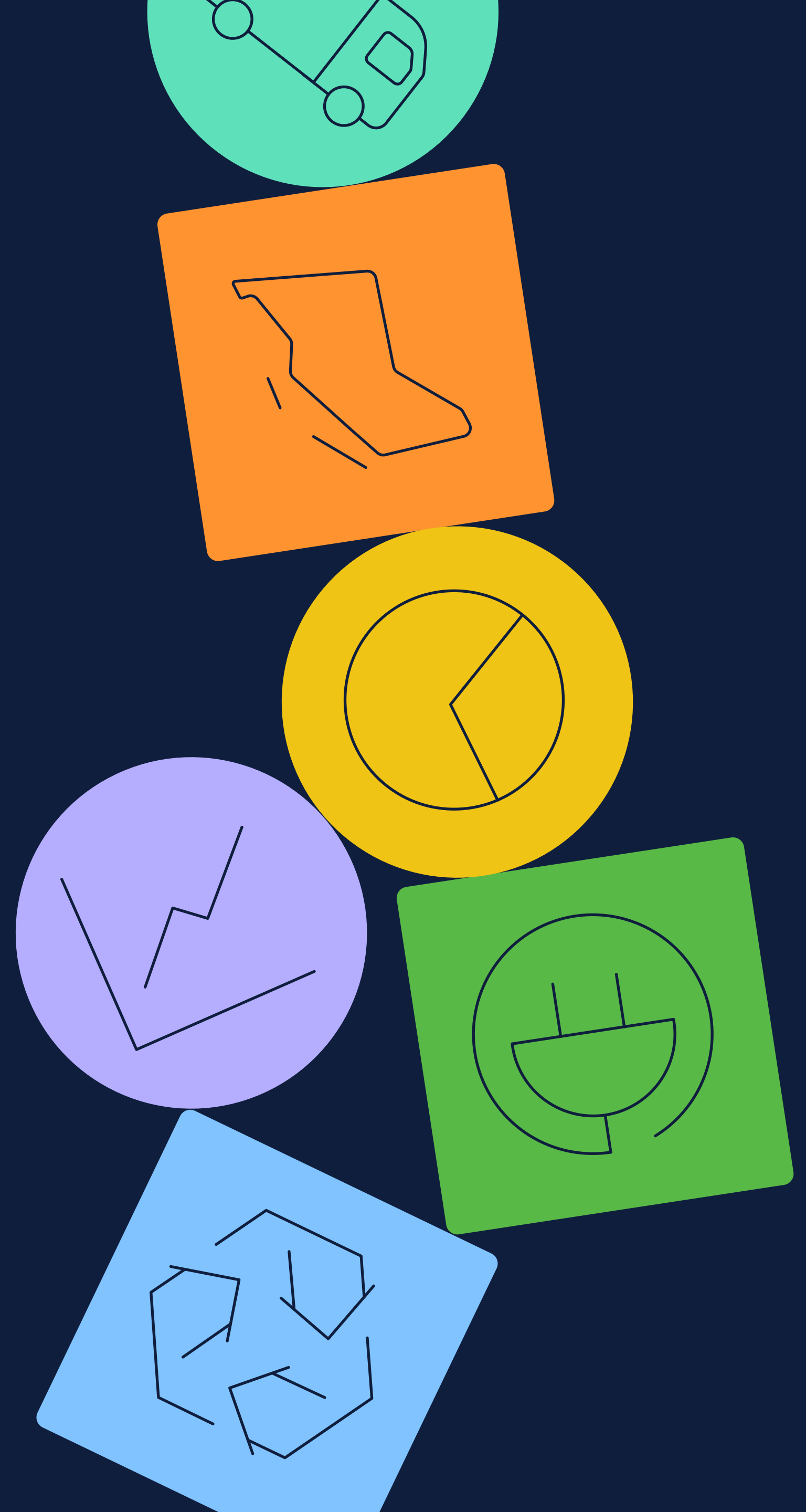


# ANNUAL REPORT 2022



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# MESSAGE

# FROM THE

# CHAIR

Our board of directors worked hard in 2022 to ensure CESA continues to provide responsible stewardship and outstanding service to its members.

A key accomplishment in 2022 was the development of a strategic plan to guide CESA's priorities, activities, and governance over the next three to five years. As part of this process, we refocused CESA's vision and mission statements to affirm our commitment to delivering cost-effective programs, providing efficient and transparent product management solutions, and working to advance a circular economy.

Building on these accomplishments, the board will continue to explore opportunities to improve efficiencies through operational and financial performance, effective governance, and partnerships. In exploring these opportunities, we will exercise due diligence and make decisions that serve the best interests of CESA members.

**KIMI WALKER**

Chair, CESA Board of Directors

# VISION

To be the preferred partner to support stewards and work together to advance a circular economy.

# MISSION

To deliver essential services and comprehensive resources that support manufacturers, brands and other legally obligated parties in providing cost-effective, efficient, and transparent end-of-life product management solutions.

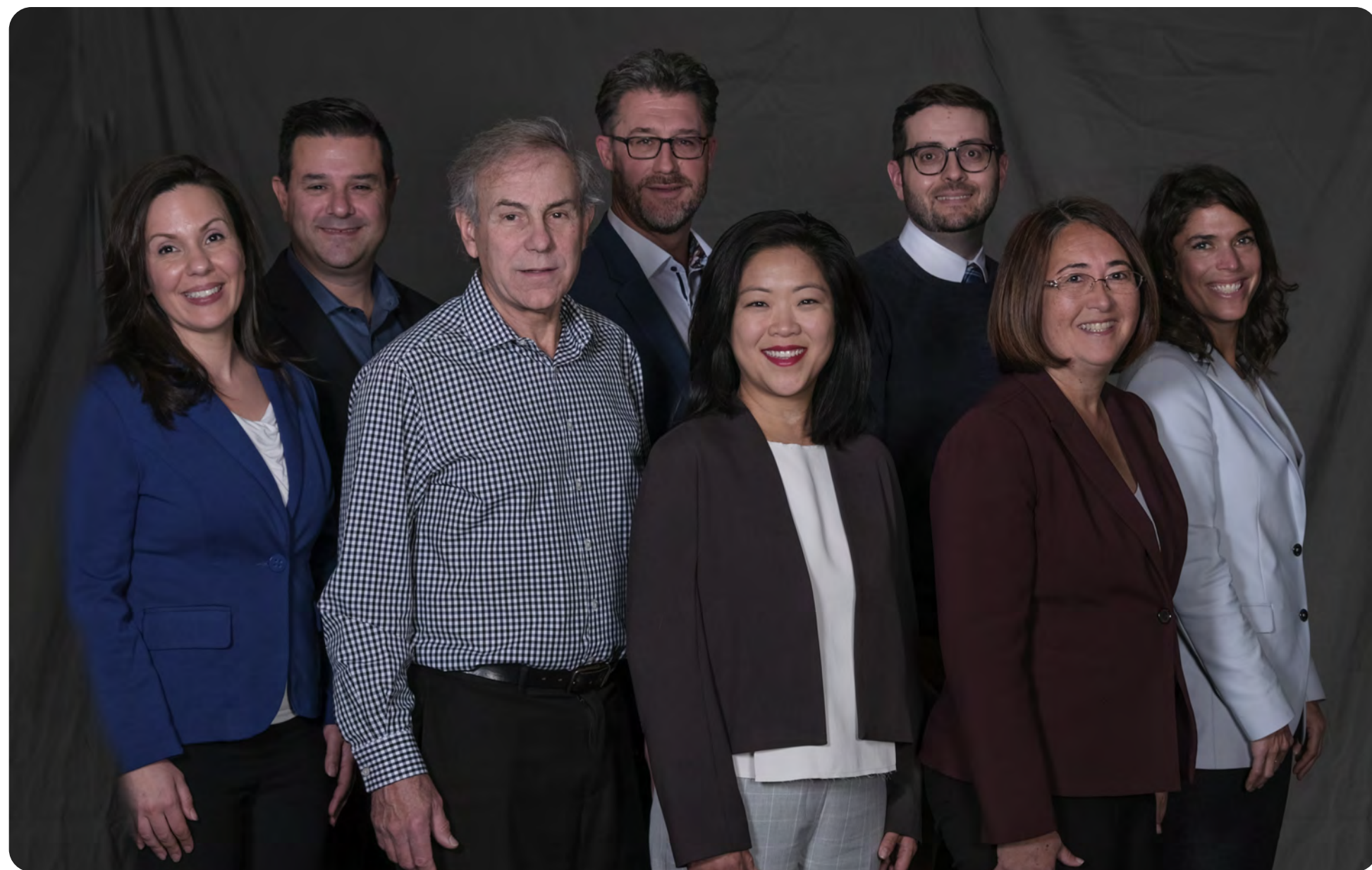
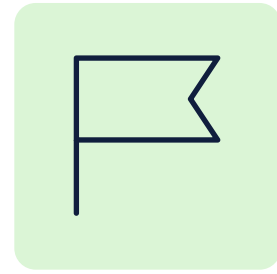
# MANDATE

To design, implement, operate, promote, and report on end-of-life recycling programs for electrical appliances and other electrical products.





# BOARD OF DIRECTORS



Absent from photo: Tom Siwek and Peter Maddock

**KIMI WALKER (CHAIR)**

Canadian Tire Corporation Retailer

**MARIE-ANNE CHAMPOUX-GUIMOND**

Keurig Dr. Pepper Canada Manufacturer

**JINIE CHOI**

Hudson's Bay Company Retailer

**CRAIG EMMERSON**

Bissell Canada Corporation Manufacturer

**THEO HORSDAL**

London Drugs Limited Retailer

**COLIN LALONDE**

Home Hardware Stores Limited Retailer

**TOM SIWEK**

Shark Ninja Manufacturer

**MILENA TOLASI**

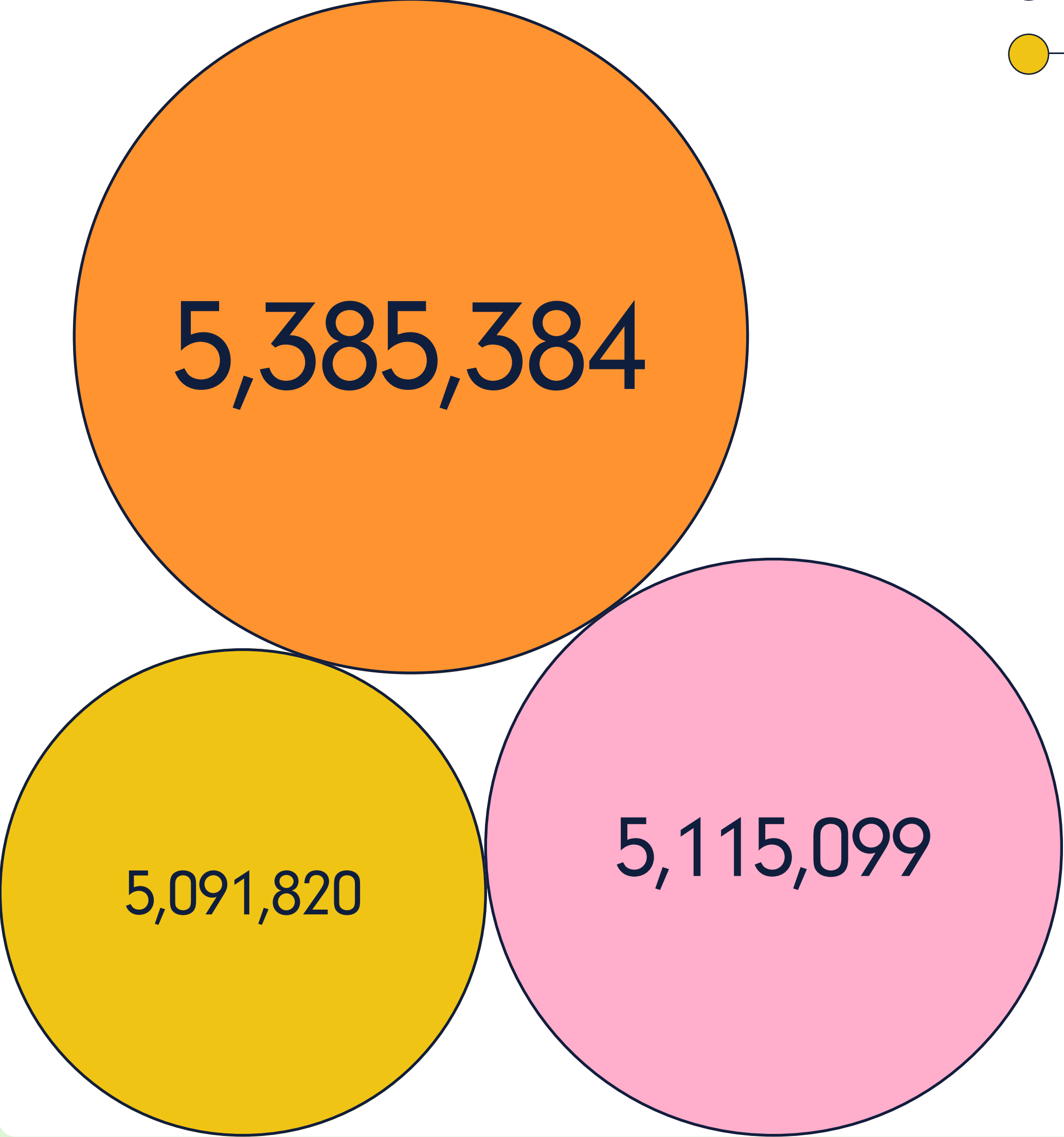
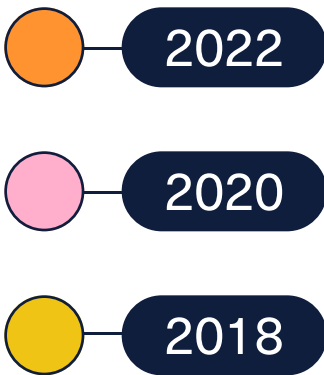
Costco Wholesale Canada Ltd Retailer

**DAVID WILLIAMS**

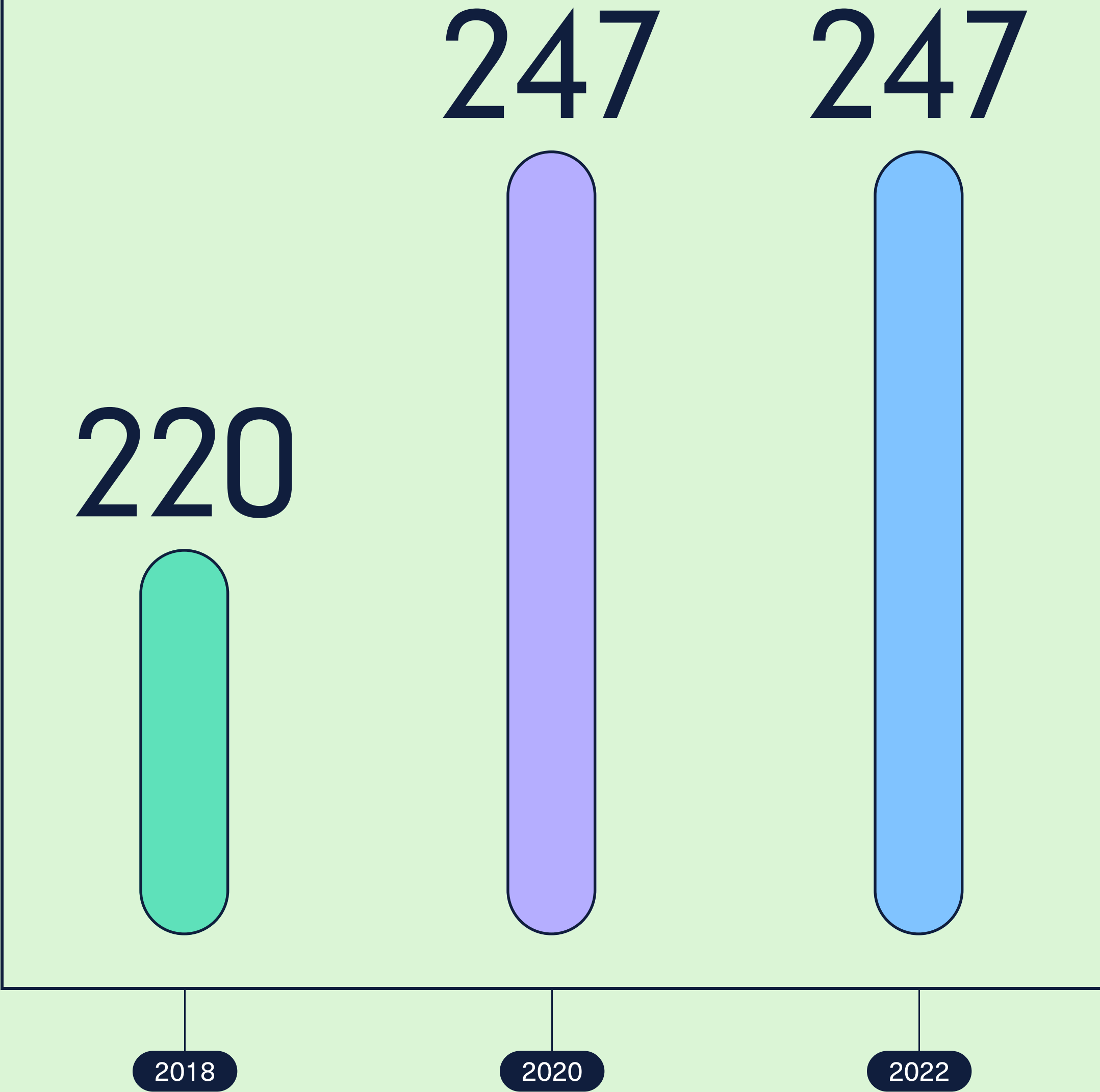
Hamilton Beach Manufacturer

# SUMMARY STATISTICS

TOTAL PRODUCT COLLECTED (KG)



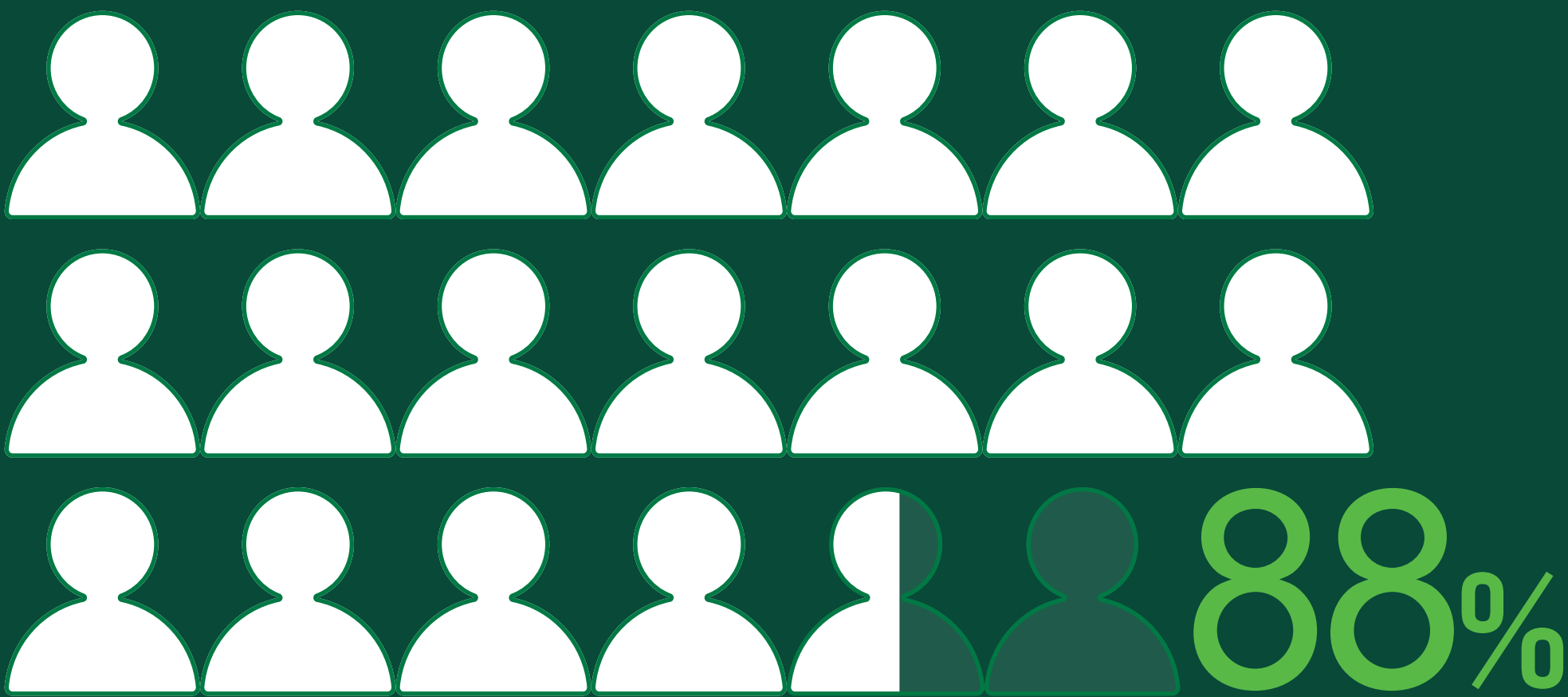
NUMBER OF COLLECTION SITES



# ACCESSIBILITY ACROSS BC

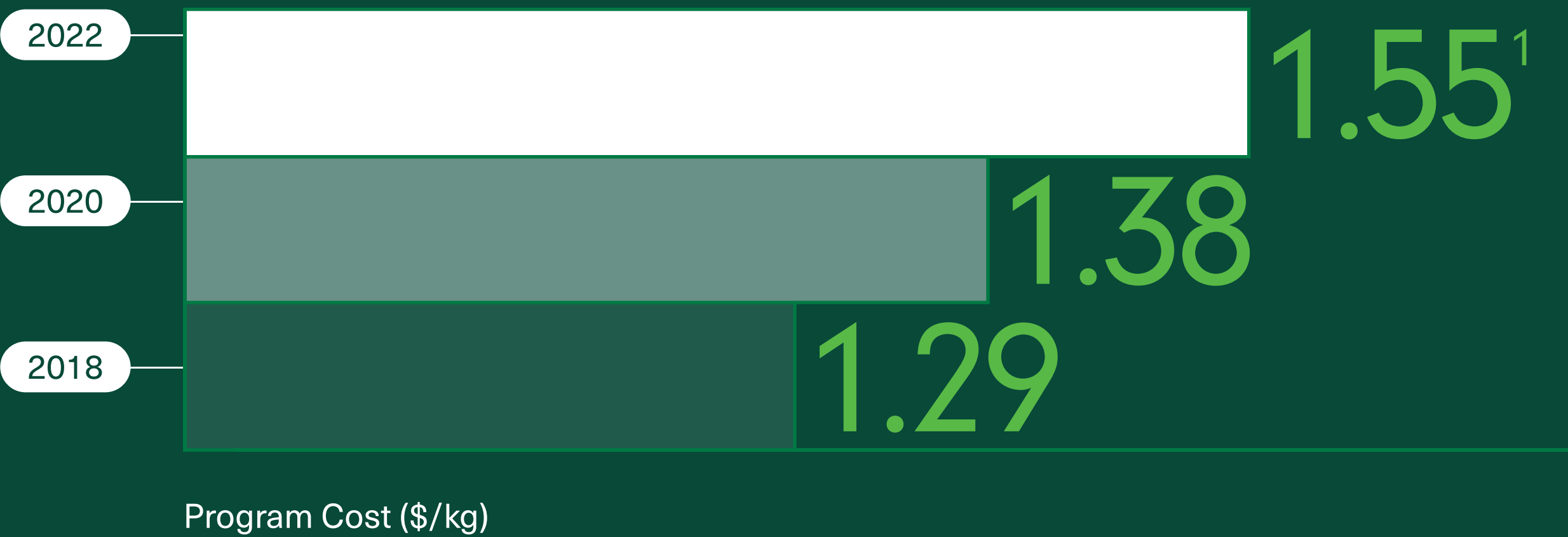


# CONSUMER AWARENESS



# FINANCIALS

<sup>1</sup>The increase in program cost is reflective of an increase in collection, transport and processing expenses. Please see Financial Statements for further detail.





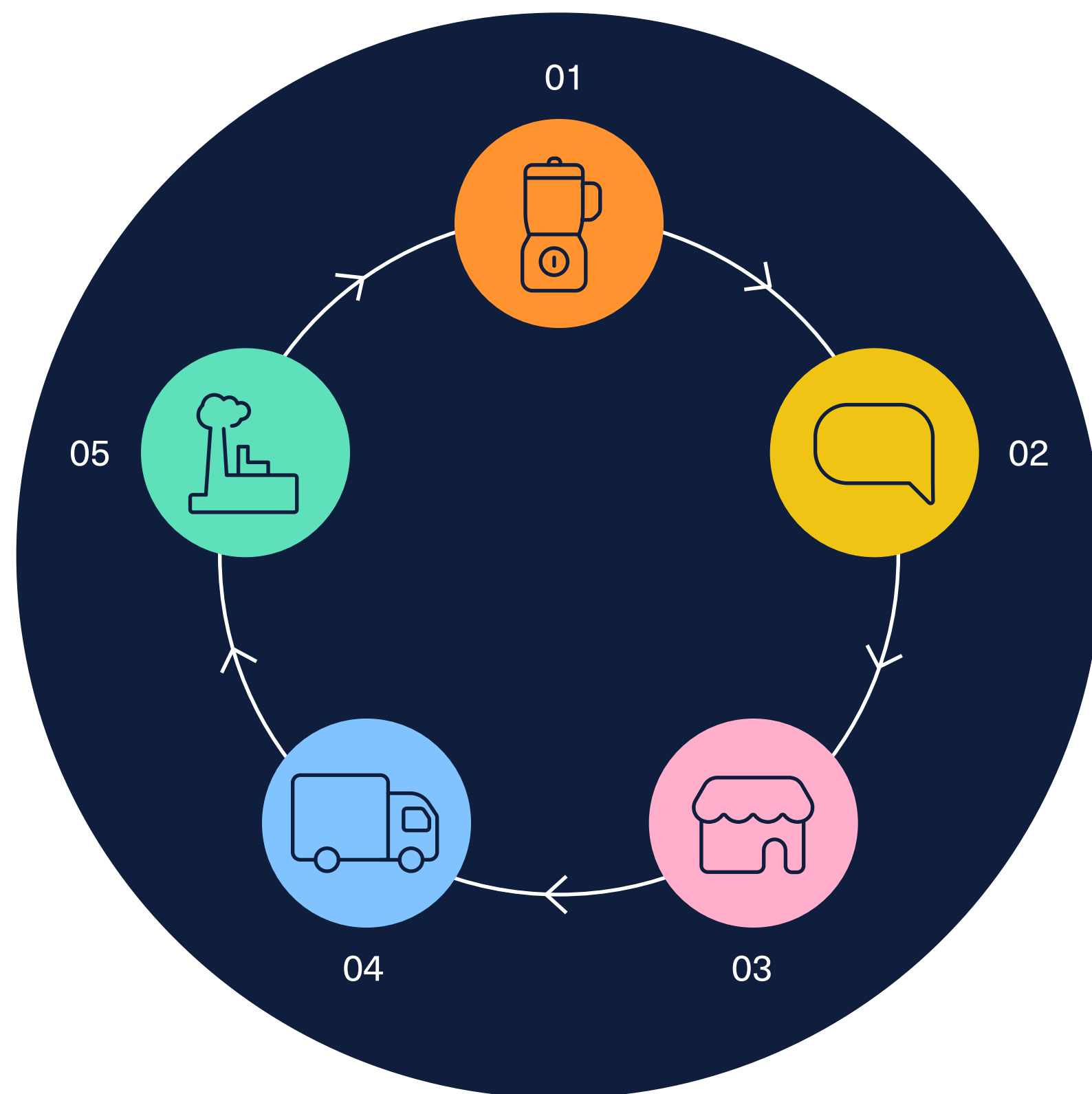
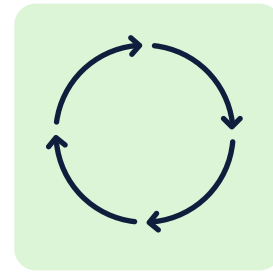
# PROGRAM OVERVIEW

# THE SUCCESSFUL EXECUTION OF ELECTRORECYCLE'S SMALL APPLIANCE AND POWER TOOL RECYCLING PROGRAM INVOLVES A NUMBER OF STEPS

This ensures the products are managed in an **environmentally-friendly** manner.



# CLOSE THE LOOP



- 01 Manufacturing and sale of product
- 02 Consumer awareness about recycling
- 03 Public accessibility to collection network
- 04 Transportation system for recyclable products
- 05 Processing of recyclable products into materials for reuse

The ElectroRecycle Program is supported by a well-established and far-reaching collection network that ensures both accessibility and convenience for the public when they need to recycle their post-consumer products.

To fulfill our vision of a circular economy, the program educates consumers about the pollution prevention hierarchy – promoting the importance of reuse and repair of products as the need for the item dwindles in its initial home or as the item wears out, then after exhaustion of those options, encouraging consumers to recycle.

We then educate consumers about the ElectroRecycle Program, what products they can recycle with us, where they can drop them off, and the importance of recycling small appliances and power tools that have reached their end-of-life.

Once products are brought to our collection network, the ElectroRecycle Program manages an environmentally responsible path for the products, ensuring diversion from landfill. We organize a safe and effective transportation system to appropriate processing sites for the recyclable products collected so the materials can be recovered and reused in various applications, including the manufacture of other products. These collective efforts serve our mission to deliver essential services and comprehensive resources that support manufacturers, brands and other legally obligated parties in providing cost-effective, efficient, and transparent end-of-life product management solutions.

# PUBLIC OUTREACH & AWARENESS





In 2022, the ElectroRecycle Program applied **innovative thinking** to all aspects of its marketing efforts. In addition to driving recycling awareness, the Program focused on the importance of **circularity** and implemented efficient new processes to educate the public.

From testing and learning through new digital tactics, to approaching events and partnerships in strategic ways to reach new audiences, the Program's thoughtful delivery of public education allowed residents across the province to learn about and be reminded of the program's vision to advance a circular economy.

Over the past few years, ElectroRecycle has consistently increased its investment in digital communications strategies to promote consumer awareness and encourage consumers to visit a collection location. In addition, traditional media, such as TV, radio, and events, were employed in 2022 to ensure broad reach across all of British Columbia, including audiences who rely upon traditional media for their news and community information.

The ElectroRecycle Program used 17 different media channels to reach consumers in 2022. The sum of all program tactics resulted in nearly 30 million impressions across British Columbia.

ElectroRecycle delivered on its core communications objectives to:

- Continue to be a leader in EPR for small appliances and power tools in BC by exceeding the consumer awareness target of 79% and increasing program awareness by focusing campaigns on specific product categories.
- Increase digital and social media advertising to achieve a 15% increase in website traffic.
- Reach underserved communities across BC by expanding remote event partnerships with local and regional governments, and by hosting mobile recycle depot events with the support of an Ambassador Outreach Program.

ElectroRecycle developed its 2022 communications strategy in accordance with the objectives noted above, which contributed to strong results in terms of high reach and website views across all tactics. In addition to educating the public about recycling services, the Program encouraged reuse and repair, and offered practical tips and resources to help consumers' efforts.





# MARKETING HIGHLIGHTS

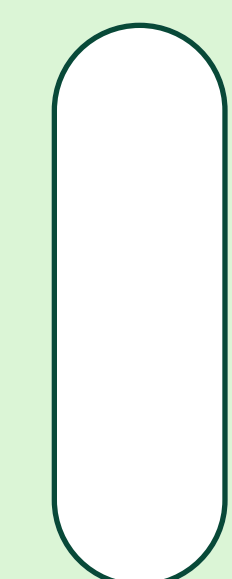
# 136,817

website visits

15%

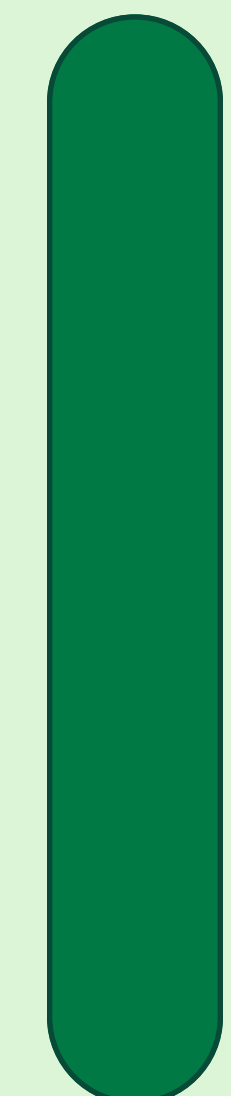
increase  
over 2021

118,502



2021

136,817



2022

## 6.2+ million

impressions through campaigns with partners such as HGTV.ca, The Weather Network, Globe and Mail, Daily Hive



## 5.9+ million

impressions across Facebook, Instagram and Facebook's audience networks



## 22M

impressions across all digital channels



## 6.5M+

impressions through TV ads on Global, BC1, and CBC



## 87%

of visits were from new visitors



## 27%

of website visits included a search for a recycling location



## ~10 million

Google Ads impressions



## CONSUMER AWARENESS

In 2022, survey results showed that **88%** of the province's adult population is aware that small appliances and power tools can be recycled in BC.

Every two years, CESA engages an independent, third-party research firm to measure awareness levels of the ElectroRecycle Program and gain insights about recycling behaviour. With an awareness level of 88% measured in 2022, the program continues to exceed the target awareness level of 79%.

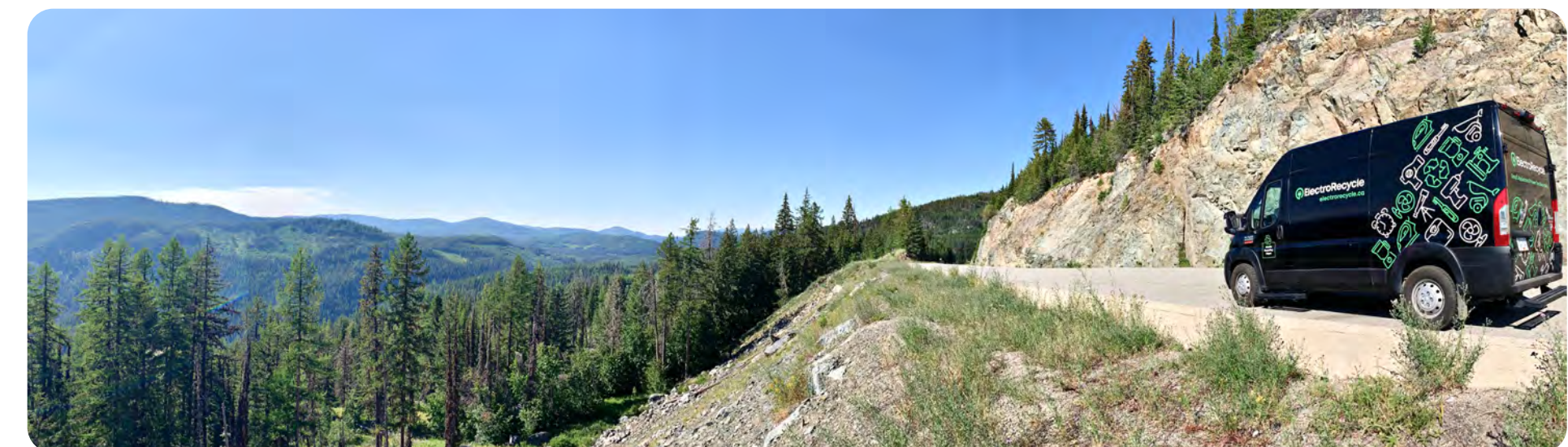
The survey results demonstrate that the ElectroRecycle Program has reached stable awareness levels (2020 awareness was 89% and 2018 awareness was 88%). Having reached peak awareness and maturation, the program will maintain the core of its general awareness strategy while placing a heightened focus going forward on the promotion of lesser-known products, while also paying special attention to ensuring awareness in smaller remote communities.

Since awareness remains stable and high, the Program has taken the opportunity to expand its public educate beyond recycling. In line with the vision to promote a circular economy, in 2022 the Program heavily emphasized the importance of reuse and repair. This was done through a combination of educational content, and by promoting resources for consumers to donate or repair their appliances, such as through Salvation Army and Repair Cafes.

## ACCESSIBILITY

The accessibility of the ElectroRecycle Program's collection network was 98% in 2022. This was determined through a Geographic Information System (GIS) analysis conducted by an independent third-party using population data, provincial road networks, and dissemination block files from the 2021 Census of Population by Statistics Canada. For the analysis, "access" was defined according to SABC's Accessibility Standard as being within a 30-minute drive time of an ElectroRecycle collection site for those living in urban areas, and within a 45-minute drive time for those living in rural areas.

While the ElectroRecycle Program's assessed accessibility came in lower than the target of 99.5%, this can be attributed to several factors, including an overall growth in BC's population, modification to BC's road networks, and an increase in the number of census dissemination blocks. Providing a high level of accessibility is an important priority of CESA and the ElectroRecycle Program will continue to identify gap communities annually to ensure service is provided each year through a permanent collection facility, if feasible, or through a collection event, direct pick-up services, or both.





# FILLING GAPS THROUGH COMMUNITY COLLECTION EVENTS

To further fulfill its mandate to design, implement, and operate comprehensive end-of-life recycling programs, the Program runs a robust collection event program. The following results were achieved through the events program.

## 2022 Results:

- ElectroRecycle collaborated with 47 communities in 21 regional districts to participate in a total of 73 collection events.
- Approximately 23,500 kg of ElectroRecycle program products were collected at the events (compared with an estimated 15,000 kg collected in 2021).
- ElectroRecycle participated in events in 30 communities that did not have access to a permanent collection site, in locations across 14 regional districts.

ElectroRecycle's 2022 outreach initiatives focused on providing collection opportunities in areas with reduced accessibility to permanent collection sites. To achieve this, ElectroRecycle operated its Summer Ambassador Program for the first time since 2019 (breaking a hiatus due to COVID-19 safety measures) using a revised approach. Instead of hiring outreach staff out of Vancouver, which had been the base of Summer Ambassadors from 2012 to 2019, the Summer Ambassador Program was run from Prince George.

Being situated in Prince George allowed the ambassadors to travel more efficiently and frequently to rural northern and eastern BC communities, providing additional collection opportunities for residents.

ElectroRecycle collaborated with new and longstanding community partners to participate in and host several types of events, including mobile depot pop-ups, farmers market collection booths, municipal and regional district roundups, repair cafes, and retailer events. ElectroRecycle facilitated collection events in all corners of the province, including Sandspit on Haida Gwaii, Tumbler Ridge in Northern BC, Canal Flats in the Eastern Kootenays, and Sooke on Southern Vancouver Island.

Additionally, ElectroRecycle was a sponsor of the First Nation Recycling Initiative (FNRI). Supported by several BC stewardship organizations, the FNRI seeks to bridge recycling accessibility gaps for First Nation communities throughout BC. The reach of FNRI's event initiatives expanded in 2022, increasing to 15 events from two events in 2021. ElectroRecycle's sponsorship of the FNRI facilitated the collection of over 4,000 kg of its program products from Indigenous communities.





## SCHOOL OUTREACH AND COLLECTION

To advance the mandate to design, implement, operate, and promote end-of-life recycling programs, ElectroRecycle educates at the school-level as a means to expand reach. Following a successful first year of educational projects with the Planet Protector Academy (PPA), ElectroRecycle partnered for a second year with the charity to provide classroom outreach opportunities in the 2021/2022 school year. PPA is a Vancouver-based charity that delivers environmental curricula within BC's school system for students in grades three through six. Messaging about the pollution prevention hierarchy and ElectroRecycle was incorporated into PPA's Zero Heroes lesson plans and ElectroRecycle sponsored the use of the lesson plans for teachers in 21 BC schools in 2022.

The schools were located throughout the province in both urban and rural centres, including Quesnel, Boston Bar, Burnaby, Lantzville, Richmond, and Armstrong. To enhance engagement with the Zero Heroes lessons and provide students at the 21 sponsored schools with hands-on learning opportunities, PPA and ElectroRecycle worked together to organize the "FILL IT UP for Earth Week" Small Appliance Recycling Competition. In total, the schools collected over 730 kg of program products for recycling.






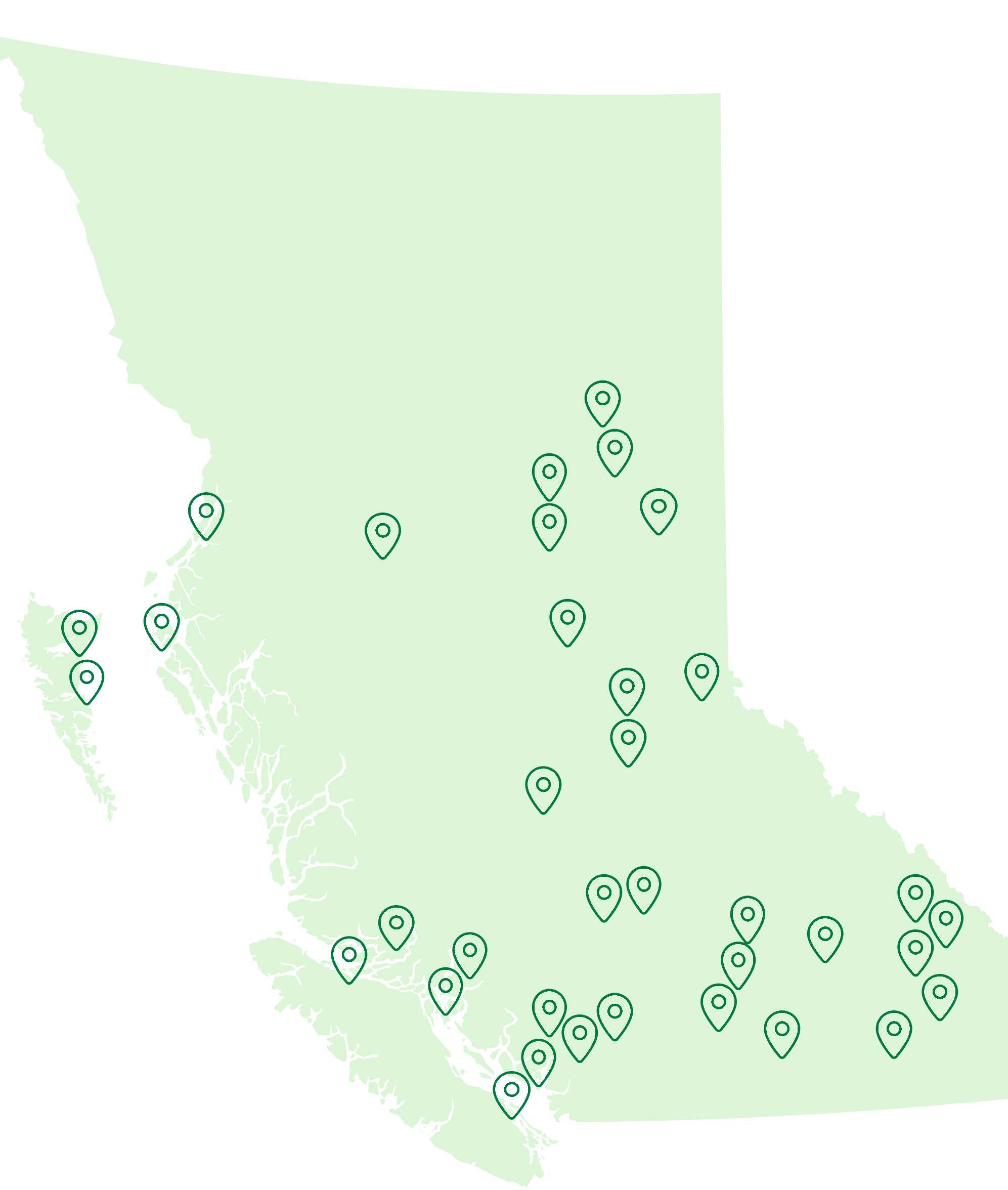
From 2020 to 2022, ElectroRecycle's partnership with PPA reached

**23,000 STUDENTS**   
**IN 15 DIFFERENT  
COMMUNITIES AND  
EIGHT REGIONAL  
DISTRICTS ACROSS  
THE  PROVINCE.**

# COLLECTION NETWORK



IN 2022, CESA'S  RECYCLING COLLECTION NETWORK  CONSISTED OF 247 ELECTRORECYCLE DROP-OFF LOCATIONS  ACROSS THE PROVINCE.





By means of the collection network British Columbians across the province can drop off unwanted electrical items—for free—at depots, private drop-off centres, municipal collection sites, service organizations, and return-to-retail locations. The permanent collection site system is enhanced by one-off collection events, as well as a direct pick-up program for organizations that generate large volumes of ElectroRecycle Program products.

The ElectroRecycle Program does not own or manage the hundreds of collection sites; rather, it contracts with organizations that collect recyclables. CESA's collection network relies on partnerships with these contracted organizations, which include private businesses, municipalities, regional districts, and non-profit organizations. The collection network is collaborative in nature, working to offer consumers access to consolidated drop-and-go locations that collect products from multiple stewardship agencies, with CESA being one of many. This robust network is one of the major cornerstones in achieving the mandate to design, implement, operate and promote end-of-life recycling programs for small appliances.

The model is beneficial on many levels, offering convenience to consumers, enhancing **accessibility** and providing **revenue** to depot operators.

To easily inform British Columbians of their closest collection site, CESA offers a location-based “depot finder” on its consumer-focused website, [ElectroRecycle.ca](https://www.electrorecycle.ca). Consumers can also obtain ElectroRecycle Program recycling information through BC's Recyclepedia – a recycling information portal accessible by app, website, and phone maintained by the Recycling Council of BC (RCBC). RCBC provides recycling information on a wide variety of products and is financially supported by the Stewardship Agencies of BC. Consumers can use their city or postal code to find their nearest collection facility to drop off their CESA program products. Hours of operation, directions, and contact information are also provided.



PROGRAM 

 HIGHLIGHTS



# COLLECTION

247

collection sites across  
British Columbia



98%

of British Columbians  
had convenient access  
to a collection site for  
regular products<sup>2</sup>



3,657

pieces of large  
exercise equipment<sup>3</sup>



+

968

pieces of large power  
tools were collected<sup>3</sup>

4,662 tonnes  
of CO2 saved<sup>4</sup>



5,385,384 kg

of Program Product collected

=

180

humpback whales



<sup>2</sup>Defined as a 30-minute drive or less for urban areas and a 45-minute drive or less for those in rural areas of the province.

<sup>3</sup>Unlike regular products, these very large products are not managed through the Program's recycling process but are managed as scrap metal by a number of contracted collection sites.

<sup>4</sup>Calculation based on the EPA Waste Reduction Model (WARM).

# EVENTS & AWARENESS

 **88%**  
consumer awareness

 **29.5 MILLION**  
media impressions

 **23,510 KG**  
collected at events

 **17 MEDIA CHANNELS**  
to educate the public

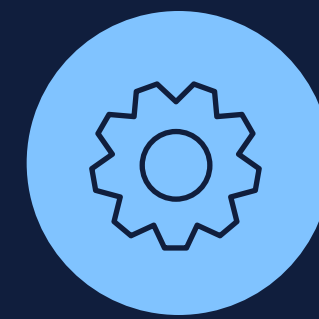
 **73 EVENTS**  
across 21 regional districts

 **21 SCHOOLS SPONSORED**  
to receive Zero Heroes lessons and collection competition





PROCESSING

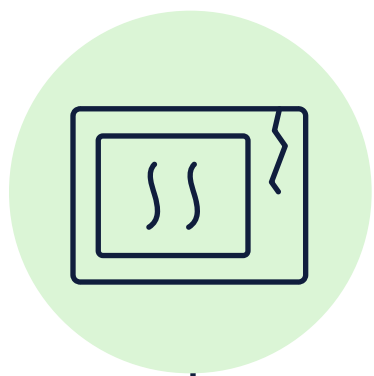


In 2022, **95%** of collected materials were recycled and repurposed to create new items, via CESA's three contracted processors.

CESA strives to manage collected materials in accordance with the pollution prevention hierarchy wherever feasible and economically viable. When small appliances and power tools reach their end-of-life in BC, CESA delivers on its mission to create of cost-effective, efficient, and transparent end-of-life product management solutions. This is achieved in partnership with a wide-reaching network of collection, shipping, and processing vendors.

The ElectroRecycle Program handles products along a responsibly traced network, forming a made-in-Canada solution from beginning to end. CESA's processors must adhere to the Electronics Product Stewardship Canada (EPSC) Electronic Recycling Standard, the industry standard for like-products (e.g., electrical, electronic, and battery-operated). The EPSC standard defines the minimum requirements for handling end-of-life electronics and contains mandatory environmental, occupational health and safety, and material handling requirements. These standards help CESA deliver on its vision to be the preferred partner to support stewards in working together to advance a circular economy.

Once the products reach the processors, each item is broken down into component parts, such as glass, metal, and plastic, for recycling, recovery, or both. As CESA accepts over 400 different types of products, it reports out on the materials by commodity only, and not by product type or component.



## COLLECT

ElectroRecycle collects broken small appliances and power tools at 247 collection sites in BC.



## TRANSPORT

The items collected are transported to processing facilities in Canada.



## RECYCLE

Small appliances and power tools are broken down into their component parts including glass, metal, plastic and precious metals.



## REPURPOSE

Each individual material is sent for recycling and repurposed to create new items.

# FINANCIAL STATEMENTS



# INDEPENDENT AUDITORS' REPORT

To the Members,  
Canadian Electrical Stewardship Association

## Report on the Audit of the Financial Statements

### OPINION

We have audited the financial statements of Canadian Electrical Stewardship Association (the "Association"), which comprise the statement of financial position as at 31 December 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2022, 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.

### 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, 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 FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements. 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 financial statements, 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.
- 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 auditors' report to the related disclosures in the financial statements 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent 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.

**Chartered Professional Accountants  
Vancouver, Canada**



# STATEMENT OF FINANCIAL POSITION

## ASSETS

	2022 (\$)	2021 (\$)
Current		
Cash	635,299	1,313,369
Accounts receivable (Note 3)	1,538,448	1,655,995
GST/HST receivable	94,689	68,660
Prepaid expenses	60,807	72,110
	2,329,243	3,110,134
Internally restricted investments (Note 5)	13,724,288	14,848,618
Long-term investments (Note 6)	4,627,114	5,814,285
Tangible capital asset (Note 4)	21,406	29,969
	20,702,051	23,803,006

## LIABILITY

	2022 (\$)	2021 (\$)
Current		
Accounts payable and accrued liabilities	1,548,682	1,492,349
Commitments (Note 7)		

## NET ASSETS

	2022 (\$)	2021 (\$)
Unrestricted	5,429,081	7,462,039
Internally restricted — Reserve Fund (Note 9)	13,724,288	14,848,618
	19,153,369	22,310,657
	20,702,051	23,803,006

## APPROVED BY THE DIRECTORS:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# STATEMENT OF CHANGE IN NET ASSETS

	Unrestricted (\$)	Internally Restricted Reserve Fund (\$)	Total 2022 (\$)	Total 2021 (\$)
Balance — Beginning of Year	7,462,039	14,848,618	22,310,657	21,251,583
Excess (deficiency) of revenues over expenses for the year	(3,157,288)	-	(3,157,288)	1,059,074
Fund transfer — Reserve Fund (Note 9)	1,124,330	(1,124,330)	-	-
Balance — End of Year	5,429,081	13,724,288	19,153,369	22,310,657

# STATEMENT OF OPERATIONS

	2022 (\$)	2021 (\$)
Revenues (Note 8)	6,622,837	7,522,728
Expenditures		
Collection, transportation, and processing	6,451,047	6,073,160
Administration (Note 3)	1,315,097	1,149,878
Communications	502,690	340,620
Amortization	8,563	8,563
	8,277,397	7,572,221
Deficiency of revenues over expenses from operations	(1,654,560)	(49,493)
Other income (expense)		
Investment income	690,691	605,251
Investment management fees	(67,182)	(71,494)
Unrealized gain (loss) on market value of investments	(2,126,237)	574,810
	(1,502,728)	1,108,567
Excess (deficiency) of revenues over expenses for the year	(3,157,288)	1,059,074

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

	2022 (\$)	2021 (\$)
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	(3,157,288)	1,059,074
Items not involving cash		
Amortization	8,563	8,563
Unrealized gain on market value of investments	2,126,237	(574,810)
	(1,022,488)	492,827
Changes in non-cash working capital balances		
Accounts receivable	117,547	(6,748)
GST / HST receivable	(26,029)	68,138
Prepaid expenses	11,303	37,661
Accounts payable and accrued liabilities	56,333	(126,953)
	(863,334)	464,925
Investing activities		
Redemption (purchase) of long-term investments	(139,474)	350,730
Net transfer from (to) Reserve Fund	324,738	(375,179)
	185,264	(24,449)
Net (decrease) increase in cash	(678,070)	440,476
Cash - beginning of year	1,313,369	872,893
Cash - end of year	635,299	1,313,369

# NOTES TO THE FINANCIAL STATEMENTS

## 1. INCORPORATION

Canadian Electrical Stewardship Association (the “Association”) was incorporated under the Canada Corporations Act on 8 March 2010 and commenced operations on 1 October 2011. The Association was issued a certificate of continuance under the Canada Not-for-Profit Corporations Act on 2 August 2012. The Association is a not-for-profit organization and it is not subject to income taxes providing certain requirements are met.

The Association is a Product Stewardship Agency of manufacturers, brand owners and retailers of electrical small appliances, power tools, sewing machines, exercise, sports and leisure equipment, and arts, crafts and hobby devices. The Association's purpose is to assist manufacturers, brand owners and other legally obligated parties (e.g. retailers, importers or distributors) in meeting regulatory requirements to establish end-of-life product collection and recycling programs under the British Columbia Recycling Regulation (Reg. 449/2004, O.C. 995/2004) (the "Regulation").

## 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) REVENUE RECOGNITION

Revenue from environmental handling fees ("EHF") is recognized at the time an EHF applicable product is sold by a member of the Association, and the EHF becomes due and payable. EHF's are received from registered members which participate in the Association's program.

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 members report and remit them as required by applicable provincial environmental legislation.

Members who join the program after the program's start date are obligated to remit EHF back fees for all products sold from the earlier of the program's start date or the date on which the member started selling designated products. The back fees are recognized as revenue when the amounts are determinable by the Association.

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

### (B) CASH & CASH EQUIVALENT

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.

### (C) TANGIBLE CAPITAL ASSET

The tangible capital asset is recorded at cost. The Association provides for amortization using the straight-line method at a rate designed to amortize the cost of the tangible capital asset over its estimated useful life. The annual amortization rate is as follows:

Vehicle: 5 years



(D) 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 investments 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 statements of operations. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include long-term investments and internally restricted investments.

(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.

(E) 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Key areas where management has made estimates and assumptions include recognition of accrued liabilities, revenue recognition of EHF and provisions for allowance for doubtful accounts related to accounts receivable. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

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

	2022 (\$)	2021 (\$)
Accounts receivable	1,588,847	1,700,532
Allowance for doubtful accounts	(50,399)	(44,537)
	1,538,448	1,655,995

During the year, the Association recorded bad debt expense of \$7,945 (2021 - \$7,517) that has been included in administration expense.

4. TANGIBLE CAPITAL ASSET

	Cost (\$)	Accumulated Amortization (\$)	2022 Net (\$)	2021 Net (\$)
Vehicle	45,331	23,925	21,406	29,969

5. INTERNALLY RESTRICTED INVESTMENTS

Internally restricted investments are comprised of assets which have been internally restricted by the Association's board of directors related to the Reserve Fund (Note 9):

	2022 Market (\$)	2022 Cost (\$)	2021 Market (\$)	2021 Cost (\$)
Cash equivalents	882,216	882,216	901,683	901,683
Fixed income	9,168,284	9,751,151	9,162,333	9,123,317
Equity	3,673,788	3,013,298	4,784,602	3,125,661
	13,724,288	13,646,665	14,848,618	13,150,661

6. LONG-TERM INVESTMENT

	2022 Market (\$)	2022 Cost (\$)	2021 Market (\$)	2021 Cost (\$)
Cash equivalents	259,987	259,987	283,397	283,397
Fixed income	3,158,640	3,366,691	3,851,927	3,865,109
Equity	1,208,487	976,357	1,678,961	1,104,342
	4,627,114t	4,603,035	5,814,285	5,252,848

7. COMMITMENTS

The Association has a lease agreement for its office premises that will expire on 31 March 2024. The minimum annual payments required by the lease are as follows:

2023	2,400
2024	600
	3,000

8. REVENUES

Revenues from EHF's are comprised of the following amounts:

	2022 (\$)	2021 (\$)
EHF revenue — current year	6,597,293	7,429,444
EHF revenue — back fees	25,544	93,284
	6,622,837	7,522,728

9. RESERVE FUND

The Reserve Fund has the following purposes:

- (a) To manage the year to year cost of fluctuations in volumes and costs and thereby stabilize recycling fees;
- (b) To cover the costs of winding up the Association by the decision of the members or as a consequence of regulatory change;
- (c) To cover any claims against the Association, its staff or Board of Directors in excess of the Association's insurance coverage;
- (d) To enable the Association to reduce its insurance costs for the management of environmental risk, or any other risk;
- (e) To cover any unusual or extraordinary costs not accounted for in the operating budget;
- (f) To be used in the event that unexpected expenses to drive program collection, awareness or expansion are determined necessary to maintain operations; and
- (g) To meet recovery targets in British Columbia or any other province in which the Association may operate in the future.

The Reserve Fund is internally restricted and transfers to the Reserve Fund are at the discretion of the Board of Directors up to a maximum amount, which is the greater of the cumulative forecasted expenses for the following fiscal year and the cumulative prior year expenses, plus other amounts deemed necessary by the Board of Directors. The Reserve Fund is funded by investments which have been internally restricted by the Association's Board of Directors (Note 5). The assets in the Reserve Fund consist of investments in cash equivalents, fixed income investments, mutual funds, and equity securities and is independently managed (Note 5). All income earned and expenses paid on those investments are initially reported in the unrestricted fund and then transferred to the Reserve Fund. As of 31 December 2022, \$1,124,330 was transferred from the Reserve Fund to the unrestricted fund. During the prior year, \$820,435 was transferred from the unrestricted fund to the Reserve Fund.



## 10. 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 2022.

### (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 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 members. 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 this risk exposure from the prior year.

### (B) LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Management is of the opinion that the risk is not material due to the Association's strong working capital position. There has been no change to this risk exposure from the prior year.

### (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 fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 8% (2021 - 9%) of the Association's investments are denominated in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. There has been no change to this risk exposure from the prior year.

### (B) 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. The Association does not use financial instruments to reduce its risk exposure. There has been no change to this risk exposure from the prior year.

### (C) 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 market. The Association is exposed to other price risk through its long-term and internally restricted investments, which are held in professionally administered funds. These funds are subject to fluctuating returns based on the market and exposed to the risk of market volatility. Risk has been assessed by management and an investment policy adopted to mitigate such market risk. There has been no change to this risk exposure from the prior year.