



Thinking  
beyond  
the box

Stewardship Ontario

# 2024 ANNUAL REPORT





# After 20 Years of Operations, Stewardship Ontario Prepares to Wind Up

Stewardship Ontario is a not-for-profit organization financed by the businesses that supply designated packaging and printed paper to the Ontario market. In partnership with Ontario municipalities, recycling associations and First Nations communities, Stewardship Ontario has operated the province's legacy Blue Box Program for recycling printed paper and packaging since 2004.

The Ontario government is currently implementing a new approach to resource recovery in which businesses will be fully responsible for financing and operating activities for the recycling of blue box materials. The Blue Box Program began transitioning to an extended producer responsibility (EPR) framework in the second half of 2023. Following the completion of the Blue Box transition at the end of 2025, Stewardship Ontario will be fully wound up as an entity.

For more information about Stewardship Ontario, please visit our website: [www.stewardshipontario.ca](http://www.stewardshipontario.ca).

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## 2024 Message to Stakeholders: Looking Back on 20 Years of Operations

As we near the end of the transition to extended producer responsibility (EPR) in Ontario and the wind up of Stewardship Ontario by the end of 2025, it is with mixed emotions that we share a look back on our last 20 years of operations.

### Blazing the Trail for Producer Responsibility in North America

Stewardship Ontario's legacy Blue Box Program was the first legislatively mandated product stewardship program in North America. Incorporated in 2003, Stewardship Ontario set the stage for what is now referred to as "producer responsibility" for packaging materials, paper products, electronics, tires and other materials across Canada and the United States.

Under this new, shared responsibility model, industry stewards - meaning registered businesses that supply packaging and printed paper to Ontario residents - were responsible for financially supporting 50% of the operating costs associated with municipal curbside recycling programs across the province. This shared-cost model was in place until 2023, when the Blue Box Program began transitioning to a full EPR framework, which obligates stewards to be fully responsible for the funding and operation of curbside recycling programs.

Stewardship Ontario's role in blazing the trail for producer responsibility expanded far beyond financial support. Over the past 20+ years, partnerships have been at the heart of our work. We have successfully collaborated with many stakeholders, including governments, municipalities, stewards and industry partners to advance, improve and promote positive changes across the province's municipal curbside recycling system.





As we come to the end of Stewardship Ontario's journey, we reflect on the legacy and impact our organization has had on recycling across Ontario over the last two decades. We are pleased to share some highlights from our earlier annual reports:

- Stewardship Ontario held its first meeting in October 2002 and was incorporated in February 2003. Our first annual report was submitted to Waste Diversion Ontario in April 2004; the report included a reference to the first Blue Box Program Plan, which was submitted to the Minister of the Environment for approval, following an extensive consultation process.
- Shortly after, the Municipal-Industry Programs Committee (MIPC), which was initially established to support consultation on the first Blue Box Program Plan, became the primary forum for discussion, issue resolution and collaboration between municipalities and Stewardship Ontario. MIPC continued to operate throughout the majority of 2022, when Stewardship Ontario, the City of Toronto and the Association of Municipalities of Ontario (AMO) agreed on a formula for determining the steward obligation for the remaining years of the program.
- Stewardship Ontario's Blue Box Program Plan commenced operation in February 2004 and included two transformative initiatives:
  - First, the Efficiency & Effectiveness (E&E) Fund was created. This fund supported projects aimed at improving the performance of municipal curbside recycling and significantly benefited smaller communities that previously lacked the resources to tackle such projects.
  - Second, a province-wide waste characterization program was launched to gain real-world insight into the composition of blue box material in the waste stream. The protocols established by this program would later become a staple of municipal curbside recycling programs across North America.
- Launched in 2005, Stewardship Ontario supported the Knowledge Network, an online resource that



combined online and computer-based learning to support the Blue Box Program Plan. This resource was regularly updated and enhanced throughout the life of the legacy Blue Box Program Plan.

- In 2006, with support from the E&E Fund, the Recycling Program Enhancement and Best Practices Project was launched. Later becoming an essential aspect of the Knowledge Network, output from this project provided key benchmarks for municipal recycling program performance in the following years.



- Recognizing the immense value it offers to municipalities across the province, the E&E Fund was revamped and transformed into the Continuous Improvement Fund (CIF) in 2007. Operated jointly between Stewardship Ontario and Ontario municipalities – with 20% of steward funding being directed to projects overseen by the CIF – the fund continued to assist municipalities in the implementation of emerging technologies, innovative solutions and other projects that supported efficiency gains across the municipal curbside recycling system.
- Also in 2007, Stewardship Ontario launched a comprehensive study of opportunities to increase the capture and diversion rates of plastics and expand the range of plastics that could be accepted into and processed within the system.



- To expand the recovery of plastics across Ontario's curbside recycling system, Stewardship Ontario introduced a series of initiatives, including the Plastics Market Development Fund in 2008. Alongside the fund, a pilot program for a comprehensive promotion and education (P&E) campaign was launched in Brockville, Ontario, which focused on plastic materials.
- Highlighting the importance of collaboration, Stewardship Ontario issued two major grants in 2009 to support the increased recovery of plastics in the municipal curbside recycling system. These grants were awarded to industry partners, Entropex (later [Revital Polymers](#)) and [EFS Plastics](#), to create and expand capacity for processing mixed-rigid plastics and plastic films, respectively. Stewardship Ontario also began working with [NAPCOR](#), a trade association for the PET plastic packaging industry in North America, which would later enable PET thermoform plastics to be added to Ontario's Blue Box Program.
- In 2010, Stewardship Ontario partnered with [Gracious Living Corporation](#) – a leading Canadian product manufacturer since 1980 – to construct a recycling blue box made from post-consumer recycled material. With a shared goal of utilizing as much Ontario post-consumer material as possible, Gracious Living produced a blue bin made with a minimum of 70% post-consumer materials, all of which was sourced from materials collected in the province's municipal curbside recycling program.
- A major step forward for Stewardship Ontario's efforts to facilitate the addition of PET thermoform plastics in Ontario's Blue Box Program, in 2011, five leading Ontario retailers agreed to demand that their suppliers provide thermoform packaging exclusively from PET plastic. This was a significant advancement, as PET plastic can be easily recycled alongside other plastic products, such as beverage bottles. As a result of this initiative, [Ice River Springs](#) became the first bottled water company in North America to produce its bottles from 100% recycled PET plastic.





**Partnering with Stewards:** working with industry associations and the country's leading grocery chains, we successfully removed some obstacles around recycling plastic clamshell packaging. In June 2011, Canada's top grocery chains—Loblaw, Walmart Canada, Safeway Canada, Metro and Sobeys—announced that, in future, they would accept only Polyethylene Terephthalate (PET) clamshells from their suppliers. This decision effectively enabled the thermoform clamshells to be recycled with soft drink bottles, which was great for increasing plastic recycling and resulted in eco-efficiencies and improved GHG emissions through the lifecycle.



- With a continued focus on discovering and supporting innovative partners, Stewardship Ontario was proud to support [GreenMantra Technologies](#) in 2012. Named one of Canada's 25 most innovative companies in 2010, GreenMantra was commercializing a new technology to break down discarded plastics and transform them into industrial waxes and other high-value commodities, effectively giving new life to products and keeping them out of landfills.



- Also in 2012, Stewardship Ontario awarded a second investment to EFS Plastics to further expand its capacity for processing plastic films.
- Between 2013 and 2016, Stewardship Ontario continued to investigate opportunities to facilitate the development of recycling markets, particularly in respect of composite fibre and composite plastic packaging. Several successful P&E campaigns were also launched, including the *Positives Outweigh the Negatives* battery campaign, and both the *Nature is Truly Calling* and the *Empty Doesn't Mean It's Garbage* campaigns to raise awareness about recycling materials that often don't make it into the municipal curbside recycling system.
- 2017 marked the start of significant change for Stewardship Ontario. The Minister of the Environment and Climate Change released the *Strategy for a Waste-Free Ontario*, which was supported by the new *Waste Free Ontario Act* and resulted in amendments to the Blue Box Program Plan. In 2018, Stewardship Ontario worked to amend the Blue Box Program Plan to support the transition from the current shared responsibility model to full producer responsibility, and in 2019, the transition of the Blue Box Program to full producer responsibility was officially initiated by the Minister of Environment, Conservation and Parks.





- In 2020, Stewardship Ontario delivered its plan to ensure that Ontario's iconic municipal curbside recycling program would continue to offer services to residents across the province seamlessly and without disruption throughout the multi-year transition to full producer responsibility. Similarly, the plan pledged a business-as-usual approach to important program stakeholders such as stewards and municipalities who must provide and pay for recycling services under the current Blue Box Program, while adopting and implementing a new framework. Under the approved plan, the first communities were transitioned beginning on July 1, 2023, with the entire province operating under the new framework by December 31, 2025.



## Looking Ahead

As we noted earlier, partnerships have been at the heart of our work and with 1,827 stewards registered with Stewardship Ontario's Blue Box Program as of December 31, 2024, we continue to actively engage with the steward community throughout the transition period as we wind up operations.

The legacy of Stewardship Ontario was to blaze the trail and build the foundations for the next generation of EPR frameworks, not just in Ontario, but across North America. As our journey ends, we want to extend our sincere appreciation for your continued support and partnership over the past 20 years. We look forward to the exciting advances to drive a circular economy across our province in the years ahead.

## Supporting a Smooth Transition to EPR

Since the launch of the transition to a new EPR framework in 2023, Stewardship Ontario has been committed to ensuring the transition process is as smooth and cost-effective as possible for all stakeholders. Some of our key initiatives to support the transition include:

- **Successful Negotiations Between Stewards and Municipalities:** We developed a clear, formulaic process to determine municipalities' annual steward obligations for the duration of the transition period.
- **Fee Simplification Process Benefits:** Our [simplified model](#) for steward fee setting meant that only 3% of stewards were required to report annual supply-to-market data during the transition period. This model and other efficiencies resulted in total savings for stewards of more than \$20.1 million!
- **Finalized Service Agreement with Circular Materials:** We signed an agreement with [Circular Materials](#), a national producer responsibility organization, to provide administrative and operational services through the transition.





# 2024 Financial Performance

Stewardship Ontario's obligation to municipalities for 2024 was based on data submitted by municipalities in 2023 for recycling activity that occurred in 2022. The obligation for municipalities that transitioned in 2024 was adjusted downward based on the number of days in the year that they were to be part of the program.

Revenue from Blue Box steward fees for 2024 was \$79.2 million, a decrease of 50.0% from 2023.

As noted in our previous annual reports, the program uses a three-year rolling average for commodity revenue, so the full effects of significant commodity market declines and resultant revenue decreases in recent years remain a factor.

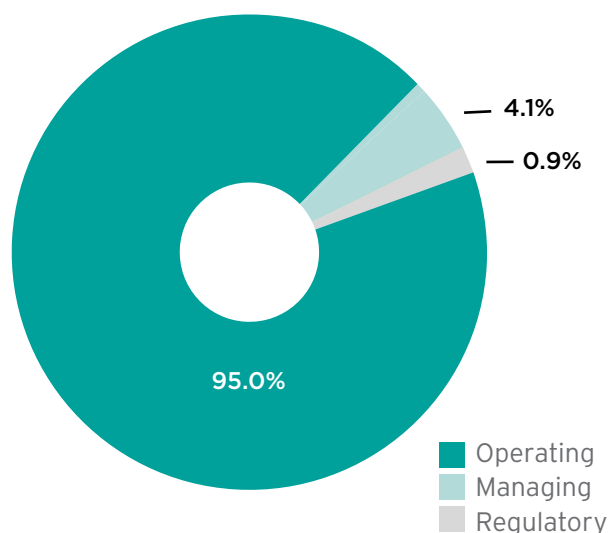
By the end of the transition process, the total financial obligation paid to municipalities over the course of the Transition Plan (2020-2025) is expected to be only 4.9% higher (i.e. \$33.0 million) than what was originally forecast in 2019. This was achieved despite the spike in inflation and the financial impacts of COVID-19, which had not been forecast when the plan was prepared. By tracking close to the forecasted amounts, stewards could count on stability with Stewardship Ontario's fees as new obligations under the *Resource Recovery and Circular Economy Act* (RRCEA) were emerging.

A simpler process for determining steward obligation, simplified fees and other efficiencies has enabled Stewardship Ontario to reduce its projection of operating and transition costs, with operating costs that are \$14.7 million or 26.3% less than initial estimates for the Blue Box Transition Plan and transition costs that are \$5.4 million or 48.2% less than estimated, ultimately saving stewards more than \$20.1 million.

## PROGRAM EXPENSES

Stewardship Ontario's total program expenses in 2024 were \$89.3 million, in comparison to \$154.7 million in 2023, a decrease of \$65.4 million or approximately 42.3%. Several factors contributed to decreased expenses, including a 43.5% decrease in obligations to municipalities, an 11.4% reduction in program management costs and a 12.8% decrease in regulatory charges.

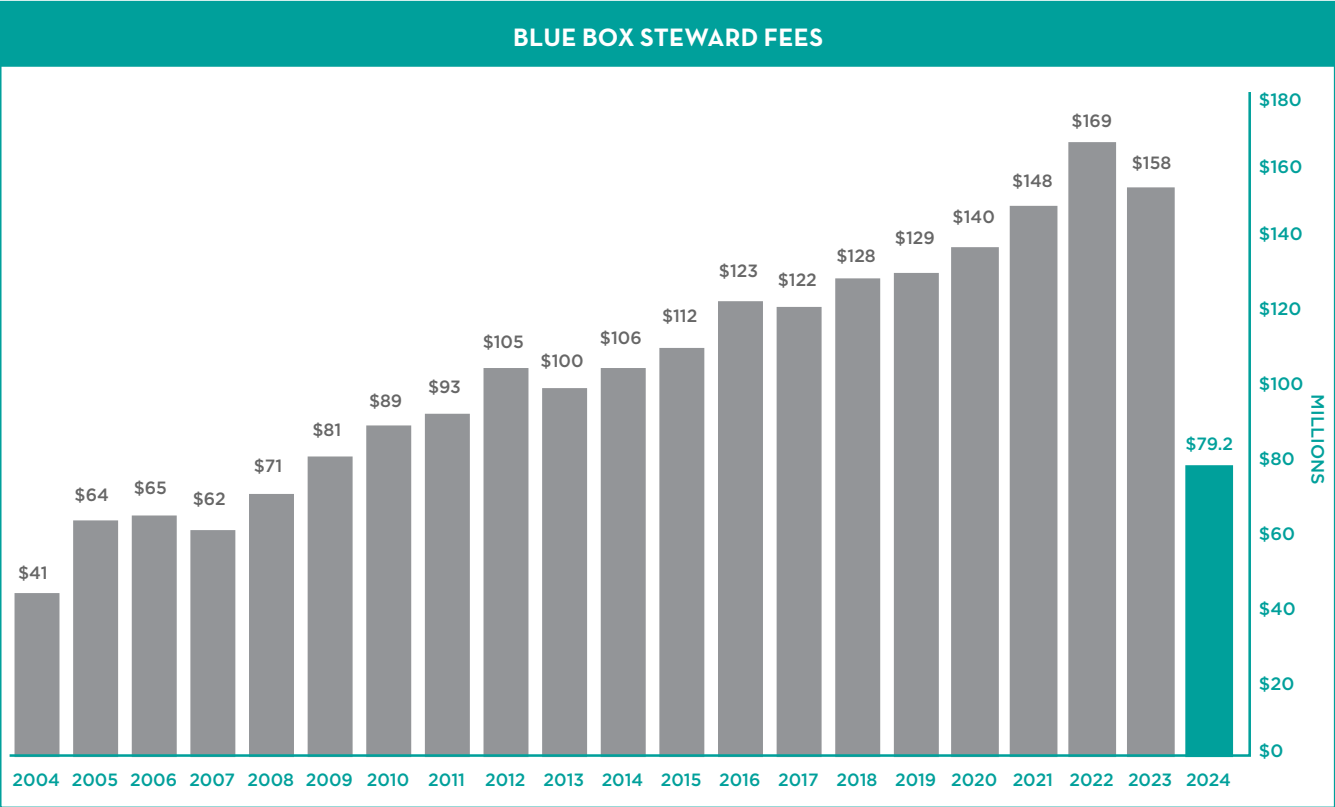
The pie chart on the right shows a breakdown of Stewardship Ontario expenses in 2024, which are based on the payment obligations to municipalities as determined by the Resource Productivity and Recovery Authority (RPRA), plus the cost of managing the program.





REVENUE FROM STEWARD FEES

Revenue from Blue Box steward fees for 2024 was \$79.2 million, a decrease of 50.0% from 2023. It is expected that costs and fees will continue to decline significantly as communities transition to the new regulatory framework.





## USE OF RESERVE THROUGH TRANSITION

Stewardship Ontario has always maintained prudent operating reserves to ensure the necessary funds to meet its obligations. When the Blue Box Transition Plan was approved, the reserves were approximately \$28 million and, as noted in the plan, Stewardship Ontario intended to use reserve funds to pay for the cost of the transition process, with an expected approximate \$12 million left over to reduce steward fees in the final program year (2025). The plan also noted that Stewardship Ontario would use reserve funds to reduce steward fees in prior years if it proved financially prudent to do so.

As a result of Stewardship Ontario's cost reduction efforts, including simplified fees and a consistent pattern of operating below budget, we were able to use the reserves to reduce fees earlier than planned: by \$10 million in 2022, when Stewardship Ontario's financial obligations were at their peak, and an additional \$5 million in 2024.

Stewardship Ontario allocated another \$7 million to reduce 2025 steward fees and budgeted a contingency of \$5 million, with the intention of refunding this amount to stewards once final costs for 2025 and 2026 could be more accurately forecasted. In December 2025, each eligible steward will then receive a proportionate share of the total refund, which will be determined in November 2025 after Stewardship Ontario's revenues and expenses are finalized.

USE OF RESERVE THROUGH TRANSITION 2020-2026 (\$000 INCLUDES HST)								
	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Forecast	Total
<b>Transition Plan</b>								
- Transition Costs	2,381.5	1,118.5	1,491.2	1,644.8	1,475.1	1,850.2	1,325.9	11,287.2
- Disburse Plastic Markets Restricted Fund		4,964.4						4,964.4
- Fee Reductions						12,000.0		12,000.0
<b>Total</b>	<b>2,381.5</b>	<b>6,082.9</b>	<b>1,491.2</b>	<b>1,644.8</b>	<b>1,475.1</b>	<b>13,850.2</b>	<b>1,325.9</b>	<b>28,251.6</b>
<b>Revised</b>								
- Transition Costs	1,371.8	898.6	641.7	638.8	654.4	742.1	850.8	5,798.2
- Disburse Plastic Markets Restricted Fund		4,964.4						4,964.4
- Operating (Surplus)/Deficit	(9,296.9)	3,835.8	(969.1)	(8,391.7)	1,141.8	(3,082.1)	3,082.1	(13,680.0)
- Distribution to stewards via refund						5,000.0	-	5,000.0
- Distribution to stewards via fees			10,000.0		5,000.0	7,000.0		22,000.0
- Potential additional refund amount						4,169.0		4,169.0
<b>Total</b>	<b>(7,925.1)</b>	<b>9,698.8</b>	<b>9,672.6</b>	<b>(7,752.9)</b>	<b>6,796.2</b>	<b>13,829.0</b>	<b>3,932.9</b>	<b>28,251.6</b>
<b>Difference</b>	<b>(10,306.6)</b>	<b>3,615.9</b>	<b>8,181.4</b>	<b>(9,397.7)</b>	<b>5,321.1</b>	<b>(21.2)</b>	<b>2,607.0</b>	<b>(0.0)</b>



# Financial Statements

**Stewardship Ontario Financial Statements  
For the year ended December 31, 2024**

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## Independent Auditor's Report

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### To the Administrator of Stewardship Ontario

#### Opinion

We have audited the financial statements of Stewardship Ontario (the "Organization"), which comprise the balance sheet as at December 31, 2024, and the statements of changes in net assets, operations and cash flows 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 its results of operations and its cash flows for the year then ended in accordance with Canadian 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

#### Auditor's 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 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 financial statements.





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## Independent Auditor's Report

(Continued)

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 auditor's 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
March 5, 2025

## Stewardship Ontario Balance Sheet

<b>December 31</b>	<b>2024</b>	<b>2023</b>
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### Assets

#### Current

Cash	\$ 4,532,788	\$ 10,360,371
Investments (Note 2)	26,007,300	33,448,039
Accounts and other receivables (Note 3)	1,445,243	1,755,081
Prepaid expenses and deposits	44,541	44,041

	32,029,872	45,607,532
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Investments (Note 2)	5,898,935	19,805,358
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	\$ 37,928,807	\$ 65,412,890
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### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 4)	\$ 17,074,870	\$ 32,253,049
Continuous Improvement Fund (Note 5)	3,092,074	8,601,712

	20,166,944	40,854,761
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#### Net Assets

Unrestricted	17,761,863	24,558,129
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	\$ 37,928,807	\$ 65,412,890
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On behalf of the Administrator:



Administrator

The accompanying notes are an integral part of these financial statements.



## Stewardship Ontario Statement of Changes in Net Assets

**For the year ended December 31, 2024**

	Unrestricted	2024 Total
Balance, beginning of year	\$ 24,558,129	\$ 24,558,129
Deficiency of revenue over expenses for the year	(6,796,266)	(6,796,266)
Balance, end of year	\$ 17,761,863	\$ 17,761,863

**For the year ended December 31, 2023**

	Unrestricted	2023 Total
Balance, beginning of year	\$ 16,805,226	\$ 16,805,226
Excess of revenue over expenses for the year	7,752,903	7,752,903
Balance, end of year	\$ 24,558,129	\$ 24,558,129

The accompanying notes are an integral part of these financial statements.

## Stewardship Ontario Statement of Operations

For the year ended December 31	2024	2023
<b>Revenue</b>		
Blue Box program steward fees	\$ 79,245,664	\$ 158,303,926
Investment income (Note 6)	<u>3,212,551</u>	<u>4,117,711</u>
	<b>82,458,215</b>	<b>162,421,637</b>
<b>Expenses</b>		
Blue Box Program		
Municipal Transfer Payments	84,167,500	148,953,456
Promotion and education	644	56,990
Program wind up costs	<u>654,430</u>	<u>638,793</u>
	<b>84,822,574</b>	<b>149,649,239</b>
Common costs		
Program management (Note 4)	3,595,417	4,059,995
Resource Productivity and Recovery Authority (Note 7)	<u>836,490</u>	<u>959,500</u>
	<b>4,431,907</b>	<b>5,019,495</b>
Total expenses	<u>89,254,481</u>	<u>154,668,734</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (6,796,266)</b>	<b>\$ 7,752,903</b>

The accompanying notes are an integral part of these financial statements.



## Stewardship Ontario Statement of Cash Flows

**For the year ended December 31**

**2024**

**2023**

### Cash (used in)

#### Operating activities

Excess (deficiency) of revenue over expenses for the year	\$ (6,796,266)	\$ 7,752,903
Adjustments to reconcile excess (deficiency) of revenue over expenses for the year to cash provided by operating activities		
Non-cash component of investment loss	(1,226,929)	(999,979)
Changes in non-cash working capital balances:		
Accounts and other receivables	309,838	714,919
Prepaid expenses and deposits	(500)	(8,924)
Accounts payable and accrued liabilities	(15,178,179)	(13,126,474)
Deferred revenue	-	(666,017)
Continuous Improvement Fund	(5,509,638)	(2,372,967)
	<b>(28,401,674)</b>	<b>(8,706,539)</b>

#### Investing activities

Proceeds from investments, net of expenses	<b>22,574,091</b>	2,431,980
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#### Decrease in cash during the year

<b>(5,827,583)</b>	(6,274,559)
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#### Cash, beginning of year

<b>10,360,371</b>	16,634,930
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#### Cash, end of year

<b>\$ 4,532,788</b>	\$ 10,360,371
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The accompanying notes are an integral part of these financial statements.

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# Stewardship Ontario

## Notes to Financial Statements

**December 31, 2024**

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### 1. Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization:

#### (a) Business Organization and Operations

Stewardship Ontario ("Organization") is an Industry Funding Organization created under Section 24 of the Waste Diversion Act, 2002 ("WDA") to operate waste diversion programs. On February 14, 2003, the Organization was formally incorporated in the Province of Ontario as a corporation without share capital. The Organization is a not-for-profit organization and as such is not subject to income taxes.

On November 30, 2016, The Resource Recovery and Circular Economy Act (2016) ("RRCEA") was proclaimed along with the Waste Diversion Transition Act (2016) ("WDTA") which replaces the WDA. Under the RRCEA, Waste Diversion Ontario ("WDO") continued under its new name, the Resource Productivity and Recovery Authority ("RPRA").

#### Blue Box Program

The first Blue Box Program Plan was approved by the Minister of the Environment in December 2003 and the program commenced operations in February 2004.

On August 15, 2019, Management received a letter from the Minister of the Environment, Conservation and Parks that directed the Organization to transition the management of the Blue Box Program to producers of plastic and other packaging. The Organization had to submit a plan to transition the Blue Box Program no later than August 31, 2020. The transition plan was approved by RPRA on December 23, 2020. The Blue Box Program began its transition in July 2023 and will cease operations by the end of 2025. Corporate wind up is expected to follow the Blue Box Program transition.

#### (b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### (c) Revenue Recognition

The Blue Box program steward fees are recognized as revenue based on reported tonnages for stewards registered with the Organization. Steward reported tonnages for prior years' obligations and revenues resulting from compliance and enforcement activities are recognized when the amount can be reasonably estimated and collection is reasonably assured.

The Organization follows the deferral method of accounting for revenues. Amounts received for programs are recognized as revenue when the related expenses are incurred.



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## Stewardship Ontario Notes to Financial Statements

**December 31, 2024**

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### **1. Significant Accounting Policies - (Continued)**

#### **(d) Financial Instruments**

Fixed income investments are valued at year-end quoted market prices. Realized and unrealized gains (losses) are recorded in the statement of operations. The Organization accounts for these investments on a settlement date basis and transaction costs associated with these investment activities are included in the statement of operations. These investments have been presented according to their contractual maturity dates.

Unless otherwise noted, the Organization initially measures its financial assets and liabilities at fair value and subsequently measures its financial assets and liabilities at amortized cost.

#### **(e) Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include estimates of unreported tonnages and collectability of steward fees, accrued post collection costs and the valuation of accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

## Stewardship Ontario Notes to Financial Statements

**December 31, 2024**

### 2. Investments

	2024	2023
Cash held with broker	\$ 108,938	\$ 259,516
Fixed income	31,797,297	52,993,881
	<b>31,906,235</b>	53,253,397
Less: Current portion	26,007,300	33,448,039
	<b>\$ 5,898,935</b>	\$ 19,805,358

Fixed income investments bear interest at 2.24% to 3.11% (2023 - 2.24% to 4.0%) and mature between February 2025 and May 2030 (2023 - June 2024 and May 2030). The decrease in market value of investments for the year ended December 31, 2024 amounted to \$1,220,391 (2023 - \$1,188,576) which is included in investment income (Note 6).

### 3. Accounts and Other Receivables

	2024	2023
Blue Box program steward fees	\$ 3,908,952	\$ 3,927,995
Other	64,821	131,442
Allowance for doubtful accounts	(2,528,530)	(2,304,356)
	<b>\$ 1,445,243</b>	\$ 1,755,081

### 4. Significant Contracts

The Organization is entered into a Management Services Agreements with Circular Materials ("CM"). Charges totaling \$2,959,542 (2023 - \$2,989,779) were paid to CM pursuant to the contract and are included in program management expenses in the statement of operations. Included in accounts payable and accrued liabilities as at December 31, 2024 is \$279,127 (2023 - \$238,889) relating to these services.

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## Stewardship Ontario Notes to Financial Statements

**December 31, 2024**

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### 5. Continuous Improvement Fund ("CIF")

In prior years, the Organization was directed to hold back a portion of the municipal blue box obligation for the CIF; see Note 8 for further details regarding the fund. The CIF is managed by external parties and directs the Organization to release funds as required.

During the year ended December 31, 2024, the CIF spent \$5,509,638 (2023 - \$2,386,951) on continuous improvement activities. The funds held by the Organization for the CIF are included in cash.

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### 6. Investment Income

	2024	2023
Interest income	\$ 1,991,608	\$ 2,972,722
Dividend income	160,854	145,010
Gain on sale of investments	6,538	1,446
	<b>2,159,000</b>	3,119,178
Adjustment to fair value	1,220,391	1,188,576
Investment expenses	(166,840)	(190,043)
	<b>\$ 3,212,551</b>	<b>\$ 4,117,711</b>

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### 7. Resource Productivity and Recovery Authority

Under the Blue Box program agreement, the Organization is required to collect fees to cover program operations and the program specific and common costs of RPRA that relate to program oversight.

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### 8. Commitments

#### Continuous Improvement Fund ("CIF")

The CIF provides grants and loans to municipalities to execute projects that will increase the efficiency of municipal Blue Box recycling and help boost system effectiveness. The CIF was created to support projects that will identify and implement best practices, examine and test emerging technologies, employ innovative solutions to increase Blue Box materials marketed, and promote gains in cost-effectiveness that can be implemented province wide. Each year, RPRA determines the amount of the annual municipal obligation funded by the Organization's stewards that is passed along to the CIF and any cumulative unused amounts are reflected in CIF (Note 5). As of December 31, 2024, approved project funding and related commitments for the CIF amounted to approximately \$nil (2023 - \$223,788) of the total fund balance of \$3,092,074 (2023 - \$8,601,712).



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## Stewardship Ontario Notes to Financial Statements

**December 31, 2024**

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### **9. Financial Instrument Risk Exposure and Management**

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. A brief description of management's assessments of these risks is as follows:

**(a) Credit Risk:**

Financial instruments potentially exposed to credit risk include cash, investments, and accounts and other receivables. Management considers its exposure to credit risk over cash to be remote as the Organization holds cash deposits at a major Canadian bank. Management considers its exposure to credit risk over investments to be remote as the Organization invests in federal or provincial government securities, corporate bonds, securities backed by any chartered bank, guaranteed investment certificates or equity and bond pooled funds. Accounts and other receivables, are not significantly concentrated, monitored regularly for collections, and the carrying amount represents the maximum credit risk exposure. The Organization's provision for uncollectable accounts, other receivables and loans receivable is \$2,528,530 (2023 - \$2,304,356).

**(b) Interest Rate Risk:**

The Organization is exposed to interest rate risk from fluctuations in interest rates depending on prevailing rates at renewal of fixed income investments. To manage this exposure, the Organization invests mainly in fixed income securities (federal or provincial government securities, securities backed by any chartered bank or equity and bond pooled funds), and cash and/or money market investments as determined by the Organization's portfolio manager and in accordance with the Organization's investment policy. To further manage interest rate risk, the Organization's investment portfolio has been laddered so that investment maturities are staggered.

**(c) Liquidity Risk:**

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they come due. Management has taken steps to ensure that the Blue Box programs will have sufficient working capital available to meet obligations which it is unable to cover from program revenue in the short term.

These risks have not changed from the prior year.



Stewardship Ontario

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