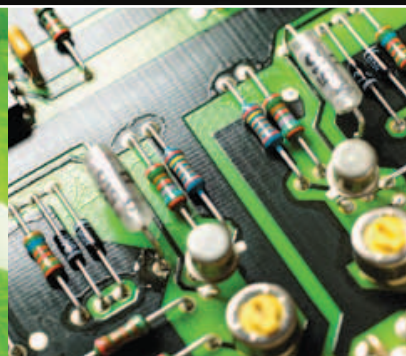


YOU'VE GOT THE POWER. RECYCLE IT!



ATLANTIC CANADA ELECTRONICS STEWARDSHIP

ANNUAL REPORT 2011

All About ACES

In November 2007, Electronics Product Stewardship Canada (EPSC) and the Retail Council of Canada (RCC) established the Atlantic Canada Electronics Stewardship Association (ACES) to deliver an industry-led Electronics Stewardship Program for each jurisdiction within Atlantic Canada where legislation exists.

ACES is a not-for-profit association representing brand owners, manufacturers, retailers and other stakeholders who are committed to collecting and recycling electronic waste in an environmentally responsible manner. ACES is responsible for all aspects of their individual Electronics Recycling Program Plans approved by each jurisdiction.

Mission

As an industry-led non-profit organization, we enable:

- Businesses and consumers to recycle their electronics responsibly and,
- Industry stewards to achieve regulatory compliance.

Vision

To be recognized throughout Atlantic Canada as the leading provider of environmentally sound, socially responsible management practices for end-of-life electronic products.

Under the Nova Scotia Solid Waste-Resource Management Regulations, and the Prince Edward Island Materials Recycling Regulations, brand owners are required to participate in an approved stewardship program plan that provides for the responsible recycling of regulated electronics. ACES allows businesses in Atlantic Canada to fulfill their environmental compliance with the regulation. As of June 30, 2011 – close to 600 businesses were registered with ACES.

ACES was founded by:



Electronics Product
Stewardship Canada



Since ACES began in 2008, over 12,000 tonnes of electronic waste have been diverted from local landfills and illegal export – and responsibly recycled.



Upwards of 600 retailer, distributor and manufacturer members support the ACES program.

Strong Signals: 2011 Highlights

- ▶ On July 1, 2010 the ACES program was launched in Prince Edward Island. The program allows Prince Edward Island residents to drop off unwanted electronics free of charge at six Island Waste Management Corporation (IWMC) approved locations across the island.
- ▶ This year alone, Nova Scotians recycled 4,354 tonnes – and Prince Edward Islanders recycled 543 tonnes – of unwanted electronics through our well established network of ACES drop-off centres in both provinces.
- ▶ Nearly all Nova Scotians (98 percent) and Prince Edward Islanders (92 percent) are aware that certain electronic products must be recycled. Nearly nine out of ten Nova Scotians – and eight out of ten Islanders – are familiar with the ACES program.
- ▶ In April of 2011, a new national Recycler Qualification Office (RQO) was established to manage the Electronics Recycling Standard and perform audits under the Recycler Qualification Program. The RQO manages all recycler assessments and approvals on behalf of industry-led, end-of-life electronic recycling programs.
- ▶ In 2011, ACES introduced new Key Performance Indicators that quantify everything from total waste electronic equipment collected to public awareness and industry participation. These important metrics – used by our sister programs across Canada – apply an extra level of consistency and rigour to the ACES program.
- ▶ This year, ACES adopted the Electronics Reuse and Refurbishing Program (ERRP) which aims to maximize the amount of materials available for reuse and further ensure that materials entering the reuse stream are utilized to the greatest extent possible. Through a competitive procurement process, ACES selected two qualified environmental audit firms to assess applicants against the Electronics Reuse and Refurbishing Standard (ERRS) – which is an integral component of the ERRP.

Message From the Chair

Motion and momentum. They're as critical to business success as they are to basic physics. And in 2011, the Atlantic Canada Electronics Stewardship program surged forward at a steady and energetic pace.

This year we were proud and excited to launch the Atlantic Canada Electronics Stewardship (ACES) program in Prince Edward Island. Thanks to Island Waste Management Corporation – which administers the program in PEI – and the enthusiastic participation of Islanders, the first year of operation was a solid success. PEI residents embraced electronic waste recycling, just as they've supported other solid waste management programs for many years. Our thanks go out to the numerous players – including communities, ACES Board of Directors, members and government partners – who contributed to the program's smooth roll-out.

In Nova Scotia, ACES once again increased its volume of electronic waste collected. Since the program began in 2008, the province has collected and processed over 12,000 tonnes of electronic waste. That's the kind of participation and continual growth that makes ACES a respected leader in environmental stewardship.

ACES's efforts in 2011 went beyond Nova Scotia and PEI. Throughout the year we met regularly with government and industry officials in New Brunswick and Newfoundland and Labrador to promote the benefits of expanding ACES into those provinces. They are professional and dedicated individuals who are asking the tough questions, and we look forward to working together to establish successful ACES programs in their respective provinces in the near future.

There is a strong case for a region-wide ACES program in Atlantic Canada. Quite simply, it's a model that works. A harmonized approach to electronic waste management – from uniform performance indicators to shared costs – can create a critical mass and efficiencies that will strengthen the entire region. And these benefits will extend to other partner programs in Saskatchewan (SWEEP), British Columbia (ESABC), Ontario (OES) and Alberta (ARMA).

The more players, the stronger the team.



Though the technical side of ACES is largely driven by numbers and performance indicators, the human element is the true heart of the program. We owe our success to the residents who recycle their electronics, the depot operators who collect them, the haulers who transport them and the processors who break them down to their component parts and have them responsibly recycled. Other essential partners include consumers, governments, and the upwards of 600 retailer, distributor and manufacturer members who support the ACES program. It's truly a team approach to environmental leadership, corporate responsibility and economic growth.

I would like to recognize and thank the members of the ACES board, who this year went above and beyond the call to provide strategic and pragmatic counsel for the program. These dedicated volunteers provided their time and expertise to the ACES program in Nova Scotia and PEI, and also helped promote the ACES model in New Brunswick and Newfoundland and Labrador. I would also like to thank ACES's Executive Director, staff and members who worked hard to build the successful ACES program along with our regulators and partners.

On behalf of the Atlantic Canada Electronics Stewardship program, I am honored to present our fourth annual report.

Message From the Executive Director

In its fourth year of operation the ACES program powered up, with energy to spare. The successful launch of ACES in Prince Edward Island. New performance indicators to improve efficiency and accountability. Enthusiastic participation from our many partners. And an increase in the volume of electronic waste collected, recycled and diverted from landfills. It all adds up to a year of positive growth and change.

With the introduction of ACES in Prince Edward Island in July of 2010, we became a truly regional program. It was a major step forward. The success we've had in PEI demonstrates that we can deliver a regional initiative that provides a consistent level of service, environmental protection and economic benefits – across provincial borders. There are also home-grown reasons for our success in PEI. Island Waste Management Corporation's reputation, expertise and infrastructure – along with Islanders' longstanding commitment to recycling – allowed for a smooth transition of the ACES program on the Island.

Measurement and continuous improvement are touchstones for ACES. This year we introduced new Key Performance Indicators that quantify everything from the cost of delivering programs to how accessible electronics recycling is for residents. These indicators – adopted by our sister programs across Canada – help industry and the public gauge progress in a meaningful and consistent way. Above all, they reinforce the values of transparency and accountability that are integral to ACES's philosophy.

It all comes down to value. In my second year as Executive Director of ACES I've come to appreciate the major benefits our program provides in Nova Scotia and PEI. Since ACES began in 2008, we've diverted over 12,000 tonnes of electronic waste from local landfills and illegal export, and had it all responsibly recycled – a phenomenal amount for a region our size. ACES has also invested over \$13 million in the region since we started.

The public, industry and governments have embraced the ACES model in Nova Scotia and PEI. They understand the value of a tried-and-true approach to electronics stewardship and the efficiencies that working together



can bring. In the coming year – as in 2011 – ACES and its partners will work to expand the program throughout the Atlantic region. We are hopeful that we'll see significant movement toward a region-wide, harmonized program in 2012.

We've already seen the upside of harmonization in PEI and Nova Scotia. Take our advertising and communications campaigns, for example. Combined budgets, shared messages and piggybacked materials have reduced duplication in our communications efforts – with no loss of impact. Quite the contrary: awareness levels of ACES and electronics recycling are encouragingly high in both provinces. Further, the new Key Performance Indicators – included for the first time in this year's ACES annual report – were developed by our national partners for use in reports across Canada. The net result of these harmonization efforts? Efficient, consistent and streamlined programs – and a transparent reporting system that creates greater accountability.

The success of the ACES program hinges on power. Powering *down* our unwanted electronic products, and recycling them into new products and materials. And powering *up* Atlantic Canadians' commitment and determination to be responsible environmental stewards. I look forward to being part of a continued surge of responsible environmental stewardship in 2012. And I thank our ACES board, as well as our regional and national partners, for their vision and continued support.

Message From the PEI Program Manager

Prince Edward Island has long been committed to environmental waste management and waste diversion programs. On July 1, 2010 that dedication grew stronger as Island Waste Management Corporation (IWMC) – in partnership with ACES – officially introduced the island's first electronic stewardship program to the province.

Islanders have wholeheartedly embraced electronic waste recycling. In fact, in our first year of operation we diverted 543 tonnes of end-of-use electronics from the Island landfill. That's not all. Local residents now have a very high level of awareness about the program (nearly 80 percent); and they clearly understand the purpose of ACES along with the types of electronic products that can be recycled.

IWMC worked closely with our ACES partners to initiate the program on PEI. IWMC modified and utilized existing waste drop-off centres to set up the provincial program on PEI. And through our combined efforts the program launch and first year of operation were great successes.

Looking ahead to 2012, we expect positive participation in the program will continue; and we anticipate a modest growth in the volume of waste electronic materials collected. Communications drives awareness and engagement; and we look forward to working with communities, government,



Gerry Moore
Island Waste
Management Corporation

retail and industry partners to promote the benefits and principles of the ACES program.

We extend thanks to our partners at ACES for their support and encouragement in our first year of operation. And we look forward to working with them for many years to come.

Islanders have wholeheartedly embraced electronic waste recycling. In fact, in our first year of operation we diverted 543 tonnes of end-of-use electronics from the Island landfill.



ACES has invested over \$13 million in the Atlantic region since we started in 2008.

Message From the Nova Scotia Program Manager

RRFB Nova Scotia administers the ACES program in our province and assists with the expansion of the program into other provinces. We were privileged to help our colleagues on the Island launch the ACES program in July 2010 and we were eager to share the experience and insights we've gleaned from operating ACES in Nova Scotia since 2008.

In Nova Scotia, ACES continued to develop and mature in 2011. Public awareness and support remained high – with a gratifying 80 percent awareness rate of ACES and electronic products recycling in Nova Scotia. Further, 86 percent indicated they would dispose of these products through the ACES network.

Another key measure of our success is the volume of electronic products we recover. This year Nova Scotia increased the amount of end-of-life electronics collected over the previous year, from 4,000 to over 4,300 tonnes – an upswing of nearly 7 percent. These numbers are a clear testament to the commitment and engagement of residents, government and our industry partners.

In 2011, we focused on ways to fine-tune our existing operations and control costs. The collection and processing of electronic waste entails significant costs, and we continued to pursue ways to keep the program on solid financial ground.

In the year ahead, we anticipate continued steady growth in the volumes of electronic waste collected and we'll continue our efforts to improve operations.



Since ACES was launched in 2008, the volume of products collected has grown steadily, year-over-year. In fiscal 2011, over 4,300 tonnes of used electronic products were diverted from Nova Scotia landfills – 300 tonnes more than last year.

Gauging Progress: 2011 Key Performance Indicators ▶▶▶

ACES – in cooperation with ESABC, OES and SWEEP – researched and developed a set of core Key Performance Indicators relevant to the electronic products industry. It included a comprehensive review of how electronics recycling programs operate world-wide and tackles the challenge of tracking and reporting performance indicators.

The Key Performance Indicators apply to regulated and industry-led electronics stewardship programs in Canada. This includes harmonization between the programs to encourage continuous program improvement, allow for comparative analysis of program impacts, and satisfy various regulatory requirements.

Harmonization Office Update

This past year is best characterized as one of growth and evolution for the national Harmonization Office, which ACES has funded in conjunction with sister programs in British Columbia (ESABC) and Saskatchewan (SWEEP). For example, the current work being undertaken for ESABC with the unprecedented expansion into “Phase IV” products under the direct leadership of the Harmonization Office will allow for ACES to eventually benefit from the lessons learned here (as all other programs learned from ACES’ pioneering 2009 expansion into Phase II products).

Performance measurement is another area in which Canada’s industry-led electronics stewardship programs have made harmonized, strategic investments. ACES and its sister programs released a landmark report this year outlining nine key performance measures which will be tracked and reported on in a consistent, comparable fashion.

An additional four measures will be undertaken in the near future to track environmental impacts. ACES’s 2011 performance in these initial areas can be found on the opposite page.

Jay Illingworth

Director, Harmonization
ACES, ESABC & SWEEP

Over the past year, ACES and its counterpart provincial programs ARMA, ESABC, SWEEP and OES, worked with Electronics Product Stewardship Canada (EPSC) to undertake a review and revision of the Electronics Recycling Standard (ERS). Through this review process, the ERS was refined to better reflect our program’s requirements for approved recyclers. It was also incorporated into the overall Recycler Qualification Program (RQP), which was designed to facilitate a more efficient and effective audit and approval process.

In October 2010, the revised ERS was released and incorporated into the broader RQP. In addition to updating the ERS, in April 2011, the Recycler Qualification Office (RQO) was established – in cooperation with the industry-led provincial programs and EPSC – to manage all recycler assessments and approvals on behalf of the programs. This national office was designed to provide a streamlined application and approval process for prospective primary recyclers, while undertaking recycler assessments in a timely manner with detailed, thorough and objective results.

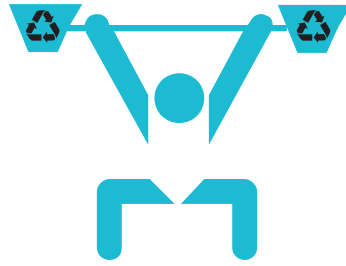
Sean De Vries

Director of the Recycler Qualification Office

ACES 2011 Key Performance Indicators

Collection

Operational Indicators.



Total Waste Electronic Equipment Collected

4,888
tonnes



Total collected – provinces combined

4.5
kg/capita



Total collected per capita – provinces combined

Measures related to the weight of regulated electronics collected by the program for recycling.

Access

Accessibility Indicators.



Collection site coverage and events

98%



% of the population within 30 kms (rural) or 30 minutes (urban) of a collection depot



0*

Total Collection Events



42

Total Collection Sites

Measures related to the convenience of accessing the program to have regulated electronics recycled.

Awareness

Public Awareness and Industry Participation Indicators.



Public awareness and industry participation

80%



Percentage of population aware of program

584



Participating manufacturers, retailers and other industry members – provinces combined

Measures related to the public's awareness of the program, and the direct participation of obligated industry in the program for environmental compliance.

Cost

Financial Indicators.



Total program costs

\$1,419
per tonne



Total Program costs per tonne



\$1,133

Operational costs per tonne – provinces combined

\$286

Total overhead costs per tonne

Measures related to the overall costs of delivering the program, including collection, consolidation, transportation, audits, processing, administration, communications, management and professional fees.

This scorecard lists the recommended and harmonized Key Performance Indicators (KPI) which each of the four regulated, industry-led electronics stewardship programs in Canada (ACES, ESABC, OES & SWEEP) will be reporting on, as per "Research and Recommendations for Performance Measures For Regulated, Industry-Led, End-of-Life Electronics Recycling Programs in Canada" (Intergroup Consultants Ltd, April 2010) Full report here: <http://estewardship.ca/docs/Performance-Measurement-Report-FINAL-2010.pdf>

*Due to the extensive coverage of drop-off centres in NS and PEI, no requests were made for special collection events in 2011.



80 percent of Nova Scotians – and 79 percent of Prince Edward Islanders – are aware of the ACES program.

Results of Atlantic Quarterly, Spring 2011

Public Awareness + Education

This year ACES continued to deliver a comprehensive public awareness campaign – including radio and television ads plus a strong web and print presence – to support Nova Scotians' and Prince Edward Islanders' deep-rooted commitment to recycling. As you'll see in the survey results in this section, it's working.

Our advertising and communications campaigns have also benefited from harmonization of the ACES program in PEI and Nova Scotia. Combined budgets, consistent messages and shared materials have reduced duplication in our communications efforts. The result: greater impact, and lower costs.

In 2011, ACES produced a range of education and promotional materials in French to better serve francophone communities in Prince Edward Island and Nova Scotia. From signage to posters to brochures, we're now delivering improved services to consumers and the public.

ACES's success in educating and building awareness among Nova Scotians and Prince Edward Islanders about responsible electronics recycling is largely due to our local

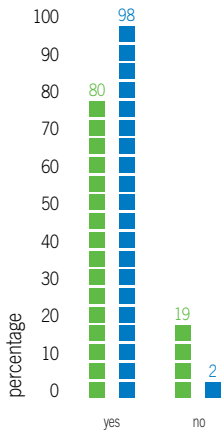
service providers – the Resource Recovery Fund Board (RRFB) and Island Waste Management Corporation (IWMC). Thanks to their strong relationships with Enviro-Depots and waste drop-off centres, municipalities and regions – as well as the responsive, day-to-day support of their staff – our industry and consumers are exceptionally well served in Nova Scotia and PEI.

The numbers tell a promising story. Nova Scotians and Prince Edward Islanders are embracing responsible recycling. Not only are they increasingly aware of ACES, but consumers are taking the initiative to learn more – by visiting the website or calling our hotline. Awareness and action: that's what makes ACES one of North America's leading electronics recycling programs.

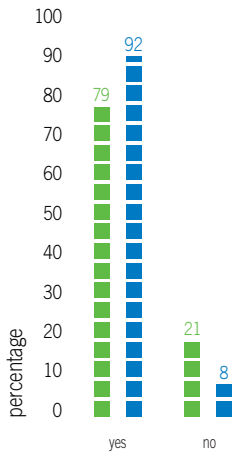
Omnibus Survey Results

In May, 2011 ACES contracted Halifax-based Corporate Research Associates to assess Nova Scotians' and Prince Edward Islanders' awareness of ACES and electronics products recycling. Fully 98 percent of respondents in Nova Scotia – and 92 percent in PEI – knew that old or unused electronics had to be recycled, with the majority indicating they would dispose of these products through the ACES network.

Nova Scotia



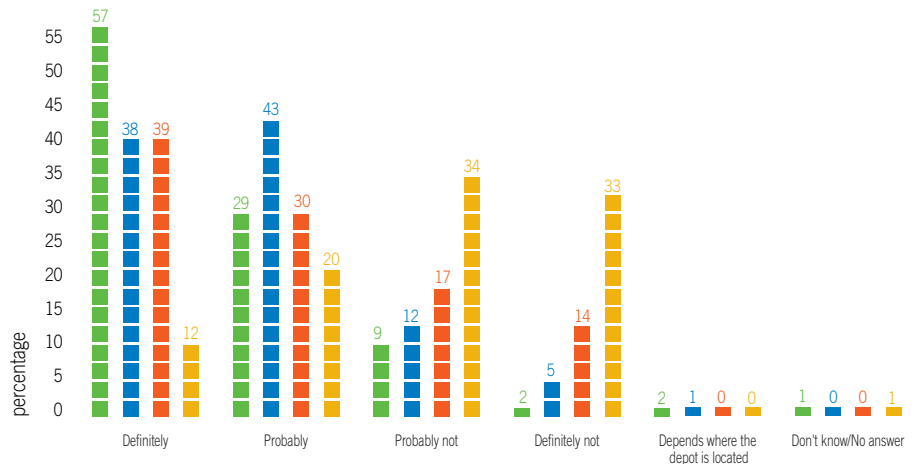
Prince Edward Island



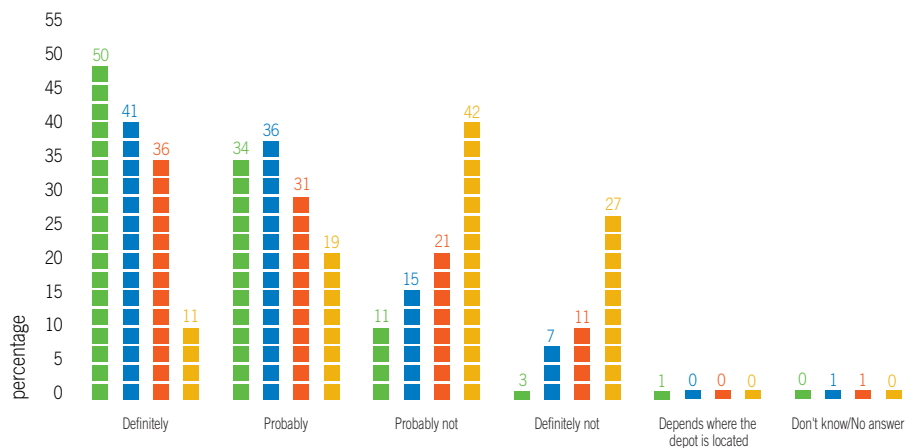
■ Prior to today, have you heard of the province-wide recycling program, called the Atlantic Canada Electronics Stewardship, or ACES, which offers drop-off centres for electronic products recycling?

■ Prior to today, were you aware that old or unwanted electronic products, such as televisions, computers, stereos, or VCRs cannot be disposed of in your regular garbage, and instead must be recycled?

Nova Scotia



Prince Edward Island



■ In the next 12 months, how likely, if at all, would you be to do the following? Would you definitely, probably, probably not, or definitely not: Drop off unwanted or old electronics at an ACES drop-off centre for recycling?

■ In the next 12 months, how likely, if at all, would you be to do the following? Would you definitely, probably, probably not, or definitely not: Donate unwanted or old electronics to charity or similar organization for reuse?

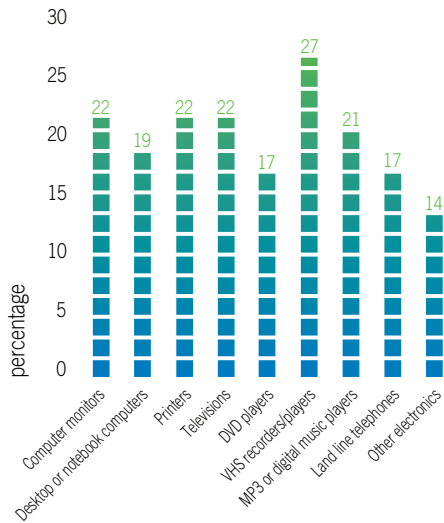
■ In the next 12 months, how likely, if at all, would you be to do the following? Would you definitely, probably, probably not, or definitely not: Give unwanted or old electronics to friends or family members for reuse?

■ In the next 12 months, how likely, if at all, would you be to do the following? Would you definitely, probably, probably not, or definitely not: Sell unwanted or old electronics?

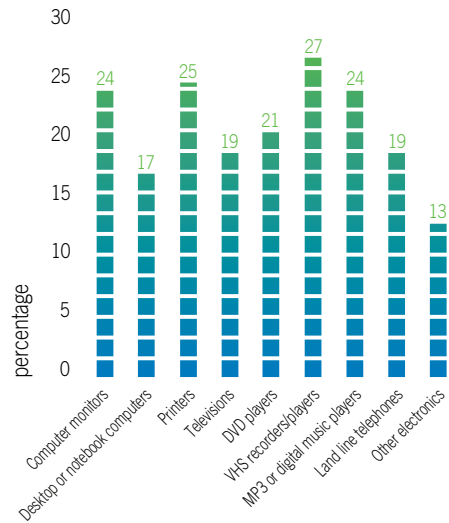
Omnibus Survey Results

Percentage of electronics in households that do not currently work, or are no longer being used.

Nova Scotia



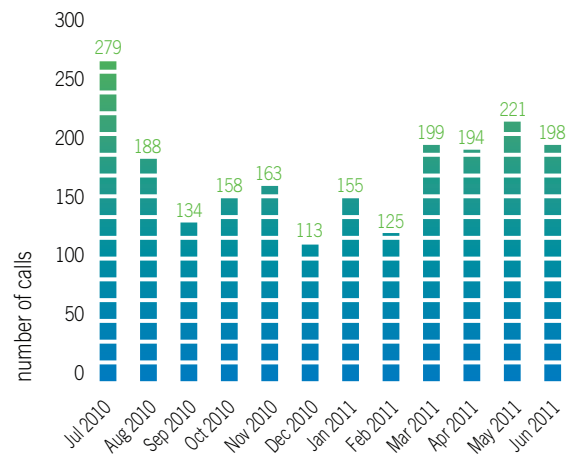
Prince Edward Island



Results from The Atlantic Quarterly® – Spring 2011

Website Visits + Hotline Calls – Nova Scotia and Prince Edward Island Combined

Numbers of new website visits and hotline calls remained steady in 2011.



Independent auditors' report



To the Members of the Atlantic Canada Electronics Stewardship Association

We have audited the accompanying financial statements of the Atlantic Canada Electronics Stewardship Association, which comprise the statement of financial position as at June 30, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Atlantic Canada Electronics Stewardship Association as at June 30, 2011, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Truro, Nova Scotia
September 15, 2011

Grant Thornton LLP
Chartered Accountants

Statement of operations

Year ended June 30

	2011 Budget (unaudited)	2011 Actual	2010 Actual
Revenue	\$ 7,573,455	\$ 7,817,379	\$ 6,884,262
Expenses			
Program delivery expenses			
Collection	974,640	929,301	731,578
Recycling			
Processing	4,191,750	3,946,099	3,327,071
Transportation	660,670	662,726	623,324
Processor audits	30,000	18,076	2,803
Environmental handling fee compliance	85,000	83,588	64,684
Communication	360,000	250,194	344,918
	6,302,060	5,889,984	5,094,378
Administrative expenses			
Administrative expenses	1,012,200	903,609	719,449
Depreciation	26,500	22,384	19,161
Interest and bank charges	13,800	5,139	1,127
Program development	300,000	106,000	207,282
	1,352,500	1,037,132	947,019
E&E fund for R&D Initiatives	180,000	7,424	18,578
	7,834,560	6,934,540	6,059,975
Excess of revenue over expenses	\$ (261,105)	\$ 882,839	\$ 824,287

See accompanying notes to the financial statements

Statement of changes in net assets

Year ended June 30

	Unrestricted	Operating contingency reserve	Restricted Effectiveness & Efficiencies fund for R&D initiatives	Investment in capital assets	2011 Total	2010 Total
Balance, beginning of year	\$ –	\$ 1,278,788	\$ 297,241	\$ 152,644	\$ 1,728,673	\$ 904,386
Surplus of revenue over expenses	912,647	–	(7,424)	(22,384)	882,839	824,287
Interfund transfers						
Tangible capital assets	(16,691)	–	–	16,691	–	–
Effectiveness and Efficiencies Fund	(180,000)	–	180,000	–	–	–
Operating contingency reserve	(715,956)	715,956	–	–	–	–
Balance, end of year	\$ –	\$ 1,994,744	\$ 469,817	\$ 146,951	\$ 2,611,512	\$ 1,728,673

See accompanying notes to the financial statements

Statement of financial position

Year ended June 30

June 30	2011	2010
Assets		
Current		
Cash and cash equivalents	\$ 2,536,960	\$ 1,573,073
Receivables	933,171	871,462
Prepays	14,963	2,739
	3,485,094	2,447,274
Tangible capital assets (Note 4)	146,951	152,644
	\$ 3,632,045	\$ 2,599,918
Liabilities		
Current		
Payables and accruals	\$ 1,020,533	\$ 781,147
Current portion of long term debt	–	90,098
	1,020,533	871,245
Net assets		
Investment in tangible capital assets	146,951	152,644
E&E Fund for R&D Initiatives (Note 5)	469,817	297,241
Operating Contingency Reserve (Note 6)	1,994,744	1,278,788
	2,611,512	1,728,673
	\$ 3,632,045	\$ 2,599,918

Commitment (Note 7)

On Behalf of the Board



Director



Director

See accompanying notes to the financial statements

Statement of cash flows

Year ended June 30

	2011	2010
Increase in cash and cash equivalents		
Operating		
Surplus of revenue over expenses	\$ 882,839	\$ 824,287
Depreciation	22,384	19,161
	905,223	843,448
Change in non-cash operating working capital		
Receivables	(61,709)	(287,491)
Prepays	(12,224)	(1,259)
Payables and accruals	239,386	118,844
	1,070,676	673,542
Financing		
Loan payable	(90,098)	(108,261)
Investing		
Proceeds from sale of tangible capital assets	–	29,638
Purchase of tangible capital assets	(16,691)	(8,986)
	(16,691)	20,652
Net increase in cash and cash equivalents	963,887	585,933
Cash and cash equivalents, beginning of year	1,573,073	987,140
Cash and cash equivalents, end of year	\$ 2,536,960	\$ 1,573,073

See accompanying notes to the financial statements

1. Nature of operations

In November 2007, Electronics Product Stewardship Canada (EPSC) and the Retail Council of Canada (RCC) established the Atlantic Canada Electronics Stewardship (ACES) Association to deliver an industry-led Electronic Stewardship Program in Nova Scotia.

ACES is a not-for-profit association registered in Nova Scotia under the Societies Act. It represents brand owners, manufacturers, retailers and other stakeholders who are committed to collecting and recycling electronic waste in an environmentally responsible manner. ACES is responsible for all aspects of the Nova Scotia Electronics Recycling Program that has been approved by the Province of Nova Scotia.

The Nova Scotia Electronics Products Stewardship Program Regulation came into effect February 1, 2008 and requires brand owners of designated materials to ensure the safe and environmentally responsible management of certain unwanted electronic products.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting principles as outlined in the Canadian Institute of Chartered Accountants (CICA) Handbook. The CICA has issued accounting standards that are specifically applicable to not-for-profit organizations under Part III of the CICA Handbook which are applicable for fiscal years beginning on or after January 1, 2012. The Association also has the option of adopting International Financial Reporting Standards. Adoption of either set of standards is required no later than the Association's June 30, 2013 fiscal year.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the Association's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective or complex judgements by management that may be uncertain. Some of these items include allowance for doubtful accounts, accruals for processing end of life electronic products and estimated environmental handling fee receivables. Actual results could differ from those reported.

Revenue recognition

The Association follows the deferral method of accounting for revenue. Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Tangible capital assets

The investment in capital assets fund reports the assets, liabilities, revenue and expenses related to the Association's capital assets.

2. Summary of significant accounting policies (continued)

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

Field and office equipment	20%, straight line
Containers	10%, straight-line
Computer hardware and software	33 1/3%, straight-line

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank and other borrowings are considered to be financing activities.

Income taxes

The Association is a not-for-profit association, which is exempt from income taxes under Section 149(1)(l) of the Canadian Income Tax Act.

3. Financial instruments

The Association's financial instruments include cash and cash equivalents, receivables, and payables and accruals. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant market interest, currency or credit risks arising from financial instruments and the fair market value of these financial instruments are at least equal to their carrying values.

Financial instruments classified as financial assets and financial liabilities held for trading are recorded at fair market value at each balance sheet date and any change in fair value is recognized in income in the period in which the change occurs.

All financial instruments are initially measured at fair value and subsequently, according to the following measurement methods.

Financial instruments	Classification	Subsequent measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

3. Financial instruments (continued)

Credit risk

The Association is exposed to credit risk that arises from the quality of its registrants. Credit risks arise from the possibility that the registrants of the Association will be unable to fulfil their obligations. The Association's registrants are numerous and diverse, which reduces the concentration of the credit risk. Management closely evaluates the collectibility of its receivables and records appropriate allowances for doubtful accounts when necessary.

Market risk

The Association is exposed to financial risk that arises from fluctuations in the sale of electronic products within the Province of Nova Scotia. This risk is minimized by corresponding decreases in program delivery expenses and through the regulation implemented by the Nova Scotia Department of Environment and Labour.

4. Tangible capital assets

	Cost	Accumulated Depreciation	2011 Net Book Value	2010 Net Book Value
Field equipment	\$ 2,413	\$ 1,806	\$ 607	\$ 1,089
Containers	191,725	52,388	139,337	148,869
Office equipment	1,776	543	1,233	960
Computer hardware and software	11,150	5,376	5,774	1,726
	\$ 207,064	\$ 60,113	\$ 146,951	\$ 152,644

5. Effectiveness & Efficiency Fund (E&E)

An Effectiveness & Efficiency Fund has been established and internally restricted by the Board of Directors to promote best practices for the collection, transportation and processing of end-of-life electronics and ensure overall continual reduction in the environmental impact of the Association's program. Up to 5% of the environmental handling fees collected by the Association are to be transferred to the fund annually.

6. Operating Contingency Reserve (OCR)

The Board of Directors established an Operating Contingency Reserve (OCR) to ensure stable program operations through variable economic conditions. The Fund will accumulate the equivalent of two years of projected operating costs.

7. Commitment

The Association has entered into a three year contract, with two one-year renewal options, commencing May 24, 2007 for management services. In May 2011 the Association exercised its second renewal option. The management fees are material and are subject to an annual change as negotiated by the Association and its service provider.

ACES 2010–2011 Board of Directors

David Bois

Home Hardware Stores Limited
Board Chair

Eddie Colacchio

Sharp Electronics of Canada
Secretary Treasurer

Chantale Mantha

Toshiba of Canada Limited

Mike Mercier

Canadian Tire Corp.

Christa Copeland

Best Buy Canada Ltd.

Nick Aubry

Sony of Canada Ltd.

Peter Maddock

Panasonic Canada Inc.

Observers:

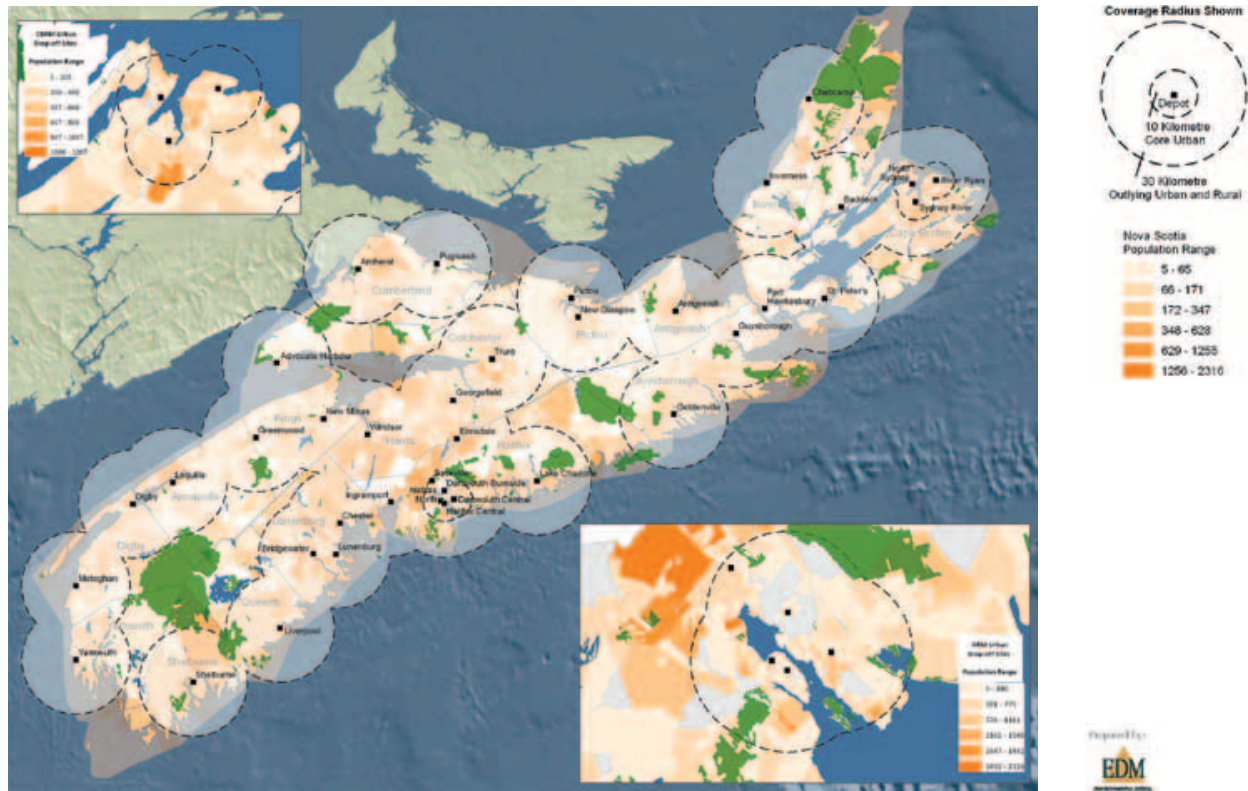
Christine James (RCC)

Shelagh Kerr (EPSC)

ACES Drop-off Centres

In fiscal 2010-2011, the ACES network expanded to include 42 drop-off centres. In PEI, Island Waste Management Corporation's existing centres – combined with Islanders' familiarity with the province's recycling network – contributed to the program's success. This year, 98 percent of Nova Scotians and Prince Edward Islanders were within 30 km of their local drop-off centre.

Nova Scotia ACES Drop-off Centres



Prince Edward Island ACES Drop-off Centres



Atlantic Canada Electronics Stewardship

Suite 44, 201 Brownlow Avenue
Dartmouth, Nova Scotia B3B 1W2
Phone: 1-877-774-3260
Email: info@acestewardship.ca



www.cestewardship.ca/annualreport2011

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