. The result of which ensures the PSP continues to minimize program costs.
- Recycle NB established its Moving Beyond Waste (MBW) education campaign during 2010 to improve the quality of service and consumer awareness in order to increase program recycling rates.

Acronyms and Glossary

The following list of acronyms and explanatory notes are designed to facilitate the understanding of the annual report of Recycle NB.

ACRONYMS

ATDA – Atlantic Tire Dealers Association

CATRA – Canadian Association of Tire Recycling Agencies

CCME – Canadian Council of Ministers of the Environment

EPR – Extended Producer Responsibility

FSC – Forest Stewardship Council

GAAP – Generally Accepted Accounting Principles

HHW - Household Hazardous Waste

IAC – Industry Advisory Committee

KPI – Key Performance Indicator

LEED - Leadership in Energy & Environmental Design

MBW – Moving Beyond Waste (Recycle NB Education Campaign)

NBADA – New Brunswick Auto Dealers Association

NBSWA - New Brunswick Solid Waste Association

OTR – Off-the-Road (tires)

PSP – Paint Stewardship Program

TRACC – Tire Recycling Atlantic Canada Corporation

TSP – Tire Stewardship Program

VOC - Volatile Organic Compounds

EXPLANATORY NOTES

Designated Materials are waste streams identified by the New Brunswick government under the provisions of the *Clean Environment Act*. The management of a waste stream is entrusted to a Stewardship Board by the government. A board may be responsible for one or more designated materials. The Stewardship Board for both tires and paint in New Brunswick is Recycle New Brunswick.

Extended Producer Responsibility (EPR) is a strategy designed to promote the integration of environmental costs associated with goods throughout their life cycles into the market price of the products. EPR encourages manufacturers to design environmentally-friendly products by holding producers liable for the costs of managing their products at end of life. This approach persuades manufacturers to internalize the cost of recycling within the product price. The rationale of EPR is that producers (usually brand owners) have the greatest control over product design and marketing and therefore have the greatest ability and responsibility to reduce toxicity and waste.

Product Stewardship is a concept whereby environmental protection centers around the product itself, and everyone involved in the lifespan of the product is called upon to take responsibility to reduce its environmental impact. For manufacturers, this includes planning for, and if necessary, paying for the recycling or disposal of the product at the end of its useful life. This may be achieved, in part, by redesigning products to use fewer harmful substances, to be more durable, reuseable and recyclable, and to make products from recycled materials. For retailers and consumers, this means taking an active role in ensuring the proper disposal or recycling of an end-of-life product.

Volatile Organic Compounds (VOCs) refer to organic chemical compounds which are emitted as gases from certain solids or liquids. VOCs include a variety of chemicals, some of which may have short and long-term effects on the environment and human health.

Household Hazardous Waste (HHW) is the term for common household chemicals and substances for which the owner no longer has a use. These substances exhibit many of the same dangerous characteristics as fully-regulated hazardous wastes due to their potential for reactivity, ignitability, corrosivity, toxicity, and persistence.

Moving Beyond Waste is an approach in managing hazardous and solid waste that has a clear and simple goal: reducing the amount of waste and toxic by-products generated whenever possible while using the remaining materials as a resource, thus contributing to economic, social, and environmental health.

OTR (Off-the-Road) tires are generally used by the agriculture, forestry, construction and mining sectors. These tires are difficult to manage due to their size, weight and toughness.

Message from the Chair of the Board

The year was a very active and successful one for Recycle NB. This is easily ascertained by a review of the list of activities included in our annual report.

On reviewing key accomplishments, it almost seems hard to believe that the equivalent of more than 14 million scrap tires have been recycled into new value-added products since the New Brunswick tire recycling program began in 1996. This means that on average over 2,700 tires have been processed into new rubber-based products each and every day since the inception of the program. We can all take comfort in knowing that these tires did not end up in our landfills or marring our beautiful countryside.

We were convinced that New Brunswickers supported the tire program. In this context, it was most encouraging to learn that our Tire Stewardship Program received top rankings compared to similar programs in other provinces. The independent survey was carried out by the Rubber Association of Canada and New Brunswick came first in the following categories:

- Awareness of provincial scrap tire collection and recycling system
- Satisfaction with the manner in which scrap tires are managed
- Satisfied with what happens to tires when they are scrapped

But we do not want to rest on our laurels. For this reason, Recycle NB undertook a major education and awareness campaign in the summer of 2010. The objectives of the “Moving Beyond Waste” (MBW) campaign were to take the pulse of New Brunswickers on recycling issues and to gauge the level of public understanding of existing programs. “Environmental Ambassadors” located in different regions of the province provided a critical aspect of the campaign by liaising with local businesses, schools and the surrounding communities. Having seen the great success of the 2010 MBW campaign, Recycle NB will look to translate this into new campaigns for future years.

During 2009, Habitat for Humanity in the Moncton and Saint John regions both used composite roofing shingles and recycled paint with their housing construction projects. The experience was so successful that the initiative was repeated in 2010 with three projects in Moncton, Saint John and Fredericton.

The Paint Stewardship Program just completed its first full year of implementation. It is the first Extended Producer Responsibility program to be administered by Recycle NB and we feel that it has been very successful indeed. The quantity and the quality of paint being collected for recycling continues to exceed expectations.

Our experience with the stewardship programs in tires and paint have convinced us that New Brunswickers now fully support sustainable development and the recycling of what used to be simply considered waste, into new and innovative products.

Recycle NB welcomes the commitment of the government to increase recycling in New Brunswick. Potential areas for new Extended Producer Responsibility programs may include oil/glycol, electronics, batteries, mercury-containing devices and pharmaceuticals. In all instances, it is essential that a comprehensive stakeholder-driven stewardship management plan be developed for each new material to be managed.

Recycle NB remains ready to assume additional responsibilities in this regard based on its track record with our current stewardship programs. We certainly look forward to cooperating fully with any future provincial stewardship initiatives.

During the course of the year, the Canada Revenue Agency (CRA) initiated a review of a sample of non-profit recycling organizations. As a result of the audit, we were pleased that the CRA gave Recycle NB a clean bill of health.

I would like to express my appreciation to the staff of Recycle NB for their dedicated and competent work throughout the year. I also would be remiss if I did not commend the members of the Board for their assiduous and active participation in discharging the responsibilities assigned to them.

The Board and staff of Recycle NB remain committed to attaining the best overall environmental results possible on behalf of all New Brunswickers. We appreciate the leadership and the support of the Minister in this regard and we will spare no effort in working to ensure that sustainable development remains the guiding principle of Recycle NB.



Murray Driscoll – Chair Recycle NB

Core Values

Role

To ensure that materials designated by the Minister of the Environment are managed in a manner that assures a clean and healthy environment.

The Government of New Brunswick has mandated Recycle NB to manage waste reduction programs for designated materials under the provisions of the *Clean Environment Act* and to provide environmental stewardship for these materials. Recycle NB currently administers two programs under its mandate: the Tire Stewardship Program and the Paint Stewardship Program. The experience acquired by Recycle NB and its network of key stakeholders in managing these two programs constitute an excellent starting point for adding additional designated materials to those already managed by the agency.

Vision

All waste materials in New Brunswick are managed in a sustainable and environmentally responsible way.

Recycle NB and its stakeholders are continuing their work toward the common goal of a waste-free New Brunswick. To accomplish this objective, Recycle NB must transmit in a clear and effective manner the rationale and functionality of its programs to the public while ensuring public awareness of the importance of environmental sustainability. The importance of having an organization such as Recycle New Brunswick dedicated to sound environmental stewardship cannot be overstated.

Mission and Goals

To manage waste reduction programs for designated materials and provide environmental stewardship for New Brunswick.

Recycle NB is convinced that the success of an organization requires clearly established objectives as well as the development and implementation of comprehensive planning. It is for this reason that the Board considered as a priority in the early days of the mandate of Recycle NB, the development of the mission of the organization. When Recycle NB is assigned additional programs, the mission statement may be amended as required.

The Board has established the following goals and objectives for Recycle NB:

1. To increase public education and awareness.

Recycle NB will focus on educating New Brunswickers about the environment by promoting an understanding of waste as a valuable resource, while emphasizing that recycling presents a viable option to disposal.

2. To be financially sustainable.

Recycle NB is dedicated to earning public confidence through financial sustainability despite challenging economic times.

3. To add value.

Recycle NB strives to add value to all waste materials and develop long-term stability in the process through technological innovation and emerging markets for recycled products.

4. To facilitate waste minimization.

Recycle NB will ensure that its programs provide an ever-present and accessible recycling solution for all designated material programs and will continue to work towards the overall goal of a waste-free New Brunswick.

5. To remain transparent and accountable.

Recycle NB is committed to maintaining accountability and transparency in its processes and will continue to seek ways to improve its performance in these areas.



Board Governance



Board Membership and Structure

The members of the Board of Directors of Recycle New Brunswick are appointed by the Minister of Environment in accordance with Section 4 of the *Designated Materials Regulation* (New Brunswick Regulation 2008-54) under the *Clean Environment Act*. The Directors are representative of all regions of the province and of both official linguistic communities. The varied backgrounds and experiences of the Directors enable them to bring their individual perspective in addressing environmental issues confronting New Brunswick.

Members of the Board and Terms of Office

Board Membership



Murray Driscoll, Chair
Quispamsis, NB

Mr. Driscoll is a retired educator and serves as Mayor of Quispamsis.
(Term of office: June 15th, 2010 – June 14th, 2013)



Paul Losier, Vice-Chair
Beresford, NB

Mr. Losier is a municipal councillor for the Town of Beresford and Chair of the Nepisiguit-Chaleur Solid Waste Commission.
(Term of office: June 15th, 2010 – June 14th, 2013)



Grant Mitton
Moncton, NB

Mr. Mitton is a retired Occupational Health and Safety advisor for the Federal Department of Labour in the Atlantic Region and an avid outdoorsman.
(Term of office: June 19th, 2009 – June 18th, 2012)



Colombe Leblanc-King
Saint-André, NB

Ms. Leblanc-King is a retired educator and continues to be active in community service and development planning.
(Term of office: June 15th, 2010 – June 14th, 2013)



Bryan Howell
Shediac Cape, NB

Mr. Howell retired as General Manager of Encorp Atlantic and continues to be active in the development of recycling programs.
(Term of office: June 19th, 2009 – June 18th, 2012)



Thérèse Bourgeois
Grand Falls, NB

Ms. Bourgeois has experience in both the hospitality and tourism sectors and is also Vice President of the Kahoutek Cross-Country Ski Club.
(Term of office: June 15th, 2010 – June 14th, 2013)

The powers of the Board are as laid out in Section 5 of the *Designated Materials Regulation*. In general terms, the Board is responsible for determining the strategy and policies of the organization, setting objectives for management, approving budgets as well as discharging its fiduciary obligations in areas where it has been assigned stewardship responsibility by the provincial government. The Board exercises its oversight role of the operations of Recycle NB through regular Board and sub-committee meetings. The Board has established two sub-committees: The Executive and Human Resources (HR) Committee and the Finance and Audit Committee. Stakeholders are also actively involved in the operation of Recycle New Brunswick through Industry Advisory Committees established by the Board.

The Board of Directors met five times during the year.

Meetings were held on the following dates:

- February 5 – Fredericton
- May 7 – Quispamsis
- June 18 – Grand Falls (Annual General Meeting)
- September 10 – Fredericton
- December 3 – Fredericton

The level of attendance of Directors at Board meetings was 96%.

Board of Directors (Five meetings)		Board of Directors (Five meetings)	
Murray Driscoll <i>Chair</i>	5	Paul Losier <i>Vice-Chair</i>	5
Rod Borden	4 of 5	Thérèse Bourgeois	5
Roland Guitard	5	George Haines	5
Bryan Howell	5	Colombe Leblanc-King	5
Grant Mitton	5	Mary Ann Coleman	1 of 2
Phillip Jensen	4 of 4	Grace Losier	3 of 3
Paul Després	2 of 2		



Rod Borden
Saint John, NB
Mr. Borden is a retired educator and an active volunteer in the Saint John community.
(Term of office: September 8th, 2008 – September 7th, 2011)



Paul Després
Shediac, NB
Mr. Després is a retired regional sales executive from the residential and commercial building products sector.
(Term of office: June 8th, 2010 – June 7th, 2013)



Phillip Jensen
Fredericton, NB
Mr. Jensen is a retired executive from the trucking industry and former Chair of the Fredericton Solid Waste Commission.
(Term of office: April 12th, 2010 – April 11th, 2013)



Roland Guitard
Pointe-Verte, NB
Mr. Guitard is a retired insurance executive and former Deputy Mayor of Pointe-Verte.
(Term of office: June 15th, 2010 – June 14th, 2013)



Grace Losier
Grand Bay-Westfield, NB
Ms. Losier is Mayor of Grand Bay- Westfield and is active in both business and community development in the region.
(Term of office: June 15th, 2010 – June 14th, 2013)



George Haines
Fredericton, NB
Mr. Haines is a retired Deputy Minister with the Department of the Environment.
(Term of office: June 19th, 2009 – June 18th, 2012)

The Board of Recycle NB would like to thank Ms. Mary Ann Coleman whose term ended in 2010 for her dedicated service to the Board. The Board appreciated her thoughtful counsel during her tenure as a Board member and wishes her the best in any future endeavours.

Executive and Human Resources Committee

The Executive and Human Resources Committee was created to address subjects relating to general policy and HR development. The Committee is comprised of four Board members and it appoints its own chairperson. The Committee is involved in the evaluation of the performance of the Chief Executive Officer (CEO), provides recommendations on health and safety issues and advises the Board on policies for staff compensation and benefits. In addition, the committee may review existing policies and recommend amended or new organizational policies for Board approval.

Members

- Rod Borden, Chair
- Murray Driscoll
- Paul Losier
- Grant Mitton



Finance and Audit Committee

The Finance and Audit Committee was created to perform reviews on the financial fundamentals of the organization and to make recommendations to the Board. The Committee is comprised of four Board members and it appoints its own chairperson. The responsibilities of the Committee include reviewing the annual budget and quarterly financial results for Board approval, reviewing internal and external audit results and providing oversight for the financial reporting and disclosure process. The Committee also addresses risk management and provides recommendations on investments and investment policy for the organization.

Members

- Rod Borden, Chair
- Murray Driscoll
- George Haines
- Grant Mitton

Accountability

The commitment of Recycle NB to accountability is assured through a continual review of the policies and practices of the Board. A fundamental portion of this exercise is performed through key reporting mechanisms such as the approval by the Board of the annual report and the management plan of the organization. In addition, an independent auditing firm performs an audit of the financial statements. This audit process ensures that the organization is following generally accepted accounting principles (GAAP) and all findings are presented to the Finance and Audit Committee prior to consideration by the full Board. The Board continues to search for ways to improve its accountability through the use of strategic sessions with various stakeholder groups. The results and recommendations of such sessions are then incorporated into the internal governance practices of Recycle NB.

Transparency

Recycle NB continues to provide comprehensive public explanation of its activities by means of its annual report, the active involvement of its industry advisory committees and a wide variety of communication tools at its disposal. This transparency goes beyond the requirements of the *Designated Materials Regulation* and is designed to provide as much information as possible to New Brunswickers at all times. The engagement of New Brunswickers is essential in order to make it possible for Recycle NB to fulfill its mission and to meet its goals.

Recycle NB strongly believes and adheres to the *Designated Materials Regulation*, a principle prohibiting the cross subsidization of material management from one waste stream to another. Recycle NB understands the importance of ensuring diligently that New Brunswick consumers only pay the actual costs of the waste streams that are created and managed.

Industry Advisory Committees

Industry stakeholders are encouraged to participate in the management of recycling programs through the tire and paint Industry Advisory Committees (IACs) chaired by a Board member of Recycle NB. This system of governance allows the Board of Recycle NB the opportunity to benefit from the expertise and advice of stakeholders on various program issues and initiatives in the most efficient and equitable manner possible. Members of the IAC committees meet on a regular basis to assist the Board on programs for which Recycle NB has a mandate to provide oversight. These committees offer to the Board a unique opportunity to communicate bilaterally and directly with the respective industries and their stakeholders. The meetings provide a venue where comments, concerns and suggestions can be discussed openly and innovative solutions can be developed for any current or potential challenges. This cooperative partnership with stakeholders ensures that a variety of perspectives can be regularly heard, evaluated and utilized by the Board and staff of Recycle NB.

Tire Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**
Rod Borden, *Chair*
- **Recycle NB**
Jamie Seamans, *TSP Manager*
- **Tire Dealers**
ATDA, Frank Connor, *Executive Director*
- **Auto Dealers**
NBADA, Jane Young, *Executive Director*
- **Solid Waste Commissions**
NBSWA, Ian Comeau, *Member*
- **Transportation Provider / Processor**
TRACC, Stephen Richardson, *Plant Manager*

Paint Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**
Paul Losier, *Chair*
- **Recycle NB**
Pat McCarthy, *PSP Manager*
- **Brand Owners**
Tim Dietrich, Home Hardware, *Manager Dealer Operations*
- **Paint Agent**
Product Care Association*, Mark Kurschner, *President*
- **Solid Waste Commissions**
NBSWA, Bill Slater, *Member*
- **Paint Retailers**
Retail Council of Canada, Christine James, *Director of Government Relations*
- **Processor**
Société Laurentide, Mario Clermont, *General Manager*
- **Transportation Provider**
Hebert's Recycling Inc**, Kevin Sargent, *President*

* Mannie Cheung assigned as alternate

** Kevin Landry assigned as alternate

Extended Producer Responsibility (EPR)

EPR as a philosophy is certainly not a new concept by any means. It has been utilized and embraced by many governments around the world for more than a decade. The Canadian Council of Ministers of the Environment (CCME) has adopted EPR as a policy approach. According to the concept of EPR, a producer is responsible for a product through its full life-cycle beyond the consumer stage. Thus the producer assumes financial responsibility for the waste management of its own products.

Application of EPR

The foundation of EPR policy is therefore a shift of responsibility from governments and municipalities to the producers of the goods being consumed. EPR programs are best understood as changing the traditional balance of responsibilities among the manufacturers and importers of consumer goods, consumers and governments with regard to waste management. All EPR programs are characterized by the continued involvement of producers and importers with commercial goods at the post-consumer stage. This form of product stewardship encourages system efficiencies which can have real benefits for New Brunswickers. When developing EPR regulations, the government of New Brunswick needs to ensure on a consistent basis that industry stakeholders remain involved in the process. Each section of a regulation for a particular product needs to be carefully considered since it will likely set the standard for any future initiatives. In the final analysis, local government authorities and the general taxpayer are relieved from the legal, physical and socio-economic impacts of waste management that were previously imposed upon them.

Benefits of EPR

Some of the reasons why EPR programs are beneficial for New Brunswick include the following:

- EPR shifts end-of-life costs to the producers and/or others in the product chain rather than having the costs borne by municipalities and general taxpayers.
- Producers with expensive end-of-life management costs have both the incentive and opportunity to redesign their products to minimize these costs.
- EPR creates incentives for producers to remove harmful substances from products and develop greener future designs.
- EPR promotes innovation in recycling technology thereby potentially reducing consumer product costs.
- EPR creates a solid framework for continual program development without the need for additional government legislation.
- EPR helps in reducing the carbon footprint through increased use of recycled materials.
- EPR programs are putting New Brunswick on the path toward zero waste.

EPR Outlook

Many provinces are actively looking for ways to explore and promote EPR programs, Recycle NB will be looking to translate its successes into new opportunities. In the fall of 2009, the CCME approved in principle a Canada-wide Action Plan for EPR and a task group was established to provide guidance on the development and implementation of EPR and product stewardship programs. The approach was to use a phased system of EPR program adoption for identified priority products and materials. In a complex and competitive national and global business market, signals to producers from a relatively small market like Canada may not be strong enough on their own to influence new environmentally conscious product design and supply chain management. The environmental objectives of EPR may therefore need to be supported and reinforced by other measures, such as: eco-labelling, restrictions on harmful substances, recycled content standards and regulations, green procurement policies, environmental performance/voluntary agreements and a variety of other potential options (standards, bans, guidelines and educational tools). Recycle NB continues to look forward to a future where clean manufacturing, pollution prevention and zero waste are commonplace objectives in all industries.

Public Education and Awareness

Gradually, a growing segment of the population is becoming aware of the importance of reducing, reusing and recycling. However, some may have questions about how or where to take end-of-life products for recycling or proper disposal. Recycle NB looks to bridge this knowledge gap by becoming a clearinghouse for recycling information. Recycle NB tackles this task by compiling the available information and providing residents and businesses a one stop shop for answers to recycling questions. Accurate and reliable recycling information can be and should be available to everyone. Achieving a fundamental philosophical shift in the way waste is viewed takes both time and persistence. Giving people the necessary information to make life changes is a prerequisite, but a more concerted approach is required. For this reason, Recycle NB undertook a major education and awareness campaign in the summer of 2010. The objectives of the “Moving Beyond Waste” (MBW) campaign were to take the pulse of New Brunswick on recycling issues and to determine the level of information that people already had on existing programs. The campaign was a cooperative venture undertaken with the Environmental Trust Fund (ETF) of the Department of Environment and Encorp Atlantic. Encorp Atlantic provides post-consumer beverage container management services to organizations that distribute deposit-bearing beverage containers in New Brunswick.

Four “Environmental Ambassadors” were hired for the summer campaign. They were situated in various regions of the province to provide a beneficial two-way communications link to schools and local communities. In addition to acting as a community resource, the representatives carried out surveys with beverage and paint program participants. The intent was to encourage improvements to customer experiences at depots and redemption centers while also improving material recovery rates of the programs. The results of the campaign were improved communications, more information and education of the general public and enhanced training of depot and retailer staff. The campaign included site visits and interviewing staff at 79 beverage depots, 56 paint depots and 511 paint retailers. Additionally, there were visits to 33 other locations either for training purposes or for future partnership development. The Environmental Ambassadors also made presentations at 32 trade shows and fairs. The 2010 “Moving Beyond Waste” campaign was extremely successful and will be repeated in the summer of 2011 with an emphasis on the tire program.

Community Recycling Projects

A new partnership developed in 2009 between Recycle NB and Habitat for Humanity, a non-profit organization. The main focus of Habitat has always been to build affordable housing and promote homeownership as a means of breaking the cycle of poverty. The primary goal of the partnership was to provide safe housing for low income families while at the same time providing a new lease on life for recycled products made from waste paint and tires. Habitat for Humanity in the Moncton and Saint John regions both used composite roofing shingles and recycled paint with their affiliate housing construction projects during 2009. The experience was so successful that the initiative was repeated in 2010 with projects in Moncton, Saint John and Fredericton. There are many challenges to overcome when delivering such a complex program and helping those most in need. Recycle NB and its industry stakeholders are very pleased to be able to contribute to such a worthy cause. The shingles, manufactured

entirely at the TRACC facility in Minto are shipped to each building site just prior to construction. Each bundle of roofing materials and every can of paint will eventually be put to use by a multitude of dedicated community volunteers working to complete the project. The response and public support for the initiative has been overwhelmingly positive and many have been pleasantly surprised with the high quality and attractive appearance of the composite roofing shingles and recycled paint. A 50 year transferrable shingle warranty from TRACC and durable low VOC paint from Boomerang ensure the new homeowners have fewer worries going forward. Habitat has continued to express a strong interest in using “Moderne Slate” shingles and “Boomerang” paint on future building projects. This is just one more way Recycle NB is continuing to ensure that the true value of “waste” resources is recognized in New Brunswick.

Value-Added Recycling

Recycle NB has always been highly interested in seeking to obtain the full value of recycled resources such as scrap tires or leftover paint. The TSP has become renowned both nationally and internationally for its highly successful track record in this regard. Countries from around the world often contact Recycle NB in an effort to adapt this success to their own situation. So how is it that a tire recycling program from a relatively small Canadian province is able to attract such wide-spread interest? The reason is very simple; it all boils down to value-added recycling.

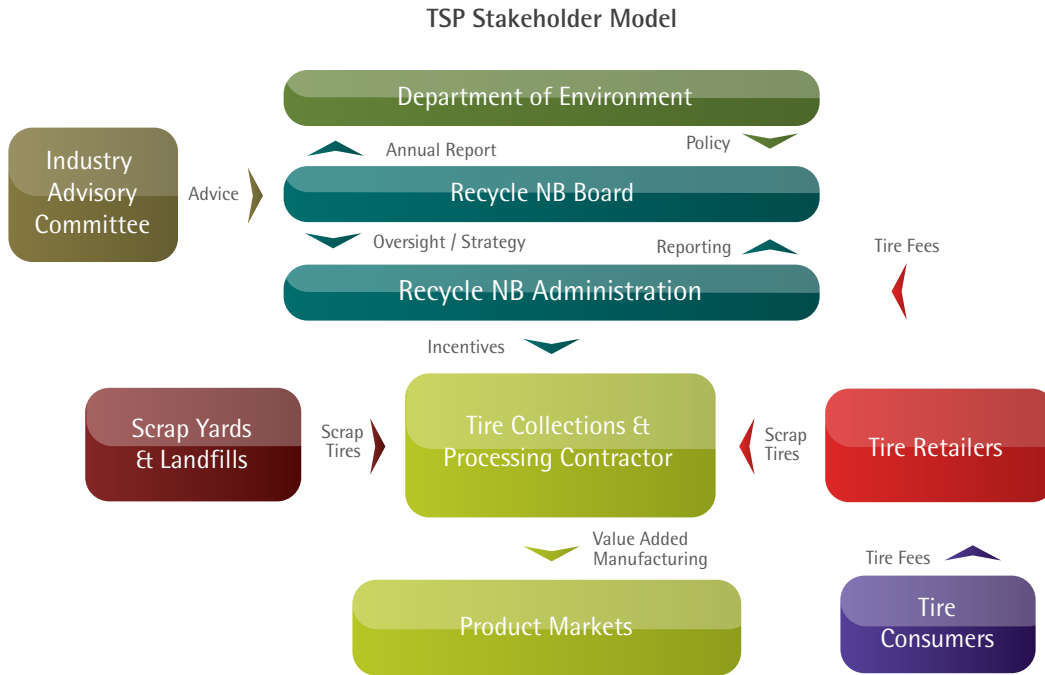
Typically a manufacturer of goods requires raw materials in order to make them. Those raw materials are then transformed into finished goods which presumably have a market demand and can be sold to industrial, commercial or residential consumers. Value-added recycling simply reverses the process. Through innovation and collaboration new creative solutions are found which transform end-of-life consumer materials into new products. This means moving beyond the paint and tires filling up landfills and recognizing the true value of New Brunswick's waste resources. This also highlights exactly why market development is such a crucial pillar to the long-term success of Recycle NB programs.

The success of the program is highly dependent on the engagement and actions of individual New Brunswickers. The public response and support for the program through daily actions of sorting recyclables has a direct impact on the bottom line of the programs. As the general level of program awareness increases, Recycle NB has seen a noticeable shift in interest surrounding the proper preparation and sorting of recyclable materials. As awareness increases, residents also understand there is now a growing correlation between the prices of goods they buy each week and their recycling efforts. The growing number of EPR programs across Canada will only serve to strengthen this connection. Value-added recycling is a system whereby nature and commerce fruitfully co-exist. The EPR approach to program design regularly calls for the transformation of industry through ecologically intelligent design. When done right, there's a synergy created which encourages those industries to become more sustainable while remaining prosperous. To see tangible results, one needs to look no further than the list of more than 80 products made by TRACC, all made, at least partially, from scrap tires. Similarly, Laurentide has continually pushed the envelope for pioneering innovative recycled paint products.

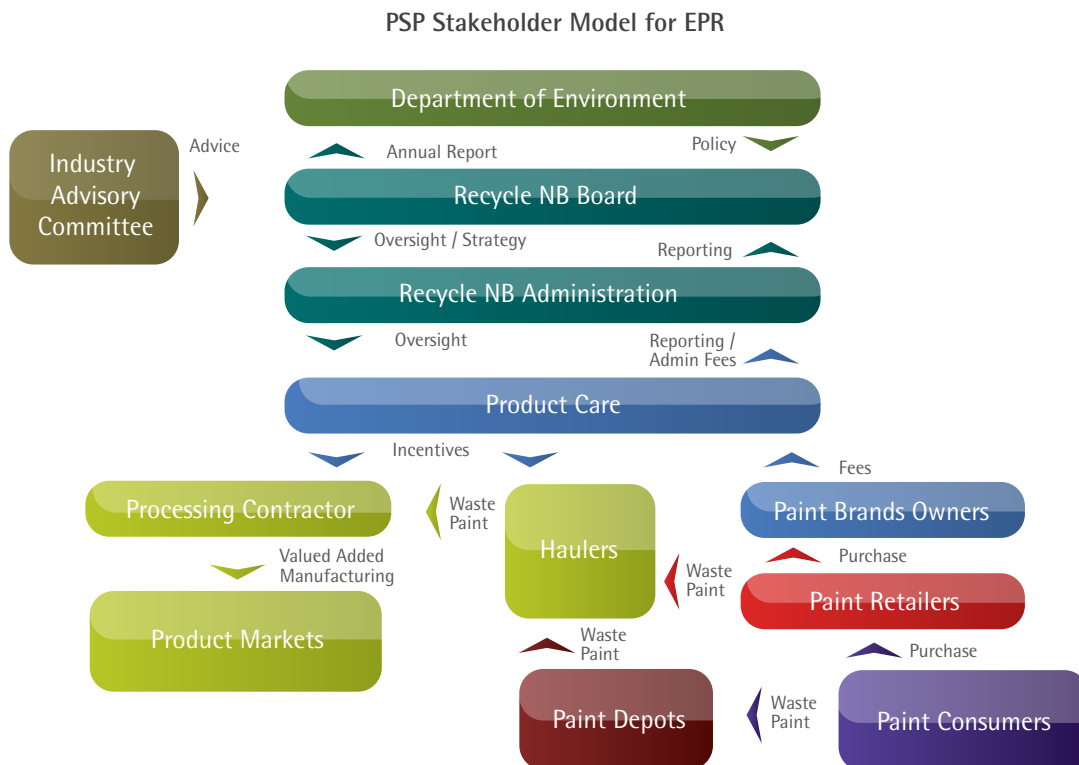
An approach which has worked for New Brunswick programs is the concept of developing markets to "pull" for recycled products. In the last century, many recycling efforts often ended with the development of subpar products. However, modern day recycled products are finally gaining recognition as legitimate alternatives to products made from virgin materials. Several forces, including the new sustainable development and green building movement, have made inroads toward strengthening the demand for resource-friendly products. Markets can also be encouraged through government policy making such as green procurement strategies which is another key area Recycle NB is looking to for future development. Today's consumer often weighs many factors before buying products. Environmental considerations tend to play an increasing role in product selection processes. From safer rubberized playground surfaces in schoolyards and parks, to low-maintenance landscape mulch designed to use water more efficiently to low VOC recycled paint, the conscientious consumer today is naturally gravitating more towards recycled goods. It's certainly an attractive additional benefit to be able to turn in an end-of-life product for recycling knowing that, in so doing, one enhances environmental sustainability for future generations. It's clear from the encouraging results that New Brunswickers support the value-added approach to recycling. The response not only shows that residents are looking to take ownership of their waste issues, but that value-added recycling is clearly benefiting New Brunswickers.

Recycle NB Stakeholder Models

Tire Stewardship Program (TSP)



Paint Stewardship Program (PSP)



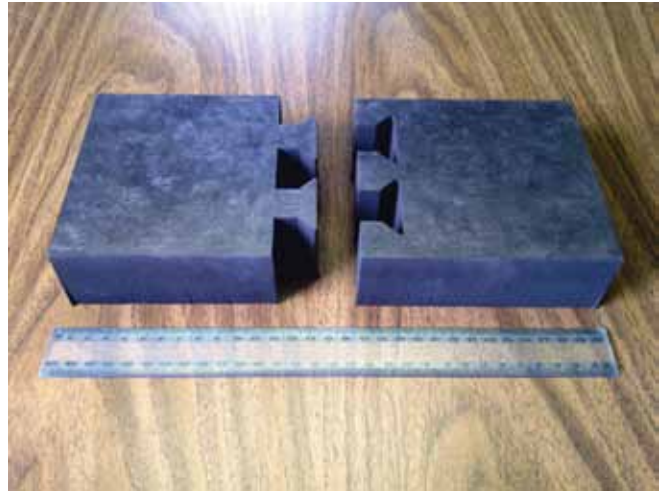
Tire Stewardship Program (TSP)

TSP Highlights

The *Designated Materials Regulation* (New Brunswick Regulation 2008-54) under the *Clean Environment Act* came into effect on May 1, 2008. The Regulation created Recycle NB and simultaneously transferred the rights and obligations of the existing New Brunswick Tire Stewardship Board to the new corporate body.

Since the inception of the New Brunswick tire recycling program in 1996, the equivalent of more than 14 million scrap tires have been recycled into new value-added products through the TSP. A vital component of the continued success of the program has been the ability of the Tire Recycling Atlantic Canada Corporation (TRACC) to find and develop new key markets for recycled products, thus requiring additional quantities of rubber in order to satisfy increasing customer demand. As more rubber is used for markets each year, there may even come a time when rubber from scrap tires in New Brunswick will not be sufficient to meet the requirements of TRACC for recycling material.

The latest expansion of the Moderne Slate roofing shingles by TRACC provides a good example. An agreement signed with a major home product distributor has given TRACC unprecedented access to one of the most fully integrated supply networks in North America. This development alone could significantly increase orders for the TRACC shingle products. A direct result of this will be a need to increase both manufacturing capacity and the manpower required to run the newly installed equipment. The major challenge may well be to find the additional materials to be recycled. TSP is working for New Brunswickers both to reduce waste and to generate meaningful long-term environmental and economic benefits right here in the province.



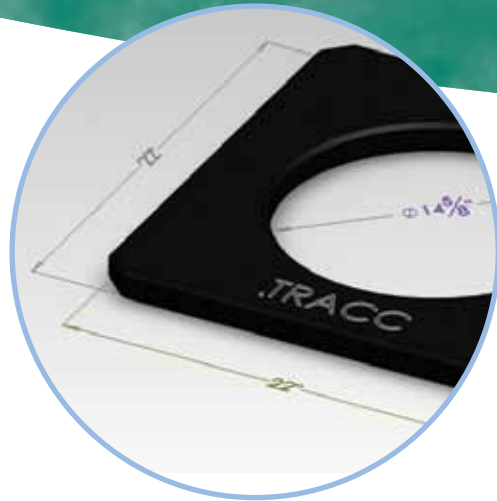
EPR and Off-the-road (OTR) tires

Off-the-road tires are those that one expects to find on places such as farm tractors, front end loaders and giant mining dump trucks. OTR tires are built tough to handle some of the harshest working conditions any piece of equipment might ever see. These tires can be incredibly large, making them very difficult to handle and transport due to their potentially massive outer diameters and enormous weight. This same toughness in the field also presents some serious challenges when it comes to OTR tire recycling. When stockpiled, OTR tires, just like their smaller highway tire counterparts, can also pose an environmental threat for a variety of reasons.

As part of a proactive initiative by the Atlantic Tire Dealers Association (ATDA) on behalf of New Brunswick's OTR tire dealers, a new OTR tire program came into effect January 1, 2010. This voluntary EPR program has led to a varied scale of tire recycling fees charged to customers depending on the combined size and weight of the OTR tire purchased. Dealers are using the funds to supplement the costs of recycling at the TRACC Minto plant where the scrap OTR tires are transformed into highly sought after value-added products such as Super-Shred Mulch. Recycle NB continues to collaborate with the ATDA towards the development of a comprehensive EPR tire program.

TSP Achievements

The New Brunswick Department of Environment has given Recycle NB the mandate to organize a product management program for scrap tires. Through the Tire Stewardship Program, Recycle NB provides a system through which all tire retailers in New Brunswick can fulfill their obligation to comply with the *Designated Materials Regulation*. The Regulation applies to anyone selling new tires within the Province.



Tire Sales in 2010

There are more than 700 registered tire retailers in New Brunswick. Each retailer is responsible for collecting tire recycling fees at the point-of-sale for each new tire sold. These fees must then be remitted to Recycle NB, which in turn funds the scrap tire collection, transportation and recycling operations.

The program from a fiscal perspective has always been entirely self-supporting, receiving no financial support from the Government of New Brunswick.

Tires Sold:

1,125,000 (1,071,000 in 2009)

Tire Collections in 2010

Every scrap tire collected by any tire retailer location throughout the Province of New Brunswick must be collected and sent to the TRACC recycling plant located in Minto for later transformation into value-added products. Recycle NB continues to carefully monitor the collection rates to ensure a level playing field for all tire retailers across the Province.

Tires collected:

1,149,000 (1,008,000 in 2009)*

Tire recovery rate:

102.1% (94.1% in 2009)

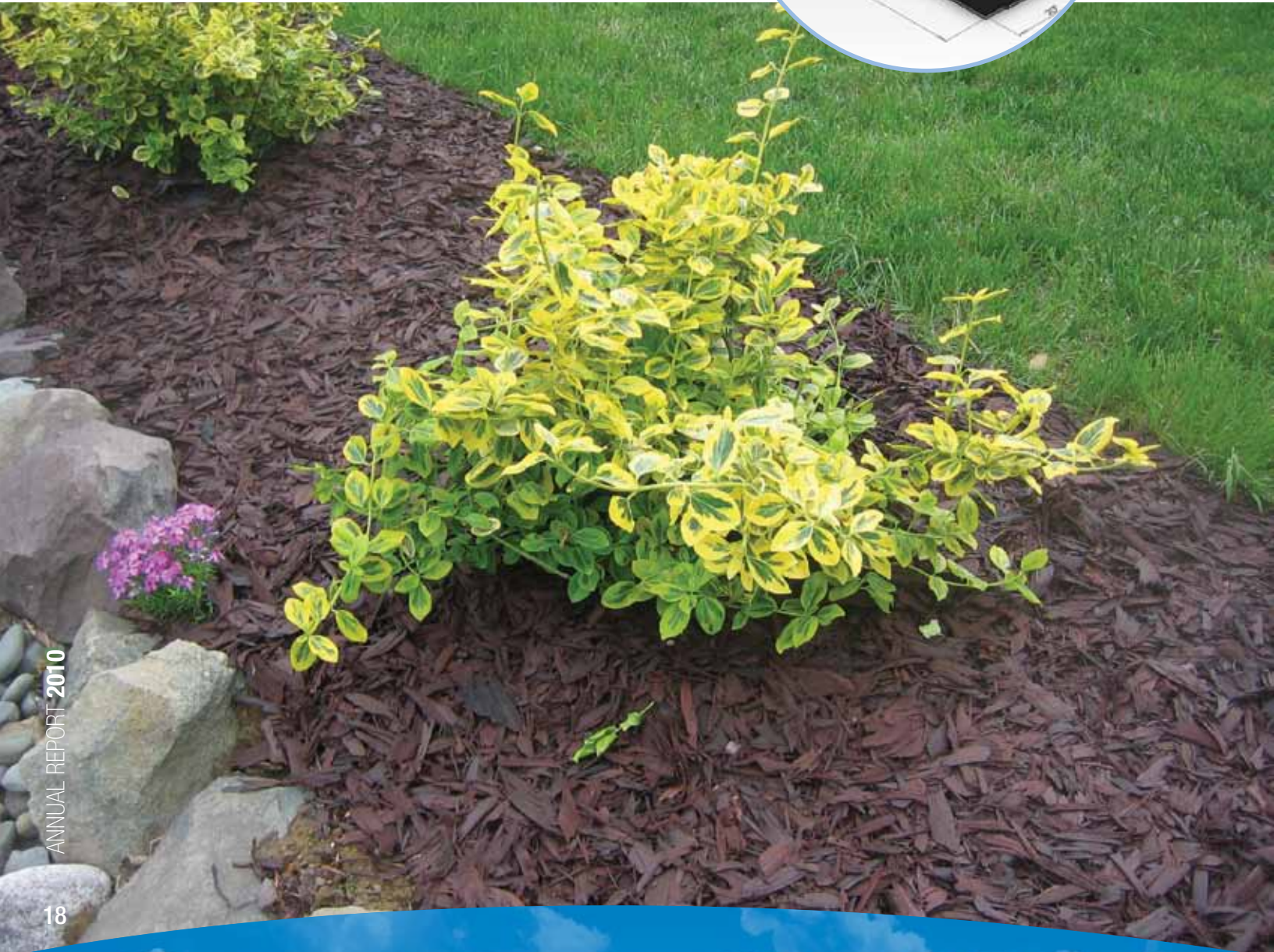
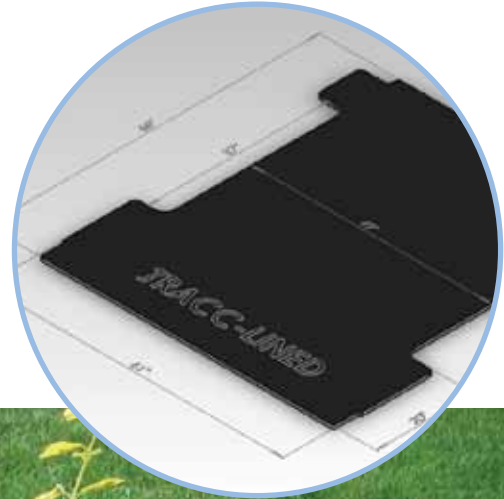
* Changed PTE = 10kgs in order to remain consistent with other provinces



Tire Stewardship Program (TSP) (continued)

Tire Processing in 2010

Under the tipping fee-based system developed between TRACC and the Province of New Brunswick the processing costs for the tires are paid once the collected scrap tires enter into the TRACC inventory. The advantages of this system include a reduction in administrative costs and the elimination of the need to maintain frequent inventory audits. The agreement is also seen as a positive first step towards establishing an EPR for the TSP.



Quality Assurance

Recycle NB is committed to ensuring that the quality of services provided by the program is at a level which meets the needs of New Brunswickers.

Recycle NB uses the following processes to implement quality assurance for the TSP:

- Analyzing feedback and taking action to improve programs.
- Analyzing the management plan to improve program delivery.
- Analyzing trends and patterns.
- Benchmarking with similar programs in other jurisdictions.

During 2010 Recycle NB became aware of a significant scrap tire importation operation in the northwest area of the Province near the US border. Recycle NB worked with authorities to have the operation halted and turned the file over to the Department of Environment for follow-up.

Recycle NB has also continued to focus its efforts and resources more effectively by collaborating with other provinces on the delivery of tire retailer audits through its membership in the Canadian Association of Tire Recycling Agencies (CATRA).

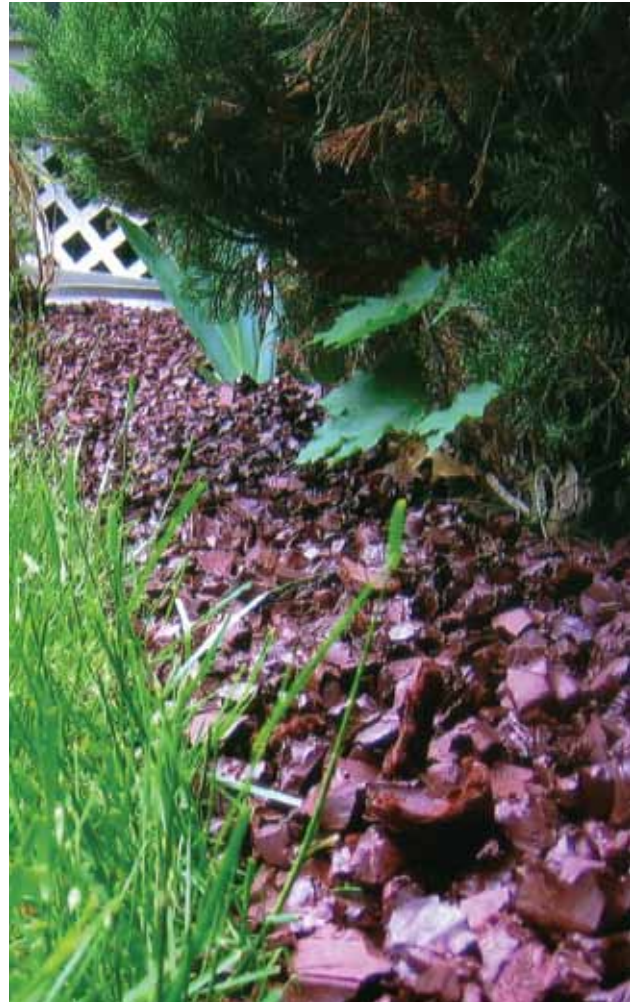
Knowledge and satisfaction levels of the TSP by New Brunswickers

The Rubber Association of Canada (RAC) carried out a study in 2009 on a number of issues including opinions on tire recycling.

The results of the survey were presented to a meeting of CATRA in April 2010. The survey was carried out in the cities of Vancouver, Calgary, Winnipeg, Toronto, Sherbrooke and Fredericton. Altogether, 1,811 individuals were surveyed. This was the first survey which included tire recycling questions, so no prior baseline data exists.

The Fredericton responses compared to the national responses were as follows:

- **Awareness of provincial scrap tire collection and recycling system** Fredericton 81.2% aware (national average 58.0%)
- **Satisfaction with the manner in which scrap tires are managed** Fredericton very satisfied 87% (national average 52%)



- **Satisfied with what happens to tires when they are scrapped** (Scrap tires are being recycled responsibly) Fredericton 73% (national average 51%)

It is noteworthy that Fredericton had the highest rating of the six communities surveyed for each of the three questions. A reason for the high rating in Fredericton may be the relative proximity of the recycling facility in Minto. One of the key aspects of the 2011 Moving Beyond Waste campaign will be for continuing to improve New Brunswickers' awareness of the TSP in all regions of the Province.

Paint Stewardship Program (PSP)

Historical Perspective

The *Designated Materials Regulation* (New Brunswick Regulation 2008-54) under the *Clean Environment Act* came into effect on May 1, 2008. The Regulation created Recycle NB and simultaneously made the corporate body responsible for launching and administering the new Paint Stewardship Program, the first program in the province to be administered as an Extended Producer Responsibility.

After having been endorsed by the stakeholder-based Paint Industry Advisory Committee of the Board in June of 2008, Product Care was selected by Recycle NB as the paint agent for current brand owners registered under the program. The New Brunswick Paint Recycling Program was developed by Product Care Association on behalf of the paint industry in response to the New Brunswick *Designated Materials Regulation*. The program was approved by Recycle NB for a three year period commencing April 1, 2009.

The first phase of the implementation of the Paint Stewardship Program had consisted of shifting the financial responsibility from the New Brunswick Solid Waste Commissions to the paint brand owners by the end of 2008. The second phase of the PSP was the establishment of a network of collection depots throughout the Province. The network of collection depots was in place by April 2009. As of that date, paint consumers including homeowners and businesses, could drop off leftover household paint at paint collection depots located throughout New Brunswick, without charge.

The 2009 annual report of Recycle NB thus covered nine months of operation of the PSP while this annual report represents the first full-year operation of the program.

The second phase of the implementation included a comprehensive public awareness media campaign organized through the combined efforts of Product Care and Recycle NB. The most noticeable change for homeowners looking to clean out garages, sheds and basements was the significant increase in the number of locations leftover paint could be dropped off for recycling. Through this sharp increase in accessibility, the number of people making use of the new program skyrocketed. Feedback from residents and businesses alike was most encouraging.



The 2010 report from Product Care provides confirmation that the program continues to enjoy wide-spread support. The Moving Beyond Waste (MBW) promotional campaign during the summer of 2010 continued the focus on program education and awareness initiatives designed to show to New Brunswickers how the environment benefits directly from recycling activities. It is evident that residents have given their support to help keep paint out of landfills, incinerators and the environment. Fortunately the ranks of those choosing to recycle their old paint are growing, which represents an excellent beginning.

Eco-Logo Certification

Building green is more than just using recycled products in the construction process. The recycled products must also be certified. This certification assists consumers in identifying the safest, most environmentally preferable products. There are several internationally recognized marks of environmental quality, however in North America, there are only two major certifications: Eco-Logo and Green Seal (commonly associated with Leadership in Energy & Environmental Design [LEED] certification for new and retrofit, residential and commercial construction projects). Industry considers both marks as environmental leadership labels.

Recycled paint products such as Boomerang and Rona Eco paint are made from unused portions of recovered domestic paint and stain remains. In order to guarantee the quality of these products, about 1% of new material is added to the remains, providing adequate and consistent lustre levels, viscosity and drying time.

Boomerang and Rona Eco products also have a very low level of Volatile Organic Compounds (VOCs), thus making it possible to become Eco-Logo certified. Everything about the product is

environmentally friendly; including the container which is made from recyclable plastic and a label printed on FSC certified paper. It's no surprise these products continue to garner well-deserved interest and attention through their progressive regular certification processes.

PSP Achievements

The paint stewardship plan provides industry stakeholders the framework necessary to operate a recycling system that is both accountable and transparent to all stakeholders.

Based on the EPR model, any expenses incurred by the PSP for oversight, communications, auditing, general administration or any other expense related to the program are reimbursed fully on a cost recovery basis by Product Care. Recycle NB receives no direct funding from the government for the PSP.

The paint sales and paint collections data for the calendar year 2010 are provided by Product Care Association as required under the *Designated Materials Regulation* of the *Clean Environment Act*.



Paint Stewardship Program (PSP) (continued)



Paint Sales

Most of the paint purchased will be used for its intended purpose, but at times a portion of the acquired paint may require disposal by the consumer. In order to fund the recycling activities of the PSP, the price of each container includes a provision for recycling the paint bought at any of the more than 500 paint retailers in the province. As of December 31, 2010 the PSP had 43 brand owners registered. The brand owners then remit the funds collected for recycling to Product Care based on their product sales volumes. Product Care is then tasked with managing the ongoing operations according to the approved business plan.

Program members reported the sale of 2,028,487 units of program products for an estimated liquid volume of 5,725,316 litres, representing an average of more than 15,000 litres per day. The corresponding sales for the nine-month reporting period in 2009 were 1.57 million containers and 4.31 million litres.

Paint Collections

The PSP allows consumers including homeowners and businesses to bring their leftover paint as well as many types of stains, varnishes and aerosols to any of the many collection points across the Province. At the launch of the paint recycling program on April 1, 2009, there were initially 46 paint drop-off depots available to accept paint under the program. By December 31, 2010 the number of depots had increased to 58. The increase in the number of drop-off depots shows that the program continues to improve accessibility for paint recycling throughout the Province. It also makes it easier for all New Brunswickers to become involved in protecting the environment by recycling their unused paint.

315,050 litres of paint were collected during the year. The volume of leftover paint processed during the year and the method of disposal were as follows:

Method	Volume (litres)	Percentage
Reuse	1,157	0.4%
Recycle	260,917	87.4%
Landfill	27,800	9.3%
Energy Recovery	8,405	2.8%
Incineration	284	0.1%
Total	298,563	100%

Paint recyclability / reuse rate 87.8% compared to 87.5% in 2009



Percentage of Leftover Paint by Disposal Method

In 2010, 87.4% of paint went to be recycled into new paint while just 0.4% was reused through the paint exchange portion of the PSP.

Although the program is relatively new, the results from the PSP Key Performance Indicators (KPIs) show that the program is efficient. The amount of paint collected is much higher than expected for a new program, irrefutable proof that combined communications efforts are having an impact. The Victoriaville, Quebec based paint recycler, Laurentide has also remarked on the excellent quality (and thus recyclability) of paint being received by program participants. Non-program materials, which typically consist of Household Hazardous Waste (HHW) products, can add significant operational costs which are then passed on to consumers of paint. Drop-off depots and program participants can again take pride in maintaining one of the lowest rates of non-program material for any paint recycling program in Canada.

Recycled Paint Markets

New Brunswickers are continually seeking more ways to avoid waste and consume in a responsible manner. As an example many conscientious consumers are seeking recycled paints for their decorating needs.

The market for recycled paint is developing at a very rapid pace particularly in the area of green procurement for businesses. Environmentally responsible or “green” procurement is often defined as the selection of products and services that minimize environmental impacts. With an eye towards preventing waste and pollution, a business should consider environmental impacts, along with price, performance, and other traditional factors, when making purchasing decisions. As part of the policy requirement, an organization typically carries out an assessment of the environmental consequences a product may pose at each stage of its lifecycle. This means considering the costs of securing raw materials, and manufacturing, transporting, storing, handling, using and disposing of the product.



In addition to providing exceptional value and the obvious benefits to the environment, the value-added aspect of the recycled paint plays a growing role in the developing “green economy”. Recycle NB has confidence in the future prospects of recycled paint and will continue to encourage consumers to decorate in environmentally friendly ways. Most of the waste going to landfills is actually generated by the institutional, commercial and industrial (ICI) sectors. Recycle NB will be looking to promote the need for the ICI segments to adopt an appropriate green procurement policy.

INDEPENDENT AUDITORS' REPORT



KPMG LLP
Chartered Accountants

Frederick Square Suite 700
77 Westmorland Street
Fredericton NB E3B 6Z3
T: (506) 452-8000
F: (506) 450-0072
Website: www.kpmg.ca

To the Board of Directors of Recycle New Brunswick

We have audited the accompanying financial statements of Recycle New Brunswick, which comprise the statement of financial position as at December 31, 2010 the statements of operations changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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.

Basis for Qualified Opinion

The entity derives a portion of its revenue from the collection of tire recycling fees pursuant to the provisions of the *Clean Environment Act*, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these fee and levy revenues was limited to the amount recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, liabilities and unrestricted net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Recycle New Brunswick, as at December 31, 2010, and its results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG s.r.l./S.E.N.C.R.L.

Chartered Accountants

June 17, 2011

Fredericton, Canada

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

ASSETS	2010	2009
Cash	\$ 687,327	\$ 342,319
Accounts receivable (note 2)	708,072	1,084,838
Prepaid expenses	3,247	3,247
	1,398,646	1,430,404
Investments (note 3)	519,518	515,675
Capital assets (note 4)	38,074	42,710
	<u>\$ 1,956,238</u>	<u>\$ 1,988,789</u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued liabilities	\$ 448,104	\$ 382,140
EPR Credit (note 6)	39,276	-
	487,380	382,140

Net assets:

Invested in capital assets	38,074	42,710
Unrestricted	1,430,784	1,563,939
	1,468,858	1,606,649

Commitments (note 7)

Contingencies (note 8)

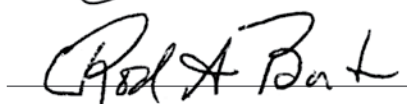
	<u>\$ 1,956,238</u>	<u>\$ 1,988,789</u>
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See accompanying notes to financial statements.

On behalf of the Board:



Murray Driscoll, *Director*



Rod Borden, *Director*

Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

Revenues:	2010	2009
Paint program (schedule 1)	\$ 180,968	\$ 115,075
Tire program (schedule 2)	4,472,633	4,098,146
	4,653,601	4,213,221
Expenses:		
Paint program (schedule 1)	180,968	115,075
Tire program (schedule 2)	4,617,487	3,915,873
	4,798,455	4,030,948
	(144,854)	182,273
Other:		
Investment income	7,063	8,535
Excess (deficiency) of revenues over expenses	\$ (137,791)	\$ 190,808

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009

	Invested in capital assets	Non Unrestricted	2010 Total	2009 Total
Balance, beginning of year	\$ 42,710	\$ 1,563,939	\$ 1,606,649	\$ 1,415,841
Excess (deficiency) of revenues over expenses	(17,030)	(120,761)	(137,791)	190,808
Net change in investment in capital assets	12,394	(12,394)	-	-
Balance, end of year	\$ 38,074	\$ 1,430,784	\$ 1,468,858	\$ 1,606,649

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

Cash provided by (used in):	2010	2009
Operations:		
Excess (deficiency) of revenues over expenses	\$ (137,791)	\$ 190,808
Items not involving cash:		
Amortization of capital assets	17,030	9,703
Unrealized loss on investments	3,383	13,562
	(117,378)	214,073
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	376,766	(138,117)
Increase in accounts payable and accrued liabilities	65,964	165,285
Decrease in accrued processing fees	–	(397,534)
Increase in EPR Credit	39,276	–
	364,628	(156,293)
Investments:		
Proceeds on sale of investments	130,000	208,299
Purchase of investments	(137,226)	(229,271)
Capital assets acquired	(12,394)	(40,589)
	(19,620)	(61,561)
Increase (decrease) in cash	345,008	(217,854)
Cash, beginning of year	342,319	560,173
Cash, end of year	\$ 687,327	\$ 342,319

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended December 31, 2010

Recycle New Brunswick (the Company) is an agent of the Crown, incorporated under the *Clean Environment Act*. The principal business activities are overseeing the collection and recycling of used tires and architectural paint on behalf of the Minister of Environment for the Province of New Brunswick.

1. Significant accounting policies:

(a) General:

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Investments:

Investments have been designated as held-for-trading and are carried at fair value.

(c) Fees and levies:

Fees and levies for scrap tires are recognized by the Company when cash is received or receivable from the tire retailers. The Company uses a closing date of January 31 of the following year to recognize fee transfers from tire retailers related to the current year as a receivable.

(d) Paint program:

The paint program is an Extended Producer Responsibility (EPR) program, and is operated on a cost recovery basis. Each paint producer is assessed a fee which will be used to cover the educational and administrative costs of the program.

(e) Capital assets:

Capital assets are recorded at cost. Amortization is recorded using the straight-line method at the following annual rates:

Asset	Rate
Furniture and fixtures	5 years
Computer equipment	3 years

Notes to Financial Statements

Year ended December 31, 2010

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of accounts receivables, capital assets, accounts payable and accrued liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(g) Financial instruments:

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation for such instruments. Settlement date accounting is used.

<u>Financial instrument</u>	<u>Classification</u>
Cash	Held-for-trading
Accounts receivable	Loans and receivables
Investments	Held-for-trading
Accounts payable and accrued liabilities	Other liabilities
EPR Credit	Other liabilities

Held-for-trading

Held-for-trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held-for-trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, gains and losses realized on disposal and unrealized gains and losses are included in the statement of operations.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Notes to Financial Statements

Year ended December 31, 2010

1. Significant accounting policies (continued):

(h) Financial instruments (continued)

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method.

The following methods and assumptions are used in estimating the fair value for financial instruments:

The carrying amounts reported on the statement of financial position of cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to the short maturities of these instruments.

The fair value of short-term investments is based on quoted market prices, taking into account interest accrued to year end.

(i) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations to the Company. Management mitigates the risk of default on the investments by investing in well established financial institutions and government.

2. Accounts receivable:

	2010	2009
Trade	\$ 597,472	\$ 935,377
Sales taxes	110,600	156,183
Paint program	–	(6 722)
	\$ 708,072	\$ 1,084,838

Notes to Financial Statements

Year ended December 31, 2010

3. Investments:

	2010		2009	
	Fair market value	Cash	Fair market value	Cash
Bonds, Coupons, Treasury Bills and Mutual Funds				
6.375% Province of New Brunswick - June 15, 2010	\$ -	\$ -	\$ 133,432	\$ 142,149
Altamira High Interest Cashperformer	100,854	100,000	100,105	100,000
Manulife Bank Investment Savings Account	100,970	100,000	100,117	100,000
Renaissance High Interest Savings Account (5000)	117,520	100,000	100,130	100,000
RBC Investment Savings Account Series A (2001)	100,092	100,000	77,727	77,649
TD Premium Money Market Fund I Series	100,055	100,000	-	-
Cash held in broker's account	27	27	4,164	4,164
	\$ 519,518	\$ 500,027	\$ 515,675	\$ 523,962

4. Capital assets:

	Cost	Accumulated amortization	2010	2009
			Net book value	Net book value
Furniture and fixtures	\$ 51,827	\$ 37,753	\$ 14,074	\$ 17,219
Computer equipment	95,223	71,223	24,000	25,491
	\$ 147,050	\$ 108,976	\$ 38,074	\$ 42,710

Notes to Financial Statements

Year ended December 31, 2010

5. Allocation of expenses:

All expenses which can be directly attributed to one of the Company's designated materials programs have been allocated accordingly. General expenses totalling \$542,249 relating to human resources, finance, communications, office and facilities expenditures have been allocated 80%/20% (2009 - 80%/20%) or \$433,799 and \$108,450 to the tire and paint programs, respectively, based on management's estimate of the resources required to administer the programs.

6. EPR Credit:

Under the terms of the Extended Producer's Responsibility (EPR) agreement, costs incurred by the Company while administering the EPR program will be charged to the producers annually. Any excess of monies received from the producer over costs incurred have been recorded as a liability at year end, as the excess amount will be credited toward future producer payments in the next fiscal year.

7. Commitments:

Subsequent to year end, the Company has entered into a premises lease with annual payments of \$39,743 for a term of 5 years.

8. Contingencies:

During fiscal 2009, the Province of New Brunswick signed a contract with Tire Recycling Atlantic Canada Corporation (TRACC), where payments are made based on a weight-based tipping fee model. Payments are made monthly for \$330 per ton for scrap tires received at their processing facility. Annually, beginning March 31, 2010 a comparison between the weight of scrap tires calculated using weigh scale confirmation slips versus collection receipt slips is completed. If the difference is less than 4.5%, no adjustments to TRACC payments are made. If the difference exceeds 4.5% an additional payment is made or refund received from TRACC. The Company administers remuneration for this contract on behalf of the Province of New Brunswick and will pay or receive any adjustments accordingly.

Schedule 1 - Paint Program

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue	\$ 111,880	\$ 115,075
Environmental Trust Fund	69,008	-
	180,968	115,075
Expenses:		
Salaries and employee benefits	100,998	57,799
Travel	18,569	6,604
Communication and translation	16,595	10,602
Board	14,366	14,819
Professional services	9,664	10,734
Office	7,080	4,487
Telephone	5,662	3,687
Amortization of capital assets	3,406	1,941
Rent	2,160	2,160
Insurance	1,375	1,257
Repairs and maintenance	500	634
Training and subscriptions	304	140
Bank charges and interest	289	211
	180,968	115,075
	\$ -	\$ -

Schedule 2 - Tire Program

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue	\$ 4,472,633	\$ 4,098,146
Expenses:		
Scrap tire processing costs	4,171,002	3,457,566
Salaries and employee benefits	266,707	231,161
Board	48,425	53,477
Professional services	29,946	63,213
Communication and translation	27,476	38,246
Office	21,055	20,053
Amortization of capital assets	13,624	7,762
Travel	11,951	8,587
Telephone	9,524	9,810
Rent	8,640	8,640
Insurance	5,062	5,026
Repairs and maintenance	2,001	10,926
Interest and bank charges	1,157	844
Training and subscriptions	917	562
	4,617,487	3,915,873
	\$ (144,854)	\$ 182,273



Location:

277 Main Street
Fredericton, NB E3A 1E1

Telephone

1 (506) 454-8473
Toll Free: 1 (888) 322-8473

Fax

1 (506) 454-8471

Email

info@recyclenb.com

Mailling

P.O. Box 308, Station A
Fredericton, NB E3B 4Y9