ANNUAL REPORT *2019*

DOING *WHAT'S* RIGHT

EMPOWERING MANITOBANS

TO SEE A BETTER FUTURE

CBCRA
Canadian Beverage Container Recycling Association

Partnership
Leadership
Stewardship

THE RIGHT CAUSE

Message from

JIM GOETZ

CHAIRMAN OF THE BOARD

The Canadian Beverage Container Recycling Association was founded in 2010 as a not-for-profit, industry-funded organization. The membership includes beverage brand owners and distributors. The Board of Directors and staff are focused on the single target of increasing beverage container recovery in Manitoba.

The Container Recycling Fee (CRF) changed from a flat rate to a variable rate, effective February 1, 2019. This variable rate depends on container material type and size to reflect each container type's cost more fairly. CBCRA and its Recycle Everywhere program are completely funded through the CRF and it is important the CRF properly represents the types of containers sold in the Province.

With the support of our partners, beverage producers and the retailers who sell the beverage containers in Manitoba, CBCRA is able to continue to leverage opportunities that increase beverage container recycling across the province. The committed management team and staff offer educational programs and public advertising to show the importance of recycling the right stuff, and to ensure that recycling is accessible no matter where Manitobans live, work or play.

CBCRA continues to improve accessibility to recycling resources through the distribution of conveniently-sized bins, like Bin Bags. Throughout the year, our CBCRA Street Team; and partnerships with campgrounds, cottage associations, and businesses have helped us distribute over 27,000 of these bins. Bin Bags are an efficient and convenient way for Manitobans to recycle while the team works to add more permanent containers into City of Winnipeg parks and open spaces.

There are many more programs that CBCRA and the Recycle Everywhere program have implemented this past year, and I invite you to read about them in this report.

On behalf of the Board of Directors, I would like to thank the countless Manitobans for their continued efforts to recycle their empty beverage containers. As we move ahead in 2020, and the tenth anniversary of CBCRA, I want to reiterate the importance of our action-oriented focus, unwavering commitment and dedication to providing the most efficient beverage recycling program to all Manitobans. Together, we can achieve our goal of a 75% recovery rate.

LETTERS FROM THE EXECUTIVE

Message from

KEN FRIESEN

EXECUTIVE DIRECTOR

In 2019, CBCRA continued to focus on improving access to recycling bins, educating Manitobans on recycling right, and reducing contamination in the recycling stream. In our commitment to recycling non-alcoholic, non-dairy sealed beverage containers over the last nine years, we have established a very strong recognizable brand, Recycle Everywhere, with an 89% consumer recall rate.

Our track record on litter reduction is very solid; we have grown our reach through social media and partnerships, our government relations is strong and we now have over 68,000 public space bins across the province.

We encourage collection at home, work, schools, and public spaces and pay up to 80% of the net municipal residential collection cost. Through promotion and education, we deliver a message of recycling the Right Stuff, reinforcing what belongs in a Recycle Everywhere blue bin and the downsides when contamination is present.

We initiate and rely on a variety of research, including consumer data, which is an important tool to help guide our efforts. Our Fall report told us that more than 73% of Manitobans recycle away from home, and overall, 90% of respondents know that empty beverage containers go in the bins. But there is still confusion about what not to put in the bins, especially non-beverage items. Manitobans continue to wish-cycle items that contaminate the recycling stream and cause good recyclables to go straight to the landfills. Leftover liquids, food waste, coffee cups and take out cups unfortunately all continue to show up in the recycling stream.

Contamination and its direct and indirect impacts continues to be a large factor in why the beverage container recovery rate remains consistently below 70%. Nevertheless, PET beverage containers were recycled at a rate of 77% in Manitoba, which is consistent with the Canadian average. This tells us that we're on the right track, but that we have more work to do.

We continued to educate Manitobans through our Street Team, who attended over 282 events, including major sporting events like Winnipeg Blue Bombers' football games, various festivals, and our Bin Bag distribution day, attended by the City of Winnipeg's Mayor, Brian Bowman.

Our RE101 presentation was shared with over 92 audiences, and we attended many trade shows and conferences across Manitoba and Canada, including the Canadian Stewardship Conference in Vancouver. We have a lot to offer others and will continue to learn from others as well.

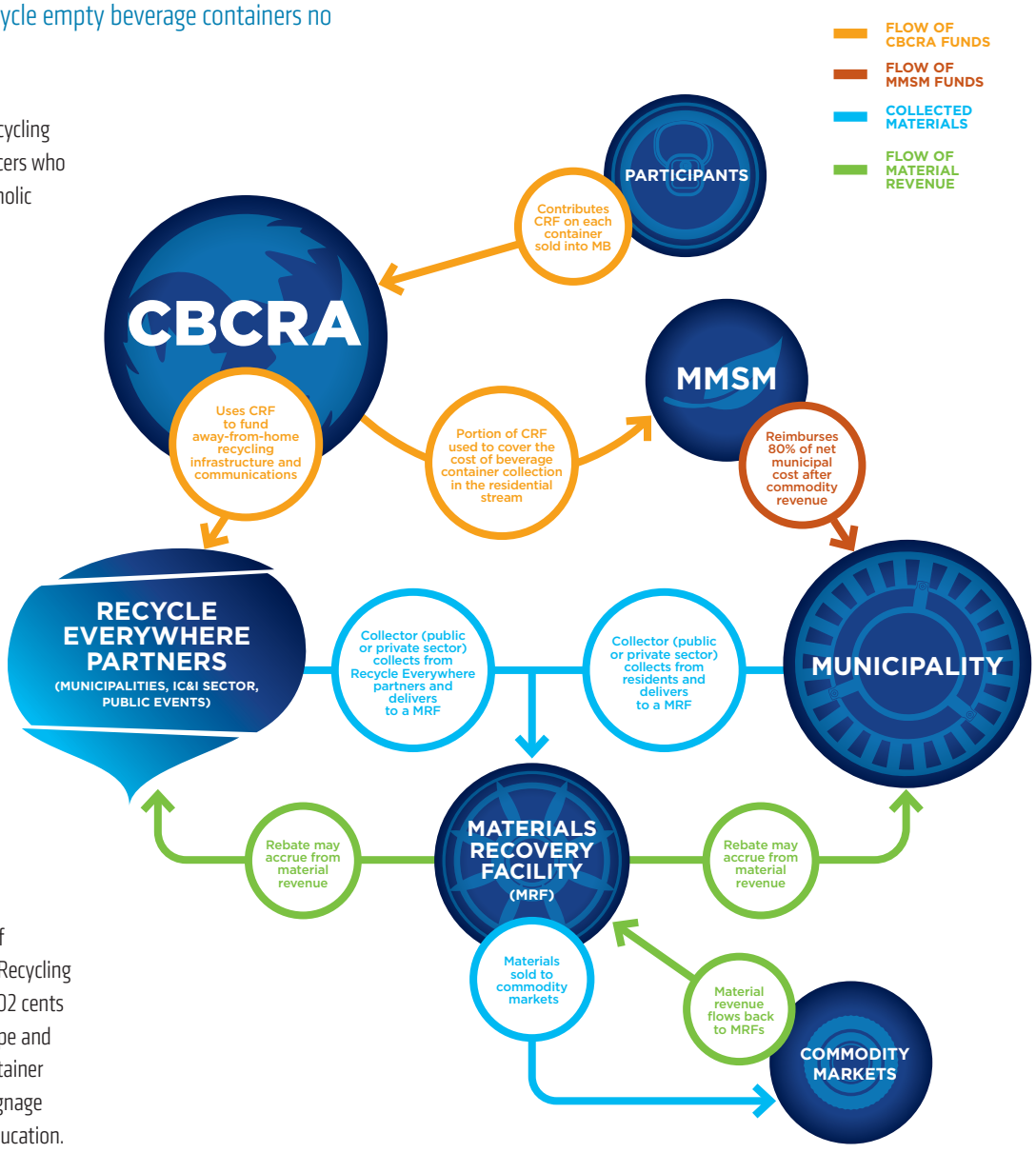
It is thanks to our committed Board of Directors, management and staff of CBCRA that we have made the strides that we have to date. Mostly, though, we give credit to all the Manitobans who are now placing their recyclable beverage containers in the recycling stream rather than littering or landfilling them. We appreciate their continued support and dedication to improving access to recycling bins, education and support for communities, schools and workplaces in Manitoba. As we move into our tenth year, the vision remains true... and we have an unwavering commitment to reach our target of 75% recovery.

THE RIGHT VISION

CBCRA remains focused on reaching the government-mandated target of a 75% recovery rate for all beverage containers sold in the province. We strive to educate Manitobans on beverage container recycling, and to ensure that it is convenient to recycle empty beverage containers no matter where you live, work or play.

We are entirely funded by the Container Recycling Fee (CRF), which is paid by beverage producers who supply the Manitoba market with non-alcoholic and non-dairy beverages.

HOW IT WORKS



CONTAINER RECYCLING FEE INCREASE

In early 2019, in order to support the cost of recycling each material type, the Container Recycling Fee (CRF) was changed from a flat rate of .02 cents to a variable rate based on the container type and size. This fee funds the entire beverage container recycling program, from infrastructure to signage and technical support, to promotion and education.

The Canadian Beverage Container Recycling Association (CBCRA) is a not-for-profit, industry-funded organization, founded in 2010, whose membership includes beverage brand owners and distributors. CBCRA provides consumers a cost effective and convenient way to recycle empty beverage containers when at home or out in the community.

CBCRA PARTICIPANTS

AS OF DECEMBER 2019

A. Lassonde Inc.
Acklands Grainger Inc.
Amazon.com.ca, Inc.
Amway Canada Corporation
Arctic Beverages LP
Arthur Roger & Associetes Inc.
Bulk Barn Foods Limited
Cabela's Retail Canada Inc.
Campbell Company Of Canada
Canada Dry Mott's Inc.
Canadian Tire
CanAqua Inc.
Casseroles Cora Inc.
Coca-Cola Refreshments Canada Company
COSTCO WHOLESALE CANADA LTD
Curved Distribution Inc.
Dewpoint Bottling Company Ltd.
Distribution Missum Inc.
Dollar Tree Stores Canada
Dollarama LP
EDOKO FOOD IMPORTERS LTD
Federated Co-Operatives Limited
Fortune Foods Winnipeg ULC
Ice River Springs Water Co.
ID Foods Corporation
IKEA Canada Limited Partnership
Inform Brokerage Inc.
KOHL & FRISCH LIMITED
Kraft Heinz Canada ULC
Labatt Brewing Company Ltd
Loblaw Companies Ltd
London Drugs Limited
Malinda Distributors Inc.
McKesson Canada
National Dry Company Ltd
Nestle Canada Inc.
Nestle Waters Canada
P.A. Fine Foods & Distributors
Pepsi Bottling Group Canada
Red Bull Canada Ltd
Refresco Canada Inc.
Rocky Mountain Tisane Co
RW Consumer Products Ltd.
Saputo Dairy Products Canada G.P.
Save-On-Foods Limited Partnership
Shoppers Drug Mart Inc.
Sky Blue Water Inc.
Star Marketing Ltd.
Sunrise Soya Foods
Sun-Rype Products Ltd.
Tetra Natural Health Inc.
TFI FOODS
The Minute Maid Canada of Company Inc.
Tle' Nax T'Awei Limited Partnership
Tree of Life Canada ULC
United Natural Foods Canada Inc.
UNO FOODS INC. 2
Veritiv Canada, Inc.
Wal-mart Canada Corp.
Well Juicery Canada Ltd.
Wild Sparkling Tea Ltd.
Wm.Bolthouse Farms Inc.

BEVERAGE CONTAINER SALES

MATERIAL	UNITS
Aluminum	**194,963,114**
PET	**215,405,525**
HDPE	**2,319,194**
Other Plastics	**396,823**
Polycups	**1,972,844**
Glass	**3,590,873**
Metal	**950,910**
Aseptics	**34,661,415**
Gable Tops	**3,791,114**
Drink Pouch	**11,658,555**
Bag-in-a-box	**343**

THE RIGHT OUTCOMES

RECOVERY RATE:

68%

The recovery rate is determined by dividing the number of beverage containers recovered by the number of beverage containers sold in Manitoba.

TOTAL RECOVERY/TOTAL SALES = RECOVERY RATE

THE AMOUNT OF BEVERAGE CONTAINERS RECYCLED IN MANITOBA IN 2019

WOULD FILL 1,057 RAIL CARS

OR

72

OLYMPIC-SIZED SWIMMING POOLS

SAVING

27,714 TONNES OF eCO_2

EQUAL TO REMOVING

6,159 PASSENGER CARS

FROM THE ROAD EACH YEAR.

WASTE AUDITS & LITTER RESULTS

MONITORING SUCCESS

CBCRA evaluates the effectiveness of waste management systems in public spaces by conducting Waste Audits. This helps us understand the composition of the waste — how many beverage containers end up in the recycling stream and how many go in the trash — so we can positively affect behaviours and improve recycling rates.

Material Recovery Facility Audits

These are third-party audits conducted at Material Recovery Facilities (MRF), where samples of materials are taken from the tip floor and bunkers and sorted into categories, and measured to analyze changes over a set period of time. Two sets of MRF audits were conducted in 2019, one set in the Winter and the other set in the Spring, at the eight largest MRF's.

As well, in 2019 there were ten waste audits and two visual audits conducted by our CBCRA staff. These audits measure the number of beverage containers in recycling and waste bins and are designed to help us understand behaviours and identify improvement opportunities for recycling systems in places like schools, businesses and public spaces.

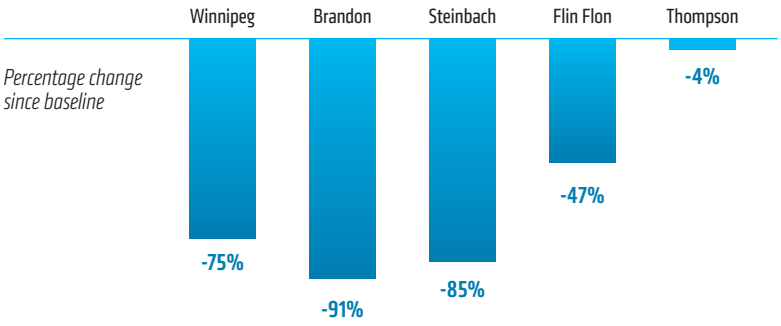
Litter Audits were done at 245 pre-selected locations across five major cities in Manitoba, and are conducted by third-party consulting firms that execute litter audits across North America.

The 2019 results show a decrease in all five Manitoba cities included in the audit. In each instance, beverage container litter in city streets has decreased since baseline audits began, with no other CBCRA litter abatement programs implemented other than the addition of Recycle Everywhere bins.

Overall, the audits are an important tool in measuring the success of recycling in Manitoba. They also confirm the need to continue to educate residents on the types of items that contaminate valuable recyclables.

CBCRA BEVERAGE CONTAINER LITTER REDUCTION

IN FIVE MANITOBA CITIES



BIN RESULTS

PUBLIC SPACE RECYCLING BINS

X 68,341

DISTRIBUTED SINCE 2010

This number includes all free and cost-shared bins that have shipped throughout the province since 2010.

CBCRA also provides three other types of bins that help make it convenient for Manitobans to collect their empty beverage containers. These include:

At Home Bin:
45,042

We distributed these bins to 39 communities in Manitoba to help homeowners collect their recycling.

Mini Bin:
5,634

Mini Bins are used in condo and apartment complexes to make recycling easier for tenants.

Bin Bags:
26,950

In early September, Winnipeg Mayor Brian Bowman helped hand out Bin Bags in St. Vital Park to encourage more recycling in public parks.

THE RIGHT MESSAGE

THE RIGHT STUFF

A large part of our efforts include educating Manitobans on the importance of recycling the right stuff. In 2019, we launched our new Right Stuff campaign featuring our empty beverage container heroes.

The launch included a series of television commercials featuring the juice box, aluminum can and plastic bottle – each character making the effort to return to the recycling bin and in doing so, avoiding the landfill.

The out-of-home executions included digital super boards, transit shelter ads, grocery store ad bars and C-store posters. We complemented the campaign with social media sponsored ads, print ads and radio spots.

Bin2Win Contest

Due to the increase in beverage recycling contamination in Manitoba, we created a contest that targeted eight different post-secondary institutions. The goal was to educate students on accepted materials and items that can contaminate recycling bins. We launched an interactive landing page that included empty beverage containers and the most common contaminators. The Bin2Win game became an educational platform where contestants were challenged to recycle as many valuable containers as possible and avoid contamination.

The game was played 6,600 times and the grand prize winner received a $5,000 tuition credit at the post-secondary school they were enrolled at. Overall the campaign generated over 3.8 million impressions on social media throughout the duration of the contest, September 2 to December 7, 2019.

Do's and Dont's (post cards/magnets & games)

As another approach to educate Manitobans, we created an engaging way for students, event attendees and the general public to demonstrate what goes where. The game includes an oversized magnet board and magnets of contaminants and empty beverage containers. Participants had to place the right magnet in the right waste receptacle – trash or recycling bin.

Post cards, magnets and decals were created and used to help tell people which beverage containers are allowed in the recycling bins, and what type of items should be avoided so that good recyclables are not contaminated.

PROMOTION & EDUCATION

GENERAL SOCIAL AND WEBSITE

ENGAGEMENT NUMBERS

WEBSITE

2019 Users	**98,377**
2019 Sessions	**119,592**
2019 Page Views	**278,183**

SOCIAL MEDIA

Facebook	**6,645 Fans**
Instagram	**1,735 Followers**
Twitter	**3,054 Followers**
Total	**11,434**

2019 TWITTER IMPRESSIONS:

196,200

2019 INSTAGRAM ENGAGEMENTS:

3,756

2019 FACEBOOK REACH:

3,303,863

SPONSORSHIPS

Our research shows that our brand recognition has grown with sponsorships of several Manitoba sports partners, including:

- Brandon Wheat Kings
- Manitoba Junior Hockey League
- Manitoba Moose
- Valour FC
- Winnipeg Blue Bombers
- Winnipeg Goldeyes
- Winnipeg Ice Hockey

CONSUMER BRAND

AWARENESS

FOR RECYCLE EVERYWHERE

=89%

THE RIGHT PROGRAMS

SUPPORTING OUR COMMUNITIES

CBCRA and its Recycle Everywhere program partners with municipalities, schools, businesses, parks, communities, and events to provide free bins across the province. We also run educational and training programs to help inform Manitobans on the best recycling practices. Our partnerships allow us to reach people across the province in order to achieve our long-term goals.

Two of our active partnerships in 2019 included Caring for our Environment - Manitoba, a volunteer group that seeks to promote awareness and understanding of environmental and sustainability issues within the Filipino community. As well, we launched a pilot project with Manitoba Interfaith Immigration Council to provide a recycling welcome package to help new families in Winnipeg understand proper recycling in their community and at home.

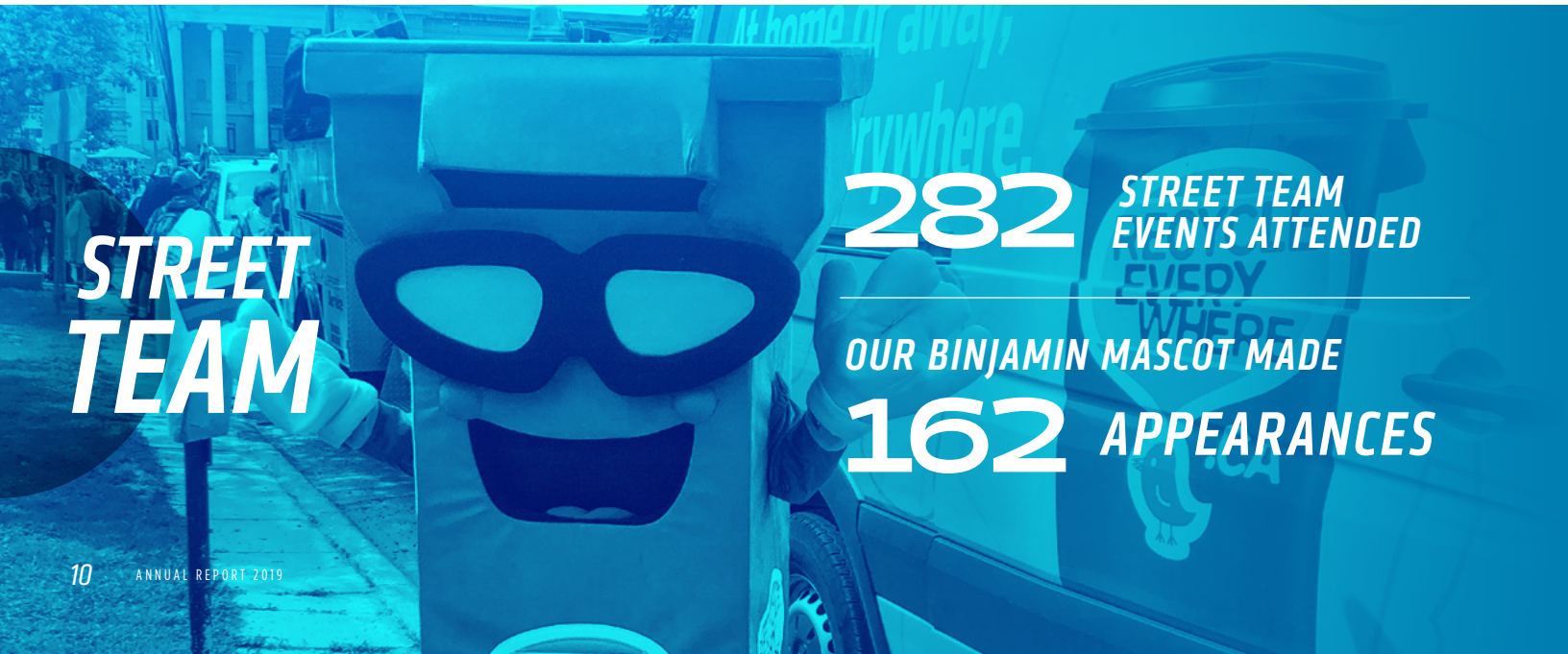
Recycle Everywhere 101 (RE101)

A free, province-wide program that encourages schools to recycle empty beverage containers. This year, we provided 92 RE101 school presentations at 51 different schools.

786 schools or 92%,
are involved in RE 101 programs.

98% of Manitoba's student population
has access to beverage container recycling at schools.

2019-2020 Transform Your School contest launched in October. Schools were challenged to design and implement a fun way to engage students in recycling. To kick off the contest, the 75 schools who took the pledge received tickets to the Manitoba Moose or the Brandon Wheat Kings. Schools in the North received a gift card for pledging to transform their school's recycling system.



STREET TEAM

282 STREET TEAM EVENTS ATTENDED

OUR BINJAMIN MASCOT MADE **162** APPEARANCES

Dual Stream bins help the City of Winkler improve their contamination rates and keep valuable recyclables out of the landfill.

Large bins were installed at the transfer stations in North Whiteshell Provincial Park.

Manitoba Building Association panel discussing the issue of contamination.

Municipal Support

Through the year, the CBCRA team conducted a review of recycling needs in 10 large communities. The City of Winkler is an example of where CBCRA conducted a walkthrough with municipal staff so we could see their recycling needs firsthand. To support the City's recycling efforts, we provided 'No Coffee Cup' decals and replacement decals for their existing bins. We also sent some additional free bins for use in public areas, and new cost-shared, dual-stream bins for use by the community.

Northern and First Nations Programs

With the Northern Blue Box pilot, in partnership with Multi-Material Stewardship Manitoba (MMSM), we provided 22-gallon curbside recycling bins to households in the Rural Municipality of Kelsey and Opaskwayak Cree Nation. Overall, there were 1,765 blue boxes delivered. Providing these free blue bins in communities that have curbside collections, but don't have carts, helps to improve recycling recovery and divert materials from the landfill.

CBCRA continued to work with the Bunibonibee First Nation (BCN) Project, along with MMSM, to help guide the development of a sustainable recycling program for the community. Construction is set to begin at a site designated as a recycling depot for residents, along with a complete landfill upgrade. Residents are updated and educated through social media, as well as a brochure.

Community Clean-up

CBCRA in partnership with MMSM held the ninth annual Northern & First Nations Community Clean-up. The program helps increase awareness of recycling and is a creative way for people to come together and reduce litter in their communities. Recycling signage was also installed in Bloodvein First Nation, 2018's winning community, to remind residents of what items are accepted in the bins.

Back-Haul Project

Working with Arctic Beverages, Cascades and the Frontier School Division, we continued to expand our back-haul program during the year. A barrier for recycling continues to be storage, so CBCRA collaborated with schools to help with the funding for the construction of recycling storage sheds.

Nisichawayasihk Neyo Ohtinwak Collegiate in Nelson House was the first school to receive funding for their storage shed. The school completed the construction themselves in Fall 2019 and began collecting materials for the back-haul. Leaf Rapids Education Centre along with Gillam School received materials to complete their own storage shed.

Whiteshell Provincial Park Recycling Depot

CBCRA partnered with the provincial government, to launch recycling enhancements in the Whiteshell Region. The findings have helped to improve the provincial park waste management system, logistics, and operations. CBCRA's role in the pilot project focused mainly on consulting services, production of the signage and waste audits. The Province funded the large recycling collection bins at the transfer stations. The installation of the bins and signage was completed by late summer.

Industrial, Commercial & Institutional (IC&I)

Throughout the year we set up site visits in multi-tenant office buildings. Data collected at the sites helps us better understand how we can impact recovery and increase contamination awareness. We are also using this information to compile follow-up materials for large event centres, health centres and government buildings.

With contamination as one of the ongoing key challenges in our industry, we focused on businesses by providing them with tools that communicate to their stakeholders the importance of recycling the right materials.

In the Fall, we sponsored the Manitoba Building Association trade show, with a panel discussion on waste and recycling. The panelists included the Supervisor of Waste Diversion, City of Winnipeg; Senior Property Manager, Colliers International; President, Bison Janitorial Services Ltd; and the Sales Manager, GFL Environmental Inc. The discussion further highlighted the need to continue to find ways to avoid contamination.

THE RIGHT PEOPLE

BOARD OF DIRECTORS

Jim Goetz
CHAIRMAN
Canadian Beverage Association

Neil Antymis
TREASURER
Canadian Beverage Association

Cheryl McLaughlin
Refresco Canada

Sylvain Mayrand
A. Lassonde Inc.

George Groumoutis
Sky Blue Water, Inc.
On behalf of Canadian
Bottled Water Association

Victor Vrsnik
7-Eleven
On behalf of Retail
Council of Canada

STAFF

Ken Friesen
Executive Director

Christa Rust
Senior Program Director

Joel Boroditsky
Controller

Paul Flegg
Steward Service Manager

Jaclyn Diduck
Senior Logistics and Schools Coordinator

Melissa Dorota
Senior Outreach Coordinator

Georgia Exell
Street Team Lead

Mike Hall
Logistics Coordinator

Savini Jayasinghe
Audit and Schools Coordinator

Judy Slaney
Northern Coordinator

Justine Spearman
Data and Outreach Coordinator

Adam Wilton
Administrative Coordinator

Nick Witoski
Outreach Coordinator

Lora Meseman
Communications Manager

Riley Martin
Communications Coordinator

THE RIGHT NUMBERS

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Beverage Container Recycling Association:

Opinion

We have audited the financial statements of Canadian Beverage Container Recycling Association (the "Entity"), which comprise the statement of financial position as at December 31, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants
Winnipeg, Canada
April 8, 2020

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

STATEMENT OF FINANCIAL POSITION

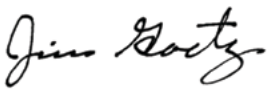
December 31, 2019, with comparative information for 2018

ASSETS		2019		2018
Current assets:				
Cash	$	4,418,205	$	2,132,578
Accounts receivable		533,641		2,132,018
Prepaid expenses		18,543		37,661
Inventory		526,245		482,513
		5,496,634		**4,784,770**
Capital assets, net of accumulated amortization of $142,056 (2018 - $126,387)		7,213		18,764
	$	**5,503,847**	**$**	**4,803,534**

LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable and accrued liabilities (note 2)	$	703,107	$	737,223
Net assets:				
Invested in capital assets		7,213		18,764
Internally restricted (note 1[a])		1,000,000		1,000,000
Unrestricted		3,793,527		3,047,547
		4,800,740		**4,066,311**
Commitments (note 4) Subsequent event (note 5)				
	$	**5,503,847**	**$**	**4,803,534**

See accompanying notes to financial statements.

ON BEHALF OF THE BOARD:



JIM GOETZ, Chairman *NEIL ANTYMIS,* Director

STATEMENT OF OPERATIONS

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Container recycling fees	$ 8,881,268	$ 9,424,329
Interest income	28,073	21,727
	8,909,341	**9,446,056**
Program expenses:		
Awareness campaign	2,690,504	2,604,810
Multi Material Stewardship Manitoba	1,205,478	1,697,169
Program management services (note 4)	1,149,266	1,149,266
Industrial, Commercial and Institutional Program	959,152	694,735
Municipal Public Spaces Program	757,984	889,501
Events Recycling Program	392,476	262,374
Government Buildings Program	281,721	264,440
Waste Audit	247,016	274,018
RE101 Schools	187,170	97,123
Post-secondary Program	8,173	46,751
	7,878,940	**7,980,187**
Operating expenses:		
Administrative expenses (schedule)	225,895	307,499
Steward services (note 4)	70,077	70,077
	295,972	**377,576**
	8,174,912	**8,357,763**
Excess of revenue over expenses	$ 734,429	$ 1,088,293

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2019, with comparative information for 2018

	Invested in capital assets	*Internally restricted*	*Unrestricted*	*2019*	*2018*
Balance, beginning of year	$ 18,764	$ 1,000,000	$ 3,047,547	$ 4,066,311	$ 2,978,018
Excess (deficiency) of revenue over expenses	(15,669)	—	750,098	734,429	1,088,293
Purchase of capital assets	4,118	—	(4,118)	—	—
Balance, end of year	**$ 7,213**	**$ 1,000,000**	**$ 3,793,527**	**$ 4,800,740**	**$ 4,066,311**

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

December 31, 2019, with comparative information for 2018

CASH PROVIDED BY (USED IN):	*2019*	*2018*
Operating activities:		
Excess of revenue over expenses	$ 734,429	$ 1,088,293
Items not involving cash: Amortization of capital assets	15,669	23,113
Change in non-cash operating working capital:		
Accounts receivable	1,598,377	(1,429,012)
Prepaid expenses	19,118	(13,082)
Inventory	(43,732)	(183,846)
Accounts payable and accrued liabilities	(34,116)	(1,027,752)
	2,289,745	**(1,542,286)**
Investing activities:		
Purchase of capital assets	(4,118)	—
Increase (decrease) in cash	**2,285,627**	**(1,542,286)**
Cash, beginning of year	**2,132,578**	**3,674,864**
Cash, end of year	**$ 4,418,205**	**$ 2,132,578**

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

The Canadian Beverage Container Recycling Association (CBCRA) is a not-for-profit organization that was established by beverage companies to improve beverage container recycling rates in Manitoba. CBCRA's purpose is to promote and facilitate the recycling of end-of-life beverage containers through the design and funding of recycling programs and public promotion and education.

CBCRA was incorporated without share capital on March 26, 2010 under Part II of the *Canada Corporations Act* and commenced operations on April 1, 2010. CBCRA's objective is to carry on its operations without pecuniary gain to its members and any profits or other accretions to CBCRA are to be used in promoting its objects.

CBCRA is exempt from income taxes under Section 149(1) of the *Income Tax Act*.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(a) Revenue recognition:

CBCRA follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Container recycling fees are recognized as unrestricted income in the month in which they are earned, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Internally restricted net assets represent funds restricted for use by CBCRA that reflect approximately six months' worth of program management costs, and other one-time project costs. The use of internally restricted net assets requires the approval of the Board of Directors.

(b) Cash:

Cash consists of cash on hand and cash held at banking institutions.

(c) Inventory:

Inventory is recorded at landed cost and consists of recycling bins and carts being held for future use in CBCRA programs.

(d) Capital assets and amortization:

Capital assets are recorded at original cost less accumulated amortization.

Amortization of furniture and equipment is recorded on a straight-line basis over the assets' useful lives of 5 years.

Amortization of computers and computer software is recorded on a straight-line basis over the assets' useful lives of 3 years.

(e) Financial instruments:

(i) Measurement of financial instruments:

CBCRA initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

CBCRA subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment:

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in the statement of operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

(f) Use of estimates:

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. Government remittances:

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, $35,383 (2018 - $20,652) is included within accounts payable and accrued liabilities.

3. Financial instruments:

CBCRA manages risk and risk exposures by applying policies approved by the Board of Directors. The significant financial risks to which CBCRA is exposed are credit risk and liquidity risk.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

CBCRA's financial instruments that are exposed to concentration of credit risk consist primarily of cash and accounts receivable. Cash, at times, may exceed amounts insured by the Canadian Deposit Insurance Corporation or the Credit Union Deposit Guarantee Corporation. CBCRA has a large number of members, which minimizes the concentration of credit risk on accounts receivable.

(b) Liquidity risk:

Liquidity risk is the risk that CBCRA will encounter difficulty in meeting obligations associated with financial liabilities.

CBCRA has established budgetary and cash forecasts to ensure it has the funds necessary for fulfilling its obligations.

4. Commitments:

(a) CBCRA has operating leases for premises requiring approximate annual rental payments to the end of the leases as follows:

2020	$92,946
2021	$86,251
2022	$79,556
2023	$40,257

(b) A program management services agreement is in place with Reclay StewardEdge Inc. to provide various management, administrative and communication tasks to CBCRA until December 2020 at a monthly amount of $101,612 (2018 - $101,612).

During 2019, payments under this commitment totaled $1,219,343 (2018 - $1,219,343) and are included in program management services and steward services.

5. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our business is not known at this time.

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended December 31, 2019

		2019		2018
Amortization	$	15,669	$	23,113
Audit, legal and professional fees		36,321		31,237
Bad debts		—		10,010
Bank charges		2,597		2,500
Board expenses		17,691		15,883
Consulting		1,800		63,802
Dues and memberships		6,218		9,948
Insurance		10,257		11,569
Interest and other charges		220		1,112
Office supplies		11,312		16,631
Postage and courier		10,214		5,925
Rent		92,860		98,450
Telephone and internet		20,736		17,319
	$	**225,895**	**$**	**307,499**

CBCRA
Canadian Beverage Container Recycling Association

Partnership
Leadership
Stewardship