

Product Care Association Ontario Industry Stewardship Programs 2018 Annual Report

Submitted to:

Resource Productivity & Recovery Authority



productcare.org

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1 Background

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 and covers the period January 1, 2018 to December 31, 2018.

2 2018 Highlights

There were 16 new steward registrations with PCA’s Ontario’s Industry Stewardship Plans (the “PCA ISPs”) in 2018. In 2018 PCA held a webinar with PCA members and provided them with program updates as well as updates on the new Ontario waste legislation and ongoing consultations.

By 2018 year end, the collection system for the PCA ISPs consisted of 98 municipal depots, 311 municipal events vs. 307 in 2017 and 320 non-municipal sites vs. 296 in 2017. Excluding program material sold to Stewardship Ontario (SO), the program collected 9,926 tonnes of waste paint, 19 tonnes of pesticides, 248 tonnes of solvents and over 23 tonnes of fertilizers in 2018. In addition, there were 4,873 tonnes of paint and 2.92 tonnes of solvents recycled in 2018

PCA continued its outreach to non-municipal collection sites (return to retail) soliciting feedback to improve program efficiencies. PCA conducted 3 lab pack studies to inform the 2019 lab pack factors, municipal representatives were invited to observe.

There were 22 municipal depots participating in the Ontario PaintReuse program which collected over 23,000 containers (102 tonnes) of paint for reuse.

PCA supported promotional and educational activities for program materials through advertising activities such as digital marketing and municipal calendars, PCA’s ReGeneration website and social media through Facebook and Twitter.

3 Program Performance

2018 target tonnages for paint and for PSF are apportioned between PCA and Stewardship Ontario (SO), therefore the tonnages reflected in table 3.1 are the net quantities retained by PCA (see section 7.2 for further information). SO purchased a fixed number of Paint tonnes for 2018 while PSF were apportioned based on PCA's and SO's respective annual steward market shares.

PCA exceeded the collection target for paint in 2018. Pesticides and solvents did not meet the collection targets which were established in the Final Consolidated MHSW Program Plan. A factor was the continued reduction of the quantity of the designated materials in the collection stream which reduced the Lab Pack Factors in 2017 and 2018.

Recycling of one gallon hybrid paint cans (plastic cans with metal rims/handles) was an issue in 2018 which had an impact on the paint recycling rate. The plastics recycling market in general contracted significantly in 2018 due to limitations imposed by countries with traditional end-markets, and plastic containers with paint residue are in less demand than clean plastic containers. PCA has met with several plastics recyclers with the potential to recycle hybrid paint cans with paint residues. PCA implemented monthly monitoring of the paint recycling rates to identify and respond to challenges in a timely fashion.

3.1 2018 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 ¹	Actual Collection Rate	Prior year (2017) Tonnes Collected
Paint	9,280	95%	8,816	9,926	107%	9,611
Pesticides	35	58%	21	18.6	53%	30.3
Solvents	1,144	47%	538	248	22%	251
Fertilizers	15	n/a	n/a	23.3	155%	21.3

1. "tonnes collected" does not include tonnes allocated to SO.

3.2 2018 Program Tonnes Recycled

	F	G	H=G/A	
Materials	Recycling Target Rate	Actual Recycled Tonnes	Actual Recycling Rate	Prior year (2017) Tonnes Recycled
Paint	76%	4,873	53%	5,369
Pesticides	n/a	n/a	n/a	n/a
Solvents	4.7%	2.92	0.3%	1.1
Fertilizers	n/a	n/a	n/a	n/a

2. Actual Paint Recycled Tonnes does not include paint collected but not processed in 2018

3.3 PaintReuse Program

In 2018 there were 23,024 containers of paint reused in the program which represents approximately 102 tonnes of paint and the container in which it is contained. PCA will continue to promote the PaintReuse program and monitor the reuse program performance.

4 Stakeholder Consultation

4.1 Member Webinar

In 2018, PCA held a member webinar on December 4, 2018 and provided program updates, as well as information relating to the MHSW transition and upcoming transition information sessions.

4.2 R2R Collection Site Feedback

PCA is in constant contact with all return to retail (R2R) collection sites, to ensure service provider performance and customer service standards are maintained and to identify opportunities for improvement. PCA conducted several on-site R2R visits to confirm R2R service levels and to identify potential improvements to the R2R supply chain. Overall, in 2018, the feedback from R2R sites was positive and constructive. Any issues raised were dealt with immediately. PCA plans to continue communicating with R2R sites and R2R service providers on a regular basis throughout 2019 to ensure the effective performance of the R2R collection system.

5 Supply Chain Update

5.1 Service Provider Set Up

In 2018, the PCA ISPs utilized 17 service providers providing transportation and processing services as summarized in Appendix A. There were no changes in approved transporters and processors in 2018.

5.2 R2R Transportation and Processing Services

In 2018, PCA explored opportunities for improvement in the R2R supply chain. PCA worked closely with a major retail chain to design and develop a new type of reusable metal collection container to meet the needs of the retailer, for implementation in 2019.

5.3 Audits & Site Visits

In 2018, PCA conducted activities to monitor supply chain performance, to ensure the accuracy of diversion reports and to verify that program standards and guidelines were followed. Activities included service provider site visits and sampling of metal and plastic can recycling and non-program materials.

5.4 Lab Pack Studies

In 2018, PCA conducted lab pack studies to determine the 2019 Lab Pack Factors following the accepted study methodology. PCA was provided the recorded data (over 23,000 line items) by the contractor for the study, Immacutec, and analyzed the data to distinguish obligated from non-obligated materials. The lab pack study details and final results, including the calculated 2019 lab pack factors, were reviewed with and accepted by a municipal representative of the MHSW Working Group and were implemented January 1, 2019. The results are listed below:

Lab Pack Type	2019 Municipal Share	2018 Municipal Share	2019 Steward Share	2018 Steward Share
Pesticide	89.66%	92.17%	10.34%	7.83%
Misc. Organics (includes solvents)	92.83%	90.89%	7.17%	9.11%
Fertilizer	79.86%	79.92%	20.14%	20.08%
Aerosols	50.80%	46.58%	49.20%	53.42%

6 Accessibility Update

6.1 PCA ISPs Collection Network

Type	Paint Collection Sites			PSF Collection Sites		
	2017	2018	2018 Annual Target	2017	2018	2018 Annual Target
Municipal Depot	96	98	120	95	97	150
Municipal Events	307	311	475	307	311	512
Return to Retail	296	320	450	n/a	n/a	n/a

6.2 Municipal Collection Sites

In 2018 there were 2 new municipal depots added to the PCA ISP collection systems and a net increase of 4 collection events.

6.3 Non-Municipal Collection Sites

In 2018, PCA added 30 new Return to Retail (R2R) collection sites to the network, including 23 Home Hardware, 2 Rona, 2 Habitat for Humanity, 2 PPG and 1 Lowe's store. Taking into account the R2R sites that left the program, there was a net increase of 24 R2R collection sites compared to 2017. PCA continues to discuss R2R expansion with retail chains and individual stores across Ontario.

7 Steward/IFO/ISP Updates

7.1 Steward Transition from IFO to ISPs

There were 16 new PCA members added to the PCA ISPs in 2018 of which 13 were stewards transitioning from Stewardship Ontario to PCA, and 3 were new stewards to the PCA Ontario programs. As of the end of 2018 there were 103 paint members, 22 pesticide members, 78 solvent members and 17 fertilizer members participating in the PCA ISPs. Note that some companies are in multiple programs. A list of ISP members is provided in Appendix B.

Throughout 2018, 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 to recruit stewards that were new to the market.

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

7.2 Supply Chain Cost Share between the ISO and IFO

For paint, PCA has operated the entire supply chain since July 1, 2015 and for PSF since April 1, 2016.

PCA and SO agreed to extend the cost sharing agreement related to the PSF program operations to the end of 2019. Supply chain costs are apportioned between PCA and SO based on actual PSF steward market share.

PCA does not have a cost sharing agreement with SO for paint. SO did not purchase any paint tonnes from PCA for 2015 or 2016. In 2017 and 2018 PCA has sold to SO the number of tonnes of paint SO has requested. PCA sold eight tonnes of paint to SO for the 2018 year.

8 Promotion and Education

In 2018, Product Care Recycling implemented a number of different methods to raise consumer awareness in Ontario of the paint recycling and pesticides, solvents and fertilizers (PSF) recycling programs in accordance with regulatory requirements. The following sections provide details regarding the communication and public education for the program in 2018.

8.1 Program Awareness

In November 2017, Product Care commissioned research firm MarketQuest-OmniFacts (MQO) to conduct an awareness study for the paint and PSF programs in Ontario, polling 1,000 residents, on their knowledge and habits related to recycling these product streams. The survey revealed that 55% of Ontario residents are currently aware of a program in Ontario that recycles paint and 52% are aware of a program that recycles PSF. The next awareness study will be conducted in 2019.

8.2 Website

ReGeneration.ca, Product Care's former consumer website (replaced by ProductCare.org in January 2019) included the following bilingual content for the Ontario paint and PSF recycling programs:

- Recycling locator (a map displaying locations of the collection sites)
- Recycling locations' hours and contact information
- Programs' accepted and not accepted products lists
- Link to programs' member support centre (hosted on ProductCare.org)
- News and events
- Other information (such as a frequently asked questions about the program)

2018 Website Traffic Overview:

Metric	Traffic From Ontario Users
Sessions (Total Visits)	51,143
Returning Visitors (%)	11.4%
New Visitors (%)	88.6%
Average Visit Duration	00:01:09
Average Page Views	2.40

The website traffic statistics are limited as follows:

- 1) Only website traffic from Ontario is included – website visits from all other provinces (and non-Canadian locations) were excluded.
- 2) Ontario origin website traffic to all sections of the website (news, homepage, events, about, etc.) was **included** in the analytics
- 3) Website traffic between January and December 2018 was included

Top Traffic Referral Sources (Q1 – Q4):

Linking Site	Organization	% of ON Referral Traffic
www.ottawa.ca	City of Ottawa	30.95%
canadiantire.ca	Canadian Tire	19.15%
Facebook	Facebook	10.74%
makethedrop.ca	Stewardship ON	6.43%

8.3 Point of Sale (PoS) and Point of Return (PoR) Materials

In 2018, Product Care distributed both PoS and PoR materials as requested by retailers and recycling locations. The following materials are available for reorder through the online order form:

- Rack card
- Poster
- Floor decal

Semi-permanent signage for recycling locations is also available throughout the year, free of charge, for participating recycling locations. See Appendix 1 for examples.

8.4 Digital Advertising and Activities

1. **Google Search Advertising Campaign:** March to December, 2018
 - a. An Ontario-specific search advertising campaign served paint and household hazardous waste ads to provincial residents based on an extensive list of keyword searches relevant to the programs.
 - b. Ontario's ads collectively generating 47,945 impressions and 7,677 clicks.
2. **Facebook Advertising Campaign:** Ontario-specific campaign promoted the paint recycling program, targeting Ontario residents on an ongoing basis. Audience targeting was broad, to allow data collection and analysis on a range of audiences to inform digital targeting strategy going forward.
3. **Gated Facebook Content Strategy:** Ontario-specific content, available only to Ontarians, focused on paint recycling, special waste and the recycling community in general.

9 Appendices

9.1 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

9.2 Appendix B – ISP Registered Members

PCA ISP Registered Members	
2471595 Ontario Inc. o/a Hi! Neighbor Floor Covering Company	Brock White Canada ULC
3600106 Manitoba Inc o/a Piston Ring	Canadian Auto Stores Ltd
3M Canada Company	Canadian Building Restoration Products, Inc
7594828 Canada inc. (o/a Ace Canada)	Canadian Tire Corporation, Limited
Acklands - Grainger Inc.	Canpro Decorating products Inc.
AD Fire Protection Systems Inc	CANRAD BEAUTY Ltd
ALEX MILNE ASSOCIATES LTD.	Cansel Survey Equipment Inc.
Alexandria Moulding	CertainTeed Gypsum Canada, Inc.
ALTROM AUTO GROUP LTD.	Class C Solutions Group, MSC Industrial Supply LLC
Amazon.com.ca, Inc.	Cloverdale Paint Inc.
Avanti Sports Group Inc.	Commercial Oil Company of Hamilton Inc.
BASF Canada Inc.	Costco Wholesale Canada Ltd.
Bass Pro Canada ULC	Country Chic Paint
Beauty Systems Group (Canada) Inc.	CRC Canada Inc.
Behr Process Corp.	Custom Building Products Canada Ltd
Benjamin Moore & Co. Ltd.	Darch Fire Incorporated
Bestbuy Distributors Ltd	David L. Stevenson & Son Artists' Colours Manufacturing Co. Ltd.
Bolts Plus Inc.	Denalt Paints Ltd.
Bostik Canada LTD.	Diamond Vogel Paints Inc
Brett-Young Seeds Limited / Semences Brett-Young Limitee	Dominion Sure Seal Ltd.

PCA ISP Registered Members	
Bridgestone Canada Inc, Firestone Building Products Canada Division	Dynamic Paint Products Inc. DBA Lancaster Canada
Empack Spraytech Inc.	Kleen-Flo Tumbler Industries Ltd.
Envirosystems Incorporated	KLONDIKE Lubricants Corporation
EVERGUARD COATINGS INTERNATIONAL LTD. cob NIAGARA PROTECTIVE COATINGS	Korzite Coatings Inc.
Farrow & Ball Canada Ltd.	Kubota Canada LTD
Fastenal Canada Ltd.	Lawson Products, Inc.
FCA Canada Inc	Lee Valley Tools Ltd.
G.F. Thompson Co. Ltd.	Les industries Peter K. Martin et associés
General Motors of Canada Company	Les Produits Techniseal
GH INTERNATIONAL SEALANTS ULC	Loblaws Inc.
GREEN TECH RESURFACING LTD	Loop Recycled Products Inc.
GS Distribution Inc.	LOVELAND PRODUCTS CANADA INC.
Hall-Chem Mfg. Inc.	M G Chemicals Ltd.
Henkel Cda Corp. Consumer Adhesives	Michaels Stores Inc.
Henry Company Canada, Inc.	Modern Sales Co-op
Home Depot of Canada Inc.	Nawkaw Corporation
Home Hardware Stores Limited	NCH Canada Inc.
IKEA Canada Ltd	Nordstrom Canada Retail, Inc.
ITW construction products a division of ITW Canada Inc.	Oatey Canada Supply Chain Services
ITW Permatex Canada	Omer DeSerres Inc.
Jaguar Land Rover Canada ULC	Orgill Canada Hardlines ULC
John Deere Canada ULC	PartSource Inc.

PCA ISP Registered Members	
K-G Spray-Pak Inc.	Patene Building Supplies Ltd.
King-O-Matic Industries Limited	Peintures MF Inc.
Plasti Kote Co., Inc. (Valspar)	SOLIGNUM INC.
Popular Garden Centre	Solstrand Trading Inc
PPG Architectural Coatings Canada Inc.	Spar Roofing & Metal Supplies Ltd.
Prema Canada ULC	STIHL Limited
Premier Tech Home & Garden Inc	Sto Canada Ltd
Princess Auto Ltd.	Surekiller Products Limited
Pro Form Products Limited	Suzuki Canada Inc.
PROTEK PAINT LTD	The Dow Chemical Company - Dow Building & Construction
PSC-Power Source Canada Ltd.	The Sansin Corporation
Quikrete Canada Holdings Limited	The Sherwin-Williams Company
Radiator Specialty Company of Canada	Timber Pro Coatings Ltd.
Recochem Inc.	Toolway Industries Ltd.
Regional Automotive Warehousing Ltd	Torcan Coatings Inc.
Rochester Midland Ltd	Toyota Canada Inc.
RONA Inc.	Tremco Canada Division, RPM Canada
Rust-Oleum Consumer Brands Canada	UAP INC.
S.C. Johnson and Son, Limited	Uline Canada Inc.
Saman Corporation (3777472 Canada Inc.)	Valvoline Canada-Div. Ashland Canada
Schwartz Chemicals	W.H. Lubricants Ltd.
Scotts Canada Ltd.	Wallace & Carey Inc.
Selectone Paints Inc.	Wal-Mart Canada Corp.

PCA ISP Registered Members	
Sherwin-Williams Canada Inc	WD-40 Company (Canada) Ltd.
Shrader Canada Limited	Wood Essence Distributing
YHD DISTRIBUTORS INC.	

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

STATEMENT OF REVENUES AND EXPENSES

31 DECEMBER 2018

**PRODUCT CARE ASSOCIATION OF CANADA
ONTARIO PAINTRECYCLE PROGRAM AND
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM
Statement of Revenues and Expenses**
For the year ended 31 December 2018

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INDEPENDENT AUDITORS' REPORT

To: Resource Productivity & Recovery Authority,

Report on the Audit of the Statement of Revenues and Expenses

Opinion

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 of Canada (the "Association") for the year ended 31 December 2018 and a summary of significant accounting policies and other explanatory information.

In our opinion, the Statement presents fairly, in all material respects, the revenue and expenses of the Ontario PaintRecycle Program and Ontario Pesticides, Solvents and Fertilizers Program for the year ended 31 December 2018 in accordance with Canadian Accounting Standards for Not-For-Profit Associations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the Statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter - Restriction on Distribution and Use

This report is prepared on the direction of Product Care Association of Canada's management and the 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 of Canada's management and the Resource Productivity & Recovery Authority, and should not be distributed to other parties.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation and fair presentation 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 Statement that is free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITORS' REPORT - Continued

In preparing the Statement, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITORS' REPORT - Continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rolfe, Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
19 March 2019

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

Statement of Revenues and Expenses

For the year ended 31 December 2018

	2018	2017
Revenues	\$ 17,847,687	\$ 18,476,805
Program expenses		
Collection	6,127,541	6,018,580
Processing	5,802,928	6,014,400
Transportation	1,908,409	1,781,817
Administration (Note 2(b), (c) & (e))	1,585,075	1,554,764
Regulatory	293,749	228,982
Communications	42,418	96,374
	15,760,120	15,694,917
Excess of revenues over expenses for the year	\$ 2,087,567	\$ 2,781,888

Commitment (Note 3)

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

**PRODUCT CARE ASSOCIATION OF CANADA
ONTARIO PAINTRECYCLE PROGRAM AND
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM
Notes to the Statement of Revenues and Expenses
For the year ended 31 December 2018**

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”), a segment of the operations of Product Care Association of Canada (the “Association”).

2. Summary of Significant Accounting Policies

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

(a) Revenue Recognition

Environmental Handling Fees are received from members of the Association making sales of designated program materials 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 the Association’s membership agreement which is at the end of the month following the reporting period that the designated program materials were sold by the member.

(b) Tangible Capital Assets

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

Depot equipment	3 years
-----------------	---------

Included in administration expense is \$13,223 (2017 - \$6,863) of amortization expense related to tangible capital assets.

(c) 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 \$85,947 (2017 - \$85,947) of amortization expense related to intangible capital assets.

**PRODUCT CARE ASSOCIATION OF CANADA
ONTARIO PAINTRECYCLE PROGRAM AND
ONTARIO PESTICIDES, SOLVENTS AND FERTILIZERS PROGRAM**
Notes to the Statement of Revenues and Expenses
For the year ended 31 December 2018

2. Summary of Significant Accounting Policies - continued

(d) 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 estimates include revenue accruals, expense accruals, amortization, overhead allocation and processing commitments. Actual results could differ from those estimates.

(e) 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 \$980,544 (2017 - \$909,976) 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 \$400,052 (2017 - \$299,000) which will be incurred in 2019.