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Thinking
beyond
the box

Stewardship Ontario

2025

FINAL ANNUAL REPORT 2025

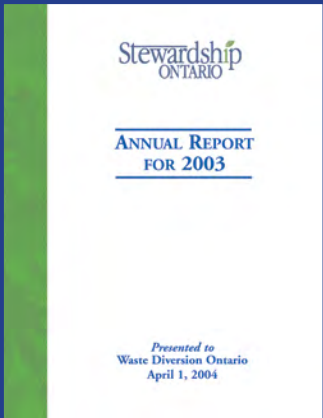
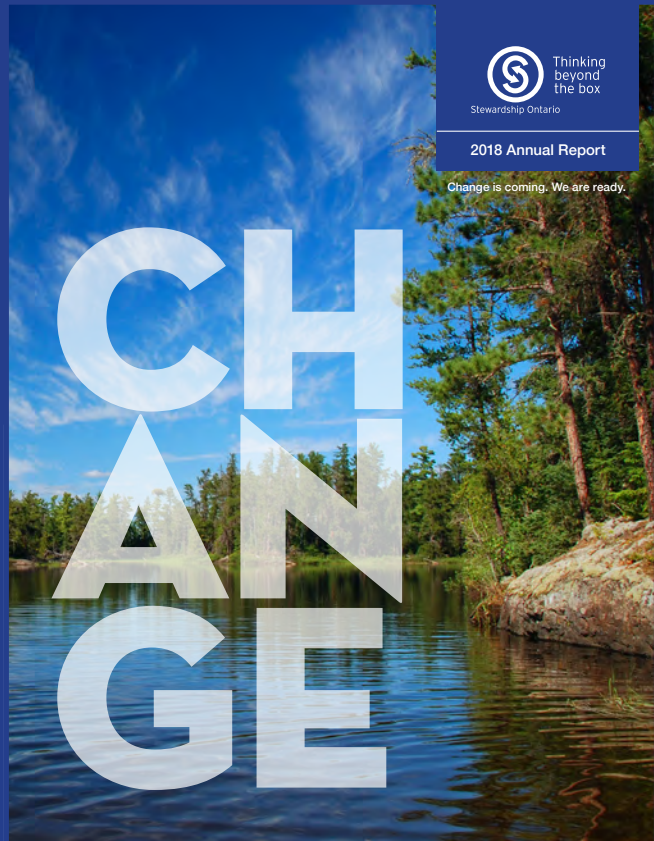
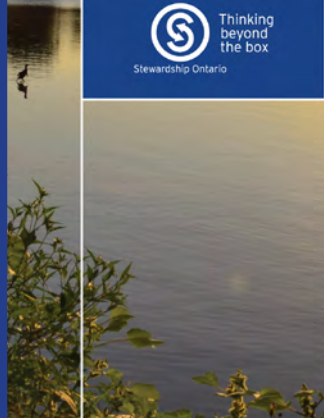
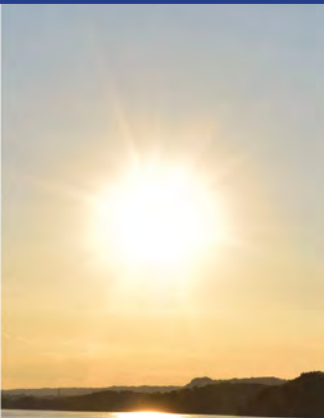
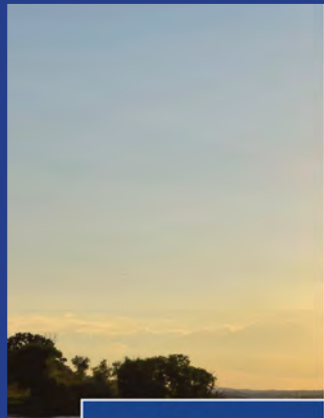
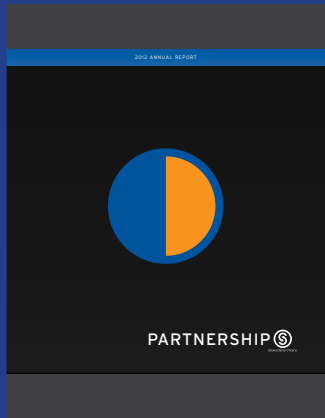
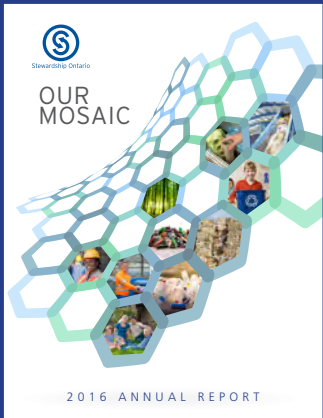


After 20 Years, Stewardship Ontario Concludes Operations

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 operated the province's legacy Blue Box Program for recycling printed paper and packaging until December 31, 2025.

The Ontario government has implemented a new approach to resource recovery in which businesses are 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.



Letter from the Executive Director

After more than two decades of pioneering work in producer responsibility, Stewardship Ontario officially wound up Blue Box operations as of December 31, 2025, effectively marking the completion of Ontario's Blue Box Transition to full extended producer responsibility (EPR). It is with mixed emotions that we share Stewardship Ontario's final Annual Report.

In 2025, our work focused on ensuring a smooth conclusion of operations and transition for our stewards. We worked to finalize outstanding obligations, continued to meet our final regulatory requirements and collaborated closely with the [Resource Productivity and Recovery Authority \(RPRA\)](#). In December 2025 - in accordance with the approved [Blue Box Transition Plan](#) - we issued refunds to eligible stewards from our General Reserve, and we are now in the process of concluding our corporate operations and preparing for the liquidator to assume responsibility in the summer of 2026.

With Ontario's Blue Box Program now operating under full EPR, we are confident the foundation we built over the past 20+ years will support continued innovation and improved environmental outcomes. We are proud of our achievements and encourage you to review our [2024 Annual Report](#) to see some highlights from over the past two decades.

To our stewards, municipalities, First Nations communities, industry partners and all stakeholders: our sincere thanks for your collaboration and partnership over the years. Together, we have made a lasting impact that will benefit generations to come.

Sincerely,



Lyle Clarke
Executive Director, Stewardship Ontario

Key Activities and Milestones in 2025

Below is a summary of key activities and milestones that took place in 2025, leading to the wind up of Stewardship Ontario operations:

- All communities participating in the Blue Box Program transitioned on or before December 31, 2025.
- The process for transferring electronic records to the Resource Productivity and Recovery Authority (RPPRA) was initiated and validated, and prior electronic records were successfully transferred.
- Physical records were compiled, catalogued and transferred to an off-site storage facility in preparation for transfer to RPPRA.
- Stewardship Ontario's social media accounts were closed/deactivated and the website was updated to acknowledge the end of the legacy Blue Box Program.
- General Reserve funds not required for the final corporate wind up were returned to stewards in good standing. In that effort, \$7 million in the 2025/26 budget was used to offset fees for 2025 and a refund of \$7.5 million was issued in December.
- A liquidator to oversee the wind up of Stewardship Ontario as an entity was selected and approved by RPPRA, and legal counsel was engaged to advise on the liquidation process. Plans for the liquidation of Stewardship Ontario as an entity in 2026 were finalized.
- The final meeting of the Stewardship Ontario Advisory Committee was held.

Financial Statements

Stewardship Ontario Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

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, 2025, 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, 2025, 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.



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 4, 2026

Stewardship Ontario Balance Sheet

December 31 **2025** **2024**

Assets

Current

Cash	\$ 14,362,093	\$ 4,532,788
Investments (Note 2)	-	26,007,300
Accounts and other receivables (Note 3)	29,471	1,445,243
Prepaid expenses and deposits	51,507	44,541
	14,443,071	32,029,872

Investments (Note 2)

	-	5,898,935
	14,443,071	37,928,807

\$ 14,443,071 **\$ 37,928,807**

Liabilities and Net Assets

Current

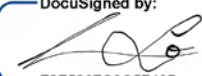
Accounts payable and accrued liabilities (Note 4)	\$ 5,806,560	\$ 17,074,870
Continuous Improvement Fund (Note 5)	-	3,092,074
	5,806,560	20,166,944

Net Assets

Unrestricted	8,636,511	17,761,863
	8,636,511	17,761,863

\$ 14,443,071 **\$ 37,928,807**

On behalf of the Administrator:

DocuSigned by:

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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, 2025

	Unrestricted	2025 Total
Balance , beginning of year	\$ 17,761,863	\$ 17,761,863
Deficiency of revenue over expenses for the year	(9,125,352)	(9,125,352)
Balance , end of year	\$ 8,636,511	\$ 8,636,511

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

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

Stewardship Ontario Statement of Operations

For the year ended December 31	2025	2024
Revenue		
Blue Box program steward fees	\$ 30,756,758	\$ 79,245,664
Investment income (Note 6)	<u>1,339,167</u>	<u>3,212,551</u>
	<u>32,095,925</u>	<u>82,458,215</u>
Expenses		
Blue Box Program		
Municipal Transfer Payments	28,421,628	84,167,500
Promotion and education	-	644
Program wind up costs	599,429	654,430
Surplus transfer (Note 7)	<u>7,500,000</u>	<u>-</u>
	<u>36,521,057</u>	<u>84,822,574</u>
Common costs		
Program management (Note 4)	4,244,299	3,595,417
Resource Productivity and Recovery Authority (Note 8)	<u>455,921</u>	<u>836,490</u>
	<u>4,700,220</u>	<u>4,431,907</u>
Total expenses	<u>41,221,277</u>	<u>89,254,481</u>
Deficiency of revenue over expenses for the year	<u>\$ (9,125,352)</u>	<u>\$ (6,796,266)</u>

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

Stewardship Ontario Statement of Cash Flows

For the year ended December 31	2025	2024
Cash (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	\$ (9,125,352)	\$ (6,796,266)
Adjustments to reconcile deficiency of revenue over expenses for the year to cash provided by operating activities		
Non-cash component of investment loss	(597,848)	(1,226,929)
Changes in non-cash working capital balances:		
Accounts and other receivables	1,415,772	309,838
Prepaid expenses and deposits	(6,966)	(500)
Accounts payable and accrued liabilities	(11,268,310)	(15,178,179)
Continuous Improvement Fund	(3,092,074)	(5,509,638)
	(22,674,778)	(28,401,674)
Investing activities		
Proceeds from investments, net of expenses	32,504,083	22,574,091
Increase (decrease) in cash during the year	9,829,305	(5,827,583)
Cash, beginning of year	4,532,788	10,360,371
Cash, end of year	\$ 14,362,093	\$ 4,532,788

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

Stewardship Ontario Notes to Financial Statements

December 31, 2025

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 ceased operations at the end of 2025. Corporate wind up is expected to follow the Blue Box transition in 2026.

(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.

Stewardship Ontario Notes to Financial Statements

December 31, 2025

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, 2025

2. Investments

	2025	2024
Cash held with broker	\$ -	\$ 108,938
Fixed income	-	31,797,297
	-	31,906,235
Less: Current portion	-	26,007,300
	\$ -	\$ 5,898,935

The decrease in market value of investments for the year ended December 31, 2025 amounted to \$Nil (2024 - \$1,220,391) which is included in investment income (Note 6).

3. Accounts and Other Receivables

	2025	2024
Blue Box program steward fees	\$ 3,316,989	\$ 3,908,952
Other	29,471	64,821
Allowance for doubtful accounts	(3,316,989)	(2,528,530)
	\$ 29,471	\$ 1,445,243

4. Significant Contracts

The Organization is entered into a Management Services Agreements with Circular Materials ("CM"). Charges totaling \$3,041,245 (2024 - \$2,959,542) 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, 2025 is \$255,196 (2024 - \$279,127) relating to these services.

Stewardship Ontario Notes to Financial Statements

December 31, 2025

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 9 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, 2025, the CIF spent \$3,092,074 (2024 - \$5,509,638) on continuous improvement activities. The funds held by the Organization for the CIF were included in cash.

6. Investment Income

	2025	2024
Interest income	\$ 764,637	\$ 1,991,608
Dividend income	116,503	160,854
Gain on sale of investments	597,878	6,538
	1,479,018	2,159,000
Adjustment to fair value	-	1,220,391
Investment expenses	(139,851)	(166,840)
	\$ 1,339,167	\$ 3,212,551

7. Surplus Transfer

During the year, as approved by the Blue Box Transition Plan an excess surplus of funds in the amount of \$7,500,000 were distributed to eligible Blue Box stewards in December 2025 through a fee refund.

8. 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.

Stewardship Ontario Notes to Financial Statements

December 31, 2025

9. 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, 2025, the CIF had a total fund balance of \$nil (2024 - \$3,092,074).

The CIF was wound up in the second quarter of 2025, including the final distribution of surplus funds to all eligible municipalities.

10. 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 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. 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 \$3,316,989 (2024 - \$2,528,530). This risk has not changed from prior year.

(b) 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. This risk has not changed from the prior year.



Stewardship Ontario