2024 Annual Report

BRA

Bluewater Recycling Association

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Corporate Profile

The Bluewater Recycling Association (BRA), headquartered in the Huron Industrial Park within the Municipality of South Huron near Exeter, is a leading provider of resource management solutions. Committed to delivering reliable, cost-effective, and environmentally responsible services, the Association offers a comprehensive suite of products and programs that support sustainable waste reduction efforts.

As one of Canada's largest multi-municipal resource management organizations, BRA delivers fully integrated environmental services—from collection and processing to the marketing of high-quality recovered materials.

The Association employs 82 dedicated professionals who collectively manage approximately 58,000 tonnes of material annually—representing a significant share of the regional waste stream. While the majority of this material is collected through BRA's fleet of 48 specialized vehicles, the organization also processes material collected by third-party contractors, further extending its impact and service reach. "Our mission is to provide ethical, innovative, effective, quality resource management services. We will carry out our mission efficiently, safely, and in an environmentally responsible manner, ultimately enabling our members to meet their environmental commitments."

The logo depicts the Association's acronym at the roots of a white oak tree strategically placed above our recognizable Bluewater wave. The white oak, native to the area, standing tall above the waters of Lake Huron is notorious for its stability and long life, which the Association mirrors. The root system of the oak is as dispersed as the branches above, reflecting the Association's unique relationship between its owners and customers.

The roots of the oak tree flow into BRA, the acronym for the Bluewater Recycling Association, signifying that the Association is at the root of providing solutions to environmental issues. The letters are intertwined, representing the cooperative nature of the organization that involves more than 20 individual municipalities. The bold, stylish letters symbolize the strength, creativity, and proactiveness of the organization. The wave is representative of the blue water found on Lake Huron which most of our members have an opportunity to view regularly.

Each colour used in the logo also carries special significance for the Association. Green is synonymous with the environment in general. Blue is representative of the blue water of Lake Huron and is a colour that is widely associated with recycling. White is representative of the cleanliness and purity of the environment which we strive to achieve.

The Bluewater Recycling Association is much more than a recycling company, it's

"Your Environmental Alternative"

Highlights

Leadership Transition Marks a New Chapter for the Bluewater Recycling Association

The Bluewater Recycling Association is pleased to announce that Michelle Courtney was appointed as President of the organization, effective November 4, 2024. Michelle previously served as BRA's Controller, a position she has held since 2016, and has been a valued member of the founding executive team.

During her tenure, Michelle has played a pivotal role in guiding the Association's financial and strategic direction, particularly throughout the development of BRA's automated collection program and a period of significant organizational growth. Her demonstrated leadership and deep understanding of the sector make her exceptionally well-suited to lead the Association into its next chapter.

"I am honoured to be appointed as BRA's next president and excited to lead a team of talented and committed colleagues," said Courtney. "As we enter a critical phase of Ontario's circular economy journey, I look forward to working closely with staff, our members, and stakeholders. Together, we will continue to deliver high-quality solid waste management services and support the ongoing transition of Ontario's iconic Blue Box Program."

Michelle succeeds Francis Veilleux, BRA's founding President, who has served in this role with distinction for 35 years. Reflecting on his time with the Association, Francis shared, "I have been blessed with a remarkable team of professionals serving our member communities. The experience has been incredibly rewarding, and I take great pride in what we have accomplished together—both locally and within the broader industry. With a solid foundation and strong team in place, I believe now is the right time to pass the torch. I look forward to embracing a more flexible schedule and lending my expertise where it is most needed, while also spending more time with my family who have supported me throughout this journey."

Founded in 1989, the Bluewater Recycling Association has been a leader in promoting environmentally conscious resource management across Ontario. Through its commitment to reducing, reusing, recycling, and recovering waste, BRA continues to work in partnership with municipalities, institutions, and communities to advance sustainable practices that enhance quality of life and protect the environment for future generations.

Uncharted Territory: Pioneering a Circular Future

Since its inception in 1989, the Bluewater Recycling Association has operated at the forefront of environmental innovation—long before regulatory frameworks mandated such action. Born out of a collective need among rural communities to provide recycling options for their residents, the Association emerged at a time when recycling was still a novel concept, having only taken root in Ontario in 1981.

With little interest or infrastructure from the private sector to support waste diversion in less populated areas, local municipalities came together, pooling their resources and determination to create something from the ground up. It was, in many ways, a modern barn raising—communities uniting for a shared cause, committed to building a better, more sustainable future.

This spirit of collaboration set the tone for the Association's work in the years to come. Initially a voluntary initiative, municipal recycling would not become a provincial requirement until 1994—and even then, only for communities with populations exceeding 5,000. At the time, many of our member municipalities fell below that threshold. It wasn't until a wave of municipal restructuring between 1998 and 2001 that many reached the scale necessary to qualify.

The year 2002 marked a pivotal shift with the introduction of the Waste Diversion Act, which established shared financial responsibility for the Blue Box program. For the first time, producers of printed paper and packaging were obligated to cover up to 50% of program costs, though municipalities continued to bear the brunt of operational and financial responsibility.

Further evolution came in 2016 with the enactment of the Resource Recovery and Circular Economy Act, laying the groundwork for a new model of full producer responsibility. Under the oversight of the Resource Productivity & Recovery Authority (RPRA), producers began assuming greater accountability for end-of-life management of tires, electronics, and household hazardous waste. In 2021, Ontario took a historic step by introducing the Blue Box Regulation, officially transferring full responsibility—both operational and financial—to producers.

This transition, unprecedented in Ontario's waste management landscape, brought the province into uncharted territory. Municipalities, long the stewards of the Blue Box program, now became service delivery agents within a producer-led system.

For BRA members, this shift became reality on April 1, 2024, following three years of strategic planning and negotiation with producers. Though the change was seamless from a resident's perspective—collection services remained consistent—the internal transformation was substantial. New administrative and reporting obligations emerged, reflecting the complexity and rigor of producer-led compliance frameworks.

As we continue to navigate this evolving regulatory environment, the Association remains committed to innovation, adaptability, and excellence in service delivery. What began as a grassroots initiative more than three decades ago has grown into a resilient, forward-thinking organization poised to lead in Ontario's circular economy for decades to come.

Navigating Negotiations: Reaching a Fair and Sustainable Agreement

In 2024, the Bluewater Recycling Association entered collective bargaining negotiations with Teamsters Local 879 in anticipation of the expiration of the existing contract on November 30. Formal discussions began on October 7, with a shared goal of establishing a renewed agreement that met the needs of employees while ensuring the long-term stability and service excellence of the organization.

A tentative agreement was presented to the Union membership on October 20; however, it was not ratified. In response, BRA requested the appointment of a conciliation officer on November 12 to support further discussions. A second agreement was brought forward for a vote on February 9, 2025, but it too was rejected, with the Union membership concurrently providing a strike mandate.

On February 27, the Union filed a "no board" notice, placing its members in a legal strike position following a 17-day cooling-off period. Despite this, BRA remained committed to good-faith negotiations and continued to engage constructively with Union representatives. This effort led to a third tentative agreement on March 12, followed by a ratification vote on March 15. Though close, the vote did not secure ratification and indicated support for a strike.

Rather than allow the process to escalate, both parties returned to the table. On March 17, a fourth agreement was reached, and a new ratification vote was held on March 18. When the membership once again declined the offer, both parties agreed to resolve the matter through binding arbitration, with proceedings expected to take place in May 2025.

Throughout the negotiation period, the Association remained focused on service continuity. While preparing contingency plans in case of a labor disruption, BRA also engaged an impartial third party to facilitate a fair resolution of the outstanding matters. The decision to pursue binding arbitration reflects the commitment of both the Association and the Union to reach a conclusive, balanced outcome without compromising the delivery of essential services.

The Bluewater Recycling Association is proud of the constructive dialogue maintained throughout these negotiations and remains confident that arbitration will result in a fair and sustainable agreement for all parties involved. We extend our gratitude to our employees, members, and communities for their continued support, patience, and trust during this important process.

Advancing through Digital Transformation

In 2021, the Bluewater Recycling Association embarked on a transformative digitization project aimed at unifying our information systems into a single, integrated platform. The goal of this initiative is to harness the vast amount of operational data we generate daily and deliver it to our staff and managers in a form that empowers timely, informed decision-making.

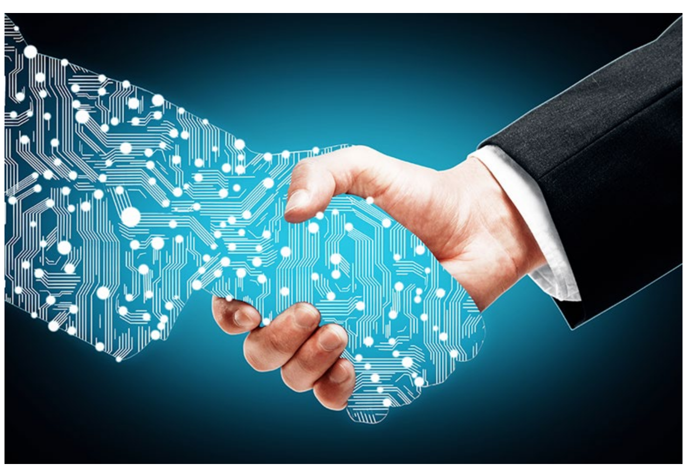
This project is about more than just technology—it's about converting data into actionable intelligence. By transforming raw operational inputs into meaningful insights, we are equipping our team with the knowledge and foresight needed to optimize performance, drive innovation, and enhance service delivery.

Like many growing organizations, we have adopted a variety of specialized software solutions over the years. While each performs well within its specific domain, they often function in isolation. Our mission is to eliminate these silos and move toward a more interconnected digital environment—one that improves efficiency without disrupting the operational strengths we've built over time.

In 2024, we experienced significant advancements in the project. These achievements reflect not only the hard work of our internal teams and partners but also our growing understanding of where further improvements are needed. This past year provided valuable clarity, helping us identify gaps, refine our approach, and reaffirm our commitment to long-term digital integration.

We recognize that a transformation of this scale does not happen overnight. Industry benchmarks suggest that a full transition can span up to five years, after which digitalization becomes more about refinement than reinvention. We are well on our way and remain committed to evolving this initiative until it becomes a fully optimized and enduring part of how we operate.

As we look ahead, our focus remains on continuous improvement—leveraging the momentum we've built, embracing change where necessary, and ensuring our systems work together seamlessly to support the most efficient, intelligent operation possible.



Fuel Strategy and Carbon Tax Outlook: A Decade of Strategic Advancement

In 2014, the Association made a pivotal decision to adopt natural gas as our primary fleet fuel—a choice that continues to prove its strategic value in the current regulatory and economic landscape. This forward-thinking move has shielded our operations from the full brunt of the volatility and cost escalations associated with carbon pricing, particularly when compared to diesel-based operations.

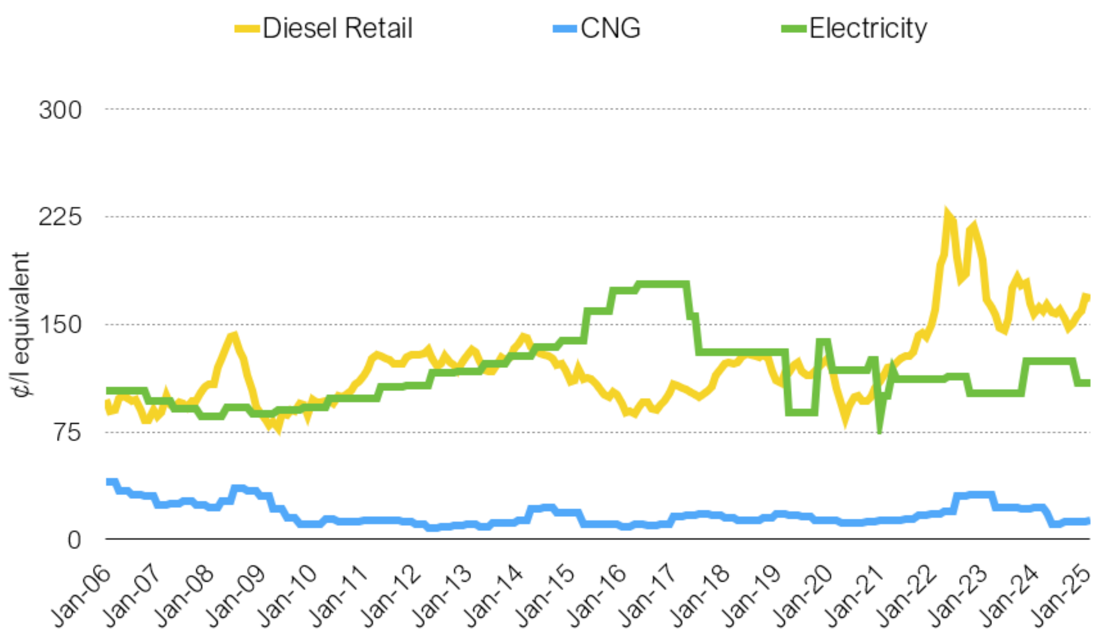
As the Federal Carbon Tax had been set to escalate annually through 2030, carbon-intensive fuels such as diesel were facing mounting cost pressures. This tax, intended to reduce emissions by making high-emission fuels less economically viable, significantly impacted fleet operations—particularly those reliant on diesel. However, with the removal of the Federal Carbon Tax in 2025, these immediate pressures have been temporarily alleviated.

While natural gas also faced increasing taxation prior to the rollback, its lower base price made it a more cost-effective option. Looking forward, the long-term future of carbon pricing in Canada remains uncertain. Although the current removal offers short-term relief, there is no clear indication of whether the tax will be reinstated, restructured, or permanently abolished. As such, we continue to factor potential policy shifts into our fuel strategy, recognizing that any return to carbon pricing could once again significantly influence the economic viability of different fuel sources.

Looking to the future, the Association's long-term vision is anchored in a transition to electric power. However, findings from our Fleet Energy Assessment Report (2023) confirm that the current generation of electric fleet equipment is not yet suitable for our operational demands. While advances are being made, today's technology still lacks the range and performance required to reliably serve our members and customers.

In the interim, we are focusing on an optimized blend of natural gas and renewable natural gas (RNG) as a transitional strategy. This approach not only helps manage costs under the carbon tax framework but also aligns with our commitment to reducing greenhouse gas (GHG) emissions. RNG-powered natural gas engines offer a compelling balance of environmental performance and economic viability—delivering substantial emissions reductions at a fraction of the cost of other low-carbon alternatives.

As we navigate the evolving energy and regulatory environment, our fuel strategy remains rooted in pragmatism, environmental stewardship, and financial responsibility. The choices we made over a decade ago continue to position us ahead of the curve—and we are committed to ensuring that our future decisions reflect the same level of foresight and impact.



Commodities Update

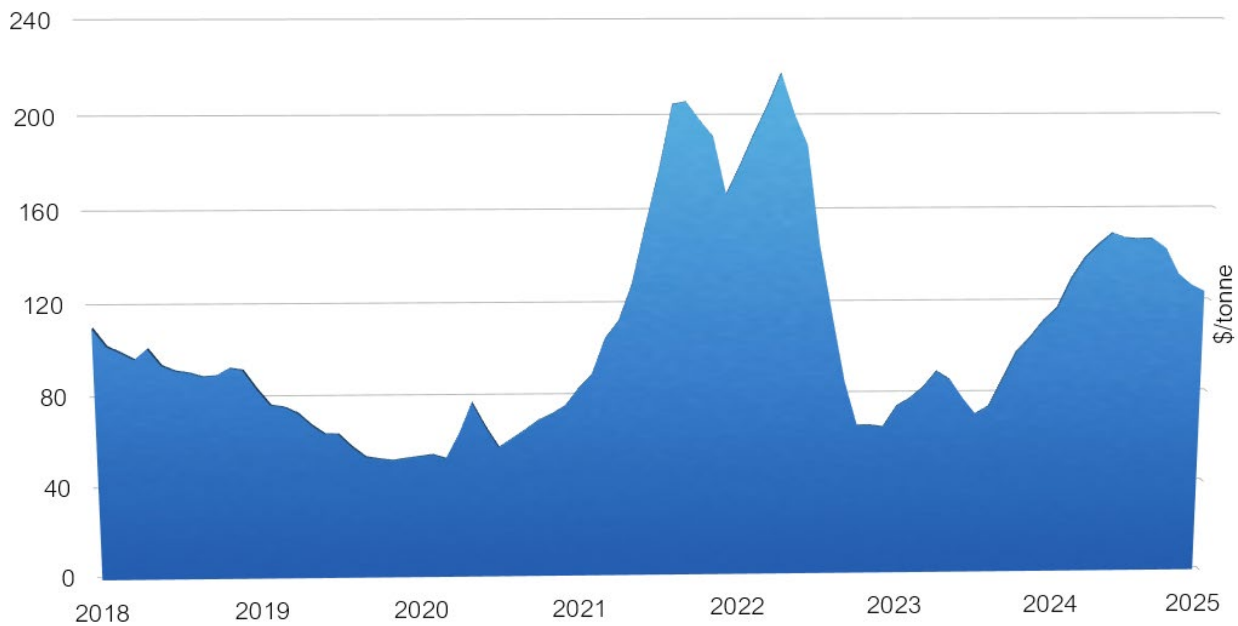
The year 2024 marked a period of measured recovery and shifting dynamics within both the Canadian economy and global commodity markets. Commodity prices experienced a general upward trend, supported by renewed global demand and easing supply constraints.

At the same time, Canada saw inflation pressures gradually ease, allowing for a series of interest rate reductions by the Bank of Canada. These cuts provided moderate relief for businesses and consumers alike, though their full impact on economic activity is expected to materialize more meaningfully in the year ahead.

Canada's real GDP growth was projected at 1.1% for 2024, signaling a slowdown from prior years. This deceleration was largely attributed to weaker consumer spending, softer investment activity, and inventory corrections across several key sectors. Meanwhile, the national unemployment rate edged up to 6.7% by August, reflecting a lag in employment growth relative to population increases—a trend anticipated to persist in the short term, with gradual improvement expected.

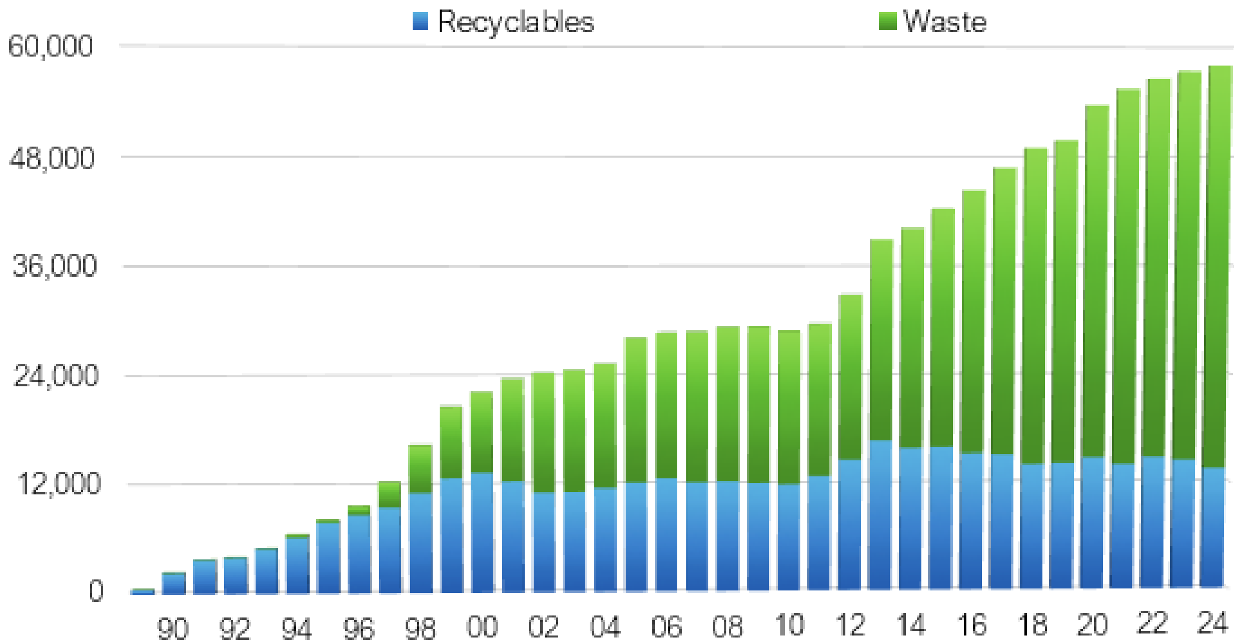
In commodity pricing, the year began with an average benchmark of $111/MT and closed at $124/MT. While this movement reflects growth across the year, it effectively brought prices back in line with pre-year projections, suggesting a stable but cautious market environment.

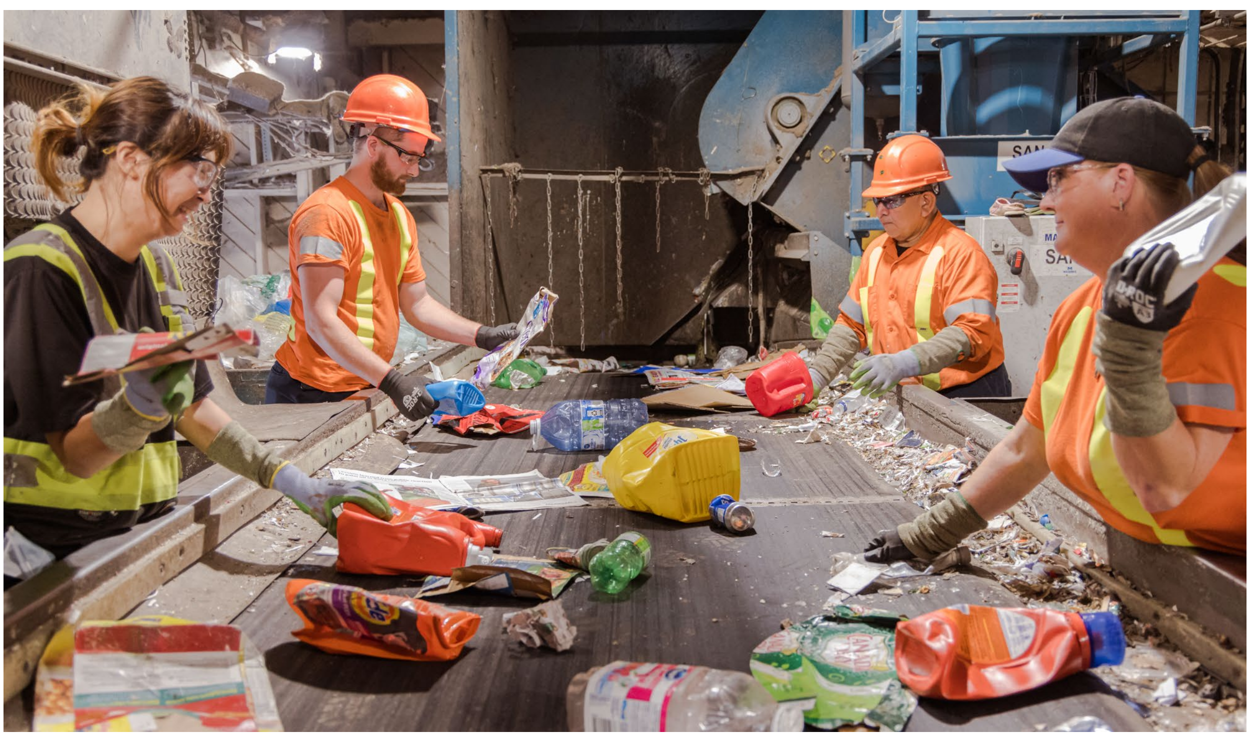
Looking forward to 2025, projections indicate a modest economic rebound, with real GDP growth forecasted at 2.2%. This recovery is expected to be supported by lower borrowing costs, renewed consumer confidence, and increased export activity. However, external risks remain—most notably the imposition of 25% U.S. tariffs on Canadian exports, including key sectors such as automotive and steel. These trade barriers continue to present challenges to bilateral economic relations and introduce a layer of uncertainty into Canada's broader economic outlook.



Tonnes Managed

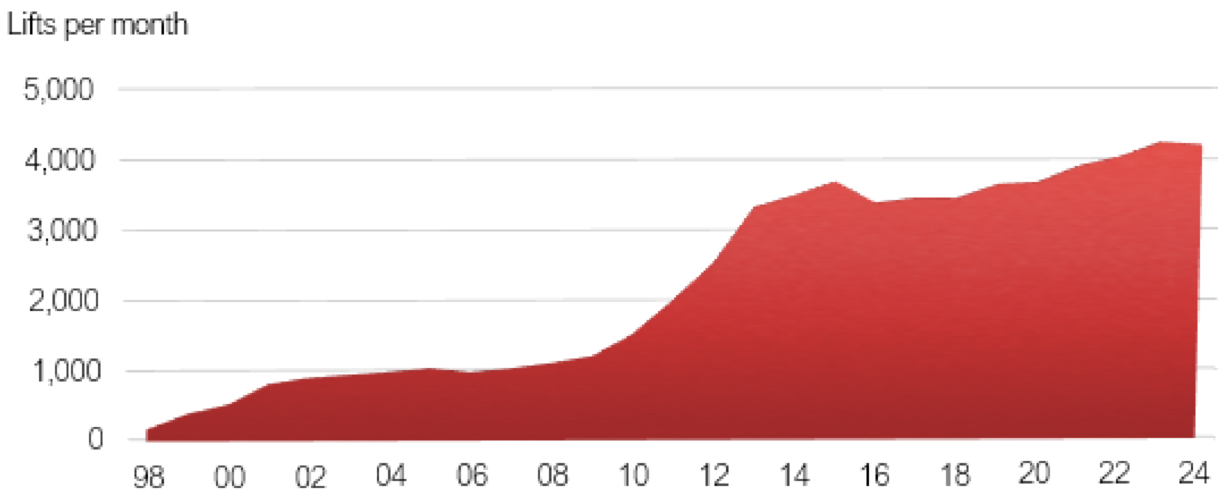
The Association continues to grow by managing more materials in the area. The growth in 2024 was modest from the residential growth and the new commercial customers.





Mars Environmental

Our commercial division continues to perform well. One of the performance metrics used is the number of lifts provided to customers, while the average number of lifts per month stayed consistent year over year. More impressive is that we were able to increase revenues by nearly 8%.



Regulatory Update

Changes for 2026

As of January 1, 2026, Ontario's Blue Box program will transition to a full Extended Producer Responsibility (EPR) model, marking a significant shift in the province's recycling and waste management landscape. This transition places the onus of funding and operating residential recycling programs squarely on producers of recyclable materials.

Key Changes Under the New EPR Model:

- **Producer Responsibilities:** Producers are now mandated to manage the collection and processing of designated recyclable materials, including paper, glass, metal, rigid plastics, flexible plastics, and non-alcoholic beverage containers. Each material category has specific recovery targets, such as achieving a 90% diversion rate for paper materials between 2026 and 2029.
- **Service Delivery:** The responsibility for Blue Box collection services will shift from municipalities to Producer Responsibility Organizations (PROs) acting on behalf of producers. We have been contracted to continue to service all our member municipalities by the PROs.
- **Standardization of Accepted Materials:** The new EPR framework aims to standardize the list of acceptable recyclable materials across Ontario, enhancing consistency and simplifying recycling processes for residents.
- **Inclusion of Additional Communities:** The transition plan has been updated to include six First Nation communities and six municipalities that were previously omitted, ensuring comprehensive service coverage across the province.

This transition to EPR represents a pivotal move towards a more sustainable and efficient recycling system in Ontario, promoting greater producer accountability and environmental stewardship.

Industrial, Commercial and Institutional (ICI) Recycling Collection Changes

As part of Ontario's ongoing transition to a full Extended Producer Responsibility (EPR) framework, significant regulatory changes will come into effect on January 1, 2026, impacting the way Industrial, Commercial, and Institutional (ICI) recycling is collected.

- **Separate Collection Requirements:**
  Under the new regulation, ICI recycling will continue to be governed separately from residential recycling. Effective January 1, 2026, collection vehicles will no longer be permitted to service both residential and ICI recycling on the same route. Instead, a dedicated vehicle will be required to collect recyclable materials from ICI properties. This change aligns with the broader EPR model, which currently excludes ICI properties from the list of eligible sources under the Blue Box Regulation.

- **Service Continuity and Cost Considerations:**
While ICI properties are encouraged to continue their recycling efforts, it is important to note that the cost of these services is expected to rise significantly. In anticipation of this, we are actively evaluating future route structures and the associated financial implications. The Association will initiate outreach to municipal partners in early Q3 to discuss service options, partnership opportunities, and strategies to mitigate cost impacts.

These regulatory changes represent a fundamental shift in Ontario's recycling landscape. The Association remains committed to supporting members and municipalities through this transition and will continue to advocate for efficient, cost-effective solutions that uphold environmental sustainability goals.

Ontario Nixed Deposit Option

In July 2024, the Ontario government announced the cancellation of its proposed deposit-return system for non-alcoholic beverage containers, citing concerns over the potential financial burden on small businesses and families. This decision followed extensive consultations with stakeholders, including environmental organizations, consumer advocacy groups, and recycling industry experts. The government emphasized that, while it remains open to collaborative efforts with producers and retailers to enhance recycling rates, it cannot support initiatives that would increase costs during a period of high living expenses.

The proposed deposit-return system aimed to encourage recycling by charging consumers a deposit on beverage containers, refundable upon return. Currently, Ontario operates a similar program through The Beer Store for alcoholic beverages, which boasts a high return rate. However, the non-alcoholic beverage sector lacks such a system, leading to concerns about the environmental impact of discarded containers. Advocates argue that implementing a deposit-return program could significantly improve recycling rates and reduce litter.

Despite the cancellation of the deposit-return initiative, the Ontario government has committed to maintaining and enhancing the existing Blue Box program. This program, which is transitioning to an Extended Producer Responsibility (EPR) model, aims to increase recycling rates by holding producers accountable for the collection and recycling of their products. The government continues to explore alternative strategies to improve waste diversion and environmental sustainability.

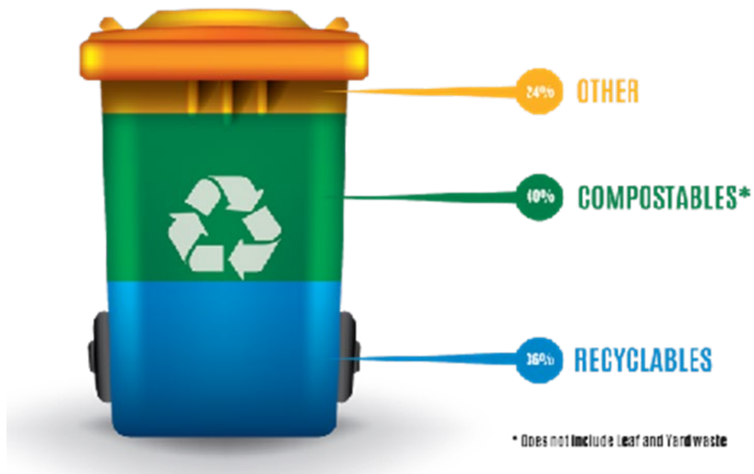
Organics Diversion: Turning Opportunity into Action

The future of waste diversion is here. While the Association has long been positioned to support the collection of organic materials, the absence of a reliable processing partner had previously limited our ability to act. We are pleased to report that this barrier has now been removed.

In 2024, we established partnerships with two reputable processing facilities—**Try Recycling** and **StormFisher**—each utilizing innovative and distinct technologies to convert organic waste into valuable end products. These collaborations allow us to better support members in meeting their environmental and sustainability goals through responsible organics recovery.

As part of this new initiative, the Association will introduce a dedicated **"green bin"** for the collection of compostable materials. This bin will be integrated into the existing collection system, with the same vehicle collecting organic waste while ensuring material streams remain properly separated.

Given that organic waste represents the largest portion of material currently placed in black bins—and is the most significant contributor to odour issues—we recommend weekly green bin collection. To maintain system efficiency, blue bin (recycling) collection will continue on a bi-weekly schedule.



This initiative marks a significant step forward in our commitment to environmental leadership and operational efficiency, and we look forward to working with members to implement this enhanced service in the coming year.

Property, Plant and Equipment

As of December 31, 2024, the Association owned and operated three facilities, totaling approximately 93,000 square feet of building space, along with the associated real estate required to support our operational needs.

Our corporate headquarters, located in Huron Park, Ontario, also functions as the Association's Material Recovery Facility (MRF)—the most technologically advanced facility of its kind within our service area. Adjacent to this is our fleet repair facility, which serves as the primary maintenance hub for our collection vehicles. A third, smaller facility supports the operations of the Mars Environmental division and houses our general maintenance team.

The Association maintains ownership of a fleet comprising approximately 48 specialized waste collection and support vehicles. The majority of these units are automated co-

collection vehicles, engineered to collect both waste and recyclables simultaneously. This dual-function approach enhances collection efficiency and supports a safer, more streamlined operation.

Our Material Recovery Facility represents a significant investment in innovation and workplace safety. Designed to minimize manual sorting, the facility maximizes the use of automation to reduce repetitive strain injuries and increase throughput. It is fully equipped to process single-stream recyclables, providing flexibility to adapt to evolving collection technologies and procedures.

The recent transition to automated collection vehicles not only enables safe and simultaneous collection of waste and recyclables, but also positions the Association for future service enhancements, including the addition of organics collection. These advancements align with our long-term commitment to sustainable practices, operational excellence, and meeting the growing needs of the communities we serve.

Employees

As of December 31, 2024, the Association employed approximately 82 full-time staff across its operations. This dedicated team is integral to the continued success of our services and includes:

- 7 professional and managerial staff
- 33 employees in collection services
- 32 employees in material recovery operations
- 6 maintenance personnel
- 4 administrative, clerical, or data processing staff

We are proud to note that approximately 73 of these employees are represented by the Teamsters Union, reflecting our continued commitment to a collaborative and respectful workplace. The strength of our workforce remains central to the delivery of safe, reliable, and environmentally responsible services to our member communities.

Operations

As of December 31, 2024, the Association proudly served approximately 100,000 customers across its service area. This total includes an estimated 95,000 residential clients and 5,000 commercial clients, reflecting our broad reach and the essential role we play in both household and business waste management services.

The following table provides a summary of the Association's revenue distribution by activity category over the past three fiscal years, offering a clear view of performance trends and service area contributions.

Bluewater Recycling Association Revenue Summary

	2024	2023	2022
Producer collection and processing	10,877,475		
Residential Collection	7,066,526	$13,308,404	$12,098,286
Material Sales	2,164,763	1,385,912	2,591,415
Processing, Freight & Disposal	1,668,083	1,814,190	1,082,590
Commercial Collection	2,365,621	2,191,815	1,912,962
Other	67,111	76,626	(7,823)
TOTAL	**24,209,579**	**$18,776,947**	**$17,677,430**

Producer collection and processing

Effective April 1, 2024, all member municipalities successfully transitioned to the Extended Producer Responsibility (EPR) framework for Blue Box recycling services. As a result of this shift, the cost of Blue Box collection was removed from the municipal level, and funding is now provided directly through our service contracts with Producer Responsibility Organizations (PROs).

All PRO agreements are structured with pricing mechanisms that include Consumer Price Index (CPI) adjustments and a fuel surcharge, ensuring that compensation remains responsive to changing economic conditions and operational costs. This transition represents a significant milestone in aligning our recycling services with a producer-funded model, while continuing to support high service standards across our communities.

Residential Collection Services

The Association maintains long-term solid waste collection contracts with member municipalities, most of which were secured through a competitive bidding process. These agreements typically grant the Association exclusive rights to provide designated waste and recycling services within the respective communities.

Contracted fees are generally structured around pre-determined, published price indices, allowing for automatic adjustments to reflect increases in certain operating costs. Additionally, these contracts include pass-through provisions for any changes in disposal costs, ensuring that the Association can maintain service continuity while responding to market fluctuations.

Fees for recycling collection services are primarily determined through a joint cooperative agreement, which is reviewed annually to reflect changes in service scope and operating conditions. In contrast, fees for residential solid waste collection are based on a variety of operational factors, including route density, frequency and level of service, distance to disposal facilities, cost of disposal, and prevailing market rates for comparable services.

This structured approach to contracting allows the Association to deliver cost-effective, reliable service, while maintaining long-term financial and operational stability for its members.

Commercial Collection

The Association's commercial waste collection services are primarily delivered under individual service agreements, tailored to meet the specific needs of each customer. Pricing is determined based on several operational and market-driven factors, including:

- Collection frequency and level of service
- Route density
- Type, volume, and weight of waste collected
- Type of equipment and containers provided
- Distance to disposal or processing facilities
- Cost of disposal or processing, and
- Competitive market rates for similar services

The Association services commercial accounts using a fleet of single-operator vehicles, and provides a range of container sizes from 2 to 40 cubic yards to accommodate varying waste volumes.

Although commercial collection is secondary to the Association's core mandate, it has emerged as the fastest-growing segment of our operations. This growth is largely attributed to the limited competition in the immediate region and our ability to provide reliable, high-quality service to local businesses.

Processing and Disposal

The Association provides comprehensive **recycling services** to **municipal, commercial, and industrial** customers, managing a wide range of recyclable materials, including newspaper, mixed paper, cardboard, plastic containers, glass bottles, and ferrous and aluminum metals.

At the core of these efforts is the Association's Material Recovery Facility (MRF), located in Huron Park, Ontario. This facility plays a central role in supporting local diversion strategies and reflects our ongoing commitment to environmental stewardship. With increasing public awareness and a growing number of regulatory mandates encouraging or requiring recycling, the Association expects this service area to remain a critical component of local solid waste management plans.

In terms of waste disposal, the Association utilizes two primary channels:

- Municipally owned landfills
- Privately owned, third-party landfills

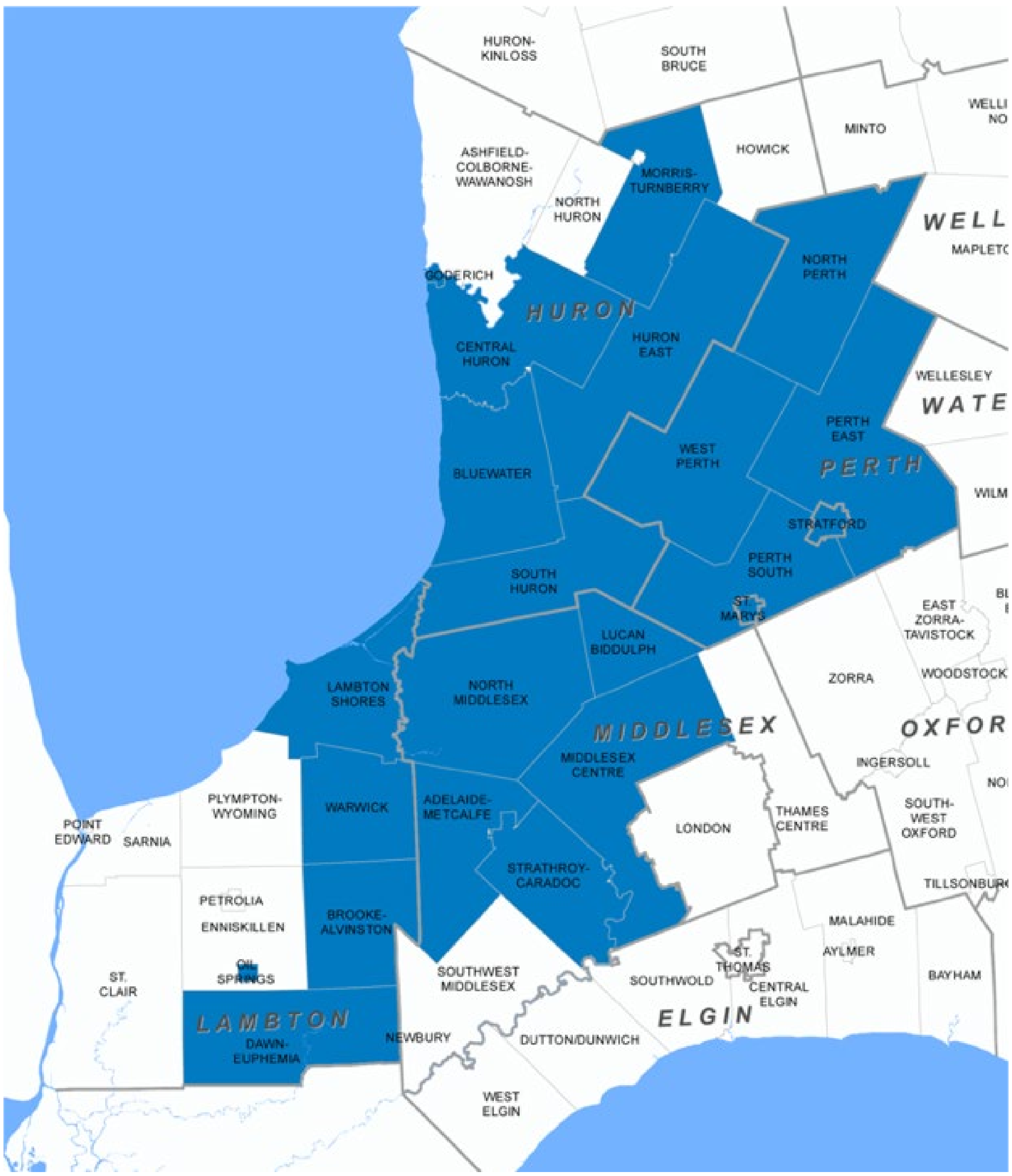
To ensure cost stability and service reliability, the Association actively pursues favourable long-term disposal agreements with both municipal and private landfill operators. The competitiveness of our commercial waste collection services is closely tied to our ability to secure advantageous disposal rates, which directly impacts our ability to deliver cost-effective solutions to customers.

Commodity Sales

The Association generates revenue through the sale of materials recovered at its **Material Recovery Facility (MRF)** in **Huron Park**. The prices for these materials are subject to fluctuations driven by **global market conditions**, as well as by the volume of materials processed at the facility from both the Association's own collection operations and those of other waste collectors.

In **2024**, the average market price for these recovered materials was **$137 per tonne**, reflecting an increase from the previous year's average of **$124 per tonne**. This price fluctuation highlights the dynamic nature of the recycling market and the impact of broader global events on material values.

Service Area



Auditor’s Report

To the Members of the Bluewater Recycling Association

Opinion

We have audited the financial statements of Bluewater Recycling Association, which comprise the balance sheet as at December 31, 2024, and the statements of fund operations, changes in fund balances and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not for profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Exeter, Ontario
March 20, 2025

PTMG LLP
Chartered Professional Accountants Licensed Public Accountants

Statement of Financial Position

Year ended December 31	Operating Fund	Capital Asset Fund	Capital Reserve Fund	Total 2024	Total 2023
ASSETS					
Current Assets					
Cash and cash equivalents	$ 3,074,419	$ 101	$ -	$ 3,074,520	$ 560,575
Accounts Receivable (Note 2)	3,511,884	-	-	3,511,884	1,857,302
Inventory (Note 3)	225,920	-	-	225,920	232,074
Prepaid expenses & deposits	341,358	-	-	341,358	142,714
	7,153,581	*101*	-	*7,153,682*	*2,792,665*
Capital Assets (Note 4)	-	13,655,383	-	13,655,383	11,396,811
	-	*13,655,383*	-	*13,655,383*	*11,396,811*
	$ 7,153,581	**$ 13,655,484**	**$ -**	**$ 20,809,065**	**$ 14,189,476**
LIABILITIES					
Current Liabilities					
Accounts Payable and accrued charges (Note 5)	$ 1,453,153	$ -	$ -	$ 1,453,153	$ 1,111,367
Interfund loans (advances)	5,700,428	-	(5,700,428)	-	-
Current portion of long term debt (Note 6)	-	1,744,963	-	1,744,963	2,488,574
Current portion of obligation under capital lease (Note 7)	-	1,154,300	-	1,154,300	797,631
	7,153,581	*2,899,263*	*(5,700,428)*	*4,352,416*	*4,397,572*
Long Term Debt (Note 6)	-	*798,857*	-	*798,857*	*1,102,217*
Obligation under capital lease (Note 7)	-	*3,555,845*	-	*3,555,845*	*1,102,137*
	7,153,581	*7,253,965*	*(5,700,428)*	*8,707,118*	*6,601,926*
Commitments (Note 8)					
FUND BALANCES					
Invested in capital assets	$ -	$ 6,401,519	$ -	$ 6,401,519	$ 5,906,348
Internally restricted	-	-	5,700,428	5,700,428	1,681,202
	-	*6,401,519*	*5,700,428*	*12,101,947*	*7,587,550*
	$ 7,153,581	**$ 13,655,484**	**$ -**	**$ 20,809,065**	**$ 14,189,476**

On Behalf of the Board: Chairman President

See accompanying notes to the financial statements.

Statement of Fund Operations and Changes in Fund Balances

	Operating Fund		Restricted Funds			
			Capital Asset	Capital Reserve	Total	Total
Year ended December 31	2024	2023	2024	2024	2024	2023
Revenue						
Producer collection and processing	$ 10,877,475	$ -	$ -	$ -	$ -	$ -
Municipal services	$ 5,981,599	$ 9,308,543				
Commodity sales	2,164,763	1,385,912	-	-	-	-
Operating grants	1,084,927	3,999,861	-	-	-	-
Commerical operations	2,365,621	2,191,815	-	-	-	-
Other Income	1,735,194	1,890,816	-	-	-	-
	24,209,579	*18,776,947*	-	-	-	-
Expenses						
Cost of Sales - recyclables & freight	177,205	637,951	-	-	-	-
Disposal fees	2,060,137	1,884,060	-	-	-	-
Administrative expenses (Schedule)	1,449,117	1,271,311	-	-	-	-
Collection expenses (Schedule)	8,938,388	8,901,604	-	-	-	-
Processing expenses (Schedule)	3,519,365	3,592,841	-	-	-	-
Interest on long term debt	-	-	380,834	-	380,834	334,479
Amortization of capital assets	-	-	3,186,546	-	3,186,546	2,948,311
Loss (Gain) on disposal of capital assets	-	-	(16,410)	-	(16,410)	(76,625)
	16,144,212	*16,287,767*	*3,550,970*	-	*3,550,970*	*3,206,165*
Excess (Deficiency) of Revenue Over Expenses	*8,065,367*	*2,489,180*	*(3,550,970)*	-	*(3,550,970)*	*(3,206,165)*
Fund Balance, Beginning of Year	-	-	5,906,348	1,681,202	7,587,550	8,304,535
Interfund transfers	(8,065,367)	(2,489,180)	4,046,141	4,019,226	8,065,367	2,489,180
Fund Balance, End of Year	**$ -**	**$ -**	**$ 6,401,519**	**$ 5,700,428**	**$ 12,101,947**	**$ 7,587,550**

See accompanying notes to the financial statements

Statement of Cash Flow

Year ended December 31	2024	2023
Cash Provided by (Used in)		
Operations		
Excess (Deficiency) of revenue over expenses		
Operating Fund	$ 8,065,367	$ 2,489,180
Capital Asset Fund	(3,550,970)	(3,206,165)
	4,514,397	(716,985)
Items not involving a cash payment		
Amortization	3,186,547	2,948,312
Loss (Gain) on disposal of capital assets	(16,410)	(76,625)
	7,684,534	2,154,702
Changes in non-cash working capital items:		
Decrease (Increase) in accounts receivable	(1,654,582)	(149,403)
Increase in inventory and prepaid expenses	(192,490)	538,831
Increase in accounts payable and accrued charges	341,786	(434,802)
	6,179,248	*2,109,328*
Financing		
Additional long term debt	59,845	200,173
Repayment of long term debt	(1,106,817)	(1,461,828)
Increase in obligations under capital leases	4,048,696	751,123
Repayment of obligations under capital leases	(1,238,319)	(702,050)
	1,763,405	*(1,212,582)*
Investing		
Purchase of capital assets (Note 4)	(1,336,577)	(1,360,554)
Purchase of assets under capital lease	(4,108,541)	(736,316)
Proceeds on disposal of capital assets	16,410	78,476
Decrease (Increase) in investments	-	597,661
	(5,428,708)	*(1,420,733)*
Net Increase (Decrease) in cash	2,513,945	(523,987)
Cash, Beginning of Year	560,575	1,084,562
Cash, End of Year	**$ 3,074,520**	**$ 560,575**

See accompanying notes to the financial statements

Notes to the Financial Statements (December 31, 2024)

1. Significant Accounting Policies

Purpose of The Organization

The Bluewater Recycling Association is a multi-municipal resource management organization providing integrated waste reduction and environmental services including the collection, processing and marketing of resource based products and services.

The corporation is a non-profit organization incorporated without share capital under the Laws of Ontario and is exempt from income taxes.

Accounting Estimates

Financial statements are based on representations that often require estimates to be made in anticipation of future transactions and events and include measurements that may, by their nature, be approximations.

Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the organization's program delivery and administrative costs. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

The Capital Reserve Fund reports the assets, liabilities, revenues and expenses related to the organization's capital asset replacements. The annual Operating Fund surplus or deficit is transferred to this fund. Amounts are transferred from this fund to the Capital Asset Fund as funds are required to purchase capital assets.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue during the course of the year as the budgeted amounts are invoiced. Revenue from recyclable products is recognized when the commodities are shipped. Revenue from services is recognized as the related services are performed. Operating grant revenue from the Resource Productivity and Recovery Authority (an Ontario non-crown corporation) is recognized in the period the organization becomes entitled to receive the grant.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short term investments with maturities of three months or less.

Inventory

Inventory is comprised of recyclable materials and collection supplies. Recyclable materials are stated at their net realizable value. Collection supplies are stated at the lower of cost and replacement value. Cost is determined on a first in, first out basis.

Investments
Short term and long term debt securities that are quoted in an active market are initially and subsequently measured at fair value. The company's other investments are initially recorded at amortized cost and earnings from such investments are recognized only to the extent received or receivable.

Capital Assets and Amortization:
Capital assets are capitalized for financial statement purposes in the year of acquisition. The cost of repairs and maintenance of a routine nature are charged to operations while those expenditures that improve or extend the useful life of the assets are capitalized.

The corporation provides for amortization on its capital assets using the straight-line method at rates set out below, based upon management's estimates of the useful life of the respective assets.

Buildings	5%
Collection Supplies	10% - 20%
Office furniture and equipment	10% - 30%
Processing machinery and equipment	10% and 20%
Automotive equipment	10% and 30%

Capital Leases
Capital leases which transfer substantially all the benefits and inherent risks related to ownership of the property leased to the organization are capitalized by recording as assets and liabilities the present value of the payments under the leases. The property leased and recorded in this way is amortized over its useful life. Rental payments are recorded partly against the amount of the obligation and partly as interest.

Foreign Currency Transactions
Transactions which are completed in United States dollars are translated into Canadian dollars by the use of the exchange rate in effect the day of the transaction. At the balance sheet date, monetary items denominated in foreign currency are adjusted to reflect the exchange rate in effect at that date.

2. Accounts Receivable

	2024	2023
Trade Receivable	$3,450,213	$ 658,328
Grants Receivable	$ 61,671	$1,115,775
HST Receivable	-	83,199
	$3,511,884	**$1,857,302**

3. Inventory

	2024	2023
Recyclable Inventory	$ 66,735	$ 78,708
Collection Supplies	159,185	153,366
	$ 225,920	**$ 232,074**

4. Capital Assets

Capital assets are classified as follows:	2024 Cost	2024 Accumulated Depreciation	2024 Net Book Value	2023 Net Book Value
Land	$ 124,830	$ -	$ 124,830	$ 124,830
Buildings	3,689,237	2,026,899	1,662,338	1,674,784
Collection Supplies	9,491,602	7,341,952	2,149,650	2,363,899
Office Furniture and Equipment	230,152	223,142	7,010	8,794
Processing machinery and Equipment	10,444,831	8,960,480	1,484,351	2,105,994
Automotive Equipment	20,868,924	12,641,720	8,227,204	5,118,510
	$ 44,849,576	**$ 31,194,193**	**$ 13,655,383**	$ 11,396,811

Processing machinery and equipment includes equipment under a capital lease with a cost of $2,059,486 (2023 - $2,059,486) and accumulated amortization of $1,900,945 (2023 - $1,417,014). Automotive equipment includes trucks under capital leases with a cost of $5,540,362 (2023- $1,431,821) and accumulated amortization of $726,225 (2023 - $232,550).

Purchase of capital assets:	2024	2023
Land and Buildings	$ 166,492	$ 313,680
Collection supplies	319,106	238,846
Office furniture and equipment	41,493	71,641
Processing machinery and equipment	209,992	641,570
Automotive equipment	4,708,035	831,133
	5,445,118	2,096,870
Assets purchased under capital lease	4,108,541	736,316
	$ 1,336,577	**$ 1,360,554**

5. Accounts Payable

	2024	2023
Accounts Payable	$ 1,282,763	$ 1,035,857
Government remittances payable	130,419	75,510
HST Payable	39,971	
	$ 1,453,153	**$ 1,111,367**

6. Long Term Debt

The following table outlines outstanding bank term and equipment loan repayable in monthly instalments consisting of the outlined principal plus monthly interest.

Rate	Instalments		Due Date		2024		2023
5.94%		28,046	Dec 2027		926,172		1,201,467
Prime		7,933	June 2030		523,557		618,749
Prime		9,565	January 2027		286,957		401,739
Prime		3,163	March 2032		275,206		313,166
3.90%		3,004	January 2024		159,230		195,282
5.99%		1,668	Dec 2027		160,139		180,156
Prime		4,167	August 2026		83,333		133,333
4.25%		9,026	January 2025		8,994		114,483
4.25%		8,646	January 2025		8,616		109,666
Prime		2,610	February 2027		67,860		99,180
2.99%	$	1,704	February 2027	$	43,756	$	-
4.15%		7,491	October 2024		-		73,506
4.10%		8,249	June 2024		-		48,908
4.10%		8,249	June 2024		-		48,908
2.90%		1,569	June 2025		-		21,564
3.85%		1,631	January 2025		-		19,568
3.85%		1,390	August 2024		-		11,116
					2,543,820		*3,590,791*
Less amounts due within one year					1,744,963		2,488,574
				$	**798,857**	**$**	**1,102,217**

Long term debt repayments due over the next four years are as follows:

2025	$	1,744,963
2026		349,595
2027		449,262
	$	**2,543,820**

The bank loans are secured by a general security agreement covering all of the association's assets, chattel mortgages over equipment financed and a first charge collateral mortgage of $1,000,000 on real estate. The bank has provided the association with seven credit facilities under various terms and amounts.

The bank has provided the association with a $3,200,000 credit limit on its operating loan and letters of credit issued in favour of municipalities in lieu of performance bonds. A standby letter of credit for $81,000 has been drawn on this credit facility as of December 31, 2024. The operating loan bears interest at the bank's prime rate.

The bank has provided the association with an approved revolving capital expenditure credit facility for equipment purchases of up to $3,000,000. The balance drawn at December 31, 2024 is $1,026,762 with interest payable at Prime + 0%.

The bank has provided the Association with a working capital loan for $220,833 which is to be used for general working capital requirements. The balance outstanding on December 31, 2024 is $83,333 with an interest rate of Prime + 0% and is repayable on demand.

The bank has provided the association with term lending in the amount of $860,982.10 for use towards capital equipment purchases for production and sorting equipment. The balance outstanding on December 31, 2024 is $446,187 with interest payable at Prime + 0%. Prepayment of the loan in full or in part is not permitted prior to the maturity date.

The bank has provided the association with a fixed rate term loan in the amount of $5,000,000 for use towards capital equipment purchases for production and sorting equipment. The full balance was available as of December 31, 2024.

The bank has authorized the association with a credit limit of $100,000 on their credit cards.

7. Obligation Under Capital Lease

The following table outlines outstanding bank term and equipment lease repayable in monthly instalments consisting of the outlined principal plus monthly interest.

Rate	Instalments		Due Date		2024		2023
5.23%	$	23,095	July 2029	$	1,109,089	$	-
5.46%	$	22,412	May 2029	$	1,053,360	$	-
5.57%	$	13,697	April 2029	$	620,709	$	-
5.47%	$	11,057	May 2029	$	510,859	$	-
3.64%	$	41,728	Feburary 2025	$	83,087	$	571,120
5.70%	$	10,563	July 2028	$	401,329	$	502,070
5.42%	$	6,565	July 2029	$	313,992	$	-
4.61%	$	8,923	June 2027	$	252,374	$	345,471
4.78%	$	7,722	June 2027	$	217,971	$	298,143
6.25%	$	3,834	August 2028	$	147,375	$	182,964
					4,710,145		*1,899,768*
Less amounts due within one year					1,154,300		797,631
				$	**3,555,845**	**$**	**1,102,137**

Minimum lease payments required in subsequent years under capital leases are as follows:

2025	$	1,377,880
2026		1,294,424
2027		1,194,554
2028		1,012,293
2029		375,347
Future minimum lease payments	$	5,254,498
Interest included in minimum payments		544,353
Obligation under capital lease	$	4,710,145

The interest charged to income during the current year amounts to $194,074 (2023 - $80,978) and is included in interest on long term debt.

8. Commitments

Prior to December 31, 2024, the Association entered into agreements to purchase trucks for $6,328,402, payable upon their expected delivery in 2025.

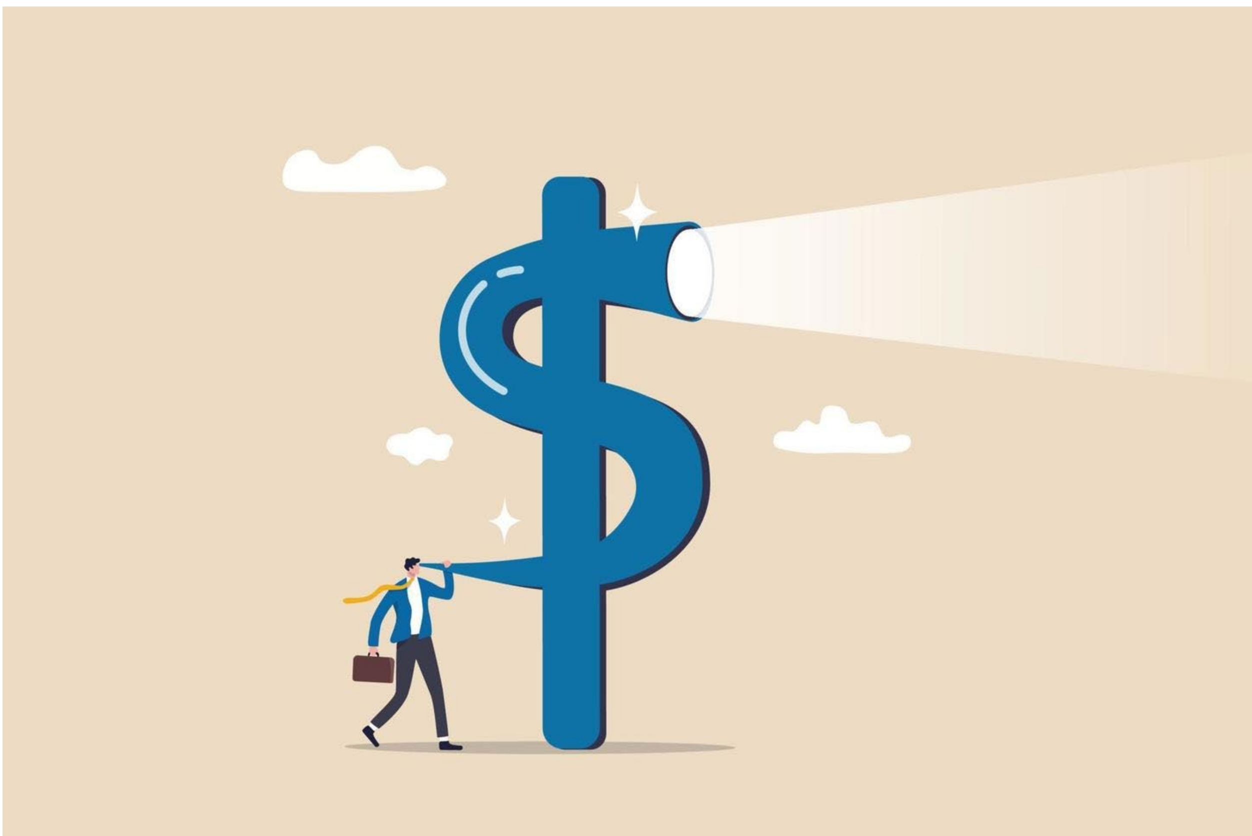
9. Pension Agreements

The Association participates in the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit plan, which specifies the amount of the retirement benefit to be received by employees based on length of service and rates of pay.

The amount contributed to OMERS for 2024 was $441,345 (2023 - $399,974) for current service. These payments are included as expenditure in the financial statements. OMERS sets the pension contribution rate annually to ensure that the plan remains fully funded. The pension contribution rate for 2024 was 9.0% of regular wages.

10. Financial Instruments

The company has interest rate risk due to having bank loans subject to floating interest rates and is exposed to fluctuations based on the bank’s prime rate of interest. It is management's opinion that the Association is not exposed to significant currency or credit risks.



2024 Management

Board of Directors

Chairman Dan Sageman, *Lambton Shores*

Vice-Chairman Jim Craigmile, *St. Marys*

Huron

Alvin McLellan, *Huron East*

George Finch, *South Huron*

Lambton

Dan Sageman, *Lambton Shores*

Todd Case, *Warwick*

Middlesex

Dave Manders, *Lucan Biddulph*

Greg Willsie, *Strathroy Caradoc*

Perth

Allan Rothwell, *North Perth*

Jim Craigmile, *St. Marys*

Management

Michelle Courtney
President
Since 2016

Dave Ross
Fleet Manager
Since 2023

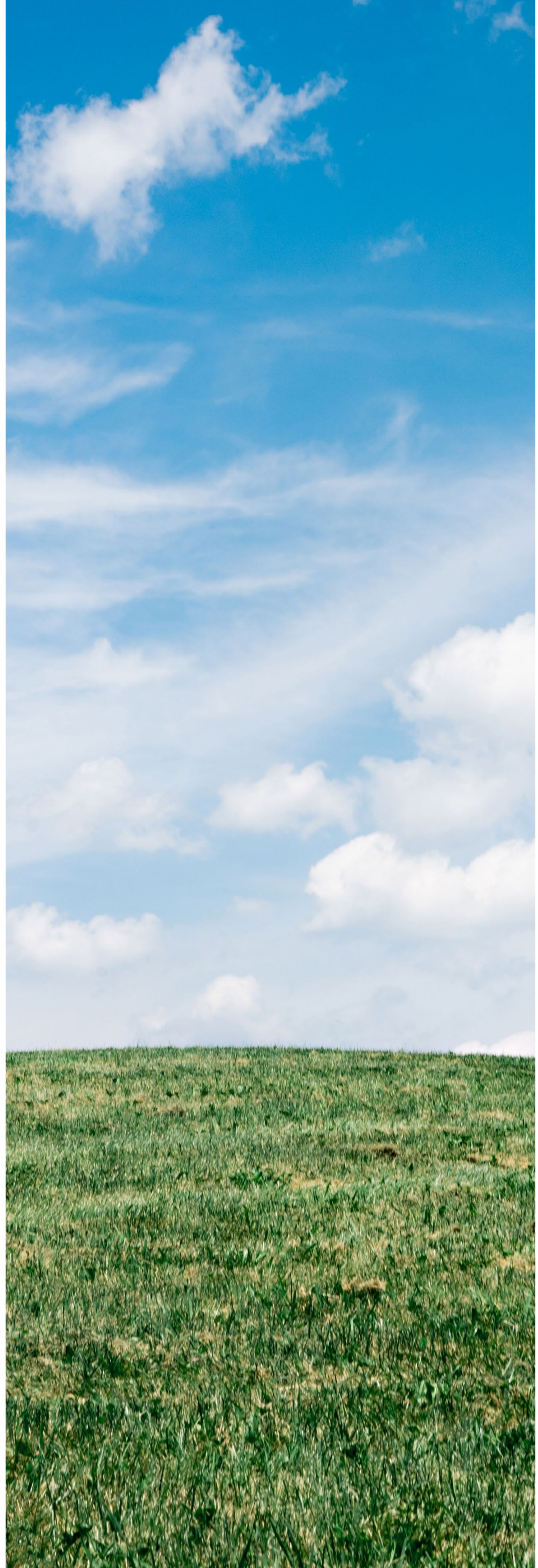
Terry Erb
MRF Operations Manager
Since 2001

Bonnie Stewardson
Mars Operations Manager
Since 2000

Adam Hebden
Fleet Maintenance Supervisor
Since 2018

Richard Vandenberk
Fleet Route Supervisor
Since 2022 (Driver since 2005)

Jillian Simmons
Human Resources Manager
Since 2018



Membership

Huron County

Municipality of Bluewater
Municipality of Central Huron
Municipality of Huron East
Municipality of South Huron
Town of Goderich
Township of Morris-Turnberry (Associate)

Lambton County

Municipality of Lambton Shores
Township of Brooke Alvinston
Township of Dawn-Euphemia
Township of Warwick
Village of Oil Springs

Middlesex County

Municipality of Middlesex Centre
Municipality of North Middlesex
Township of Adelaide Metcalfe
Township of Lucan-Biddulph
Township of Strathroy-Caradoc

Perth County

City of Stratford (Associate)
Municipality of North Perth
Municipality of West Perth
Town of St. Marys
Township of Perth East (Associate)
Township of Perth South

The Association also services other communities under contracts and/or through subcontractors.

Associate Members have no voting rights.

Corporate Directory

Head Office

Bluewater Recycling Association
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Huron Park ON N0M 1Y0

Solicitors

McKenzie Lake
Barristers & Solicitors
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London ON N6A 5P2

Auditors

PTMG LLP
Chartered Accountants
71 Main Street, North
Exeter ON N0M 1S3

Financial Institution

Bank of Montreal
400 Main Street
Exeter ON N0M 1S3