

2016
Annual Report

MOVING
BEYOND
WASTE

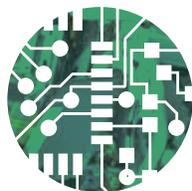


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1,140,000 (PTE) tires collected

715 retail tire collection sites

297,811 litres of paint collected

62 paint collection depots

3,690,751 litres of oil collected

120,860 litres of glycol collected

177 oil and glycol collection
facilities



TRANSMITTAL LETTER

Honourable Serge Rousselle, Q.C.
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 the annual report of Recycle NB for the calendar year 2016. 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*.)



Rod Borden
Chair
Recycle NB



RECYCLE NB BOARD OF DIRECTORS

Front row (left to right):

Suzane Arsenaault, Borden P. DeLong, Anne Lévesque

Back row (left to right):

Beth McDermott, Bill Sargent, Rod Borden, Erica Barnett, 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 want to make sure your children and grandchildren have the resources they will need far into the future."

MESSAGE FROM THE CHAIR



This was a year of new beginnings, progress and endings for Recycle NB and its partners.

The Minister of Environment and Local Government designated electronics for recycling in the fall of 2015 and Recycle NB worked with electronic industry brand owners and their Service Provider EPRA to develop a management plan that meets the requirements of the *Clean Environment Act* and the *Designated Materials Regulation*. We are looking forward to the launch of the program

in early 2017.

July brought the launch of a voluntary bicycle tire and tube recycling program and a partnership with the Canadian Independent Bicycle Retailers Association and its New Brunswick members and tire retailers. Thanks to their support, New Brunswickers can now recycle their old bike tires and tubes at bike shops in communities across New Brunswick.

In terms of progress toward our goals, the Board was pleased to note the volume of collected waste paint in 2016 was about 10% higher than that collected in 2015 and about 20% higher than that collected in 2014. Including the amount of oil collected and burned in approved furnaces, the Oil Program had a collection and recycling rate of 91.5% for 2016. This is a 5.9% increase over 2015.

With help and support of managers of the Solid Waste Divisions of the Regional Service Commissions and other partners, we continued our dialogue on packaging and printed paper with New Brunswick stakeholders. We are encouraged by the results. There is interest in, and support for, an extended producer responsibility program for these products in New Brunswick. We look forward to expanding the dialogue in the coming year.

This year terms for three members of the Recycle NB Board expired. On behalf of the Board, I extend sincere thanks to former Board Chair Gildard Chiasson and members Aline McLaughlin and Maxime Lejeune for their contribution to ensuring the accountability, transparency and strategic direction of Recycle NB. As their terms expired, we welcomed three new members to the Board in October.

Industry brand owners and their service providers operate the recycling programs established under the *Designated Materials Regulation*. Recycle NB works with them to ensure programs comply with legislation and meet the needs of New Brunswickers. We value the partnerships we have with TRACC for tires, Product Care for paint, SOGHUOMA for oil and glycol, and EPRA for electronics. Together we are "Moving Beyond Waste" and protecting the environment for generations to come. The Board looks forward to another year of partnership, beginnings and progress on our shared goals.

Rod Borden
Chair, Recycle NB

"We value the partnerships we have with TRACC for tires, Product Care for paint, SOGHUOMA for oil and glycol, and EPRA for electronics."

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 set 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, 2016

Board Changes

The term of office expired in 2016 for several Board members. Chair Gildard Chiasson and Directors Aline McLaughlin and Maxime Lejeune completed their terms on June 14, 2016.



Rod Borden, Chair
Saint John, NB

Mr. Borden is a retired educator and an active volunteer in the Saint John community.

Term of office: July 12, 2015 - July 11, 2018



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



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



Anne Lévesque, MBA
Lac Baker, NB

Ms. Lévesque is experienced in initiating, leading and supporting small and medium-sized organizations. She is Executive Director of the Canadian Rivers Institute.

Term of office: October 12, 2016 - October 11, 2019



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



William (Bill) Sargent
Miramichi, NB

Mr. Sargent is a former President of the NB Redemption Center Association. In addition, he held a NB license to handle scrap metals.

Term of office: October 12, 2016 - October 11, 2019



Elizabeth McDermott, vice-chair
Fredericton, NB

Ms. McDermott is a retired civil servant. She is Managing Director of BethMc Solutions and an active community volunteer.

Term of office: October 28, 2015 - October 27, 2018



Suzane Arsenaault
Shippagan, NB

For 13 years, Suzane has been Director of Avenir jeunesse in the Acadian Peninsula. She works in partnership to develop long-term actions for youth development in the Acadian Peninsula and their integration in the labor market.

Term of office: October 12, 2016 - October 11, 2019

Board Meetings

The Board of directors met five times during 2016. Meetings were held on the following dates:

Date	Place
January 22	Fredericton
May 13	Fredericton
June 10	Moncton
September 30	Edmundston <i>(Regular & Annual General Meeting)</i>
December 9	Fredericton

Board Attendance

The level of attendance of directors at Board meetings was 93%

Present Directors	Meetings	Director	Meetings
Erica Barnett	5/6	Maxime Lejeune	3/3
Rod Borden	6/6	Aline McLaughlin	2/3
Borden DeLong	6/6	Anne Lévesque, MBA	1/1
Elizabeth McDermott	6/6	Bill Sargent	1/1
Grant Mitton	5/6	Suzane Arseneault	1/1
Gildard Chiasson	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
- Beth McDermott
- Grant Mitton
- Borden DeLong



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

- Rod Borden
- Erica Barnett
- Grant Mitton
- Borden 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 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, *Owner and President*

- **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

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* Don Shea, *Product Care Coordinator (NB)*
- **Regional Service Commissions**, Commission de services régionaux Nord-Ouest, Jean Bourque, *Director*
- **Paint Retailers**, Atlantic Canada, Retail Council of Canada, Jim Cormier, *Director*

Oil and Glycol Stewardship Program

Industry Advisory Committee Members

- **Recycle NB**, Beth McDermott, *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**, Terrapure Environmental, Adam Hayes, *Branch Manager*; RPM Environmental Systems Inc.; Bianca Cormier, *Branch Coordinator Maritime*

YEAR IN REVIEW

BICYCLE TIRE AND TUBE RECYCLING PROGRAM

This year, Recycle NB teamed up with the Canadian Independent Bicycle Retailers Association (CIBRA), New Brunswick's bike shops, the biking community and TRACC, to begin a pilot program for the recycling of bicycle tires and tubes.

Recycle NB implemented the pilot program using the existing tire recycling system. Collectors under the tire-recycling program pick up the tires and tubes as part of their routine tire collections. Bike shops collect and bundle the old tires and tubes and take them to their local tire retailer for collection.

At the program launch, Bill Yetman of the Canadian Independent Bike Retailers Association said Independent bicycle retailers and their customers were excited to participate in the initiative.

TRACC's manufacturing plant uses the tires in the production of cattle mattresses and the tubes in molded rubber products.



Matt Savage, owner of Savage's Bicycle Center, Fredericton told the audience, "We are very enthusiastic about this program and we are working to make it a success and to provide our

customers with a service that helps to protect the environment."

Recycle NB's Website lists the participating bike shops across New Brunswick.

PACKAGING AND PRINTED PAPER DIALOGUE WITH STAKEHOLDERS

With the assistance of the Environmental Trust Fund, Recycle NB continued its dialogue with stakeholders about the waste management of packaging and printed paper. Our objectives for the second phase of our dialogue on this topic were:

- To increase awareness and understanding among stakeholders of EPR Stewardship for packaging and waste paper.

- Identify key stakeholders and their role in the waste management of packaging and printed paper in New Brunswick.
- Identify challenges and opportunities for stakeholders.
- Obtain feedback from stakeholders on key issues and how we might move forward with the implementation of a packaging and waste paper program in New Brunswick.



ELECTRONICS MANAGEMENT PLAN

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. They also contain materials like gold and copper that can be recycled and used to make new products.

In the fall of 2015, the provincial government established a waste management program for electronics. Since the announcement, Recycle NB has worked with industry to develop a management plan for the designated materials.

The brand owners chose EPRA as their service provider for the electronics industry to operate the New Brunswick electronics recycling program.



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.

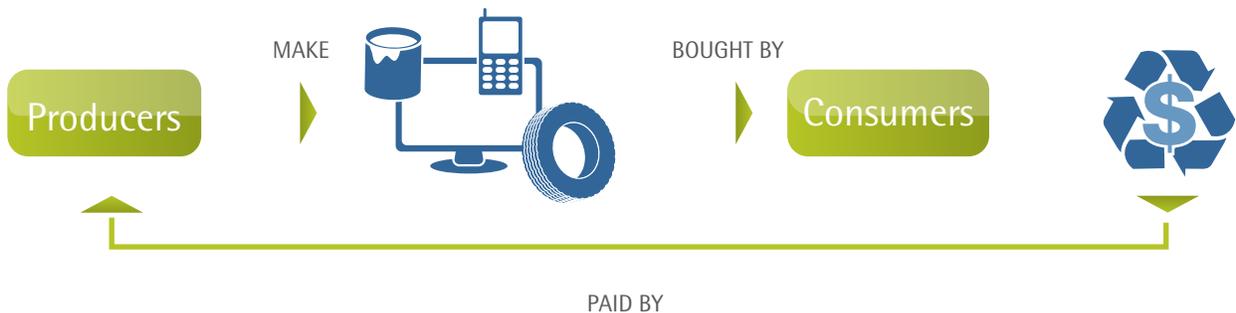
This form of product stewardship encourages system efficiencies that can have real benefits for New Brunswickers. When developing EPR regulations, government needs to ensure that industry stakeholders remain involved in the process. Each section of a regulation for a particular product needs careful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





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.

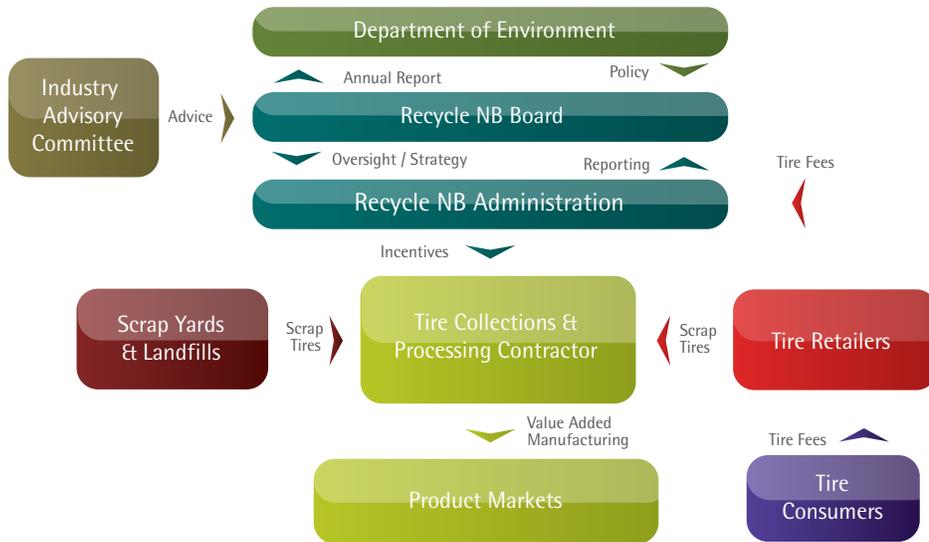


STRATEGIC DIRECTIONS

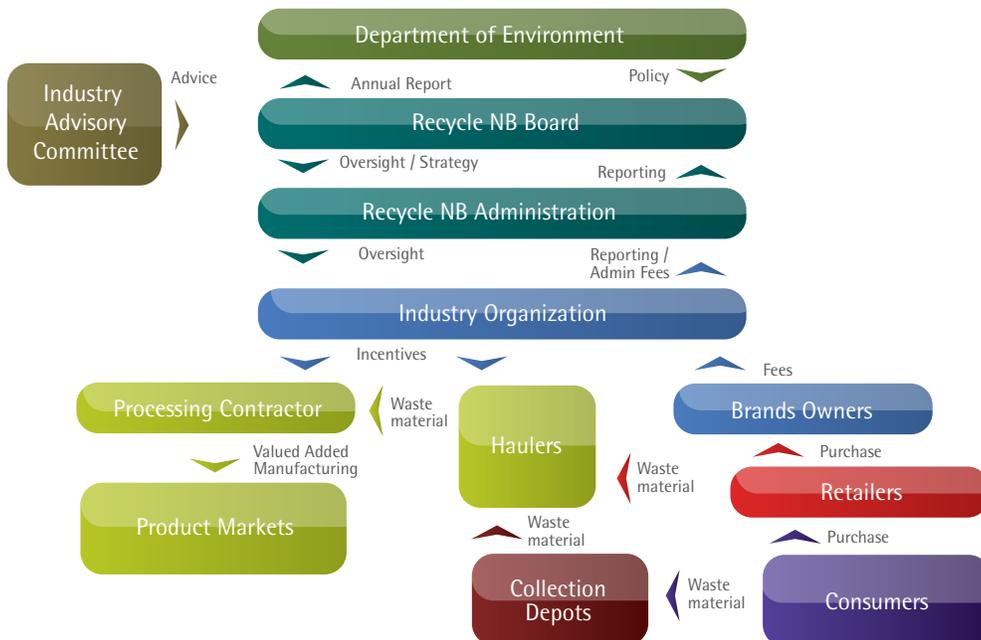
TO FACILITATE WASTE MINIMIZATION

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)

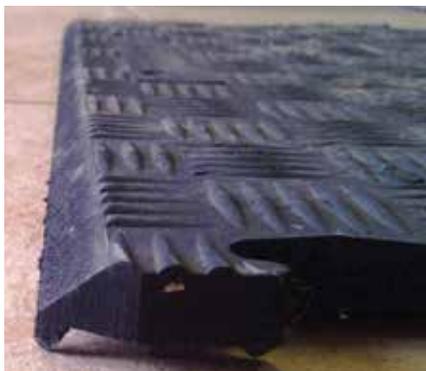
Historic perspective

The *Designated Materials Regulation* (New Brunswick Regulation 2008-54) under the *Clean Environment Act* came into effect on May 1, 2008.

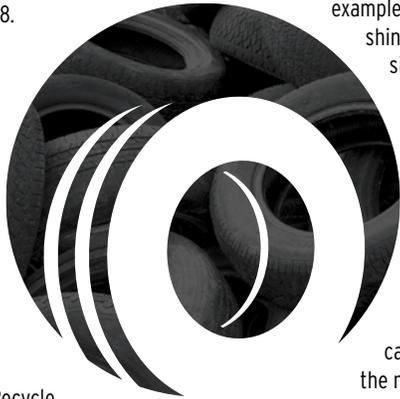
The Regulation created Recycle NB and transferred the rights and obligations of the existing New Brunswick Tire Stewardship Board to the new corporate body.

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 20 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

Tire Program celebrates 20 years

The province's tire recycling program celebrated 20 years of operation in 2016. The program, which began in 1996, has diverted the equivalent of 20 million passenger tires from the province's landfills.

Minister of Environment and Local Government Serge Rousselle presented certificates of appreciation to program partners at an event in Fredericton in November. Among the partners was Tire Recycling Atlantic Canada Corporation (TRACC) in Minto, New Brunswick. The company turns scrap tires into value added products

such as garden mulch, playground cover and livestock mats. It has markets for its products around the world.

The company employs approximately 50 people in its operations.



Tire Sales in 2016

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):
1,347,000 (1,336,000 in 2015)

Tire Collections in 2016

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):
1,140,000 (1,097,000 in 2015)

Tire recovery rate: 84.7% (82.1% in 2015)



Tire Processing in 2016

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	2012	2013	2014	2015	2016
Tires Sold *	1,062,000	1,099,000	1,266,000	1,336,000	1,347,000
Tires Collected *	1,063,000	1,026,000	1,093,000	1,097,000	1,140,000
Recovery Rate	100.1%	93.4%	86.3%	82.1%	84.7%

* 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 completed 25 tire dealer audits. Results showed that six were not in compliance but all have now paid or are making arrangements to pay any interest, penalties and fees due the program. Nineteen dealers were sent compliant letters.



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

Paint collection up in 2016

The volume of paint sold in the Province in 2016 was almost the same as that sold in 2015. However, the volume of collected waste paint in 2016 was about 10% higher than that collected in 2015 and about 20% higher than that collected in 2014. The increase in the volume of collected waste paint can be attributed to the ongoing efforts to increase consumer awareness of the Paint Stewardship Program. This increase in consumer awareness is certainly a result of the extensive communication and education programs delivered by Product Care and Recycle New Brunswick.



Collection site visits

A Product Care Association representative visited 45 collection sites in 2016 to provide in-person support to the collection sites, delivering informational brochures and provide any necessary training.

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 2016.

Paint Sales

Most paint purchased is used for its intended purpose. However, there are times when a consumer must dispose 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, 2016, there were 61 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 an estimated liquid volume of 4,654,046** litres of program product. The corresponding sales in the 2015 reporting period were **4,674,947** million litres.

Year	Estimated Liquid Volume
2016	4,654,046
2015	4,674,947
2014	4,593,235
2013	5,491,670
2012	5,212,841



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, 2016 there were 62 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 help protect 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 297,811 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)	556	0.2%
Recycle	227,334	75.0%
Energy Recovery	25,333	8.4%
Landfill	50,020	16.5%
Total	303,243	100.0%

**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)
2016	Metal	72.3
	Plastic pails (HDPE 2)	4.2
	Plastic paint cans (polypropylene)	13.6

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

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.”



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 provincial government introduced a recycling program for used oil and glycol on October 24, 2012. REGULATION 2012-92 under the *Clean Environment Act* designates oil, oil filters, oil containers, glycol and glycol containers as materials to be managed and requiring 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 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

Collection Facilities

SOGHUOMA has increased the number of collection facilities in New Brunswick to 177.

Collection Rates

The 2016 collection rates for oil products exceed program goals.

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 165 members who sell their products in New Brunswick. In 2016, SOGHUOMA reported total sales of oil products of 14,444,304 litres. 10,111,013 litres of oil were available for recovery in 2016.

Oil Collections

There are 177 oil and glycol collection facilities across the Province. Seven companies collect the used products in the province on behalf of SOGHUOMA. In 2016, they collected 3,690,751 litres of oil, which represents 36.5% of oil available for collection. Recycle NB's goal is a 50% recovery rate.

Year	Oil collected (Litres)*
2016	3,690,751
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 91.5% for 2016.*

Oil Filter Sales and Collection

1,421,760 units of oil filters were sold in the Province in 2016. A total of 965,880 units, the equivalent of 296,802 kilograms were collected. The recuperation rate of 67.9% exceeds the goal of 25% recuperation.

Year	Oil filters collected (Kilograms)
2016	296,820
2015	285,839
2014	272,138

Oil Containers Collected

445,433 kilograms of oil containers were sold in 2016. The program collected 244,722 kilograms of containers, which produced a recovery rate of 57.8 %, which surpassed the 25% target.

Year	Oil containers collected (Kilograms)
2016	244,722
2015	246,419
2014	131,646

Glycol (antifreeze) Sales and Collections

Sales of glycol in the Province amounted to 2,007,236 litres in 2016. Recovery of this product at 120,860 litres amounts to 13.4% of product.

Year	Glycol collected (Litres)
2016	120,860
2015	120,063
2014	96,165

Glycol (antifreeze) Containers Collected

43,274 kilograms of recoverable containers were sold in 2016 and, 7,729 kilograms (17.9 %) were collected. A total of 1,062,551 kilograms of containers were available for recovery.

Year	Glycol containers collected (Kilograms)
2016	7,729
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

Packaging and Printed Paper

As a follow up to its 2014 Forum on Packaging and

Printed Paper, and with the support of the Environmental Trust Fund, Recycle NB began a dialogue with stakeholders. We sought their feedback on key issues and how we might move forward with the implementation of a packaging and waste paper program in New Brunswick.



Bicycle Tire Recycling

As part of the implementation of the bicycle tire and

tube recycling program, Recycle NB organized a launch event on July 28, 2016. Representatives of local bike shops, tire retailers and TRACC joined the Minister of Environment and Local Government at the Radical Edge bike shop in Fredericton to encourage cyclists to recycle their waste materials.



Tire Stickers

New Brunswick has a province-wide tire recycling program. It makes it easy for residents to recycle waste tires at any garage or tire retailer in New Brunswick. Every waste tire is important to the program but some residents still put tires at curbside for collection. When collectors leave the tires behind, residents wonder why?

Therefore, Recycle NB and Regional Service Commissions' Solid Waste Divisions worked together to develop a sticker to remind residents how to recycle waste tires. Now, when collectors leave tires at curbside, the sticker provides the reason why and explains how to recycle the tires.

Website Redesign

To meet the needs of users and to respond to today's many different platforms, Recycle NB undertook a redesign of its website. As part of the redesign, we developed and incorporated an online registration system for brand owners.



Advertising

We continued our multi-media campaign to provide New Brunswickers with information about the recycling of designated materials and to encourage them to visit the RNB website to learn more about where and how to recycle these materials.

We are seeing positive results. Over the year, there was a 22% increase in website visits.

Community Outreach

Recycle NB continued to promote recycling of designated materials at trade shows across the Province. Staff answered questions and provided information to 5,000 booth visitors. Many residents said they are storing old electronics and are looking forward to the start of the e-waste recycling program.

As part of his efforts to make people aware of the designated material recycling programs, Recycle NB's Chief Executive Officer appeared on The Dennis Report on cable television and made presentations to community leaders.



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 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, tire, and oil and glycol programs show that New Brunswickers support the value-added approach to recycling.

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 the 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 strives to earn public confidence through financial sustainability despite challenging economic times.

INDEPENDENT AUDITORS' REPORT



KPMG LLP
Chartered Accountants

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Website: www.kpmg.ca

To the Board of Directors of Recycle New Brunswick

We have audited the accompanying financial statements of Recycle New Brunswick, which comprise the statement of financial position as at December 31, 2016, 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, 2016 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
May 5, 2017
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

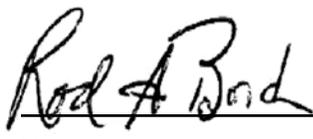
Statement of Financial Position

December 31, 2016, with comparative information for 2015

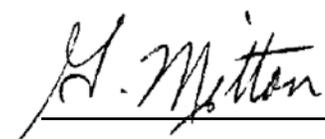
	2016	2015
Assets		
Current assets:		
Cash	\$ 1,618,736	\$ 1,345,807
Accounts receivable (note 2)	910,371	776,016
EPR recoverable (note 3)	311,201	16,628
	2,840,308	2,138,451
Investments (note 4)	655,217	645,672
Capital assets (note 5)	7,712	11,965
	\$ 3,503,237	\$ 2,796,088
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 530,475	\$ 605,413
Employee future benefits (note 6)	52,868	40,948
	583,343	646,361
Net assets:		
Invested in capital assets	7,712	11,965
Unrestricted	2,912,182	2,137,762
	2,919,894	2,149,727
Contractual obligations (note 8)		
Contingencies (note 9)		
	\$ 3,503,237	\$ 2,796,088

See accompanying notes to financial statements.

On behalf of the Board:



 Director



 Director

RECYCLE NEW BRUNSWICK

Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenues:		
Tire Program	\$ 5,698,297	\$ 5,205,800
Oil Program	165,202	221,878
Paint Program	60,949	84,707
E-waste Program	288,422	67,969
Other	42,736	57,471
	6,255,606	5,637,825
Expenses:		
Tire Program (schedule 1)	4,975,472	4,905,781
Oil Program (schedule 2)	165,202	221,878
Paint Program (schedule 3)	60,949	84,707
E-waste Program (schedule 4)	288,422	67,969
Other	19,866	48,799
	5,509,911	5,329,134
Excess of revenues over expenses before the undernoted item	745,695	308,691
Investment income	24,472	17,729
Excess of revenues over expenses	\$ 770,167	\$ 326,420

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

	Invested in capital assets	Unrestricted	Total 2016	Total 2015
Balance, beginning of year	\$ 11,965	\$ 2,137,762	\$ 2,149,727	\$ 1,823,307
Excess (deficiency) of revenues over expenses	(13,819)	783,986	770,167	326,420
Net change in investment in capital assets	9,566	(9,566)	-	-
Balance, end of year	\$ 7,712	\$ 2,912,182	\$ 2,919,894	\$ 2,149,727

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 770,167	\$ 326,420
Items not involving cash:		
Amortization of capital assets	13,819	24,217
Employee future benefits	11,920	7,238
	795,906	357,875
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(134,355)	41,202
Decrease (increase) in EPR receivable/payable	(294,573)	105,446
Increase in accounts payable and accrued liabilities	(74,938)	(38,982)
Increase in deferred revenue	-	(30,000)
	292,040	435,541
Investing activities:		
Net change in investments	(9,545)	(8,556)
Capital activities:		
Purchase of capital assets	(9,566)	(2,520)
Increase in cash	272,929	424,465
Cash, beginning of year	1,345,807	921,342
Cash, end of year	\$ 1,618,736	\$ 1,345,807

See accompanying notes to financial statements.

RECYCLE NEW BRUNSWICK

Notes to Financial Statements
Year ended December 31, 2016

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, and E-waste 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, 2016

2. Accounts receivable:

	2016	2015
Tire fees	\$ 554,471	\$ 567,591
Sales taxes	355,900	208,425
	\$ 910,371	\$ 776,016

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 recoverable at year end.

EPR recoverable (payable)	2016	2015
Oil Program	\$ (46,255)	\$ 8,543
Paint Program	1,066	(59,884)
E-Waste Program	356,390	67,969
	\$ 311,201	\$ 16,628

4. Investments:

	2016	2015
Cash held in broker's account	\$ 6	\$ 6
Renaissance High Interest Savings Account	125,447	123,080
Manulife Bank Investment Savings Account	107,947	105,740
RBC Investment Savings Account Series A	106,880	104,748
BNS Investment Savings Account	314,937	312,098
	\$ 655,217	\$ 645,672

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Capital assets:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Building - leasehold improvements	\$ 70,935	\$ 70,935	\$ -	\$ 7,094
Furniture and fixtures	72,694	72,448	246	2,119
Computer equipment	129,282	122,114	7,168	2,485
Operational equipment	1,147	849	298	267
	\$ 274,058	\$ 266,346	\$ 7,712	\$ 11,965

Amortization expense for the year is \$13,819 (2015 - \$24,217).

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:

	2016	2015
Accrued sick pay obligation, beginning of year	\$ 40,948	\$ 33,710
Current service cost	13,821	13,097
Benefit payments	(1,901)	(5,859)
Accrued sick pay obligation, end of year	\$ 52,868	\$ 40,948

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	
	2016	2015	2016	2015
Tire Program	41%	56%	\$ 351,886	\$ 467,239
Oil Program	19%	26%	163,069	216,932
Paint Program	7%	10%	60,078	83,435
E-Waste Program	33%	8%	283,226	66,748
			\$ 858,259	\$ 834,354

RECYCLE NEW BRUNSWICK

Notes to Financial Statements (continued)

Year ended December 31, 2016

8. Contractual obligation:

The Company has entered into a lease for their office premises, expiring in 2025. Annual repayments are as follows:

2017	\$ 34,809
2018	34,809
2019	34,809
2020	34,809
2021	34,809
Thereafter	156,229
	\$ 330,274

9. Contingencies:

The Province of New Brunswick has a signed contract, which terminates in February 2021, 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 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 \$778,420 (2015 - \$690,000), which was collected through Service New Brunswick.

In 2016, the Company received a contribution from the Environmental Trust Fund in the amount of \$41,778 (2015 - \$27,339) 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, 2016

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, 2016 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.

RECYCLE NEW BRUNSWICK

Schedule 1 - Tire Program

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenues	\$ 5,698,297	\$ 5,205,800
Expenses:		
Scrap tire processing	4,564,628	4,381,558
Salaries and employee benefits	174,759	229,617
General and administrative	113,513	180,357
Communication and translation	116,906	100,687
Amortization of capital assets	5,666	13,562
	4,975,472	4,905,781
	\$ 722,825	\$ 300,019

RECYCLE NEW BRUNSWICK

Schedule 2 - Oil Program

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenues	\$ 165,202	\$ 221,878
Expenses:		
Salaries and employee benefits	80,986	106,608
General and administrative	39,872	60,313
Communication and translation	41,718	48,661
Amortization of capital assets	2,626	6,296
	165,202	221,878
	\$ -	\$ -

RECYCLE NEW BRUNSWICK

Schedule 3 - Paint Program

Year ended December 31, 2016, with comparative information for 2015

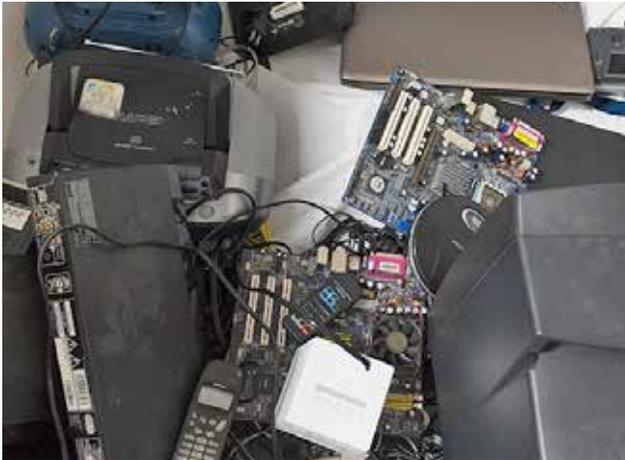
	2016	2015
Revenues	\$ 60,949	\$ 84,707
Expenses:		
Salaries and employee benefits	29,837	41,003
General and administrative	14,353	23,310
Communication and translation	15,792	17,972
Amortization of capital assets	967	2,422
	60,949	84,707
	\$ -	\$ -

RECYCLE NEW BRUNSWICK

Schedule 4 - E-Waste Program

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenues	\$ 288,422	\$ 67,969
Expenses:		
Salaries and employee benefits	140,660	32,802
General and administrative	70,100	18,210
Communication and translation	73,102	15,020
Amortization of capital assets	4,560	1,937
	288,422	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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