



ANNUAL REPORT 2008

**TIRE**  
**Stewardship**  
*New value from old tires*  
**BC**





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100% of scrap tires generated at TSBC registered retailers or scrap tire generators are collected for recycling or reuse

# 2008 highlights

## EXECUTIVE SUMMARY

For TSBC Directors and staff, 2008 was a year of stabilizing operations and maturing our organization as a product stewardship agency.

### Outreach Activities

- ✓ Produced a new brochure to tell consumers and retailers what happens to their scrap tires and what happens to their eco fees.
- ✓ Launched the Return to Retailer (R2R) program to provide more options for consumers to dispose of their orphan tires and to reduce the number of tires dropped off at taxpayer-funded landfills and transfer facilities. This reduces costs to local governments and consumers and benefits the environment through reduced greenhouse gas emissions.
- ✓ Redesigned and re-launched our website to make it easier for anyone to get information on all aspects of tire recycling in BC.
- ✓ Submitted our first annual report to the Ministry of Environment which includes our 2007 audited financial statements. The full report is also on our new website.

### Eco Fee Compliance Activities

- ✓ Implemented a compliance review process to ensure all retailers are “paying their fair share” by correctly reporting and remitting the eco fees on all new tires sold.

### Recycled Rubber Market Development

- ✓ Launched the Manufacturer Incentive Program to stimulate the use of BC produced crumb rubber in the products manufactured by BC companies.
- ✓ Piloted the Community Demonstration Grant Program to support BC not-for-profit organizations for using BC recycled rubber products in community projects such as playgrounds and other recreational facilities.

TSBC remains committed to continuous improvement – in 2009 we:

- ✓ Launched the Community Demonstration Grant Program mentioned above and we look forward to working with BC communities to realize the many benefits of using recycled rubber in their projects.
- ✓ Launched a province-wide communications campaign to increase awareness of tire recycling; to recruit more retailers into the Return to Retailer program, especially in remote regions; and to promote proper tire inflation and maintenance for better tire life, fuel economy and personal safety.
- ✓ Are partnering with BC’s rubber recyclers and others to research and develop new markets for recycled rubber products to help weather the recent economic downturn, and to ensure long term sustainability and viability of the industry as a whole.



**Don Blythe**  
Board Chair



**Mike Hennessy**  
Executive Director



Over 70% of the tires collected in 2008 were recycled into products, primarily crumb rubber, used to manufacture other products such as playground surfaces.

# INDUSTRY IS **behind the wheel**

**TIRE STEWARDSHIP BC ASSOCIATION** (TSBC) is a not-for-profit society responsible for operating BC's scrap tire recycling program in accordance with its Ministry of Environment approved Tire Stewardship Plan and the BC Recycling Regulation.

TSBC is accountable to its stakeholders and the public for the collection, processing and environmentally sound disposal of all scrap tires designated under the Recycling Regulation.

TSBC collects an eco fee on the sale of every new tire. These fees are used to pay for transporting and recycling BC's scrap tires, so that these tires are disposed of in environmentally responsible ways instead of ending up in our landfills.

With TSBC firmly behind the wheel, none of the eco fees we collect go to government. 100% of the money is used in the operation and enhancement of the tire recycling program in BC.

The society is governed by a Board, comprised of seven directors representing the following member organizations:

- Retail Council of Canada
- Western Canada Tire Dealers Association
- Rubber Association of Canada
- New Car Dealers Association of BC



*Our vision for BC is an environment free of scrap tires.*

## OUR BOARD OF DIRECTORS



**Don Blythe**  
(Chair)  
Western Canada  
Tire Dealers  
Association



**Bert Sauer**  
Western Canada  
Tire Dealers  
Association



**Mark Endersby**  
Western Canada  
Tire Dealers  
Association



**Adrian Courtenay**  
Rubber Association  
of Canada



**Ken Rees**  
Retail Council  
of Canada

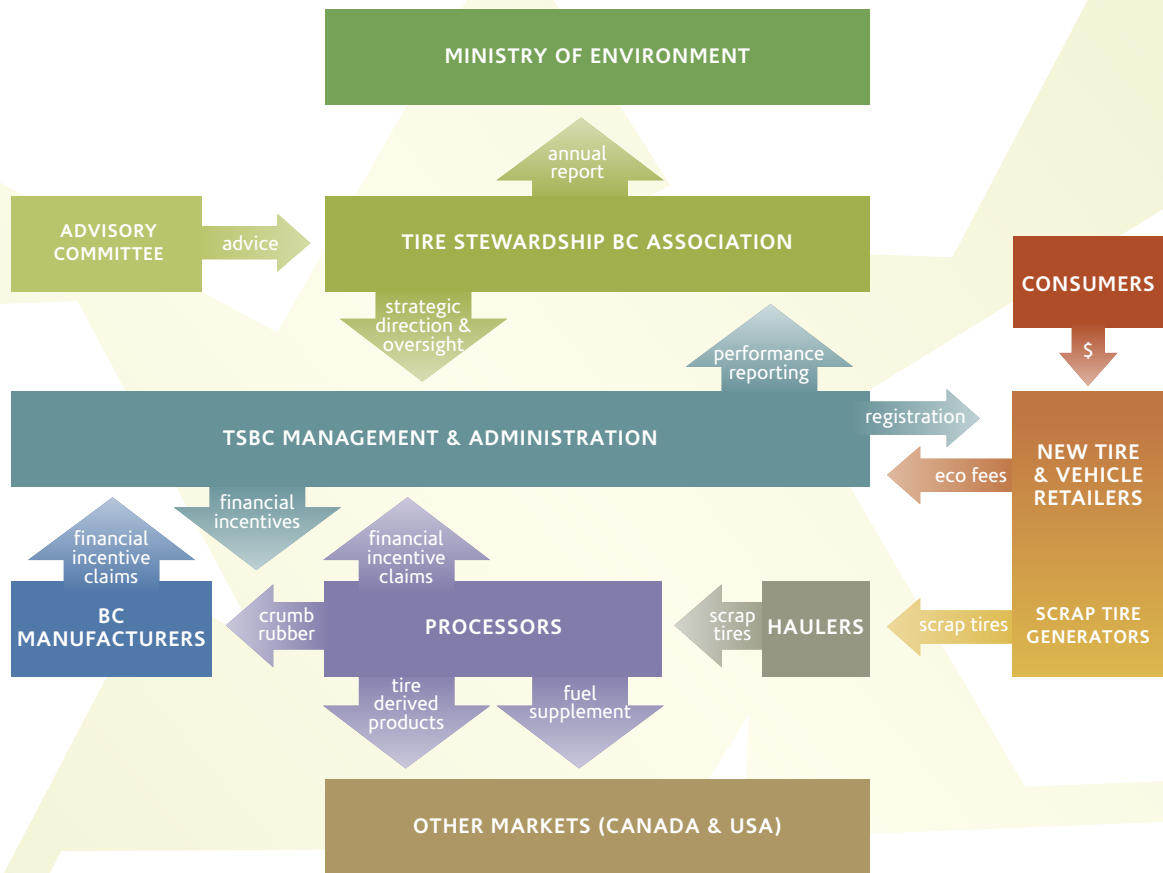


**Glenn Maidment**  
Rubber Association  
of Canada



**Glen Ringdal**  
New Car Dealers  
Association of BC

# THE CYCLE OF responsibility



*This model illustrates the functions of different stakeholders and the responsibilities they have to each other and to the process.*



#### MINISTRY OF ENVIRONMENT

The ministry requires industry to have an approved scrap tire stewardship plan according to the Recycling Regulation, and monitors TSBC's annual performance.

#### TIRE STEWARDSHIP BC ASSOCIATION

A board of directors directs and governs all aspects of the program and produces an annual report to demonstrate the program's accountability to stakeholders.

#### ADVISORY COMMITTEE

Representatives from the retailers, scrap tire generators, haulers, processors, manufacturers, Recycling Council of BC and local government provide advice on program policy and operations.

#### TSBC MANAGEMENT & ADMINISTRATION

Management and administration registers retailers, scrap tire generators, processors and manufacturers as eligible participants in the program. They collect eco fees from the retailers and pay financial incentives to processors for the transportation and processing of scrap tires and BC manufacturers for using BC crumb rubber. They also manage all other aspects of program delivery and report on performance.

#### NEW TIRE & VEHICLE RETAILERS

Tire retailers accept at least one scrap tire for each new tire sold and remit eco fees to TSBC. New vehicle dealers remit eco fees for each tire included with the new vehicle.

#### SCRAP TIRE GENERATORS

Examples of generators are landfills that accept scrap tires from the consumer and auto wreckers that generate scrap as part of their regular business.

#### HAULERS

Haulers pick up scrap tires from retailers and scrap tire generators for delivery to processors.

#### PROCESSORS

BC companies process scrap tires to be used for tire-derived products or fuel supplements as well as sell tire-derived products to markets in Canada and the US. They submit claims to TSBC for transportation and processing incentives.

#### BC MANUFACTURERS

BC manufacturing companies that purchase crumb rubber from BC Processors for manufacture into new products are eligible for a manufacturing incentive.

#### MARKETS

Purchase tire-derived products from processors for sale or resale, or for further manufacture into new products. Additional markets are fuel consumers such as pulp and paper mills.

#### CONSUMERS

Consumers purchase new tires from retailers and pay the eco fees. Most consumers leave their old tires with the retailer for disposal.



40,000 tonnes of scrap tires were  
diverted from the environment,  
which roughly equates to  
one car tire per person in BC

# KEEPING BC'S environment

## FREE OF SCRAP TIRES

### Tires of Many Shapes and Sizes

For every new tire sold, the retailer collects an Advance Disposal Fee (ADF), commonly referred to as an eco fee, from the consumer and remits it to TSBC.

The ADFs are set by TSBC. The new fees vary by tire type to adequately compensate for the higher costs of collecting and disposing of larger tires.

For 2008, the fees for the different tire types were:

TIRE CATEGORY	ADF
Passenger & Light Truck Tire (PLT)	\$5
Medium Truck Tire (MT)	\$9
Agricultural Drive Tire (AG)	\$15
Logger / Skidder Tire (LS)	\$35

Off-the-road (OTR) tires are excluded from the Recycling Regulation because there is currently no viable recycling solution for these larger tires.

100% of fees collected go towards the operation of the scrap tire recycling program.

### Scrap Tire Collection

Unlike other product recycling programs where consumers have to choose between putting their end of life product into the waste stream, or taking it to a collection depot for recycling, most motorists exchange their old tires for new ones at the time of purchase. Retailers take back one old tire for every new tire sold and arrange for haulers to collect and transport the tires to processors.

Other motorists choose to take their old tires home rather than leave them with the retailer for disposal. Ultimately, these orphan tires end up at a landfill where they are held for collection by haulers. Recognizing that this is a cost and logistical problem for some landfills, TSBC continues to work on providing alternative disposal options such as the Return to Retailer program.



*Most motorists exchange their old tires for new ones at time of purchase.*

	TIRE TYPE	SOLD	COLLECTED FOR RECYCLING
		No. of Units (000)	
<i>Collection numbers for PLT and MT are consistent with prior years. The difference between numbers sold and collected includes tires diverted to the reuse market.</i>	Passenger & Light Truck	3,000	2,800
	Medium Truck	231	202
<i>2008 was the second year of tracking collection data for AG and LS tires. It suggests that the tire-for-tire exchange at time of sale does not occur for these larger tires.</i>	Agricultural Drive	18	2
	Logger / Skidder	2	1



*Scrap tires are processed into crumb rubber.*

### **New Value From Old Tires**

Over 70% of the tires collected in 2008 were recycled into products, primarily crumb rubber, granules of rubber with the steel and fiber removed. Crumb is then used to create a variety of products including athletic tracks, synthetic turf fields; non-slip pavers for patios, walkways and playgrounds; colourful, resilient flooring in recreational facilities; flooring and mats for agricultural and industrial use; and asphalt rubber.

In addition to crumb based products, many highway truck tires are made into mats used in the construction industry. The remaining 30% are used as a fuel supplement in the cement and pulp and paper industries.

### **Extending Tire Life**

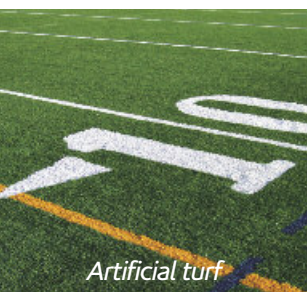
Recycling tires at their end-of-life is important. But lengthening their life so that fewer are used is essential. Tire manufacturers are making progress: since 1981 the average tire life has gone up 53 per

cent (from 46,000 kms to over 72,000 kms). Also, average tire rolling resistance has reduced by more than 25 per cent, simply by making the tires lighter and stronger. Manufacturers also recognize the need to balance environmental concerns with tire safety and customer satisfaction. TSBC continues to work in partnership with The Rubber Association of Canada and Natural Resources Canada in their annual Be Tire Smart Campaign which focuses on educating the motoring public of the benefits of proper tire inflation and maintenance.

### **Greenhouse Gas Emissions**

TSBC is an essential part of the green economy and accepts its responsibility to report the greenhouse gas (GHG) impacts of collection and recycling of scrap tires and to strive towards continuous improvement. A baseline inventory of Greenhouse Gas (GHG) emissions for 2008 is in progress.

*These are some of the products created from recycled tires that are manufactured right here in BC.*



*Artificial turf*



*Athletic tracks*



*Playground surfacing*



*truck-bed liners*



*Commercial flooring*

# peak performance

## THE NUMBERS

For TSBC Directors and staff, 2008 was a year of stabilizing operations and maturing our organization as a product stewardship agency, in partnership with the recycling industry. Our 2008 performance targets and achievements are outlined below:

2008 PERFORMANCE TARGETS	2008 RESULTS
Fewer than 4% of registered retailers and generators complain to TSBC of backlogs, stockpiles or disruptions in collection service.	2% of retailers and generators contacted TSBC to complain (58 complaints from approximately 2900 registered participants) most of which were to do with scheduling of pick-up service.
Scrap tire diversion from the environment (expressed as a percentage of # tires sold / # tires collected) is maintained at approximately 100%.	100% of scrap tires generated by TSBC registered retailers or scrap tire generators are collected for recycling or reuse. We know that 92% were collected for delivery to a recycling facility and we understand the remaining tires were collected for reuse or retreading. TSBC is unable to track the numbers of tires culled for reuse but it is generally understood by industry that up to 15% of the used tires are culled by retailers or haulers.
Any stockpiles brought to the attention of TSBC are abated.	One small stockpile identified in 2008 has since been depleted.
At least 400 retailers participate in the Return to Retailer (R2R) program to provide consumers with a no-cost alternative to disposal of their orphan scrap tires.	There were 330 retailers registered in the R2R program. Going forward, there will be a concentrated effort to work in partnership with Regional Districts to grow the number to 500 by 2011, particularly in the remote areas of the province.
A retailer compliance review program established to ensure all retailers are "paying their fair share" and at least 40 retailer compliance reviews completed.	51 compliance reviews were completed and plans have been developed to expand the program in 2009.
Fewer than 50 retailers or consumers complain to TSBC about the Advance Disposal Fees they pay, indicating the extent to which they are getting "value for money" for the fees paid.	Complaints about the Advance Disposal Fee are extremely rare, far fewer than 50. A process to track the actual number of complaints has been established.
A survey of consumer awareness is conducted to establish a baseline measure.	The September 2008 Survey of 193 callers conducted by the Recycling Council of BC (RCBC) indicated 42% are aware of the program and 61% are aware of the eco fee.
The ratio of higher value tire derived product (TDP) to tire derived fuel (TDF) as per MoE's 5R Hierarchy is maintained at approximately 80% TDP to 20% TDF.	The actual ratio in 2008 was 70% TDP to 30% TDF. The change reflects the increased demand for TDF from the cement industry.
Complete an inventory of Green House Gas emissions (GHG) for the tire stewardship program for base year 2008.	A GHG inventory study is in progress.
5 million pounds of BC crumb used in the manufacture of crumb-derived products by a BC manufacturer.	A Manufacturer Incentive was introduced in March 2008 and 8 million lbs of BC crumb was used by December 31, 2008.
Formal agreements in place with each major processor and manufacturer receiving incentives from TSBC (as a dispute avoidance mechanism). Resolve all credible disputes within 60 days.	Achieved. The process of negotiating comprehensive agreements has helped establish sound relationships with the key industry participants and has resulted in a period of unprecedented calm in the BC tire recycling industry.

# MOVING TOWARDS A greener future

## Getting the word out

In TSBC's second year of operation, we continued to refine, expand and improve communications to our stakeholders. Our messaging focus was to educate consumers and other stakeholders on what happens to the eco fees and what happens to the scrap tires. In addition we created a new look and feel to all our outgoing communications. Key areas of change were:

- A new logo
- A new brochure for display at all our retailer locations. The retailers are TSBC's primary ambassadors to the consumer and with this in mind the brochure was designed to address two key questions: What happens to the money? and What happens to the tires?
- A redesigned web site that makes it easier for anyone to get information on all aspects of tire recycling in BC, and that acts as repository for forms and instructions for our registered participants.



## 2009 Initiatives

Going forward TSBC will continue to pursue initiatives to enhance the program for the benefit of all stakeholders.

**Community Demonstration Grant Program:** Under a pilot project in 2008, TSBC provided funding support for the recycled rubber surfacing of three school playgrounds in three east Kootenay communities. The program has since been formally approved for implementation in the summer of 2009. TSBC sees this as a way of bringing recycled scrap tire products "full circle" back to the community.

**Education and Communication Campaign:** With the primary objectives of raising consumer support for scrap tire recycling and increasing the number of Return to Retailer locations, TSBC launched its first comprehensive communications campaign during Earth Week 2009. The campaign included feature sections about TSBC in several community newspapers; new posters for display at retailer sites; and spin-off media attention by Global TV, the Vancouver Sun and other trade magazines. And to demonstrate one of the many uses of recycled tires, TSBC provided the recycled rubber surfacing for the children's playground area at the Vancouver Sun Sustainable Living Expo in Vancouver. The campaign's impact has been positive: the number of Return to Retailer locations grew by over 10% and the positive media attention many of the R2R participants received should encourage more to enroll.

**Eco Fee Compliance Reviews:** In 2008 TSBC launched a program to check that retailers are correctly remitting the eco fees due on all new tire sales. The program has proven beneficial to both TSBC and the retailers by identifying remittance errors early and by helping retailers better appreciate what happens to the scrap tires and the eco fees.

**Return to Retailer Program:** In 2009 TSBC will strive to increase the number of Return to Retailer locations in BC to help create a more convenient and cheaper option for disposal of orphan tires, especially in remote areas of the province.



TIRE STEWARDSHIP B.C. ASSOCIATION  
FINANCIAL STATEMENTS

For the Year From January 1, 2008  
To December 31, 2008

## AUDITORS' REPORT

To the Members of Tire Stewardship B.C. Association

We have audited the statement of financial position of Tire Stewardship B.C. Association as at December 31, 2008 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 society'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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the society as at December 31, 2008 and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Norgaard Neale Camden Ltd.*

CHARTERED ACCOUNTANTS

Victoria, B.C.

February 2, 2009



Tire Stewardship BC Association

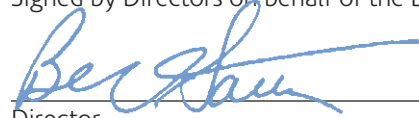
**STATEMENT OF FINANCIAL POSITION**


As at December 31

	2008	2007
	\$	\$
<b>ASSETS</b>		
Current Assets		
Cash	2,327,591	2,413,539
Investments (note 3)	3,580,666	1,499,585
Accounts receivable	2,022,209	1,642,636
	<b>7,930,466</b>	<b>5,555,760</b>
<b>LIABILITIES</b>		
Current Liabilities		
Bank overdraft	-	52,350
Accounts payable and accrued liabilities	1,562,224	1,499,951
	<b>1,562,224</b>	<b>1,552,301</b>
<b>NET ASSETS (NOTE 4)</b>		
Unrestricted	-	-
Stabilization Reserve	6,268,242	4,003,459
Research and Development Reserve	100,000	-
	<b>6,368,242</b>	<b>4,003,459</b>
	<b>7,930,466</b>	<b>5,555,760</b>

**COMMITMENTS (NOTE 5)**

Signed by Directors on behalf of the Board:

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

Tire Stewardship BC Association  
**STATEMENT OF OPERATIONS**

For the Year Ended December 31

	2008	2007
	\$	\$
<b>REVENUE</b>		
Advance Disposal Fees	17,440,169	14,741,538
Investment Income	138,382	87,990
<b>Total Revenue</b>	<b>17,578,551</b>	<b>14,829,528</b>
<b>EXPENSES</b>		
Program Incentives	14,152,777	11,359,989
Administration		
Program Management	745,559	1,109,494
Communications & Education	169,560	2,986
Professional Fees	50,462	102,120
Board Expenses & Travel	95,410	26,736
Start-up	-	424,744
<b>Total Expenses</b>	<b>15,213,768</b>	<b>13,026,069</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>2,364,783</b>	<b>1,803,459</b>
Grant Revenue	-	2,200,000
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>2,364,783</b>	<b>4,003,459</b>

Tire Stewardship BC Association  
**STATEMENT OF CASH FLOWS**

For the Year Ended December 31

	2008 \$	2007 \$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of Revenues over Expenses	2,364,783	4,003,459
Changes in non-cash working capital balances related to operations -		
Accounts receivable	(379,573)	(1,642,636)
Deferred start-up costs	-	424,744
Accounts payable and accrued liabilities	62,273	1,127,914
	<u>2,047,483</u>	<u>3,913,481</u>
<b>INVESTING ACTIVITY</b>		
Purchase of investments	(2,081,081)	(1,499,585)
	<u>(33,598)</u>	<u>2,413,896</u>
<b>INCREASE (DECREASE) IN NET CASH</b>	<b>(33,598)</b>	<b>2,413,896</b>
Net Cash - Beginning of Year	2,361,189	(52,707)
Net Cash - End of Year (note 7)	<u>2,327,591</u>	<u>2,361,189</u>
Net cash consists of:		
Cash	2,327,591	2,413,539
Bank overdraft	-	(52,350)
<b>NET CASH - END OF YEAR</b>	<u>2,327,591</u>	<u>2,361,189</u>

Tire Stewardship BC Association

**STATEMENT OF CHANGES IN NET ASSETS**

For the Year Ended December 31

	Unrestricted	Restricted		2008	2007
		Stabilization	Research &	Total	Total
	\$	Reserve	Development	\$	\$
		\$	Reserve		
			\$		
Net Assets, beginning of year	-	4,003,459	-	4,003,459	-
Excess of revenues over expenses	2,364,783	-	-	2,364,783	4,003,459
<b>Transfers</b> (note 4)	(2,364,783)	2,264,783	100,000	-	-
<b>Net Assets, end of year</b> (note 4)	-	6,268,242	100,000	6,368,242	4,003,459

## Tire Stewardship BC Association

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

### 1 PURPOSE OF THE ORGANIZATION

Tire Stewardship B.C. Association ("TSBC") is a Stewardship Agency registered in British Columbia and incorporated under the British Columbia Society Act as a not-for-profit organization on August 25, 2003. TSBC is exempt from income taxes pursuant to Section 149(1)(l) of the Income Tax Act, Canada. On January 1, 2007 TSBC assumed responsibility for the Ministry of Environment FIRST Program and entered into an agreement to manage the industry stewardship program for scrap tires in British Columbia until September 19, 2011.

The B.C. Recycling Regulation (449/2004) includes the requirement that all producers, as defined in the regulation and referred to in these notes as "tire retailers", prepare or be part of an approved stewardship plan. Presently, TSBC has the only approved tire stewardship program in the province and accordingly all tire retailers in BC must be registered.

### 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically those comprising the accounting recommendations for not-for-profit organizations, and include the following significant accounting policies summarized below:

#### Revenue Recognition

TSBC follows the deferral method of accounting. Under this method, restricted revenue is recognized in the year in which the related expenses are incurred. Unrestricted revenue is recognized when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured. Investment income is recognized when earned.

TSBC charges an advance disposal fee to tire retailers on the sale of new tires. This fee is variable based on the type of tires sold. Advance disposal fee revenues are collected by the tire retailers at the point of sale and reported to TSBC in the following month. TSBC accrues the advance disposal fee revenues and recognizes them as unrestricted revenues in the month in which they were generated as reported by the tire retailers.

Any revenues resulting from TSBC's compliance and enforcement activities are recorded as revenue in the period in which they are received.

#### Incentives Payable

Incentives payable to processors are due only after the processing is complete and the product is sold for an eligible end use (or in the case of tire-derived fuel uses, delivered to the facility consuming the fuel). Incentives payable to manufacturers are due on receipt of crumb rubber from the processor. Incentives payable as of the end of the fiscal year are included in accounts payable and accrued liabilities.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. As discussed in note 5, the incentive payments to the processors are payable only after the processing is complete and the product is sold. An inventory of processed materials not yet sold, and unprocessed scrap tires exists at the processors' plants. This inventory is estimated based on reports from the processors and actual inventories may vary significantly from this estimate. These estimates are reviewed periodically.

#### Recent Accounting Pronouncements

Canadian Institute of Chartered Accountants Handbook Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" were scheduled to be implemented for not-for-profit organizations such as TSBC. At its October 15, 2008 meeting, the Accounting Standards Board ("AcSB") determined that not-for-profit organizations may defer adoption of these sections until financial statements relating to fiscal years beginning on or after October 1, 2008. As such, TSBC has not yet adopted any of the above standards. It is expected that, subject to the outcome of the AcSB's forthcoming consultations on future directions in setting standards for this sector, not-for-profit organizations may be in a position to apply the proposed set of standards for private enterprises in 2009.

### 3 INVESTMENTS

Investments are comprised of bankers' acceptances with a maturity of less than three months.

### 4 NET ASSETS

In 2008, TSBC's board of directors internally restricted net assets amounting to \$2,364,783. Of this amount, \$2,264,783 was transferred to the Stabilization Reserve and \$100,000 was transferred to the Research and Development Reserve.

#### Stabilization Reserve:

- Ensures that funds are available to meet the potential incentives owing to processors for the whole tires and unsold product from previously delivered tires. TSBC has entered into agreements with processors to provide incentives to process and sell their products. The incentive is paid when the product is sold.
- Assists, in the event of a cessation of the Tire Stewardship Program or the wind up of the Society, with the potential financial consequences that may arise if such events were to occur.

Tire Stewardship BC Association  
**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended December 31, 2008

**4 NET ASSETS (continued)**

**Research and Development Reserve:**

- Ensures that funds are available to conduct research and development activities needed to ensure a sustainable tire-recycling program in the province of British Columbia.

**5 COMMITMENTS**

As of December 31, 2008, whole tires and unsold product at registered processor facilities was estimated at 538,204 (2007 - 985,974) passenger tire equivalents ("PTE"). The incentive payments to processors could amount to a future liability of up to \$1,544,645 (2007 - \$2,553,673).

TSBC has entered into an agreement for the provision of management and administrative services for a period of 4 years beginning January 1, 2008.

**6 FINANCIAL INSTRUMENTS**

TSBC's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. These items are reported on the statement of financial position at their carrying values which approximate their fair values due to their short term nature.

**Interest Rate and Currency Risk**

Unless otherwise noted it is management's opinion that, under normal circumstances, TSBC is not exposed to significant interest rate or currency risks arising from these financial instruments.

**Credit Risk**

Credit risk arises from the potential that registered tire retailers who are required to remit advance disposal fees on their tire sales will fail to perform their respective obligation to remit these funds to TSBC. TSBC is exposed to credit risk from these registrants. However, TSBC has a large number of registered tire retailers, which minimizes the concentration of credit risk.

**7 SUPPLEMENTARY NOTE TO STATEMENT OF CASH FLOWS**

	2008	2007
	\$	\$
Cash received from:		
Interest	143,680	75,025

**8 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to be consistent with the presentation adopted in the current year.







# TIRE Stewardship <sup>BC</sup>

*New value from old tires*

PO Box 5366  
Victoria, BC V8R 6S4  
1.866.759.0488

To find out more about tire recycling,  
the eco fee or upcoming initiatives  
please visit: [www.tsbc.ca](http://www.tsbc.ca)