



Combined Financial Statements

Resource Recovery Fund Board Inc. and
Resource Recovery Fund (operating as Divert
NS)

March 31, 2020

Resource Recovery Fund Board Inc. and Resource Recovery Fund (operating as Divert NS)

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Independent Auditor's Report

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To the Board of Directors of the
Resource Recovery Fund Board Inc. and Resource Recovery Fund (operating as Divert NS)

Opinion

We have audited the accompanying combined financial statements of the Resource Recovery Fund Board Inc. and Resource Recovery Fund (operating as Divert NS) ("Resource Recovery Fund"), which comprise the combined statement of financial position as at March 31, 2020, the combined statements of operations, changes in net resources, changes in net financial resources and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements present fairly in all material respects, the financial position of Resource Recovery Fund Board Inc. and Resource Recovery Fund (operating as Divert NS) as at March 31, 2020, and its results of operations, its changes in its net resources, and changes in net financial resources and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the combined 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.

Other matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The schedule included on Page 16 is presented for purposes of additional information and is not a required part of the combined financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the combined financial statements taken as a whole.

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

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

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



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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 combined 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 combined 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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.

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

Truro, Canada
May 28, 2020

Chartered Professional Accountants

Resource Recovery Fund Board Inc. Resource Recovery Fund (operating as Divert NS) Combined Statement of Operations

Year ended March 31	Budget 2020 (Note 10)	2020	2019
Revenues			
Deposits	\$ 46,357,000	\$ 47,188,918	\$ 45,284,263
Sales of recyclable materials (Note 11)	5,662,000	5,989,625	7,186,095
Tire program	6,165,000	5,695,373	6,474,787
Investment and other income	762,000	707,887	729,016
Rental income	188,000	187,940	184,810
Total revenues	<u>59,134,000</u>	<u>59,769,743</u>	<u>59,858,971</u>
Expenses			
Operating (Page 14)	46,052,000	46,433,456	45,430,202
Administrative (Page 15)	1,855,000	1,818,393	1,839,045
Other expenditures and funding:			
Approved program grants	1,200,000	1,081,761	1,061,835
Education and communication	2,062,000	1,819,348	1,525,621
Household hazardous waste program	140,000	140,000	112,000
Municipal enforcement program funding	700,000	700,000	700,000
Regional chairs and coordinators	346,000	342,443	332,453
Research, development and special projects	250,000	212,329	103,272
	<u>52,605,000</u>	<u>52,547,730</u>	<u>51,104,428</u>
Excess of revenues over expenses before allocations	<u>6,529,000</u>	<u>7,222,013</u>	<u>8,754,543</u>
Municipal solid waste diversion credits	4,570,300	5,055,409	6,128,180
Nova Scotia Environment (Note 8)	1,305,800	1,211,325	1,750,909
Excess net resources allocation	<u>-</u>	<u>450,000</u>	<u>-</u>
Excess of revenue over expenditures	<u>652,900</u>	<u>505,279</u>	<u>875,454</u>
Net resources, beginning of period	9,234,148	9,234,148	8,358,694
Net resources, end of period (Note 9 and 12)	<u>\$ 9,887,048</u>	<u>\$ 9,739,427</u>	<u>\$ 9,234,148</u>

Resource Recovery Fund Board Inc.
Resource Recovery Fund (operating as Divert NS)
Combined Statement of Financial Position

March 31 2020 2019

Financial assets

Cash and cash equivalents	\$	9,380,942	\$	14,328,816
Receivables		6,368,063		6,218,970
Accrued receivables		843,328		730,582
Notes receivable (Note 3)		115,110		121,486
Investments (Note 4)		22,009,437		16,001,739
Inventory		<u>126,874</u>		<u>82,803</u>
		<u>38,843,754</u>		<u>37,484,396</u>

Financial liabilities

Payables and accruals		1,921,692		2,098,406
Municipal solid waste diversion credits payable		8,139,926		7,487,251
Payable to Nova Scotia Environment (Note 8)		1,444,402		1,751,291
Unearned revenue		<u>21,893,000</u>		<u>20,888,500</u>
		<u>33,399,020</u>		<u>32,225,448</u>

Net financial resources

5,444,734 5,258,948

Non-financial assets

Prepays		3,100		8,591
Tangible capital assets (Note 5)		<u>4,291,593</u>		<u>3,966,609</u>
		<u>4,294,693</u>		<u>3,975,200</u>

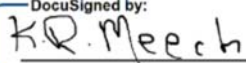
Net resources (Page 3 and Note 9)

\$ 9,739,427 \$ 9,234,148

Commitment (Note 7)

Subsequent event (Note 13)

On Behalf of the Board

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Resource Recovery Fund Board Inc.
Resource Recovery Fund (operating as Divert NS)
Combined Statement of Changes in Net Financial Resources

March 31	Budget 2020 (Note 10)	2020	2019
Excess of revenue over expenditures	\$ <u>652,900</u>	\$ <u>505,279</u>	\$ <u>875,454</u>
Purchase of tangible capital assets	(922,000)	(1,012,194)	(835,255)
Amortization of tangible capital assets	713,795	687,210	757,998
Proceeds on disposal of tangible capital assets	-	925	2,492
Gain on disposal of tangible capital assets	<u>-</u>	<u>(925)</u>	<u>-</u>
	<u>(208,205)</u>	<u>(324,984)</u>	<u>(74,765)</u>
Usage of prepaids	<u>5,491</u>	<u>5,491</u>	<u>35,333</u>
Increase in net financial resources	\$ <u>450,186</u>	\$ <u>185,786</u>	\$ <u>836,022</u>
Net financial resources, beginning of year		\$ <u>5,258,948</u>	\$ <u>4,422,926</u>
Increase in financial resources		<u>185,786</u>	<u>836,022</u>
Net financial resources, end of year		\$ <u>5,444,734</u>	\$ <u>5,258,948</u>

Resource Recovery Fund Board Inc. Resource Recovery Fund (operating as Divert NS) Combined Statement of Cash Flows

Year ended March 31 2020 2019

Increase (decrease) in cash and cash equivalents:

Operating		
Excess of revenue over expenditures	\$ 505,279	\$ 875,454
Amortization	687,210	757,998
Gain on disposal of tangible capital assets	<u>(925)</u>	<u>-</u>
	1,191,564	1,633,452
Change in non-cash operating working capital		
Receivables	(261,839)	(190,019)
Inventory	(44,071)	9,380
Prepays	5,491	35,333
Payables and accruals	169,073	618,379
Unearned revenue	<u>1,004,500</u>	<u>202,200</u>
	<u>2,064,718</u>	<u>2,308,725</u>
Capital		
Proceeds on disposal of tangible capital assets	925	2,492
Purchase of tangible capital assets	<u>(1,012,194)</u>	<u>(835,255)</u>
	<u>(1,011,269)</u>	<u>(832,763)</u>
Investing		
Purchase of investments, net	(6,000,000)	-
Interest in joint venture	(7,699)	1,560
Issue of notes receivable	(32,529)	(16,720)
Repayment of notes receivable	<u>38,905</u>	<u>35,689</u>
	<u>(6,001,323)</u>	<u>20,529</u>
Net (decrease) increase in cash and cash equivalents	(4,947,874)	1,496,491
Cash and cash equivalents, beginning of year	<u>14,328,816</u>	<u>12,832,325</u>
Cash and cash equivalents, end of year	<u>\$ 9,380,942</u>	<u>\$ 14,328,816</u>

See accompanying notes to the combined financial statements

Resource Recovery Fund Board Inc.

Resource Recovery Fund (operating as Divert NS)

Notes to the Combined Financial Statements

March 31, 2020

1. Nature of operations

The Resource Recovery Fund Board Inc., operating as Divert NS ("Resource Recovery Fund"), is a not-for-profit organization established by the Nova Scotia government to develop and administer industry stewardship programs that increase waste diversion; enable the establishment of new industries based on the processing of materials diverted from the waste stream; and work in partnership with Nova Scotians to improve the province's environment, economy and quality of life by reducing, reusing, recycling and recovering resources.

Under regulation, all revenues earned are deposited to the Resource Recovery Fund, which is the property of the Province of Nova Scotia. All expenditures incurred by the Resource Recovery Fund Board Inc. to operate, administer and fulfil the mandates of the Province of Nova Scotia Solid Waste Management Strategy are expenditures of the Resource Recovery Fund. Accordingly, all assets, liabilities and net resources reported in these financial statements are the property of the Resource Recovery Fund and are held on behalf of the Province of Nova Scotia by the Resource Recovery Fund Board Inc.

2. Summary of significant accounting policies

Basis of presentation

The combined financial statements include the accounts of the Resource Recovery Fund Board Inc. and the Resource Recovery Fund. Significant inter-entity loans and transactions have been eliminated in these combined financial statements. These combined financial statements are the representations of management prepared in accordance with generally accepted accounting principles for provincial governments as established by the Canadian Public Sector Accounting Board (PSA) of Chartered Professional Accountants (CPA) Canada.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Resource Recovery Fund'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, amortization and unearned revenue. Actual results could differ from those reported.

Revenue recognition

Resource Recovery Fund follows the deferral method of accounting for revenue. Revenue is recognized in the month it is receivable (or received) if the amount can be reasonably estimated and collection is reasonably assured. Interest income is recognized as it is earned.

Tangible capital assets

Tangible capital assets are recorded at cost. Rates and bases of amortization applied to write-off the cost of tangible capital assets over their estimated lives are as follows:

Resource Recovery Fund Board Inc. Resource Recovery Fund (operating as Divert NS) Notes to the Combined Financial Statements

March 31, 2020

2. Summary of significant accounting policies (continued)

Building	5%, straight-line
Paving	8%, straight-line
Field equipment	20%, straight-line
Processing equipment	12.5%, 20%, straight-line
Leasehold improvements	10%, straight-line
Office and warehouse equipment	20%, straight-line
Computer hardware and software	20%, 33 1/3%, straight-line
Containers	
- Bags	33 1/3%, straight-line
- Tubs	10%, straight-line
Vehicles	33 1/3%, straight-line
Trailers	14.2%, straight-line

When conditions indicate that a tangible capital asset no longer contributes to the Resource Recovery Fund's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. Write-downs are not reversed.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Forgivable loans

The Resource Recovery Fund accounts for forgivable loans as conditional grants. The forgivable loans are non-interest bearing and are advanced with repayment not to be expected unless certain conditions are not met.

Unearned revenue and measurement uncertainty

Unearned revenue represents deposits received for beverage containers that have not been returned for redemption and fees received for tires which will be returned for disposal at a future date. Unearned beverage revenue is sixty (60) days' worth of revenue calculated on the last twelve (12) months' average daily revenue adjusted by the current year's return rate. Unearned tire revenue is calculated on the last three (3) years of tire revenue adjusted by the past six (6) years' average return rate. The actual revenue the Resource Recovery Fund may collect compared to the unearned revenue calculation is uncertain as the calculation is affected by the above management assumptions. However, in the past, the unearned revenue has remained consistent even with updated inputs for the calculation for each fiscal year. As a result, it is expected that the range of uncertainty for the unearned revenue is not significant.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Foreign currency translation

The Resource Recovery Fund does not enter into foreign currency futures and forward contracts to reduce its exposure to foreign currency fluctuations. Monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate. Revenue and expenditures denominated in foreign currencies are translated at the exchange rate prevailing at the time of the transaction. Translation gains or losses are recognized in the period in which they occur.

Resource Recovery Fund Board Inc. Resource Recovery Fund (operating as Divert NS) Notes to the Combined Financial Statements

March 31, 2020

2. Summary of significant accounting policies (continued)

Budget figures

The budget figures contained in these combined financial statements were approved by the Board in its original fiscal plan.

Financial instruments

The Resource Recovery Fund classifies its financial instruments at amortized cost.

This category includes cash and cash equivalents, receivables, notes receivable, investments, payables and accruals and municipal solid waste diversion credits payable. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Management assesses each financial instrument to determine whether there is any impairment losses, if there are they are reported in the statement of operations.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

There are no unrealized gains or losses, therefore, the statement of remeasurement gains and losses has not been presented.

Income taxes

The Resource Recovery Fund is exempt from income taxes under Section 149(l)(d) of the *Canadian Income Tax Act*.

Joint venture

The Resource Recovery Fund is part of a joint venture in the Canadian Association of Tire Recycling Agencies (CATRA). This investment is recognized using the modified equity method.

3. Notes receivable	<u>2020</u>	<u>2019</u>
Non-interest bearing notes with variable payments, maturing between fiscal 2021 and 2029	\$ <u>115,110</u> \$	<u>121,486</u>

Resource Recovery Fund Board Inc. Resource Recovery Fund (operating as Divert NS) Notes to the Combined Financial Statements

March 31, 2020

4. Investments

Investments consist of the following:

- i) Loans receivable from the Province of Nova Scotia – Department of Finance. These loans are issued at interest rates ranging from 1.63% to 2.3% and mature as follows:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2020</u> <u>Total</u>	<u>2019</u> <u>Total</u>
	\$ 4,000,000	\$ 10,000,025	\$ 4,000,000	\$ 18,000,025	\$ 16,000,025
ii) Principal protected notes, at cost, maturing in April 2024				4,000,000	-
iii) Joint venture with Canadian Association of Tire Recycling Agencies (CATRA)				<u>9,412</u>	<u>1,714</u>
Total investments				<u>\$ 22,009,437</u>	<u>\$ 16,001,739</u>

5. Tangible capital assets

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 294,100	\$ -	\$ 294,100	\$ 294,100
Field equipment	122,201	75,098	47,103	41,109
Processing equipment	462,060	364,982	97,078	150,252
Building	3,876,305	1,527,627	2,348,678	1,900,112
Paving	272,945	50,950	221,995	243,831
Office and warehouse equipment	322,728	262,384	60,344	81,001
Containers	1,242,722	948,871	293,851	205,634
Leasehold improvements	9,508	5,133	4,375	5,325
Computer hardware and software	578,727	565,092	13,635	33,441
Vehicles	65,643	31,432	34,211	7,516
Trailers	<u>2,399,381</u>	<u>1,523,158</u>	<u>876,223</u>	<u>1,004,288</u>
	<u>\$ 9,646,320</u>	<u>\$ 5,354,727</u>	<u>\$ 4,291,593</u>	<u>\$ 3,966,609</u>

6. Bank indebtedness

The Resource Recovery Fund has an operating credit facility of \$2,000,000 of which nil is used at March 31, 2020 (2019 – \$ nil). Interest is calculated at prime plus 0.5%.

Resource Recovery Fund Board Inc. Resource Recovery Fund (operating as Divert NS) Notes to the Combined Financial Statements

March 31, 2020

7. Commitment

The Resource Recovery Fund has entered into agreements with specific organizations and businesses to provide funding for various recycling programs across Nova Scotia. At March 31, 2020, \$193,181 (2019 – \$399,004) of the restricted for approved programs resources has been committed under these agreements.

8. Related party transaction

The Resource Recovery Fund reimburses Nova Scotia Environment up to a maximum of 20% of the net revenues of the Fund for services and expenses incurred on the Resource Recovery Fund's behalf. During the year, a reimbursement expense of \$1,211,325 (2019 – \$1,750,909) was recorded. The total liability at the end of 2020 is \$1,444,402 (2019 – \$1,751,291).

9. Net resources				<u>2020</u>	<u>2019</u>
	Invested in Capital Assets	Restricted	Unrestricted	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 3,966,609	\$ 1,779,076	\$ 3,488,463	\$ 9,234,148	\$ 8,358,694
(Deficiency) excess of revenues over expenditures	(686,285)	(250,473)	1,442,037	505,279	875,454
Transfers	<u>1,011,270</u>	<u>979,650</u>	<u>(1,990,920)</u>	-	-
Balance, end of year	<u>\$ 4,291,594</u>	<u>\$ 2,508,253</u>	<u>\$ 2,939,580</u>	<u>\$ 9,739,427</u>	<u>\$ 9,234,148</u>
Restricted funds represented by:					
Committed funds (Note 7)		\$ 193,181			
Future projects		<u>2,315,072</u>			
		<u>\$2,508,253</u>			

Net resources under the Resource Recovery Fund restricted for future projects, represents funds committed to approved programs and funds internally restricted for funding various future projects as approved and in accordance with the goals and objectives of the Resource Recovery Fund (Divert NS).

10. Budget figures

The budgeted figures presented are approved annually by the Board and represent planned revenues and expenses for entity wide operations. The budgeted figures presented are consistent with Public Sector Accounting Standards ("PSAS").

Resource Recovery Fund Board Inc.

Resource Recovery Fund (operating as Divert NS)

Notes to the Combined Financial Statements

March 31, 2020

11. Financial instruments risk management

Credit risk

Credit risk is the risk of financial loss to the Resource Recovery Fund if a debtor fails to make payments when due. The Fund is exposed to this risk relating to its receivables and notes receivable.

Credit risk is mitigated by management's review of aging and collection of receivables, only 2.5% of receivables are over 60 days. The Fund recognizes a specific allowance for doubtful accounts when management considers the expected amounts to be recovered is lower than the actual receivable.

The Resource Recovery Fund is exposed to investment credit risk through its investments. The maximum exposure to investment credit risk is outlined in Note 4.

There have been no significant changes from the previous year in exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Resource Recovery Fund will encounter difficulty in meeting the obligations associated with its financial liabilities. The Resource Recovery Fund is exposed to this risk mainly in respect of its payables and accruals and municipal solid waste diversion credits payable. At balance date, the Resource Recovery Fund has available financial assets to meet these obligations and there was no significant change in exposure from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Resource Recovery Fund is mainly exposed to currency and price risk related to its sales of recyclable materials.

The currency risk is predominately US funds. The average US exchange rate was \$1.3308 for the twelve-month period. As at March 31, 2020 the receivables denominated in US currency were approximately \$566,089 (2019 – \$864,377).

The price risk is related to fluctuations in commodities. During the year commodity prices for PET and aluminium fluctuated by approximately 9.17%. This fluctuation could result in an increase or decrease of sales by approximately \$603,233. The Resource Recovery Fund participates in a national buying group on certain of its commodity sales to minimize the risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

12. Excess Net Resources

As stipulated in the agreement with Nova Scotia Environment (NSE), the Board shall endeavour to limit its unrestricted net resources to 5% of gross revenues during any particular fiscal year. In the current year, unrestricted net resources exceeded 5% of gross revenues by \$48,907 (2019 – \$495,189). In the event that unrestricted net resources exceeds 5% of gross revenues by \$100,000 or more, the Board shall recommend to the Minister a proposed distribution of the excess. An excess net resources allocation in the amount of \$450,000 was distributed in fiscal 2020 as a result of the excess in 2019.

Resource Recovery Fund Board Inc.
Resource Recovery Fund (operating as Divert NS)
Notes to the Combined Financial Statements

March 31, 2020

13. Subsequent event

Subsequent to year end the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

To date the impact on the company has been minimal. Beverage revenue was not adversely affected for the last month of the year and is not anticipated to decrease in the upcoming year. The organization's investments are comprised of promissory notes with the province (\$18 million) at locked in rates and the remainder (\$4 million) is held in principal protected notes which guarantees the principal upon maturity. Rental income is tied to a lease agreement that is in place for the next seven years.

Some of the Enviro-depots have been advanced handling fees in the amount of \$151,639; these funds are repayable over the twelve months after the depot re-opens.

Divert NS has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and operations as of the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Divert NS in future periods.

14. Comparative figures

Certain of comparative figures have been adjusted to conform to changes in the current year presentation.

Resource Recovery Fund Board Inc.
Resource Recovery Fund (operating as Divert NS)
Combined Statement of Operating Expenses

Year ended March 31	Budget 2020 (Note 10)	2020	2019
Inventory, beginning of year	\$ 82,803	\$ 82,803	\$ 92,183
Amortization	280,000	289,708	293,020
Central processing expenses			
Amortization	142,200	117,557	121,987
Building	57,000	41,505	40,455
Forklift – maintenance and propane	18,000	22,550	14,412
Meetings and travel	24,500	22,994	12,379
Postage, delivery and office	1,300	1,357	903
Professional fees	25,000	13,657	-
Repairs and maintenance:			
Bulk bags and containers	18,000	1,000	940
Salaries and benefits	429,500	440,610	444,560
Shipping supplies	40,000	46,659	46,131
Telecommunications	8,000	5,345	6,101
Training	5,000	4,680	2,966
Vehicle	2,500	221	2,436
Deposit refunds	20,192,000	20,247,289	19,868,380
Enviro-Depot handling fees	17,710,000	17,673,568	17,004,872
Insurance	38,000	66,404	36,399
Local cartage	2,426,000	2,373,694	2,518,535
Non-deposit materials	52,000	48,337	48,845
Other	64,000	42,424	145,996
Regional processing	634,000	631,617	617,102
Used tire management program	3,885,000	4,386,351	4,194,403
	46,134,803	46,560,330	45,513,005
Inventory, end of year	82,803	126,874	82,803
	\$ 46,052,000	\$ 46,433,456	\$ 45,430,202

Resource Recovery Fund Board Inc.
Resource Recovery Fund (operating as Divert NS)
Combined Statement of Administrative Expenses

Year ended March 31	Budget 2020 (Note 10)	2020	2019
Amortization	\$ 165,000	\$ 165,760	\$ 238,154
Bad debt	6,000	7,838	2,549
Bank charges and interest	14,500	13,169	13,990
Board fees and expenses	60,000	75,879	56,117
Building	180,000	148,628	157,130
Dues and fees	6,500	6,961	7,968
Insurance	17,000	87,222	11,079
Meetings and travel	52,000	37,281	32,054
Office	22,000	23,377	24,269
Postage and delivery	7,000	3,555	5,254
Professional development	35,000	37,457	31,306
Professional fees	155,000	98,401	136,562
Public relations	55,000	55,838	72,391
Salaries and benefits	983,000	978,382	980,457
Technology support and licensing	62,000	65,315	54,895
Telecommunications	15,000	13,330	13,895
Website development and hosting	20,000	-	975
	<u>\$ 1,855,000</u>	<u>\$ 1,818,393</u>	<u>\$ 1,839,045</u>

Resource Recovery Fund Board Inc.
Resource Recovery Fund (operating as Divert NS)
Supplementary Schedule of Individual and Combined
Statements of Operation

Year ended March 31, 2020

	Resource Recovery Fund <u>Board Inc.</u>	Resource Recovery <u>Fund</u>	<u>Combined</u>
Revenues			
Administrative ¹	\$ 49,280,380	\$ -	\$ -
Deposits	-	47,188,918	47,188,918
Sales of recyclable materials	-	5,989,625	5,989,625
Tire program	-	5,695,373	5,695,373
Investment and other income	-	707,887	707,887
Rental income	-	187,940	187,940
Total revenues	<u>49,280,380</u>	<u>59,769,743</u>	<u>59,769,743</u>
Expenses			
Operating	45,956,078	477,378	46,433,456
Administrative ¹	1,644,794	49,453,979	1,818,393
Other expenditures and funding			
Approved program grants	-	1,081,761	1,081,761
Education and communication	1,679,508	139,840	1,819,348
Household hazardous waste program	-	140,000	140,000
Municipal enforcement program funding	-	700,000	700,000
Regional chairs and coordinators	-	342,443	342,443
Research, development and special projects	-	212,329	212,329
	<u>49,280,380</u>	<u>52,547,730</u>	<u>52,547,730</u>
Excess of revenues over expenses before allocations	<u>-</u>	<u>7,222,013</u>	<u>7,222,013</u>
Municipal solid waste diversion credits	-	5,055,409	5,055,409
Nova Scotia Environment	-	1,211,325	1,211,325
Excess net resources allocation	-	450,000	450,000
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 505,279</u>	<u>\$ 505,279</u>

¹Administrative revenue and expenses of \$49,280,380 have been eliminated at consolidation.