

# **2016 Annual Report**

## Table of Contents

---

Board of Directors.....	3
Vision and Mission .....	3
A Message From the Chair .....	4
A Message From the President.....	5
British Columbia PaintRecycle & HHW.....	7
British Columbia LightRecycle .....	10
British Columbia AlarmRecycle .....	12
Saskatchewan PaintRecycle .....	14
Manitoba PaintRecycle, LightRecycle & HHW .....	16
Ontario PaintRecycle.....	20
Ontario Pesticides, Solvents & Fertilizers .....	22
Quebec RecycFluo .....	24
New Brunswick PaintRecycle .....	26
Nova Scotia PaintRecycle .....	28
Newfoundland & Labrador PaintRecycle.....	30
Prince Edward Island PaintRecycle .....	32
Prince Edward Island LightRecycle .....	34
Audited Financials .....	36

## Board of Directors

---

<b>Darrin Noble</b> (Chair)	Home Hardware   Paint
<b>Tim Vogel</b> (Vice Chair)	Cloverdale Paint   Other Products
<b>Heather Barker</b> (Corporate Secretary)	RB Canada   Other Products
<b>Andre Quenneville</b>	Recochem   Other Products
<b>Richard Tremblay</b>	Benjamin Moore & Co   Paint
<b>Claude Brosseau</b>	PPG Inc   Paint
<b>Sheryl Wood</b>	Sherwin-Williams   Paint
<b>Wayne Edwards</b>	Electro-Federation   Lighting and Alarms
<b>Marjorie Sammut</b>	Standard Products   Lighting and Alarms
<b>Jules Foisy Lapointe</b>	LOWES/RONA   Retail
<b>Jeffrey Cattanaach</b>	The Home Depot   Retail

## Vision and Mission

---

Our Vision is to establish Product Care as a leader in the development and management of innovative stewardship solutions.

Our Mission is to provide product stewardship solutions that advance the efficiency and effectiveness of program delivery for our members, while caring for the environment, our consumers and our employees.

## A Message From the Chair



I am pleased to reflect on another successful year where your Board of Directors and staff have seen the organization deliver on a strategic plan to grow Product Care's program coverage and competencies. By keeping an eye on the future and a focus on stakeholders' interests today, Product Care has significantly increased its capacity to manage existing and emerging programs. The number of programs managed by PCA has increased substantially in recent years, with PCA now operating or providing management services to 20 different programs, giving members the benefit of one-stop, as well as economies of scale. This is consistent with our goal to grow Product Care into one of the most recognized and trusted stewardship organizations in Canada and the world.

At the top of our priorities is the delivery of effective and sustainable programs that prioritize our environment as well as our members' need for transparency, cost management, strong governance and simple program administration. The stewardship landscape is increasingly diverse and it is mission critical to stay on the sharp edge of delivering winning programs that meet stakeholders' needs.

There were some notable highlights during 2016, not the least of which was the first anniversary of the Ontario

PaintRecycle program, and also the launch of Ontario's Pesticide, Solvent and Fertilizer program. We also opened a new processing facility in Delta, BC to allow continued program expansion in British Columbia. The new facility will focus on processing BC's post-consumer paint and aerosols, ensuring lowest-in-class Processing cost combined with high prioritization of environmental efficacy.

PCA is well positioned for the future and I want to thank Mark Kurschner and his staff for their competent performance and strong commitment. The Board of Directors is confident that PCA will continue to model world-class program management and that we will make our members proud. I want to also thank the many colleagues, partner associations and agencies that Product Care orbits amongst. It is a team effort and a pleasure to collaborate with the stakeholders we serve.

Best regards,

A handwritten signature in black ink, reading "Darrin Noble".

Darrin Noble  
Chair, PCA



Product Care Delta Plant Opening - March 2017

## A Message From the President

---



2016 was a very active year for Product Care Association (PCA), on many fronts.

The recent opening of PCA's Delta, BC recycling plant is a major milestone for a project that was conceived almost 10 years ago. In 2007, the BC Paint programs collected 18,400 bins of post-consumer paint/HHW, and with the annual increase in volume averaging six per cent, it was clear that we would soon outgrow the premises we were occupying. Following member approval, a suitable well-located building was acquired in 2013. PCA is pleased to now be able to service the BC Paint/HHW program with a best-in-class facility that will serve the needs of PCA's BC Paint/HHW program for many years to come. And the timing was right — in 2016, PCA collected over 30,000 bins of paint/HHW, a 66 percent increase over 2007.

In 2016, PCA also completed its first full year of operating the Ontario Paint Industry Stewardship Program (ISP), as well as launching the Pesticides, Solvents and Fertilizers (PSF) ISP in April of that year. As with the Ontario Paint ISP, a large majority of the stewards, by market share, joined the PSF ISP, and consequently PCA took over the operation of the entire PSF "supply chain".

Towards the end of 2016, the Ontario government passed the long-anticipated Waste Free Ontario Act, beginning a multi-year transformation from the existing industry funding organizations for blue box materials, MHSW, tires and e-waste, to the new model of "individual steward responsibility". The transitional legislation grandfathers all ISPs through the transition period, and so in addition to many other advantages, participants in the PCA ISPs will sidestep much of the complex process that will be involved in winding up the industry funding organizations.

In PCA's lighting product programs we are also seeing rapid change, but in this case due to the transition from mercury containing lamps to LEDs — not unlike the shift from oil-based to latex paint from years ago, but happening much faster. As expected, sales of compact fluorescent lights (CFLs) are declining quickly. PCA's lighting programs will be challenged with declining revenues and, at least for the next few years, increasing costs, as the switchover takes place.

The impact will vary among programs. For example the BC LightRecycle program includes the "successor" technologies, whereas the Quebec RecycFluo program is limited to the mercury containing lamps. For all PCA lighting programs, reserves have been established to buffer the impact of this technology change.

PCA recognizes that it is a member-driven organization. In spring of 2016, PCA conducted its first member satisfaction survey. We were pleased to learn that the majority of our members were satisfied or very satisfied with our services overall, and at the same time we received several ideas for continuous improvement. One example is the relaunching of the member focused [productcare.org](http://productcare.org) website, which now hosts all information pertinent to member support. Another initiative in 2016 was PCA's first member update webinar which, based on the participation and feedback, will continue to be offered in subsequent years.

In the pages that follow, you will read about the remarkable quantity and variety of products that the PCA programs have diverted from landfills and waterways. The ever increasing consumer participation in the programs is the result of public awareness campaigns across the media spectrum, including radio, TV, print, point-of-sale and digital advertising, reaching millions of Canadians in 2016. PCA recognizes the importance of the role it plays in delivering programs that satisfy this consumer need, while at the same time continuing to improve efficiencies.

Our sincere thanks goes to all the stakeholders who support Product Care's goal of making a positive impact on the environment, while satisfying the regulation obligations of our members as efficiently as possible.

Regards,

A handwritten signature in black ink that reads "Mark Kurschner". The signature is written in a cursive, flowing style.

Mark Kurschner,  
President

# Diverting Waste from Canada's Landfills and Waterways



PCA collected more than **16 million** litres of paint in 2016.  
Enough paint to:



Paint  
**600,000** homes  
inside and out



Paint **every home** in  
Manitoba & PEI



Paint the  
**entire surface** of  
New Brunswick twice



PCA collected more than **10.5 million** lights in 2016.  
Enough to:



Light  
**434,144** homes



Light **every home** in  
Nova Scotia



PCA collected more than **89,000** smoke alarms in 2016.  
Enough to:



Outfit **29,000**  
homes



Replace the hockey pucks for  
**6 seasons** of the NHL

*Numbers based on the average Canadian household, which is approximately 2,000 square feet, contains approximately 24.2 lamps, and has approximately 3.6 smoke alarms per current fire code requirements.*

# British Columbia PaintRecycle & HHW



The British Columbia Paint and Household Hazardous Waste (HHW) Stewardship Program was the first stewardship program for paint in Canada.

The program started in 1994 with paint and expanded to include paint aerosols, pesticides, flammable liquids and gasoline in 1998. The program's collection system includes municipal facilities, bottle depots, private businesses, retail locations and recycling organizations. The collection network is augmented by collection events and a direct pick-up service from large volume generators of program products.

A revised Program Plan is to be submitted to the BC Ministry of Environment in 2017.

## Accepted Products:

- Architectural paints and coatings
- Paint aerosols (consumer, industrial and automotive)
- Domestic pesticides
- Flammable liquids and aerosols
- Gasoline



## Public Awareness:



**62%**  
*Paint*  
2015

**35%**  
*HHW*  
2015

## Collection:



**219**  
*Collection Sites*



**3,301,614 L**  
*Paint*



**152,460 L**  
*Flammable  
Liquids/Gasoline*



**27,768 L**  
*Toxics Including  
Pesticides*



## Recovery Rate:

Recovery rate is the quantity of product collected as a percentage of the quantity of product sold into the market in the same year. Gasoline sales volumes are excluded from the calculation.



**Paint**

**11%**



**Flammable Liquids**

**5.5%**



**Pesticides**

**13.7%**

## Finances:

2016

<b>Revenues</b>	<b>\$ 7,126,841</b>
<b>Program Expenses</b>	
Processing	3,978,396
Collection	1,566,203
Transport	1,085,822
Administration	866,845
Communication	262,714
<b>Total Program Expenses</b>	<b>\$ 7,759,980</b>
<b>Deficiency of Revenues Over Expenses for the Year</b>	<b>\$ (633,139)</b>

## Paint & HHW Product Management:



Recycling



Energy Recovery



Incineration



Solidification & Landfill

Latex Paint

**81%**

**2%**

-

**17%**

Alkyd Paint

-

**100%**

-

-

Flammable Liquids & Gasoline

-

**100%**

-

-

Pesticides

-

-

**100%**

-

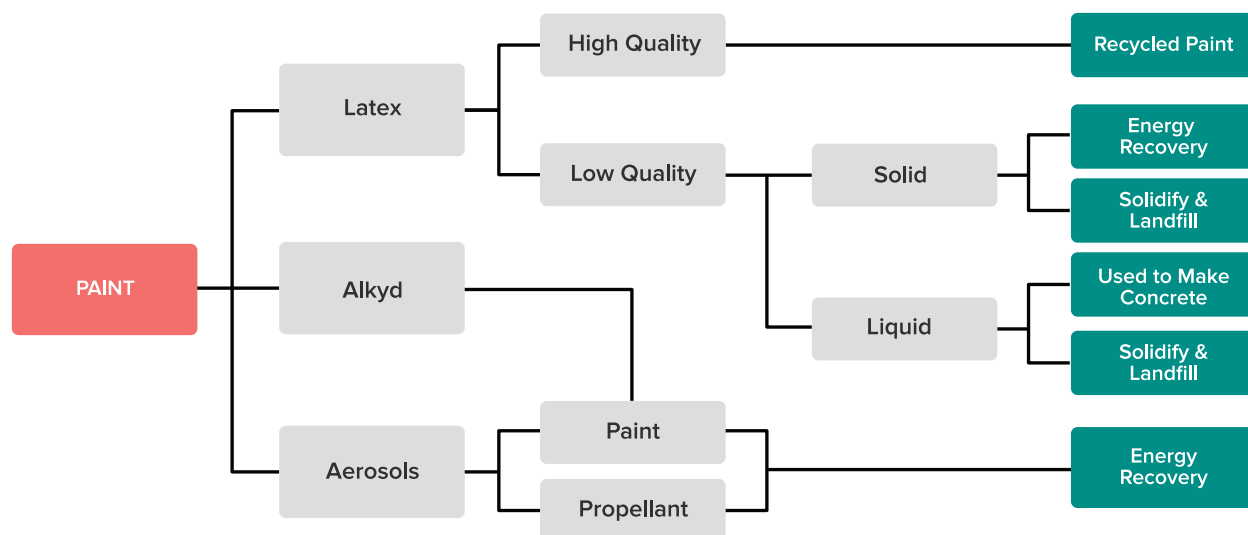
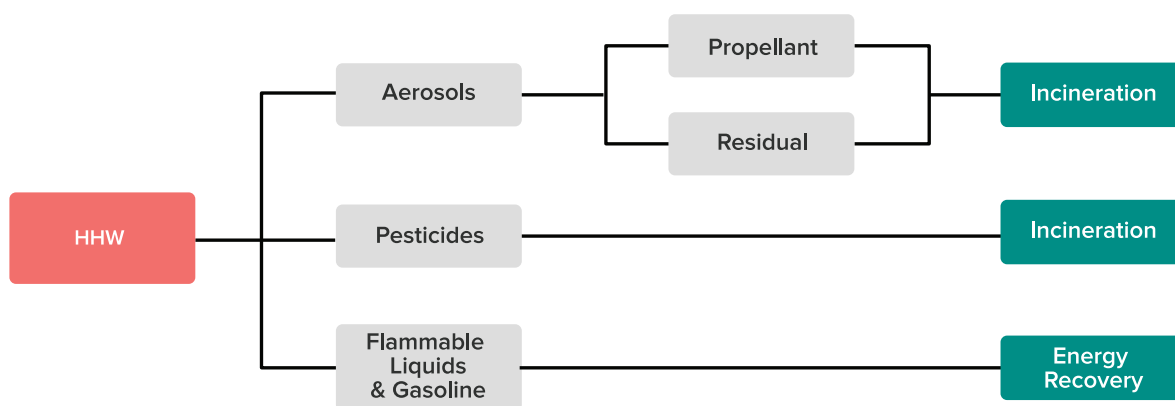


Reuse

**2.8%**

The PaintReuse program makes reusable leftover paint returned by consumers available to the public free of charge. The percentage of paint reused represents the percentage of all paint collected. The "product management" statistic above represents paint processed that was not managed in the PaintReuse program.



**Paint Product Flowchart:****HHW Product Flowchart:**

# British Columbia LightRecycle



The BC Lamps and Lighting Equipment Stewardship Program, known as BC LightRecycle, accepts all types of lights, fixtures and ballasts from both residential and commercial sources.

The program started in July 2010, accepting residential-use compact fluorescent lights and fluorescent tubes only. The program expanded in October 2012 to include all lamp technologies and fixtures sold into all sectors. The program's extensive collection network includes local government facilities, electrical distributors, private collection facilities, retailers and recycling organizations. The collection system is augmented by collection events and a direct pick-up service from large volume generators of program products.

Lighting products are in a period of rapid technological change from incandescent to fluorescent and now LED. Product Care is continuously working with industry and stakeholders to manage the impacts of these changes.

A revised Program Plan is to be submitted to the BC Ministry of Environment in 2017.

## Accepted Products:

- Fluorescent, induction and UV tubes of all lengths and shapes
- Compact fluorescent lamps (CFL)
- Light emitting diodes (LED)
- High intensity discharge lamps (HID)
- Incandescent lamps
- Halogen lamps
- Miniature lamps
- Fixtures and Ballasts



## Public Awareness:



**49%**  
Lights  
2016

## Capture Rate:



Fluorescent Tubes **42%**

Compact Fluorescent **51%**

*Capture rate is the quantity of product collected as a percentage of the quantity of product available to collect in the same year. The quantity of product available to collect is estimated based on product lifespans and prior sales.*

## Collection:



**442**  
Collection Sites



**6,412,871**  
Lamps



**550 Tonnes**  
Fixtures



**36 Tonnes**  
Ballasts

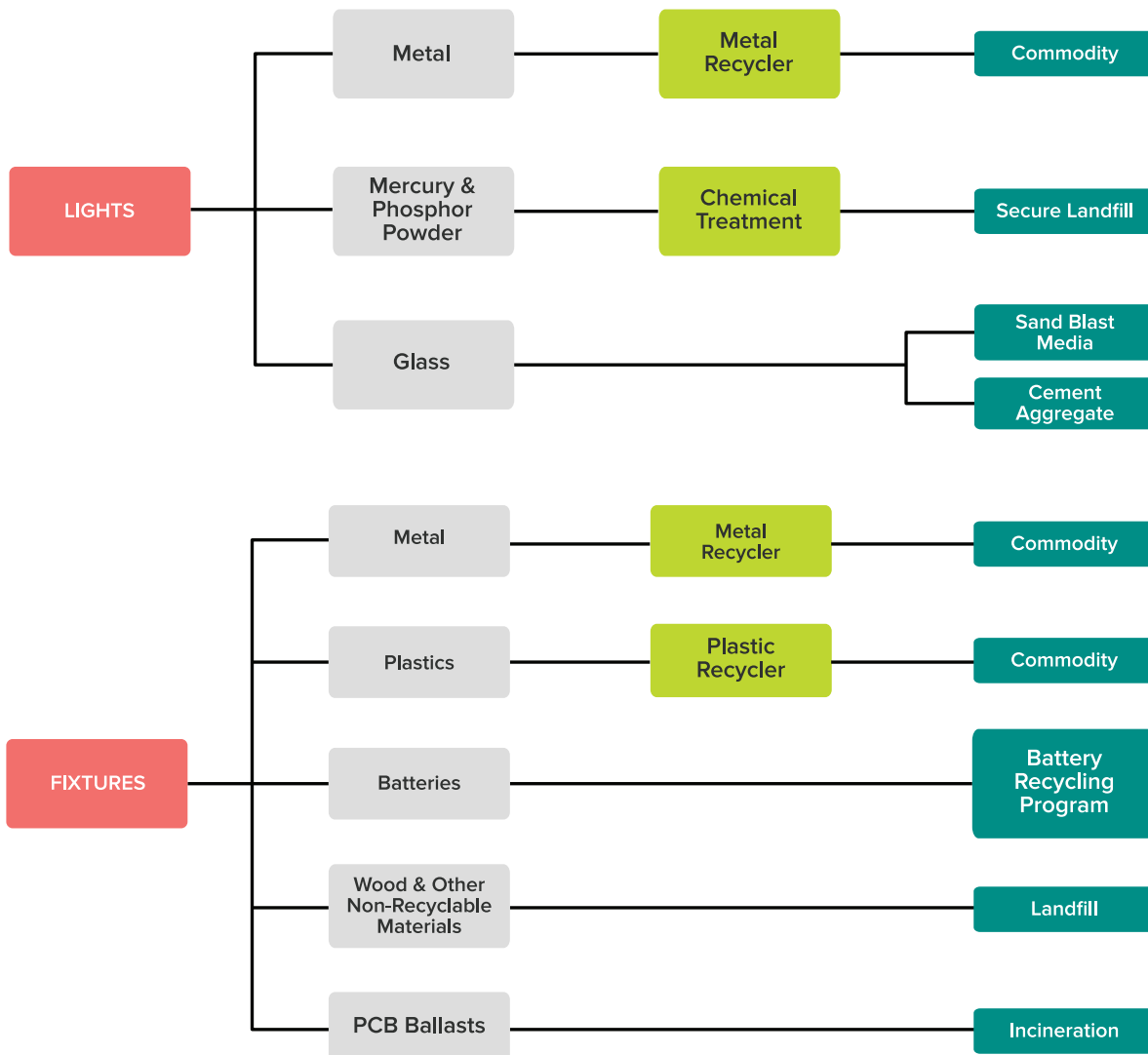


## Finances:

2016

<b>Revenues</b>	<b>\$ 5,667,689</b>
Program Expenses	
Processing	2,836,014
Collection	639,658
Transport	312,431
Administration	524,280
Communication	360,990
<b>Total Program Expenses</b>	<b>\$ 4,673,382</b>
<b>Excess of Revenues Over Expenses for the Year</b>	<b>\$ 944,316</b>

## Lighting Product Flowcharts:



# British Columbia AlarmRecycle



The Smoke and Carbon Monoxide Alarm Stewardship Program, known as AlarmRecycle, accepts residential-use smoke and carbon monoxide alarms for recycling.

Started in October 2011, the program's growing collection network includes retailers, local government facilities, fire departments and private recycling depots.

The participation in the program of large volume generators, such as fire safety organizations, electrical distributors and local government facilities, has enabled the program to exceed the targeted quantities of collected alarms.

A revised Program Plan was submitted to the BC Ministry of Environment in 2016. Approval is pending.

## Accepted Products:

- Smoke alarms designed for residential-use as defined by the CAN/ULC-S531 standard
- Carbon monoxide (CO) alarms designed for residential use, as defined by the CAN/CSA 6.19 standard



## Collection:



**194**

Collection Sites



**89,309**

Units

## Public Awareness:



**62%**

Alarms  
2016

## Recovery Rate:






*Due to the limited number of producers of smoke and CO alarms, the number of units collected is reported, but the recovery rate is not reported in order to maintain confidentiality of sales information.*

## Finances:

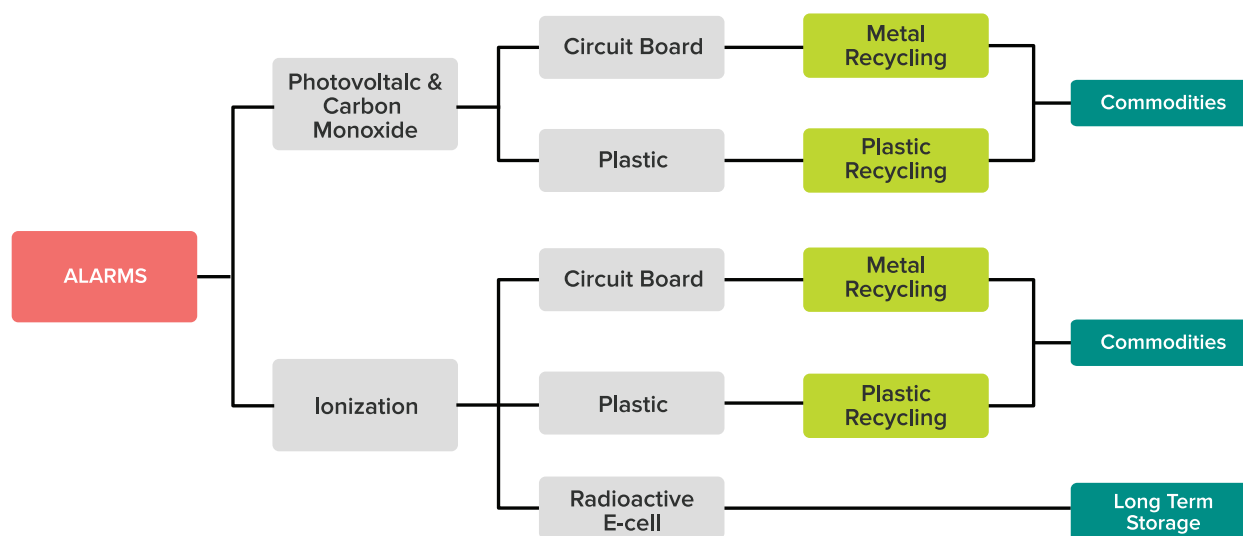
2016

<b>Revenues</b>	<b>\$ 621,833</b>
Program Expenses	
Processing	518,451
Collection	59,498
Transport	33,530
Administration	61,490
Communication	131,947
<b>Total Program Expenses</b>	<b>\$ 804,916</b>
<b>Deficiency of Revenues Over Expenses for the Year</b>	<b>\$ (183,083)</b>

### Alarm Product Management:

	 Sub Component	 Recycling	 Long Term Storage
Radioactive Alarms	Radioactive Cells	-	<b>100%</b>
	Plastic	<b>100%</b>	-
	Metal	<b>100%</b>	-
Photovoltaic Alarms	Plastic	<b>100%</b>	-
	Metal	<b>100%</b>	-

### Alarm Product Flowchart:



# Saskatchewan PaintRecycle



The Saskatchewan Waste Paint Product Management Program, also known as Saskatchewan PaintRecycle, started in April 2006.

PCA partners with the well-recognized SARCAN network of 71 recycling centres, as well as 13 retail locations and collection events to provide accessibility to consumers across the province. The program achieved the highest rate of paint reuse of all paint stewardship programs in Canada, facilitated by the commitment of SARCAN and Saskatchewan residents to paint recycling.

## Accepted Products:

Latex (water-based), oil (alkyd) and solvent-based architectural coatings, including paints and stains, both interior and exterior, whether tinted or untinted.



## Collection:



**86**

Collection Sites



**432,764 L**

Paint

## Public Awareness:



**88%**

Paint  
2016

## Recovery Rate:



**6.9%**

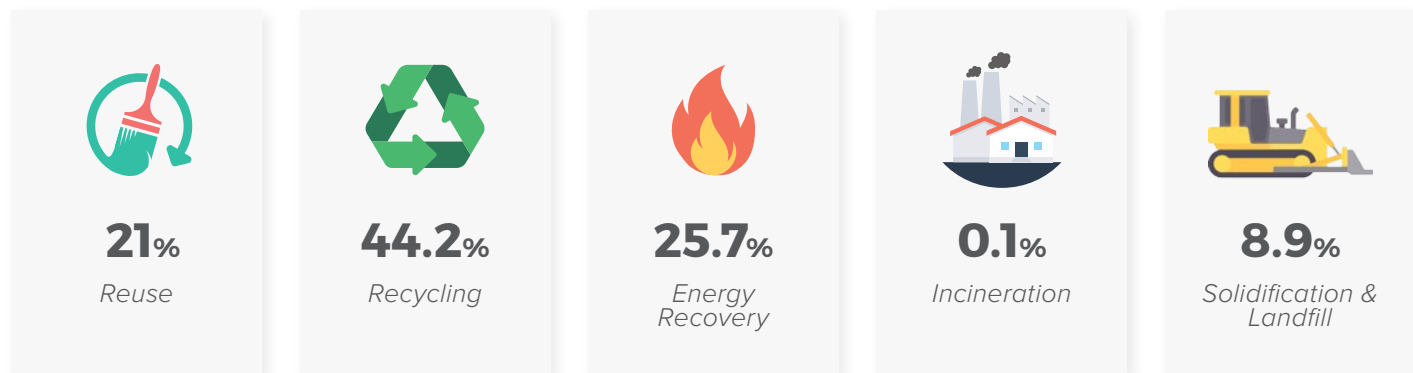
Recovery rate is the quantity of product collected as a percentage of the quantity of product sold into the market in the same year.

## Finances:

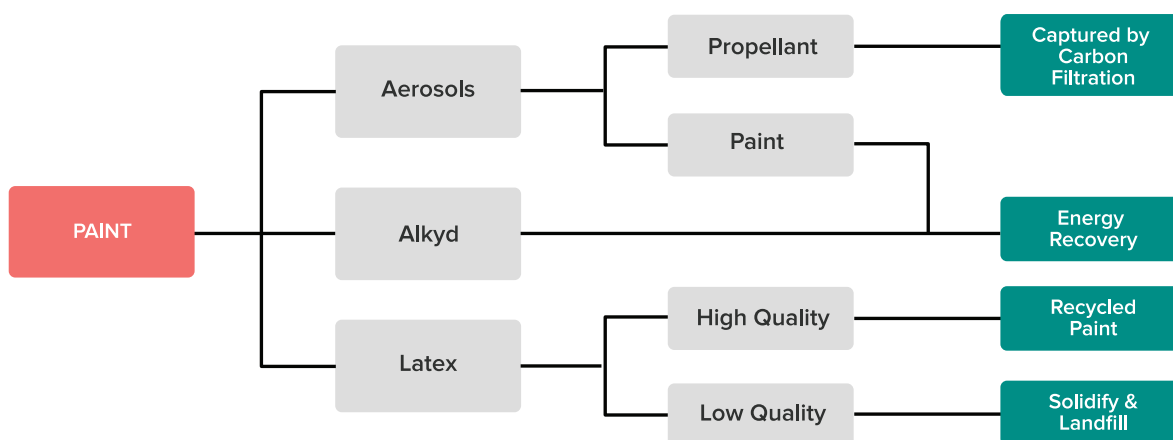
2016

<b>Revenues</b>	<b>\$ 901,972</b>
Program Expenses	
Processing	576,189
Collection	250,035
Administration	92,300
Communication	115,553
<b>Total Program Expenses</b>	<b>\$ 1,034,077</b>
<b>Deficiency of Revenues Over Expenses for the Year</b>	<b>\$ (132,105)</b>

### Paint Product Management:



### Paint Product Flowchart:



## Manitoba PaintRecycle, LightRecycle & HHW



The Manitoba Household Hazardous Waste (HHW) Stewardship Program accepts paint and household hazardous waste, as well as fluorescent lamps.

The program started in May 2012 accepting paint, compact fluorescent lights and fluorescent tubes and expanded in October 2012 to include flammable liquids, gasoline, corrosives, toxics, pesticides and other physically hazardous materials. The program's collection network includes government facilities, private businesses, and non-profit organizations. The collection system is augmented by collection events held around the province, including rural and remote communities that do not have permanent collection sites.

Due to limited pre-existing infrastructure and the range of hazardous materials included in the program, a key initiative of the program is the development of permanent collection sites.

A revised Program Plan is due to the Manitoba Department of Sustainable Development in 2017.

### Accepted Products:

- Architectural paints and coatings
- Paint aerosols (consumer, industrial and automotive)
- Flammable liquid/gasoline
- Corrosives
- Toxics including pesticides
- Physically hazardous materials
- Pesticides
- Fluorescent lights



### Public Awareness:



**43%**

HHW  
Incl. Lights  
2015

**36%**

Paint  
2015

### Collection:



**83**

Collection Sites



**390,813 L**

Paint



**7,455 L**

Aerosol Paint



**12,057 L**

Toxics Including  
Pesticides



**6,699 L**

Corrosives



**23,801 L**

Flammable  
Liquids/Gasoline



**10,830**

Units of Physically  
Hazardous Products



**110,783**

Units of  
Lights



## Recovery Rate:

Recovery rate is the quantity of product collected as a percentage of the quantity of product sold into the market in the same year. Gasoline sales volumes are excluded from the calculation.



**Paint**

**7.1%**



**Aerosol Paint**

**7.0%**



**Flammable  
Liquids &  
Gasoline**

**2.5%**



**Toxics**

**8.6%**



**Corrosives**

**2.7%**



**Physically  
Hazardous  
Products**

**6.4%**

## Finances:

2016

<b>Revenues</b>	<b>\$ 1,655,973</b>
<b>Program Expenses</b>	
Processing	657,375
Collection	251,751
Transport	281,428
Administration	195,418
Communication	94,023
Regulation	15,591
<b>Total Program Expenses</b>	<b>\$ 1,495,586</b>
<b>Excess of Revenues Over Expenses for the Year</b>	<b>\$ 160,387</b>

## Capture Rate:



**69%**

*Residential  
Fluorescent  
Tubes*

Capture rate is the quantity of product collected as a percentage of the quantity of product available to collect in the same year. The quantity of product available to collect is estimated based on the product lifespans and prior sales.

## Paint Product Management:



Reuse



Recycling



Energy Recovery



Incineration



Solidification &  
Landfill

*Latex Paint*

**<1%**

**74%**

-

-

**26%**

*Alkyd Paint*

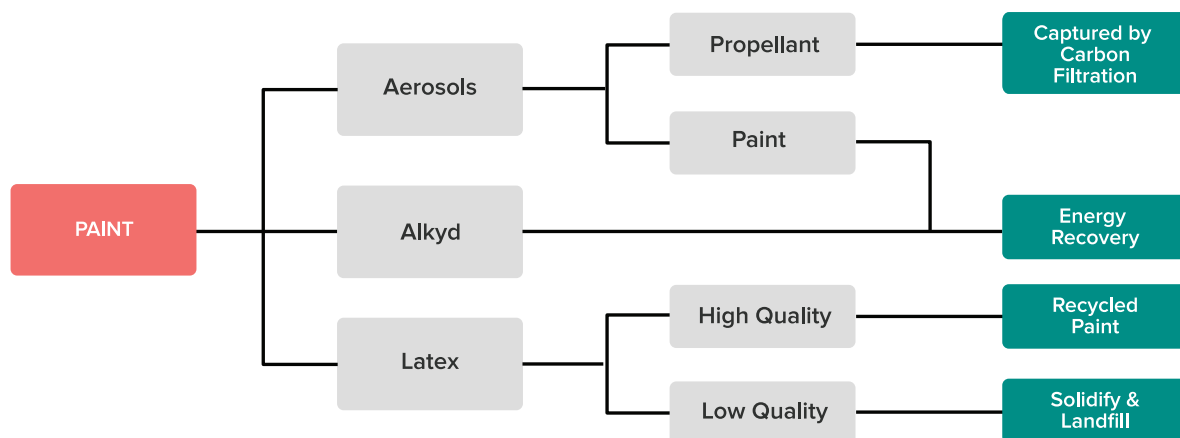
-

**100%**






-

-

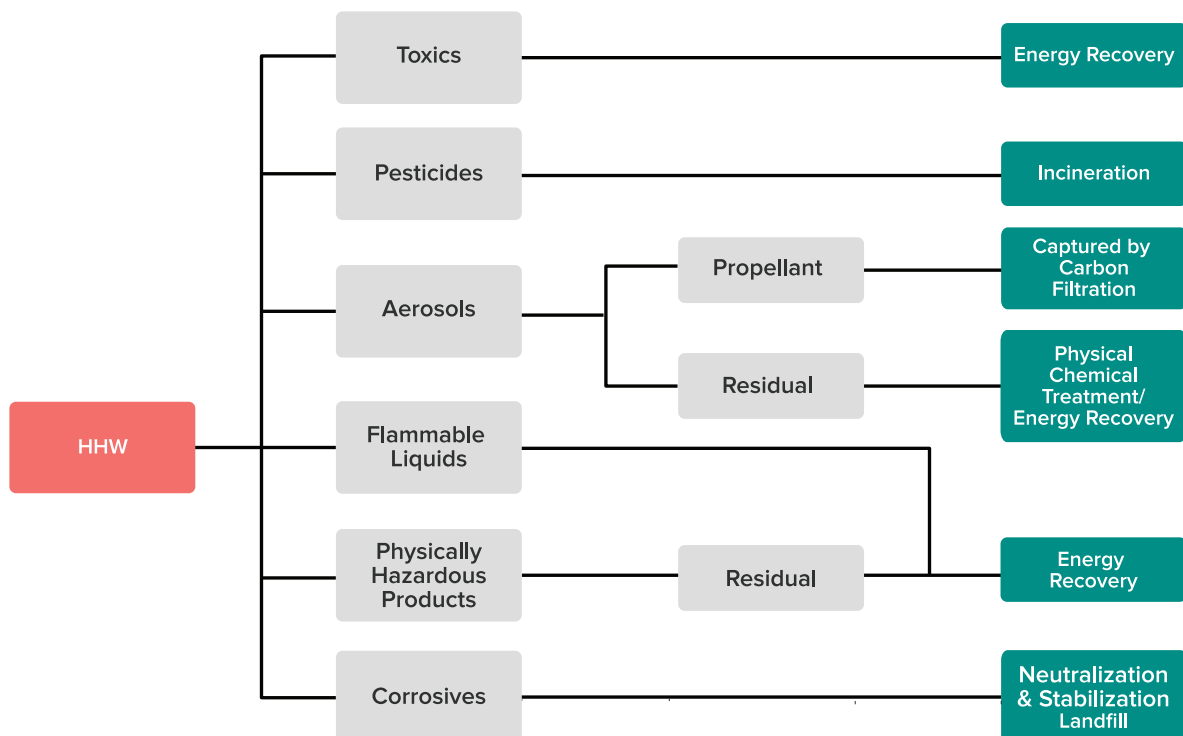
## Paint Product Flowchart:



## HHW Product Management:

	 Reuse	 Recycling	 Energy Recovery	 Incineration	 Solidification & Landfill
Flammables	-	-	<b>100%</b>	-	-
Corrosives	-	-	-	-	<b>100%</b>
Toxics	-	-	<b>53%</b>	<b>47%</b>	-
Pesticides	-	-	-	<b>100%</b>	-
Physically Hazardous	-	-	<b>100%</b>	-	-

## HHW Product Flowchart:



# Ontario PaintRecycle



The Ontario PaintRecycle program launched with Product Care Association on June 30, 2015.

The program's collection network is comprised of municipal hazardous waste collection depots, municipal events and non-municipal sites, such as retailers, which provide collection service year round. In 2016, PCA continued to work with the program's return to retail (R2R) locations to strengthen this key element of the collection system for Ontario residents. In addition, PCA consulted with our municipal partners to develop the PaintReuse program in Ontario for launch on April 1, 2017.

## Accepted Products:

- Architectural paints and coatings, including tar and bitumen coatings
- Paint aerosols (including automotive, craft and industrial)



## Collection:



**294**

*Permanent Sites*

**299**

*Collection Events*



**9,643 Tonnes**

*Paint*

## Public Awareness:



**57%**

*Paint  
2016*

## Recovery Rate:



**10.4%**

*In the Ontario program, recovery rate is the weight of product collected as a percentage of the weight of product sold into the market, including paint and paint containers.*

## Finances:




2016

<b>Revenues</b>	<b>\$ 17,857,582</b>
Program Expenses	
Processing	5,835,051
Collection*	6,090,218
Transport	1,902,071
Administration	1,603,373
Communication	53,157
Regulation	120,314
<b>Total Program Expenses</b>	<b>\$ 15,604,184</b>
<b>Excess of Revenues Over Expenses for the Year</b>	<b>\$ 2,253,398</b>

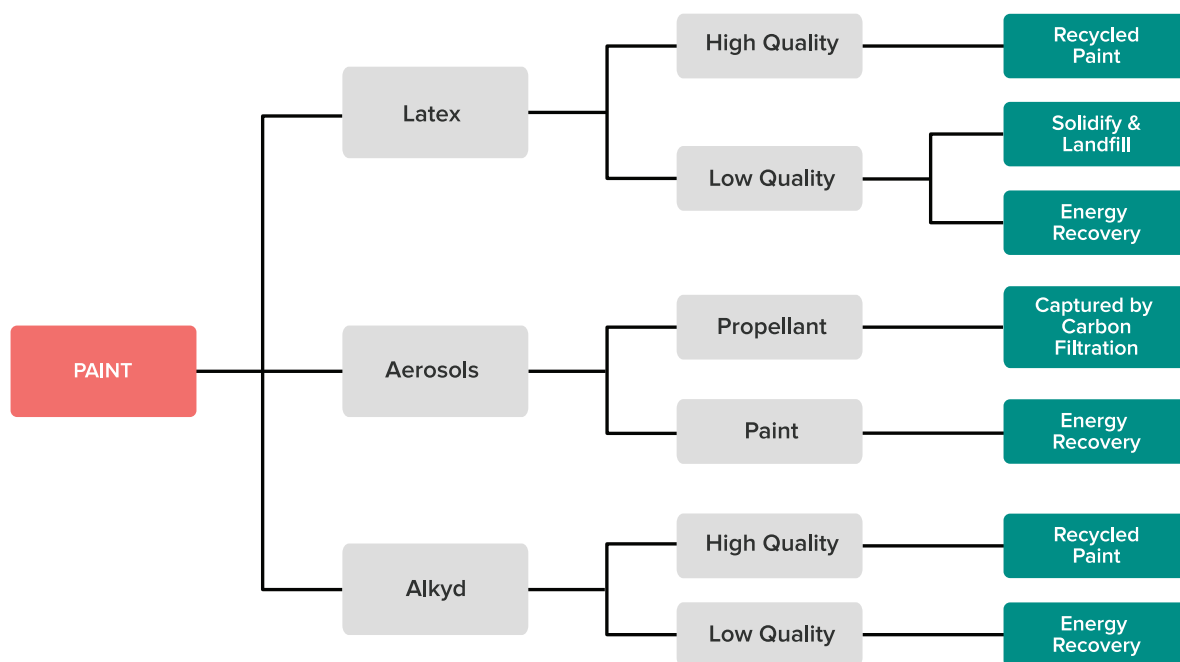
Financials are inclusive of paint and coatings, pesticides, solvents and fertilizers

\*Collection includes municipal events.

## Paint Product Management:

	 Recycling	 Energy Recovery	 Solidification & Landfill
Latex Paint	80%	13%	7%
Alkyd Paint	59%	38%	3%
Aerosols	40%	60%	-

## Paint Product Flowchart:



# Ontario Pesticides, Solvents & Fertilizers



Product Care Association started operating the Pesticide, Solvent and Fertilizer Industry Stewardship Plan (PSF ISP) on April 1, 2016.

These programs are supported by the municipal collection network, which is comprised of household hazardous waste collection depots and events. In 2016, PCA focused its efforts on the smooth transition of the operation of the PSF programs from Stewardship Ontario to PCA.

## Accepted Products:

- **Pesticides** - Domestic Pesticides.
- **Solvents** - Means liquid products that are intended to be used to dissolve or thin a compatible substance and:
  1. Are comprised of 10% or more of water-immiscible liquid hydrocarbons, including halogen-substituted liquid hydrocarbons; or
  2. Are flammable as described in part (c) of "municipal hazardous waste" in Ontario Reg. 542; or
  3. All of the above.
- **Fertilizers** - Means packaged products regulated under the Fertilizers Act (Canada)



## Recovery Rate:



**23.8%**  
Pesticides



**8.2%**  
Solvents



**3.2%**  
Fertilizers

Recovery rate is the quantity of product collected as a percentage of the quantity of product sold into the market. The 2016 recovery rates are based on weight of products collected and sold from April 1, 2016, when the PSF ISP started, to December 2016.

## Collection:



**95 / 288**

Permanent Collection  
Sites / Collection Events



**31 Tonnes**  
Pesticides



**208 Tonnes**  
Solvents



**11 Tonnes**  
Fertilizers

## Public Awareness:






**35%**  
Pesticides  
2016

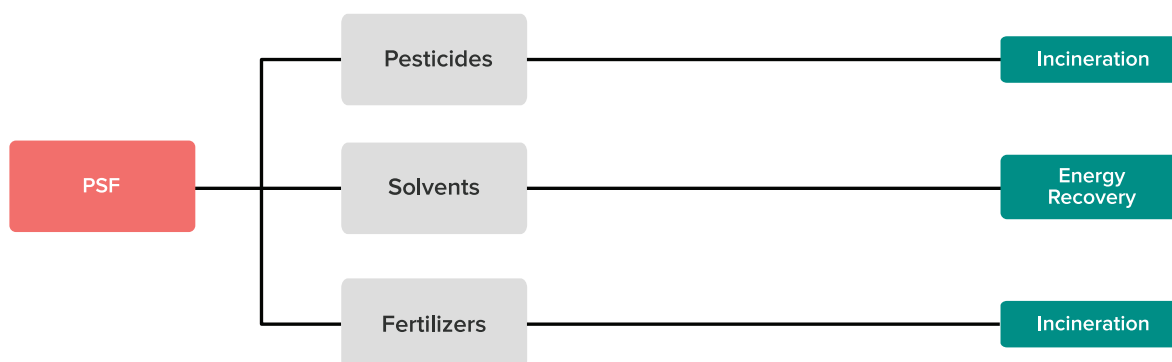
**47%**  
Solvents  
2016

**31%**  
Fertilizers  
2016

### PSF Product Management:

	 <i>Recycling</i>	 <i>Energy Recovery</i>	 <i>Incineration</i>
<i>Pesticides</i>	-	-	<b>100%</b>
<i>Solvents</i>	-	<b>100%</b>	-
<i>Fertilizers</i>	-	-	<b>100%</b>

### PSF Product Flowchart:



# Quebec RecycFluo



RecycFluo began in 2012. The program accepts products from residential, commercial and industrial users.

The program has been developed in compliance with Quebec regulations regarding the recovery and reclamation of products by enterprises.

The program's extensive collection network is comprised of municipal facilities, retailers as well as collection sites dedicated to large volume generators of mercury-containing lamps. The collection system is augmented by collection events and a direct pick-up service for large volume generators of program products or in areas that do not have a permanent depot.

## Accepted Products:

- Fluorescent, induction and UV tubes of all lengths and shapes
- Compact fluorescent lamps (CFL)
- High intensity discharge lamps (HID)



## Finances:

	2016
<b>Revenues</b>	<b>\$ 5,155,133</b>
Program Expenses	
Processing	1,490,602
Collection	328,146
Transport	632,013
Administration	572,029
Communication	365,858
Regulation	366,953
<b>Total Program Expenses</b>	<b>\$ 3,755,601</b>
<b>Excess of Revenues Over Expenses for the Year</b>	<b>\$ 1,399,532</b>

## Collection:



**804**

Collection Sites



**3,903,598**

Units

## Public Awareness:

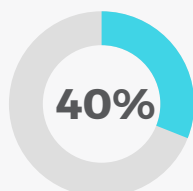


**51%**

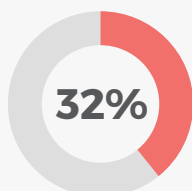
Lights  
2015



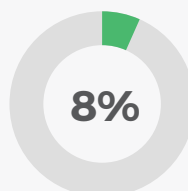
## Recovery Rate:



Fluorescent Tubes



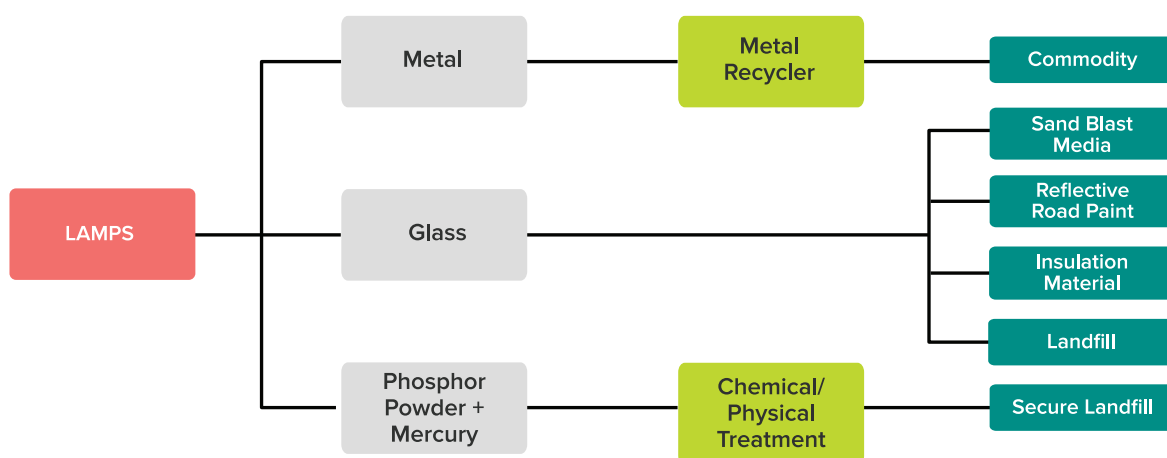
High Intensity Discharge (HID)



Compact Fluorescent

For Quebec, recovery rate is the quantity of product collected in the current year compared to the quantity of product sold in the province during the applicable reference year. In 2016, the reference year used was 2014.

## Lighting Product Flowchart:



# New Brunswick PaintRecycle



The New Brunswick Paint Product Stewardship Program, also known as New Brunswick PaintRecycle, began in April 2009.

The program accepts paint products through its collection network comprised of retailers, Regional Service Commissions and beverage container redemption centres. Collection events held around the province augment the collection system.

## Accepted Products:

- Architectural paints and coatings
- Paint aerosols (consumer, industrial and automotive)



## Collection:



**62**

Collection Sites



**297,811 L**

Paint

## Public Awareness:



**53%**

Paint  
2015

## Recovery Rate:



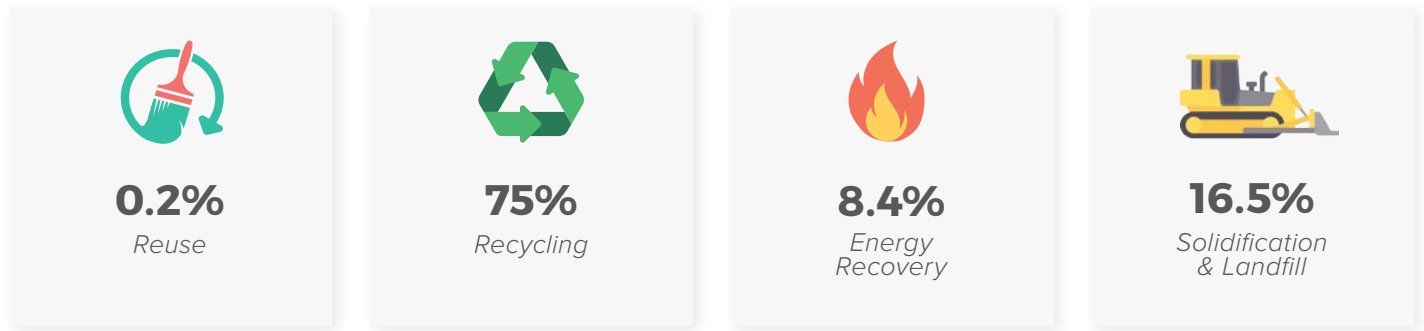
**6.4%**

## Finances:

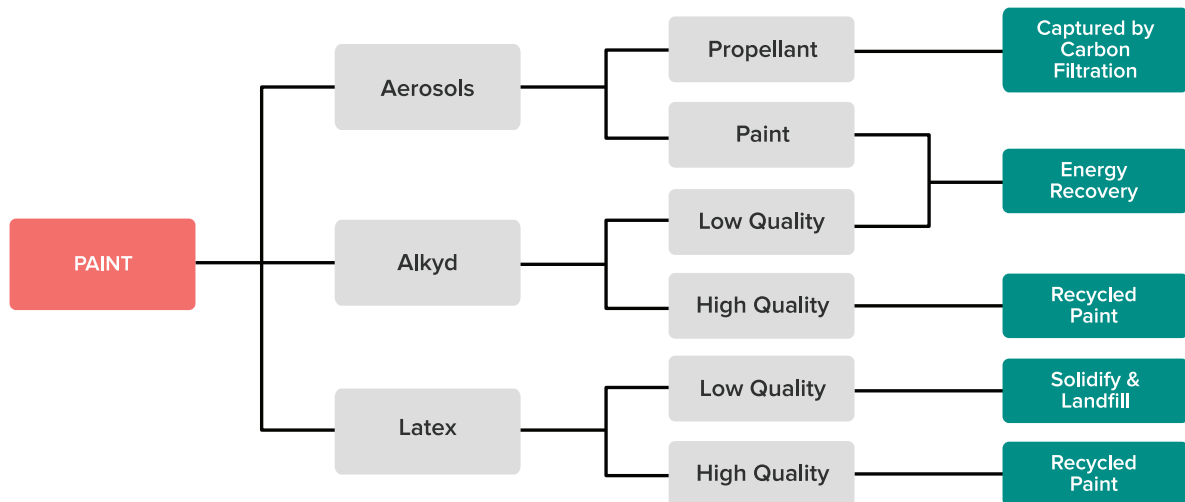
2016

<b>Revenues</b>	<b>\$ 919,720</b>
Program Expenses	
Processing	515,038
Collection	89,915
Transport	137,159
Administration	94,560
Communication	89,215
Regulation	80,000
<b>Total Program Expenses</b>	<b>\$ 1,005,887</b>
<b>Deficiency of Revenues Over Expenses for the Year</b>	<b>\$ (86,167)</b>

### Paint Product Management:



### Paint Product Flowchart:



# Nova Scotia PaintRecycle



The Nova Scotia Paint Stewardship Program, also known as Nova Scotia PaintRecycle, began in 2002 in partnership with RRFB Nova Scotia, with PCA assuming full responsibility for the program in July 2012.

The program accepts paint products through an established network of collection sites, including government facilities, retailers and Enviro-Depots.

A revised Program Plan is to be submitted to the Department of Environment in 2017.

## Accepted Products:

- Architectural paints and coatings
- Paint aerosols (consumer, industrial and automotive)



## Collection:



**93**

Collection Sites



**472,017 L**

Paint

## Public Awareness:



**57%**

Paint  
2015

## Recovery Rate:



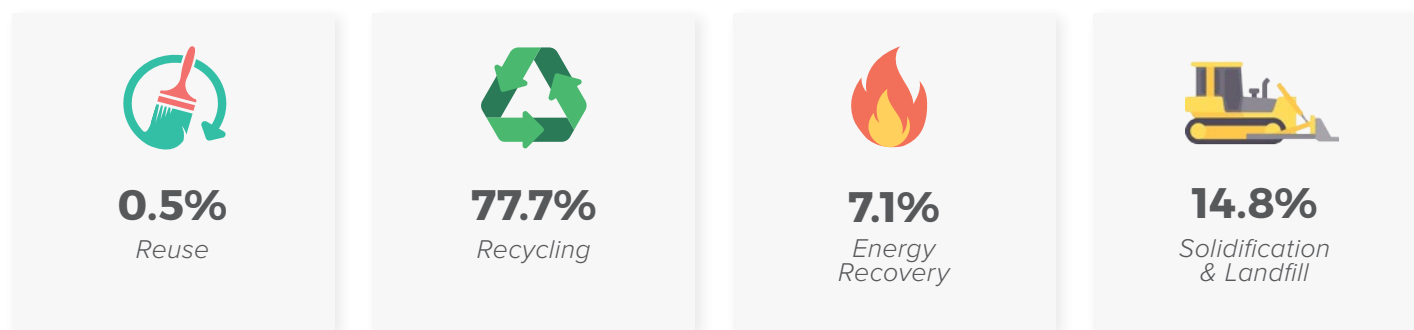
**8.4%**

## Finances:

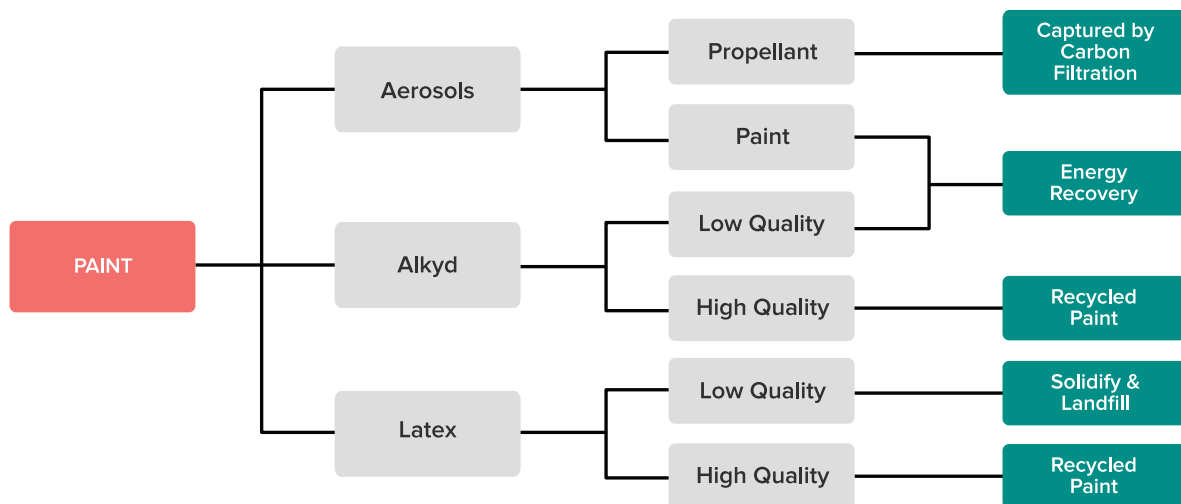
2016

Revenues	\$ 1,360,494
Program Expenses	
Processing	731,935
Collection	188,372
Transport	68,015
Administration	162,492
Communication	73,041
<b>Total Program Expenses</b>	<b>\$ 1,223,855</b>
<b>Excess of Revenues Over Expenses for the Year</b>	<b>\$ 136,639</b>

### Paint Product Management:



### Paint Product Flowchart:



## Newfoundland & Labrador PaintRecycle



The Newfoundland and Labrador Paint Recycling Program, also known as Newfoundland and Labrador PaintRecycle, began in April 2012.

The program accepts paint products through its collection network comprised of government facilities, Green Depots, and retailers. Collection events held around the province augment the collection system.

A revised Program Plan was submitted to MMSB in 2016. Approval pending.

### Accepted Products:

- Architectural paints and coatings
- Paint aerosols (consumer, industrial and automotive)



### Collection:



**59**

Collection Sites



**173,109 L**

Paint

### Public Awareness:



**45%**

Paint  
2015

### Recovery Rate:



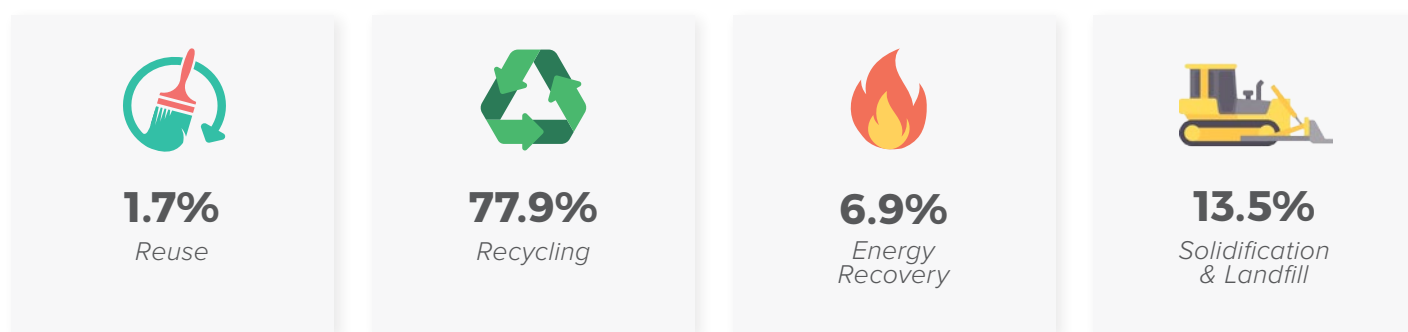
**4.7%**

### Finances:

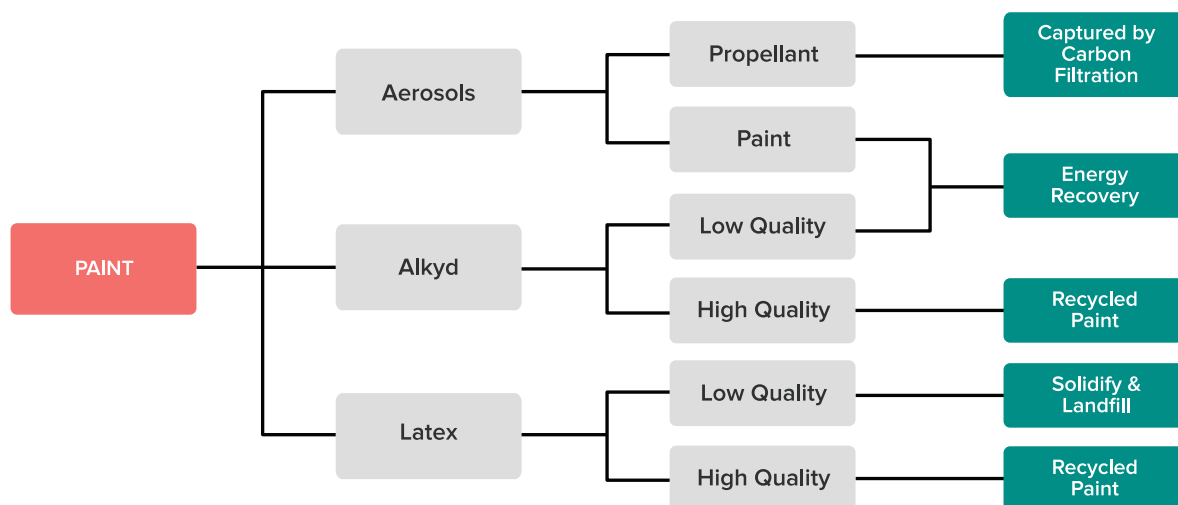
2016

<b>Revenues</b>	<b>\$ 806,191</b>
Program Expenses	
Processing	303,200
Collection	62,170
Transport	182,673
Administration	82,395
Communication	63,126
Regulation	7,172
<b>Total Program Expenses</b>	<b>\$ 700,736</b>
<b>Excess of Revenues Over Expenses for the Year</b>	<b>\$ 105,455</b>

### Paint Product Management:



### Paint Product Flowchart:



# Prince Edward Island PaintRecycle



The Prince Edward Island Paint Stewardship Program, also known as PEI PaintRecycle began in September 2012.

The program utilizes the network of collection facilities operated by Island Waste Management Corporation.

## Accepted Products:

- Architectural paints and coatings
- Paint aerosols (consumer, industrial and automotive)



## Collection:



**6**

Collection Sites



**96,441 L**

Paint

## Public Awareness:



**47%**

Paint  
2015

## Recovery Rate:



**9.6%**

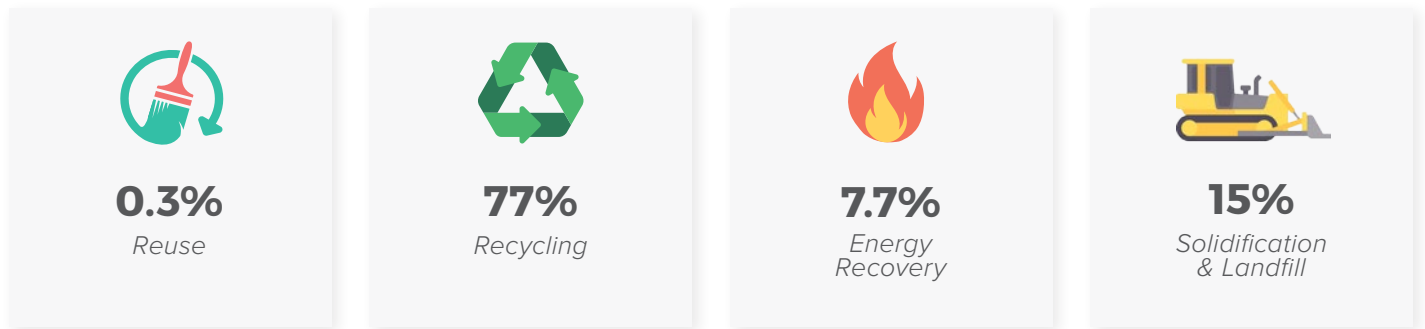
## Finances:

2016

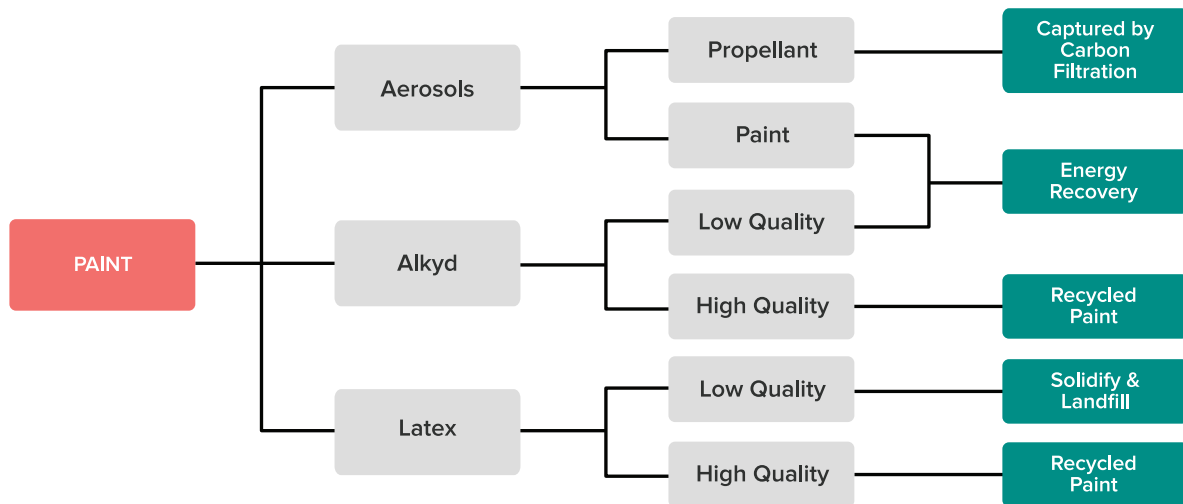
<b>Revenues</b>	<b>\$ 280,289</b>
Program Expenses	
Processing	173,940
Collection	28,549
Transport	59,150
Administration	20,123
Communication	23,441
Regulation	10,234
<b>Total Program Expenses</b>	<b>\$ 315,438</b>
<b>Deficiency of Revenues Over Expenses for the Year</b>	<b>\$ (35,149)</b>



### Paint Product Management:



### Paint Product Flowchart:



# Prince Edward Island LightRecycle



Product Care's newest light recycling program, the Prince Edward Island Lamp Stewardship Program, also known as PEI LightRecycle, began in April 2015.

The program accepts all types of lights including fluorescent tubes, compact fluorescents, LEDs, incandescent, halogen and high intensity discharge lamps. The program utilizes the network of collection facilities operated by Island Waste Management Corporation, as well as retail locations.

## Accepted Products:

- Fluorescent tubes
- Compact fluorescent lamps (CFL)
- Incandescent lamps
- High-intensity discharge lamps (HID)
- Light-emitting diode (LED) lamps



## Collection:



**7**

Collection Sites



**79,041**  
Units

## Public Awareness:



**32%**  
2015

## Recovery Rate:



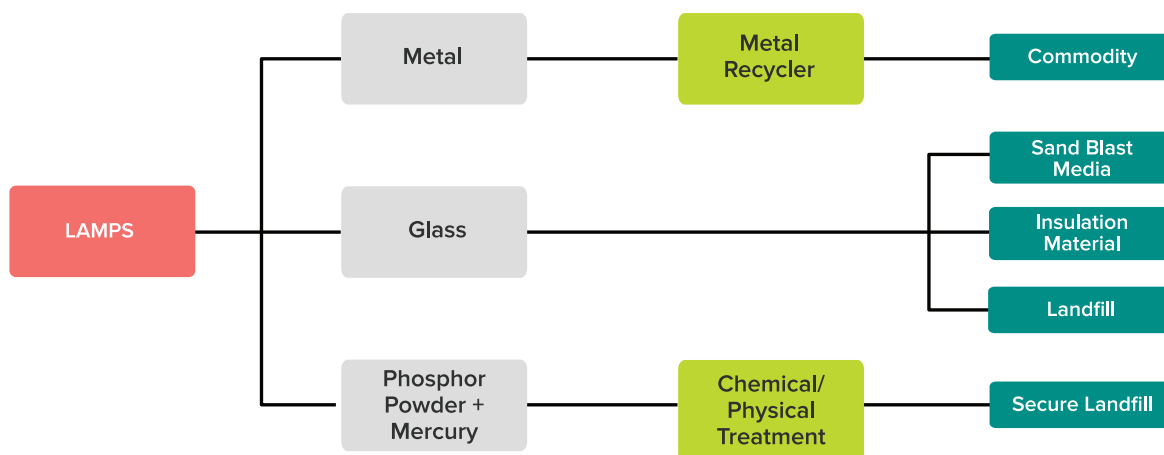
**13%**

*Recovery rate is the quantity of product collected as a percentage of the quantity of product sold into the market in the same year.*

## Finances:

	2016
<b>Revenues</b>	<b>\$ 104,565</b>
Program Expenses	
Processing	22,619
Collection	5,642
Transport	8,173
Administration	8,990
Communication	5,524
Regulation	5,000
<b>Total Program Expenses</b>	<b>\$ 55,948</b>
<b>Excess of Revenues Over Expenses for the Year</b>	<b>\$ 48,617</b>

### Lighting Product Flowchart:



# Audited Financials

## PRODUCT CARE ASSOCIATION OF CANADA

### Financial Statements

For the year ended 31 December 2016

### Contents

---

Independent Auditors' Report	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 18

**ROLFE, BENSON LLP****CHARTERED PROFESSIONAL ACCOUNTANTS**

1500 – 1090 West Georgia Street  
Vancouver, B.C. V6E 3V7  
Tel: 604-684-1101 Fax: 604-684-7937  
E-mail: admin@rolfebenson.com

---

## INDEPENDENT AUDITORS' REPORT

---

To the Members,  
Product Care Association of Canada

### Report on the Financial Statements

We have audited the accompanying financial statements of Product Care Association of Canada, which comprise the statement of financial position as at 31 December 2016, and the statements of changes in net assets, operations and cash flows for the year then ended, and 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 accounting standards for not-for-profit organizations, 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 the auditors' 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, the auditors consider internal control relevant to the Association'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 Association'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.

**ROLFE, BENSON LLP**

CHARTERED PROFESSIONAL ACCOUNTANTS

---

**INDEPENDENT AUDITORS' REPORT - Continued**

---

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Product Care Association of Canada as at 31 December 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
26 April 2017

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Statement of Financial Position**  
**31 December 2016**

	2016	2015
		(Note 11)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 9,131,327	\$ 16,151,104
Term deposits	9,000,000	-
Accounts receivable	7,028,439	7,864,707
Prepaid expenses and deposits	316,936	393,250
	<u>25,476,702</u>	<u>24,409,061</u>
<b>Forgivable loans (Note 3)</b>	385,058	236,694
<b>Reserve - at market value (Note 4)</b>	13,509,975	11,981,227
<b>Capital assets (Note 5)</b>	9,541,354	6,468,554
<b>Intangible assets (Note 6)</b>	565,490	608,617
	<u>\$ 49,478,579</u>	<u>\$ 43,704,153</u>
<b>Liability</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,681,693	\$ 5,371,452
<b>Commitments (Note 7)</b>		
<b>Contingencies (Note 12)</b>		
<b>Members' Equity</b>		
<b>Unrestricted</b>	20,180,067	19,274,303
<b>Invested in capital and intangible assets</b>	10,106,844	7,077,171
<b>Reserve - internally restricted</b>	13,509,975	11,981,227
	<u>43,796,886</u>	<u>38,332,701</u>
	<u>\$ 49,478,579</u>	<u>\$ 43,704,153</u>

APPROVED BY THE DIRECTORS:

"Darrin Noble" Director

"Claude Brosseau" Director

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Statement of Changes in Net Assets**  
**For the year ended 31 December 2016**

	<b>Unrestricted</b>	<b>Invested in Capital and Intangible Assets</b>	<b>Internally Restricted Reserve</b>	<b>Total 2016</b>	<b>Total 2015</b>
<b>Net assets - beginning of year</b>					
As previously reported	\$ 18,537,831	\$ 7,077,171	\$ 11,981,227	<b>\$ 37,596,229</b>	\$ 35,879,802
Prior period adjustment (Note 11)	736,472	-	-	<b>736,472</b>	462,724
As restated	19,274,303	7,077,171	11,981,227	<b>38,332,701</b>	36,342,526
Excess of revenues over expenses for the year	5,464,185	-	-	<b>5,464,185</b>	1,990,175
Transfer to invested in capital and intangible assets, net	(3,029,673)	3,029,673	-	-	-
Transfer to reserve	(1,528,748)	-	1,528,748	-	-
<b>Net assets - end of year</b>	<b>\$ 20,180,067</b>	<b>\$ 10,106,844</b>	<b>\$ 13,509,975</b>	<b>\$ 43,796,886</b>	<b>\$ 38,332,701</b>



# PRODUCT CARE ASSOCIATION OF CANADA

## Statement of Operations

For the year ended 31 December 2016

	2016	2015
		(Note 11)
<b>Revenues</b>	<b>\$ 43,931,156</b>	<b>\$ 33,516,527</b>
<b>Expenses</b>		
Operating	36,285,184	28,056,124
General and administration	3,722,817	3,499,819
General communications	179,384	267,945
	<u>40,187,385</u>	<u>31,823,888</u>
<b>Excess of revenues over expenses from operations</b>	<b>3,743,771</b>	<b>1,692,639</b>
<b>Other income</b>		
Investment income	1,075,089	863,112
Unrealized gain (loss) on investments	452,484	(729,356)
Interest income	180,608	161,865
Gain on sale of capital assets	11,058	-
Gain on sale of marketable securities	1,175	1,915
	<u>1,720,414</u>	<u>297,536</u>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 5,464,185</b>	<b>\$ 1,990,175</b>

# PRODUCT CARE ASSOCIATION OF CANADA

## Statement of Cash Flows For the year ended 31 December 2016

	2016	2015
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 5,464,185	\$ 1,990,175
Items not involving cash		
Gain on sale of capital assets	(11,058)	-
Gain on sale of marketable securities	(1,175)	(1,915)
Market value adjustment to reserve	(452,484)	729,356
Amortization	328,629	306,260
Loans forgiven	17,895	-
	<u>5,345,992</u>	<u>3,023,876</u>
Changes in non-cash working capital balances		
Accounts receivable	836,268	(2,813,885)
Prepaid expenses and deposits	76,314	(260,579)
Accounts payable and accrued liabilities	310,241	2,713,904
	<u>6,568,815</u>	<u>2,663,316</u>
<b>Investing activities</b>		
Purchase of term deposits	(9,000,000)	-
Transfer to reserve	(1,075,089)	(863,112)
Purchase of capital assets - net	(3,262,437)	(579,759)
Proceeds on disposal of capital assets	12,815	-
Purchase of intangible assets	(97,622)	(322,163)
	<u>(13,422,333)</u>	<u>(1,765,034)</u>
<b>Financing activity</b>		
Issuance of forgivable loans	(166,259)	(199,694)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,019,777)</b>	<b>698,588</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>16,151,104</b>	<b>15,452,516</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 9,131,327</b>	<b>\$ 16,151,104</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 2,980,355	\$ 1,203,401
Savings accounts	6,150,972	14,947,703
	<u>\$ 9,131,327</u>	<u>\$ 16,151,104</u>

## **PRODUCT CARE ASSOCIATION OF CANADA**

### **Notes to the Financial Statements**

#### **For the year ended 31 December 2016**

---

#### **1. Nature of operations**

On 7 May 2001, Product Care Association (the “Association”) was incorporated under the Canada Corporations Act. The new entity was the result of the amalgamation of PPC Paint and Product Care Association and Consumer Product Care Association. Effective 7 January 2015, the Association filed Articles of Continuance under the Canada Not-for-Profit Corporations Act and changed its name to Product Care Association of Canada. The Association is a not-for-profit organization and as such, the Association is not subject to income taxes.

The purpose of the Association is to design, implement, and operate product stewardship programs in Canada or elsewhere. Product stewardship programs are industry funded and managed programs which provide a collection system to consumers for unwanted products. The program then takes responsibility for the recycling and proper disposal of the waste products. Products accepted by the Association’s stewardship programs include: paint, pesticides, flammables liquids and other household hazardous waste, lighting products and smoke and carbon monoxide alarms. The Association operates product stewardship programs for some or all of these products in BC, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

#### **2. Summary of significant accounting policies**

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

##### **(a) Financial instruments**

###### **(i) Measurement of financial instruments**

The Association initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and investments in other securities, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents, term deposits, accounts receivable and forgivable loans.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association’s financial assets measured at fair value include the reserve which is comprised of various investments in mutual funds.

## PRODUCT CARE ASSOCIATION OF CANADA

### Notes to the Financial Statements

For the year ended 31 December 2016

#### 2. Summary of significant accounting policies - Continued

##### (a) Financial instruments - Continued

##### (ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

##### (iii) Transaction costs

The Association recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

##### (b) Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the Association cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

##### (c) Capital assets

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 capital assets over their estimated useful lives. The annual amortization rates are as follows:

Storage depots	5 years
Office equipment	2 years
Depot equipment	2, 3 and 5 years
Leasehold improvements	5 years

## PRODUCT CARE ASSOCIATION OF CANADA

### Notes to the Financial Statements

For the year ended 31 December 2016

#### 2. Summary of significant accounting policies - Continued

##### (d) Intangible assets

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

ERP software	5 years
--------------	---------

Intangible assets with an indefinite life are not amortized and are assessed annually for impairment.

##### (e) Impairment of long-lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

##### (f) Revenue recognition

Environmental handling fees ("EHF") are received from registered members within the provinces which participate in the Association's programs. 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. EHF revenues are recognized as individual members report and remit them as required by applicable provincial environmental legislation.

Investment income includes interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses are reported in the statement of operations. Unrestricted investment income is recognized as revenue when earned.

##### (g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Accounts and disclosures subject to significant estimates include amortization of capital and intangible assets, accrued liabilities, revenue recognized for EHF receivable and commitments for unprocessed product on hand. Management believes that estimates utilized in preparing the financial statements are prudent and reasonable, however, actual results could differ from those estimates.

## PRODUCT CARE ASSOCIATION OF CANADA

### Notes to the Financial Statements

For the year ended 31 December 2016

#### 2. Summary of significant accounting policies - Continued

##### (h) Foreign exchange

Monetary assets and liabilities of the Association which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

#### 3. Forgivable loans

During the year, the Association has advanced funds in the form of forgivable loans to various organizations for the development of collection facilities for specific programs (Note 7(b)). Providing that the collection facility commences operations and meets the various criteria in the collection site agreement, these funds and any related interest are forgiven at the rate of 10% the original amount of the loan on each anniversary of the commencement of the collection site's operations. If the development of the collection facility is not completed, or the collection facility does not commence operations, the amounts advanced are repayable to the Association plus interest at 8% per annum.

	2016	2015
Balance - beginning of year	\$ 236,694	\$ 37,000
Funds advanced during the year	166,259	199,694
Loans forgiven during the year	(17,895)	-
Balance, end of year	\$ 385,058	\$ 236,694

#### 4. Reserve

The reserve fund was established to (1) respond to environmental impairment liability exposures and director and officers liability exposures up to predetermined levels in conjunction with the overall insurance program and (2) to fund the ongoing operations, future program expenses, potential penalties and various other projects of the Association from time to time. The amount is internally restricted and expenditures from the reserve are at the discretion of the Board of Directors. Transfers to the reserve fund are made upon resolutions passed by the Board of Directors. During the year the transfers to the fund were limited to the income earned on the investments in the reserve fund.

The assets in the reserve fund consist of cash and investments in fixed income and equity securities and are independently managed. All income earned on these investments is initially reported in the unrestricted fund and then transferred to the reserve fund. During the year, \$1,528,748 was transferred from the unrestricted fund to the reserve fund, which consisted of an unrealized gain of \$452,484 at 31 December 2016 and realized investment income and gain of \$1,076,264. In the prior year, \$135,672 was transferred from the reserve fund to the unrestricted fund, which consisted of an unrealized loss of \$729,356 at 31 December 2015 and realized investment income of \$865,027.

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2016 Net</b>	<b>2015 Net</b>
Building	\$ 5,813,712	\$ -	\$ 5,813,712	\$ 2,693,809
Land	3,423,983	-	3,423,983	3,423,983
Depot equipment	1,718,536	1,419,500	299,036	342,076
Leasehold improvements	501,296	496,673	4,623	8,132
Office equipment	120,481	120,481	-	554
	<b>\$ 11,578,008</b>	<b>\$ 2,036,654</b>	<b>\$ 9,541,354</b>	<b>\$ 6,468,554</b>

In a prior year, the Association purchased land and building and is in the process of preparing the building for use (Note 7(c)). As the building is not in use as at 31 December 2016, no amortization has been taken on the building.

Legal ownership of the building resides with a bare trustee corporation. The Association has beneficial ownership of the building.

Included in operating expenses and general and administrative expenses is a total of \$187,880 (2015 - \$207,513) of amortization.

**6. Intangible assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2016 Net</b>	<b>2015 Net</b>
ERP Software	\$ 754,986	\$ 239,496	\$ 515,490	\$ 558,617
Quebec RecycFluo Program	50,000	-	50,000	50,000
	<b>\$ 804,986</b>	<b>\$ 239,496</b>	<b>\$ 565,490</b>	<b>\$ 608,617</b>

During the 2012 fiscal year, the Association acquired certain intangible assets related to commencement of the Quebec RecycFluo Program for \$50,000. The intangible assets acquired consist of the program trademark and the list of program members that was established by the previous program manager. Management of the Association is of the opinion that no impairment allowance is required for the 2016 fiscal year.

Included in operating expenses and general and administrative expenses is a total of \$140,749 (2015 - \$98,747) of amortization.

## PRODUCT CARE ASSOCIATION OF CANADA

### Notes to the Financial Statements

For the year ended 31 December 2016

#### 7. Commitments

- (a) The Association has a lease agreement for a 60 month lease term on the Surrey office and building facility which expires on 31 January 2021. The lease includes a clause that the Association can terminate the lease with six months notice. The Association gave notice to terminate the lease in November 2016, and as such, will continue to make lease payments until May 2017.

The Association has a lease agreement for the Vancouver office building which expires on 31 January 2018. The Association has the option to renew this lease for an additional 36 months.

The Association has a lease agreement for the Quebec office suite which expires on 31 May 2018. The Association has the option to renew this lease for an additional five years.

The annual lease payments for the Association's premises and other operating leases are as follows:

2017	\$ 271,227
2018	<u>30,506</u>
	<u>\$ 301,733</u>

- (b) The Association has committed up to \$800,000 to be used for the development of collection facilities for certain programs. These funds are to be disbursed at the discretion of the Association based on an application process from qualifying organizations. As of 31 December 2016, \$402,953 of loans have been disbursed relating to this commitment (Note 3) and \$17,895 of loans have been forgiven.
- (c) The Association has entered into a construction contract to prepare its building (Note 5) for use in operations. As of 31 December 2016, the estimated remaining cost on this contract was \$322,512.
- (d) The BC Ministry of Environment requires owners of short term storage facilities of hazardous waste to provide a security deposit to be used in the event the owner is unable to meet the requirements stipulated by the Hazardous Waste Regulation. The deposit amount, as it pertains to the building which the Association is preparing for use (Note 5), is estimated to be \$574,282 and is payable by 30 June 2018.
- (e) At year end the Association had unprocessed product on hand with an estimated cost to process, transport and recycle of \$416,660 which will be incurred during 2017.



## **PRODUCT CARE ASSOCIATION OF CANADA**

### **Notes to the Financial Statements**

#### **For the year ended 31 December 2016**

---

#### **8. Financial instruments**

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at the statement of financial position date, 31 December 2016.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its cash and cash equivalents and accounts receivable. Cash is in place with major financial institutions. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers. The Association has evaluation and monitoring processes in place and writes off accounts when they are determined to be uncollectible. There has been no change to the risk exposure from 2015.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is not exposed to this risk due to its strong working capital position. There has been no change to the risk exposure from 2015.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association has investments denominated in U.S. dollars included in the reserve (Note 4). As such, these investments are exposed to foreign exchange fluctuations.

Certain assets and liabilities are exposed to foreign exchange fluctuations due to transactions denominated in foreign currency. As at 31 December 2016, cash and accounts receivable of \$177,059 USD and \$67,325 USD (2015 - \$20,992 USD and \$263,981 USD) respectively and accounts payable and accrued liabilities of \$41,352 USD (2015 - \$31,231 USD) has been converted into Canadian dollars.

---

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

---

**8. Financial instruments - Continued**

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments held in the reserve.

**9. Controlled organization**

The Association controls PCA Product Stewardship Inc. ("PCA PSI") as it is the sole member of PCA PSI and has the right to appoint the majority of PCA PSI's board of directors. The Association and PCA PSI have certain members of the Board of Directors in common.

PCA PSI was created to develop and manage programs in the USA that allow members to easily satisfy state regulations around the end of life handling of various products produced and sold by industry. PCA PSI is currently managing the Washington State LightRecycle program.

PCA PSI has not been consolidated in the Association's financial statements. Financial statements of PCA PSI are prepared in accordance with US generally accepted accounting principals FASB ASC 958, not-for-profit entities. The financial summary as at 31 December 2016 and for the year then ended are based on the audited financial statements and are translated to Canadian dollars using the current rate method.

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**9. Controlled organization - Continued**

PCA PSI

	<b>31 December 2016</b>	31 December 2015
<hr/>		
Financial Position		
Total assets	<b>\$ 1,088,372</b>	\$ 937,636
Total liabilities	<b>230,531</b>	284,009
Total net assets	<b>857,841</b>	653,627
	<b>\$ 1,088,372</b>	\$ 937,636
	<hr/>	<hr/>
	<b>31 December 2016</b>	31 December 2015
<hr/>		
Results of Operations		
Total revenue	<b>\$ 1,982,257</b>	\$ 2,406,427
Total expenses	<b>1,761,387</b>	1,740,176
	<hr/>	<hr/>
Excess of revenues over expenses	<b>\$ 220,870</b>	\$ 666,251
	<hr/>	<hr/>
	<b>31 December 2016</b>	31 December 2015
<hr/>		
Cash Flows		
Cash provided by operating activities	<b>\$ 532,898</b>	\$ 299,680
Cash used by investing activities	<b>(11,212)</b>	(31,314)
	<hr/>	<hr/>
Increase in cash	<b>\$ 521,686</b>	\$ 268,366
	<hr/>	<hr/>

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

**10. Related party transactions**

The Association is related to PCA PSI (Note 9). The following summarizes the related party balances and transactions for the year.

Included in accounts receivable is \$12,372 (2015 - \$43,003) due from PCA PSI. These amounts are unsecured, non-interest bearing and will be received in the 2017 fiscal year.

Included in revenues is \$123,269 (2015 - \$178,317) charged to PCA PSI for administrative expenses.

These transactions are in the normal course of operations and have been valued at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**11. Prior period adjustment**

During the year, the Association determined that a member had not remitted the required environmental handling fees since the 2013 fiscal year. The amounts of unremitted environmental handling fees and related interest charges are as follows:

	Environmental handling fees	Interest	Total
2013	\$ 147,212	\$ 40,483	\$ 187,695
2014	232,092	42,937	275,029
2015	257,041	16,707	273,748
	<u>\$ 636,345</u>	<u>\$ 100,127</u>	<u>\$ 736,472</u>

The Association has accounted for this error as a prior period adjustment with a restatement of the prior years' financial statements. As a result, net assets and accounts receivable were increased by \$462,724 as at 1 January 2015, excess of revenues over expenses for the year ended 31 December 2015 was increased by \$273,748, and net assets was increased as at 1 January 2016 and accounts receivable was increased as at 31 December 2015 by \$736,472.

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

---

**12. Contingencies**

Included in operating expenses are estimated penalties as a result of the program not meeting certain material collection targets. These penalties are payable to the Quebec Green Fund 5 years after the year they are incurred. These penalties can be offset over those 5 years if the program exceeds collection targets. The estimated penalties incurred are as follows:

2015	\$ 284,255
2016	<u>440,901</u>
	<u>\$ 725,156</u>

**13. Comparative figures**

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2016 financial statements.

**For more information about  
PCA programs, including detailed product  
definitions, please visit [productcare.org](http://productcare.org)**

---

**105 West 3rd Avenue,  
Vancouver, BC, V5Y 1E6**

Phone: **604-592-2972**  
Toll Free: **1-877-592-2972**

**7781 Vantage Way,  
Delta, BC, V4G 1A6**

Phone: **604-940-0819**  
Toll Free: **1-877-592-2972**

**35 rue de Lauzon, local 5,  
Boucherville, Quebec, J4B 1E7**

Phone: **514-228-5648**  
Toll Free: **1-888-604-2624**

**180 Attwell Dr, Suite 300,  
Toronto, Ontario, M9W 6A9**

Phone: **416-307-2886**  
Toll Free: **1-877-592-2972**

email: **[contact@productcare.org](mailto:contact@productcare.org)**

**Product Care Association of Canada 2016**