



# THE NEW BRUNSWICK TIRE STEWARDSHIP BOARD



## ANNUAL REPORT 2003 AND MANAGEMENT PLAN 2004-2005



## **THE NEW BRUNSWICK TIRE STEWARDSHIP BOARD**

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# LETTER TO THE MINISTER

March 31, 2004

Honourable Brenda Fowlie  
Minister of Environment and Local Government  
P.O. Box 6000  
Fredericton, NB  
E3B 5H1

Dear Minister:

On behalf of the Board of Directors of the New Brunswick Tire Stewardship Board, I am pleased to submit our Annual Report for the fiscal year January 1, 2003 to December 31, 2003. The Report also includes the Management Plan for fiscal years 2004 and 2005.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Besner', with a long horizontal flourish extending to the right.

**David I. Besner**  
**Chairperson**  
**New Brunswick Tire Stewardship Board**

Attach.

# CHAIRMAN'S REPORT

**N**ew Brunswick's Tire Stewardship Program (TSP) has now diverted 5 million scrap tires from landfills across the Province since its inception in 1996.

From the outset, the TSP has placed a high priority on stimulating 'value-added' manufacture of new rubber-based products inside New Brunswick, rather than shipping raw or partially processed material to other jurisdictions. The job-creation advantages of this approach have proven significant on a province-wide basis, as well as in Minto, NB, which is home to Tire Recycling Atlantic Canada Corporation (TRACC).

Some of the most advanced tire recycling technology in the field is now in place at TRACC's Minto plant, and further expansions in production capacity are planned for the year ahead. From livestock mattresses to high end roofing tiles, truck and trailer mud flaps, assembly line rollers, or custom-made industrial gaskets, the range of products made from our recycled scrap tires grows more diverse every year.

The TSP collection system operates on a year round basis in all regions of New Brunswick. More than 87% of all scrap tires generated in the Province were transported to TRACC in 2003, which was one of the highest 'capture' rates achieved across North America. Year-end totals also show that more than 98% of production output at TRACC fell under the 'value-added' category. Such data demonstrate why NB's tire recycling system is seen as one of the most effective in Canada.

At the same time, it's important to recognize that North-America's tire recycling industry is a volatile highly competitive field, and the TSP's future growth cannot be taken for granted. There's no doubt that our long standing emphasis on 'home-grown' manufacturing is proving to be a major strategic advantage, at a time when higher inventories and lower prices for basic 'rubber crumb' have become the norm in many parts of the continent. Our growing focus on off-shore market opportunities for New Brunswick's tire recycling output is another area we must continue to emphasize, and is expected to further benefit the TSP in years to come.

The past, present and future success of New Brunswick's TSP reflects active support from the Provincial Government and year-round cooperation on the part of everyone involved in the tire industry. Manufacturers, retailers, car dealers, garage operators, transportation firms, drivers and tire consumers in every New Brunswick community all play a part in making the TSP system work so well. The Board sincerely appreciates the opportunity to be involved in assisting that process.



**David I. Besner**  
*Chairman*

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# LEGISLATIVE MANDATE

**T**he New Brunswick Tire Stewardship Board (NBTSB) is an organization which allows industry and stakeholders to be accountable for scrap tire environmental stewardship initiatives. A not-for-profit association, the NBTSB is responsible for fulfilling the following legislative mandate:

*The Clean Environment Act (o.c. 96-739)* provides the authority for the NBTSB to make scrap tires a designated material.

The New Brunswick Regulation 96-82 under the Act, allows the Board to establish and administer a scrap tire management program. The program includes distribution management, supply, use, storage, collection, transportation, recycling, processing, disposal and other tire and scrap tire handling.

In addition, the Regulation provides authority to levy \$3.00 per tire with rim size 8" to 17", as well as levy of \$9.00 per tire with rim size greater than 17" to a maximum of 24.5" for advance disposal surcharge. Furthermore, the Regulation stipulates that the Board may establish a fee for tires with a rim size exceeding 24.5" and may vary the fee according to size, usage or other classification.

Under the Act and Regulation, the NBTSB is required to provide the Minister of Environment and Local Government an annual audited financial statement, a management plan and an annual report pertaining to the fiscal year:

- a) the number of tires supplied by all holders of a supplier registration,
- b) the amount of fees remitted to the Board, including, separately, the amount of interest on outstanding fees and the amount of penalties,
- c) the number of scrap tires collected,
- d) the number of scrap tire processed,
- e) the cost of collection and processing,
- f) the results of any inspections conducted on suppliers or others under this Regulation,
- g) a description of all enforcement activities,
- h) a description of other related activities of the Board,
- i) a description of emerging trends in the field of scrap tire management.

# MANAGEMENT PLAN

## NBTSB MISSION STATEMENT

**T**o administer with quality and care, a recycling program for tires in accordance with the Clean Environment Act.

## PRINCIPLES

- To develop a stable industry through strong partnerships.
- To develop strategies that are economically sound and environmentally friendly.
- To implement those strategies in a manner that provides for continual program improvement.

The NBTSB is a not-for-profit organization with a principal business activity of overseeing the collection and recycling of used tires on behalf of the Minister of the Environment and Local Government for the Province of New Brunswick.

The primary objective of the program is to ensure that scrap tires generated in the Province are disposed of properly to avoid negatively impacting the environment. A secondary objective is that the management of scrap tires generates economic activity by optimizing the resource value of the material in the tires. In a more strategic sense, the Board sees itself with a role in supporting the production of value-added products made from recycled scrap tires and in the stimulation of the economy through job creation.

The NBTSB uses a two-year rolling Management Plan based on the Goals under this section which ensure that it is fulfilling its legislative mandate. The Performance Measures indicate the progress made toward each goal.

## SUMMARY OF GOALS

### **Goal 1:**

Maximize the number of tires removed from the environment.

### **Goal 2:**

Maximize the amount of processed tires.

### **Goal 3:**

Ensure full accountability for the New Brunswick Tire Stewardship Board.

**GOAL 1:**  
**Maximize the number of tires removed from the environment**

**PERFORMANCE MEASURES**

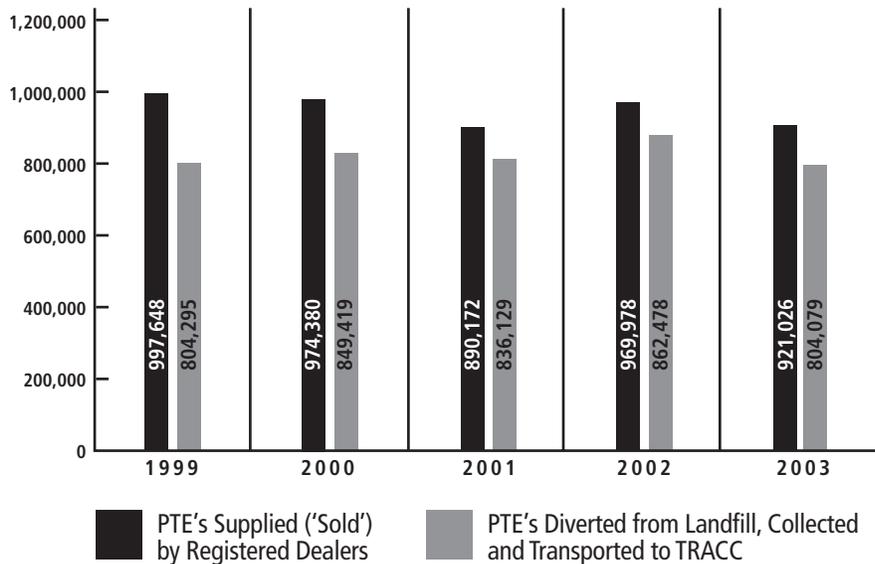
Program results regarding Goal 1 are compared below, using two data categories. The first bar shows the total number of new tires 'supplied', or sold at the retail level. The PTE rating\* is based on their size and resulting rubber content. The second bar shows the PTE equivalent of all scrap tires diverted from landfill, collected and transported to TRACC's facility at Minto during the year.

**COMMENTS**

Retail tire sales in New Brunswick fell roughly 5% during 2003 and, as expected, the total number of PTE's diverted, collected and transported to the TRACC facility was also somewhat lower at 804,079. Final data shows that the TSP achieved an 87% 'capture rate' for the year as a whole on scrap tires generated from retail sales activity. As an overall measure of recycling impact, New Brunswick's scrap tire 'capture rate' continues to be among the highest in North America.

**STRATEGIES**

Retail tire sales for the next two years are expected to continue close to present levels, with the TSP 'capture rate' remaining in the 87-89% range. NBTSB's priority on cleaning up any remaining old tire stockpiles will also continue in 2004-2005 as will public education efforts encouraging consumers to return any additional scrap tires they may have in storage to tire retailers, free of charge.



\*PTE - Passenger Tire Equivalent = 20 lbs.  
 Passenger Tire = 1 PTE  
 Truck Tire = 5 PTE  
 Agricultural Tire = 10 PTE

## GOAL 2: Maximizing the amount of processed tires

### PERFORMANCE MEASURE

Program results regarding Goal 2 are compared below using four data categories representing Value-Added Manufactured Products, Crumb Rubber, Civil Engineering, and Tire-Derived Fuel. Unlike most other jurisdictions in Canada and the United States, New Brunswick's Tire Stewardship program specifically restricts the use of collected scrap tires as Tire-Derived Fuel. This underscores the priority placed by the TSP on manufacturing new value-added products from this resource inside the Province.

### COMMENTS

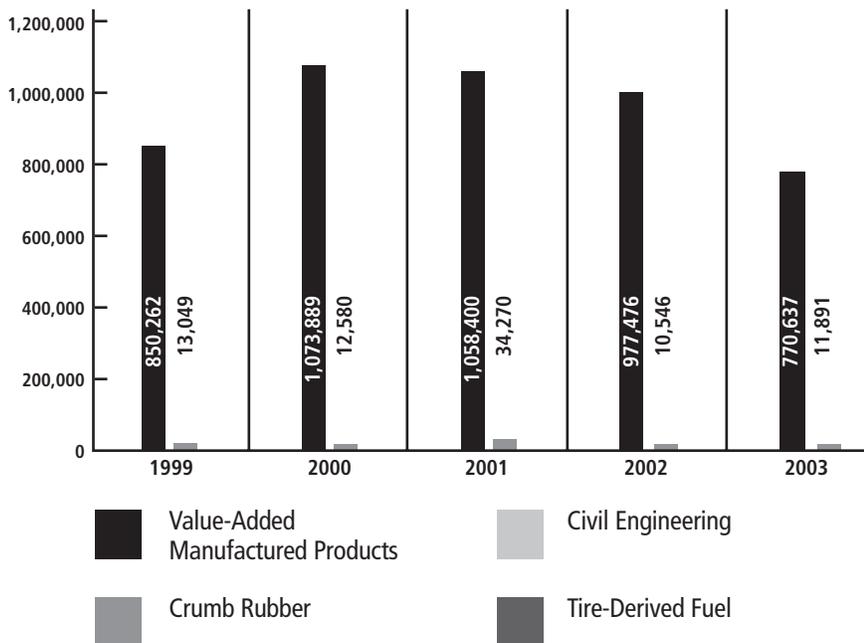
NBTSB's focus on manufacturing value-added products from New Brunswick scrap tires is clearly reflected in the 2003 data, which confirms that more than 98% of output from the TRACC facility fell into this category. International demand for the company's livestock mattresses continues to grow, together with domestic markets for TRACC's various industrial application products, road repair pylon bases, truck and trailer mud flaps, etc.

Total output at the TRACC plant was reduced at different times during the year, as various installations of new production technology were completed. The entire manufacturing area was also re-designed to provide sufficient space for full-scale roof tile production in the coming year. Although this re-tooling and upgrading process did impact the final summary data for 2003, it also cleared the way for important increases in product diversity over the long term.

New Brunswick's TSP is the only program of its kind in North America which has never shipped scrap tires for burning as Tire-Derived Fuel. Civil engineering applications, requiring large volumes of shredded tires, can be useful and productive options to consider, in some cases. They have not been pursued since the earliest days of the program, however, when TRACC's full manufacturing system was still in development.

### STRATEGIES

Assuming that retail tire sales continue at or above present levels, the total number of PTE's processed at TRACC is expected to increase somewhat over the next two years, as new technologies and new products come on line. Both TRACC and NBTSB are committed to ensuring that the most valuable output possible is achieved from New Brunswick's scrap tire resource.



## GOAL 3: Ensure Full Accountability for the NBTSB

### PERFORMANCE MEASURE

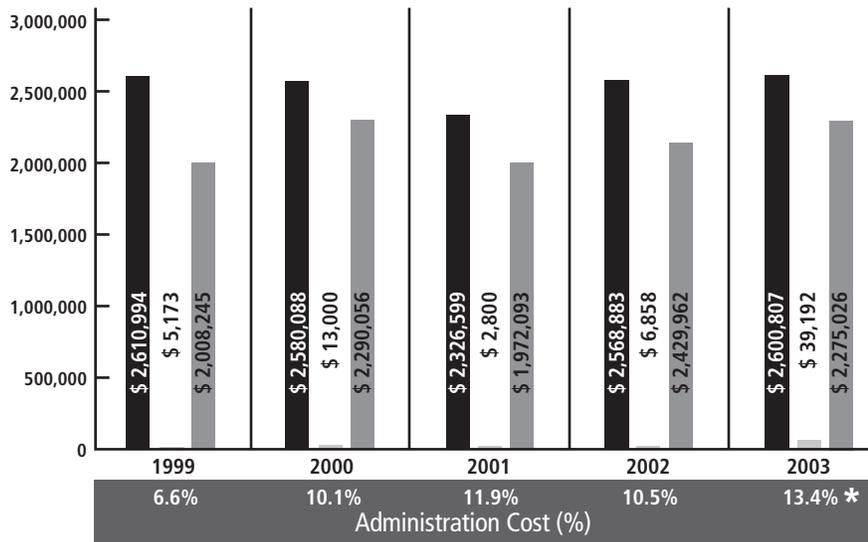
Program results regarding Goal 3 are compared below using four data categories. The respective bars on the chart represent the two sources of TSP revenue (Environmental Fees and Audits), the cost of scrap tire Collection and Processing, and Administration Cost expressed as a percentage of overall program operations.

### COMMENTS

A total of 12 separate audits were performed during 2003 representing a broad cross-section of tire retail operations in New Brunswick. A substantial increase in revenue from this source underlined the importance of strong internal procedures for record-keeping and reporting within such operations. Advanced deadlines for reporting can also improve the process, and ensure that environmental fee revenue is submitted to the NBTSB in the appropriate fiscal year. This, in turn, can produce significant changes in the final revenue total.

### STRATEGIES

The coming two years will see further comprehensive auditing of retail operations throughout New Brunswick, and additional steps to refine the NBTSB data management system, together with an expanded emphasis on public education.



■ Total Environmental Fees Collected

■ Cost of Collection & Processing

■ Collected from Audits

\* Calculation of annual administration cost includes all professional consulting fees for services provided to NBTSB, such as auditing and accounting services, as well as security operations and communication services.

# 2003 HIGHLIGHTS

## INDUSTRY AND MARKETS

**T**he central goal in any comprehensive business plan is creating a sustainable future for the enterprise concerned. Building a diverse range of products or services for a variety of markets is pivotal in this regard and provides a secure base for long term growth.

Tire Recycling Atlantic Canada Corporation of Minto, NB (TRACC) has functioned as the Board's central contractor for scrap tire collection, processing and recycling since the TSP was introduced. The existing five-year agreement between NBTSB and TRACC extends to 2007. It underlines the importance of developing new 'value-added' products to complement those already contributing to the TSP's strong performance in the marketplace.

During 2003, TRACC continued to expand production of molded rubber goods, with the addition of heavy-duty mud flaps for use on large transport trucks, as well as a smaller version of the same product for installation on utility trailers. Other successful molded items produced by TRACC include hard rubber bases for road safety pylons, or 'delineator posts'. These versatile units can be used in different weights, and have been well received by the road building and maintenance industry.

TRACC's ability to meet very precise specifications for custom-made rubber gaskets, rollers, and shock suppression devices for industrial plants is also a significant asset. Advanced milling and cutting systems are increasingly used for such applications at the Minto facility. The technologies involved allow for exact automated production on large-scale custom orders.

Market demand for the firm's successful line of livestock mattresses continues to grow as well, and further expansion is predicted for 2004. More than 100,000 units destined for dairy herd operations across North America and abroad were shipped by TRACC during 2003. In terms of total weight, this production level required at least 13 million pounds of recycled rubber from New Brunswick scrap tires. In the year ahead, TRACC is also planning to introduce a larger version of the mattress designed for use in horse stalls, to supplement its existing product line for dairy producers.

Re-processed rubber from New Brunswick scrap tires continues to be the primary raw material used by TRACC throughout its manufacturing operation. But the company's new roofing tile product will also include recycled plastic from grocery-type shopping bags, as part of the process feedstock.

Such 'hybrid' combinations of recycled rubber with other components are expected to make an increasing contribution to the firm's overall output in the years ahead, as well as the recycling of other materials in the Province. The latest example of this trend is TRACC's ongoing examination of process options and potential export markets for 're-mold/re-tread' tires.

Such an operation would see smaller-sized scrap tire casings diverted from the main TRACC facility, and used in a sister plant as the starting point for building a top quality tire product. A significant amount of new rubber would clearly be required for the process as well. 100% of the market focus for such an operation would be outside North America, where smaller-sized vehicle tires represent a larger segment of customer demand.

Active work on the pilot project will continue and initial full-scale production could begin in 2004. Identifying other specialized 'off-shore' market opportunities for manufactured output from the New Brunswick's TSP will continue to be a key focus for TRACC and the NBTSB in the years ahead.

## SPECIAL PROJECTS

**R**esearch and development of potential new service components within the overall TSP system is a constant priority.

- Building on previous developmental work involving NBTSB and the U.N.B. Engineering Department, TRACC undertook a major refit of its Minto plant in 2003, to clear the way for full-scale production of its new roofing tile product. The extrusion/molding technology required for this operation uses a hybrid mix of recycled rubber and waste plastic to generate extremely durable 'slate-style' roofing materials. Installing this new production capacity prompted extensive re-configuring of the plant's other manufacturing areas as well. The tire shredding system was completely re-tooled, as an example, and its operating capacity tripled to ensure peak efficiency in initial processing for the plant as a whole.

- TRACC also began work during the year on developing a tire re-mold/re-tread operation to serve specialized export markets outside North-America. The new facility would produce smaller-sized tires, using a mix of new rubber and recycled tire casings from NB, which match key export market criteria.

Under this scenario, any scrap tire casings arriving at the existing TRACC plant, which met the required specifications, would be diverted from the normal shredding process and re-directed toward a separate facility, also located in the Minto Industrial Park. Extensive automated testing would follow to determine if the selected casings were suitable for either tire re-molding or re-treading.

By the end of 2003, the required production equipment had been successfully acquired and evaluated in a series of on-site test runs. The results achieved thus far are seen as most encouraging from a technical perspective. Further development work is expected in the coming year, and it's hoped that the new system can become fully operational during 2004.

- The Board concluded a detailed engineering review of potential management options for 'Off the Road' (OTR) scrap tires during 2003, and a Quebec-based system was identified for further examination and practical testing in the year ahead.

At least 4000 (OTR) scrap tires are generated annually in New Brunswick by the agriculture, forestry mining and 'loader/grader' sectors. The internal composition of these 'special grade' tires, as well as their over-sized dimensions, mean they cannot be processed with equipment and technologies designed for truck and car tire shredding. The number of scrap OTR's generated in the Province is typically less than .5 % of the total for passenger and truck tires. Given the larger size and weight of such units, however, the volumes of recyclable rubber they contain are significant.

A pilot project to process New Brunswick OTR's for recycling, is now being designed for 2004, in conjunction with an existing Quebec facility. The project will incorporate a detailed evaluation component, and full test data on the results should be available by mid-year.

## OPERATIONS

**T**he total number of PTE's recorded; collected and tracked by the NBTSB during 2003 exceeded 900,000 units. Processing and managing 'life cycle' data for each scrap tire captured by the system is a key administrative function for the Board. Precise information is obviously required, as the resulting calculations determine the level of subsidy paid by NBTSB to partially offset TSP operating costs province-wide.

NBTSB's 'in-house' computer system has been specifically designed to handle such large volumes of data. Any needed expansions or upgrades are also completed without delay, to ensure sufficient processing capacity is always available.

Administrative priorities for 2003 included a comprehensive review of existing tracking log procedures, which generate detailed information on each scrap tire collection visit, truck load and trip report. Several process improvements were also introduced to reduce the amount of paperwork involved for retailers who sell tires as an occasional extra service to their customers, rather than as a core business.

There are more than 900 tire retail outlets of various kinds across New Brunswick. Increased auditing of individual sites within the overall system resulted in significantly higher fee revenue from this source, in comparison to previous years. In several cases, revisions made in internal reporting deadlines by the retailer also produced noticeable increases in fee revenue registered within the appropriate fiscal year.

The Board's public education program continued in 2003, with promotional campaigns around Earth Day in April and National Solid Waste Reduction Week in October, as well as production of the NBTSB newsletter, and regular distribution of information/education materials.

In addition to managing the TSP, the Board also functioned during the year as Secretariat for the Canadian Association of Tire Recycling Agencies (CATRA). These responsibilities, which include chairing the national association, are shared by different jurisdictions across Canada on a two-year rotating basis. During New Brunswick's tenure, CATRA implemented a new national system for exchanging and compiling research information in the tire recycling field, and completed a major revision of the Association's web site.

Nine Canadian provinces and the Yukon Territory currently operate a centralized tire recycling system. Some differences exist among these jurisdictions in terms of program design, but many of the key features are quite similar, including a strong focus on manufacturing value-added products from Canada's scrap tire resource. In a region such as Atlantic Canada, expanding information exchange and regular contact among such agencies has a significant potential to benefit all the jurisdictions involved, and NBTSB will continue to actively support such efforts in the years to come.

# TRENDS

**C**anada's tire recycling industry has experienced unprecedented growth over the past 15 years, as part of an increased national and global emphasis on environmental stewardship and sustainable development.

In New Brunswick, more than 100,000,000 pounds of valuable industrial rubber have been recaptured from our solid waste stream for recycling to date. Prior to the TSP's introduction, however, the huge volumes of scrap tires generated each year across the Province were seen as nothing more than a costly waste management headache.

As Canadians, our collective decision to re-define scrap tires as a recyclable resource has generated positive environmental and economic impacts in every jurisdiction concerned. At the same time, all participants in this industry quickly learn that managing a 'resource' instead of a 'waste' brings key additional factors into play, such as the basic laws of supply and demand.

Irrespective of the commodity involved, the 'business' of recycling can still be affected by significant changes in market conditions over relatively short periods of time. Prolonged increases in

the availability of a particular resource, for example, will ultimately put downward pressure on its inherent value. A practical example of this can be seen today in North-American prices for 'rubber crumb', which is the most basic product generated from tire recycling plants.

When Canada's scrap tire recycling programs were in their infancy a decade ago, any new processing facility which produced good quality 'rubber crumb' could usually find a ready market for it, at a reasonable price, from established manufacturers of rubber-based products. Today's reality is quite different. As more and more jurisdictions across North-America have implemented tire recycling programs in recent years, the overall supply of 'crumb' has steadily risen, followed by predictable drop in prices.

NBTSB's long standing commitment to manufacturing new value-added products from our own scrap tires, inside New Brunswick....rather than simply producing and shipping rubber crumb... is proving more advantageous than ever in these circumstances. During 2003, in fact, more than 98% of TRACC's total annual production took the form of value-added manufactured products.

Another significant development facing the North-American tire recycling industry in recent years has been a noticeable rise in the average size and weight of scrap tires in general. Strong consumer demand for larger and heavier vehicles such as SUV's, vans and light trucks is one factor driving this change, but many of today's standard car tire specifications also call for heavier, larger-rimmed units.

The results of this trend on the tire recycling industry are easily detected today, at any point in the storage, collection and manufacturing system. In the early years of the TSP, for example, scrap tires with a 13 inch rim size made up at least 15% of the total annual tire volume received at TRACC. During 2003, only 5% of the scrap tires received were in this category.

From an operational point of view, this means that significantly more rubber is being delivered each year to facilities such as TRACC, even though the total number of tires being shipped to such plants may not differ dramatically from years past. Meeting and successfully overcoming this challenge will be a central focus for both NBTSB and TRACC in the years ahead.

# BOARD OF DIRECTORS

**T**he Province of New Brunswick and the four member associations of the New Brunswick Tire Stewardship Board appoint a representative to sit on the Board of Directors. The current representatives are, as follows:

**Dr. David Besner, *Chairperson***

Department of the Environment  
and Local Government

**Frank Connor**

Atlantic Tire Dealers Association

**Wayne Flinn**

New Brunswick Solid Waste Association

**Alban Gaudet**

Atlantic Provinces Trucking Association

**Sandy LeBlanc**

New Brunswick Automobile Dealers'  
Association

**George Haines**

Department of the Environment  
and Local Government



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## AUDITORS' REPORT

To the Board of Directors

We have audited the statement of financial position of the New Brunswick Tire Stewardship Board as at December 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

The Board derives revenue from the collection of tire levies pursuant to the provisions of the Clean Environment Act, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these fee and levy revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, liabilities and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the fee and levy revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2003 and the results of its operations and changes in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style.

Chartered Accountants

Fredericton, Canada  
March 2, 2004



KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

December 31, 2003, with comparative figures for 2002

	2003	2002
<b>Assets</b>		
Cash	\$ 749,216	\$ 486,522
Accounts receivable	408,347	457,553
Investments	1,514,313	1,451,561
Prepaid expenses	2,657	962
Capital assets (note 2)	9,849	10,557
	\$ 2,684,382	\$ 2,407,155
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,836,046	\$ 1,698,434
Accrued processing fees	300,000	225,000
Net assets:		
Invested in capital assets	9,849	10,557
Unrestricted	538,487	473,164
	548,336	483,721
	\$ 2,684,382	\$ 2,407,155

See accompanying notes to financial statements.

On behalf of the Board:



Director

# FINANCIAL STATEMENTS

## STATEMENT OF OPERATIONS

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Fees and levies	\$ 2,600,807	\$ 2,568,883
Expenses:		
Scrap tire processing costs	2,275,026	2,429,962
Salaries and employee benefits	150,154	146,321
Travel	26,523	27,011
Board meetings	2,386	7,881
Professional services	69,030	24,974
Consulting fees	10,224	1,800
Communication and translation	35,338	28,160
Office	19,517	17,927
Telephone	5,026	4,033
Rent	12,420	12,420
Insurance	3,432	1,874
Training and subscriptions	2,259	729
Interest and bank charges	1,649	861
Depreciation	6,485	8,048
Recyclable Development Program	-	7,500
Security service	4,891	-
	2,624,360	2,719,501
	(23,553)	(150,618)
Investment income	88,168	66,274
Excess (deficiency) of revenue over expenses	\$ 64,615	\$ (84,344)

See accompanying notes to financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2003, with comparative figures for 2002

	Invested in capital assets	Unrestricted	2003 Total	2002 Total
Balance, beginning of year	\$ 10,557	\$ 473,164	\$ 483,721	\$ 568,065
Excess (deficiency) of revenue over expenses	(6,485)	71,100	64,615	(84,344)
Net change in investment in capital assets	5,777	(5,777)	-	-
Balance, end of year	\$ 9,849	\$ 538,487	\$ 548,336	\$ 483,721

See accompanying notes to financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 64,615	\$ (84,344)
Depreciation, not involving cash	6,485	8,048
Changes in non-cash operating working capital:		
Decrease in accounts receivable	49,206	115,901
Increase in prepaid expenses	(1,695)	(194)
Increase in accounts payable and accrued liabilities	137,612	296,146
Increase (decrease) in accrued processing fees	75,000	(150,000)
	331,223	185,557
Financing and investing activities:		
Capital assets acquired	(5,777)	(5,604)
Increase in investments	(62,752)	(54,992)
Increase in loans receivable	-	11,258
	(68,529)	(49,338)
Increase in cash position	262,694	136,219
Cash position, beginning of year	486,522	350,303
Cash position, end of year	\$ 749,216	\$ 486,522

See accompanying notes to financial statements.

# FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2003

The New Brunswick Tire Stewardship Board (the "Board") is a not-for-profit organization incorporated under the Clean Environment Act. The principal business activity is overseeing the collection and recycling of used tires on behalf of the Minister of Environment for the Province of New Brunswick.

### 1. Significant accounting policies:

(a) General:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Investments:

Investments are carried at lower of cost and market value.

(c) Fees and levies:

The New Brunswick Tire Stewardship Board requires retail registrants to remit to the Board, a levy on prescribed new tires sold. Revenue is recognized by the Board at the time tires are sold.

(d) Capital assets:

Capital assets are recorded at cost. Depreciation is recorded using the following method and annual rates:

Asset	Basis	Rate
Office equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Computer equipment	Straight-line	3 years

(e) Scrap tire processing costs:

The Board remits a portion of all levies to Tire Recycling Atlantic Canada Corporation (TRACC). Half of the amount payable is remitted at time of collection and half is payable when TRACC has sold products containing the recycled material. The total amount due to TRACC is accounted for at time of pickup.

# FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2003

### 2. Capital assets:

	Cost	Accumulated depreciation	2003 Net book value	2002 Net book value
Office equipment	\$ 15,275	\$ 14,642	\$ 633	\$ 1,744
Furniture and fixtures	9,619	5,206	4,413	4,579
Computer equipment	31,351	26,548	4,803	4,234
	\$ 56,245	\$ 46,396	\$ 9,849	\$ 10,557

### 3. Fair value of financial assets and financial liabilities:

The fair value of the Board's cash, accounts receivable, accounts payable and accrued liabilities and accrued processing fees approximate their carrying amounts.

The fair value of investments at December 31, 2003 was \$1,515,515 (2002 - \$1,458,115) based on published listings of market values.