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ANNUAL REPORT OVERVIEW

Who We Are. What We Do.

The British Columbia Used Oil Management Association (BCUOMA) is a not-for-profit society formed under the British Columbia Society Act in 2003. BCUOMA operates a province-wide collection and recycling program for used oil, used antifreeze, oil filters and related containers for both do-it-yourself consumers as well as the commercial and industrial markets.

Since its inception, BCUOMA has improved collection and recycling performance in all regions of the province – and across all product categories. This commitment to continuous improvement is a key focus of the extended producer responsibility plan.

BCUOMA is managed by a multi-stakeholder Board of Directors with representatives from various sectors, including manufacturing, retail, local government and the public at large. BCUOMA provides incentives to recyclers to ensure that oil, filters, antifreeze, and containers throughout BC are collected and managed. The collectors pick up the materials from generators and publicly-accessible Return Collection Facilities (RCFs) across the province and deliver the materials to the BCUOMA registered processors, where they are processed to the point that they can be reused or sold as raw material inputs for manufacturing or energy products.



BCUOMA COLLECTOR ZONES

Our Mandate

BCUOMA's mandate is to ensure the responsible collection and management of the used oil, antifreeze, filters and containers required under the BC Recycling Regulation as well as provide British Columbians with an eco-friendly and cost-effective way to recycle these materials. Each year, approximately 50 million litres of oil and 3 million liters of antifreeze are collected and responsibly managed through the BCUOMA program.

Used oil collected through the program is re-refined into new lubricating oil or processed for use in pulp mills, cement plants and in asphalt plants. Like oil, antifreeze is also a product that is highly recyclable, with most of the used antifreeze being recycled into new automotive antifreeze. Oil filters are crushed and taken to a steel mill to manufacture reinforcing steel, while plastic oil and antifreeze containers are recycled into new oil containers, drainage tiles, and parking curbs.

LETTER FROM THE BCUOMA CHAIR

On behalf of the BC Used Oil Management Association, I am pleased to present the 2019 Annual Report.

Over the past year our focus has been on maintaining excellent collection results as well as providing all British Columbians with reasonable access to recycling facilities. I am happy to report that we were successful in both areas; with collection totals increasing for both used oil and antifreeze and accessibility totals that exceeded even our own aspirational goals.

These successes were, in large part, achievable due to the sound fiscal management of all association programs. Infrastructure investments in previously underserved communities helped grow our Return Collection Facility (RCF) program in the right areas. This focus on infrastructure was impactful both in increasing accessibility and ensuring program materials were collected—and recycled—responsibly.

In 2019, we increased our commitment to helping First Nations communities around BC by becoming the first Associate Member of the newly formed Indigenous Zero Waste Technical Advisory Group (IZWTAG). Through IZWTAG we are able to identify First Nations communities that need our help in safely removing used oil and other BCUOMA program products and ensure those materials are responsibly recycled.

On a national level, we continued our work with the other provincial used oil management programs on the development of a single Canada-wide electronic reporting system for Environmental Handling Charges (EHCs). The One Window program will launch in early 2020 and is an excellent example of the benefits of national collaboration and our move towards modernization of key business functions.

Overall, 2019 was a year of great progress across all areas of our business. With a strong Board of Directors and a committed group of senior management leading the way, BCUOMA is poised to continue on a path of growth and success into 2020.

Brian Ahearn



Board Chair
BCUOMA

2019 BCUOMA BOARD OF DIRECTORS

Brian Ahearn, Chair
Canadian Fuels Association

Lonnie Cole, Secretary
Filter Industry

Natalie Zigarlick, Treasurer
Public Member

Don Hetherington
Mr. Lube Canada

Dan Higgins
Canadian Tire

Sam DeGuillio
Antifreeze Industry

Vincent Gauthier
Petro-Canada Lubricants Inc.

Gord Klassen
City of Fort St. John

Wayne Marees
Chevron Canada Ltd.

51,436,907
LITRES

**IN 2019, WE COLLECTED THE HIGHEST TOTAL AMOUNT
OF USED OIL IN THE PROGRAM'S HISTORY.**

COLLECTION NETWORK PERFORMANCE

BCUOMA is a mature product stewardship program with a vast collection network spread across 11 designated zones. Collection occurs through the over 4,000 generators in BC, many of these generators change oil, filters, and antifreeze commercially and then call the collectors in the BCUOMA program for pick-up. Any approved end use must be environmentally sound and in compliance with environmental requirements.

Of all the oil and antifreeze collected in BC, most is collected from commercial facilities such as service stations, lube shops and large commercial operations (e.g., mining, forestry and agriculture). These commercial facilities are typically serviced by a BCUOMA Registered Collector that has a service agreement with that facility.

Approximately 4% of the oil and 5% of the antifreeze collected in BC comes from consumers that change their own oil/antifreeze or small commercial operators that choose to use the free consumer drop-off system.

For consumers that choose to change their own oil or antifreeze, BCUOMA has a province-wide network of registered Return Collection Facilities (RCFs) that provide consumers with free access for recycling. Currently numbering 274, these RCFs are often located in high traffic retail locations but can also be located at industrial sites, multi-material private depots (bottle depots) and local government recycling/landfill sites.

| Year | Number of Facilities |
|------|----------------------|
| 2019 | 274 |
| 2018 | 291 |
| 2017 | 314 |

(Note: Appendix 'A' lists the 274 RCFs by community.)

Given the low product volumes represented by consumer collection, accessibility to recycling (see Page 12) is considered a more meaningful BCUOMA performance measure for this stream than the level of product recovery.

BCUOMA has continued to focus efforts on improving the consumer experience and environmental performance at RCFs and as part of that commitment, has invested in new infrastructure such as modified sea containers with spill containment, collection tanks and consumer friendly signs.

In recent years, some retailers that were being inundated with late night drop offs, mystery materials and other products not part of the program (e.g., paint, tires, couches) have chosen to drop out of the BCUOMA program.

When this happens, BCUOMA reviews the community needs and accessibility targets in the affected areas and works to replace the departing RCF with a new one. Where that can't be done, an existing RCF may be asked to increase their volume and is awarded an Infrastructure Grant to help them manage the increased level.

A total of 39 Infrastructure Grants were awarded in 2019 to help ensure there were consumer drop off locations available in under-served communities around the province.

Using our Stewardship Plan as a guide, BCUOMA remains committed to providing a stable and longstanding program in BC while also continuing to find ways to make improvements that will benefit our members, key stakeholders and the residents of British Columbia.

BCUOMA will continue to work with other used oil associations across Canada to harmonize its processes where it makes sense to do so. BCUOMA will also continue to monitor the marketplace trends for new and recycled oil and make program adjustments as necessary.

COLLECTION EVENT SUMMARY

Building off the increased commitment to community partnerships we made in 2018, BCUOMA continued to provide financial support for community collection events operated by Regional Districts, municipalities and community groups.

These events are often multi-material events that are also supported by other stewardship programs and provide residents with an opportunity to recycle many different types of products at the same time. Organizations are invited to apply for a BCUOMA Community Collection Event grant, which is currently \$1,500 per event.

These events are geared to communities that are interested in having an event in place of a facility, or as a consumer awareness initiative in communities that already meet the service level. In 2019, BCUOMA provided support for 12 community events:

| | |
|-----------------------|------------|
| May 11 | Merritt |
| May 25 | Ashcroft |
| June 8 | Kamloops |
| June 15 | Salmo |
| September 7 | Castlegar |
| September 8 | Nelson |
| September 14 | Creston |
| September 15 | Kaslo |
| September 21 | Silverton |
| September 22 | Nakusp |
| October 5 | Chilliwack |
| October 26 & 27 | Langley |



Photo courtesy of the City of Chilliwack from the October 5 event.

COMMUNICATIONS & PUBLIC OUTREACH

In 2019, as part of the newly implemented Communications Strategy, roles and responsibilities were re-evaluated both internally and externally to ensure greater integration and support for the operational work. BCUOMA also focused on using owned and earned marketing channels more effectively to build consumer knowledge and brand awareness.

BCUOMA continued to use proven communications channels, such as social media and online advertising, as well as information brochures and handouts to reach British Columbians. But the association also looked at new advertising channels including television spots and bus advertising to increase the reach in targeted areas.

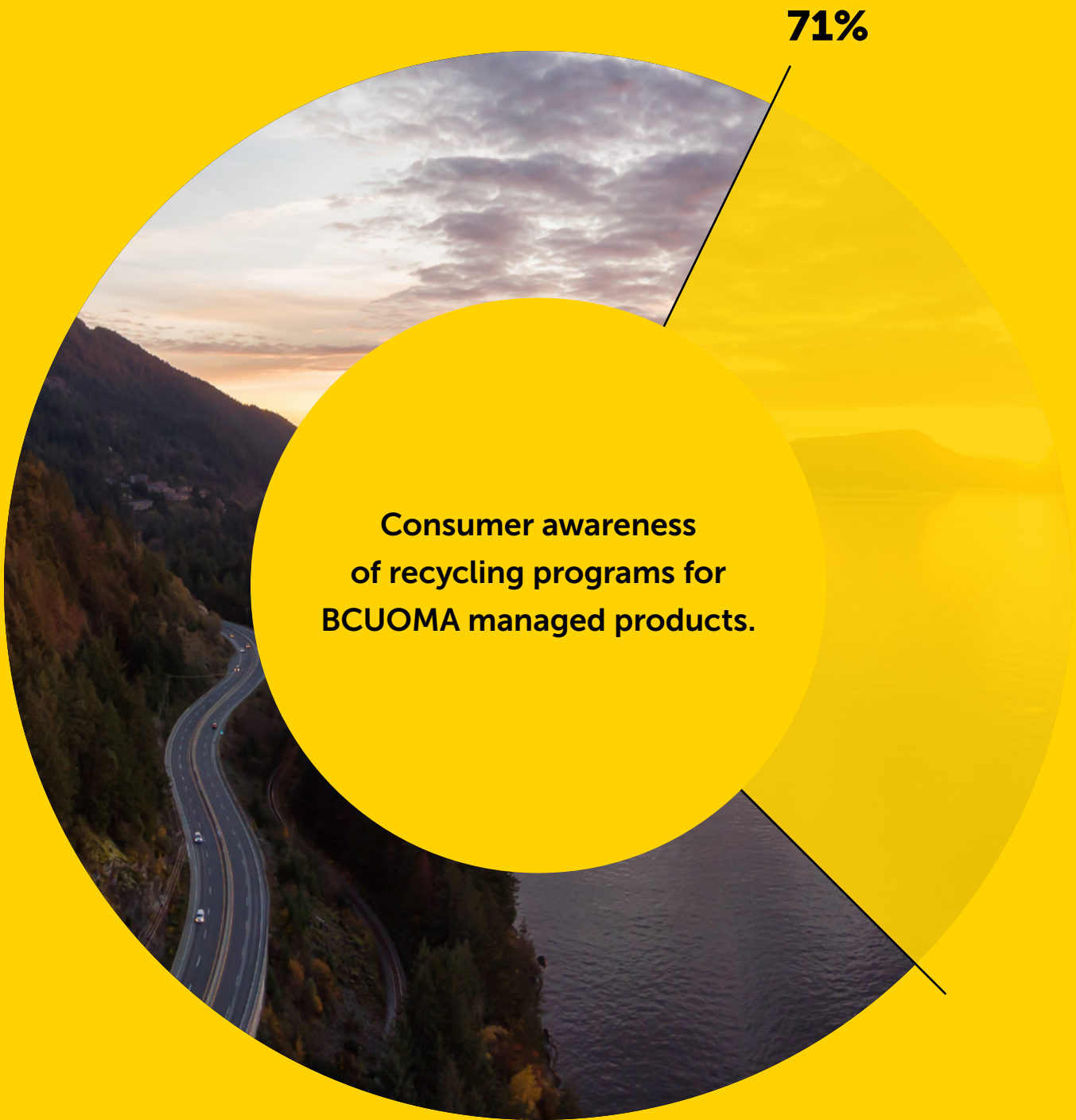
Community engagement teams were active in communities around the province, sharing key program information and answering questions. These 'street teams' attended nine high-profile events including the Celebration of Light, Tsawwassen Sun Festival Show & Shine, Vancouver Pride Parade & more.



Street teams made their way around the province.



The awareness campaign reminded British Columbians that used oil can be cleaned again and again.



CONSUMER AWARENESS

The most recent Consumer Awareness Benchmark Study for all Stewardship Programs in BC was completed in 2018. Consumers from all areas of the province were included in the study and the results showed that 71% of consumers are aware there is a recycling program in the BC for BCUOMA managed products.

As BCUOMA is largely a commercial program, with 96% of the product collected coming from commercial facilities, broad awareness is not as critical a performance measure for us as it is to a more consumer-oriented product and program. With that in mind, in 2019 we transitioned our

marketing efforts to focus more on reaching the British Columbians that actually change their own oil and therefore utilize our program directly.

| YEAR | CONSUMER AWARENESS % | CHANGE FROM PREVIOUS |
|------|----------------------|----------------------|
| 2018 | 71% | -7% |
| 2016 | 78% | +8% |
| 2014 | 70% | - |

DOING OUR PART

BCUOMA remains committed to protecting the environment and doing our part to keep program products out of landfills, waterways and other sensitive areas.

To help ensure materials are properly recycled and not disposed of, we have worked hard on increasing consumer accessibility to RCFs resulting in 99% of British Columbians having reasonable access to a facility. Our investment in new infrastructure such as modified sea containers with spill containment, new collection tanks and consumer-friendly signage, has resulted in improved environmental performance at all facilities.

As well, by requiring all registered Collectors to ship materials to a BCUOMA registered Processor, we are able to work with industry to ensure the approved end use is environmentally sound. BCUOMA also continues to consult with local governments, regional districts and environmental groups to ensure our program is meeting the most up to date environmental requirements.



Photo from Hesquiaht First Nation.

COLLABORATION EFFORTS



Recycling Council of BC

As part of BCUOMA's commitment to ensuring access to key program information at all times, BCUOMA participates with other stewardship programs to fund the Recycling Council of BC's hotline and Recyclopeda database. Consumers looking to have their recycling questions answered can call the hotline at 1-800-667-4321 or use the Recyclopeda app.



BC Recycles (SABC)

BCUOMA is an active member of the Stewardship Agencies of British Columbia (SABC), an informal alliance of industry product stewardship organizations. SABC works with government, service providers and other stakeholders to ensure B.C.'s extended producer responsibility model is successful and cost effective.



Provincial Programs (UOMAs)

BCUOMA works closely in partnership with all of the other provincial programs through the national working group, the National Used Oil Material and Antifreeze Advisory Council (NUOMAAC) which coordinates the Canada-wide used oil and antifreeze materials recycling effort and encourages national standards. The UOMA industry-led stewardship program model works in close collaboration to achieve environmental, economic and socio-economic successes across Canada.



Indigenous Zero Waste Technical Advisory Group (IZWTAG)

In 2019, BCUOMA was pleased to become the very first Associate Member of the Indigenous Zero Waste Technical Advisory Group (IZWTAG), a non-profit society dedicated to supporting zero waste systems in all First Nation communities in BC. As an Associate Member, BCUOMA is committed to working with IZWTAG to ensure used oil and other BCUOMA program products are safely collected from First Nation communities and responsibly recycled.



 **99%**
of British Columbians have reasonable
access to a registered BCUOMA facility.

 **1%**
of British Columbians do not.

ACCESSIBILITY

In the most recent Stewardship Plan submitted by BCUOMA to the Government of BC, the association committed to applying the Stewardship Agencies of BC (SABC) Accessibility Standard, as a minimum service level that stated 95% of the population of BC had access to a BCUOMA registered facility.

However, we also set an aspirational goal of providing access to at least 99% of British Columbians.

In 2019, we not only met our aspirational goal but exceeded it by ensuring that 99% of BCs population was covered (compared to 98.1% the year before).

ENHANCED ACCESSIBILITY GOALS

Over the past two years, BCUOMA has completed three separate studies to analyze our registered collection network, measure accessibility and customize an accessibility standard that supports all user types.

The work done to date by BCUOMA to understand the user needs, and develop a return collection network that adequately services its specific user needs, is unmatched by any other program in Canada.

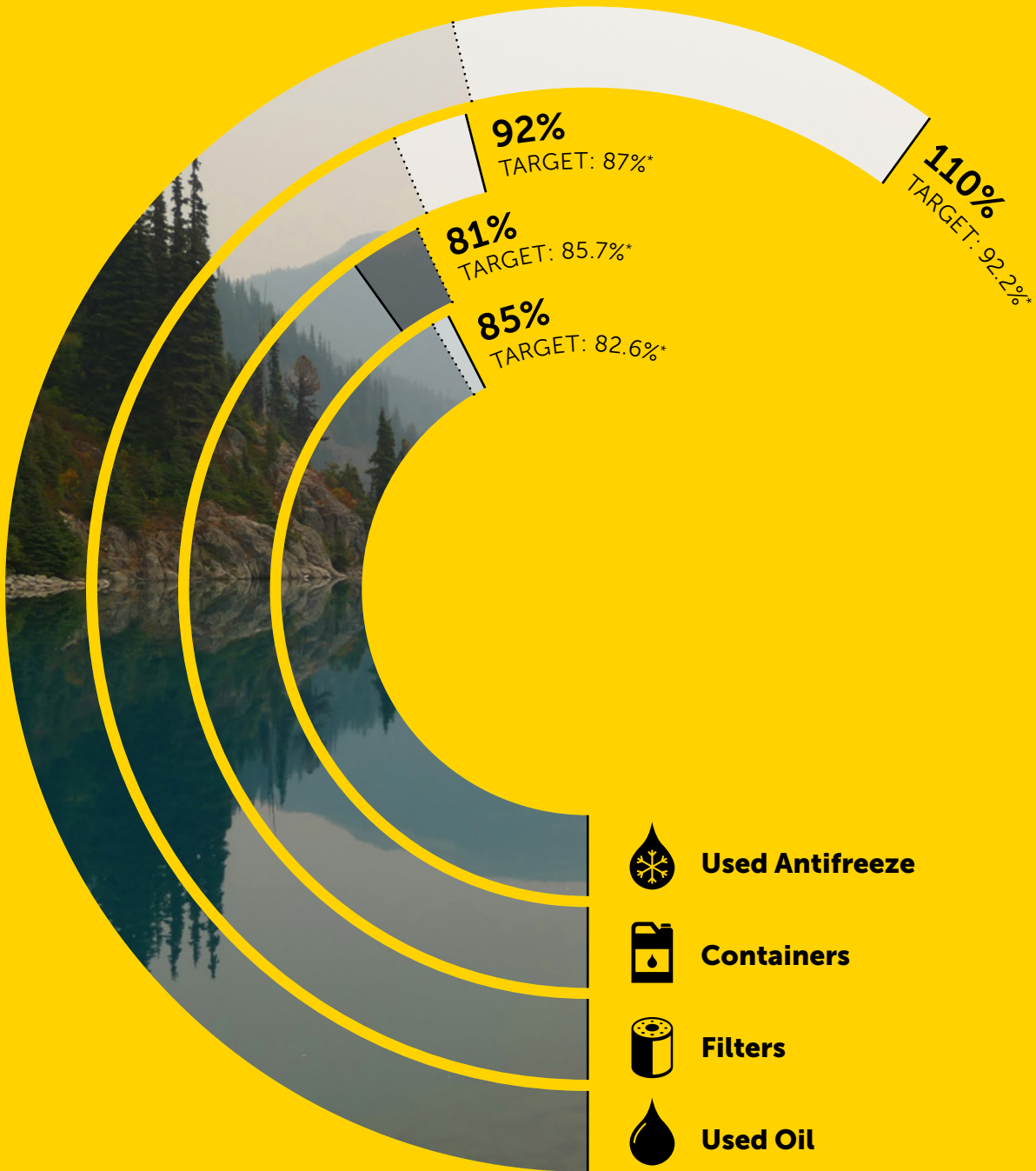
As a continuous improvement initiative, BCUOMA intends to work towards an enhanced and aspirational level of accessibility across BC and to report progress against the stated levels:

In addition to reporting progress on achieving our enhanced standards, BCUOMA will also continue to monitor and report performance against the SABC standard and address service gaps (e.g., remote areas) as required.

BCUOMA is committed to providing all British Columbians with an eco-friendly and cost-effective way to dispose of program materials.

| Community Type | Enhanced Service Level |
|-----------------------|---|
| City, High Industrial | One facility per 100,000 people |
| City, Low Industrial | One facility per 200,000 people or one facility within a 30-minute drive if the population is less than 200,000 |
| Town, High Industrial | One facility |
| Town, Low Industrial | One facility within a 30-minute drive, otherwise its own facility |
| Village | One facility within a 30-minute drive, otherwise its own facility |

CAPTURE RATES IN 2019







* Capture rate targets from 2019 Stewardship Plan.

PRODUCT COLLECTION

As BCUOMA is a mature program, our product collection numbers have always been stable, consistent and much higher than the 75% identified in the Recycling Regulation. In fact, in 2019, we collected the highest total amount of used oil in the program's history.

Absolute collection for used oil and antifreeze increased while the collection of oil filters and oil and antifreeze containers decreased slightly. Product sales in 2019 decreased for all products except oil and antifreeze containers with a 0.2% decrease for oil filters, a 1.5% decrease for antifreeze and a 4.8% decrease for oil. There was a 0.8% increase in sales for oil and antifreeze containers.

In 2019, we collected the highest total amount of used oil in the program's history.

| PRODUCT COLLECTION | | | | |
|--------------------------|---|---|---|--|
| |  Used Oil (millions of litres) |  Filters (millions of units) |  Containers (million kg's) |  Used Antifreeze (millions of litres) |
| Sold (2019) | 92.6 | 6.9 | 2.2 | 12.5 |
| Consumed in use | 27.9 | n/a | n/a | 9.4 |
| Repurposed | 18.0 | n/a | n/a | n/a |
| Available for collection | 46.8 | 6.9 | 2.2 | 3.1 |
| Collection | 51.4 | 6.4 | 1.8 | 2.7 |
| Capture rate | 110% | 92% | 81% | 85% |

Only a portion of every litre of oil and antifreeze sold is available for recovery because an estimated 30.1% of the oil and 75% of the antifreeze is consumed during use. According to the 2018 Unaccounted Used Oil Study, of the oil not consumed in use, an estimated 26% is re-purposed each year and is not available for collection.

The collection results by Regional District is provided on Page 18.

END FATE FOR PRODUCTS COLLECTED

32%
Recycled

68%
Reused



Used Oil

2%
Waste
to Energy

98%
Recycled



Oil Filters

100%
Recycled



Containers

100%
Reused



Antifreeze

PRODUCT MANAGEMENT

Collected products are managed in accordance with the Pollution Prevention Hierarchy as outlined in the BC Recycling Regulation.



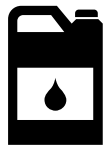
Oil

Oil previously sold as lubricating oil is collected, refined and reused as lubricating oil. Some oil is collected, transformed and recycled as a new energy product. This includes re-refining and use as a fuel for pulp mills, cement kilns, asphalt plants and other uses that meet the Hazardous Waste Regulation or applicable government standards in other states or provinces, such as for mining explosives or exploration drilling.



Oil Filters

Metal filters are collected and recycled into other metal products. Paper filters that cannot feasibly be recycled are managed so a portion of the inherent energy can be recovered.



Containers

Plastic and metal containers are recycled into new plastic and metal products. BCUOMA are proud of the fact that both used antifreeze and empty containers are processed and recycled at facilities right here in British Columbia. Managing these products locally provides significant environmental, economic and social benefits that support our transition to a more sustainable and Circular Economy.



Antifreeze

Antifreeze previously sold as an antifreeze product is refined and reused as an antifreeze product. Antifreeze processors are already actively involved in processing used antifreeze to the point where an additive package can be included and the recycled antifreeze can again be sold as automotive.

2019 COLLECTIONS BY REGIONAL DISTRICT

| REGIONAL DISTRICT | OIL | | FILTERS | | CONTAINERS | | ANTIFREEZE | |
|-------------------------|-------------------|----------------|------------------|------------------|------------------|---------------|------------------|----------------|
| | LITRES | LTR PER CAPITA | UNITS | UNITS PER CAPITA | KG | KG PER CAPITA | LITRES | LTR PER CAPITA |
| Alberni-Clayoquot | 405,425 | 12.17 | 57,467 | 1.72 | 20,636 | 0.62 | 19,960 | 0.60 |
| Bulkley-Nechako | 490,914 | 12.39 | 81,961 | 2.07 | 30,721 | 0.78 | 11,567 | 0.29 |
| Capital | 2,941,011 | 7.03 | 409,287 | 0.98 | 112,215 | 0.27 | 228,637 | 0.55 |
| Cariboo | 922,256 | 14.09 | 116,805 | 1.78 | 54,687 | 0.84 | 28,064 | 0.43 |
| Central Coast | 26,968 | 7.52 | 3,345 | 0.93 | 882 | 0.25 | 1,501 | 0.42 |
| Central Kootenay | 1,490,915 | 23.55 | 163,878 | 2.59 | 25,890 | 0.41 | 46,663 | 0.74 |
| Central Okanagan | 2,530,801 | 11.65 | 327,877 | 1.51 | 110,360 | 0.51 | 161,541 | 0.74 |
| Columbia-Shuswap | 796,938 | 14.28 | 97,552 | 1.75 | 27,141 | 0.49 | 41,433 | 0.74 |
| Comox | 883,806 | 12.17 | 125,275 | 1.72 | 44,986 | 0.62 | 43,512 | 0.60 |
| Cowichan Valley | 635,607 | 7.03 | 88,454 | 0.98 | 24,252 | 0.27 | 49,413 | 0.55 |
| East Kootenay | 1,523,507 | 23.55 | 167,461 | 2.59 | 26,456 | 0.41 | 47,683 | 0.74 |
| Fraser Valley | 2,566,314 | 7.74 | 321,723 | 0.97 | 77,004 | 0.23 | 125,745 | 0.38 |
| Fraser-Fort George | 1,647,898 | 15.94 | 199,872 | 1.93 | 89,017 | 0.86 | 49,393 | 0.48 |
| Metro Vancouver | 20,833,014 | 7.74 | 2,611,707 | 0.97 | 625,109 | 0.23 | 1,020,778 | 0.38 |
| Kitimat-Stikine | 555,785 | 14.20 | 88,406 | 2.26 | 31,203 | 0.80 | 24,255 | 0.62 |
| Kootenay-Boundary | 787,292 | 23.55 | 86,538 | 2.59 | 13,672 | 0.41 | 24,641 | 0.74 |
| Mount Waddington | 141,981 | 12.17 | 20,125 | 1.72 | 7,227 | 0.62 | 6,990 | 0.60 |
| Nanaimo | 1,329,992 | 7.83 | 185,917 | 1.09 | 54,837 | 0.32 | 94,244 | 0.55 |
| North Coast | 210,370 | 10.90 | 43,771 | 2.27 | 15,921 | 0.82 | 4,733 | 0.25 |
| North Okanagan | 1,058,685 | 11.65 | 137,158 | 1.51 | 46,166 | 0.51 | 67,576 | 0.74 |
| Northern Rockies | 1,000,603 | 201.90 | 80,433 | 16.23 | 17,474 | 3.53 | 161,498 | 32.59 |
| Okanagan-Similkameen | 1,037,829 | 11.65 | 134,456 | 1.51 | 45,256 | 0.51 | 66,245 | 0.74 |
| Peace River | 4,101,750 | 61.33 | 373,433 | 5.58 | 99,449 | 1.49 | 112,372 | 1.68 |
| qathet | 158,783 | 7.52 | 19,695 | 0.93 | 5,195 | 0.25 | 8,836 | 0.42 |
| Squamish-Lillooet | 540,114 | 11.65 | 69,974 | 1.51 | 23,553 | 0.51 | 34,475 | 0.74 |
| Stikine | 148,193 | 201.90 | 11,912 | 16.23 | 2,588 | 3.53 | 23,918 | 32.59 |
| Strathcona | 597,337 | 12.17 | 84,670 | 1.72 | 30,405 | 0.62 | 29,409 | 0.60 |
| Sunshine Coast | 370,624 | 11.65 | 48,016 | 1.51 | 16,162 | 0.51 | 23,657 | 0.74 |
| Thompson-Nicola | 1,702,192 | 11.65 | 220,527 | 1.51 | 74,227 | 0.51 | 108,651 | 0.74 |
| British Columbia | 51,436,907 | | 6,377,696 | | 1,752,690 | | 2,667,389 | |

* Totals may not add up due to rounding

SUMMARY OF 2019 COLLECTION & CONSUMER RETURNS

| REGIONAL DISTRICT | OIL (L) | | | ANTIFREEZE (L) | | |
|------------------------|-------------------|------------------|-----------|------------------|------------------|-----------|
| | TOTAL COLLECTED | CONSUMER RETURNS | DROP-OFF | TOTAL COLLECTED | CONSUMER RETURNS | DROP-OFF |
| Alberni – Clayoquot | 405,425 | 44,095 | 11% | 19,960 | 329 | 2% |
| Bulkley – Nechako | 490,914 | 42,490 | 9% | 11,567 | - | 0% |
| Capital | 2,941,011 | 119,145 | 4% | 228,637 | 13,488 | 6% |
| Cariboo | 922,256 | 236,525 | 26% | 28,064 | 15,010 | 53% |
| Central Coast | 26,968 | 3,200 | 12% | 1,501 | - | 0% |
| Central Kootenay | 1,490,915 | 39,970 | 3% | 46,663 | 3,540 | 8% |
| Central Okanagan | 2,530,801 | 105,606 | 4% | 161,541 | 6,123 | 4% |
| Columbia – Shuswap | 796,938 | 62,223 | 8% | 41,433 | 3,564 | 9% |
| Comox | 883,806 | 30,402 | 3% | 43,512 | 3,918 | 9% |
| Cowichan Valley | 635,607 | 95,375 | 15% | 49,413 | 9,830 | 20% |
| East Kootenay | 1,523,507 | 67,521 | 4% | 47,683 | 5,255 | 11% |
| Fraser Valley | 2,566,314 | 212,326 | 8% | 125,745 | 6,624 | 5% |
| Fraser – Fort George | 1,647,898 | 113,655 | 7% | 49,393 | 8,203 | 17% |
| Greater Vancouver | 20,833,014 | 513,465 | 2% | 1,020,778 | 18,729 | 2% |
| Kitimat – Stikine | 555,785 | 50,559 | 9% | 24,255 | 2,460 | 10% |
| Kootenay – Boundary | 787,292 | 18,742 | 2% | 24,641 | 1,040 | 4% |
| Mount Waddington | 141,981 | 4,350 | 3% | 6,990 | - | 0% |
| Nanaimo | 1,329,992 | 70,070 | 5% | 94,244 | 6,747 | 7% |
| North Coast | 210,370 | 61,020 | 29% | 4,733 | 410 | 9% |
| North Okanagan | 1,058,685 | 66,001 | 6% | 67,576 | 1,000 | 1% |
| Northern Rockies | 1,000,603 | - | 0% | 161,498 | - | 0% |
| Okanagan – Similkameen | 1,037,829 | 61,181 | 6% | 66,245 | 4,780 | 7% |
| Peace River | 4,101,750 | 54,674 | 1% | 112,372 | 5,277 | 5% |
| qathet | 158,783 | 8,820 | 6% | 8,836 | 1,020 | 12% |
| Squamish – Lillooet | 540,114 | 9,700 | 2% | 34,475 | - | 0% |
| Stikine | 148,193 | - | 0% | 23,918 | - | 0% |
| Strathcona | 597,337 | 25,455 | 4% | 29,409 | 1,976 | 7% |
| Sunshine Coast | 370,624 | 31,106 | 8% | 23,657 | 1,640 | 7% |
| Thompson – Nicola | 1,702,192 | 164,098 | 10% | 108,651 | 7,585 | 7% |
| Total | 51,436,907 | 2,311,774 | 4% | 2,667,389 | 128,547 | 5% |



Appendix A:

Return Collection Facilities

APPENDIX

RETURN COLLECTION FACILITIES

100 MILE HOUSE

Castle Fuels (2008) Inc. (100 Mile House)
Gold Trail Recycling Ltd

150 MILE HOUSE

150 M+S Tire & Service Centre

70 MILE HOUSE

70 Mile House Eco-Depot (TNRD)

ABBOTSFORD

C M Klassen Holdings Inc.

AGASSIZ

Modern Tire & Towing Inc.

ALERT BAY

Village of Alert Bay Transfer Station

ARMSTRONG

Arjun Esso

BARRIERE

Louis Creek Eco-Depot (TNRD)

BELLA BELLA

Heiltsuk Environmental Services

BELLA COOLA

Belco Service (1978) Ltd.
Thorsen Creek Recycling Center

BLUE RIVER

Blue River Eco-Depot (TNRD)

BOWSER

Bowser Automotive Care

BURNABY

City of Burnaby Eco-Depot
Marc's Import Auto Repair
Mr. Lube #141 (Hastings Burnaby)
Mr. Lube #201 (Kingsway)

BURNS LAKE

Burns Lake Automotive Supply Ltd.
Polar Park Auto (Napa 8740)

CAMPBELL RIVER

Campbell River Waste Management Centre (CVRD)
Discovery Harbour Authority
Ironwood Auto Technicians
North Island Lube Ltd

CASTLEGAR

Ernie's Used Auto Parts

CHASE

Integra Tire Auto Center

CHILLIWACK

Chilliwack Bottle Depot
Chilliwack Ford Sales (1981) Ltd.
Fraser Valley Tireland
Great Canadian Oil Change - Alexander
Great Canadian Oil Change - Vedder Rd

Greendale Motors Ltd.
Jiffy Lube #1090 (Chilliwack)
Kirkpatrick Auto & Fleet Repair Ltd.
Mertin Pontiac Buick
Midas Auto Service (Chilliwack)
O'Connor Chrysler
OK Tire Store (Chilliwack) Ltd.

CHRISTINA LAKE

Christina Lake Mechanical Ltd.
Laketime Services

CLEARWATER

Clearwater Eco-Depot (TNRD)
Fleetwest Enterprises Ltd.

CLINTON

Clinton Eco-Depot (TNRD)

COBBLE HILL

Chapman Motors Ltd.

COMOX

Comox Valley Harbour Authority

COOMBS

Highway 4 Auto Salvage

COQUITLAM

Mr. Lube #159 (Coquitlam)

CORTES ISLAND

Cortes Island Waste Management Center

COURTENAY

Courtenay Kia
Glenn's Import & Domestic Auto Service
Great Canadian Oil Change (Courtenay)
Mr. Lube #177 (Courtenay/Comox)
Rice Toyota Courtenay
Seeco Automotive

CRANBROOK

Castle Fuels (2008) Inc. (Cranbrook)
Cranbrook Depot (RDEK)
Denham Ford BC Ltd.
Great Canadian Oil Change (Cranbrook)

CRESTON

Comfort Welding

CROFTON

Crofton Auto Service

CUMBERLAND

Comox Valley Waste Management Centre (Cumberland)

DAWSON CREEK

Great Canadian Oil Change (Dawson Creek)
Peace Country Petroleum Sales Ltd. (Dawson Creek)

DELTA

Shortstop Auto Service / Big O Tire
Vancouver Landfill

DENMAN ISLAND

Denman Island Recycling Depot (CVRD)

DUNCAN

Bings Creek Recycling Centre
Canadian Tire #466 (Duncan)
Great Canadian Oil Change (Duncan)
Island Hose & Hydraulic (1994) Ltd.
Island Tractor & Supply

ELKFORD

District of Elkford

ENDERBY

Rod's Repair Shop
Williamson Automotive

FERNIE

Day Auto Electric
Woz Mechanical Ltd.

FORT NELSON

Wide Sky Disposal

FORT ST. JAMES

Riverside Repairs

FORT ST. JOHN

Canadian Tire #363 (Fort St. John)
Fort St John Co-op Association - 100 Ave
Fort St John Co-op Association - 91 Ave
GFL Environmental Liquids West
Peace Country Petroleum Sales Ltd. (Fort St John - 91 Ave)
Smith Fuel Services Ltd.

FRASER LAKE

Fraser Lake Automotive & Recycling
Fraser Lake AutoSense

GABRIOLA ISLAND

Gabriola Island Recycling Organization (GIRO)

GIBSONS

Kenmac Parts
Norris Oil Sales Ltd.

GOLD BRIDGE

Gold Bridge Transfer Station
(Squamish-Lillooet Regional District)

GOLD RIVER

Gold River Waste Management Centre (CVRD)

GOLDEN

Castle Fuels (2008) Inc. (Golden)
Columbia Diesel Ltd.
Golden Landfill (CSR)

GRAND FORKS

Alpine Recycling (Grand Forks)

GREENWOOD

Greenwood Auto Centre Ltd.
Greenwood Saw To Truck Repairs

HEFFLEY CREEK

Heffley Creek Eco-Depot (TNRD)

HOPE

Gardner Chevrolet Oldsmobile Pontiac Buick
Mobil 1 Lube Express - Hope

APPENDIX

RETURN COLLECTION FACILITIES

HORSEFLY

Caron Horsefly Service Ltd

HOUSTON

Four Rivers Co-op (Houston Cardlock)
Sullivan Motor Products

INVERMERE

Castle Fuels (2008) Inc. (Invermere)
Walker's Repair Centre Ltd.

KAMLOOPS

Castle Fuels (2008) Inc. (Kamloops)
Dearborn Motors Ltd.
Desert Cardlock Fuel Services Ltd (Kamloops)
Mr. Lube #147 (Kamloops Summit Lubricants)
Mr. Lube #8 (Kamloops Briar Ave Kendall Lube)

KELOWNA

Desert Cardlock Fuel Services Ltd (Kelowna)
Great Canadian Oil Change (Kelowna)
Jiffy Lube #1064 (Kelowna - Sexsmith Rd)
Jiffy Lube #1080 (Kelowna - Harvey Ave)

KITIMAT

Kal Tire (Kitimat)

LADYSMITH

Peerless Road Recycling Centre

LAKE COUNTRY

Great Canadian Oil Change (Winfield - Lake Country)

LAKE COWICHAN

Meade Creek Recycling Centre

LANGFORD

EZ Lube Auto Ltd. (Langford - Jacklin Rd.)
GFL Environmental Depot (Victoria)
Great Canadian Oil Change (Langford Pkwy)
Race Rocks Automotive

LANGLEY

Fort Horseless Carriage Service Ltd.
Great Canadian Oil Change (Langley)
Jiffy Lube #1086 (Langley)
Mobil 1 Lube Express - Langley 56 Ave
Mobil 1 Lube Express - Langley 64 Ave

LIKELY

Likely Landfill

LILLOOET

Lillooet Landfill (Squamish-Lillooet Regional District)

LOGAN LAKE

Logan Lake Eco-Depot (TNRD)
Wolverine Auto Parts & Service

LOUIS CREEK

Louis Creek Eco-Depot (TNRD)

LOWER NICOLA

Lower Nicola Eco-Depot (TNRD)

LYTTON

Lytton Eco-Depot (TNRD)

MACKENZIE

Jepson Petroleum Ltd. (Mackenzie)
Mackenzie Regional Landfill

MADEIRA PARK

Pender Harbour Diesel Co.

MAPLE RIDGE

Jiffy Lube (Maple Ridge)
Ridge Meadows Recycling Society

MASSET

TLC Automotive Services Ltd.

MCBRIDE

JNR Auto Services
McBride Regional Transfer Station

MISSION

Mission Recycling Depot

NANAIMO

GFL Environmental Depot (Nanaimo)
Gold Automotive Ltd.
Great Canadian Oil Change (Island Hwy)
Great Canadian Oil Change (Metral Dr)
Harris Mazda
Mr. Lube #93 (Nanaimo)
Top-Lite Car Service

NELSON

Nelson Leafs Recycling Center

NIMPO LAKE

West Chilcotin Landfill

NORTH SAANICH

Gurton's Garage Ltd.

NORTH VANCOUVER

A Plus Automotive

OAK BAY

Gartside Marine Engines Ltd.

OKANAGAN FALLS

G & R Auto

OLIVER

Oliver Landfill
T2 Market Recycling

OSOYOOS

Town of Osoyoos Sanitary Landfill

PARKSVILLE

Great Canada Oil Change (Parksville)
Parksville Bottle and Recycling Depot
Parksville Petro Canada
Surfside Automotive

PEMBERTON

NAPA Auto Parts (Pemberton)

PENTICTON

Campbell Mountain Landfill
Jiffy Lube #1015 (Penticton)

PORT ALBERNI

Ace Automotive
Alberni Chrysler Ltd.
Alberni District Co-operative Association
Alberni Valley Landfill
Canadian Tire #488 (Port Alberni)
Pacific Chevrolet
Port Alberni Marine Fuels and Services
Port Alberni Port Authority
Sherwood's Auto Parts

PORT ALICE

Village of Port Alice Recycling Facility

PORT HARDY

Dave Landon Motors Ltd.
E.J. Klassen GM Motorcade
NAPA Auto Parts

PORT MCNEILL

7 Mile Landfill and Recycling Center
Furney Distributing Limited
Hilts Automotive
V-Echo Restorations

POWELL RIVER

Sunshine Disposal and Recycling

PRESPATOU

Fort St John Co-op Association - Prespatou

PRINCE GEORGE

A-Star Automotive Recycling Ltd.
Canadian Tire #360 (Prince George)
Foothills Boulevard Regional Landfill
Four Rivers Co-op (Prince George)
Great Canadian Oil Change (Prince George - 15 Avenue)
Great Canadian Oil Change (Prince George - Austin Rd)
Jepson Petroleum Ltd. (Prince George)
Mr. Quick Lube & Oil - George Street
Mr. Quick Lube & Oil - Hart Highway
OK Tire - Prince George
Prince George Truck & Equipment
Quinn Street Regional Recycle Depot
Vanway Regional Transfer Station

PRINCE RUPERT

Entire Automotive Services Ltd.
Frank's Auto Repair
Kal Tire (Prince Rupert)
MacCarthy Motors Ltd.
Petro Canada (Prince Rupert - Marina)
Rainbow Chrysler Dodge Jeep Ltd.

PRINCETON

Princeton Landfill

PRITCHARD

South Thompson Eco-Depot (TNRD)

QUESNEL

Four Rivers Co-op (Quesnel)
Jepson Petroleum Ltd. (Quesnel)

RADIUM HOT SPRINGS

Radium Hot Springs Esso

APPENDIX

RETURN COLLECTION FACILITIES

REVELSTOKE

Jacobson Ford Sales Ltd.
Revelstoke Refuse Disposal Facility (CSR/D)

RICHMOND

Jiffy Lube #1088 (Richmond)
Mobil 1 Lube Express - Richmond

SAANICHTON

Brentwood Auto & Metal Recyclers

SALMON ARM

Castle Fuels (2008) Inc. (Salmon Arm)
Great Canadian Oil Change (Salmon Arm)
Jacobson Ford Sales Ltd.
Salmon Arm Landfill (CSR/D)

SALT SPRING ISLAND

Beddis Road Garage
Salt Spring Auto Parts

SAVONA

Dawn's Service
Savona Eco-Depot (TNR/D)

SAYWARD

Sayward Public Works (CVR/D)

SECHELT

Columbia Fuels (Sechelt)

SIDNEY

Clair Downey Service
Quality Brake & Muffler 2005 Ltd.
Tsehum Harbour Authority

SMITHERS

Canadian Tire #631 (Smithers)
Glacier Toyota
Petro Canada (Smithers)

SPENCES BRIDGE

Spences Bridge Eco-Depot (TNR/D)

SQUAMISH

Triton Automotive and Industrial Ltd

STEWART

Petro Canada (Granmac Services Ltd.)

SUMMERLAND

District of Summerland Landfill

SURREY

Hallmark Ford Sales Ltd.
Semiahmoo Bottle Depot

TAHSIS

Tahsis Waste Management Center (CVR/D)

TERRACE

Four Rivers Co-op (Terrace Cardlock)
OK Tire & Auto Service (Terrace)
Petro Canada (Terrace)
Terrace Motors Ltd.

TOFINO

Method Marine Supply Co. Ltd
Tofino Harbour Authority

TRAIL

OK Tire (Trail)

UCLUELET

Columbia Fuels (Ucluelet) / Eagle Marine

VALEMOUNT

Valemount Regional Transfer Station

VANCOUVER

South Van Bottle Depot

VANDERHOOF

Four Rivers Co-op (Vanderhoof Gas Bar)
Four Rivers Co-op (Vanderhoof)
P & H Supplies Ltd.

VERNON

Great Canadian Oil Change (Anderson Way)
Great Canadian Oil Change (27th Street)
Interior Freight & Bottle Depot Ltd.

VICTORIA

Cunningham's Enterprise Ltd.
Derick's Automotive Services
Great Canadian Oil Change (Victoria) Douglas St
Hartland Landfill
Jade Auto Service Ltd.
Jiffy Lube #1075 (Victoria)
Mr. Lube #6 Victoria Lubricants Douglas St

WEST KELOWNA

Great Canadian Oil Change (West Kelowna)
Jiffy Lube #1043 (West Kelowna)
Mr. Lube #236 (West Kelowna)

WESTWOLD

Westwold Eco-Depot (TNR/D)

WHISTLER

Local Automotive Co. Ltd.
S M D Automotive Ltd.

WILLIAMS LAKE

Canadian Tire #438 (Williams Lake)
Chap's Auto Body (Brent Graham Ltd.)
Chuck's Auto Supply
Desert Cardlock Fuel Services Ltd (Williams Lake)
Gary Young Agencies
Jepson Petroleum Ltd. (Williams Lake)
Lake City Ford Sales Ltd.



Appendix B:

Financial Report
& Independent
Auditors Report



KPMG LLP
2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Telephone (780) 429-7300
Fax (780) 429-7379
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of British Columbia Used Oil Management Association

Opinion

We have audited the financial statements of British Columbia Used Oil Management Association (the Association), which comprise:

- the statement of financial position as at December 31, 2019
 - the statement of changes in net assets for the year then ended
 - the statement of operations for the year then ended
 - the statement of cash flows for the year then ended
 - and notes to the financial statements, including a summary of significant accounting policies
- (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Association as at December 31, 2019, and its results of 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 auditors' 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 the 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

April 24, 2020

British Columbia Used Oil Management Association

Statement of Financial Position

As at December 31, 2019

| | 2019 \$ | 2018 \$ |
|---|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash | 2,022,298 | 2,989,439 |
| Accounts receivable (note 3) | 3,741,116 | 4,093,642 |
| Short-term investments (note 4) | 9,717,413 | 7,513,439 |
| Prepaid expenses | 10,207 | 7,381 |
| | <u>15,491,034</u> | <u>14,603,901</u> |
| Property and equipment (note 5) | 53,678 | 1,105 |
| Long-term investments (note 4) | <u>767,693</u> | <u>2,304,122</u> |
| | <u>16,312,405</u> | <u>16,909,128</u> |
| Liabilities | | |
| Current liabilities | | |
| Return incentives and return collection facilities incentives payable | 1,562,055 | 1,578,640 |
| Accounts payable and accrued liabilities (note 6) | <u>322,758</u> | <u>234,294</u> |
| | <u>1,884,813</u> | <u>1,812,934</u> |
| Net Assets | | |
| Unrestricted | 3,770,597 | 5,237,575 |
| Internally restricted (note 7) | 10,603,317 | 9,857,514 |
| Invested in property and equipment | <u>53,678</u> | <u>1,105</u> |
| | <u>14,427,592</u> | <u>15,096,194</u> |
| | <u>16,312,405</u> | <u>16,909,128</u> |

Commitments (note 8)

Approved by the Board of Directors



Director



Director

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

British Columbia Used Oil Management Association

Statement of Changes in Net Assets

For the year ended December 31, 2019

| | Unrestricted \$ | Internally restricted \$ | Invested in property and equipment \$ | Total \$ |
|---|--------------------|--------------------------------|--|-------------------|
| Balance – December 31, 2017 | 5,334,459 | 9,791,505 | 2,849 | 15,128,813 |
| Deficiency of revenue over expenditures for the year | (30,875) | - | (1,744) | (32,619) |
| Fund transfer (note 7) | (66,009) | 66,009 | - | - |
| Balance – December 31, 2018 | 5,237,575 | 9,857,514 | 1,105 | 15,096,194 |
| Deficiency of revenue over expenditures for the year | (667,497) | - | (1,105) | (668,602) |
| Purchase of property and equipment | (53,678) | | 53,678 | |
| Fund transfer (note 7) | (745,803) | 745,803 | - | - |
| Balance – December 31, 2019 | <u>3,770,597</u> | <u>10,603,317</u> | <u>53,678</u> | <u>14,427,592</u> |

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

British Columbia Used Oil Management Association

Statement of Operations

For the year ended December 31, 2019

| | 2019 \$ | 2018 \$ |
|---|-------------------|-------------------|
| Revenue | | |
| Environmental handling charges | 14,965,354 | 15,462,958 |
| Investment income (note 4) | 745,803 | 66,009 |
| Interest and other income | 69,700 | 69,230 |
| Registration fees | 1,600 | 1,000 |
| | <u>15,782,457</u> | <u>15,599,197</u> |
| Expenditures | | |
| Program costs | | |
| Return Incentives | 13,778,930 | 13,433,253 |
| Communications and public relations | 518,966 | 624,053 |
| Depot infrastructure | 480,633 | 434,304 |
| Return collection facility operations | 114,919 | - |
| Consulting | 154,980 | 120,638 |
| Legal fees (note 10) | 240,320 | 112,711 |
| Management and administration contracts (note 10) | 107,398 | 98,967 |
| Technology support and investment | 134,437 | 69,736 |
| Compliance reviews | 57,615 | 65,698 |
| Bad debt expense | 15,351 | - |
| | <u>15,603,549</u> | <u>14,959,360</u> |
| Administrative costs | | |
| Management and administration contracts (note 10) | 377,163 | 360,324 |
| Legal fees (note 10) | 175,455 | 28,200 |
| Office and general expenses | 92,925 | 108,149 |
| Rent | 73,619 | 80,450 |
| Financial audit fees | 51,740 | 57,282 |
| Board expenses | 75,503 | 36,307 |
| Amortization | 1,105 | 1,744 |
| | <u>847,510</u> | <u>672,456</u> |
| | <u>16,451,059</u> | <u>15,631,816</u> |
| Deficiency of revenue over expenditures for the year | <u>(668,602)</u> | <u>(32,619)</u> |

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

British Columbia Used Oil Management Association

Statement of Cash Flows

For the year ended December 31, 2019

| | 2019 \$ | 2018 \$ |
|--|-------------------------|-------------------------|
| Cash from (used in) operating activities | | |
| Deficiency of revenue over expenditures | (668,602) | (32,619) |
| Items not involving cash | | |
| Amortization of tangible assets | 1,105 | 1,744 |
| Unrealized (gain) loss on investments | (482,060) | 76,934 |
| Accrued interest on investments | (18,890) | (22,357) |
| | <u>(1,168,447)</u> | <u>23,702</u> |
| Changes in non-cash operating working capital | | |
| Decrease in accounts receivable | 352,526 | 34,879 |
| Increase in prepaid expenses | (2,826) | (1,392) |
| Increase in accounts payable and accrued liabilities | 88,464 | 63,091 |
| Decrease in return incentives payable | (16,585) | (95,368) |
| | <u>(746,868)</u> | <u>24,912</u> |
| Cash used in investing activities | | |
| Proceeds on maturity of investments | 2,070,901 | 6,106,242 |
| Purchases of investments | (2,237,496) | (6,187,924) |
| Purchase of fixed assets | (53,678) | - |
| | <u>(220,273)</u> | <u>(81,682)</u> |
| Change in cash | (967,141) | (56,770) |
| Cash – beginning of year | <u>2,989,439</u> | <u>3,046,209</u> |
| Cash – end of year | <u><u>2,022,298</u></u> | <u><u>2,989,439</u></u> |

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

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

1 Authority and purpose

The British Columbia Used Oil Management Association (“the Association”) was incorporated under the Society Act of the Province of British Columbia on March 18, 2003 and commenced active operations effective July 1, 2003. It was formed to establish and administer a waste minimization and recycling program under the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97. In 2004, the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97 was repealed and replaced by the Recycling Regulation, B.C. Reg. 449/2004. As a not-for-profit organization, no provision for corporate income taxes has been provided in these financial statements, pursuant to Section 149(1)(l) of the Income Tax Act (Canada).

2 Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook. The Association’s significant accounting policies are as follows:

a) Revenue recognition

The Association recognizes environmental handling charges (“EHC”) in its unrestricted fund. EHC revenue is due when the lubricating oil, oil filters and oil containers are first sold by a registrant. EHC revenue is recognized when there is reasonable assurance of collection. Included in EHC revenue are amounts owed to the Association for unremitted EHC fees identified by the Association’s compliance review process. Amounts identified by the compliance review are recognized as revenue in the year in which the compliance review is conducted.

The Association has internally restricted funds in investments to maintain sufficient cash resources for operational needs. Investment income earned on these funds is recognized as revenue in the year it is earned.

b) Return incentives and return collection facilities incentives

Return incentives (“RI”) and return collection facilities incentives (“RCF”) are recognized as incurred in the year when the lubricating oil and antifreeze materials are delivered to a registered processor’s facility by a registered collector and completed claim forms are received and accepted by the Association.

c) Cash

Cash includes cash on deposit with its financial institutions.

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

d) Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Amortization is provided on a straight-line basis at the following annual rates:

| | |
|------------------------|---------|
| Furniture and fixtures | 5 years |
| Computer equipment | 3 years |
| Computer software | 5 years |

Assets are not amortized until available use.

e) Financial instruments

The fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets. Transaction costs on financial instruments are expensed when incurred.

The Association's financial assets include cash, accounts receivable and investments. Cash and accounts receivable are initially recorded at fair value and subsequently accounted for at amortized cost using the effective interest rate method. Investments in guaranteed investment certificates are recorded at amortized cost and other investments are recorded at fair value. Unrealized gains and losses, dividends and interest income are included as investment income in the statement of operations.

The Association's financial liabilities include RI and RCF incentives payable and accounts payable and accrued liabilities. All financial liabilities are initially measured at fair value, and subsequently accounted for at amortized cost using the effective interest rate method.

All derivative instruments, including embedded derivatives, are recorded at fair value unless exempted from derivative treatment as a normal purchase and sale. The Association has determined that it does not have any derivatives and has not entered into any hedge transactions.

f) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant items subject to estimates and assumptions include the estimated useful lives of property and equipment, collectability of accounts receivable, estimates of return incentives and return collection facilities incentives paid for ineligible containers, and accruals for EHC fees not submitted to the Association by the registrant until the following year. Actual results could differ from these estimates.

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

g) Allocated expenses

Expenses relating to management and administration contracts and legal fees are allocated between program costs and administrative costs as noted below unless specifically related to a program or administrative activity. The Association allocates these expenses by determining management's best estimate of resources spent on program activities and administration activities each year.

| | 2019 % | 2018 % |
|--|-----------|-----------|
| Management and administration contracts | | |
| Executive director contract | | |
| Program costs | 20 | 20 |
| Administrative costs | 80 | 80 |
| Other contract staff | | |
| Program costs | 20 | 20 |
| Administrative costs | 80 | 80 |
| Legal fees | | |
| Program costs | 20 | 20 |
| Administrative costs | 80 | 80 |

3 Accounts receivable

| | 2019 \$ | 2018 \$ |
|---------------------------------|------------------|------------------|
| EHC accruals | 3,520,465 | 3,412,017 |
| Other accounts receivable | 144,428 | 607,329 |
| GST receivable | 91,459 | 75,632 |
| Allowance for doubtful accounts | (15,236) | (1,336) |
| Total | <u>3,741,116</u> | <u>4,093,642</u> |

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

4 Investments

Short-term investments

The Association has funds invested in Canadian and International equities and guaranteed short-term investment certificates (GIC) with fixed interest rates maturing as follows:

| Maturity date | Interest rate % | 2019 \$ | 2018 \$ |
|---|---------------------------|-------------------|-------------------|
| April 22, 2019 | 1.92 | - | 751,012 |
| October 22, 2019 | 2.95 | - | 1,071,284 |
| April 21, 2020 | 2.10 | 771,803 | - |
| October 26, 2020 | 2.49 | 502,251 | - |
| December 23, 2020 | 2.35 | 815,871 | - |
| | | <u>2,089,925</u> | <u>1,822,296</u> |
| Fidelity Canadian Large Cap Fund (Cost - \$1,231,180) | | 1,279,458 | 1,243,530 |
| Corning (Cost - \$34,860) | | 37,867 | - |
| PH&N High Yield Bond (Cost - \$50,528) | | 50,649 | - |
| Fidelity Global Asset Allocation Fund (Cost - \$1,660,105) | | 1,736,265 | 1,091,702 |
| Dynamic Energy Income Fund (Cost - \$262,923) | | 253,410 | 135,160 |
| Dynamic Preferred Yield Class Sr Fund (Cost - \$827,134) | | 772,301 | 594,363 |
| RBC Core Plus Bond Pool Fund (Cost - \$1,080,225) | | 1,098,407 | 453,537 |
| Fidelity Asset Allocation Private Pool (Cost - \$1,214,121) | | 1,319,736 | 1,003,978 |
| Fidelity Global Growth & Value Fund (Cost - \$946,789) | | 1,079,395 | 1,168,873 |
| | | <u>7,627,488</u> | <u>5,691,143</u> |
| | | <u>9,717,413</u> | <u>7,513,439</u> |

Long-term investments

The Association also has funds invested in long-term GICs maturing as follows:

| Maturity date | Interest rate % | 2019 \$ | 2018 \$ |
|----------------------|---------------------------|-------------------|-------------------|
| April 21, 2020 | 2.10 | - | 755,929 |
| December 23, 2020 | 2.35 | - | 797,139 |
| April 26, 2021 | 2.22 | 767,693 | 751,054 |
| | | <u>767,693</u> | <u>2,304,122</u> |

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

4 Investments (continued)

Investment income is comprised of the following:

| | 2019 | 2018 |
|--|----------------|---------------|
| | \$ | \$ |
| Interest income | 83,547 | 148,692 |
| Gain on equity investments | 180,196 | 14,594 |
| Unrealized gain (loss) on equity investments | 482,060 | (97,277) |
| | <u>745,803</u> | <u>66,009</u> |

5 Property and equipment

| | 2019 | | 2018 | |
|------------------------|---------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| | \$ | \$ | \$ | \$ |
| Furniture and fixtures | 9,868 | 9,868 | - | 1,105 |
| Computer equipment | 12,618 | 12,618 | - | - |
| Computer software | 53,678 | - | 53,678 | - |
| | <u>76,164</u> | <u>22,486</u> | <u>53,678</u> | <u>1,105</u> |

Computer software relates to costs incurred for the implementation of One Windows, a replacement for EHC Forms, which was not available for use until subsequent to year-end.

6 Accounts payable

Included in accounts payable are government payroll remittances payable of \$383 (2018 – nil) related to goods and services tax and payroll remittances on Directors' fees.

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

7 Internally restricted net assets

The Board of Directors has established a reserve fund. The purpose of the reserve fund is to cover the costs of the following: winding up the Association's programs; ensuring there are sufficient cash resources to meet operational needs; ensuring there are sufficient cash resources to fund any unanticipated changes to the Association's programs and mandate; and to cover the cost of any unforeseen claims or events.

Excess revenue over expenditures not required to cover the cost of ongoing programs may be allocated to the reserve fund as determined by the Board of Directors. In addition, the Board of Directors has targeted that the reserve fund be maintained at an amount equivalent to 12 months of the Association's expenses and contractual commitments. As of December 31, 2019 that target had not been reached.

8 Commitments

Under the terms of a financial services and use agreement expiring August 2020, the Association is charged a fee for provision of financial administration services of various staff. Under the terms of an employment service agreement expiring December 2022, the Association is charged a monthly rate for provision of professional and technical services. The Association has a lease agreement for its current office location in Edmonton until June 2020 and in Victoria until August 2020. The estimated minimum annual payments required under these agreements are as follows:

| | Contract services | Facilities | Total |
|------|------------------------------|-------------------|--------------|
| | \$ | \$ | \$ |
| 2020 | 380,860 | 33,185 | 414,045 |
| 2021 | 180,460 | - | 180,460 |
| 2022 | 180,460 | - | 180,460 |
| | <hr/> | <hr/> | <hr/> |
| | 741,780 | 33,185 | 774,965 |

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

9 Ineligible containers

The RI paid for used oil containers may include payments for ineligible containers from related products such as windshield washer fluid and fuel or oil additives. Containers for these products are currently excluded from the Association's program.

Since the containers are generally made of the same plastic as used oil containers, there is limited economic or environmental benefit in separating these containers from the used oil containers waste stream. There are also additional costs related to segregating these materials. On account of these factors, the Association has elected not to strictly enforce the removal of these containers in RI payments.

Based on studies performed by independent consultants, the Association has determined that the percentage of ineligible containers is approximately 10% (2018 – 10%) by weight. This percentage is used to estimate the amount spent on ineligible plastics. The estimated amount is \$327,000 for the year ended December 31, 2019 (2018– \$325,000).

10 Allocated expenses

For the years ended December 31, 2019 and 2018, total expenses allocated between program costs and administrative costs were as follows:

| | 2019 \$ | 2018 \$ |
|---|------------|------------|
| Management and administration contracts | 484,561 | 459,291 |
| Legal fees | 415,775 | 140,911 |

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

11 Financial risk management

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The Association is exposed to credit risk with respect to accounts receivable and investments. However, the Association is not exposed to any significant concentration of credit risk due to its large registrant base. Management monitors its accounts receivable regularly and provides for any amounts that are not collectible in the allowance for doubtful accounts (note 3). The Association manages credit risk for its investments by maintaining them with Chartered Schedule I banking institutions.

There has been no change to the risk exposure from the prior year.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting its obligations. The Association manages its liquidity by monitoring its expenses, working capital and overall capital expenditures. The Association primarily meets its liquidity requirements through the environmental handling charges and registration fees it earns. Investments and investment income are internally restricted to cover the cost of unforeseen claims and events. The Association expects to continue to meet future requirements through these sources.

There has been no change to the risk exposure from the prior year.

Market risk

Market risk refers to the risk that the fair value or future cash flow of the Association's financial instruments will fluctuate because of changes in market prices. The Association is exposed to market risk with respect to its investments. Accordingly, the value of these financial instruments will fluctuate as a result of changes in market prices, market conditions, or factors affecting the net asset values of the underlying investments. Should the value of the financial instruments decrease significantly, the Association could incur material losses upon disposal of the instruments. This risk is mitigated by diversification of portfolio holdings amongst different asset classes and by holding investments with varying maturity dates and a variety of issuers.

There is no change in risk exposure from the prior year.

British Columbia Used Oil Management Association

Notes to Financial Statements

December 31, 2019

12 Subsequent event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Association is not known at this time. These impacts could include a decline in the value of the Association's investments and uncertainty regarding the Association's ability to recover these market-related losses during the remainder of 2020.



Appendix C:
Independent
Reasonable Assurance
Report

BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION

INDEPENDENT REASONABLE ASSURANCE REPORT ON SELECTED NON-FINANCIAL INFORMATION
INCLUDED IN THE BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION 2019 ANNUAL REPORT

**To the Directors of
British Columbia Used Oil Management Association**

We have been engaged by the management of British Columbia Used Oil Management Association (“BCUOMA”) to undertake a reasonable assurance engagement in respect of the following disclosures within BCUOMA’s Annual Report for the year ended December 31, 2019 (together the “Subject Matter”):

- Location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of BC Regulation 449/2004 (the Recycling Regulation);
- The description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation; and,
- The total amount of the producer’s product sold and collected and, if applicable, the producer’s recovery rate in accordance with Section 8(2)(e) of the Recycling Regulation.

RESPONSIBILITIES

The Subject Matter is the responsibility of BCUOMA’s management, who have prepared the Subject Matter in accordance with the evaluation criteria, which are an integral part of the Subject Matter. Our responsibility in relation to the Subject Matter is to perform a reasonable assurance engagement and to express a conclusion based on the work performed. Our audit does not constitute a legal determination on BCUOMA’s compliance with the Recycling Regulation.

EVALUATION CRITERIA

The suitability of the evaluation criteria is the responsibility of management. The evaluation criteria presented in Appendix A are an integral part of the Subject Matter and address the relevance, completeness, reliability, neutrality and understandability of the Subject Matter.

SCOPE OF THE AUDIT

We carried out our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) published by the International Federation of Accountants (“IFAC”). This Standard requires, amongst other things, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and audit the information included within the Subject Matter, and that they comply with the independence and other ethical requirements of the IFAC Code of Ethics for Professional Accountants.

A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the Subject Matter. A reasonable assurance engagement also includes assessing the evaluation criteria used and significant estimates made by management, as well as evaluating the overall presentation of the Subject Matter. The main elements of our work were:

- Understanding and evaluating the design of the key processes and controls for managing and reporting the Subject Matter information used by management in preparing the Annual Report Subject Matter;
- Assessing the risks that the Subject Matter may be materially misstated;
- Responding to assessed risks through testing, on a test basis, the Subject Matter information used by management in preparing the Annual Report Subject Matter;
- Procedures such as inquiring, inspecting, observing, vouching to independent sources, recalculating and re-performing procedures were performed to obtain corroborating evidence to address assessed risks linked to the Annual Report Subject Matter; and
- Evaluating the sufficiency and appropriateness of the evidence obtained.

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

INHERENT LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Subject Matter and the methods used for determining and calculating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. Furthermore, the nature and methods used to determine such information, as well the evaluation criteria and the precision thereof, may change over time. It is important to read our report in the context of evaluation criteria.

BASIS FOR QUALIFIED OPINION

As described under Product Sold and Collected in Appendix A, the Consumed in Use amount for antifreeze is calculated by multiplying products sold by 75%, and impacts the reported antifreeze recovery rate (or capture rate). This rate was determined using the Manitoba Association for Resource Recovery Corp.’s 2018 survey result of 80%, adjusted down to 75% based on input from industry expert estimates.

Quebec lead a national study into antifreeze recovery rates in Canada in 2019 that indicated that large quantities of antifreeze were being recovered in the used oil recycling streams across the country. BCUOMA management believes that there is no information or evidence to support that conclusion for BC, as has been concluded in some other Canadian jurisdictions. BC has had a long-standing separate system for antifreeze recycling relative to the new programs in other Canadian jurisdictions and BCUOMA management have asserted that large quantities of antifreeze have not been detected in the used oil recycling stream in the province. BCUOMA believes it is using the best available rate estimate and that the 2019 national study and the previous 2012 independent report for BC are not accurate or representative of the current Consumed in Use rate for antifreeze.

A comprehensive study, specific to British Columbia, will be conducted in 2020 but sufficient appropriate audit evidence was not available at the time of audit to confirm the antifreeze Consumed in Use rate. Consequently, we cannot provide a reasonable assurance opinion on the antifreeze recovery rate.

QUALIFIED OPINION

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the Subject Matter for the year ended December 31, 2019 presents fairly, in all material respects, based on the evaluation criteria listed in Appendix A:

- The location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation;
- The description of how the recovered product was managed in accordance with the pollution prevention hierarchy in accordance with Section 8(2)(d) of the Recycling Regulation; and,
- The total amounts of the producer's product sold and collected and, if applicable, the producer's recovery rate calculated in accordance with Section 8(2)(e) of the Recycling Regulation.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to Appendix B which describes why certain items required by the Assurance Requirements to be included in Appendix A have been excluded.

OTHER MATTERS

Our report has been prepared solely for the purposes of BCUOMA's compliance with the reporting requirements relating to Sections 8(2)(b), (d), (e) and (g) of the Recycling Regulation and is not intended to be and should not be used for any other purpose. Our duties in relation to this report are owed solely to BCUOMA, and accordingly, we do not accept any responsibility for loss incurred to any other party acting or refraining from acting based on this report.

Green Horwood & Co LLP

GREEN HORWOOD & CO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria, BC, Canada
June 25, 2020

Appendix A to the Independent Reasonable Assurance Report

COLLECTION FACILITIES

Section 8(2)(b) the location of its collection facilities (RCFs), and any changes in the number and location of collection facilities from the previous report, including the contents of the Appendix - Return Collection Facilities.

| Specific Disclosures in the 2019 annual report for which evaluation criteria were developed | | | | | | | |
|--|---|----------------------|------|-----|------|-----|---|
| Claim in the Report | Reference | | | | | | |
| Currently numbering 274, these RCFs are often located in high traffic retail locations but can also be located at industrial sites, multi-material private depots (bottle depots) and local government recycling/landfill sites. | <i>Collection Network Performance</i> on page 6 | | | | | | |
| <table border="0"> <tr> <td>Year</td> <td>Number of Facilities</td> </tr> <tr> <td>2019</td> <td>274</td> </tr> <tr> <td>2018</td> <td>291</td> </tr> </table> | Year | Number of Facilities | 2019 | 274 | 2018 | 291 | Appendix 'A' on page 20-23 lists the 274 RCFs by Community. |
| Year | Number of Facilities | | | | | | |
| 2019 | 274 | | | | | | |
| 2018 | 291 | | | | | | |

The following definitions were applied to the assessment of the location of collection facilities, and any changes in the number and location of collection facilities from the previous report:

Collection Facility refers to locations that are owned by Program Participants (“Members”), registered collectors, local governments and not-for-profit organizations where:

- The collection facility operator(s) have a signed contract or registration form or verbal agreement with BCUOMA for the collection and redemption of Program Products.
- The location(s) is recorded by BCUOMA in a website database.

Collection Facilities include the following types of centres:

- Registered collection facilities (“RCF”) collect used oil and antifreeze materials from the do-it-yourself customer at no charge. These facilities may make a semi-annual claim to BCUOMA for payment for collecting used oil and/or antifreeze materials.
- Facilities that have entered into verbal agreement with BCUOMA and collect used oil and antifreeze materials. These facilities do not submit a RCF registration form.

Evaluation Criteria

- Reporting Period: January 1st to December 31st.
- The number of Collection Facilities and the location of each facility are documented in a data base maintained by BCUOMA. Collection Facilities are entered into the database as of the date of registration.
- The total number of Collection Facilities is obtained by adding the total number of registered collection facilities and facilities with verbal agreements listed in the website database as of December 31st of the reporting year.
- The changes in number and location of Collection Facilities are determined by adding the total number of Collection Facilities added in the reporting year less the total number of Collection Facilities removed during the reporting year. Locations that have moved during the reporting year (i.e., an operator that closed a location to move it to a new location) are captured in the total number of collection facilities added and removed throughout the year.
- The Ambassador Program verifies the existence of the collection facilities on a yearly basis. The results of the Ambassador Program are compared to the database of the collection facilities and the final list of facilities is posted on the website.
- A summary reconciliation is completed at year-end identifying the Collection Facilities at the beginning of the year, changes during the year and the number of facilities at the end of the year.

PRODUCT MANAGEMENT

Section 8(2)(d) the description of how the recovered product was managed in accordance with the pollution prevention hierarchy.

| Specific Disclosures in the 2019 annual report for which evaluation criteria were developed | |
|--|---|
| Claim in the Report | Reference |
| Collected products are managed in accordance with the Pollution Prevention Hierarchy as outlined in the BC Recycling Regulation. | <i>Product Management</i> on page 17 outlines how BCUOMA products are reused and/or recycled. |

The following definitions were applied to the assessment of how the recovered product was managed:

Oil – The amount of uncontaminated used oil recovered, less the water content, that is received at a used oil processing facility is reported as either reused or recycled.

Antifreeze – The amount of used antifreeze that is received at a used antifreeze processing facility is reported as reuse.

Filters – The amount of metal filters processed and received at a steel recycler will be reported as recycled.

Containers – The amount of containers received at a facility that manufactures plastic resin (pellets) or a steel recycler will be reported as recycled.

Evaluation Criteria

- Products collected are shipped to registered processors that are waste management companies or recyclers.

PRODUCT SOLD AND COLLECTED

Section 8(2)(e) the total amount of the producers’ product sold and collected and the producer’s recovery rate.

| Specific Disclosures in the 2019 annual report for which evaluation criteria were developed | | | | | |
|---|----------------------------------|--------------------------------|------------------------------|---|---|
| Claim in the Report | | | | | Reference |
| | Used Oil (millions of litres) | Filters (millions of units) | Containers (million kg’s) | Used Antifreeze (millions of litres) | <i>Capture Rates in 2019 on page 14, Product Collection on page 15, 2019 Collections by Regional District on page 18, and Summary of 2019 Collection & Consumer Returns on page 19.</i> |
| Sold (2019) | 92.6 | 6.9 | 2.2 | 12.5 | |
| Consumed in use | (27.9) | n/a | n/a | (9.4) | |
| Repurposed | (18.0) | n/a | n/a | n/a | |
| Available for collection | 46.8 | 6.9 | 2.2 | 3.1 | |
| Collection | 51.4 | 6.4 | 1.8 | 2.7 | |
| Capture rate | 110% | 92% | 81% | 85% | |

Evaluation Criteria

Products sold

- Total products sold volumes are based on EHC remittance forms submitted by registrants on either a monthly, quarterly, or annual basis in unit sales.
- The reported sold volumes are subject to compliance reviews which are completed for all registrants on a three to four year rotational basis.
- The product sold is reconciled to the numbers published in the Annual Report.

Product recovered

- Total product recovered volumes are based on return incentive claims (RI claims) submitted by registrants.
- The reported recovered volumes are subject to Desk Review to ensure that RI claims contain required supporting documentation as per the Manual for Registered Processors and Collectors.
- The Consumed in Use amount for oil is calculated by multiplying products sold by the rate obtained from a 2005 independent report commissioned by BCUOMA. The Repurposed amount was obtained from a 2018 independent report commissioned by BCUOMA.

- The Consumed in Use amount for antifreeze is calculated by multiplying products sold by 75%. This rate was determined using the Manitoba Association for Resource Recovery Corp.'s 2018 survey result of 80%, adjusted down to 75% based on input from industry expert estimates. This estimate was not subject to sufficient audit verification.
- The Available for Collection amount is calculated by subtracting the Consumed in Use and Repurposed amounts, if applicable, from products sold.
- The recovery rate is presented as Capture Rate and is calculated by dividing actual collections by the amount determined to be available for collection.
- The product recovered is reconciled to the numbers published in the Annual Report.

Appendix B to the Independent Reasonable Assurance Report

BCUOMA has not reported the performance for the year in relation to approved targets under 8(2)(g) of the Recycling Regulation for the year ended December 31, 2019 as the Stewardship Plan is currently under review by the Ministry of Environment.

Consequently, we have not been engaged for the year ended December 31, 2019 to issue an assurance report on the above.



203 – 830 Shamrock Street
Victoria, British Columbia V8X 2V1
T 1.778.817.0721 F 236.237.1732

Recycling Hotline: 604.RECYCLE (in the Lower Mainland)
1.800.667.4321 (across British Columbia)

www.bcusedoil.com