



**ONE
SINGLE DROP
MAKES A
BIG IMPACT.**

**2010 ANNUAL
REPORT**



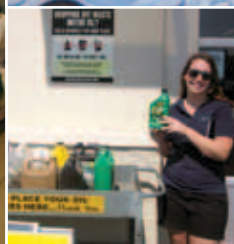
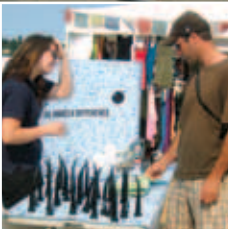
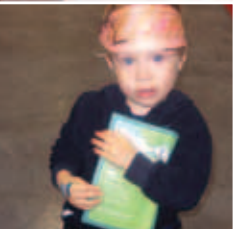
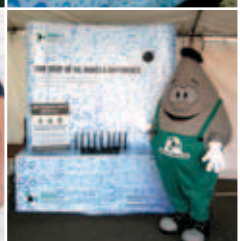
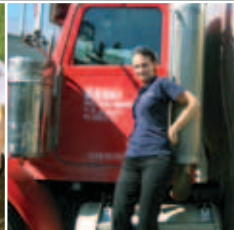
BCUOMA
British Columbia Used Oil
Management Association



Last year marked the fifth annual

Summer Ambassador Program

promoting BCUOMA's message that "one drop can make a difference."





*Back row: Doug Waldie, Dave Schick, Marvin Hunt, Richard Voyer, Ted Stoner
Front row: Lonnie Coie, Natalie Zigarlick, Ron Driedger*

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

MORE USED OIL MATERIALS ARE RECOVERED AND RECYCLED

The British Columbia Used Oil Management Association (BCUOMA) is now in its eighth year of operation, and we are pleased to report to you on the year 2010. Oil and filter sales in 2010 rebounded slightly from their low point in 2009. The BCUOMA registered Collectors and Processors continue to do an excellent job in regularly picking up used oil materials from over 4,000 generators across the province.

Recovery Rates For Used Oil Materials

Product	Year	Sales in Millions	Recoverable Portion in Millions	Quantity Recovered in Millions	Percentage Recovered
Oil	2008	96.6 Litres	67.5 Litres	49.3 Litres	73.0
	2009*	83.6 Litres	58.4 Litres	44.9 Litres	76.9
	2010	85.0 Litres	59.4 Litres	47.1 Litres	79.3
Filters	2008	5.77	5.77	5.64	97.8
	2009*	5.74	5.74	5.19	90.4
	2010	6.10	6.10	5.22	85.6
Containers	2008	2.01 Kg	2.01 Kg	1.47 Kg	73.1
	2009*	1.77 Kg	1.77 Kg	1.43 Kg	80.8
	2010	1.736 Kg	1.736 Kg	1.533 Kg	88.3

* The 2009 numbers are the same as presented in the previous Annual Report even though a few numbers have been slightly adjusted since the time of the previous audit because unpaid materials are now being included in the adjusted numbers for 2009 as well as 2010.

Only a portion of every litre of oil sold is available for recovery because approximately 30.1 per cent of the oil is consumed during use. Of the 59.4 million litres available for recovery, 47.1 million litres were collected and recycled, with a recovery rate of 79.3 per cent, compared to 76.9 per cent the previous year. The remaining 12.3 million litres did not come back through the BCUOMA collection and recycling program. Rather, much of it was used in processes such as manufacturing explosives, oil space heaters, chain oil, and other industrial applications. After over seven years of operation, much more used oil is being recovered by the program when compared to the first few years. In addition, less of the used oil is disposed of in an unsafe manner than occurred before the program commenced in mid 2003.

Every used oil filter and oil container has the potential to be recycled, and for the last several years BCUOMA has had one of the best recovery rates in Canada for oil filters and oil containers. BCUOMA recognizes that it is difficult for automotive service centres to separate out the other automotive containers such as antifreeze, windshield washer, and fuel and oil additive containers from the oil containers. In 2010, approximately 19 per cent of what was recovered were non-oil containers. Effective July 1, 2011, antifreeze containers will be part of the BCUOMA program. Eventually windshield washer and fuel and oil additive containers may be included in the BC Recycling Regulation.

While the recovery rates for used oil and oil containers has steadily increased in the last three years, the recovery rate for filters has varied between a high of 97.8% and a low of 85.6%. Due to these annual variances, a three year running average is a more accurate way of determining a realistic recovery rate for used oil materials.

Stewardship Plan for Antifreeze Prepared in 2010

In 2010, BCUOMA consulted with Stakeholders on the development of a Stewardship Plan for antifreeze and antifreeze containers. Through May to August, the Ambassador Team visited most of the province informing local governments, return collection facility operators and the media, that a program for collection and recycling of antifreeze was being developed and their input was requested. In addition, the Ambassadors canvassed the return collection facility operators for information on how much used antifreeze they generated per month.

The combined used oil and antifreeze materials Stewardship Plan was submitted to the Ministry of Environment on September 30, 2010 for approval. At the request of the Ministry of Environment, a stakeholder meeting/webinar was held in Delta on November 30, 2010, to obtain comments and input on the Stewardship Plan. The Stewardship Plan outlines July 1, 2011, as the date the program for the collection and recycling of antifreeze will commence.

Financial Management of the BCUOMA Program

In 2008, the recovery rates for used oil materials increased significantly, particularly for filters and oil containers. As a result, expenditures exceeded revenues, and options were considered to deal with this deficit and the expected growing deficits in the years moving forward. The BCUOMA program is designed so that each oil material pays their own way so one material does not subsidize another. In June, 2009, the BCUOMA members approved an increase in the Environmental Handling Charge (EHC) for oil containers from \$0.05 to \$0.10/l of container. The EHC for small filters less than eight inches in length was increased from \$0.50 to \$0.55/filter, and for the large filters from \$1.00 to \$1.25/filter. Since a minimum of 90 days notice to our BCUOMA members is required, the new EHC rates took effect on October 1, 2009.

Since the new rate only took effect for the fourth quarter of the year, BCUOMA's expenditures still exceeded revenues in 2009. In 2010, revenues exceeded expenditures for the first time in three years, very close to what was budgeted. The target for each used oil material is to have 80% of revenue pay for the payments to the registered BCUOMA Collectors and the oil container Processors, 10% to pay for other program and administrative costs, and the remaining 10% used to build up a nine to twelve month operating reserve.

Our Message to the Public is to Make Every Drop Count

The Summer Ambassador Program was expanded in 2010 to sixteen weeks in order to enable the two ambassadors to visit or contact almost all of the 488 return collection facilities. They also visited 121 municipalities, took part in 41 media interviews, participated in 8 community events, and met with 17 local government officials. Again in 2010, BCUOMA partnered with the Post-Consumer Pharmaceutical Stewardship Association to hand out their brochures at community events and at meetings with local government officials, and to visit some of their pharmacies that take back dated and un-used medications.



BCUOMA also used radio and newspaper ads to encourage British Columbians to recycle their used oil materials. In addition, BCUOMA partnered with seven other BC Stewards to produce a Recycling Handbook which provided information on all 8 stewardship programs. These Recycling Handbooks were distributed by the Ambassadors to local governments and at community events, along with the BCUOMA Brochure.

Many Contribute to the Success of the BCUOMA Program

Just under 490 of the over 4,000 generators located all across the province continue to participate in our program as a Return Collection Facility for the do-it-yourselfer to take back their used oil materials at no charge. Their contribution to the success of the program is significant and much appreciated. To further recognize the contribution they make, as of July 1, 2011, BCUOMA is planning to pay the Return Collection Facility operators directly for the used oil materials they collect, as well as for the used antifreeze materials.

BCUOMA would also like to acknowledge the important contribution of the Registered Collectors, who regularly pick up the used oil materials from the generators. The Collectors deliver the used oil 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 as an approved fuel source for the used oil that is not re-refined. BCUOMA specifies what the approved end-uses are for used oil materials.

BCUOMA is also very fortunate in having a nine member Board of Directors, which includes representatives from oil, filter, antifreeze and retail industry sectors, as well as a local government and a public-at-large representative. Their oversight and direction in the management of the used oil materials recycling program is very much appreciated.

Dave Schick,
Board Chair
BCUOMA

Ron Driedger,
Executive Director
BCUOMA

April 21, 2011

AUDITOR'S REPORT

To British Columbia Used Oil Management Association

We have audited the schedule of used oil materials collected as reported by **British Columbia Used Oil Management Association** for the year ended December 31, 2010, calculated as disclosed in note 1 to the schedule. This information is the responsibility of the management of the Association. Our responsibility is to express an opinion on this information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information. An audit also includes assessing the significant estimates made by management, and evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the used oil materials collected in accordance with the basis of measurement as described in note 1 as reported by British Columbia Used Oil Management Association for the year ended December 31, 2010.

PricewaterhouseCoopers LLP

Chartered Accountants

SCHEDULE OF USED OIL MATERIALS COLLECTED

FOR THE YEAR ENDED DECEMBER 31, 2010

	Current year volumes January 1, 2010 to December 31, 2010	Prior year volumes January 1, 2009 to December 31, 2009 (Restated – Note 2)
Used oil	47,212,024 litres	45,282,597 litres
Used oil filters	5,235,973 filters	5,166,731 filters
Used oil containers	1,535,556 kilograms	1,431,436 kilograms

See accompanying note to schedule.

NOTE TO SCHEDULE OF USED OIL MATERIALS COLLECTED

DECEMBER 31, 2010

1. Basis of presentation

Volume measurement and measurement uncertainty

Volumes of oil and oil containers and weight of filters collected are based on actual measurements taken by the Collector/Transporters of these materials and verified by Generators and Processors.

Volumes of filters collected are calculated based on the number of full 116.95 kg drums as reported by Collector/Transporters and verified by Generators and Processors. This drum number is multiplied by management's best estimate of the number of filters less than or equal to 203 millimetres in length and the number of filters greater than 203 millimetres in length in each full drum. In management's best estimate, there are, on average, 143 filters less than or equal to 203 millimetres in length and 12 filters greater than 203 millimetres in length in each full drum. Management's estimates and assumptions affect the reported filter volumes during the reporting year. Actual results could differ from these estimates.

The weight of oil containers collected is an actual weight of the oil containers collected in bulk and may include some non-oil containers of the same type of plastic. Based on studies performed by independent consultants, management estimates that of the actual weight of the containers collected and reported in the Schedule, approximately 19% are non-oil containers. Actual results could differ from these estimates and such differences could be material.

2. Prior period figures restated

In prior years, the schedule included only those materials collected for which a return incentive was paid. The prior period comparatives have been restated to include all materials collected by Generators and Processors to conform with the current year measurement basis.

April 21, 2011

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 balance sheet as at December 31, 2010 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audit 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

BALANCE SHEET

AS AT DECEMBER 31, 2010

	2010 \$	2009 \$
Assets		
Current assets		
Cash	1,814,294	734,512
Accounts receivable	2,920,041	2,656,767
Prepaid expenses	12,685	7,622
	<u>4,747,020</u>	<u>3,398,901</u>
Property and equipment (note 5)	1,906	6,406
	<u>4,748,926</u>	<u>3,405,307</u>
Liabilities		
Current liabilities		
Return incentives and infrastructure development incentives payable	1,196,059	1,091,487
Accounts payable and accrued liabilities	112,818	105,241
	<u>1,308,877</u>	<u>1,196,728</u>
Commitments (note 7)		
Net Assets		
Unrestricted	3,438,143	2,202,173
Invested in property and equipment – internally restricted	1,906	6,406
	<u>3,440,049</u>	<u>2,208,579</u>
	<u>4,748,926</u>	<u>3,405,307</u>

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted \$	Invested in property and equipment \$	2010 \$	2009 \$
Balance – Beginning of year	2,202,173	6,406	2,208,579	1,994,873
Excess of revenue over expenditures	1,241,077	(9,607)	1,231,470	213,706
Investment in property and equipment	(5,107)	5,107	-	-
Balance – End of year	<u>3,438,143</u>	<u>1,906</u>	<u>3,440,049</u>	<u>2,208,579</u>

See accompanying notes to the financial statements.

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
Revenue		
Environmental handling charges	11,159,504	9,528,302
Investment income and other	24,662	19,169
Registration fees	3,000	4,000
	<u>11,187,166</u>	<u>9,551,471</u>
Expenditures		
Program costs		
Return incentives and infrastructure development incentives	9,088,324	8,590,035
Communications and public relations	235,370	114,085
Management and administration contracts (note 9)	47,460	47,249
Compliance reviews	40,818	42,609
Consulting	15,540	-
Depot infrastructure	4,548	5,920
Legal fees (note 9)	4,187	6,092
Bad debt	1,404	-
	<u>9,437,651</u>	<u>8,805,990</u>
Administrative costs		
Management and administration contracts (note 9)	324,582	319,120
Office and general expenses	76,839	66,897
Financial audit fees	40,972	31,970
Rent	31,233	21,308
Board expenses	18,605	56,720
Legal fees (note 9)	16,207	23,990
Amortization	9,607	11,770
	<u>518,045</u>	<u>531,775</u>
	<u>9,955,696</u>	<u>9,337,765</u>
Excess of revenue over expenditures	<u>1,231,470</u>	<u>213,706</u>

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
Cash provided by (used in)		
Operating activities		
Environmental handling charges	10,955,321	9,093,403
Other income	27,662	23,169
	<u>10,982,983</u>	<u>9,116,572</u>
Program activities		
Return incentives and infrastructure development incentives	(8,983,752)	(8,502,790)
Other program activities	(353,536)	(275,486)
Administration	(560,806)	(538,202)
	<u>(9,898,094)</u>	<u>(9,316,478)</u>
Investing activities		
Purchase of property and equipment	(5,107)	-
	<u>1,079,782</u>	<u>(199,906)</u>
Increase (decrease) in cash	1,079,782	(199,906)
Cash – Beginning of year	734,512	934,418
Cash – End of year	<u>1,814,294</u>	<u>734,512</u>

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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. Significant accounting policies

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. 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. 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) 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
Leasehold improvements	Term of the lease

b) Revenue recognition

Environmental handling charge revenue is recognized when the lubricating oil material, filters and containers are first sold by a registrant.

c) Return incentives and infrastructure development incentives

Return incentive expenditures are recognized in the year when the lubricating oil material is 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 containers are received at a processor and completed claim forms are received and accepted by the Association.

d) Financial instruments

The Association's financial assets include cash and accounts receivable. Cash is classified as held-for-trading and is recorded at fair value with realized and unrealized gains and losses reported in the statement of revenue and expenditures 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.

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.

The Association applies Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861 – *"Financial Instruments Disclosure and Presentation"* in place of the optional standards CICA 3862 – *"Financial Instruments – Disclosures"* and CICA 3863 – *"Financial Instruments – Presentation"*, effective for financial years beginning on or after October 31, 2007.

e) 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.

	2010	2009
	%	%
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)		

3. Changes in basis of accounting

Future accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Association is currently considering the impact of the adoption of these standards.

4. Credit line facility

The Association has a \$400,000 operating line of credit arrangement. Interest is charged at the bank's prime lending rate plus 0.25% (3.25% as at December 31, 2010). A general security agreement and a general assignment of accounts receivable have been provided as collateral for any advances. At December 31, 2010, there was no amount drawn on the facility.

5. Property and equipment

			2010	2009
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and fixtures	6,337	6,275	62	248
Computer equipment	30,615	28,771	1,844	1,848
Leasehold improvements	-	-	-	4,310
	36,952	35,046	1,906	6,406

6. Capital disclosures

The Association's objective in managing capital is to ensure a sufficient liquidity position to finance its expenses, working capital and overall capital expenditures.

The Association defines capital as net assets comprised of investment in property and equipment and unrestricted funds.

Since inception, the Association has primarily financed its liquidity through environmental handling charges, interest income from bank deposits and registration fees. The Association expects to continue to meet future requirements through this source.

The Association is not subject to any externally imposed capital requirements. There have been no changes to the Association's objectives and what it manages as capital since the prior fiscal period.

7. 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 August 2013. 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 \$
2011	388,254	22,251	410,505
2012	309,645	22,785	332,430
2013	196,313	23,319	219,632
2014	-	23,853	23,853
2015	-	12,060	12,060
	<u>894,212</u>	<u>104,268</u>	<u>998,480</u>

8. Ineligible containers

The Return Incentive ("RI") paid for Used Oil Containers may include payment for ineligible containers from related products such as windshield washer fluid, engine coolants 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 will be included in the program as of July 1, 2011.

Based on studies performed by independent consultants in 2008, the Association has determined that the amount of ineligible containers is approximately 19% by weight.

9. Allocated expenses

For the year ended December 31, 2010, total expenses allocated between program costs and administrative costs were as follows:

	\$
Management and administration contracts	
Executive director contract	107,465
Other contract staff	<u>264,577</u>
	<u>372,042</u>
Legal fees	<u>20,394</u>

10. Financial instrument

The Association's financial instruments comprise of cash, accounts receivable, return incentives and infrastructure development incentives payable and accounts payable and accrued liabilities. The carrying value of these accounts approximate fair value.

Credit risk

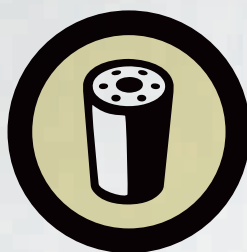
The Association is subject to credit risk with respect to accounts receivable. However, the Association is not exposed to any significant concentration of credit risk due to its large registrant base. Management monitors these accounts regularly and does not believe that the Association is exposed to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

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, 2010. The Association does not use derivative instruments to reduce its exposure to this interest rate risk.



USED OIL
79%
RECOVERY



USED OIL FILTERS
86%
RECOVERY



USED OIL CONTAINERS
88%
RECOVERY



BCUOMA
British Columbia Used Oil
Management Association

Suite 125, 9 – 45905 Yale Road, Chilliwack, British Columbia V2P 8E6
T 604.703.1990 | Info 1.866.254.0555 | F 604.703.1998

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

www.usedoilrecycling.com

Printed on 100% recycled Save-a-tree paper.