British Columbia Used Oil Management Association

2012 ANNUAL REPORT

BCUOMA

Back row: Brian Ahearn, Don Hertherington, Lonnie Cole, Richard Voyer, Dave Russell
Front row: Natalie Zigarlick, Dave Schick, Ron Driedger, Brenda Hewko

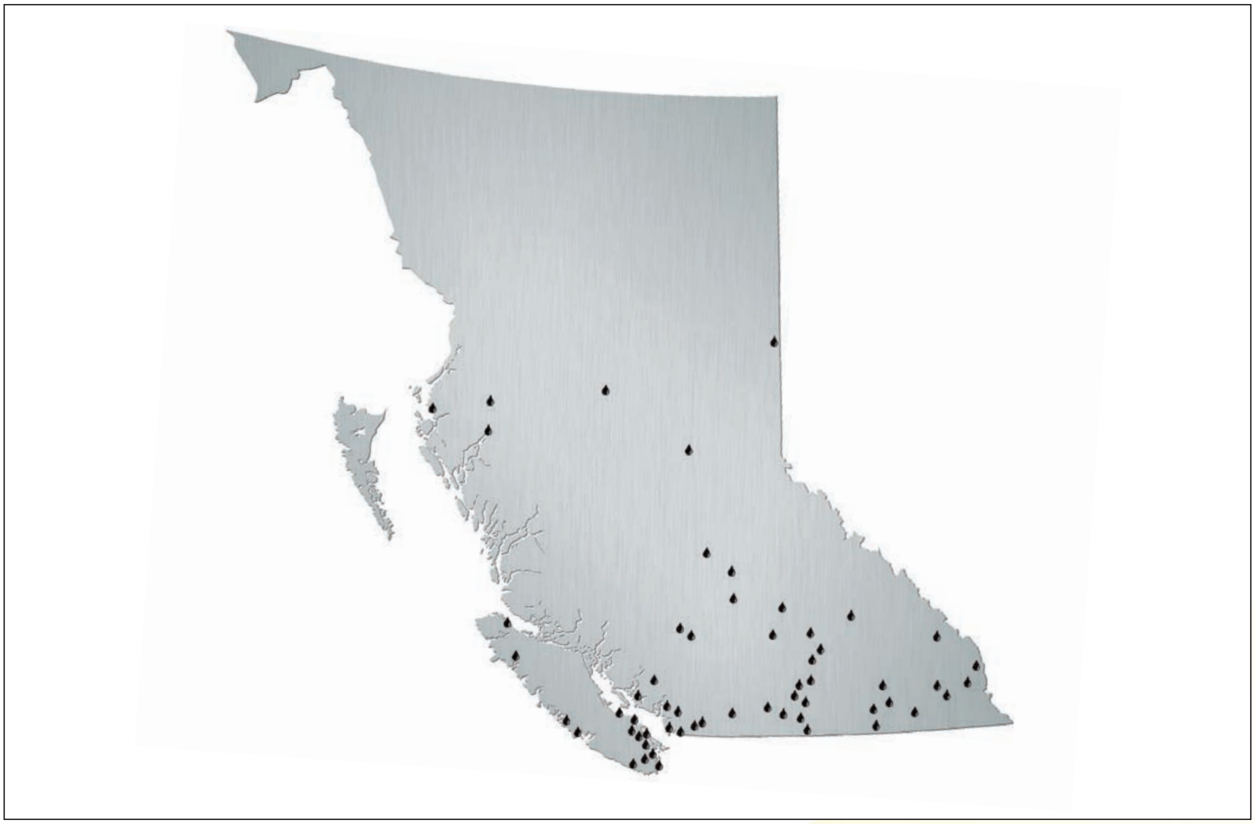
On behalf of the BRITISH COLUMBIA USED OIL MANAGEMENT ASSOCIATION, we would like to express our gratitude to all of the program participants – from Collectors to Processors, from Businesses to individual British Columbians – for your active support of the used oil recycling initiative. With your help, we look forward to even greater success in the future.

Thanks, a million.

Dave Schick,
Board Chair
BCUOMA

Ron Driedger,
Executive Director
BCUOMA

SUMMER AMBASSADOR PROGRAM



Since 2006, the BC Used Oil Management Association has undertaken a province-wide communications campaign to encourage the responsible recycling of used oil materials. From May to September, the Ambassador team travels to communities across BC to promote used oil and antifreeze recycling. Due to the success of the BCUOMA program, BC now has one of the highest recovery rates in the country.

USED OIL
80%
RECOVERY

USED OIL & ANTIFREEZE CONTAINERS
79%
RECOVERY

USED OIL FILTERS
85%
RECOVERY

USED ANTIFREEZE
54%
RECOVERY

RECOVERY RATES

2012 - ANOTHER SUCCESSFUL YEAR IN COLLECTING AND RECYCLING USED OIL AND ANTIFREEZE MATERIALS

The British Columbia Used Oil Management Association (BCUOMA) commenced operations in July 2003. In those nine and one-half years, 449 million litres of used oil, 47.2 million filters and 13 million kg of oil containers have been collected from over 4,000 generators and recycled by companies operating in British Columbia, Alberta and Washington State. Antifreeze and antifreeze containers were introduced to the BCUOMA program in July, 2011.

Since some of the oil, antifreeze and filters sold in one year are not necessarily collected and recycled that same year, a three-year average recycling rate is provided in the table below.

Recovery Rates for Used Oil and Antifreeze Materials

Product	Year	Sales in Millions	Available for Collection in Millions	Quantity Recovered in Millions	% Recovered	3 yr Average Recovery Rate %
Oil	2010	85.1 Litres	59.5 Litres	47.5 Litres	79.8	
	2011	93.5 Litres	65.4 Litres	48.0 Litres	73.4	77.6
	2012	88.7 Litres	62.0 Litres	49.4 Litres	79.7	
Antifreeze	2011 (1/2 Yr)	5.07 Litres	2.28 Litres	0.991 Litres	43.4	
	2012	9.560 Litres	4.302 Litres	2.328 Litres	54.1	48.9
Filters	2010	6.10	6.10	5.22	85.6	
	2011	6.23	6.23	5.39	86.5	85.8
	2012	6.057	6.057	5.159	85.2	
Containers	2010	1.736 kg	1.736 kg	1.533 kg	88.3	
	2011	1.924 kg	1.924 kg	1.676 kg	87.1	84.9
	2012	2.066 kg	2.066 kg	1.637 kg	79.2	

Only a portion of every litre of oil and antifreeze sold is available for recovery, because approximately 30.1% of the oil and 55% of the antifreeze is consumed during use. In 2012, 12.6 million litres of oil available for collection did not come through the BCUOMA program. About 10.1 million litres of that oil is used by businesses as a fuel or for other industrial uses. The remaining oil ended up in landfills or disposed of through oily rags, absorbent material, as well as land-filled filters and oil containers.

2.328 million litres of used antifreeze, adjusted to an average glycol percentage of 50%, was collected and recycled in 2012. Also, it is estimated that due to spills, evaporation, accidents and leaks, only about 45% of the antifreeze sold is available for collection.

Every used oil filter and oil and antifreeze container has the potential to be recycled. BCUOMA recognizes that it is difficult for automotive service centres to separate out automotive containers that are not included in the BCUOMA program such as windshield washer fluid, diesel exhaust fuel, and fuel and oil additive containers from the oil and antifreeze containers. Based on a 2011 container study, approximately 21% of what was recovered in 2012 was not part of the program. BCUOMA has approached the Ministry of Environment to request that the BC Recycling Regulation be amended to include the currently ineligible automotive containers.

PRUDENT FINANCIAL MANAGEMENT IS KEY TO A SUCCESSFUL STEWARDSHIP PROGRAM

Stewardship agencies in British Columbia are fortunate to have a Recycling Regulation where the producers have flexibility in how they develop their stewardship plan. Secondly, within the stewardship plan, the Stewards have the flexibility as to how they will raise the revenue to finance their program. They can either internalize the costs, or they can assign a visible eco fee to each product sold.

In the BCUOMA program, there is a visible Environmental Handling Charge (EHC) assessed to each producer member on the first sale into the province for the oil, antifreeze, filters and oil and antifreeze containers, based on the cost of collecting and recycling each of these products. The BCUOMA program is designed so that each oil material pays its own way and one material does not subsidize another. Whether the first seller passes this EHC on down to the wholesaler, retailer, or the consumer is up to each party in the process.

The target for each used oil and antifreeze material is to have approximately 80% of revenue pay for the return incentive payments to the registered BCUOMA collectors and the oil container processors; 10% to pay for other programs and administrative costs; and the remaining 10% used to build up a twelve month operating reserve. With an operating budget of approximately $13.5 million in 2012, the difference in total revenue minus expenditures was within 0.5% of the budgeted amount. BCUOMA is now over half way to building the planned twelve month operating reserve. Once the operating reserve is in place, BCUOMA will have the option to either reduce the EHC, increase the payments to companies who collect and process the materials, or a combination of the two options.

To save on operating costs, BCUOMA shares an office in Edmonton with the Alberta Used Oil Management Association. In addition, BCUOMA works with other Used Oil Management Associations on a common website, EHC Applicable Products List, joint EHC compliance reviews of producer members, and other implementation and operational issues where joint approaches save time and money for both the Used Oil Management Associations and our producer members, many of which operate in all Canadian provinces.

BCUOMA IS RESPONSIBLE FOR REPORTING ON ITS PERFORMANCE

While the British Columbia Ministry of Environment provides flexibility to producers on how they manage their stewardship programs, they now have detailed, substantial new requirements on how Stewards are to report performance measures. Each Steward has to engage a third-party qualified professional to annually undertake assurance level auditing on both the financial performance and the return collection facilities (RCFs), products sold, collected, and the end-uses of the recycled materials, in accordance with the pollution prevention hierarchy. Stewards are also required to report on their recovery rates. However, for most Stewards, the requirements of assurance level auditing on recovery rates are not attainable, due to the many variables in the recovery rate determination.

In order to meet the requirements of assurance level auditing on non-financial performance measures, in 2012, BCUOMA commenced the process to significantly change the way it measures and remunerates the private sector companies who collect and recycle the used oil and antifreeze materials. This process won't be completed until the end of 2013, with implementation of the new system in place by January 1, 2014.

The independent auditor's report on BCUOMA's financial statements is included in the Annual Report, while the audit report on the non-financial performance measures is provided to the Ministry of Environment under separate cover.
In addition, BCUOMA will be submitting a report to the Director of the Ministry of Environment using a common report template that is to be used by all Stewards.

STEWARDSHIP

BCUOMA IS WORKING WITH OTHER BRITISH COLUMBIA STEWARDS ON PROGRAM DELIVERY, PUBLIC EDUCATION AND INFORMATION

There are now more than 20 approved stewardship plans in British Columbia, covering a vast array of products. The commendable growth in stewardship programs can create confusion for the general public unless the Stewards are working together to help the public understand product stewardship in BC.

THE BC STEWARDS:

1. Have formed an organization called Stewardship Agencies of BC (SABC) to jointly work on projects with the Ministry of Environment, local governments and others to provide positions on common issues. Information on SABC and its members can be found at www.bcstewards.com.
2. Are working with the Recycling Council of BC on a common website and hotline, which includes a common collection facility locator. The RCBC has also developed a Recyclepedia app for the iPhone and android smart phones.
3. Have developed standard messaging using Recycle BC as the catchphrase with a logo. Recycle BC and the logo will be the key platform that all BC Stewards will use to inform and educate British Columbians.
4. Are conducting a Benchmark Consumer Awareness Survey in the fall of 2013. The purpose of this survey is to measure how aware British Columbians are of the different stewardship programs. This survey will build on the survey that the Ministry of Environment conducted in 2009. It is further planned to repeat the Benchmark Consumer Awareness Survey every three years.
5. Have jointly produced a Recycling Handbook that provides information on many stewardship programs in one document.

2012 SUMMER AMBASSADOR PROGRAM

In 2012, BCUOMA again partnered with Electronic Products Recycling Association (EPRA), the Health Products Stewardship Association (HPSA), formerly called the Post-Consumer Pharmaceutical Stewardship Association (PCPSA), and Product Care in a 17 week Summer Ambassador Program. Celebrating its seventh year in operation, 2012 saw a team of two university students in a brightly wrapped vehicle tour the province to meet with RCF operators, local government representatives, respond to media interview requests, and interact with the general public at targeted community events. The purpose of these visits was to ensure the RCFs are equipped with up-to-date information, including brochures and signage, and to meet with government officials and the public to generate awareness and communicate the importance of recycling used oil and antifreeze materials.

During the 17 week summer period, the team travelled to 122 municipalities, visited or contacted 534 RCFs, met with 19 government officials and took part in an impressive 65 media interviews. In addition, the ambassador team participated in 12 community events.

Once again, BCUOMA used radio and newspaper ads to encourage British Columbians to recycle their used oil and antifreeze materials. For the first time in BCUOMA history, animated online ads were used to complement the radio and newspaper ads, and target a never before reached audience. To create even further awareness, the radio and newspaper ads were scheduled to coincide with the regions of the province where the summer ambassadors were visiting.

MANY COMPANIES AND PEOPLE CONTRIBUTE TO THE SUCCESS OF THE BCUOMA PROGRAM

BCUOMA would like to recognize the important contributions of the BCUOMA registered collectors and processors. The collectors pick up the used oil and antifreeze materials from more than 4,000 generators across BC and deliver the materials to the BCUOMA registered processors, where they are processed to the point that they can be sold as raw materials for remanufacturing, or used in other applications such as re-refining.

As of December 31, 2012, 520 of the generators located all across the province participated in our program as a RCF for the do-it-yourselfer to take back their used oil materials at no charge, with about 300 RCFs available to take back used antifreeze materials. Their contribution to the success of the program is significant and much appreciated. BCUOMA pays the RCFs $0.10/litre for the oil they generate, if they collect used oil, filters and oil containers at no charge from the do-it-yourselfer, and $0.15/litre for the antifreeze, if they collect used antifreeze and antifreeze containers.

BCUOMA is governed by a nine-member Board of Directors, composed of representatives from oil, filter, antifreeze and retail industry sectors, as well as a local government and a public-at-large representative. The oversight and direction they provide in the management of the used oil and antifreeze materials recycling program is appreciated.

Dave Schick, Board Chair BCUOMA	Ron Driedger, Executive Director BCUOMA

Financial Statements

AUDITORS REPORT

APRIL 19, 2013

Independent Auditor's Report to the Members of British Columbia Used Oil Management Association

We have audited the accompanying financial statements of British Columbia Used Oil Management Association, which comprise the statements of financial position as of December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Used Oil Management Association as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

Statements of Financial Position

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

	DECEMBER 31 2012	DECEMBER 31 2011	JANUARY 1 2011
	$	$	$
Assets			
Current Assets			
Cash	3,868,502	2,312,445	1,814,294
Short-term investments			
guaranteed investment certificates (note 5)	1,025,193	755,548	-
Accounts receivable	3,516,419	3,416,088	2,920,041
Prepaid expenses	10,484	7,329	12,685
	8,420,598	6,491,410	4,747,020
Property and equipment (note 4)	1,191	406	1,906
Long-term investments			
guaranteed investment certificates (note 5)	523,069	762,682	-
	8,944,858	7,254,498	4,748,926
Liabilities			
Current liabilities			
Return incentives and infrastructure development incentives payable	1,570,110	1,503,743	1,196,059
Accounts payable and accrued liabilities	176,411	140,776	112,818
	1,746,521	1,644,519	1,308,877
Commitments (note 6)			
Net Assets			
Unrestricted	5,648,884	4,091,343	3,438,143
Invested in property and equipment			
internally restricted	1,191	406	1,906
Internally restricted	1,548,262	1,518,230	-
	7,198,337	5,609,979	3,440,049
	8,994,858	7,254,498	4,748,926

Statements of Changes in Net Assets

For the years ended December 31, 2012 and December 31, 2011

	Unrestricted	Invested in property and equipment	Internally restricted	Total
	$	$	$	$
Balance – January 1, 2011	3,438,143	1,906	-	3,440,049
Excess of revenue over expenditures	2,152,412	(1,500)	19,018	2,169,930
Investment in guaranteed certificates	(1,499,212)	-	1,499,212	-
Balance – December 31, 2011	4,091,343	406	1,518,230	5,609,979
Excess of revenue over expenditures	1,558,923	(597)	30,032	1,558,358
Investment in capital assets	(1,382)	1,382	- -	
Balance – December 31, 2012	5,648,884	1,191	1,548,262	7,198,337

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

Statements of Operations

For the years ended December 31, 2012 and December 31, 2011

	2012	2011
	$	$
Revenue		
Environmental handling charges	13,455,029	13,162,378
Investment income and other	74,745	98,173
Registration fees	2,194	2,800
	13,531,968	13,263,351
Expenditures		
Program costs		
Return incentives, infrastructure development incentives and return collection facility incentives	10,877,786	10,113,303
Communications and public relations	333,158	288,694
Compliance reviews	53,108	49,051
Management and administration contracts (note 8)	49,657	50,669
Consulting	44,771	22,927
Legal fees (note 8)	35,188	8,793
Bad debt (note 9)	13,680	-
Depot infrastructure	9,146	20,007
	11,416,494	10,553,444
Administrative costs		
Management and administration contracts (note 8)	336,316	337,007
Office and general expenses	61,522	67,659
Financial audit fees	51,200	47,088
Rent	40,340	38,375
Board expenses	20,729	26,406
Legal fees (note 8)	16,412	21,942
Amortization	597	1,500
	527,116	539,977
	11,943,610	11,093,421
Excess of revenue over expenditures	1,588,358	2,169.930

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

Statements of Cash Flows

For the years ended December 31, 2012 and December 31, 2011

	2012	2011
	$	$
Cash provided by (used in)		
Operating activities		
Environmental handling charges	13,321,173	12,683,492
Investment and other income	76,939	100,973
	13,398,112	12,784,465
Program activities		
Return incentives and infrastructure development incentives	(10,160,428)	(9,805,620)
Other program activities	(1,112,716)	(449,323)
Administration	(537,497)	(513,141)
	(11,810,641)	(10,768,084)
Investing activities		
Proceeds from sale of guaranteed investment certificates - net	(30,032)	(1,518,230)
Acquisition of property and equipment	(1,382)	-
	(31,414)	(1,518,230)
Increase in cash	1,556,057	498,151
Cash – Beginning of year	2,312,445	1,814,294
Cash – End of year	3,868,502	2,312,445

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

Notes to Financial Statements

December 31, 2012 and December 31, 2011

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.

2. Transition to accounting standards for not-for-profit organizations (asnpo)

Effective January 1, 2012, the Association elected to adopt Canadian accounting standards for not-for-profit organizations (Part III of the CICA Handbook) (ASNPO) as issued by the Canadian Accounting Standards Board. Subject to certain transition elections, the accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect. Section 1500 of the CICA Handbook provides a number of elective exemptions from the retrospective adoption of ASNPO; however, the Association has elected not to use any of these exemptions. The accounting policies as set out below have been applied in preparing the financial statements for the year ended December 31, 2012 and in the preparation of an opening balance sheet at January 1, 2011 (the Association's date of transition).

3. Significant accounting policies

These financial statements have been prepared by management in accordance with ASNPO. The preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. Significant estimates include the determination of the return incentives paid for ineligible containers (note 7). These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Revenue recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

i) Environmental handling charge (EHC) revenue

EHC is collected when the lubricating oil, oil filters, oil containers, antifreeze and antifreeze containers are first sold by a registrant. EHC revenue is recognized when there is reasonable assurance of collection and the related services have been performed.

ii) Investment income

Investment income is unrestricted and recognized as revenue in the year it is earned.

b) Return incentives and infrastructure development incentives

Return incentive expenditures (RI) are recognized in the year when the lubricating oil and antifreeze materials are collected by a registered collector and completed claim forms are received and accepted by the Association. Infrastructure development incentives are recognized when the used oil and antifreeze containers are received at a processor and completed claim forms are received and accepted by the Association.

c) 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

d) Internally restricted funds

In addition to the operating fund, which is unrestricted, the Association maintains two reserve funds that may be used to fund operating or capital costs as follows:

i) Internally restricted
The purpose of this reserve is to ensure there are sufficient cash resources to meet operational needs.

ii) Invested in property and equipment
The purpose of this reserve is to separately account for capital assets.

e) Financial instruments

The Association's financial assets include cash, accounts receivable and investments. Cash and investments are recorded at fair value with realized and unrealized gains and losses reported in the statement of operations for the period in which they arise. Accounts receivable is classified as loans and receivables and is accounted for at amortized cost using the effective interest rate method. Accounts receivable is initially recorded at fair value. Investments are held in Guaranteed Investment Certificates with a fixed term and fixed interest rate. Interest income from investments is recorded in investment income and other in the statement of operations.

The Association's financial liabilities include return incentives and infrastructure development incentives payable and accounts payable and accrued liabilities. All financial liabilities are classified as other liabilities and are accounted for at amortized cost using the effective interest rate method. Financial liabilities are initially measured at fair value.

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.

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) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts for operations during the reporting period. By their nature, these estimates are subject to future periods could be significant. Accounts significantly affected by estimates in these financial statements are return incentives and infrastructure development incentives payable and EHC accruals where the fees paid by customers in the current year would not be submitted by registrant until the next year.

g) Allocated expenses

Expenses relating to management and administration contracts and legal fees are allocated between program costs and administrative costs as noted below. The Association allocates these expenses by identifying the appropriate basis of allocation, and applies that basis consistently each year.

	2012 %	2011 %
Management and administration contracts		
Executive director contract		
Program costs	20	20
Administrative costs	80	80
Other contract staff		
Program costs	10	10
Administrative costs	90	90
Legal Fees		
Program costs	20	20
Administrative costs	80	80
(Unless legal services relate exclusively to a function)		

4. Property and equipment

	2012		
	Cost $	Accumulated amortization $	Net $
Furniture and fixtures	6,337	6,337	-
Computer equipment	31,997	30,806	1,191
	38,334	37,143	1,191

	2011		
	Cost $	Accumulated amortization $	Net $
Furniture and fixtures	6,337	6,337	-
Computer equipment	30,615	30,209	406
	36,952	36,546	406

5. Investments - guaranteed investment certificates

The Association has $765,114 and $260,079 (2011 – $755,548) invested in short-term guaranteed investment certificates maturing on November 13, 2013 and November 16, 2013 with an interest rate of 1.37% and 2.45%, respectively.

The Association has funds invested in guaranteed long-term investment certificates maturing as follows:

Maturity date	Interest rate	2012	2011
	%	$	$
November 16, 2013	2.45	-	253,860
November 17, 2014	2.80	523,069	508,822
		523,069	762,682

6. Commitments

Under the terms of financial services and use agreements, the Association is charged a fee for provision of financial administration services of various staff to March 2015. In addition, under the terms of a service agreement expiring August 2013, the Association is charged a monthly rate for provision of professional and technical services. The Association has a lease for office space until June 2015 for the current location. The estimated minimum annual payments required under these agreements are as follows:

	Contract services	Facilities	Total
	$	$	$
2013	295,467	23,319	318,786
2014	120,952	23,853	144,805
2015	25,954	12,060	38,014
	442,373	59,232	501,605

7. Ineligible containers

The return incentive 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. In addition, engine coolant containers are now included in the program as of July 1, 2011.

Based on studies performed by independent consultants in 2011, the Association has determined that the amount of ineligible containers is approximately 21% by weight.

8. Allocated expenses

For the years ended December 31, 2012 and 2011, total expenses allocated between program costs and administrative costs were as follows:

	2012	2011
	$	$
Management and administration contracts		
Executive director contract	114,009	110,689
Other contract staff	271,964	276,987
	385,973	387,676
Legal fees	51,600	30,735

9. Financial risk management

The Association's financial instruments comprise of cash, guaranteed investment certificates, accounts receivable, return incentives and infrastructure development incentives payable and accounts payable and accrued liabilities.

Credit Risk

The Association is subject to credit risk with respect to accounts receivable. However, the Association is not exposed to any significant concentration of credit risk due to its large registrant base. Management monitors these accounts regularly and does not believe that the Association is exposed to significant credit risk at the balance sheet dates.

Not reflected in the bad debt expense is the amount of $5,905, which was collected from the customer during 2012.

Interest Risk

The Association's operating line of credit bears interest at variable rates. There were no amounts drawn down on this facility as at December 31, 2012. The Association does not use derivative instruments to reduce its exposure to this interest rate risk.

Liquidity Risk

The Association manages its liquidity to finance its expenses, working capital and overall capital expenditures. The Association primarily finances its liquidity through environmental handling charges, income from its investments and registration fees. The Association expects to continue to meet future requirements through this source.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RETURN YOUR USED OIL HERE.
PLEASE RECYCLE USED OIL AND ANTIFREEZE MATERIALS
A SINGLE DROP MAKES A BIG IMPACT
Tires and AUTO service
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