

2014 Annual Report



MOVING **BEYOND** WASTE

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1,093,000 tires collected
(PTE)

715 retail tire
collection sites

242,287 litres of
paint collected

60 paint collection depots

3,319,285 litres of oil collected

96,165 litres of
glycol collected

154 oil and glycol
collection facilities

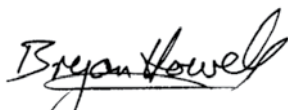


TRANSMITTAL LETTER

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 2014. 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*.)



Bryan Howell
Chair
Recycle NB



RECYCLE NB BOARD OF DIRECTORS

Front row (left to right): Aline McLaughlin, Margaret Mayes, Nancy Daamen

Back row (left to right): Borden DeLong, Bryan Howell, Gildard Chiasson, Maxime Lejeune

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.

"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."

MESSAGE FROM THE CHAIR



After a year of planning with our industry partner SOGHUOMA, we rang in the New Year with the start of the new oil and glycol recycling program. Like the paint program, it is an Extended Producer Responsibility (EPR) program. It offers collection facilities, across the province, where New Brunswickers can recycle their used oil filters, oil and glycol products and containers.

The start of this second EPR program shows we can use this new approach for many different products.

Citizens are looking to governments to reduce spending and to ease their tax burden. Governments strive to provide programs that are more efficient and cost effective. Extended producer responsibility programs help to meet both those goals. As a Board, we see great potential to improve the way we manage waste products and help grow the green economy in our province.

Recycle NB took another step into the future. It formed a partnership with the other Atlantic Provinces and led a study on packaging and printed-paper.

We now have a report that offers options for each province while promoting harmonization and respect for differences among them. It is an excellent tool for consultation on the recycling of these products. In fact, we had increasing interest from municipalities that want to learn more about a stewardship program for these materials.

We know recycling programs remove hazardous materials from landfills. They reduce the need to expand landfills, and they save our clean safe environment for generations to come. Our vision is to MOVE BEYOND WASTE. This year, we moved a little closer to reaching our goal!

A handwritten signature in black ink that reads "Bryan Howell".

Bryan Howell
Chair, Recycle NB

"As a Board, we see great potential to improve the way we manage waste products and to help grow the green economy."



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, 2014



Bryan Howell, Chair
Shediac Cape, NB

Mr. Howell retired as General Manager of ENCORP Atlantic. He continues to be active in the development of recycling programs throughout the Maritimes.

Term of office: June 18, 2009 - June 17, 2015



Margaret Mayes
Salisbury, NB

Ms. Mayes is a small business owner/operator and active community volunteer.

Ms. Mayes served on the District 2 Education Council.
Term of office: July 13, 2012 - July 12, 2015



Gildard Chiasson, Vice-Chair
Bertrand, NB

Mr. Chiasson is a retired businessperson. A former mayor of Bertrand from 1998 to 2008, he is presently president of Bertrand's Golden Age Club.

Term of office: June 15, 2013 - June 14, 2016



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



Nancy Daamen
Hardwood Ridge, NB

Ms. Daamen is active in providing healthcare to seniors as well as community service development.

Term of office: September 22, 2011 - September 21, 2017



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



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, 2011 - September 21, 2017

Board Meetings

The Board of directors met 5 times during 2014. Meetings were held on the following dates:

| Date | Place |
|--------------|--|
| January 24 | Fredericton |
| April 11 | Fredericton |
| June 20 | St. Andrews <i>(Regular & Annual General Meeting)</i> |
| September 12 | Moncton |
| December 5 | Fredericton |

Board Attendance

The level of attendance of directors at Board meetings was 91%

| Present Directors | Meetings (5) | Director | Meetings (5) |
|-------------------|--------------|------------------|--------------|
| Bryan Howell | 4/5 | Margaret Mayes | 5/5 |
| Gildard Chiasson | 5/5 | Aline McLaughlin | 4/5 |
| Nancy Daamen | 5/5 | Maxime Lejeune | 4/5 |
| Borden DeLong | 5/5 | | |

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

- Bryan Howell
- 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

- Bryan Howell
- Aline McLaughlin
- Nancy Daamen
- Borden P. DeLong

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 Board member of Recycle NB. 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 regularly heard, evaluated and used by the Board and staff of Recycle NB.

Tire Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**, Margaret Mayes, *Chair*
- **Recycle NB**, Jamie Seamans, *Tire Stewardship Program Manager*
- **Tire Dealers**, Atlantic Tire Dealers Association, Frank Connor, *Executive Director*
- **Auto Dealers**, New Brunswick Automobile Dealers Association, Jane Young, *Executive Director*
- **Solid Waste 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*

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

* Mannie Cheung assigned as alternate

** Kevin Landry assigned as alternate

Oil and Glycol Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**, Gildard Chiasson, *Chair*
- **Recycle NB**, Bryan Howell, *Chair, Recycle NB*
- **Brand Owners**, Ashland, Valvoline, Bruce Trethewey, *Atlantic District Manager*,
- **Oil and Glycol Agent**, SOGHUOMA, Gilles Goddard, *General Manager*,
- **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.; Pascal Bissonnette, *Director Business Development*

Paint Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**, Margaret Mayes, *Chair*
- **Recycle NB**, Pat McCarthy, *Paint Stewardship Program Manager*
- **Brand Owners**, Home Hardware Stores Limited, Tim Dietrich, *Manager Dealer Operations*
- **Paint Agent**, Product Care Association,* Mark Kurschner, *President*
- **Regional Service Commissions**, Nepisiguit-Chaleur Solid Waste Commission, Raymond Bryar, *General Manager*
- **Paint Retailers**, Atlantic Canada, Retail Council of Canada, Jim Cormier, *Director*

YEAR IN REVIEW

Habitat for Humanity Award

This year Habitat for Humanity honoured Recycle NB for its commitment to community through its sponsorship of the organization's housing projects in New Brunswick.



Recycle NB and its industry stakeholders welcome the chance to contribute to making the dream of homeownership a reality for low-income families. This provides a new lease on life for families and for recycled products made from waste paint and tires.

Being part of such important work is one more way Recycle NB contributes to the well-being of families and communities. It also ensures the true value of "waste" resources is recognized in New Brunswick.



Oil and Glycol Program

The new oil and glycol program began on January 1. This is another step in making sure we manage waste materials in a sustainable and environmentally responsible way. Additionally, it creates awareness about the need to recycle these products.

In New Brunswick, SOGHUOMA operates the program on behalf of the oil and glycol brand owners. With its large network of collection facilities, the program makes it easy for people to do the right thing and recycle their waste oil and glycol, their containers and used oil filters.



Tire Program Highlight

As part of our commitment to accountability, the Board passed the New Brunswick *Tire Stewardship Program Scrap Tire Management Plan* for the period 2014-2019. The Minister of the Environment and Local Government approved the new plan on June 30, 2014.



Changes to the regulations governing imported vehicles under the tire program will create a more level playing field for business in New Brunswick.

Paint Program Highlight

This year, the program made strides in expanding the collection depot network for rural communities. Starting in 2015, Grand Manan Island will have a paint collection depot of its own. New depots like this one are the result of Recycle NB, municipal officials, stakeholders and Product Care Association working together to make it easier to recycle waste paint.



Public Awareness and Education

This fall, the chief executive officer met with Rotary Clubs in communities across the province and presented members with information on Recycle NB and its programs. During Waste Reduction Week in October, we launched the Recycle NB Blog.



CHALLENGES AND OPPORTUNITIES

EXTENDED PRODUCER RESPONSIBILITY (EPR)

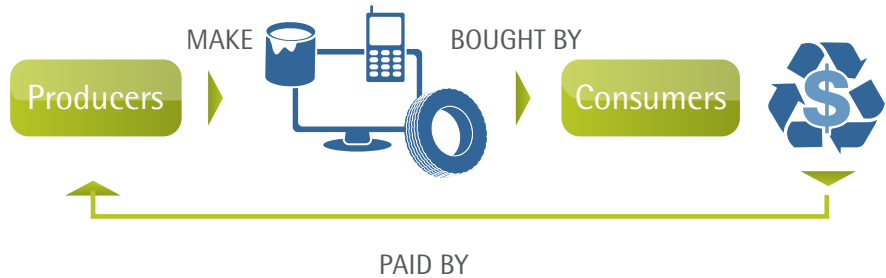
Extended Producer Responsibility (EPR) is not a new concept. Many governments around the world have used the philosophy for over a decade to guide policy making. EPR makes producers responsible for their products through their full lifecycle. This includes taking on the financial costs and physical management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



HOW EXTENDED PRODUCER RESPONSIBILITY WORKS

Typical waste management system
tax payers bear the costs

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



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.

Recycle NB started an EPR program for paint in 2009. This year it began a new program for oil and glycol.

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 continual 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.



ELECTRONIC WASTE (E-WASTE)

Electronic waste refers to electronic equipment that is not functioning or near the end of its life. The term includes items like televisions, radios and stereos, faxes, photocopiers, laptop and desktop computers, and CD and DV players. Every year the world dumps 50 million tonnes of electronic waste into landfills. Much of this electronic 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. Electronic waste also contains valuable metals such as gold and copper that could be recycled.

Recycle NB hears from many citizens who would like a province-wide program for electronic waste. From the feedback we receive, we believe the public is ready to support an Extended Producer Responsibility program, like the existing programs for paint, oil and glycol.

The great success of Recycle NB's paint recycling program proves that the public understands and supports EPR programs.

Enacting an electronic waste program would go a long way to protecting our clean environment. With the cooperation and partnership of industry, e-waste recycling will help us to move beyond waste in New Brunswick.



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.

Manitoba, Ontario, Quebec and British Columbia operate packaging and printed paper stewardship programs.

This year the governments of New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador agreed to work together to review current recycling programs for packaging and waste paper in Atlantic Canada. They also agreed to collaborate on implementing Extended Producer Responsibility (EPR) in the region.

Recycle NB led the project steering committee that also included representatives from the RRFB Nova Scotia, Multi-Material Stewardship Board (MMSB) of Newfoundland and Labrador, and the Prince Edward Island Department of Environment.

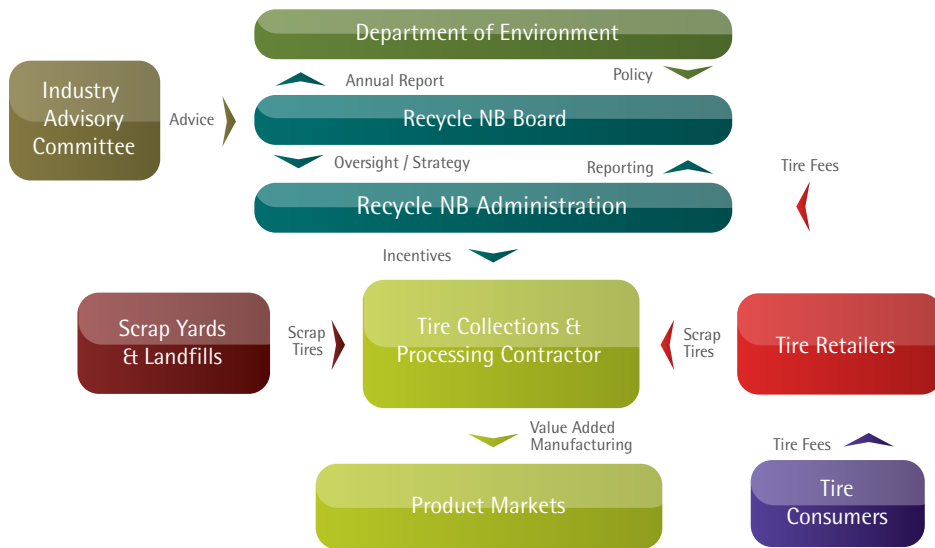
A jurisdictional review and a report outlining a proposed framework and implementation plan provide governments with the tools to carry out consultations on the future of recycling waste packaging and paper in Atlantic Canada. The document is available on the Recycle NB website, www.recyclenb.com.

STRATEGIC DIRECTIONS

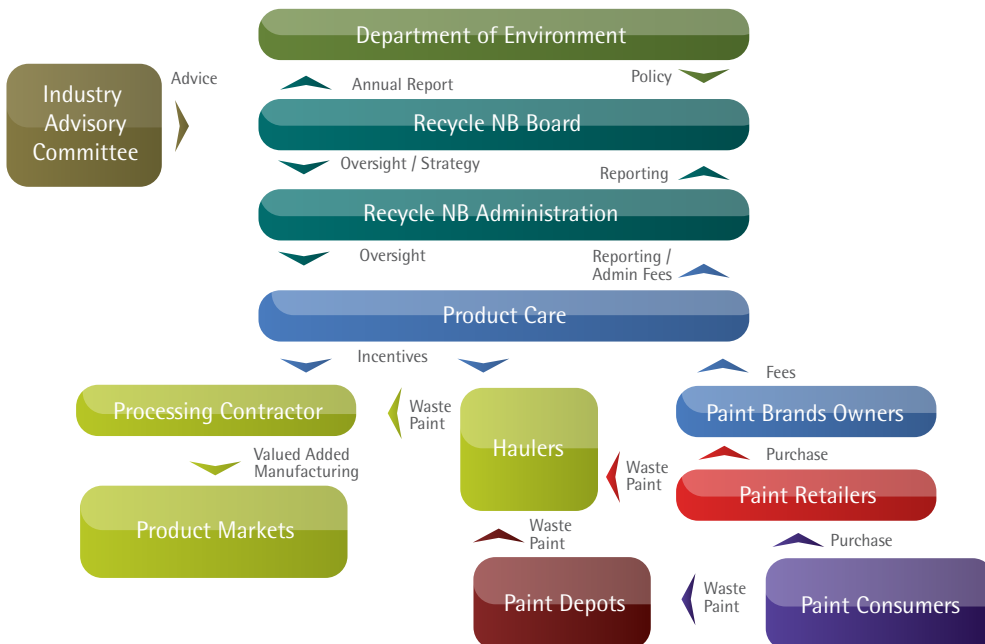
TO FACILITATE WASTE MINIMIZATION

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



PSP 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 simultaneously 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 can 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.

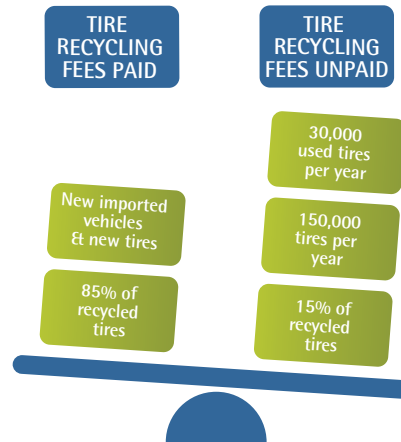
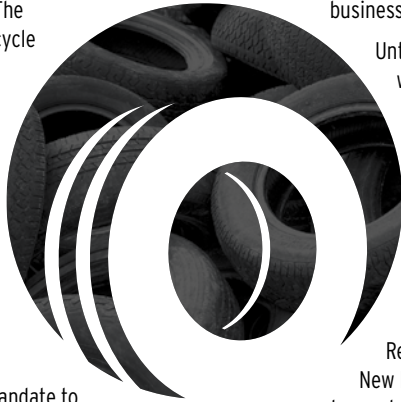
The expansion of the Moderne Slate roofing shingles market by TRACC provides a good example. TRACC produces millions of shingles per year. An agreement signed with a major home product distributor continues to give TRACC unprecedented access to one of the most fully integrated supply networks in North 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 right here in the province.

Achievements

A change in the New Brunswick imported vehicle tire recycling regulation eliminated an inequity in the program and leveled the playing field for business in the province.

Until January, the tire recycling fee was only charged on new vehicles coming into the province. The 30,000 imported used vehicles were exempt from the fee. This was a problem as importers of used vehicles paid nothing toward the cost of recycling the 150,000 tires per year associated with those vehicles.

Recycle NB worked with Service New Brunswick to implement the change to the regulation and response to the change has been positive from business and the public.



This year, the Board of Recycle NB passed the *New Brunswick Tire Stewardship Program Scrap Tire Management Plan* for the period 2014-2019. The Minister of the Environment and Local Government approved the new plan on June 30, 2014. The Approved Tire Management Plan is available online at www.recyclenb.com

Tire Sales in 2014

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): 1,266,000 (1,099,000 in 2013)

n.b.: The 15% increase in tire sales is due to the application of tire recycling fees on imported vehicles, which had not been subject to the fee. This change affected the recovery rate percentage and may account for recovery rates in excess of 100% during 2010 and 2012.

Tire Collections in 2014

Every scrap tire collected by any tire retail location throughout New Brunswick must be collected and sent to the TRACC recycling plant in Minto for making into value-added products. 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): 1,093,000 (1,026,000 in 2013)

Tire recovery rate: 86.3% (93.4% in 2013)



Tire Processing in 2014

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 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| Tires Sold * | 1,125,000 | 1,088,000 | 1,062,000 | 1,099,000 | 1,266,000 |
| Tires Collected * | 1,149,000 | 1,074,000 | 1,063,000 | 1,026,000 | 1,093,000 |
| Recovery Rate | 102.1% | 98.7% | 100.1% | 93.4% | 86.3% |

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

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.

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 31 tire dealer audits (all were found in full compliance with the program)



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 made it responsible 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 Management Plan was renewed in August 2012 and is online at www.recyclenb.com.

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. Recycle NB receives no funding from the government for the Paint Stewardship Program.

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 remains. In order to guarantee the quality of these products, about 1% of 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 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, Product Care reimburses any expenses incurred by the Paint Stewardship Program for oversight, communications, auditing, general administration or any other cost related to the program on a cost-recovery basis. Recycle NB receives no funding from the government for the Paint Stewardship Program.

Paint Sales and Collections

Product Care Association as required under the *Designated Materials Regulation* of the *Clean Environment Act* provides paint sales and paint collections data for the calendar year 2014.

Paint Sales

Most paint purchased is used for its intended purpose; 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, 2014, there were 80 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 **1,745,538** units of program products for an estimated liquid volume sold of **4,593,235** litres of program product. That amounts to the sale of an average of more than **12,584** litres of paint per day. The corresponding sales in the 2013 reporting period were 2,222,231 containers and 5,491,670 million litres.

| Year | Paint Sold (units) | Estimated Liquid Volume |
|------|--------------------|-------------------------|
| 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 |
| 2010 | 2,028,487 | 5,725,316 |



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 points across the province. At the launch of the paint recycling program on April 1, 2009, there were 46 paint drop-off depots available to accept paint under the program. As of December 31, 2014 there were 60 drop-off depots. The number of drop-off 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.

242,287 litres of paint were collected during the year. The volume of leftover paint processed during the year and the method of disposal is as follows:

Percentage of Leftover Paint by Disposal Method

| Method | Volume (litres) | Percentage |
|--|-----------------|------------|
| Reuse (through paint exchange program) | 903 | 0.4% |
| Recycle | 189,031 | 76.5% |
| Landfill | 34,850 | 14.1% |
| Energy Recovery | 22,340 | 9.0% |
| Total | 247,124 | 100.0% |

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

Drop-off 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 are passed 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) |
|------|------------------------------------|---------------------------------|
| 2014 | Metal | 68.3 |
| | Plastic pails (HDPE 2) | 3.37 |
| | Plastic paint cans (polypropylene) | 5.97 |

The recycling of these containers demonstrates the continued effectiveness of the program and a positive trend of 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 is developing at a very rapid pace 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. However, the institutional, commercial and industrial (ICI) sectors generate most of the waste going to landfills. Therefore, Recycle NB will promote the need for ICI sectors to adopt an appropriate green procurement policy.



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

In keeping with our goal of transparency, and to encourage industry stakeholders' participation in our recycling programs, Recycle NB formed an Industry Advisory Committee for the program. The committee met in the spring and the fall.

Oil and Glycol Sales and Collections

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

Oil Sales

SOGHUOMA has 142 members who sell their products in New Brunswick. In 2014, SOGHUOMA reported total sales of oil products at **14,571,535 litres**.

Oil Collections

There are 154 oil and glycol collection facilities across the Province and five companies collect the used products in the province. In 2014, they collected **3,319,285 litres** of oil, which represents 32.5% of oil available for collection. Recycle NB's goal is to have 50% of recoverable product collected so the results for the first year of the program are encouraging.

Oil Filter Sales and Collection

1,337,755 units of oil filters were sold in the Province in 2014 and **791,189** units, the equivalent of **272,138 kilograms** were collected. The recuperation rate of 59.1% far exceeded the goal of 25% recuperation.

Oil Containers Collected

397,103 oil containers were sold in 2014. In its first year, the program collected **131,646 kilograms** of containers, which produced a recovery rate of **34.9%**, again well above the 25% target, which speaks well of the effectiveness of the program and the interest people in New Brunswick have in recycling.

Glycol (antifreeze) Sales and Collections

Sales of glycol in the Province amounted to **2,156,277 litres** in 2014. Recovery of this product at **96,165 litres** is low, amounting to just 9.9% of product. The recovery rate for this product is a concern across the country and the industry management organizations are considering a country-wide study to determine the cause.

Glycol (antifreeze) Containers Collected

53,193 kilograms of containers were sold and **50,533 kilograms** were available for recovery. Of the recoverable containers, **4,691 kilograms** (9.3%) were collected. Glycol and glycol container recovery is a concern across the country and the industry management organizations are considering a nation-wide study to determine the cause.



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

In our continuing efforts to create awareness about the recycling of designated materials Recycle NB launched a blog during Waste Reduction Week. The chief executive officer began a community outreach program with presentations to Rotary clubs.

Again this year, Recycle NB staff attended trade shows across the province. Over 3,000 New Brunswickers learned about Recycle NB and received information on its programs.

This fall, we began a multi-media campaign to encourage New Brunswickers to learn more about recycling their designated materials.

As the sponsor of Waste Reduction Week in New Brunswick, Recycle NB promoted the Recycle My Cell Challenge for schools. With permission of the Department of Education, Recycle NB distributed information on the Recycle My Cell Challenge to schools, colleges and universities in New Brunswick. The Canadian Wireless



Donald Fraser Memorial School was the winner of the 2013 Recycle My Cell Challenge.

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. In addition to doing a good thing for the environment, students can win cash prizes for their school to use for green initiatives!

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 is known national and international 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 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 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 then 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, 2014, 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, 2014 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 Accountants
May 12, 2014
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

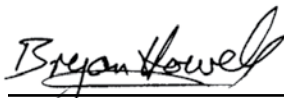
Statement of Financial Position

December 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 921,342 | \$ 558,598 |
| Accounts receivable (note 2) | 817,218 | 878,471 |
| EPR receivable (note 3) | 122,074 | 139,404 |
| | 1,860,634 | 1,576,473 |
| Investments (note 4) | 637,116 | 337,319 |
| Capital assets (note 5) | 33,662 | 58,910 |
| | \$ 2,531,412 | \$ 1,972,702 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 644,395 | \$ 338,567 |
| Deferred revenue | 30,000 | 25,000 |
| Employee future benefits (note 6) | 33,710 | 29,402 |
| | 708,105 | 392,969 |
| Net assets: | | |
| Invested in capital assets | 33,662 | 58,910 |
| Unrestricted | 1,789,645 | 1,520,823 |
| | 1,823,307 | 1,579,733 |
| Contractual obligations (note 8) | | |
| Contingencies (note 9) | | |
| Excess (deficiency) of revenues over expenses | \$ 2,531,412 | \$ 1,972,702 |

See accompanying notes to financial statements.

On behalf of the Board:



 Director



 Director

RECYCLE NEW BRUNSWICK

Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Revenues: | | |
| Tire Program | \$ 5,023,887 | \$ 4,879,778 |
| Paint Program | 93,973 | 100,318 |
| Oil Program | 248,697 | 257,968 |
| Other | 65,113 | 21,066 |
| | 5,431,670 | 5,259,130 |
| Expenses: | | |
| Tire Program (schedule 1) | 4,789,811 | 4,543,543 |
| Paint Program (schedule 2) | 93,973 | 100,318 |
| Oil Program (schedule 3) | 248,697 | 231,474 |
| Other | 66,655 | 11,113 |
| | 5,199,136 | 4,886,448 |
| Excess of revenues over expenses before the undernoted item | 232,534 | 372,682 |
| Investment income | 11,040 | 11,541 |
| Excess of revenues over expenses | \$ 243,574 | \$ 384,223 |

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Changes in Net Assets

Year ended December 31, 2014, with comparative information for 2013

| | Invested in capital assets | Unrestricted | 2014 Total | 2013 Total |
|--|-------------------------------|--------------|---------------|---------------|
| Balance, beginning of year | \$ 58,910 | \$ 1,520,823 | \$ 1,579,733 | \$ 1,195,510 |
| Excess (deficiency) of revenues over expenses | (29,093) | 272,667 | 243,574 | 384,223 |
| Net change in investment in capital assets | 3,845 | (3,845) | - | - |
| Balance, end of year | \$ 33,662 | \$ 1,789,645 | \$ 1,823,307 | \$ 1,579,733 |

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|---|-------------------|-------------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenues over expenses | \$ 243,574 | \$ 384,223 |
| Items not involving cash: | | |
| Amortization of capital assets | 29,093 | 28,822 |
| Employee future benefits | 4,308 | (3,796) |
| | 276,975 | 409,249 |
| Change in non-cash operating working capital: | | |
| Decrease (increase) in accounts receivable | 61,253 | (117,681) |
| Decrease in prepaid expenses | - | 3,247 |
| Increase (decrease) in EPR receivable/payable | 17,330 | (140,443) |
| Increase (decrease) in accounts payable and accrued liabilities | 305,828 | (54,068) |
| Increase in deferred revenue | 5,000 | 25,000 |
| | 666,386 | 125,304 |
| Investing activities: | | |
| Net change in investments | (299,797) | 194,004 |
| Capital activities: | | |
| Purchase of capital assets | (3,845) | (7,757) |
| Increase in cash | 362,744 | 311,551 |
| Cash, beginning of year | 558,598 | 247,047 |
| Cash, end of year | \$ 921,342 | \$ 558,598 |

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements
Year ended December 31, 2014

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 Paint and Oil 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, 2014

2. Accounts receivable:

| | 2014 | 2013 |
|------------------|-------------------|-------------------|
| Tire fees | \$ 591,341 | \$ 710,455 |
| Sales taxes | 125,877 | 168,016 |
| Oil program fees | 100,000 | - |
| | \$ 817,218 | \$ 878,471 |

3. EPR receivable/payable:

The Paint and Oil 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 Paint and Oil 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.

| | 2014 | 2013 |
|---------------|-------------------|-------------------|
| Paint Program | \$ (24,591) | \$ (118,564) |
| Oil Program | 146,665 | 257,968 |
| | \$ 122,074 | \$ 139,404 |

4. Investments:

| | 2014 | 2013 |
|---|-------------------|-------------------|
| Cash held in broker's account | \$ 6,846 | \$ 6,846 |
| Renaissance High Interest Savings Account (5000) | 121,780 | 121,798 |
| Manulife Bank Investment Savings Account | 104,742 | 104,809 |
| RBC Investment Savings Account Series A (2010) | 103,748 | 103,866 |
| Guaranteed investment certificates (1.5% due August 2015) | 300,000 | - |
| | \$ 637,116 | \$ 337,319 |

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2014

5. Capital assets:

| | Cost | Accumulated amortization | 2014 Net book value | 2013 Net book value |
|-----------------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Building - leasehold improvements | \$ 70,935 | \$ 49,654 | \$ 21,281 | \$ 35,468 |
| Furniture and fixtures | 71,548 | 66,003 | 5,545 | 11,201 |
| Computer equipment | 118,827 | 111,991 | 6,836 | 11,774 |
| Operational equipment | 662 | 662 | - | 467 |
| | \$ 261,972 | \$ 228,310 | \$ 33,662 | \$ 58,910 |

Amortization expense for the year is \$29,093 (2013 - \$28,822).

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:

| | 2014 | 2013 |
|---|------------------|------------------|
| Accrued sick pay obligation, beginning of year | \$ 29,402 | \$ 33,198 |
| Current service cost | 13,270 | 12,553 |
| Benefit payments | (8,962) | (16,349) |
| Accrued sick pay obligation, end of year | \$ 33,710 | \$ 29,402 |

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 | |
|---------------|------------|------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Tire Program | 58% | 56% | \$ 430,473 | \$ 403,641 |
| Paint Program | 11% | 13% | 81,641 | 93,703 |
| Oil Program | 31% | 31% | 230,081 | 223,444 |
| | | | \$ 742,195 | \$ 720,788 |

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2014

8. Contractual obligation:

Subsequent to year end, the Company renewed the lease for their office premises, expiring in 2025. Annual repayments are as follows:

Principal repayments are due as follows:

| | |
|------------|-------------------|
| 2015 | \$ 27,192 |
| 2016 | 34,004 |
| 2017 | 34,809 |
| 2018 | 34,809 |
| 2019 | 34,809 |
| Thereafter | 225,042 |
| | \$ 390,665 |

9. Contingencies:

The Province of New Brunswick has signed a 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 \$357.50 per ton (2013 - \$355 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 \$583,000, which was collected through Service New Brunswick. In 2013, the Company received a contribution in the amount of \$379,837 to cover Tire Program operating expenses, which was recorded as revenues under the Tire Program.

During the year, the Company received a contribution from the Environmental Trust Fund in the amount of \$65,000 (2013 - \$95,528) for a specific project. The Company has recorded the contribution in other revenues (2013 - \$82,326 in Tire Program and \$13,202 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, 2014

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, 2014 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 have been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.

RECYCLE NEW BRUNSWICK

Schedule 1 - Tire Program

Year ended December 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--------------------------------|---------------------|---------------------|
| Revenues | \$ 5,023,887 | \$ 4,879,778 |
| Expenses: | | |
| Scrap tire processing | 4,333,133 | 4,052,675 |
| Salaries and employee benefits | 250,301 | 208,201 |
| Communication and translation | 72,015 | 72,767 |
| Professional services | 21,102 | 67,729 |
| Office | 29,062 | 43,438 |
| Board | 22,948 | 33,619 |
| Rent | 23,813 | 22,778 |
| Amortization of capital assets | 16,874 | 16,140 |
| Travel | 6,781 | 10,083 |
| Telephone | 8,974 | 9,542 |
| Insurance | 2,510 | 5,687 |
| Interest and bank charges | 1,598 | 580 |
| Training and subscriptions | 305 | 294 |
| Repairs and maintenance | 395 | 10 |
| | 4,789,811 | 4,543,543 |
| | \$ 234,076 | \$ 336,235 |

RECYCLE NEW BRUNSWICK

Schedule 2 - Paint Program

Year ended December 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--------------------------------|------------------|-------------------|
| Revenues | \$ 93,973 | \$ 100,318 |
| Expenses: | | |
| Salaries and employee benefits | 47,471 | 48,332 |
| Communication and translation | 18,064 | 14,903 |
| Office | 8,909 | 8,050 |
| Board | 4,749 | 7,805 |
| Rent | 4,516 | 5,288 |
| Professional services | 2,480 | 5,129 |
| Amortization of capital assets | 3,200 | 3,747 |
| Travel | 1,970 | 3,324 |
| Telephone | 1,702 | 2,215 |
| Insurance | 476 | 1,320 |
| Bank charges and interest | 303 | 135 |
| Training and subscriptions | 58 | 68 |
| Repairs and maintenance | 75 | 2 |
| | 93,973 | 100,318 |
| | \$ - | \$ - |

RECYCLE NEW BRUNSWICK

Schedule 3 - Oil Program

Year ended December 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--------------------------------|-------------------|-------------------|
| Revenues | \$ 248,697 | \$ 257,968 |
| Expenses: | | |
| Salaries and employee benefits | 133,782 | 115,254 |
| Communication and translation | 40,320 | 25,539 |
| Board | 13,726 | 22,082 |
| Office | 14,895 | 20,699 |
| Rent | 12,728 | 12,609 |
| Professional services | 9,220 | 12,232 |
| Amortization of capital assets | 9,019 | 8,935 |
| Telephone | 4,796 | 5,282 |
| Travel | 7,643 | 5,204 |
| Insurance | 1,341 | 3,148 |
| Bank charges and interest | 853 | 321 |
| Training and subscriptions | 163 | 163 |
| Repairs and maintenance | 211 | 6 |
| | 248,697 | 231,474 |
| | \$ - | \$ 26,494 |



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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