

2016

Product Care Association  
Ontario Industry Stewardship Programs  
2016 Annual Report  
Submitted to  
Resource Productivity & Recovery Authority



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## 1 Overview

On November 30, 2016, the Resource Productivity and Recovery Authority (“Authority”) was established under the new Waste-Free Ontario Act, 2016 (WFOA). Any reference to Waste Diversion Ontario in this document was changed to the Authority in accordance with the WFOA, 2016, schedule 1, Part III section 21(2).

On December 10, 2014, the Authority approved the Product Care Association (PCA) Industry Stewardship Plan (ISP) for the management of end-of-life paints and coatings. On March 25, 2015 the Authority announced the effective date of the PCA Paint ISP as June 30, 2015. On October 28, 2015 the Authority approved PCA’s ISP for the end-of-life management of Pesticides, Solvents and Fertilizers (PSF) and on December 17, 2015 announced the effective date for the PSF ISP as April 1, 2016.

This annual report is submitted to the Authority pursuant to s. 6.5 of the Authority-PCA Industry Stewardship Plan agreement. Further, this report covers the period January 1, 2016 to December 31, 2016 for paints and coatings and April 1, 2016 to December 31, 2016 for PSF.

## 2 Program Performance

In 2016, 9,643 tonnes of paints and coatings were collected through the municipal and retail channels. Based on the diversion reports received by PCA from program processors, 6,009 tonnes of paints and coatings were recycled in 2016.

For pesticides, solvents, and fertilizers, from April 1 to December 31, 2016, PCA collected 31 tonnes, 208 tonnes and 11 tonnes respectively. According to the diversion reports, 2.32 tonnes of solvents were recycled from April 1 to December 31, 2016.

For PSF ISP materials the 2016 available to collect and target tonnages were allocated between PCA and Stewardship Ontario (SO) based on estimated annual market shares using best available 2015 data at the launch of the PSF ISP. However, upon annual review with actual 2016 data, PCA’s actual 2016 market shares were less than the estimated market share for all three materials, therefore the 2016 targets were overstated and PCA’s collection only reflects its actual market share collection. Therefore, collection performance in PSF categories may appear lower for this 2016 PCA partial year of program operation.

### 2.1 2016 Program Tonnes Collected

	A	B	C=AxB	D	E=D/A
Materials	Available to Collect Tonnes	Collection Target Rate	Collection Target Tonnes	Actual Tonnes Collected <sup>1</sup>	Actual Collection Rate
Paint	9,160	90%	8,244	9,643 <sup>2</sup>	105%
Pesticides	43	57%	25	31	72%
Solvents	864	46%	397	208	24%
Fertilizers	37	n/a	n/a	11	30%

<sup>1</sup> PSF tonnage collected does not include SO program tonnes and only represents PCA PSF ISP market share tonnes.

<sup>2</sup> Collected tonnage represents 100% of the supply chain; all costs were incurred by the PCA ISP paint stewards.

## 2.2 2016 Program Tonnes Recycled

	F	G	H=G/A
Materials	Recycling Target Rate	Actual Recycled Tonnes	Actual Recycling Rate
Paint	72%	6,009	66%
Pesticides	n/a	n/a	n/a
Solvents	4.6%	2.32	0%
Fertilizers	n/a	n/a	n/a

## 3 Stakeholder Consultation

### 3.1 PSF Program Transition

On December 17, 2015, the Authority approved the effective date of April 1, 2016 for the PSF ISP. In early 2016, PCA consulted with all affected stakeholders regarding the transition of the PSF material management from Stewardship Ontario (SO) to PCA as well as with stewards that wished to transition to PCA to meet their regulatory obligations.

PCA worked with transporters and processors, one on one, to ensure that they understood the transition process and submitted the required onboarding documentation to PCA. In addition, PCA communicated by emails, webinars and phone calls with municipal and steward stakeholders to provide updates on the transition and ensure that all steps in the transition process were clearly understood.

Since PCA expanded both the service partner and steward reporting systems to include PSF reporting, PCA held training webinars for these stakeholders to ensure a smooth transition from SO to PCA.

### 3.2 R2R Program Performance Calls

PCA Ontario conducted calls to all Return to Retail (R2R) collection sites in 2016 to obtain feedback on collection site service levels and ask about Service Provider performance and customer service, program information, collection site operations, and dumping of other non-program wastes. Overall, the feedback was positive and constructive.

Any issues were dealt with immediately by PCA with the Service Provider, and a follow-up call to the Collection Site was made within the following weeks to confirm that any issues had been resolved. Beginning in 2017, PCA is contacting R2R sites twice per year.

### 3.3 Diversion Report Improvements

The Diversion Report completed by Approved Processors for processed program materials was revised to capture more accurate and detailed information on all materials transported to a Processor in a lab pack. The purpose of the revision was to better understand the chain of custody for each processed (recyclable and non-recyclable) material type (including program materials, containers, and hazardous and non-hazardous non-program contamination) from the point of collection to the end-fate. PCA held training sessions with each Processor to introduce this new form and provided directions on its use and the new format was utilized for Q3 and Q4, 2016.

### 3.4 Fertilizer Program Fee Change

PCA monitored the financial performance of the ISPs throughout 2016 resulting in consultation with fertilizer stewards in Q3 with respect to the need to increase the Environmental Handling Fee (EHF) from

the initial rate of \$0.07 per kg or litre at the start of the program to \$0.22 per kg or litre effective December 1, 2016.

### **3.5 Paint Reuse Program Development**

Throughout 2016, PCA consulted with the Municipal Hazardous and Special Waste (MHSW) Working Group to develop a Paint Reuse program in Ontario which would track and compensate municipalities for paint given away for reuse at municipal depots. Through a series of meetings, PCA developed the paint reuse program guide, the reporting tools and the Paint Reuse agreement amendment which were presented for final review to the MHSW Working Group on November 1, 2016. After all feedback was addressed, PCA obtained final approval of the Paint Reuse documentation from the Authority on December 20, 2016.

Additionally, PCA modified the service partner claims portal to enable municipalities to report Paint Reuse claims to PCA at the same time as completing their commingled material claims.

PCA will continue to work with the MHWS Working Group on the implementation of the program in 2017.

## **4 Supply Chain Update**

### **4.1 Service Provider Set Up**

In 2016, PCA had a network of 17 Approved Service Providers. A summary of their transportation and processing services for program materials is outlined in Section 10.1 Appendix A. Changes from the 2015 Approved Transporters and Processors list include:

- Hotz Environmental has now been consolidated into its parent company EnviroSystems
- Potter Environmental was purchased and is now part of GFL
- Tomlinson Environmental Services (formerly known as Scotts Environmental) was removed from the Approved Service Provider list.

### **4.2 Service Provider Audits & Site Visits**

In early 2016, PCA improved its audit procedures (including more detailed site inspections) for Approved Transporter and Processor sites to ensure that PCA records are current.

In Q3, PCA conducted both transportation and processing audits with Drain-All (in both Ottawa and Napanee), Brendar Environmental, and Photech Environmental Solutions and a processing only audit with Loop Recycled Products. PCA also performed onsite visits in 2016 with Buckham Transport, EnviroSystems (formerly Hotz Environmental) and GFL (formerly Detox Environmental). In 2017, PCA plans to conduct transportation and processing audits with EnviroSystems and Miller Environmental and perform site visits at Aevitas and Clean Harbors.

### **4.3 Lab Pack Studies**

The addition of the PSF ISP program involved planning and conducting Lab Pack Studies to determine 2017 lab pack factors consistent with the system previously used by SO. The study methodology and sample size incorporated various criteria including representative material volumes, materials from depot and events, geographic locations and seasonality. The first PCA conducted lab pack study took place in Q2. Drums of each material were randomly selected by PCA and sampled by third-party auditor 2CG Inc. The audit was conducted at EnviroSystems (formerly Hotz Environmental) in Hamilton. Municipal representatives were invited to attend and observe the sampling process, but no

representatives attended. In Q3, PCA organized the second lab pack study audit at Photech Environmental Solutions in Niagara which was attended by two representatives from the City of Toronto. In Q4, PCA organized the third and final lab pack study of 2016 again at Envirosystems. Two representatives from the City of Toronto and one from the City of Kingston attended.

PCA was provided the recorded data (over 18,000 line items) by 2CG and analyzed it to distinguish obligated from non-obligated materials. The lab pack study details and final results, including the calculated 2017 Lab Pack Factors, were reviewed with and accepted by a representative of the Municipal Working Group and were implemented January 1, 2017. The results are listed below:

Lab Pack Type	2017 Municipal Share	2016 Municipal Share	2017 Steward Share	2016 Steward Share
Pesticide	87.64%	83.79%	12.36%	16.21%
Misc. Organics (includes solvents)	90.26%	86.45%	9.74%	13.55%
Fertilizer	81.46%	76.34%	18.54%	23.66%
Aerosols	47.74%	46.25%	52.26%	53.75%

## 5 Accessibility Update

### 5.1 Municipal Collection Sites

In 2016 there were 8 municipal depots added to the PCA ISPs for the collection of paint, pesticides, solvents and fertilizers, resulting in 96 municipal depots at year end. In 2016, municipalities hosted 299 collection events throughout Ontario.

### 5.2 Non-Municipal Collection Sites

There are 198 non-municipal collection sites which includes Return to Retail paint collection sites as well as other private/commercial sites.

### 5.3 ISP Collection Network

Type	Paint		PSF	
	# of Sites YTD	Annual Target	# of Sites YTD	Annual Target
Municipal Depot	96	120	95	150
Municipal Events	299	475	288	500
Return to Retail	198	425	n/a	n/a

## 6 Steward/IFO/ISP Updates

### 6.1 Steward Transition from IFO to ISPs

As of the end of 2016 there were 77 paint members, 21 pesticide members, 57 solvent members and 16 fertilizer members participating in the PCA ISPs.

Throughout 2016, PCA continued to follow up with Ontario paint and PSF stewards who expressed interest in transitioning from the Industry Funded Organization (IFO) to the PCA ISPs as well as registered companies that were new to the market. A list of ISP members is provided in Appendix B. There were 9 new paint members added to the Paint ISP in 2016 and PSF members joined PCA in 2016 on or after the PSF ISP launch on April 1, 2016.

In addition, PCA routinely followed up with members on reporting requirements and performed member audits in accordance with PCA's Membership Agreement.

### 6.2 Supply Chain Cost Relating to IFO Stewards' Market Share

PCA concluded an agreement with SO for the funding by SO of the PSF ISP supply chain costs relating to the market share of the remaining SO PSF stewards for 2016. Partial payment has been received at the time of this report.

PCA has been unable to conclude an agreement with SO for the funding by SO of the 2016 Paint ISP supply chain costs relating to the market share of the remaining SO paint stewards. As a result, the PCA Paint ISP stewards have paid the 2016 supply chain costs relating to the SO paint stewards.

## 7 Promotion and Education

In 2016, PCA continued to implement promotion and education activities according to the PCA ISPs. Major highlights from PCA's promotion and education initiatives are outlined below.

### 7.1 Advertising and Activities

1. **Targeted SEM Campaign- YP Group.**
  - a. Ontario-specific digital advertising campaign serving PaintRecycle ads to provincial residents based on an extensive list of key word searches relevant to the program.
  - b. Insight: many Ontarians are engaging with messaging around PaintRecycle based on keywords related to purchasing new paint (versus keywords related to recycling paint)
  - c. Over 58,000 paid search impressions in 2016
2. **Digital Retargeting Campaign- YP Group.**
  - a. Ontario-specific digital retargeting campaign serving PaintRecycle ads to all users who have visited our website as they continue to surf the Internet (ads served to a "pre-qualified" user who has engaged at some point with our website)
3. **Gated Facebook Content Strategy.**
  - a. Regularly scheduled Ontario-specific content, available only to Ontarians, focused on paint recycling, special waste and the recycling community in general, as well as the PCA brand identity. Ontario climbed into third largest social media audience (behind BC and QC) in the few short months that PCA ran these campaigns
  - b. 14,624 page likes (at time of this report)
4. **Municipal Calendar Full-Page Advertising.**
  - a. PCA PaintRecycle was advertised in Ontario municipal calendars and regional waste guides, using the largest available format, matching or exceeding historical presence of SO

5. **Municipal Waste Association Spring Workshop Sponsorship**
  - a. Full page advertisement in MWA event guide
  - b. Four 8.5x11" MWA program inserts highlighted: the new PCA website, the ON PCA staff, the collection site finder, and easy ordering of P&E materials
6. **Print Ad in CPCA Insight Trade Publication**
  - a. Introducing PCA and PaintRecycle to Ontario market
7. **Events**
  - a. ReGeneration participated in Durham Region's Waste Fair in October.
  - b. PCA was a Silver level sponsor at the MWA Fall Workshop in October. A half page ad was placed in the event guide and as well as information in the Delegate Kit

## 7.2 Website Performance Measures

### 7.2.1 Website Traffic Overview

Parameters:

- Ontario pages of PCA website only
- Pages with 20 or more views only
- General site traffic (news, homepage, events, about, careers, etc.) is NOT included in these analytics

Metric	Jan 1 to Dec 31, 2016
Sessions (Visits)	25,902
Returning Visitors (%)	23.4%
New Visitors (%)	76.6%
Average Visit Duration	00:01:54
Average Page Views	2.47

- Note: – As of May 1<sup>st</sup> 2016, the Member and Service Partner Support sections of ReGeneration were moved to Productcare.org, PCA's corporate site.

Audience Source:

Metric	Jan 1 to Dec 31, 2016
Organic (search) Traffic	27.9%
Referral Traffic	49.5%
Direct Traffic	20%
Paid Search	1.7%

- [organic] – Visitors referred by an unpaid search engine listing, e.g. a Google.com search.
- [referral] – Visitors referred by links on other websites (see below).
- (direct)[(none)] – Visitors who visited the site by typing the URL directly into their browser. 'Direct' can also refer to the visitors who clicked on the links from their bookmarks/favorites, untagged links within emails, or links from documents that don't include tracking variables (such as PDFs or Word documents).
- [paid] – Paid search includes AdWords traffic, as well as paid traffic from other search engines.

Top Traffic Referral Sources (Jan 1 to Dec 31, 2016):



Linking Site	Organization	% of ON Referral Traffic
makethedrop.ca	Stewardship ON	69.49%
regionofwaterloo.ca	Region of Waterloo	11.09%
productcare.org	Product Care Association	2.8%

### 7.3 Social Media Performance Measures

Parameters:

- Total Facebook Activity for the Year
- New fan acquisition for the year
- ReGeneration Facebook page

New Facebook Page Likes	Total Reach	# of Impressions
5,939	1,425,180 (ON Only)	2,113,895 (ON Only)

Total Current Facebook Page Likes: 14,624

### 7.4 Point of Sale Material Requests Fulfilled

PCA distributed point of sale materials to all Ontario paint retailers by direct mail in 2015 and made materials available to interested municipalities digitally.

To date, only a few municipalities and retail locations have required new program materials. These orders were fulfilled shipped free of charge. All municipalities and retail locations have received instructions on how to review and order available materials.

## 8 Other Updates

### 8.1 PCA Interim Lamp Program Update

On behalf of the lighting industry, Product Care Association (PCA) voluntarily funded a \$1 million interim lamp program to support Ontario municipalities and retailers following the end of “MHSW Phase 2” funding for mercury containing lamps on September 30, 2014.

The interim program ran from June 1, 2015 to May 31, 2016 and provided \$1 million of funding to support the end of life management of mercury containing lamps collected at 171 municipal events, 89 permanent municipal sites and 45 retail locations throughout Ontario.

PCA operates successful light recycling programs in a number of provinces and seeks to continue to work with industry and service providers as legislation in Ontario evolves.

## 9 Financials

## 10 Appendices

### 10.1 Appendix A – Service Providers

PCA Service Provider List					
Company Name	Paint	Aerosols	Pesticides	Solvents	Fertilizers
Aevitas Inc.	T	T	T	T	T
Brendar Environmental Inc.	T	T/P	T/P	T/P	T/P
Buckham Transport Ltd.	T	T/P	T/P	T/P	T/P
Cardinal Couriers Ltd.	T				
Clean Harbors Inc.	T		T/P	T/P	T/P
Drain-All Ltd.	T	T/P	T/P	T/P	T/P
Envirosystems Inc. (formerly Hotz Environmental)	T/P	T/P	T/P	T/P	T/P
GFL Environmental Inc. (formerly Potter Environmental)	T	T/P	T/P	T/P	T/P
Loop Recycled Products Inc.	P				
Miller Environmental Corporation	T	T/P	T/P	T/P	T/P
OWL Environmental Inc.	T			T	
Photech Environmental Solutions	T	T/P	T/P	T/P	T/P
Quantex Technologies Inc.	T	T	T	T	T
Raw Materials Company Inc.	T	T	T	T	T
Safety-Kleen Brampton	T			T	
Safety-Kleen Brantford	T			T	
Safety-Kleen Chelmsford	T			T	
Safety-Kleen London	T			T	
Safety-Kleen Oshawa	T			T	
Safety-Kleen Ottawa	T			T	
Terrapure Environmental (formally Newalta)	T	T	T/P	T/P	T/P
Veolia Environmental - Timmins	T		T	T	T
Veolia ES Canada - Chatham	T		T	T	T
Veolia ES Canada - Ottawa	T		T	T	T
Veolia ES Canada - Pickering	T		T	T	T
Veolia ES Canada - Quebec	T		T	T	T

T=Transporter, P=Processor

## 10.2 Appendix B – ISP Members

PCA ISP Members
3600106 Manitoba Inc o/a Piston Ring
3M Canada Company
7594828 Canada inc. (o/a TruServ Canada)
Acklands-Grainger Inc.
AD Fire Protection Systems Inc.
Alex Milne Associates Ltd.
Alexandria Moulding
BASF Canada Inc.
Bass Pro Canada ULC
Behr Process Corp.
Benjamin Moore & Co. Ltd.
Bestbuy Distributors Ltd
Bridgestone Canada Inc, Firestone Building Products Canada Division
Brock White Canada Company, LLC
Canadian Auto Stores Ltd
Canadian Building Restoration Products, Inc
Canadian Tire Corporation, Limited
Canpro Decorating Products Inc.
CANRAD BEAUTY Ltd
Cansel Survey Equipment Inc.
CertainTeed Gypsum Canada, Inc.
Class C Solutions Group, MSC Industrial Supply LLC
Cloverdale Paint Inc.
Commercial Oil Company of Hamilton Inc.
Costco Wholesale Canada Ltd.
Country Chic Paint
CRC Canada Inc.
Custom Building Products Canada Ltd
Denalt Paints Ltd.
Dominion Sure Seal Ltd.
Dow Building Solutions
Dynamic Paint Products Inc.
Empack Spraytech
Farrow & Ball Canada Ltd.
Fastenal Canada Ltd.
FCA Canada Inc
G.F. Thompson Co. Ltd.
General Motors of Canada Company
GH INTERNATIONAL SEALANTS ULC
Greenstar Plant Products Inc.

Henkel Cda Corp. Consumer Adhesives
Henry Company Canada, Inc.
Hi! Neighbor Floor Covering Co. Limited
Home Depot of Canada Inc.
Home Hardware Stores Limited
Hotz Environmental
IKEA Canada Limited Partnership
ITW Construction Products, A division of ITW Canada
ITW Permatex Canada
Jaguar Land Rover Canada ULC
John Deere Canada ULC
K-G Spray-Pak Inc.
Kleen-Flo Tumbler Industries Ltd.
Korzite Coatings Inc.
Kubota Canada Ltd
Lee Valley Tools Ltd.
Loblaws Inc.
Loop Recycled Products Inc.
LOVELAND PRODUCTS CANADA INC.
M G Chemicals Ltd.
Macdonald and White Paint Co.
Martin & Associates Industries
Michaels Stores Inc.
Modern Sales Co-op
Nawkaw
NCH Canada Inc.
Omer Desseres
Orgill Canada Hardlines ULC
Patene Building Supply Ltd.
Peintures MF Inc.
Plasti Kote Co., Inc. (Valspar)
PPG Architectural Coatings Canada Inc.
Premier Tech Home & Garden Inc
Princess Auto Ltd.
Pro Form Products Limited
PROTEK PAINT LTD
Quikrete Canada Holdings Limited
Radiator Specialty Company of Canada
Recochem Inc.
Regional Automotive Warehousing Ltd
Rochester Midland Ltd
Rona Inc.
Rust-Oleum Consumer Brands Canada

S.C. Johnson and Son, Limited
Saman Corporation
Schwartz Chemicals
Scotts Canada Ltd.
Selectone Paints Limited
Shrader Canada Limited
Solignum Inc.
Sto Canada Ltd.
Surekiller Products Limited
Suzuki Canada Inc.
The Sansin Corporation
The Sherwin-Williams Company
Toolway Industries Ltd.
Torcan Coatings Inc.
Toyota Canada Inc.
Tremco Canada Division, RPM Canada
Uline Canada Inc.
Valvoline Canada-Div. Ashland Canada
WalMart Canada Corp.
WD-40 Company (Canada) Ltd.
Wood Essence Distributing
YHD DISTRIBUTORS INC.

**PRODUCT CARE ASSOCIATION  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND  
FERTILIZERS PROGRAM**

**STATEMENT OF REVENUES AND EXPENSES**

**31 DECEMBER 2016**

**PRODUCT CARE ASSOCIATION  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM**  
**Statement of Revenues and Expenses**  
For the year ended 31 December 2016

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## INDEPENDENT AUDITORS' REPORT

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To: Resource Productivity & Recovery Authority,

As required by the Waste-Free Ontario Act, S.O. 2016, (C.12 - Schedule 2 (s.30(2(3))))), we have audited the Statement of Revenues and Expenses of the Ontario PaintRecycle Program and Ontario Pesticides, Solvents and Fertilizers Program (the "Statement") as reported by Product Care Association for the year ended 31 December 2016 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Statement 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 Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement 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 Statement.

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





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**INDEPENDENT AUDITORS' REPORT - Continued**

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**Opinion**

In our opinion, the Statement presents fairly, in all material respects, the revenues and expenses of the Ontario PaintRecycle Program and Ontario Pesticides, Solvents and Fertilizers Program as reported by Product Care Association for the year ended 31 December 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

**Restriction on Distribution**

This report is prepared on the direction of Product Care Association's management and Resource Productivity & Recovery Authority. As a result, the report may not be suitable for another purpose. Our report is intended solely for Product Care Association's management and Resource Productivity & Recovery Authority, and should not be distributed to other parties.

*Rolfe, Benson LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
22 March 2017

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**PRODUCT CARE ASSOCIATION  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM**  
**Statement of Revenues and Expenses**  
For the year ended 31 December 2016

2016

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<b>Revenues</b>	<u>\$ 17,857,582</u>
<b>Program expenses</b>	
Collection	6,090,218
Processing	5,835,051
Transportation	1,902,071
Administration (Note 2(b) & (d))	1,603,373
Regulatory	120,314
Communications	<u>53,157</u>
	<u>15,604,184</u>
<b>Excess of revenues over expenses for the year</b>	<u>\$ 2,253,398</u>

Commitment (Note 3)

The accompanying notes are an integral part of this statement of revenues and expenses.

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**PRODUCT CARE ASSOCIATION  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM**  
**Notes to the Statement of Revenues and Expenses**  
**For the year ended 31 December 2016**

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**1. Basis of Presentation**

The Statement includes the revenues and expenses (the "Statement") of the Ontario PaintRecycle Program and Ontario Pesticides, Solvents and Fertilizers Program (the "Programs"), which commenced operations as a segment of the operations of Product Care Association (the "Association"), on 30 June 2015 and 1 April 2016 respectively.

**2. Summary of Significant Accounting Policies**

The Statement is prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue Recognition

Environmental Handling Fees are received from members of the Association within the province of Ontario. The Association recognizes these fees as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Environmental Handling Fees revenues are recognized as individual members report and remit them as required by applicable provincial environmental legislation.

(b) Intangible Assets

Intangible assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rate is as follows:

ERP System	5 years
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Included in administration expense is \$75,699 of amortization expense.

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses and disclosure of contingencies included in the Statement. Accounts subject to significant estimates include revenue accruals, expense accruals, depreciation, overhead allocation and processing commitments. Actual results could differ from those estimates.

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**PRODUCT CARE ASSOCIATION  
ONTARIO PAINTRECYCLE PROGRAM AND  
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM  
Notes to the Statement of Revenues and Expenses  
For the year ended 31 December 2016**

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**2. Summary of Significant Accounting Policies - continued**

**(d) General and Administrative Expenses - Overhead Allocation**

A portion of the total general and the administrative expenses of the Association, net of expense recoveries, has been allocated to the Programs. The allocation of general and administrative expenses to the Programs is determined using the percentage of program specific operating expenses as compared to total operating expenses for all the Association's programs. Included in administration expense is \$996,488 of overhead expense which has been allocated to the Programs.

**3. Processing Commitment**

At year end, the Association had unprocessed program material on hand related to the Programs with an estimated cost to process, transport and recycle of \$143,000 which will be incurred in 2017.