



review

Resource Recovery Fund Board Inc. (RRFB Nova Scotia) is a not-for-profit corporation working in partnership with Nova Scotians to improve the province's environment, economy and quality of life by reducing, reusing, recycling and recovering resources. Recognized globally as an innovator in waste diversion solutions, RRFB Nova Scotia manages a network of 83 independently owned Enviro-Depots throughout the province. As a leader in Nova Scotia's waste diversion efforts, RRFB Nova Scotia delivers education and awareness programs, partners with industry to develop and implement stewardship agreements, and promotes innovation through the development of value-added manufacturing.

mission

To work with Nova Scotians to improve our environment, economy and quality of life by reducing, reusing, recycling and recovering resources.

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2010 Highlights

Recapping our successes

In fiscal 2010, RRFB Nova Scotia funded programs diverted a wide range of materials from disposal:

BEVERAGE PROGRAM

- Containers on which deposits were received: 376 million (373 million in 2009)
- Redemptions: 301 million containers (293 million in 2009)
- Recovery rate: 79.9% (78.5 % in 2009)

TIRE PROGRAM

- Tires collected: 1.09 million (1.02 in 2009)
- Tire recovery rate: 82.9% (80.5% in 2009)

PAINT PROGRAM

- Containers sold: 1.99 million (1.98 million in 2009)
- Containers collected: 402,000 (350,000 in 2009)
- Paint collected: 368,755 litres (548,832 litres in 2009)
- Paint recovery rate: 20.2% (17.7% in 2009)
- Non-program materials: 41,429 units (31,143 in 2009)

MUNICIPAL PROGRAMS

- 105,000 tonnes of organic waste diverted through residential, commercial and institutional collection at municipal composting facilities
- 45,700 tonnes of recyclable material diverted through municipal curbside programs
- 100,000 tonnes of construction and demolition waste diverted from disposal at landfills
- Approved funding for the removal of 1,014 derelict vehicles

RRFB Nova Scotia funding at a glance

- \$7.0 million (83.1% of net revenues) to Nova Scotia's 55 municipalities for diversion credits and funding for local recycling, composting and other waste diversion programs
- \$1.6 million (includes allocation to regions) to educate Nova Scotians and build ongoing support for environmental action
- Paid \$250,900 and approved an additional \$107,000 for private sector projects to support environmental entrepreneurs and encourage innovations in waste reduction

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Message from the Chief Executive Officer

At RRFB Nova Scotia we operate in a state of “re.” Our core business is to reduce, reuse, recycle and recover resources. In 2010 – a year in which our organization faced challenges never seen in our 14-year history– we broadened our vocabulary of “re” words to stay clearly focused on our mission. Terms like rethink, rebalance, reevaluate and renew helped define RRFB Nova Scotia’s approach to a year that was, in a word, remarkable.

Above all, 2010 reinforced just how much our business can be affected by a downturn in the economy – and dips in consumer spending. When Nova Scotians cut back on buying automobiles, tires, paint, and beverages in bottles and cans there is less “raw material” for us to recycle into new products. And when international market prices drop for commodities such as aluminum and PET (from plastic bottles) it has further impacts on our revenues.

And that’s exactly what happened this year. Lower consumer spending and commodity prices were defining financial trends for RRFB Nova Scotia in 2010. Beverage container revenues fell – with the lowest volume growth rate in our history. Tire revenue was also down as a result of the auto industry decline and a mild winter that saw fewer Nova Scotians buying snow tires. Other stewardship revenue showed a small decline due to a drop in paint and newspaper sales. And revenue from aluminum and PET sales totaled \$3.5 million this year– down from 2009 sales of \$5 million – due to changes in commodity prices and currency rates.

Despite decreased revenues, 2010 brought many rewards. It was a year marked by continued successes, new program funding, and the completion of several key initiatives.

One of our most gratifying achievements was selecting a firm to manage the processing and marketing of Nova Scotia’s used tires. This sustainable, made-in-Nova Scotia solution will see used tires shredded into tire-derived aggregate for use in roads and other engineering projects requiring lightweight fill. RRFB Nova Scotia funding for research and development projects also reaped solid rewards this year – including studies that discovered viable, value-added uses for waste glass and municipal compost.



Message from the Chief Executive Officer *(continued)*

RRFB Nova Scotia strives to be strategic and consultative with our municipal partners. This year we launched a new \$700,000 program to help municipalities better enforce provincial and municipal solid waste regulations – from implementing clear bag for garbage programs to developing new by-laws. We also worked closely with municipalities to create a more streamlined and flexible process for allocating funds for municipal projects. Further, year two of RRFB’s enhanced regional education contracts saw \$735,000 distributed throughout the province for a variety of public education efforts in the areas of school greening, apartments and multi-unit buildings, and food services.

Diverting waste is the core of RRFB Nova Scotia’s business. And we look forward to the release of the renewed Nova Scotia Solid Waste-Resource Management Strategy. The new strategy will re-focus RRFB Nova Scotia’s roles and priorities in helping the province achieve its waste disposal goal of 300 kilograms per person, per year, by 2015. To support that goal, RRFB Nova Scotia this year began researching and developing

a province-wide promotional campaign to encourage Nova Scotians to further reduce waste – and meet the “300 kg by 2015” challenge.

Reducing and diverting electronic waste also remains a priority in our province – and Nova Scotians continued to be avid recyclers of e-products this year. Indeed, the Atlantic Canada Electronics Stewardship (ACES) Program – an industry-led program managed by RRFB Nova Scotia – continued to grow and expand.

Simply put: This was a year of outstanding results, despite lower revenues.

I would like to recognize and thank RRFB Nova Scotia’s board members for their continued dedication and collective wisdom. Throughout a challenging and turbulent year, our board provided excellent counsel and timely response to a number of complex issues. And I want to extend thanks and best wishes to retiring board members Richie Cotton and Brian Miller whose experience and insight will be missed.

RRFB Nova Scotia’s employees met this year’s challenges head-on, and continued to demonstrate their professionalism and commitment to environmental change. I thank them for their outstanding work in 2010. Thanks also go out to our many municipal, government, industry and academic partners for continued support and innovation.

On behalf of RRFB Nova Scotia, its board and employees, I am honoured to present our fourteenth annual report, for the fiscal year ended March 31, 2010.



W. D. (Bill) Ring,
Chief Executive Officer



Used Tire Processing Solution Rolled Out

Upwards of 900,000 car tires hit the end of the road every year in Nova Scotia. Now those used tires will return to the road – except this time they’ll be shredded and reused in highway construction and other engineering projects.

Following a comprehensive and rigorous procurement process, RRFB Nova Scotia selected Halifax C&D Recycling Ltd. to process and market used tires as tire-derived aggregate (TDA). This made-in-Nova-Scotia solution means that all used tires collected in our province will be shredded into TDA – a product whose unique qualities make it ideal for uses such as road drainage, lightweight fill and insulation against frost.

And in keeping with RRFB Nova Scotia’s mandates, the tire processing facility has other value-added and environmental benefits. The facility will create employment and develop new markets for recycled material. Plus its central location will reduce the need for long-haul transportation, and lessen greenhouse emissions.

Redrawing the MAP

Since 1997, RRFB Nova Scotia has administered the Municipal Approved Program (MAP) – which provides funding to help municipalities develop and carry out waste diversion. From rolling out green cart programs to enforcing local bylaws, the program has helped build a strong infrastructure for recycling and diversion throughout the province. MAP has also contributed significant funding to municipalities – with over \$9.5 million distributed from 1999-2009.

Despite MAP’s success, RRFB and its municipal partners recognized the need for a change. Municipal waste diversion systems have matured and their funding needs have evolved. This year we consulted widely with our municipal partners to seek input on how to improve MAP. The upshot: A more streamlined application process for funding; an emphasis on innovative projects; and a more predictable level of funding for municipalities.

Feedback from our municipal partners has been positive. They can now plan their local waste diversion with more certainty. They also appreciated RRFB Nova Scotia’s efforts to consult with them and hear their ideas “one on one.”

Enviro-Depots: Refunds + Returns

Nova Scotia’s 83 Enviro-Depots continued to be the “beehives” of our beverage container recycling system, and an important revenue stream for RRFB Nova Scotia’s waste diversion programs and operations. And this year, ENVIRO-DEPOT™ operators were a busy bunch indeed, processing the 301 million beverage containers returned for refund (up from 293 million last year). Despite the modest upswing in beverage container returns, market prices for aluminum and PET (from plastic pop bottles) softened this year – which directly affected RRFB’s overall revenues.

In 2010, Enviro-Depots collected more than 368,000 litres of leftover paint – a significant decrease from the almost 549,000 litres returned in 2009. The drop in returns of leftover paint reflects an overall decline in new housing activity and home renovations in the province last year.



Regional Education Contracts Refocused

Schools, apartments and restaurants share a common challenge. It takes a highly orchestrated effort to help administrators, landlords and business owners reduce and divert waste materials. That effort starts with community-based education. And it's the reason RRFB Nova Scotia's regional education contracts have moved to the front of the class.

Over the last two years we've taken a more strategic approach to working with our municipal partners – one that moves us closer to our waste diversion goal of 300 kg per person, per year, by 2015. Regional education contracts now concentrate on delivering educational resources for three target sectors: school greening; apartment/multi-unit buildings; and food services – including restaurants and grocery stores.

That targeted approach is working. Take Halifax Regional Municipality's partnership with Killam Properties, for example. HRM educators worked with a sample of 12 Killam managers to conduct waste audits, provide education materials and signage and teach the ins and outs of waste separation in commercial buildings.

RRFB Nova Scotia increased funding for regional education contracts in 2010 – providing a total of \$735,000 to our partners. We're pleased to be able to add some extra "green" to municipal greening efforts.

Waste Warriors Rule

Students across the province were inspired to be "Waste Warriors" in the fight against waste in this year's Nova Scotia Recycles Contest. In the spirit of fighting the good fight, teachers and students from 227 schools submitted 9,300 entries.

The Nova Scotia Recycles Contest is designed to encourage students to take a leadership role in promoting waste diversion. Student recipients were honoured at regional awards celebrations. They received a variety of prizes, including backpacks, movie passes and a selection of promotional items made from recycled materials. As well, the schools of winning and runner-up students received cash prizes of \$500 and \$250, respectively. That's more than \$30,000 for schools across the province.

Grade 12 students were recognized with scholarships – \$1,500 for regional first-place recipients and \$750 for runners-up. In addition, RRFB Nova Scotia awarded a \$5,000 grand prize scholarship to Isaac Freisa of Oxford Regional Education Centre for his essay titled "FACE: the Formula to a Successful Idea." Isaac's submission examined Nova Scotia's successful environmental campaigns and encouraged people to take action.

Celebrating Regional Efforts

In fiscal 2010, RRFB Nova Scotia distributed \$7 million, or 83.1 percent of net revenues, to 55 municipalities across the province for diversion credits and funding for local recycling, composting and other programs. Here's a sampling of some of the remarkable work done by our regional partners this year.

Region 1 Cape Breton Regional Municipality Solid Waste laid the groundwork for a clear bag program for garbage, to encourage residents and businesses to switch from using colored garbage bags to clear bags. The region also hosted two successful compost giveaways – distributing close to 700 tonnes of compost.

Region 2 The Municipality of the District of Guysborough carried out a new community drop-off program in conjunction with their mobile household hazardous waste collection program. The program enhances weekly curbside collection of bulky waste and reduces illegal dumping. The Town of Antigonish began the curbside collection of household batteries. And the Municipality of the County of Antigonish purchased the first made-in-Nova-Scotia biosolids dewatering truck. The dewatered biosolids will be mixed with ground waste wood for composting.



Celebrating Regional Efforts *(continued)*

Region 3 Through funding provided by RRFB Nova Scotia, Cumberland Joint Services Management Authority was able to conduct a Regional Solid Waste Study. The study aims to optimize municipal solid waste diversion throughout Cumberland County.

Region 4 Halifax Regional Municipality (HRM) has reduced its overall disposal rate to 413 kg – below the current provincial average of 417 kg. Educational and compliance programs this year helped increase diversion of organic materials, blue bag recyclables and paper, as well as construction and demolition materials. Within the urban centre, HRM also focused its attention on working with apartment property owners, managers and tenants to conduct waste audits, workshops and education sessions.

Region 5 Valley Waste-Resource Management (VWRM) continued to offer a “full service” roster of region-wide services to eight municipal units in the Annapolis Valley. And for the second time the group was awarded Region of the Year at the annual Mobius Environmental Awards. With support from RRFB Nova Scotia, and in cooperation with collection contractor EFR Disposal, VWRM has taken advantage of the contractor’s 14

mobile “canvasses.” Large advertising decals promoting waste reduction have been affixed to the sides of the collection vehicles. For the next five years these movable billboards will deliver a simple message: “Watch your Wasteline.”

Region 6 Solid Waste Management’s 13 stakeholder municipalities continue to reduce waste. With three second-generation landfills, the region sent only 346 kg/capita to landfill this year – nearly 21 percent lower than the provincial average. Region 6 continued to promote waste diversion practices through radio ads and community outreach programs. Further, over 2,500 participants collected litter under the Great Nova Scotia Pick-Me-Up program.

Region 7 This region continues to lead the way with the lowest regional disposal rate in the province at 329 kg/person. This year two permanent household hazardous waste depots were completed in Digby and Clare. The region also purchased two “bulb eaters” to safely recycle fluorescent lamps, and a tire changer to help increase the number of tires recycled in the province.

Recognizing Environmental Excellence

From local entrepreneurs to multinational companies with a Nova Scotia twist, this year’s Mobius Environmental Awards demonstrated the breadth and depth of waste reduction innovation in our province. Twelve individuals, businesses and organizations were recognized for taking a leadership role in making Nova Scotia greener, cleaner and more economically sustainable.

Whether its retail sales or reused sails, the range and creativity of award recipients is inspiring. Take the Bridgewater Walmart. By closely scrutinizing their waste and finding alternatives to landfilling that material – including unwrapping expired candy – they’ve become 98 percent waste-free and now save over \$250,000 per year. Then there’s Windbag Company of Nova Scotia, based in Lunenburg, which reuses old sails and other materials to make bags, totes and other specialty products. Since 2008, the Windbag Company has diverted more than 45,000kg of solid waste from Nova Scotia landfills.



2010 Mobius Award Winners

Winner Business of the Year (Large)

Walmart Store 1003, Bridgewater

Business of the Year (Small)

Sissiboo Investments Limited

Institution of the Year

ReThink Committee, Department of Transportation and Infrastructure Renewal

Innovation in Waste Reduction (2 Winners)

PolyCello

Windbag Company of Nova Scotia

Waste Reduction Education

The Green Committee, Xerox Canada (Halifax)

Individual Excellence in Waste Reduction

Myrna Matheson

Region of the Year

Valley Waste Resource Management

ENVIRO-DEPOT™ of the Year

Bluenose Bottle Exchange

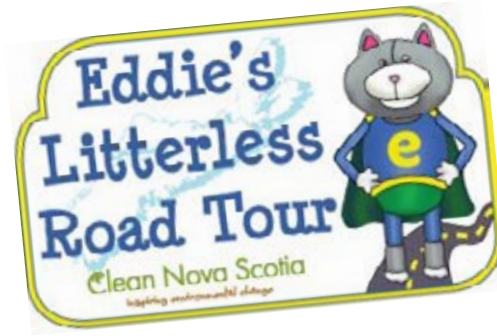
School of the Year

École Beau-Port

Best Community-Based Project (2 Winners)

Habitat for Humanity HRM ReStore

Stan Rogers Folk Festival



Eddie's Litterless Road Tour Gives Kitty Litter New Meaning

RRFB Nova Scotia provides sponsorship towards Clean Nova Scotia's newest, and very popular, school program for kids in grades primary to three. Eddie's Litterless Road Tour follows the adventures of Eddie, a lovable cat puppet, who stands up for all the "critters" in the world that have to live with the garbage we humans throw around. Through humour, rhymes and song, kids learn to keep their neighbourhoods clean. Teachers receive a special Teacher's Guide, a souvenir poster to remind kids never to litter, and a CD featuring the songs from the show. Students also receive litter prevention guides to take home.

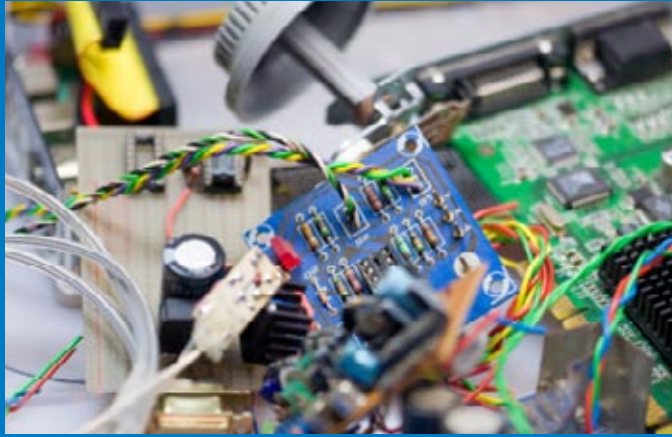
Waste Reduction Week

RRFB Nova Scotia ran its annual ENVIRO-DEPOT™ Contest with a grand prize of a family weekend getaway at White Point Beach Resort, or one of seven mountain bikes. Many regions hosted WRW events including community swaps and displays at community events.

EdHub: Tracking Regional Progress

RRFB Nova Scotia has developed a unique electronic tracking system that allows regional educators to log all of their activities (visits to schools, apartments and food service) carried out through the regional education contracts. Known as "EdHub," the system is hosted on RRFB's website. Regional educators each have their own password, and can enter information such as location, address, contact info, and type of visit. It has become a valuable tool for educators to report their progress to RRFB Nova Scotia, as well as their respective municipal unit or regional waste authority.





rethink

Old habits and outmoded thinking can be hard to change. Individuals, governments and industry play a critical role in helping Nova Scotians rethink their approaches to waste diversion. RRFB Nova Scotia works closely with industry and municipal partners to provide funding and expertise – and deliver forward-thinking solutions to current solid waste issues.



Reinforcing Enforcement

Public awareness and education have long been important avenues to changing Nova Scotians' attitudes and behaviour regarding waste diversion. And it's working. Nova Scotia was the first province in Canada to reach the national goal of 50 percent waste diversion. And we're recognized internationally for our waste diversion programs. But as we move towards a new target of disposing of only 300kg of waste per person, per year, by 2015 we need new tools and techniques. That's especially true in commercial sectors – such as construction and demolition, the food service industry and large-scale residential buildings – which pose unique challenges for collecting and diverting waste.

To help municipalities add extra “bite” to their waste diversion efforts, RRFB Nova Scotia provided \$700,000 (\$100,000 for each of the seven regions) in new funding for local enforcement programs. Municipalities now have additional resources to hire staff to enforce by-laws, or develop new municipal by-laws to help divert waste.

ACES Expands

Reducing and diverting electronic waste remains a priority in our province – and Nova Scotians continued to be avid recyclers of end-of-life electronics this year. Indeed, the Atlantic Canada Electronics Stewardship (ACES) Program – an industry-led program managed by RRFB Nova Scotia – continued to grow and expand.

ACES is a not-for-profit association representing brand owners, manufacturers, retailers and other stakeholders committed to collecting and recycling electronic waste in an environmentally responsible manner. Responsible for all aspects of the Nova Scotia Electronics Recycling Program, ACES operates 35 independently owned ACES Drop-Off Centres throughout the province. As Nova Scotia's leading provider of environmentally sound and socially responsible management practices for end-of-life electronic products, ACES's goal is to divert end-of-life electronic products from landfill in full compliance with local, provincial and federal requirements.

Special Projects, Special Funding

RRFB Nova Scotia's Special Projects Program provides funding to innovative ideas that support our waste diversion goals but “fall between the cracks” of our other funding programs. The following are two of the projects RRFB supported in 2010.

Reconsidering C&D Waste

Whether a building goes up or comes down, there is always waste generated from construction and demolition – known simply as C&D waste. Current estimates put C&D waste – including wood, asphalt shingles, metal and insulation – at up to one-third of the waste stream. In fact, it's the largest single source of material sent to landfills in Nova Scotia.

Thanks to \$53,000 in funding from RRFB Nova Scotia, the Ecology Action Centre completed a C&D Tool Kit and delivered a series of information-sharing workshops.

The plain-language tool kit will help industry and the public better understand their options for deconstructing, demolishing and moving buildings. The project will also lessen the environmental impacts of new construction projects by highlighting the merits of sorting and reusing material. The real payoff? More C&D waste will be diverted from landfills for other uses.

Illegal Dumping Guide

Furniture, appliances, vehicles and household waste are just some of the many items abandoned in Nova Scotia's back roads and wilderness areas. Illegal dumping is a persistent problem in our province. It can cause environmental damage, create public health and safety issues, reduce property values and harm wildlife.

Nova Scotia's Illegal Dumping Committee – comprised of municipal waste professionals – created the “Illegal Dumping Cleanup Guide” to help manage illegal dumping in the province. The guide provides clear, step-by-step guidelines to help municipalities and local groups assess and clean up illegal dumps. RRFB Nova Scotia provided funding for the design and production of the guide.



Concrete Uses for Recycled Glass

The sound of breaking glass is music to the ears of Truro Sanitation Ltd. It's also the sound of a value-added opportunity to recycle the upwards of 3,000 tonnes of commercial and industrial waste glass generated in Nova Scotia each year.

With \$14,200 in R&D funding from RRFB Nova Scotia, Truro Sanitation Ltd. is completing research into new concrete mix designs that will utilize crushed glass as an aggregate substitute. In addition, the company accessed funds through RRFB's Value-Added Manufacturing program to purchase the equipment needed to process waste glass.

The research indicates that processed glass can be used in concrete as a substitute for the sand, gravel or crushed stone typically added as aggregate. It's estimated that waste glass – or cullet – could replace up to 15 percent of the aggregates in ready-mix concrete and even more in concrete blocks. Secondary markets for waste glass include roadbed aggregate, specialty asphalt and a sand-blasting abrasive. With LEED construction standards demanding more sustainable building materials, we could see more waste glass products used in new buildings.

One thing is clear: Truro Sanitation Ltd's study promotes local solutions to diverting waste glass from landfills – and it points to new, viable markets for waste glass.



Researching Solutions: From Potatoes to Blueberries

RRFB Nova Scotia actively supports studies that explore the use of compost and other organic waste products on agricultural crops. A Nova Scotia Agricultural College study over the last two years looked at using compost from a municipal facility (Colchester) and paper-mill bio-solids as soil amendments to replace fertilizers. Researchers ran field trials for local organic vegetable production. The results? The compost scored well compared to traditional chemical fertilizers, although the crop yields were slightly lower. Nevertheless, the benefits of applying compost on the potatoes are evident: Using the compost saves money; plus organic crops bring a higher price from consumers.

Research also continued in the blueberry patch. A research team at the Nova Scotia Agricultural College studied the potential use of paper-mill bio-solids compost as mulch on “high-value” horticultural crops such as highbush blueberries. The project indicated positive results in terms of weed and pest suppression and moisture retention for the crops. This work supports the broader use of composts with these types of crops.

Propane Cylinders: Reducing Risks, Reusing Materials

The small, portable propane cylinders used for camping stoves and blow torches are useful and convenient. But they can also create an explosive hazard if improperly disposed of – especially for workers in municipal landfills and recycling facilities. To help reduce the risks – and increase the yields of scrap metal from the cylinders – RRFB Nova Scotia funded the further refinement of a mobile unit that extracts leftover propane. It creates a closed loop solution: the propane can be reused, and the cylinders are safe for recycling. The project resulted in an approved mobile extraction unit that can process up to 50,000 cylinders per year. The partners are reviewing their next steps for the business.

Looking Ahead at R & D...

In 2011, RRFB Nova Scotia will increase its emphasis on working with academic and private sector researchers to get new research and development projects up and running.

Financial Statements

AUDITORS' REPORT

To the Board of Directors of the
Resource Recovery Fund Board Inc. and Resource Recovery Fund

We have audited the combined statement of financial position of the Resource Recovery Fund Board Inc. and Resource Recovery Fund as at March 31, 2010 and the combined statement of operations, changes in net resources, changes in net financial resources and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the combined financial position of the Resource Recovery Fund Board Inc. and Resource Recovery Fund as at March 31, 2010 and the combined results of its operations, changes in net resources, changes in net financial resources and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Truro, Nova Scotia
May 25, 2010



Chartered Accountants

COMBINED STATEMENT OF OPERATIONS Year ended March 31, 2010

| | Budget 2010 \$ | 2010 \$ | 2009 \$ |
|--|----------------------|-------------------|-------------------|
| REVENUES | | | |
| Deposits | 38,335,000 | 37,073,501 | 36,996,835 |
| Sales of recyclable materials | 3,797,700 | 3,521,622 | 5,036,817 |
| Tire program | 3,807,000 | 3,369,594 | 3,436,240 |
| Stewardship | 1,042,300 | 885,640 | 933,837 |
| Rental income | 182,000 | 182,000 | 186,900 |
| Investment and other income | 850,950 | 802,781 | 914,439 |
| Total revenues | 48,014,950 | 45,835,138 | 47,505,068 |
| EXPENSES | | | |
| Operating | 36,342,100 | 35,515,766 | 35,309,141 |
| Administrative | 1,948,000 | 1,977,502 | 1,778,305 |
| Other expenditures and allocations | | | |
| Approved program grants | 1,750,000 | 644,156 | 519,294 |
| Education and awareness | 2,280,000 | 1,575,807 | 1,550,841 |
| Regional committees | 320,000 | 308,520 | 303,929 |
| Household hazardous waste program | 112,000 | 112,000 | 112,000 |
| Municipal solid waste diversion | 4,730,400 | 4,183,000 | 5,235,000 |
| Municipal diversion credit funding | 935,000 | 221,000 | – |
| Municipal enforcement program funding | 700,000 | 105,000 | – |
| Nova Scotia Environment Research, development and special projects | 1,419,000 | 1,255,000 | 1,047,000 |
| Waste audit development | 500,000 | 194,542 | 156,253 |
| Special municipal allocation | 200,000 | – | – |
| | – | 700,000 | – |
| | 51,236,500 | 46,792,293 | 46,011,763 |
| (Deficiency) excess of revenues over expenditures | (3,221,550) | (957,155) | 1,493,305 |

See accompanying notes to the combined financial statements

COMBINED STATEMENT OF CHANGES IN NET RESOURCES

Year ended March 31

| | Resource Recovery Fund | | | | 2010 | 2009 |
|--|-------------------------------------|--|--|-----------------------|-------------|-------------|
| | Invested in Capital Assets \$ | Restricted for Future Projects \$ | Restricted for Approved Programs \$ | Net Revenues \$ | Total \$ | Total \$ |
| Balance, beginning of year | 1,661,054 | 2,371,594 | 5,015,096 | – | 9,047,744 | 7,554,439 |
| (Deficiency) excess of revenue over expenses | (239,721) | – | – | (717,434) | (957,155) | 1,493,305 |
| Investment in tangible capital assets | 215,771 | – | – | (215,771) | – | – |
| | 1,637,104 | 2,371,594 | 5,015,096 | (933,205) | 8,090,589 | 9,047,744 |
| Internal transfers from (to): | | | | | | |
| Municipal solid waste diversion | – | – | 4,182,820 | (4,182,820) | – | – |
| Payment of approved programs | – | – | (838,698) | 838,698 | – | – |
| Education and awareness program | – | – | (1,575,807) | 1,575,807 | – | – |
| Regional committees | – | – | (308,520) | 308,520 | – | – |
| Nova Scotia Environment | – | – | (1,255,000) | 1,255,000 | – | – |
| Household hazardous waste program | – | – | (112,000) | 112,000 | – | – |
| Municipal diversion credit | – | – | (221,000) | 221,000 | – | – |
| Municipal enforcement program | – | – | (105,000) | 105,000 | – | – |
| Special municipal allocation | – | – | (700,000) | 700,000 | – | – |
| Balance, end of year | 1,637,104 | 2,371,594 | 4,081,891 | – | 8,090,589 | 9,047,744 |
| Restricted for approved programs represented by: | | | | | | |
| Committed funds (Notes 5 and 7 (b)) | | | 1,506,086 | | | |
| Uncommitted funds | | | 2,575,805 | | | |
| | | | 4,081,891 | | | |

See accompanying notes to the combined financial statements

COMBINED STATEMENT OF FINANCIAL POSITION

March 31

| | 2010 | 2009 |
|---|-------------------|-------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | 5,908,108 | 6,364,659 |
| Receivables | 3,839,849 | 3,592,064 |
| Accrued receivables | 1,447,288 | 1,052,487 |
| Notes receivable (Note 3) | 254,157 | 463,519 |
| Investments, at cost which approximates fair market value | 16,809,087 | 16,490,792 |
| | 28,258,489 | 27,963,521 |
| FINANCIAL LIABILITIES | | |
| Payables and accruals | 3,840,761 | 2,299,573 |
| Municipal solid waste diversion credits payable | 4,183,000 | 5,184,035 |
| Unearned revenue | 14,001,692 | 13,319,750 |
| | 22,025,453 | 20,803,358 |
| NET FINANCIAL RESOURCES | 6,233,036 | 7,160,163 |
| NON-FINANCIAL ASSETS | | |
| Inventory | 111,403 | 142,436 |
| Prepays | 109,046 | 84,091 |
| Tangible capital assets (Note 4) | 1,637,104 | 1,661,054 |
| | 1,857,553 | 1,887,581 |
| NET RESOURCES (Page 5 and Note 7) | 8,090,589 | 9,047,744 |

Commitment and contingencies (Notes 5 and 8)

On Behalf of the Board

 Director
  Director

See accompanying notes to the combined financial statements

COMBINED STATEMENT OF CHANGES IN NET FINANCIAL RESOURCES

Year ended March 31

| | 2010 | 2009 |
|---|------------------|------------------|
| | \$ | \$ |
| (Deficiency) excess of revenue over expenditures | (957,155) | 1,493,305 |
| Acquisition of tangible capital assets | (215,771) | (215,172) |
| Amortization of tangible capital assets | 239,721 | 268,105 |
| | 23,950 | 52,933 |
| Use of inventory, net | 31,033 | 49,974 |
| (Use) acquisition of prepaids | (24,955) | 17,941 |
| | 6,078 | 67,915 |
| (DECREASE) INCREASE IN NET FINANCIAL RESOURCES | (927,127) | 1,614,153 |
| Net financial resources, beginning of year | 7,160,163 | 5,546,010 |
| (Decrease) increase in net assets | (927,127) | 1,614,153 |
| Net financial resources, end of year | 6,233,036 | 7,160,163 |

See accompanying notes to the combined financial statements

COMBINED STATEMENT OF CASH FLOWS

Year ended March 31

| | 2010 | 2009 |
|---|--------------|--------------|
| | \$ | \$ |
| Increase (decrease) in cash and cash equivalents: | | |
| OPERATING | | |
| (Deficiency) excess of revenues over expenditures | (957,155) | 1,493,305 |
| Depreciation and amortization | 239,721 | 283,147 |
| Gain on sale of property and equipment | – | (15,042) |
| | (717,434) | 1,761,410 |
| Change in non-cash operating working capital | | |
| Receivables | (642,586) | 82,780 |
| Inventory | 31,033 | 49,974 |
| Prepays | (24,955) | 17,941 |
| Payables and accruals | 540,153 | (1,071,567) |
| Unearned revenue | 681,942 | 396,950 |
| | (131,847) | 1,237,488 |
| INVESTING | | |
| Proceeds from sale of: | | |
| Property and equipment | – | 25,300 |
| Investments | 11,381,705 | 2,200,000 |
| Purchase of: | | |
| Tangible capital assets | (215,771) | (240,472) |
| Investments | (11,700,000) | (11,537,542) |
| Issue of note receivable | (23,804) | (20,000) |
| Repayment of notes receivable | 233,166 | 670,394 |
| | (324,704) | (8,902,320) |
| Net decrease in cash and cash equivalents | (456,551) | (7,664,832) |
| Cash and cash equivalents, beginning of year | 6,364,659 | 14,029,491 |
| Cash and cash equivalents, end of year | 5,908,108 | 6,364,659 |

See accompanying notes to the combined financial statements

1. NATURE OF OPERATIONS

The Resource Recovery Fund Board Inc. is a not-for-profit organization established by the Nova Scotia government to develop and administer industry stewardship programs that increase waste diversion, enable the establishment of new industries based on the processing of materials diverted from the waste stream, and provide incentives to the people of Nova Scotia to reduce, reuse, recycle and compost.

Under regulation, all revenues earned are deposited to the Resource Recovery Fund, which is the property of the Province of Nova Scotia. All expenditures incurred by the Resource Recovery Fund Board Inc. to operate, administer and fulfil the mandates of the Province of Nova Scotia Solid Waste Management Strategy are expenditures of the Resource Recovery Fund. Accordingly all assets, liabilities and net resources reported in these financial statements are the property of the Resource Recovery Fund and are held on behalf of the Province of Nova Scotia by the Resource Recovery Fund Board Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The combined financial statements include the accounts of the Resource Recovery Fund Board Inc. and the Resource Recovery Fund. Significant inter-entity loans and transactions have been eliminated in these combined financial statements. These combined financial statements are the representations of management prepared in accordance with generally accepted accounting principles for provincial governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires the Organization's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective or complex judgements by management that may be uncertain. Some of these items include allowance for doubtful accounts, depreciation and unearned revenue. Actual results could differ from those reported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue recognition**

Resource Recovery Fund follows the deferral method of accounting for revenue. Revenue is recognized in the month it is receivable (or received) if the amount can be reasonably estimated and collection is reasonably assured.

Depreciation

Rates and bases of depreciation applied to write-off the cost of tangible capital assets over their estimated lives are as follows:

| | |
|--------------------------------|-----------------------------|
| Building | 5%, straight line |
| Field equipment | 20%, straight line |
| Leasehold improvements | 14.2%, straight line |
| Office and warehouse equipment | 20%, straight line |
| Computer hardware and software | 20%, 33 1/3%, straight line |
| Containers | |
| – Bags | 33 1/3%, straight line |
| – Tubs | 10%, straight-line |
| Vehicles | 33 1/3%, straight line |

Inventory

Inventory is valued at the lower of cost and net realizable value.

Unearned revenue

Unearned revenue represents deposits received for beverage containers that have not been returned for redemption and fees received for paint and tires which will be returned for disposal at a future date. Unearned beverage revenue is sixty (60) days worth of revenue calculated on the last twelve (12) months' average daily revenue adjusted by the current year's return rate. Unearned paint revenue is one hundred and eighty (180) days worth of revenue calculated on the last twelve (12) months' average daily revenue adjusted by the current year's return rate. Unearned tire revenue is calculated on the last three (3) years of tire revenue adjusted by the past six (6) years' average return rate.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments**

Financial instruments include cash and cash equivalents, receivables, accrued receivables, notes receivable, investments, payables and accruals, municipal solid waste diversion credits payable and unearned revenue. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest or currency risks arising from financial instruments. Unless otherwise noted, the fair market value of these financial instruments are at least equal to their carrying values.

Income taxes

The Organization is exempt from income taxes under Section 149(I)(d) of the *Canadian Income Tax Act*.

3. NOTES RECEIVABLE

| | 2010 | 2009 |
|---|----------------|----------------|
| | \$ | \$ |
| Non-interest bearing notes receivable due in equal monthly instalments of \$1,535, maturing in 2012. | 37,533 | 59,025 |
| Non-interest bearing notes receivable due in equal monthly instalments of \$1,860, net of provision for losses of \$96,720. | – | 96,720 |
| Non-interest bearing notes with variable payments, maturing between 2011 and 2028. | 100,493 | 85,861 |
| Note receivable bearing interest at RBC prime rate, due in equal monthly instalments of \$8,881, maturing in 2011. | 116,131 | 221,913 |
| | 254,157 | 463,519 |

4. TANGIBLE CAPITAL ASSETS

| | \$ | \$ | 2010 \$ | 2009 \$ |
|-----------------------------------|-----------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Land | 282,000 | — | 282,000 | 282,000 |
| Field equipment | 410,354 | 348,661 | 61,693 | 83,472 |
| Building | 1,034,930 | 292,455 | 742,475 | 794,221 |
| Office and warehouse equipment | 168,576 | 127,705 | 40,871 | 14,170 |
| Containers | 1,529,618 | 1,294,603 | 235,015 | 325,372 |
| Leasehold improvements | 22,848 | 16,239 | 6,609 | 2,499 |
| Computer hardware and software | 859,985 | 599,388 | 260,597 | 145,595 |
| Vehicles | 47,571 | 39,727 | 7,844 | 13,725 |
| | 4,355,882 | 2,718,778 | 1,637,104 | 1,661,054 |

5. COMMITMENT

The Resource Recovery Fund has entered into agreements with specific organizations and businesses to provide funding for various recycling programs across Nova Scotia. At March 31, 2010, \$1,506,086 (2009 – \$1,226,147) of the restricted for approved programs resources has been committed under these agreements.

6. RELATED PARTY TRANSACTION

The Fund reimburses Nova Scotia Environment for services and expenses incurred on the Fund's behalf. During the year, costs of \$1,255,000 (2009 – \$1,047,000) were incurred, of which \$1,255,000 (2009 – \$1,047,000) is included in payables and accruals.

7. RESTRICTIONS ON NET RESOURCES

Net resources under the Resource Recovery Fund have been internally restricted for the following purposes:

- (a) Restricted for future projects – represents the amount internally restricted for funding various future projects as approved and in accordance with the goals and objectives of the Resource Recovery Fund.
- (b) Restricted for approved programs – represents the amount internally restricted for various recycling programs and initiatives in accordance with the goals and objectives of the Resource Recovery Fund. Of the amount internally restricted, \$1,506,086 (2009 – \$1,226,147) has been committed by the Board to assist in the funding of various recycling programs across Nova Scotia.

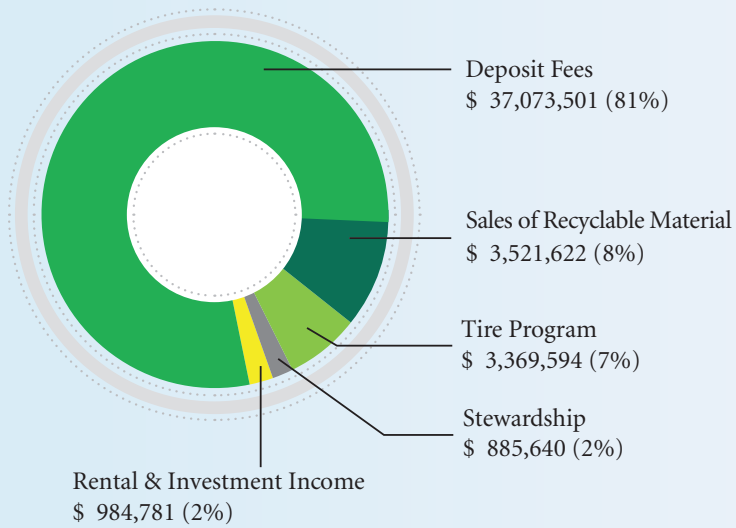
8. CONTINGENCIES

Occasionally, the Fund may be involved in claims and litigation matters arising in the ordinary course of its business. The Fund's management believes that it has valid defences and/or liability insurance against all actions currently outstanding against the Fund. Accordingly, no amount has been recorded in the combined financial statements with respect to any potential losses relating to litigation. A loss, should one occur, would be charged to operations in the year in which such loss was determined.

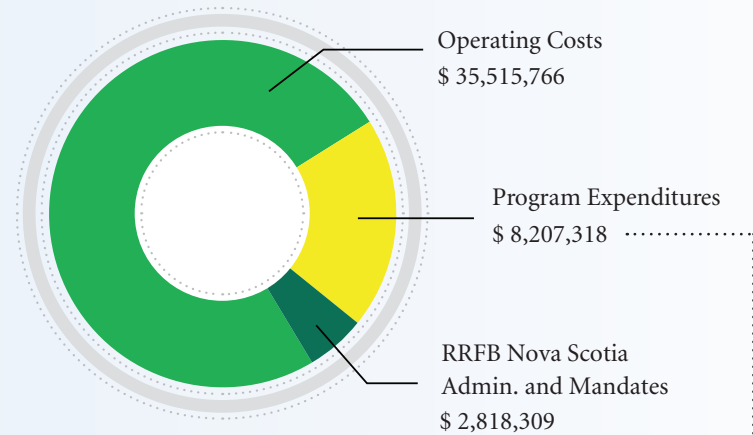
9. COMPARATIVE FIGURES

Certain of the 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.

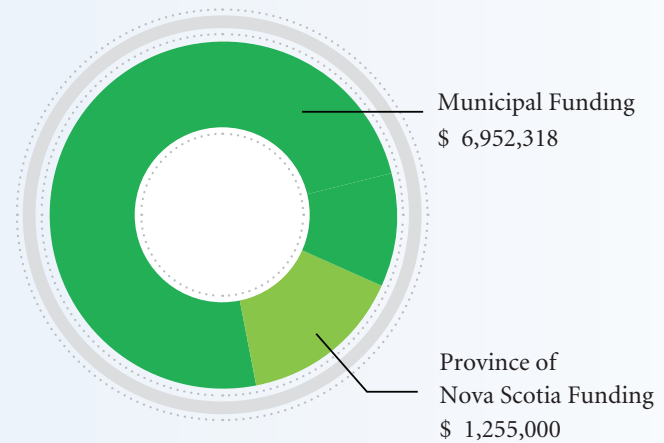
RRFB Nova Scotia Revenue



Total Operational & Program Expenditures



Program Expenditures Detail



RRFB Nova Scotia Board of Directors

Einar Christensen

Einar Christensen graduated from Nova Scotia Technical College in 1970 with a degree in Industrial Engineering. He has worked in the construction industry for more than 40 years – specializing in the field of solid waste management since 1993. He is a Life Member of Engineers Nova Scotia, is LEED (Leadership in Energy and Environmental Design) Accredited, and is a Fellow of Engineers Canada.

He is a member of the Nova Scotia Provincial Advisory Council on Heritage Property. He currently works with Solterre Design on many LEED projects. This is his second term as a director of the RRFB.



Ray Cote

Ray Cote is Professor Emeritus in Resource and Environmental Studies and Senior Fellow of the Eco-Efficiency Centre at Dalhousie University. He is also chair of the Nova Scotia Round Table on Environment and Sustainable Prosperity and a member of the National Advisory Council on Energy Efficiency.

Prior to his retirement in 2008 from full-time teaching and research, Ray was Professor of Environmental Studies, Chair of the Eco-Efficiency Centre and held the R. A. Jodrey Chair in Management.



Richie Cotton

Richie Cotton was Warden of Richmond County for seven years and served as a Councillor of the Municipality of Richmond County for 15 years. He was President of the Union of Nova Scotia Municipalities from 2005 - 2006, and Chair of the Regional Solid Waste Chairs from 1998 – 2008.

Richie is retired from Stora Forest Industries.



RRFB Nova Scotia Board of Directors *(continued)*

Richard Dauphinee

Richard Dauphinee is Warden of the Municipality of the District of West Hants. He was first elected as a Councillor in 1987, and during that term served as Deputy Warden.

Richard has been a member of the Region 6 Solid Waste Management Committee since its inception, and is currently Chair of the Regional Chairs.

In his capacity as a member of the RRFB Board, Richard serves on the Strategy Renewal Advisory Committee.



Charles Eastman

Charles Eastman is Manager, Building Services and Procurement for Sobeys Atlantic. In his 15 years with the company, Charles has been instrumental in leading the design and implementation of a waste management system to support Sobeys's retail operations throughout the region.

In addition to his responsibilities on the RRFB Board, Charles is a member of the Nova Scotia Environment Waste Resource Management Strategy Renewal Advisory Committee and Chair of the Caribou Watershed Committee.



Gary Johnson

Gary Johnson's experience in the packaging industry spans 34 years. He joined Maritime Paper Products Limited in 1991 and was named President in 1998. The Dartmouth-based company, with manufacturing facilities across the region, produces corrugated packaging for markets in Eastern and Atlantic Canada, the northeast US and various offshore markets.

In addition to his RRFB responsibilities, Gary serves the boards Crown Fibre Tube Inc., Just Us! Coffee Roasters Co-op, Paper Packaging Canada and Mermaid Theatre Company.



RRFB Nova Scotia Board of Directors *(continued)*

Bill Karsten

First elected in 2004, Bill Karsten represents the residents of District 7, Portland – East Woodlawn on the Halifax Regional Municipality council. A full-time Councillor, Bill serves on several HRM boards and committees.



An active community volunteer, Bill was active in the Canadian Cancer Society, and served as Vice President of Child Find Nova Scotia and on the Board of Directors, Child Find Canada. He worked in sales, marketing and management for 30 years, and was most recently District Manager (Atlantic Canada) for Curtis Industries of Canada Ltd.

Susan Letson

Susan Letson brings more than 20 years' experience in executive recruitment and selection in Atlantic Canada, having held senior positions with KPMG and The Caldwell Partners International. She is currently an Associate with RJG Consultants.



Susan has chaired the boards of YWCA and Symphony Nova Scotia, and served as vice-chair with the United Way of Halifax Region. She is currently past chair of the board of Debut Atlantic and is an executive member of the RRFB Board.

Brian Miller

Brian Miller is President of Fleet Retreading and Miller Tire Services Ltd. Miller Tire was recently named one of Nova Scotia's Top Employers and was a regional finalist in Canada's Best Managed Company Awards. Fleet Retreading, established in 1989, returns more than 35,000 used truck tires each year to serviceable condition, and also recycles waste rubber.



A graduate of Saint Mary's University, Brian is past president and a current director of the Atlantic Tire Dealers Association.

RRFB Nova Scotia Board of Directors *(continued)*

Christine Penney

Christine is the Manager, Waste Resource Management Branch, Nova Scotia

Environment. Since joining the provincial government in 1993, Christine has managed several portfolios, including those responsible for the delivery of the onsite sewage, contaminated sites and public drinking water programs.

In 2008, Christine received the Minister's Award and the Malcolm Sparrow Award for Excellence in Regulatory Practice, and was honoured by the Waste Water Nova Scotia Association as a "Friend of Industry."



Rick Ramsay, *Chair*

Rick Ramsay is President of Richard G. Ramsay Management Consultants Inc., a firm specializing in financial, human resources, governance and organizational

restructuring and sustainability support for municipalities and non-governmental organizations.

For 22 years, Richard served as Chief Administrative Officer for the Municipality of the County of Kings. He holds a Master of Public Administration from the University of Western Ontario and is a member of the East Hants Chamber of Commerce.



Five mandates of RRFB Nova Scotia

- Develop and implement voluntary industry stewardship agreements
- Fund municipal waste diversion programs across the province
- Promote the development of value-added manufacturing
- Develop education and awareness programs
- Operate a deposit and refund system for beverage containers



www.rrfb.com

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