



ONE DROP OF OIL MAKES A DIFFERENCE.





ONE DROP OF USED MOTOR OIL CAN CONTAMINATE
ONE MILLION DROPS OF GROUND WATER.

While British Columbians have done an exceptional job of recycling used motor oil (71% recovery), oil filters (77%) and oil containers (57%) it is clear that more needs to be done.

That is why we must encourage people to ensure every drop of used oil, every filter, and every container is returned to a collection facility during regular business hours so it can be disposed of properly.

With the active participation of over 160 wholesalers and retailers, 40 collectors, 31 processors, 540 return collection facilities, and more than 4,000 generators – supported by targeted communications based on an in-depth study commissioned by BCUOMA in 2005 – we expect greater success in the coming year.

While 100% recovery of used oil is unlikely it is, none the less, a goal we must tirelessly strive toward meeting for the sake of our environment, and the legacy we leave for future generations.

Dave Schick,
Board Chair
BCUOMA

Ron Driedger,
Executive Director
BCUOMA



BCUOMA

British Columbia Used Oil
Management Association



THE PRECIOUS SALMON RUNS IN BC'S RIVERS



UNTOUCHED OLD-GROWTH FORESTS



URBAN ENVIRONMENTS THAT EPITOMIZE HEALTHY LIVING



ORCHARDS IN THE PRISTINE OKANAGAN VALLEY



USED OIL

71%
RECOVERY



USED OIL FILTERS

77%
RECOVERY



USED OIL CONTAINERS

57%
RECOVERY



*Back row, left to right: Lonnie Cole, Richard Voyer, Garnet Brimacombe, Ted Stoner, Marvin Hunt.
Front row, left to right: Natalie Zigarlick, Ron Driedger, Dave Schick.*

On behalf of the British Columbia Used Oil Management Association, we would like to express our gratitude to all of the program participants – from collectors to processors, from businesses to individual British Columbians – for your active support of the used oil recycling initiative. With your help, we look forward to even greater success in the future.

Thanks, a million.

Dave Schick,
Board Chair
BCUOMA

Ron Driedger,
Executive Director
BCUOMA

April 17, 2007



AUDITORS' REPORT

To the Members of British Columbia Used Oil Management Association

We have audited the schedule of used oil materials collected as reported by British Columbia Used Oil Management Association for the year ended December 31, 2006, calculated as disclosed in note 1 to the schedule. This information is the responsibility of the management of the Association. Our responsibility is to express an opinion on this information 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 information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information. An audit also includes assessing the significant estimates made by management, and evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the used oil materials collected in accordance with the basis of measurement as described in note 1 as reported by British Columbia Used Oil Management Association for the year ended December 31, 2006.

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia

SCHEDULE OF USED OIL MATERIALS COLLECTED

FOR THE YEAR ENDED DECEMBER 31, 2006

	Current year volumes January 1, 2006 to December 31, 2006	Prior period volumes January 1, 2005 to December 31, 2005
Used oil	47,554,996 litres	47,740,794 litres
Used oil filters	4,729,007 filters	4,925,339 filters
Used oil containers	1,254,001 kilograms	1,241,032 kilograms

See accompanying note to schedule.



NOTE TO SCHEDULE OF USED OIL MATERIALS COLLECTED

DECEMBER 31, 2006

1 Basis of presentation

Volume measurement and measurement uncertainty

Volumes of oil and oil containers and weight of filters collected are based on actual measurements taken by the Collector/Transporters of these materials and verified by Generators and Processors.

Volumes of filters collected are calculated based on the number of full 111 kg drums as reported by Collector/Transporters and verified by Generators and Processors, multiplied by management's best estimate of the number of filters less than or equal to 203 millimetres in length and the number of filters greater than 203 millimetres in length in each full drum. In management's best estimate, there are, on average, 115 filters less than or equal to 203 millimetres in length and 15 filters greater than 203 millimetres in length in each full drum. Management's estimates and assumptions affect the reported filter volumes during the reporting period. Actual results could differ from these estimates.

The weight of oil containers collected is an actual weight of the oil containers collected in bulk and may include some non-oil containers of the same type of plastic.

April 17, 2007

AUDITORS' REPORT

To the Members of British Columbia Used Oil Management Association

We have audited the balance sheet of British Columbia Used Oil Management Association as at December 31, 2006 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia

BALANCE SHEET

AS AT DECEMBER 31, 2006

Assets

Current assets

Cash	923,464	908,837
Accounts receivable	2,277,550	2,427,171
Prepaid expenses	5,528	5,528
	<u>3,206,542</u>	<u>3,341,536</u>

Property and equipment (note 4)

2,277	6,793
<u>3,208,819</u>	<u>3,348,329</u>

Liabilities

Current liabilities

Return incentives and infrastructure development incentives payable	1,278,324	1,307,752
Accounts payable and accrued liabilities	113,079	232,939
	<u>1,391,403</u>	<u>1,540,691</u>

Commitment and contingencies (note 5)

Net Assets

Unrestricted	1,815,139	1,800,845
Invested in property and equipment	<u>2,277</u>	<u>6,793</u>
	<u>1,817,416</u>	<u>1,807,638</u>
	<u>3,208,819</u>	<u>3,348,329</u>

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Unrestricted	Invested in property and equipment	2006	2005
	\$	\$	\$	\$
Balance – Beginning of year	1,800,845	6,793	1,807,638	1,565,145
Excess of revenue over expenditures	15,227	(5,449)	9,778	242,493
Investment in property and equipment	(933)	933	–	–
Balance – End of year	<u>1,815,139</u>	<u>2,277</u>	<u>1,817,416</u>	<u>1,807,638</u>

See accompanying notes to the financial statements.

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 \$	2005 \$
Revenue		
Environmental handling charges	10,358,462	10,605,308
Investment income	52,200	47,543
Registration fees	2,000	3,800
	<u>10,412,662</u>	<u>10,656,651</u>
Expenditures		
Program costs		
Return incentives and infrastructure development incentives	9,577,267	9,537,496
Communications and public relations	257,249	264,213
Management and administration contracts	39,515	39,499
Consulting	38,763	39,299
Legal fees	35,357	24,638
Compliance reviews	30,138	50,131
	<u>9,978,289</u>	<u>9,955,276</u>
Administrative costs		
Management and administration contracts	260,150	262,795
Office and general expenses	71,517	75,148
Financial audit fees	26,694	27,462
Legal fees	25,210	46,073
Board expenses	18,916	18,542
Rent	16,659	16,628
Amortization	5,449	12,234
	<u>424,595</u>	<u>458,882</u>
	<u>10,402,884</u>	<u>10,414,158</u>
Excess of revenue over expenditures	<u>9,778</u>	<u>242,493</u>

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 \$	2005 \$
Cash provided by (used in)		
Operating activities		
Environmental handling charges	10,496,324	10,765,335
Other income	65,959	107,860
	<u>10,562,283</u>	<u>10,873,195</u>
Program activities		
Return incentives and infrastructure development incentives	(9,606,695)	(9,389,428)
Other program activities	(538,202)	(285,759)
Administration	(401,826)	(465,457)
	<u>(10,546,723)</u>	<u>(10,140,644)</u>

	2006 \$	2005 \$
Investing activities		
Purchase of property and equipment	(933)	(300)
Increase in cash	14,627	732,251
Cash – Beginning of year	908,837	176,586
Cash – End of year	923,464	908,837

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2006

1 Authority and purpose

The British Columbia Used Oil Management Association (the “Association”) was incorporated under the Society Act of the Province of British Columbia on March 18, 2003 and commenced active operations effective July 1, 2003. It was formed to establish and administer a waste minimization and recycling program under the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97. As a not-for-profit organization, no provision for corporate income taxes has been provided in these financial statements, pursuant to Section 149(1)(l) of the Income Tax Act.

In 2004, the Post-Consumer Residual Stewardship Program Regulation, B.C. Reg. 111/97 was repealed and replaced by the Recycling Regulation, B.C. Reg. 449/2004. The Association has three years to become compliant with this new Regulation.

2 Significant accounting policies

The Association bases its accounting policies on generally accepted accounting principles in Canada, specifically those comprising the accounting recommendations for not-for-profit organizations included in the Accounting Recommendations of the Canadian Institute of Chartered Accountants Handbook.

a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting year. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to return incentives payable and environmental handling charges receivable.

b) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line basis over the estimated useful lives, as follows:

Furniture and fixtures	5 years
Computer equipment	3 years

c) Revenue recognition

Environmental handling charge revenue is recognized when the lubricating oil material is sold by a registrant.

d) Return incentives and infrastructure development incentives

Return incentive expenditures are recognized in the year when the lubricating oil material is collected by a

registered collector and completed claim forms are received and accepted by the Association.

Infrastructure development incentives are recognized when the used oil containers are received at a processor and completed claim forms are received and accepted by the Association.

3 Credit line facility

The Association has a \$400,000 operating line of credit arrangement. Interest is charged at the bank's prime lending rate (6% as at December 31, 2006). A general security agreement and a general assignment of accounts receivable have been provided as collateral for any advances. At December 31, 2006, there was no amount drawn on the facility.

4 Property and equipment

	2006		2005	
	Cost	Accumulated amortization		
	\$	\$	\$	\$
Furniture and fixtures	4,425	2,744	1,681	1,570
Computer equipment	32,211	31,615	596	5,223
	36,636	34,359	2,277	6,793

5 Commitments and contingencies

- a) Under the terms of financial services and use agreements, the Association is charged a fee for provision of financial administration services of various staff to August 2009 and lease of office space to June 2010. In addition, under the terms of a service agreement expiring March 2009, the Association is charged a monthly rate for provision of professional and technical services. The estimated minimum annual payments required under these agreements are as follows:

	\$
2007	307,764
2008	229,907
2009	142,090
2010	3,717
	<u>683,478</u>

- b) In the normal course of its operations, the Association is subject to claims and legal actions that may be made by registrants or others. While the final outcome with respect to actions outstanding or pending as at December 31, 2006 cannot be predicted with certainty, the Association believes the resolution will not have a material effect on the Association's financial position or results of operations.

6 Financial instruments

Fair value

The fair values of financial instruments including cash, accounts receivable, return incentives and infrastructure development incentives payable and accounts payable and accrued liabilities as reported on the balance sheet, approximate their carrying value due to their short-term maturities.

Credit risk

The Association is subject to credit risk with respect to accounts receivable. However, the Association is not exposed to any significant concentration of credit risk due to its large registrant base. Management monitors these accounts regularly and does not believe that the Association is exposed to significant credit risk at the balance sheet date.



BCUOMA

British Columbia Used Oil
Management Association

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