

2015 Annual Report



MOVING **BEYOND** WASTE



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1,097,000 (PTE)
tires collected

715 retail tire
collection sites

268,880 litres of
paint collected

63 paint collection depots

3,309,612 litres
of oil collected

120,063 litres of
glycol collected

162 oil and glycol
collection facilities



TRANSMITTAL LETTER

The Honourable Brian Kenny
Minister of Environment and Local Government
Legislative Assembly of New Brunswick
Fredericton, New Brunswick

Dear Minister:

On behalf of the Board and staff, I am pleased to present to you the annual report of Recycle NB for the calendar year 2015. The report is presented in accordance with Section 11 of the Designated Materials Regulation (New Brunswick Regulation 2008-54 enacted under the *Clean Environment Act*.)



Gildard Chiasson
Chair
Recycle NB



RECYCLE NB BOARD OF DIRECTORS

Front row (left to right): Erica Barnett, Beth McDermott, Aline McLaughlin

Back row (left to right): Borden DeLong, Gildard Chiasson, Rod Borden, Maxime Lejeune, Grant Mitton

RECYCLE NB AT A GLANCE

VISION

All waste materials in New Brunswick are managed in a sustainable and environmentally responsible way. Recycle NB is MOVING BEYOND WASTE.

MISSION

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

ROLE

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

Recycle NB is a unique, province-wide organization driven by a vision for a healthier and more sustainable environment that will benefit you and your children for years to come. Our vision is all about a long-term plan to make our province waste free. We want to protect New Brunswick's rich resources from materials that endanger the water you drink, the earth you till, the air you breathe. We want to make sure your children and grandchildren have the resources they will need far into the future. That's why we work to divert an increasing number of materials from landfills. Gradually, we will eliminate the need for large landfills. We want to ensure materials, particularly those priority materials most harmful to all of us, are recycled into new products.

We will encourage all manufacturers who want to market in our province to make it easier for you by taking responsibility for the life of their products and adapting packaging and practices that leave you with much less waste to manage.

We will help you understand the benefits of recycling for you, your children, and generations to come. Our hope is that, because you understand those benefits, you will share our vision and do your part to make it a reality.

"We will help you understand the benefits of recycling for you, your children, and generations to come. Our hope is that, because you understand those benefits, you will share our vision and do your part to make it a reality."

MESSAGE FROM THE CHAIR



As the new Chair of Recycle NB, I am inspired by the enthusiasm, expertise and efforts of the Board and Staff to meet the organization's commitment to MOVE BEYOND WASTE.

2015 was another year of change and progress for the organization. We said goodbye to some members of our Board. To them I say thank you for all you have contributed over your term of Office. To the new members I say welcome. We look forward to the coming year and to your unique contributions to the organization.

This spring we engaged stakeholders in important discussions and learning about the future waste management of packaging and waste paper products. It was just the beginning of a dialogue about a possible framework for the end-of-life management of these products. However, it was a start and, as these products make up about sixty per cent of the residential waste stream and are a significant cost to taxpayers, we hope the dialogue will continue. Our vision would be for a New Brunswick Packaging and Waste Paper Program that would harmonize with the other Atlantic Provinces.

This fall, the government announced a program for electronics waste management. The program is an extended producer responsibility program that Recycle NB will oversee. Recycle NB will work with industry to develop a management plan. This will be another major step in protecting New Brunswick's environment for generations to come.

Throughout the year, we worked with our industry partners, Product Care and SOGHUOMA to ensure that the paint and oil and glycol programs are meeting the needs of New Brunswickers and to encourage New Brunswickers to recycle their designated products. The programs are a success because New Brunswickers care about the environment and participate in the programs. We thank them for their efforts.

We look forward to another year of progress as we implement the new electronics waste program.

Gildard Chiasson
Chair, Recycle NB

"This spring we engaged stakeholders in important discussions and learning about the future waste management of packaging and waste paper products"



BOARD GOVERNANCE

Board Membership and Structure

The Minister of Environment and Local Government appoints the members of the Board of Directors of Recycle NB 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 to addressing environmental issues confronting New Brunswick.

The powers of the Board are as laid out in Section 5 of the *Designated Materials Regulation*. 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 the provincial government has assigned it stewardship responsibility. 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 Committee and the Finance and Audit Committee. Stakeholders are involved in the operation of Recycle NB through Industry Advisory Committees established by the Board.

Members of the Board and Terms of Office as of December 31, 2015

Board Changes

The term of office expired in 2015 for several Board members. Chair Bryan Howell completed his term on June 17, 2015. Director Margaret Mayes completed her term of office on July 12, 2015. Director Nancy Daamen resigned her position in May 2015 for personal reasons.

During the year, government appointed Erica Barnett, Minto; Rod Borden, Saint John; Elizabeth McDermott, Fredericton; and Grant Mitton, Moncton to the Board.



Gildard Chiasson, Chair
Bertrand, NB

Mr. Chiasson is a retired businessperson. He was mayor of Bertrand from 1998 to 2008.
Term of office: June 15, 2013 - June 14, 2016



Erica Barnett
Minto, NB

Ms. Barnett is a Registered Respiratory Therapist in Fredericton. She is an active community volunteer in Minto and has served on the ALS board of New Brunswick and Nova Scotia.
Term of office: June 17, 2015 - June 16, 2018



Borden P. DeLong
Brown's Flat, NB

Mr. DeLong is Owner / Proprietor of Bor-Mar-Gar Printing and active in various community services.
Term of office: September 22, 2014 - September 21, 2017



Rod Borden
Saint John, NB

Mr. Borden is a retired educator and an active volunteer in the Saint John community.
July 12, 2015 - July 11, 2018



Aline McLaughlin
Enterprise, NB

Ms. McLaughlin is a retired teacher and was Director of the Early Intervention Program. She has been involved with several non-profit organizations for many years.
Term of office: June 15, 2013 - June 14, 2016



Elizabeth McDermott
Fredericton, NB

Ms. McDermott is a retired civil servant. She is Managing Director of Beth Mc Solutions and an active community volunteer.
Term of office: October 28, 2015 - October 27, 2018



Maxime Lejeune
Pointe-Verte, NB

Mr. Lejeune, a former public servant, was regional director of Community and Correctional Services, Department of Public Safety. He served several terms as Mayor of Pointe-Verte.
Term of office: June 15, 2013 - June 14, 2016



Grant Mitton
Moncton, NB

Mr. Mitton is a retired Occupational Health and Safety advisor and an avid outdoorsman.
Term of office: October 28, 2015 - October 27, 2018

Board Meetings

The Board of directors met five times during 2015. Meetings were held on the following dates:

Date	Place
January 22	Fredericton
April 17	Fredericton
June 12	Shediac
September 25	Bathurst <i>(Regular & Annual General Meeting)</i>
December 4	Fredericton

Board Attendance

The level of attendance of directors at Board meetings was 92.7%

Present Directors	Meetings (6)	Director	Meetings (5)
Gildard Chiasson	6/6	Elizabeth McDermott	1/1
Borden DeLong	5/6	Grant Mitton	1/1
Aline McLaughlin	5/6		
Maxime Lejeune	5/6		
Rod Borden	3/3		
Erica Barnett	3/3		
Past Directors (To 2015)	Meetings (6)		
Bryan Howell	3/3		
Nancy Daamen	3/3		
Margaret Mayes	3/3		

Executive Committee

The committee is comprised of four Board members (Board chair, Board vice-chair, and two other Board members). The Board appoints the committee by resolution. The chief executive officer is an ex-officio member of the committee.

The terms of reference of the committee are:

- To deal with issues that emerge between regular Board meetings.
- To provide broad strategic direction and advice to the Board.
- To provide advice to the Board Chair and/or Chief Executive Officer.
- To set performance evaluation criteria for the Chief Executive Officer.
- To assess the performance of the Chief Executive Officer.
- To recommend to the Board compensation and benefits levels for staff.
- To coordinate and oversee the evaluation of the Board performance.
- To ensure proper orientation of new Board members

Members

- Rod Borden
- Gildard Chiasson
- Maxime Lejeune
- Aline McLaughlin

Finance and Audit Committee

The committee is comprised of four Board members appointed by Board resolution and the chief financial officer is ex-officio.

The terms of reference for the finance function of the committee are:

- Be the “eyes” of the Board in meeting its fiduciary responsibilities.
- Provide broadly based advice to management on the annual budget.
- Review the quarterly financial statements.
- Review the effectiveness of the company's internal control systems.
- Monitor compliance with appropriate laws and regulations.
- Recommend investment policy guidelines, whenever required.
- Review the completeness and accuracy of public financial reports.
- Consider any financial issues reasonably within the Board's jurisdiction.

The terms of reference for the audit function of the committee are:

- Review and determine the structure and scope of the internal audit function.
- Review the external auditor's audit scope and approach.
- Review the performance of the external auditor and recommend appointment or discharge.
- Consider any audit issues reasonably within the Committee's jurisdiction.

Members

- Aline McLaughlin
- Erica Barnett
- Borden P. DeLong
- Rod Borden

Industry Advisory Committees

We encourage industry stakeholders to participate in the management of recycling programs through the tire, paint, oil and glycol Industry Advisory Committees (IACs) chaired by a Recycle NB Board member. This system of governance allows the Board the opportunity to benefit from the expertise and advice of stakeholders on various program issues and initiatives in an efficient and equitable manner. Members of the IAC committees meet on a regular basis to assist the Board on programs that Recycle NB oversees. These committees offer 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 are discussed openly and innovative solutions are developed. This cooperative partnership with stakeholders ensures that a variety of perspectives are heard regularly, evaluated and used by the Board and staff of Recycle NB.

Tire Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**, Grant Mitton, *Chair*
- **Tire Dealers**, Atlantic Tire Dealers Association, Frank Connor, *Executive Director*
- **Auto Dealers**, New Brunswick Automobile Dealers Association, Jane Young, *Executive Director*
- **Regional Service Commissions**, Restigouche Regional Service Commission, Ian Comeau, *Executive Director*
- **Transportation Provider / Processor**, Tire Recycling Atlantic Canada Corporation, Stephen Richardson, *Plant Manager*

- **Processor**, Société Laurentide, Recycling Division, Mario Clermont, *General Manager*, Brian Tanner, *Operations Manager*

- **Transportation Provider**, Hebert's Recycling Inc, ** Kevin Sargent, *President*

* Mannie Cheung assigned as alternate

** Fred Hamilton assigned as alternate

Don Shea, Product Care, *Program Coordinator(NB)*

Oil and Glycol Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**, Gildard Chiasson, *Chair*
- **Brand Owners**, Ashland, Valvoline, Bruce Trethewey, *Atlantic District Manager*,
- **Oil and Glycol Agent**, SOGHUOMA, Gilles Goddard, *General Manager*, Jean Duchesneau, *Assistant General Manager*; Albert Girard, *Consultant*
- **Regional Service Commissions**, Acadian Peninsula Regional Service Commission, Gary Leblanc, *Director Solid Waste Management Division*,
- **Retailer**, Atlantic Canada, Retail Council of Canada, Jim Cormier, *Director*; David Bois, *Home Hardware Stores Limited*
- **Processor**, Atlantic Industrial Services, Glen Anderson, *Business Development Manager*,
- **Transportation Provider**, NEWALTA, Adam Hayes, *Branch Manager*; RPM Environmental Systems Inc.; Bianca Cormier, *Branch Coordinator Maritime*

Paint Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**, Erica Barnett, *Chair*
- **Brand Owners**, Home Hardware Stores Limited, Steven Morneau, *Manager Dealer Operations*
- **Paint Agent**, Product Care Association,* Mark Kurschner, *President*
- **Regional Service Commissions**, Commission de services régionaux Nord-Ouest, Jean Bourque, *Director*
- **Paint Retailers**, Atlantic Canada, Retail Council of Canada, Jim Cormier, *Director*

YEAR IN REVIEW

PUBLIC AWARENESS AND EDUCATION

Packaging and Waste Paper

In 2014, Recycle NB in partnership with the other Atlantic Provinces undertook a study to look at a framework and implementation plan for waste packaging and paper. Late in the year, the consultants provided a jurisdictional review and a report outlining a proposed framework and implementation plan for a waste packaging and paper-recycling program in Atlantic Canada.

During 2015, Recycle NB focused on sharing the report with municipalities and other stakeholders.

The CEO met with Mayors, Councils, Regional Service Commissions, Solid Waste officials and other stakeholders to make them aware of the study and begin the discussion about the waste management of these products in the future.

With the support of the Environmental Trust Fund, Recycle NB held a one-day conference on the recycling of packaging and printed-paper in New Brunswick. We invited key stakeholders to hear and learn from the writers of the Atlantic report and Canadian experts on extended producer responsibility and packaging and printer paper. They discussed the challenges and opportunities of an extended producer responsibility program for these products and responded to delegate questions.



Over 100 municipal stakeholders, including representatives from every Regional Service Commission, from across the province participated in the forum. Several representatives from New Brunswick's First Nations and representatives from municipalities in Nova Scotia participated in the forum.

The forum began the dialogue about developing an EPR program for packaging and printed-paper to meet the needs of New Brunswick.

Representatives of the Regional Service Commissions participated in a fact-finding visit to the oversight agencies, stewards and service providers of the British Columbia stewardship program for packaging and printed-paper. This provided an opportunity for them to learn first-hand the challenges and opportunities presented by the implementation of an extended producer responsibility program for packaging and waste paper.



Oil and Glycol Program

Through a joint effort between Recycle NB and SOGHUOMA, the Richibucto Port Authority became the first port authority to register as a collection facility under the oil and glycol-recycling program.

More than 100 commercial fishing boats and 60 pleasure craft use the Richibucto Harbour. Harbour Master Jody Pratt says the Port Authority registered as a collection facility to make it easy for users to recycle their used oil and glycol products. While he expects most users of the service will be fishers and boaters, Pratt says the collection facility is open to anyone in the community who wants to recycle their used products.



Tire Program Highlight

In an effort to make it easy for bicyclers to recycle their waste tires, TRACC is working on adding a bike tire-recycling program to its collection system.

The Board approved a new Tire Management Plan on December 4, 2015. The Plan covers the period 2016-2021.



Paint Program Highlight

The Recycle NB Board approved the Paint Management Plan for 2016-2021 in December. This is the third Paint Management Plan for paint. The Board's five-year approval recognizes the maturity of the program and the efficiency of its operation.



CHALLENGES AND OPPORTUNITIES

EXTENDED PRODUCER RESPONSIBILITY (EPR)

Extended Producer Responsibility (EPR) is not a new concept. Many governments around the world have used the philosophy for over a decade to guide policy making. EPR makes producers responsible for their products through their full lifecycle. This includes taking on the financial costs and physical management of their waste.

Extended Producer Responsibility (EPR) Outlook

The Canadian Council of Ministers of the Environment (CCME) adopted Extended Producer Responsibility (EPR) as a policy approach. Therefore, many provinces are looking for ways to apply and promote the policy. The approach is to phase in EPR programs for priority products and materials.

However, in a complex and competitive national and global business market, Canada, as a small market, may not be strong enough to influence new environmentally conscious product designs or supply chain management. The environmental objectives of Extended Producer Responsibility (EPR) may need to be 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 standards, bans, guidelines and educational tools.

The Province's first EPR program began in 2009 when government made Recycle NB responsible for the paint stewardship program. In 2014, the EPR program for Oil and Glycol began. In the fall of 2015, government announced an EPR program for waste electronics.

As the lead agency for recycling in New Brunswick, Recycle NB will continue to focus on, and look forward to, a future where clean manufacturing, pollution prevention and zero waste are objectives in all industries.

Application of Extended Producer Responsibility (EPR)

The basis of EPR policy is the shift in responsibility from provincial and municipal governments to the producers of goods. The policy changes the traditional balance of responsibilities for waste management among manufacturers and importers of goods, consumers, and governments. All Extended Producer Responsibility programs involve producers and importers of manufactured goods in the end-of-life waste management of their products. In the end, Extended Producer Responsibility relieves local government authorities and taxpayers from the legal, physical and socio-economic impacts of waste management.

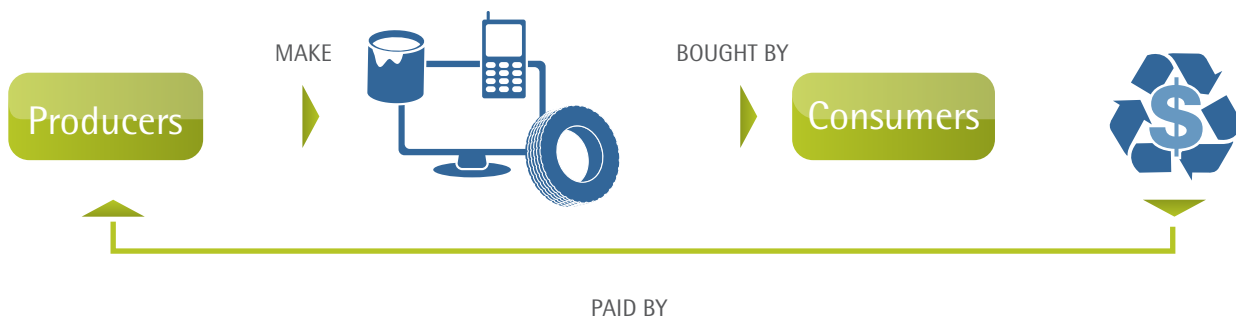
This form of product stewardship encourages system efficiencies that can have real benefits for New Brunswickers. When developing EPR regulations, government needs to ensure that industry stakeholders remain involved in the process. Each section of a regulation for a particular product needs careful consideration, as it will likely set a standard for future initiatives.

Benefits of Extended Producer Responsibility (EPR)

Extended Producer Responsibility Programs (EPR)

- Shift end-of-life costs from municipalities and taxpayers to the producers and/or others in the product chain.
- Provide producers with expensive end-of-life management costs an incentive and an opportunity to redesign their products to minimize these costs.
- Create incentives for producers to remove harmful substances from products and develop greener future designs.
- Promote innovation in recycling technology thereby potentially reducing consumer product costs.
- Create a solid framework for continuous program development without the need for additional government legislation.
- Help in reducing the carbon footprint through increased use of recycled materials.
- Put New Brunswick on the path toward zero waste.

Extended producer responsibility shifts cost of waste management from tax payers to producers





ELECTRONIC WASTE (E-WASTE)

This year ended on a high note. The provincial government announced a waste management program for electronics.

Every year approximately 3,500 tonnes of waste electronics go into New Brunswick's landfills. Much of that waste contains harmful materials. Lead, mercury and cadmium are just a few examples of those materials. They pollute the environment and are a health risk.

Over the coming year, Recycle NB will work with industry to put a management plan in place for a province-wide electronics recycling program. With the implementation of the program, electronics waste management will shift from a challenge to a new opportunity for New Brunswickers to protect our environment for future generations.

PACKAGING AND PRINTED PAPER

In 2005, the Canadian Council of Ministers of the Environment (CCME) established an Extended Producer Responsibility (EPR) Task Group and gave it a mandate to provide guidance on the development and implementation of Extended Producer Responsibility (EPR) programs in Canada.

In 2014, British Columbia transitioned responsibility for end-of-life management of packaging and printed-paper (PPP) from governments and taxpayers to industry and consumers. As part of this approach, stewards (companies and organizations that supply packaging and printed-paper to residential consumers) are required, under the BC Recycling Regulation, to have, or be part of, an approved stewardship plan to recover packaging and printed-paper.

We are just beginning to explore a similar approach in New Brunswick. Recycle NB led a project steering committee of representatives from Nova Scotia, Newfoundland and Labrador, and Prince Edward Island to study the implementation of an extended producer responsibility program in the Atlantic Provinces.

A jurisdictional review and a report outlining a proposed framework and implementation plan provide governments with the tools to carry out consultations on the future of recycling waste packaging and paper in Atlantic Canada. The document is available on the Recycle NB website, www.recyclenb.com.

As a follow up to that report, Recycle NB held a one-day forum on the subject and, in partnership with the Regional Service Commissions, we explored all aspects of the British Columbia program with service providers and stewards. As a result, we have a much better understanding of the challenges and opportunities an extended producer responsibility program offers.

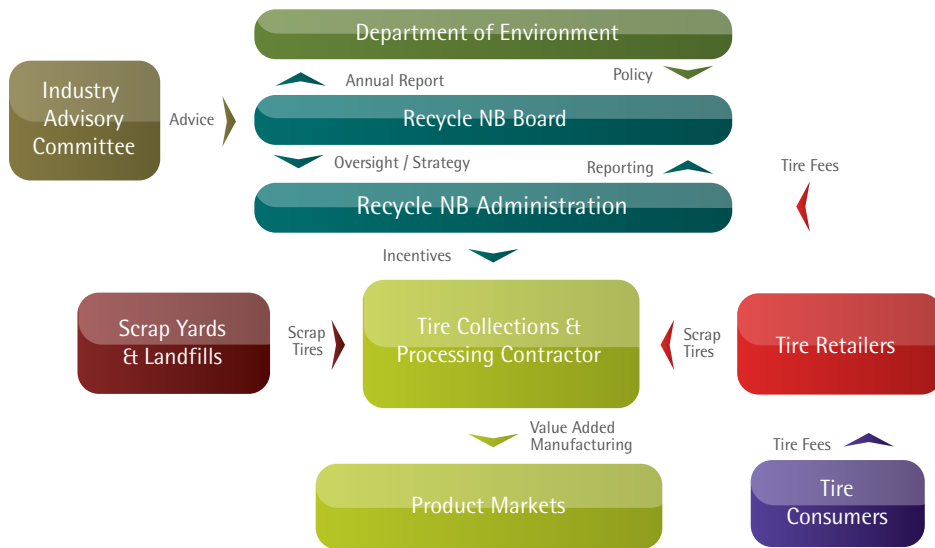
We also realize that the process of switching from the current system of a product stewardship approach to packaging and printed-paper to an extended producer responsibility (EPR) approach will demand time, extensive communications and consultation with stakeholders, industry and the public. It will require strong partnerships among all levels of government and the other Atlantic Provinces. Developing a strategy to manage the cultural and operational change associated with a major change in service is the only way to ensure a smooth transition of existing programs to the new framework.

STRATEGIC DIRECTIONS

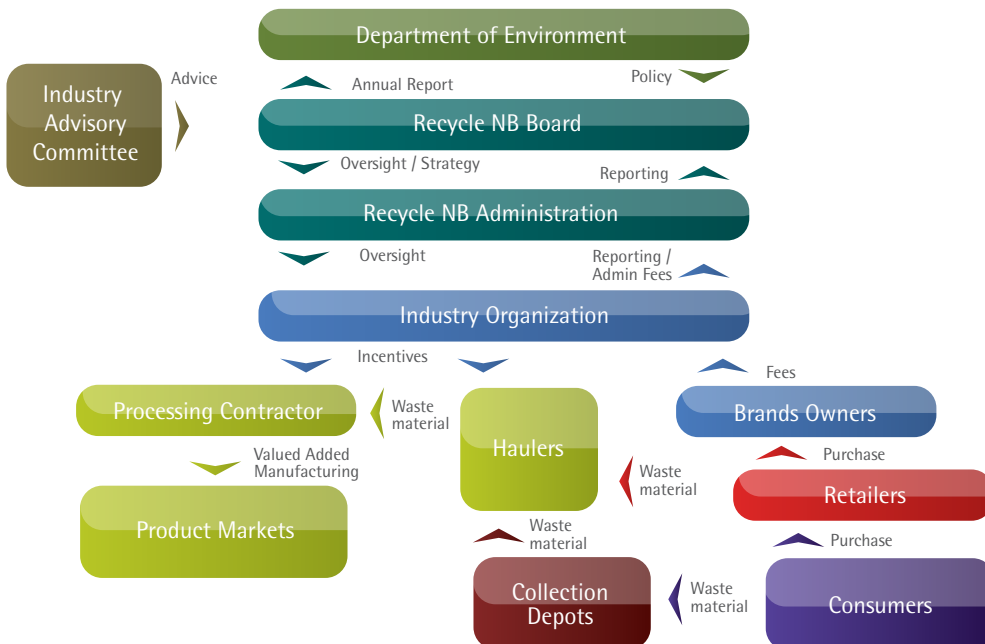
TO FACILITATE WASTE MINIMIZATION

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.

TSP Stakeholder Model



Stakeholder Model for EPR



TIRE STEWARDSHIP PROGRAM (TSP)

Historic 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 transferred the rights and obligations of the existing New Brunswick Tire Stewardship Board to the new corporate body.

The New Brunswick Department of Environment gave Recycle NB the mandate to organize a material management program for scrap tires. Through the Tire Stewardship Program, Recycle NB provides a system through which all tire retailers in New Brunswick comply with the *Designated Materials Regulation*. The regulation applies to anyone selling new tires within the province.

Since the inception of the New Brunswick tire recycling program in 1996, the equivalent of more than 16 million scrap tires have been recycled into new value-added products through the program.

A vital component of the continued success of the program is 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 to satisfy increasing customer demand. As TRACC uses more rubber for markets each year, there may come a time when rubber from scrap tires in New Brunswick will not be sufficient to meet its needs.

The expansion of the Moderne Slate roofing shingles market by TRACC provides a good example. TRACC produces millions of shingles per year. An agreement signed with a major home product distributor continues to give 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 labor required to run the newly installed equipment. The major challenge may well be to find the additional materials to be recycled. The Tire Stewardship Program is working for New Brunswickers both to reduce waste and to generate meaningful long-term environmental and economic benefits in the province.

Achievements

TRACC continues to improve its plant and to develop new products. This year, the Plant floor was redesigned to maximize workflow process efficiency. The company added additional designs to its 4' x 6' mat lines, and worked on developing specialized products for the fishing industry, and traction mats for winter use.

Tire Sales in 2015

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.

Retailers remit the fees to Recycle NB, which in turn funds the scrap tire collection, transportation and recycling operations.

The program is self-supporting, receiving its funding from new tire sales in New Brunswick.

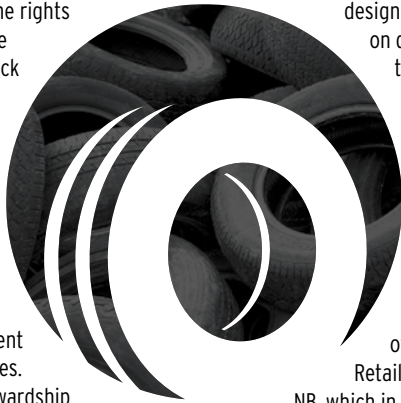
Tires Sold (Passenger Tire Equivalent):
1,336,000 (1,266,000 in 2014)

Tire Collections in 2015

Every scrap tire collected by any tire retail location throughout New Brunswick must be collected and sent to the TRACC recycling plant in Minto. Recycle NB carefully monitors the collection rates to ensure a level playing field for all tire retailers across the province.

Tires collected (Passenger Tire Equivalent):
1,097,000 (1,093,000 in 2014)

Tire recovery rate: 82.1% (86.3 % in 2014)



Tire Processing in 2015

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 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. In addition, the agreement is a positive first step towards establishing an Extended Producer Responsibility (EPR) program for the Tire Stewardship Program.



Year	2011	2012	2013	2014	2015
Tires Sold *	1,088,000	1,062,000	1,099,000	1,266,000	1,336,000
Tires Collected *	1,074,000	1,063,000	1,026,000	1,093,000	1,097,000
Recovery Rate	98.7%	100.1%	93.4%	86.3%	82.1%

** Refers to passenger tire equivalents *(PTEs) where one PTE is equal to approximately 10 KGs*

Quality Assurance

Recycle NB ensures 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.

Recycle NB continues 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).

During the year, Recycle NB performed 26 tire dealer audits. Results showed 25 audits to be in full compliance. One audit revealed an accounting error. Upon reviewing the results of the audit, the retailer remitted all outstanding fees, interest, and penalties.



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 gave it responsibility for the Paint Stewardship Program, the first Extended Producer Responsibility (EPR) program in New Brunswick.



With the approval of the stakeholder-based Paint Industry Advisory Committee of the Board in June of 2008, Recycle NB accepted Product Care Association as the

paint agent for brand owners registered under the program. Product Care Association developed the New Brunswick Paint Recycling Program Plan on behalf of the paint industry in response to the New Brunswick Designated Materials Regulation. Recycle NB approved the first program plan April 1, 2009 for a three-year period.

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 Extended Producer Responsibility (EPR) model, any expenses incurred by the Paint Stewardship Program for oversight, communications, auditing, general administration or any other cost related to the program are reimbursed fully on a cost-recovery basis by Product Care.

Eco-Logo Certification

Building green is more than just using recycled products in the construction process; it is about using certified recycled products. Certification helps consumers identify 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. Industry considers both labels to be marks of environmental leadership.

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



Boomerang and Rona Eco products have a very low level of Volatile Organic Compounds (VOCs), which makes it possible for them to be Eco-Logo certified. Everything about the products is environmentally friendly. The containers are made from recyclable plastic and the labels are printed on Forest Stewardship Council certified paper. It is no surprise these products continue to garner well-deserved interest and attention through their progressive regular certification processes.

Achievements

The Recycle NB Board approved the Paint Management Plan for 2016-2021 on December 4, 2015. The Plan is online at www.recyclenb.com. This is the third Paint Management Plan for paint. The Board's five-year approval recognizes the maturity of the program and the efficiency of its operation

Paint Sales and Collections

Product Care Association as required under the *Designated Materials Regulation* of the Clean Environment Act provides paint sales and paint collection data for the calendar year 2015.

Paint Sales

Most paint purchased is used for its intended purpose. However, there are times when a consumer must dispose of a portion of leftover product. To fund the recycling activities of the Paint Stewardship Program, the price of each container of paint includes a provision for recycling the paint bought at any of the more than 500 paint retailers in the province. As of December 31, 2015, there were 84 brand owners registered with the Paint Stewardship Program. The brand owners remit the funds collected for recycling to Product Care based on their product sales volumes. Product Care manages the ongoing operations according to the approved business plan.

Program members reported **the sale of 1,886,506** units of program products for an **estimated liquid volume sold of 4,674,947** litres of program product. The corresponding sales in the 2014 reporting period were **1,745,538** containers and **4,593,235** million litres of program products.

Year	Paint Sold (units)	Estimated Liquid Volume
2015	1,886,506	4,674,947
2014	1,745,538	4,593,235
2013	2,222,231	5,491,670
2012	2,023,822	5,212,841
2011	1,888,405	5,129,399



Paint Collections

The Paint Stewardship Program allows homeowners and businesses to bring their leftover paint and many types of stains, varnishes, and aerosols to the many collection depots across the province. At the launch of the paint recycling program on April 1, 2009, there were 46 paint collection depots accepting paint under the program. As of December 31, 2015 there were 63 collection depots. The number of collection depots shows that the program

continues to provide accessibility for paint recycling throughout the province. It makes it easy for all New Brunswickers to become involved in protecting the environment by recycling their unused paint.

The collection sites include retailers, Solid Waste Commissions (including events) and Redemption Centres (bottle return depots). The program supplies collection sites standard reusable collection bins and other containers such as

drums. A hauler contracted to the program collects the filled bins from the collection sites and replaces them with empty bins. The hauler consolidates the filled bins at the warehouse and ships full loads to processors for recycling.

The program collected 268,880 litres of paint during the year. The volume of leftover paint processed during the year and the method of disposal follows:

Percentage of Leftover Paint by Disposal Method

Method	Volume (litres)	Percentage
Reuse (through paint exchange program)	786	0.3%
Recycle	191,578	70%
Landfill	56,785	20.8%
Energy Recovery	24,342	8.9%
Total	273,491	100%

**Total volume includes only paint materials processed during the year.*

New Brunswick collection depots and program participants can take pride in maintaining one of the lowest rates of non-program material for any paint recycling program in Canada. Non-program materials, which typically consist of Household Hazardous Waste (HHW) products, can add significant operational costs that industry passes on to paint consumers.



Metal and plastic containers collected

The following table shows the amount of metal and plastic containers Product Care recycled during the year.

Year	Container type	Collected and recycled (tonnes)
2015	Metal	70.8
	Plastic pails (HDPE 2)	4.19
	Plastic paint cans (polypropylene)	8.47

The recycling of these containers demonstrates the continued effectiveness of the program and positive progress toward meeting program goals.

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

The market for recycled paint continues to develop in the area of green procurement for businesses. Environmentally responsible or “green” procurement refers to the selection of products and services that minimize environmental impacts.

In addition to providing exceptional value and environmental benefits, the value-added aspect of recycled paint plays a growing role in the developing “green economy.”

Recycle NB is confident about the future of recycled paint. It will continue to encourage consumers to decorate in environmentally friendly ways.



OIL AND GLYCOL PROGRAM

Historical perspective

Used oil and glycol are major sources of liquid waste in New Brunswick.

One litre of oil could pollute one million litres of drinking water.

However, when recycled, these products become a resource. By properly recycling and reusing these products, we help protect our environment.

To protect our province's clean, safe environment, the Government introduced a new recycling program for used oil and glycol on October 24, 2012 by REGULATION 2012-92 under the Clean Environment Act. Under the regulation oil, oil filters, oil containers, glycol and glycol containers are designated materials and require a stewardship plan.

The Recycle NB Board approved the New Brunswick Oil and Glycol Product Stewardship Plan for 2014-2017 on November 6, 2013. An industry led and financed oil and glycol-recycling program began on January 1, 2014.

Like the paint program, the Oil and Glycol recycling program is an Extended Producer Responsibility (EPR) program. Therefore, producers manage and pay directly for the end-of-life waste management of their products. In addition to shifting the costs of recycling from municipalities and taxpayers, Extended Producer Responsibility (EPR) programs give industry an incentive to design products that reduce waste disposal costs and recycling risks.

Instead of every brand owner setting up a recycling program, industry formed **La Société de gestion des huiles usagées Atlantique / Atlantic Used Oil Management Association (SOGHUOMA)**. SOGHUOMA operates one oil and glycol program for the province on behalf of its members who are brand owners and first importers of the designated oil and glycol materials.

Having one program and agent has many benefits. It delivers cost savings, ensures a level playing field for industry, and provides province-wide access to recycling depots for consumers.



Achievements

The program has 162 locations across the province where people can recycle their used oil and glycol products. SOGHUOMA adds new sites as they become available.

This year the program added the Richibucto Port Authority as a collection facility. Richibucto is the first Port Authority to register as a collection facility for the oil and glycol program. By becoming a collection facility, the Port Authority is offering users of the wharf and the surrounding community an easy and convenient way to recycle their used oil and glycol products.

To ensure waste oil is managed properly in New Brunswick, SOGHUOMA undertook a study to understand exactly how much oil is burned in approved furnaces across the province.

Oil and Glycol Sales and Collections

The Atlantic Used Oil Management Association (SOGHUOMA) in accordance with the Designated Materials Regulation under the Clean Environment Act provides the oil and glycol sales and recovery summary for the calendar year.

Oil Sales

SOGHUOMA has 152 members who sell their products in New Brunswick. In 2015, SOGHUOMA reported total sales of oil products of **15,448,976 litres**.

Oil Collections

There are 162 oil and glycol collection facilities across the Province and five companies collect the used products in the province. In 2015, they collected 3,309,612 litres of oil, which represents 30.6% of oil available for collection. Recycle NB's goal is a 50% recovery rate.

Year	Oil collected (Litres)*
2015	3,309,612
2014	3,319,285

**55% of the used oil available for collection in New Brunswick is burned in small, approved furnaces. This results in a collection and recycling rate of 85.6%*

Oil Filter Sales and Collection

1,460,674 units of oil filters were sold in the Province in 2015. A total of 971,278 units, the

equivalent of 285,839 kilograms were collected. The recuperation rate of 66.5% exceeds the goal of 25% recuperation.

Year	Oil filters collected (Kilograms)
2015	285,839
2014	272,138

Oil Containers Collected

432,220 kilograms of oil containers were sold in 2015. The program collected 246,419 kilograms of containers, which produced a recovery rate of 60%, which surpassed the 25% target.

Year	Oil containers collected (Kilograms)
2015	246,419
2014	131,646

Glycol (antifreeze) Sales and Collections

Sales of glycol in the Province amounted to 2,158,414 litres in 2015. Recovery of this product at 120,063 litres amounts to 12.4% of product. The recovery rate for this product is a concern across the country and the industry management organizations are investigating the reason for the low recovery rate.

Year	Glycol collected (Litres)
2015	120,063
2014	96,165

Glycol (antifreeze) Containers Collected

49,171 kilograms of containers were sold in 2015 and 49,171 kilograms of containers were available for recovery. Of the recoverable containers 8,010 kilograms (16.3%) were collected. Glycol and glycol container recovery is a concern across the country and industry management organizations are investigating the low recovery rate.

Year	Glycol containers collected (Kilograms)
2015	8,010
2014	4,691

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.

Achievements

Following the release of the report on a framework and implementation plan for an extended producer responsibility program for the waste management of packaging and printed paper, the CEO made presentations to Mayors, Councils, Regional Service Commissions, Solid Waste Commissions and other stakeholders. Recycle NB also held a one-day forum on the subject and invited stakeholders to hear from Canadian experts on the challenges and opportunities presented by packaging and printed paper waste management programs.

In our continuing efforts to encourage the recycling of designated materials, Recycle NB attended trade shows across the province. Staff responded to questions and provided information on the tires, paint, oil and glycol programs to approximately 4,000 New Brunswickers.

In partnership with SOGHU/OMA and the Richibucto Port Authority, Recycle NB organized a launch event at the wharf to make the community aware of the new oil and glycol collection facility. The event also celebrated the entry of Richibucto as

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.

Value-Added Recycling

Recycle NB is intent on getting the full value out of recycled resources.

The Tire Stewardship Program has a reputation nationally and internationally for its success in doing this. Countries from around the world 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 small Canadian province is able to attract such widespread interest? The reason is very simple, value-added recycling.

A manufacturer of goods needs raw materials in order to make its products. The manufacturer transforms those raw materials into finished goods. Those goods have a market demand. They are sold to industrial, commercial or residential consumers.

Value-added recycling reverses that process. Innovation, collaboration, and creative solutions transform end-of-life materials into new products. For example, in New Brunswick, the process moves tires, paint, oil and glycol beyond our landfills to recognize the true value of these waste resources.

Market development is a crucial pillar to the long-term success of Recycle NB's programs.

Another pillar is the engagement and actions of individual New Brunswickers. Their daily sorting of recyclables has direct effects on the bottom

line of the programs. There has been a shift in the level of interest in the proper preparation and sorting of recyclable materials. Residents understand there is a growing correlation between the prices of the goods they buy and their recycling efforts. The growing number of Extended Producer Responsibility (EPR) programs across Canada strengthens this connection.

Value-added recycling is a system in which nature and commerce fruitfully co-exist. The Extended Producer Responsibility (EPR) approach to program design calls for the change of industry through ecologically intelligent design. When done right, it creates a synergy that encourages industries to be more sustainable while remaining prosperous. The products that TRACC makes, at least partially from scrap tires, are tangible results of this approach. Similarly, Société Laurentide continually pioneers innovative recycled paint products.

An approach, which has worked for New Brunswick programs, is the concept of developing markets to "pull" for recycled products. This means that product ideas are produced in response to market forces such as a demand from consumers, or a manufacturer's desire to increase its market share.

In the last century, many recycling efforts ended with the development of subpar products. However, modern-day recycled products

the first Port Authority in the Province to join the oil and glycol-recycling program.



As the sponsor of Waste Reduction Week in New Brunswick, Recycle NB promoted the Recycle My Cell Challenge for schools. The Canadian Wireless Telecommunications Association sponsors the program that challenges Canadian students from kindergarten to post-secondary level to recycle as many old wireless devices and accessories as possible.



are gaining recognition as better options than products made from new materials. Several forces, including the new sustainable development and green building movement, are strengthening the demand for resource-friendly products.

Government can encourage markets through policies such as green procurement. Recycle NB sees this as a key area for future development.

Today's consumers weigh many factors before buying products. Environmental concerns play an important part in their choices. From safer rubberized playground surfaces in schoolyards and parks, to low-maintenance landscape mulch that uses water more efficiently, or low Volatile Organic Compound (VOC) recycled paint, responsible consumers are leaning more towards recycled goods. Recycling an end-of-life product is attractive to them. It provides a way to protect the environment for future generations.

The encouraging results from the paint and tire programs, and this year, the oil and glycol program, show that New Brunswickers support the value-added approach to recycling. Residents want to take ownership of their waste issues and see value-added recycling as benefitting all New Brunswickers.

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.

Accountability

Recycle NB assures its commitment to accountability through a continual review of the policies and practices of the Board. Key reporting mechanisms such as the approval by the Board of the annual report and the Designated Materials management plans are fundamental to that review. 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). 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 ongoing dialogue with its industry advisory committees. The results and recommendations from these discussions are considered for adoption in internal governance practices.

Transparency

Recycle NB provides full public explanation of its activities through its annual report, the involvement of its industry advisory committees and a variety of communication tools. This transparency goes beyond the requirements of the *Designated Materials Regulation*. It is designed to give New Brunswickers as much information as possible. The engagement of New Brunswickers is essential for Recycle NB to fulfill its mission and to meet its goals.

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

TO BE FINANCIALLY SUSTAINABLE

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

INDEPENDENT AUDITORS' REPORT



KPMG LLP
Chartered Accountants

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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, 2015, 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 Public Sector Accounting Standards, 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 and excess of revenues over expenses reported in the statement of operations, excess of revenues over expenses reported in the statement of cash flows and assets, liabilities and unrestricted net assets reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the possible 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, 2015 and its results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants
June 10, 2016
Fredericton, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

RECYCLE NEW BRUNSWICK

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 1,345,807	\$ 921,342
Accounts receivable (note 2)	776,016	817,218
EPR receivable (note 3)	16,628	122,074
	2,138,451	1,860,634
Investments (note 4)	645,672	637,116
Capital assets (note 5)	11,965	33,662
	\$ 2,796,088	\$ 2,531,412
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 605,413	\$ 644,395
Deferred revenue	-	30,000
Employee future benefits (note 6)	40,948	33,710
	646,361	708,105
Net assets:		
Invested in capital assets	11,965	33,662
Unrestricted	2,137,762	1,789,645
	2,149,727	1,823,307
Contractual obligations (note 8)		
Contingencies (note 9)		
	\$ 2,796,088	\$ 2,531,412

See accompanying notes to financial statements.

On behalf of the Board:



Director

Director

RECYCLE NEW BRUNSWICK

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenues:		
Tire Program	\$ 5,205,800	\$ 5,023,887
Oil Program	221,878	248,697
Paint Program	84,707	93,973
E-waste Program	67,969	-
Other	57,471	65,113
	5,637,825	5,431,670
Expenses:		
Tire Program (schedule 1)	4,905,781	4,789,811
Oil Program (schedule 2)	221,878	248,697
Paint Program (schedule 3)	84,707	93,973
E-waste Program (schedule 4)	67,969	-
Other	48,799	66,655
	5,329,134	5,199,136
Excess of revenues over expenses before the undernoted item	308,691	232,534
Investment income	17,729	11,040
Excess of revenues over expenses	\$ 326,420	\$ 243,574

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

	Invested in capital assets	Unrestricted	Total 2015	Total 2014
Balance, beginning of year	\$ 33,662	\$ 1,789,645	\$ 1,823,307	\$ 1,579,733
Excess (deficiency) of revenues over expenses	(24,217)	350,637	326,420	243,574
Net change in investment in capital assets	2,520	(2,520)	-	-
Balance, end of year	\$ 11,965	\$ 2,137,762	\$ 2,149,727	\$ 1,823,307

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 326,420	\$ 243,574
Items not involving cash:		
Amortization of capital assets	24,217	29,093
Employee future benefits	7,238	4,308
	357,875	276,975
Change in non-cash operating working capital:		
Decrease in accounts receivable	41,202	61,253
Decrease in EPR receivable/payable	105,446	17,330
Increase (decrease) in accounts payable and accrued liabilities	(38,982)	305,828
Increase (decrease) in deferred revenue	(30,000)	5,000
	435,541	666,386
Investing activities:		
Net change in investments	(8,556)	(299,797)
Capital activities:		
Purchase of capital assets	(2,520)	(3,845)
Increase in cash	424,465	362,744
Cash, beginning of year	921,342	558,598
Cash, end of year	\$ 1,345,807	\$ 921,342

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements
Year ended December 31, 2015

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, architectural paint, used oil and glycol on behalf of the Minister of Environment for the Province of New Brunswick.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The Company has elected to apply the Section 4200 series for government not-for-profit organizations and the deferred method of accounting for contributions. Significant accounting policies are as follows:

(a) Financial assets and liabilities:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

All financial instruments measured at amortized costs, including investments, approximate fair value.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method at the following annual rates:

Asset	Rate
Building - leasehold improvements	5 years
Furniture and fixtures	5 years
Computer equipment	3 years
Operational equipment	3 years

(c) Employee future benefits:

Employees of the Company are entitled to sick pay benefits which accumulate to a maximum of 240 days, but do not vest. The Company recognizes the liability in the period in which the employee renders the service.

(d) Revenue recognition:

Revenues from the Tire Program, which includes fees and levies for scrap tires, are recognized in revenues 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.

Revenues from the Oil, Paint, and E-Waste programs are recognized in revenues as services are performed and collection is reasonably assured.

Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions externally restricted for specific purposes are deferred on the Statement of Financial Position and recognized as revenues in the period in which the related expenses are incurred.

Investment income is recognized in the year it is earned.

(e) Use of estimates:

The preparation of the financial statements 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 dates of the financial statements and the reported amount of revenues and expenses during the reporting periods. Significant estimates include the allowance for doubtful accounts, amortization of capital assets, accrued liabilities, employee future benefits and the allocation of expenses by program. Actual results could differ from those estimates.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Accounts receivable:

	2015	2014
Tire fees	\$ 567,591	\$ 591,341
Sales taxes	208,425	125,877
Oil program fees	-	100,000
	\$ 776,016	\$ 817,218

3. EPR receivable/payable:

The Oil, Paint, and E-Waste programs are Extended Producer Responsibility (EPR) programs which are operated on a cost recovery basis. Each producer is assessed a fee which will be used to cover the educational and administrative costs of the program.

Under the terms of the EPR agreement, costs incurred by the Company while administering the Oil, Paint, and E-Waste programs 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. Any excess costs over monies received have been recorded as a receivable at year end.

	2015	2014
Oil Program	\$ 8,543	\$ 146,665
Paint Program	(59,884)	(24,591)
E-Waste Program	67,969	-
	\$ 16,628	\$ 122,074

4. Investments:

	2015	2014
Cash held in broker's account	\$ 6	\$ 6,846
Renaissance High Interest Savings Account	123,080	121,780
Manulife Bank Investment Savings Account	105,740	104,742
RBC Investment Savings Account Series A	104,748	103,748
BNS Investment Savings Account	312,098	-
Guaranteed investment certificates (1.5% due August 2015)	-	300,000
	\$ 645,672	\$ 637,116

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Building - leasehold improvements	\$ 70,935	\$ 63,841	\$ 7,094	\$ 21,281
Furniture and fixtures	72,306	70,187	2,119	5,545
Computer equipment	120,267	117,782	2,485	6,836
Operational equipment	982	715	267	-
	\$ 264,490	\$ 252,525	\$ 11,965	\$ 33,662

Amortization expense for the year is \$24,217 (2014 - \$29,093).

6. Employee future benefits:

The Company employees receive sick leave that accumulates. Unused hours can be carried forward for future paid leave. An estimate for this future liability has been completed and forms the basis for the estimated liability reported in these financial statements.

The liability, at December 31 is as follows:

	2015	2014
Accrued sick pay obligation, beginning of year	\$ 33,710	\$ 29,402
Current service cost	13,097	13,270
Benefit payments	(5,859)	(8,962)
Accrued sick pay obligation, end of year	\$ 40,948	\$ 33,710

7. Allocation of expenses:

All expenses which can be directly attributed to one of the Company's designated materials programs have been allocated based on the expected revenues generated by the programs. General expenses relating to human resources, finance, communications, office and facilities expenditures have been allocated as follows:

	PERCENTAGE		ALLOCATION	
	2015	2014	2015	2014
Tire Program	56%	58%	\$ 467,239	\$ 430,473
Oil Program	26%	31%	216,932	230,081
Paint Program	10%	11%	83,435	81,641
E-Waste Program	8%	0%	66,748	-
			\$ 834,354	\$ 742,195

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Contractual obligation:

During the year, the Company renewed the lease for their office premises, expiring in 2025.

Annual repayments are as follows:

2016	\$ 34,004
2017	34,809
2018	34,809
2019	34,809
2020	34,809
Thereafter	190,233
	\$ 363,473

9. Contingencies:

The Province of New Brunswick has a signed contract, which terminates in February 2018, with Tire Recycling Atlantic Canada Corporation (TRACC), where payments are made based on a weight-based tipping fee model. Payments are made monthly for \$360 per ton (2014 - \$357.50 per ton) for scrap tires received at their processing facility. Annually, 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.

10. Related party transactions:

The Company is an agent of the Province of New Brunswick. During the year, the Company received tire fees and levies from scrap tires, in the approximate amount of \$690,000 (2014 - \$583,000), which was collected through Service New Brunswick.

During the year, the Company received a contribution from the Environmental Trust Fund in the amount of \$27,339 (2014 - \$65,000) for a specific project. The Company has recorded the contribution in other revenues.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)
Year ended December 31, 2015

11. Financial risks:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Directors has identified its major risks and concerns, and has approved investment policy guidelines. Management monitors the risk and adherence to the policy guidelines.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Company consisting of cash, accounts receivable and investments.

The Company manages its credit risk surrounding its cash and investments by investing in well established financial institutions and governments. Management has assessed credit risk as low with respect to accounts receivable given the demonstrated collection after year end.

The maximum exposure to credit risk of the Company at December 31, 2015 is the carrying value of these assets.

(b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings in the financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

12. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2015 financial statements.

RECYCLE NEW BRUNSWICK

Schedule 1 - Tire Program

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenues	\$ 5,205,800	\$ 5,023,887
Expenses:		
Scrap tire processing	4,381,558	4,333,133
Salaries and employee benefits	229,617	250,301
General and administrative	180,357	117,488
Communication and translation	100,687	72,015
Amortization of capital assets	13,562	16,874
	4,905,781	4,789,811
	\$ 300,019	\$ 234,076

RECYCLE NEW BRUNSWICK

Schedule 2 - Oil Program

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenues	\$ 221,878	\$ 248,697
Expenses:		
Salaries and employee benefits	106,608	133,782
General and administrative	60,313	65,576
Communication and translation	48,661	40,320
Amortization of capital assets	6,296	9,019
	221,878	248,697
	\$ -	\$ -

RECYCLE NEW BRUNSWICK

Schedule 3 - Paint Program

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenues	\$ 84,707	\$ 93,973
Expenses:		
Salaries and employee benefits	41,003	47,471
General and administrative	23,310	25,238
Communication and translation	17,972	18,064
Amortization of capital assets	2,422	3,200
	84,707	93,973
	\$ -	\$ -

RECYCLE NEW BRUNSWICK

Schedule 4 - E-Waste Program

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenues	\$ 67,969	\$ -
Expenses:		
Salaries and employee benefits	32,802	-
General and administrative	18,210	-
Communication and translation	15,020	-
Amortization of capital assets	1,937	-
	67,969	-
	\$ -	\$ -



ACRONYMS AND GLOSSARY

The following list of acronyms and the glossary 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
- OTR** – Off-the-road tires
- PSP** – Paint Stewardship Program
- PTE** – Passenger Tire Equivalent (1PTE =10kg)
- TRACC** – Tire Recycling Atlantic Canada Corporation
- TSP** – Tire Stewardship Program
- VOC** – Volatile Organic Compounds

GLOSSARY

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 tires, paint, oil and glycol in New Brunswick is Recycle NB.

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.

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. Paints, pesticides, propane tanks, batteries, syringes, used motor oil and many cleaning products are just some examples of household hazardous wastes, that are used daily by residents. These items should be used and disposed of responsibly.

Moving Beyond Waste is an approach in managing hazardous and solid waste that has a clear and simple goal: reducing wastes and toxic by-products 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 durability.

PTE (Passenger Tire Equivalent) is an industry accepted method for allowing comparison between tires which are sold and tires which are collected under the program. By transforming tire counts into weights, the program can efficiently track KPI statistics over time. **PTE=10Kg.**

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 or long-term effects on the the environment and human health.



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