SOGHU
SOCIÉTÉ DE GESTION DES HUILES USAGÉES

Make Every Drop Count!

2015 ANNUAL REPORT

TABLE OF CONTENTS

SOGHU must adapt to market fluctuations 04
Standard Flow Cycle of Funds and Products 05
SOGHU maintains its efficiency 06
Scoreboard of SOGHU 08
SOGHU Members 10
SOGHU Committees 12
SOGHU Zones 14

Financial Statements

Independent Auditor's Report 15
Income 16
Changes in Net Assets 17
Balance Sheet 18
Cash Flow 19
Notes to Financial Statements 20

SOGHU MUST ADAPT TO MARKET FLUCTUATIONS

Since 2005, SOGHU, a private non-profit corporation, has managed, for Québec as a whole, the recovery and reclamation of the products covered by the *Regulation respecting the recovery and reclamation of products by enterprises*. Since 2014, SOGHU has also managed the operations of the Atlantic Used Oil Management Association, SOGHUOMA, which currently includes the provinces of New Brunswick and Prince Edward Island.

This management approach allows administrative economies of scale, thanks to the expertise of the people in place and the electronic system deployed both for the Members (remittance form) and the Collectors (electronic forms that save time and allow better control of SOGHU claim collection data), for each of the three provinces. This type of management preserves each province's independence regarding its budgets, goals and deployment of specific initiatives.

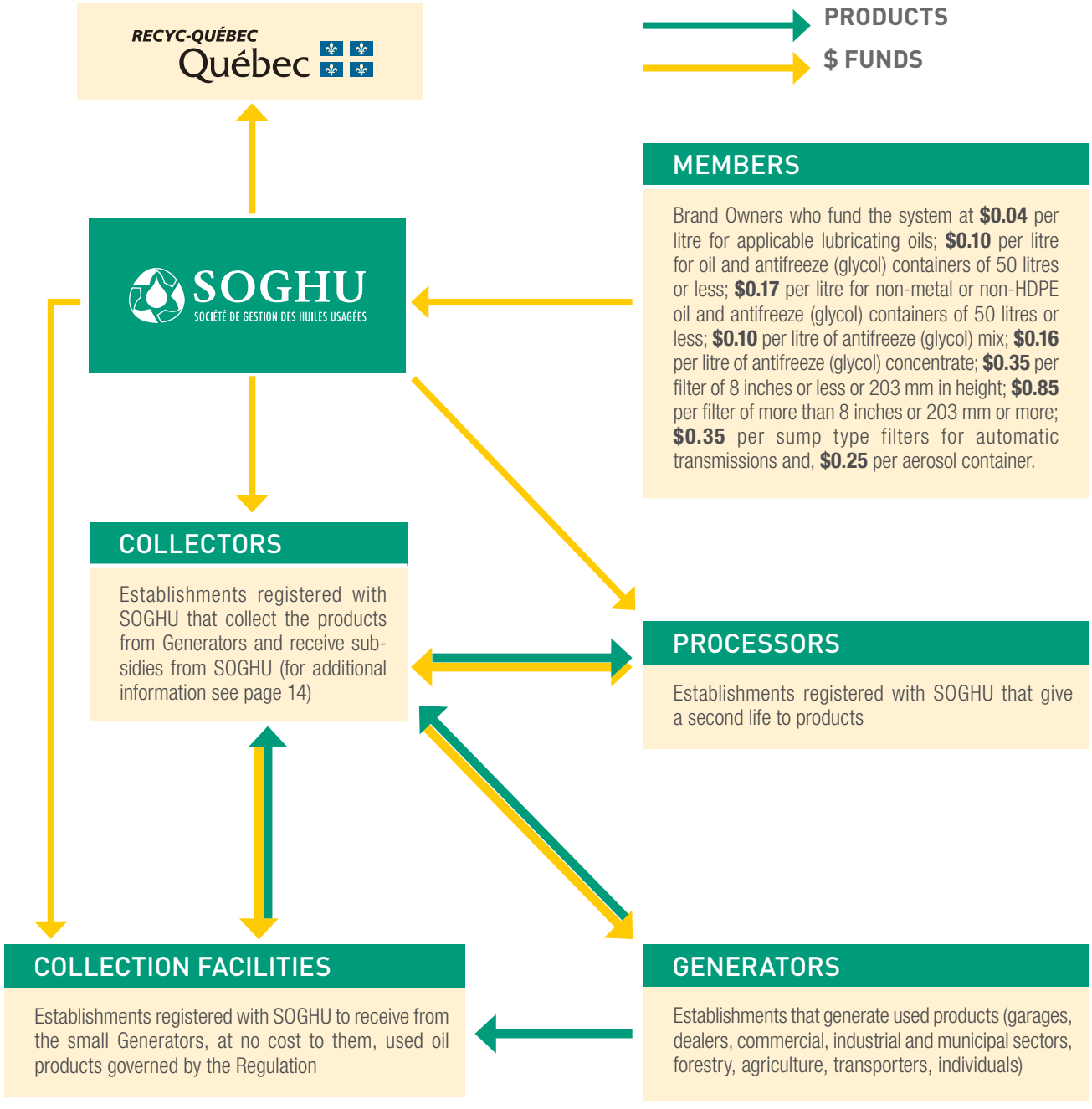
Over the past year, certain financial adjustments were made, attributable to market trends. In particular, the Return Incentives paid to the Collectors had been the same since 2005, despite the increase in operating costs and the decrease in the values of used products. In partnership with the Collectors, SOGHU therefore had to make fair adjustments to the amounts paid.

Parallel to this and based on the principle that all the products covered by the Regulation should self-finance, SOGHU adjusted the Environmental Handling Charges on the lubricant containers to achieve the balance sought.

These adjustments allow the Collectors to continue their work efficiently and maintain recovery rates that meet the Regulation's requirements. In the medium and long term, these adjustments will also allow SOGHU to avoid payment of penalties to the Green Fund. Remember that these penalties are set out in the Regulation in case the recovery goals are not achieved.

It is also important to offer small Generators Collection Facilities where they can return their used products covered by the Regulation. SOGHU thus maintains two promotions to thank and encourage the owners of mechanical shops and industries, and the municipal managers who have registered Collection Facilities to offer this service throughout Québec. We sincerely wish to thank them for their participation in SOGHU's activities. However, we ask those who use this service to respect the schedules and not leave products unsupervised. We should mention that all GM and Toyota dealers, the Monsieur Muffler and Octo mechanical shops and several other private mechanical shops, as well as several municipalities, voluntarily became directly involved to improve the environment and better serve their respective clienteles.

STANDARD FLOW CYCLE OF FUNDS AND PRODUCTS



SOGHU MAINTAINS ITS EFFICIENCY

Efficiency and partnerships require adaptability

In the development and implementation of its program, SOGHU has always favoured win-win partnerships, both with the Members who finance the system and the Collectors who are the main players in the field.

This partnership facilitates the adaptation of our processes to the normal fluctuations of the values of different products, parallel to the normal increase in operating costs. This was the background last December when SOGHU adjusted the amounts of the Return Incentives paid to the Collectors to account for the normal recovery costs. Our objective is to enable the Collectors to continue to collect free of charge, as the Regulation requires. In short, the adjustment involves a slight increase in the Environmental Handling Charge on oil containers.

Trends and influence of the development of cardboard filters

The statistics of the past few years showed a clear trend in reduction of the filter recovery rate, inversely proportional to the increase in marketing of cardboard filters. A segregation, supervised by RECYC-QUÉBEC to validate the results and adjust the rates for cardboard filter penetration, showed us that the “actual” recovery rates for 2015 were 86.4% instead of 74.5% (liable for penalty as below 75%).

This segregation will be performed annually, allowing us to track the different trends and present realistic results.

Complete redesign of SOGHU’s website

The SOGHU team has put a lot of effort to make its website even more simple, convenient and better meet the needs of all users. SOGHU has always been recognized for its transparency and the ease of finding all types of information and it wanted to amplify these strengths by giving a presentation attuned to current tastes. We invite you to visit it.

SOGHU also worked with the other provinces to design a common Web page for its national organization, NUOMAAC, and establish a Newsletter for its members.

Partnerships with the four recognized management organizations (RMOs) in Québec for pickup in NUNAVIK

In a concern for economy and harmonization, the cooperation of the five RMOs (oil, paint, electronics, batteries and light bulbs) in 2015 produced good results for the collection of these products in three NUNAVIK municipalities. This experience should be renewed in 2016 in six municipalities.

The crude oil price, a major problem

Since the price of oil (new and used) is tied to the price of the raw material, the downward fluctuations of the crude oil price are resulting in a major problem of competitiveness for Collectors, who can barely sell the collected oil. A special committee composed of Board Members, Collectors and oil processors will be established at the beginning of 2016 to find short and long-term solutions to ensure these oils are reclaimed to meet the Regulation's requirements.

Another successful year for SOGHU

The Members of the Board of Directors and the staff of SOGHU are very proud of all the projects and results of this 11th year of operations conducted according to the approach based on win-win partnerships. We also wish to recognize and thank RECYC-QUÉBEC for the excellent cooperation it maintains with SOGHU.

In short, we believe our program represents a sustainable development model, balancing environmental, business and societal needs.

Carol Montreuil
Chairman of the Board of Directors

Gilles Goddard
General Manager

Top row > Mr. Maxime Rivet – Mr. Paul Lefebvre – Mr. Paul Granda – Mr. Serge Ouellette – Mr. François Gingras – Mr. Michael Paul – Mr. L. Pierre Comtois – Mr. Alain Gariépy – Mr. Jean Duchesneau – **Bottom row >** Mr. Roch Cousineau – Mr. Philippe Dussault – Mr. Gilles Goddard, DG – Mr. Carol Montreuil, Pres. – Mr. Laurent Gagnon – Mr. Raymond Savard – **Not shown in photo >** Mr. Guy Bélanger – Mr. Franck Bagouet – Mr. Robert Huberdeau, V.-P. – Mrs. Loulia Kouchaji – Mr. Pierre-Yves Larose – Mrs. Chantal Mantha

SOGHU SCOREBOARD

Sales and Recovery Summary – January to December 2015

Products	Measurements	Sales	Recoverable	Reused 5%	Recuperated	Reused – Recup. (%)	Object. R-Q
Oils	litres	103,137,601	75,187,311[1]		59,733,815[7]	79.4%	75.0%
Filters	units	10,735,888[2]	10,735,888		9,551,034[3]	89.0%	75.0%
	kg	3,156,389	3,156,389		2,808,038	89.0%	75.0%
Oil Containers	litres	39,811,649	39,811,649	1,990,582[4]	35,289,815	88.6%	75.0%
	kg	2,417,400	2,417,400	92,759[4]	2,142,830	88.6%	75.0%
Antifreeze (glycol)	litres	15,625,812	6,828,480[5]		1,788,794	26.2%	25.0%
Antifreeze (glycol) Containers	litres	4,762,690	4,762,690		1,454,861	30.5%	25.0%
	kg	206,141	206,141		62,970	30.5%	25.0%

	Oils			Filters			Containers		
Zone	RI	In Litres	%	RI	In kg	%	RI	Oils	%
1	$0.03	29,025,989	48.7%	$0.65	1,381,269	49.19%	$1.27	707,126	34.49%
2	$0.04	6,806,452	11.4%	$0.65	338,781	12.06%	$1.70	212,073	10.34%
3	$0.07	8,663,210	14.5%	$0.80	484,143	17.24%	$1.95	345,685	16.86%
4	$0.07	2,908,197	4.9%	$0.82	151,136	5.38%	$1.95	190,207	9.28%
5	$0.07	2,707,460	4.5%	$0.85	118,868	4.23%	$2.25	127,229	6.21%
6	$0.09	2,006,989	3.4%	$0.90	126,367	4.50%	$2.33	100,866	4.92%
7	$0.07	2,725,523	4.6%	$0.90	93,048	3.31%	$2.33	148,674	7.25%
8	$0.10	2,230,668	3.7%	$0.95	54,149	1.93%	$2.55	81,318	3.97%
9	$0.10	1,088,681	1.8%	$0.95	25,430	0.91%	$2.55	63,853	3.11%
10*	$0.10	385,129	0.6%	$1.35	3,837	0.14%	$5.25	2,478	0.12%
11**	$0.10	395,402	0.7%	$1.50	31,010	1.10%	$5.25	6,368	0.31%
12	$0.20	688,498	1.2%	$0.95	0	0.00%	$1.20	64,194	3.13%
Total	**$0.053**	**59,632,198**	**100.00%**	**$1.08**	**2,808,038**	**100.00%**	**$2.04**	**2,050,071**	**100.00%**

Zone Legend

1. Montréal
2. Québec
3. Centre-du-Québec
4. Outaouais – Laurentides
5. Saguenay – Lac-Saint-Jean
6. Bas-Saint-Laurent – Gaspésie
7. Abitibi
8. Côte-Nord
9. Nord-du-Québec
10. Les Îles-de-la-Madeleine
11. Nord du Nord-Québec, Basse-Côte-Nord, Île d'Anticosti
12. Municipalities

Ratings Legend

1 72.9% of oils are recoverable
2 Average weight of filters marketed • Metal filters: 71.63% • Cardboard filters: 28.37%
3 Average weight of filters marketed • Metal filters: 0.561 kg • Cardboard filters: 0.1165 kg
4 5% of containers are reused according to a study dated March 25, 2008
5 43.7% of antifreeze (glycol) is recoverable
6 Decontamination of oily containers: $572,998
Decontamination of antifreeze (glycol) containers: $26,373
7 Oil inventory at December 31, 2015 included in the recuperation: 548K litres

Products	EHC	RI	Net Difference	Average RI per quantity collected	
Oils	4,211,111	3,164,804	1,046,307	$0.053/ltr	
Filtres	4,197,760	3,036,872	1,160,888	$0.318/un.	$1.08/kg
Oil Containers	4,567,754	4,159,106	408,648	$0.110/un.	$2.04/kg
Processing	–	599,371	(599,371)[6]	$0.016/un.	$0.29/kg
Antifreeze (glycol)	1,472,144	414,511	1,057,633	$0.232/ltr	
Antifreeze (glycol) Containers	476,269	154,523	321,746	$0.106/un.	$2.04/kg
	14,925,038	**11,529,187**	**3,395,851**		

Containers				Antifreeze (glycol)			Collection Facilities		
Antifreeze (glycol)	%	Total kg	%	RI	In litres	%	Commercial	Municipal	Total
21,595	34.29%	728,721	34.49%	$0.16	828,156	46.30%	180	95	275
6,474	10.28%	218,547	10.34%	$0.18	220,983	12.35%	60	53	113
10,305	16.36%	355,990	16.85%	$0.23	321,477	17.97%	109	140	249
6,038	9.59%	196,245	9.29%	$0.23	63,952	3.58%	24	76	100
4,097	6.51%	131,326	6.22%	$0.30	83,787	4.68%	31	18	49
3,197	5.08%	104,063	4.92%	$0.34	47,004	2.63%	43	76	119
4,372	6.94%	153,046	7.24%	$0.32	78,629	4.40%	17	34	51
2,576	4.09%	83,894	3.97%	$0.45	11,933	0.67%	13	20	33
1,910	3.03%	65,763	3.11%	$0.45	40,523	2.27%	3	2	5
81	0.13%	2,559	0.12%	$0.50	0	0.00%	6	1	7
126	0.20%	6,494	0.31%	$0.50	62,578	3.50%	1	4	5
2,199	3.49%	66,393	3.14%	$0.50	29,772	1.66%	0	0	0
62,970	**100.00%**	**2,113,041**	**100.00%**	**$0.232**	**1,788,794**	**100.00%**	**487**	**519**	**1,006**

As of December 31, 2015

Members	275	Collectors	27	Processors	49	Internal Collectors-Processors	3

* Note: For zone 10, Île-de-la-Madeleine, a special transportation RI of $ 0.18 per litre is allowed for used oils and used antifreeze (glycol) collected and carried to the mainland.
** Note: For zone 11, Basse-Côte-Nord and Île d'Anticosti, a special transportation RI of $ 0,28 per litre is allowed for all unprocessed used oils and used antifreeze (glycol) in zone 11.
Note: This information is based on remittances received and Ris paid up to March 31 2016.

SOGHU MEMBERS

3M Canada Company
9272-1778 Québec Inc. (LDG International)
Acklands-Grainger Inc.
ADF Diesel Montréal Inc.
Aerochem Inc.
Aerospace Produits International Ltée
Affinia Canada ULC
AGCO Corporation
Agnico-Eagle Mines Ltd., Division Meadowbank
ALFA Services Conseils Inc.
Altrom Canada Corp.
American Grease Stick Co.
Amsoil Inc.
Antirouille Métropolitain
April Super Flo Inc.
Arctic Cat Sales Inc.
Armored Auto Group Canada ULC
Asalco Inc.
Atelier HP Ltée
Atelier PV Hydraulique (2004) Inc.
Atlas Copco Compressors Canada Inc.
Auto Master Supplies King Inc.
Auto Modena Inc.
Auto-Camping Ltd.
Autolectra Inc.
Auto-Moto Canada Inc.
Aviall Canada Ltd.
AvJet Holding Inc.
Baldwin Filters Inc.
Baldwin Filters Inc. (DBA Hastings Filters)
BASF Canada Inc.
Beck Arnley Worldparts Inc.
Benson Group Inc.
BestBuy Distributors Ltd.
Black Dog Lubricants Ltd.
Blue Water Agencies Ltd.
BMW Canada Inc.
Bosch Rexroth Canada Corporation
BP Lubricants USA Inc.
Bronswerk Marine Inc.
BRP Inc.
Busch Vacuum Technics Inc.
Campbellton Auto Supply
Canadian General Filters Ltd.
Canadian Kawasaki Motors Inc.
Canadian Pacific Railway
Carquest Canada Ltd.
Castrol Industrial North America Inc.
Centre du Camion J.L. Inc.
Centre Hydraulique Hydrep Inc.
Chalifour Canada
Champion Laboratories Inc.
Chauffage Premier Inc.
Chem-Ecol Ltd.
Chevron Canada Limited
Chicago Pneumatic Tool Company Canada Ltd.
CNH Industriel Canada Ltée
COMAIRCO LTEE
Compresseurs Québec Div. Inter-Power A.K. Corp.
Control Chemical (1989) Corporation
Contrôle-air Compresseur 2010 Inc.
Cool Distribution Inc.
Coop fédérée (La)
Costco Wholesale Canada Ltd.
CPT Canada Power Technology Limited
CRC Canada Inc.
Cummins Est du Canada SEC
D.A.S. Distributors, Inc.
D.D. Distributions Lubrifiants Inc.
Daimler Trucks Canada Ltd.
Davanac Inc.
Denis Gauvin Inc.
Distribution M.C. Exploité par 9222-2850 Québec Inc.
Distribution, Importation Jean Gagnon
Distributions Automont Inc. (Les)
Distributions J. Pilon enr.
Distributions RVI (Les)
Echo Power Equipment (Canada)
ECL Services Inc.
Elso Ltée/Ltd.
Empack Spraytech Inc.
Engrenage Provincial Inc.
ENI USA R&M CO. Inc.
Entrepôt de Montréal 1470 Inc.
Entreprises Électriques Nadco Inc.
Entreprises Éthier Hi-Tech Inc. (Les)
Envirolin Canada (9189-0731 Québec Inc.)
Équipement SMS Inc.
Équipements E.M.U. Ltée
Équipements Industriels IBS Inc. (Les)
Équipements Lourds Papineau Inc.
Fastenal Canada Ltd.
FCA Canada Inc.
Ford Motor Company of Canada Ltd.
For-Min Div. DK Spec Inc.
FRAM Group (Canada) Inc.
Fuchs Lubricants Canada Ltd.
Fullbore Marketing Ltd.
G.F. Thompson Company Ltd.
G.K. Industries Ltd.
Gamma Sales Inc.
Garage Guy Audet
Garage R. Nadeau
Gates Canada Inc.
Gauvin Équipement Inc.
GEA Farm Technologies Inc.
General Electric Canada – Transportation Systems
Gilles Cusson Inc.
Granby Industries Limited Partnership
Grenier Poulin Inc.
Groupe BMR inc.
Groupe Environnemental Labrie Inc.
Groupe GLM Inc. (Le)
Groupe Harnois Inc. (Le)
Hall-Chem MFG Inc.
Hangsterfer's Laboratories Incorporated
Harley-Davidson Canada L.P.
Henkel Canada Corporation
Hewitt Équipement Limitée
Home Depot of Canada Inc.
Home Hardware Stores Limited
Honda Canada Inc.
Houghton Canada Inc.
Husqvarna Canada Corp.
Hydralogie Inc.
Hydromec Inc.
Hyundai Auto Canada Corp.
Importations Thibault ltée
Industries Gotham Inc. (Les)
Industries Spectra/Premium Inc. (Les)
Industries Wajax Limitée (Les)
Industries Zeroflo Ltée (Les)
Irving Blending & Packaging
J. Walter Compagnie Ltée
Jacques Larochelle Inc.
Jaguar Land Rover Canada ULC
John Deere Canada ULC
Jonjo Transport Refrigeration Ltd. / Thermo King Montréal

Kaeser Compresseurs Canada Inc.
Kia Canada Inc.
Kimpex Inc.
King-O-Matic Industries Limited
Kleen-Flo Tumbler Industries Ltd.
Krown Corporate
KTM Canada Inc.
Kubota Canada Ltd.
La Compagnie General Motors du Canada
Laboratoires St-Antoine Inc.
Leader Auto Ressources LAR Inc.
Loblaws Inc
Lubri-Expert Inc.
Lubrifiants et Produits Spécialisés Kenbec Inc.
Lubrifiants Petro-Canada Inc.
Lubrifiants Sentinel Corp. (Les)
Lubrification Québec Inc.
Lubri-Lab Inc.
Lucas Oil Products
M & M Fournels Corp. Ltd.
MacEWEN PETROLEUM Inc.
Machinerie R. Gagnon Inc.
Magnéto Hydraulique et Pneumatique
Malmberg Truck Trailer Equipment Ltd.
Mann + Hummel Canada, Inc.
Matech BTA Inc.
Maxim Transportation Services Inc.
Mazda Canada Inc.
MCS-Servo Inc.
Mechanick Pièces d'Autos (144597 Canada Inc.)
Mercedes-Benz Canada Inc.
MFTA Canada Inc.
Milacron Canada, division of Milacron Canada Corp.
Mitsubishi Motor Sales of Canada Inc.
Modern Sales Co-Op
Montreal 4 Cylindres - Pièces Inc.
Motion Industries (Canada) Inc.
Motor Coach Industries Limited
Motovan Corporation
MSC Industrial Supply Co. / Barnes Distribution
Multi-Dépôt (9201-9868 Québec Inc.)
National Energy Equipment Inc.
National Pneumatic Inc.
Navistar Canada Inc.
NCH Canada Inc.
Nissan Canada Inc.
NLS Products
Noco Lubricants LP
Oto-Protec Inc
Paccar Parts, A Division of Paccar of Canada Ltd.
Para-Performance Inc.
Parker Hannifin Canada
Parkland Industries Ltd.
Parts Canada
Permatex Canada
Pétroles Petro-Canada 6989641 Canada Inc.
Pétroles R.L. Inc. (Les)
Pétroles Sonic / Coopérative Fédérée de Québec (Les)
Pétrolière Impériale
Philippe Gosselin & Associés Limitée
Pièces D'Auto Carluce Inc.
Pièces d'Auto J.L. Ltée
Pièces d'Auto T.D.G. Inc. (Les)
Pièces d'Auto Transbec Inc. (Les)
Pièces d'Auto Transit Inc. (Les)
Pièces d'Auto Ultra Chateauguay Inc.
Pièces d'Autos Jean Leblanc
Pièces de Camion de la Beauce Inc.
Pièces de Transmission Unitrans Ltée (Les)
Polaris Industries Ltd.
Porsche Cars Canada Ltd.
Prévost, une division de Groupe Volvo Canada Inc.
PRINOTH Ltd.
Produits Automobiles Laurentide Inc.
Produits Chimiques Magnus Ltée
Produits Industriels Kara Inc.
Produits Lubri-Delta Inc.
Produits Shell Canada Limitée
Prolab Technolub Inc.
Radiator Specialty Company of Canada Ltd.
Recochem Inc.
Recyclage Ramtech Inc.
Regional Automotive Warehousing Ltd.
Réseau C.B. (Div. Canadian Bearings)
Ridge Tool Company
Robco Inc.
Robert Bosch Inc.
Rona Inc.
Safety-Kleen Canada Inc.
SC CLS Holdings ULC Complete Lube Supply
Sears Canada Inc.
Service de Filtres Sefor Inc.
Services Maintech / Maintech Services (Les)
Shoreline Lube Distribution Inc.
Siemens Transformateurs Canada Inc.
Sinto Racing Inc.
Southwestern Petroleum Canada Ltd.
Spécialités Hipertech Inc.
State Industrial Products DBA State Chemical Ltd.
STIHL Limited
Subaru Canada Inc.
Suzuki Canada Inc.
TEC Automotive Industries Inc.
Technologies de procédé WARCO
Teklub Canada Ltée
Texas Refinery Corp. of Canada Ltd.
The North West Company Inc.
The Sherwin-Williams Co.
Thermal-Lube Inc.
Total Canada Inc.
Toyota Canada Inc.
Transformateurs Pioneer Ltée
TruServ Canada Inc.
Turf Care Products Canada Limited
UAP Inc.
Uni-Sélect Québec Inc.
Univar Canada Ltd.
VAG Motorsport (9169-1931 Québec Inc.)
Valley Napa Auto Parts
Valvoline Canada Ltd.
Verco International Inc.
Vermeer Canada Inc.
Viscosity Oil Company
Vision Solution de Procédés
Volkswagen Group Canada Inc.
Volvo Cars of Canada Corp.
Volvo Group Canada Inc.
Wainbee Limited
Wajax Industrial Components Ltd.
Wajax Power Systems
Wakefield Canada Inc.
Walmart Canada Corp.
WD-40 Company (Canada) Ltd.
Westpier Marine & Industrial Supply Inc.
Worldpac Canada Inc.
Wurth Canada Limitée
Yamaha Motor Canada Ltd.

SOGHU COMMITTEES

SOGHU's Board of Directors

Affinia Canada ULC	Serge Ouellette
Canadian Fuel Association	Carol Montreuil
Canadian Vehicle Manufacturers Association	L. Pierre Comtois
Uni-Sélect Canada	Raymond Savard
Global Automakers of Canada	Loulia Kouchaji
Costco Wholesale Canada Ltd.	Chantale Mantha
La Coop fédérée	François Gingras
Lubrifiants Chevron Canada Inc.	Pierre-Yves Larose
Imperial Oil	Philippe Dussault
Shell Canada Products Ltd.	Guy Bélanger
Recochem Inc.	Paul Lefebvre
Robert Bosch Inc.	Roch Cousineau
Produits Automobiles Laurentides Inc.	Alain Gariépy
Total Canada Inc.	Franck Bagouet
Valvoline Canada Limitée	Michael Paul
Wakefield Canada Inc.	Robert Huberdeau
RECYC-QUÉBEC	Maxime Rivet
Awareness Committee President	Laurent Gagnon
General Manager	Gilles Goddard
Legal Advisor, Sheahan & Associés, s.e.n.c.	Paul Granda

Legal Advisor

Sheahan & Associés, s.e.n.c.

SOGHU's Awareness Committee

CAA-Québec	Jacques Maheu
Campor Environnement Inc.	Laurent Gagnon
Conseil québecois du commerce de détail	Françoise Paquet
Front commun québecois pour une gestion écologique des déchets	Karel Ménard
Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques	Nicolas Boisselle
Union des municipalités du Québec	Marie-France Patoine
RECYC-QUÉBEC	Maxime Rivet
SOGHU's General Manager	Gilles Goddard
Solva-Rec Environnement Inc.	Éric Benoit

Employees and Consultants

Gilles Goddard	General Manager
Jean Duchesneau, CPA, CMA	Assistant General Manager
Magalie Morrissette, CPA, CMA	Controller
Diane Caron	Assistant to the General Manager
Kim DeMaisonneuve	Administrative Assistant
Nathalie Télénis	Administrative Assistant
Joël Ouimet	Field Inspector

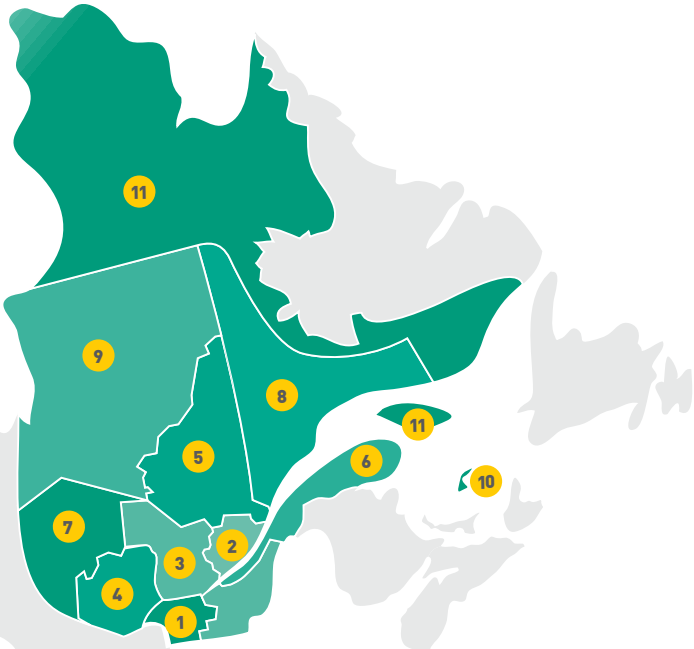
Auditors

Lehoux Boivin, CPA, SENCRL	4255 Lapinière Blvd., Suite 300 Brossard, Quebec J4Z 0C7

SOGHU ZONES

Zone Legend

1. Montréal
2. Québec
3. Centre-du-Québec
4. Outaouais – Laurentides
5. Saguenay – Lac-Saint-Jean
6. Bas-Saint-Laurent – Gaspésie
7. Abitibi
8. Côte-Nord
9. Nord-du-Québec
10. Les Îles-de-la-Madeleine
11. Nord du Nord-Québec
    Basse-Côte-Nord
    Île d'Anticosti



RI Table

ZONE	1	2	3	4	5	6	7	8	9	10[1]	11[2]	12[3]
												Municipale
Used oil ($/litre)	0.03	0.04	0.07	0.07	0.07	0.09	0.07	0.10	0.10	0.10	0.10	0.20
Used antifreeze (glycol) (45-55) ($/litre)	0.16	0.18	0.23	0.23	0.30	0.34	0.32	0.45	0.45	0.50	0.50	0.50
Used filters ($/kg)	0.65	0.65	0.80	0.82	0.85	0.90	0.90	0.95	0.95	1.35	1.50	0.95
Used oil and used antifreeze (glycol) containers ($/kg)	1.27	1.70	1.95	1.95	2.25	2.33	2.33	2.55	2.55	5.25	5.25	1.20
Aerosols ($/kg)	3.67	3.67	3.84	3.84	3.87	3.92	3.97	3.97	3.97	4.37	4.37	0.55/unit

Note 1: For zone 10, Les Îles-de-la-Madeleine, a special transportation return incentive of $0.18 per litre is allowed for used oils and used antifreeze (glycol) carried to the mainland.

Note 2: For zone 11, Basse-Côte-Nord and Île d'Anticositi, a special transportation return incentive of $0.28 per litre is allowed for all unprocessed used oils and used antifreeze (glycol) in zone 11. List of cities for zone 11: Blanc-Sablon, Brador, Chevery, Harrington Harbourg, Kegaska, La Romaine, La Tabatière, Lourdes-de-Blanc-Sablon, Middle Bay, Mutton Bay, Old Fort Bay, Pakua Shipi, Port-Menier (Île d'Anticosti), Saint-Augustin, St-Paul's River, Tête-à-la-Baleine.

Note 3: Zone 12 is privileged from a particular functioning following a contract with Laurentide re/sources for a specific service to municipalities.

NOTE: For information concerning RI rates for Internal Collector-Processor, please contact SOGHU.

INDEPENDENT AUDITOR'S REPORT

To the Members of SOCIÉTÉ DE GESTION DES HUILES USAGÉES (SOGHU)

We have audited the accompanying financial statements of the SOCIÉTÉ DE GESTION DES HUILES USAGÉES (SOGHU), which comprise the balance sheet as at December 31, 2015 and the statements of income, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accouting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the SOCIÉTÉ DE GESTION DES HUILES USAGÉES (SOGHU) as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Lehoux Boivin[1]

Brossard, April 4, 2016

1 By Martin Fontaine, CPA auditor, CGA, public accountancy permit No A127955

INCOME

for the year ended December 31, 2015

REVENUES	2015 ($)	2014 ($)
Environmental Handling Charges	**14,925,038**	14,721,507
Transfer to Eco Peinture (aerosol)	**96,569**	121,917
Registration and renewal	**8,400**	6,400
Investment income	**279,949**	380,459
Management revenue (note 3)	**186,160**	129,729
	15,496,116	15,360,012

EXPENSES

Program		
Return incentives	**10,879,569**	10,978,732
Process incentives	**649,617**	619,687
Collection facilities incentives	**22,124**	74,469
Incentive aerosol (Éco peinture)	**96,569**	121,917
Container segregation	**78,563**	80,475
Advertising and communications	**476,141**	332,540
Contributions to RECYC-QUÉBEC	**36,729**	181,384
Legal fees	**10,473**	11,317
Salaries, fringe benefits and management and administration contracts	**427,857**	306,972
Office and general expenses	**139,621**	102,834
Consulting fees	**10,158**	21,137
Compliance reviews and audits	**172,699**	245,575
Depreciation – fixed assets	**11,000**	13,360
	13,011,120	13,090,399

EXPENSES (continued)	2015 ($)	2014 ($)
Administration		
Office and general expenses	**53,099**	87,723
Legal fees	**16,277**	36,309
Rent	**31,444**	29,756
Salaries, fringe benefits and management and administration contracts	**364,172**	325,820
Professional fees	**19,963**	19,594
Depreciation – fixed assets	**45,922**	28,189
	530,877	527,391
EXCESS OF REVENUE OVER EXPENSES	**1,954,119**	1,742,222

The accompanying notes are an integral part of the financial statements

CHANGES IN NET ASSETS

for the year ended December 31, 2015

	Unrestricted	Reserve fund	Invested in fixed assets	2015 ($)	2014 ($)
BALANCE, BEGINNING OF YEAR	4,051,785	11,200,000	132,838	**15,384,623**	13,642,401
Excess (deficiency) of revenue over expenses	2,011,041	—	(56,922)	**1,954,119**	1,742,222
Amount restricted to reserve fund	(1,000,000)	1,000,000	—	**—**	—
Investment in fixed assets	(139,693)	—	139,693	**—**	—
BALANCE, END OF YEAR	4,923,133	12,200,000	215,609	**17,338,742**	15,384,623

The accompanying notes are an integral part of the financial statements

BALANCE SHEET

at Decembre 31, 2015

ASSETS	2015 ($)	2014 ($)
Current assets		
Cash	**2,205,385**	1,524,608
Accounts receivable (note 4)	**4,344,547**	4,302,823
Advances to an organization (note 5)	**54,530**	33,352
Prepaid expenses	**13,154**	3,955
Current portion of investments	**3,300,695**	2,500,000
	9,918,311	8,364,738
Investments (note 6)	**9,085,586**	8,963,616
Fixed assets (note 7)	**215,609**	132,838
	19,219,506	17,461,192
LIABILITIES		
Current liabilities		
Accounts payable (note 8)	**1,880,764**	2,076,569
NET ASSETS	**17,338,742**	15,384,623
	19,219,506	17,461,192

The accompanying notes are an integral part of the financial statements

On behalf of the Board:

Mr. Carol Montreuil, Director

Mr. Robert Huberdeau, Director

CASH FLOW

for the year ended December 31, 2015

OPERATING ACTIVITIES	2015 ($)	2014 ($)
Cash receipts – members	**14,988,283**	14,719,883
Cash receipts – interests and others	**561,155**	500,912
Cash paid – suppliers and employees	**(13,690,079)**	(13,359,588)
	1,859,359	1,861,207
INVESTING ACTIVITIES		
Acquisition of investments	**(3,517,711)**	(2,115,291)
Cashing of investments	**2,500,000**	1,100,000
Acquisition of fixed assets	**(139,693)**	(61,033)
Advances to an organization	**(21,178)**	63,028
	(1,178,582)	(1,013,296)
Increase in cash and cash equivalents	**680,777**	847,911
Cash and cash equivalents, beginning of year	**1,524,608**	676,697
Cash and cash equivalents, end of the year	**2,205,385**	1,524,608

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2015

1 Governing Statute and Nature of Business

The organization is incorporated under Part III of Quebec Companies Act. According to the Federal and Provincial Income Tax Acts, it is a non-profit organization and is therefore exempt from income taxes.

According to the terms of a consent agreement with RECYC-QUÉBEC, the organization has the mandate to establish and manage a program for recovery and reclamation of used oils and antifreeze, oil or fluid containers and used filters.

2 Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accouting policies:

Use of estimates

The preparation of these financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the current period. Actual information could differ from that determined based on these estimates and assumptions. These estimates are reviewed periodically and adjustments are made to income in the year they become known.

Return incentives

Return incentives expenses are recognized when the lubricating oil and antifreeze and/or containers and filters are collected by a SOGHU registered Collector.

Processing incentives

Processing incentives expenses are recognized when the lubricating oil containers are processed by a SOGHU registered Processor.

Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. They are subsequently measured at amortized cost, except for other investments and advances from shareholders which are measured at cost and investments in quoted shares which are measured at fair value. Changes in fair value are recognized in net income.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

2 Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash and other highly liquid financial instruments with maturities of three months or less from date of purchase. Term deposits with maturities exceeding three months from date of purchase are not included in cash and cash equivalents. They are considered as an investing activity.

Investments

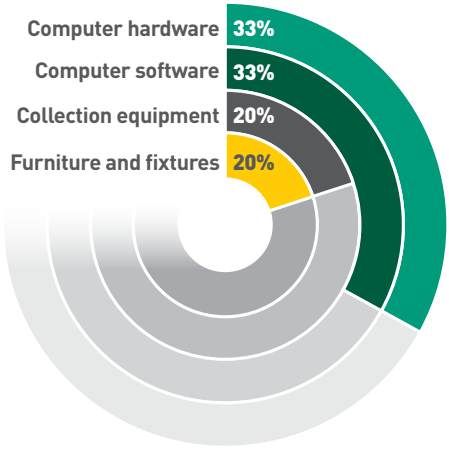
Investments are accounted for at market value.

Revenue recognition

Revenue from Environmental Handling Charges are recognized when the lubricating oil and/or oil containers, oil filters and glycol (antifreeze) and/or glycol (antifreeze) containers are sold by Members, based on their remittance forms, except for revenue from prior years received in the current year following a new registration, because Environmental Handling Charges must be remitted retroactively from seven years, and for additional revenue determined following a compliance review. These Environmental Handling Charges are recognized in the year during which they are determined.

Fixed assets

Fixed assets are accounted for at cost and depreciation on the basis of their useful life of assets with the diminishing balance method based on the rates on the right:



Expense allocation

The organization displayed its expenses by functions.

Salaries, fringe benefits and management and administration contracts shared by program and administration functions are allocated proportionaly to hours spent as follows:

	Program	Administration
Management and administration contracts – manager	from 75% to 90%	from 10% to 25%
Salaries, fringe benefits and management and administration contracts	from 10% to 70%	from 30% to 90%

3 Management Revenue

The organization SOGHUOMA retains the services of SOGHU for the purposes of assisting SOGHUOMA in the conception, implementation and operation of the recovery and reclamation program required to ensure the appropriate recovery and reclamation of the applicable products in accordance with applicable Atlantic Provinces legislative and regulatory requirements.

	2015 ($)	2014 ($)
Program	**98,774**	63,615
Administration	**87,386**	66,114
	186,160	129,729

Management revenues incurred during the year with this organization are splitted as follows:

PROGRAM

Container segregation	**12,652**	11,789
Advertising and communications	**2,076**	247
Salaries, fringe benefits and management and administration contracts	**71,166**	45,125
Consulting fees	**339**	—
Office and general expenses	**12,541**	6,454
	98,774	63,615

ADMINISTRATION

Office and general expenses	**12,769**	9,672
Rent	**5,306**	4,374
Salaries, fringe benefits and management and administration contracts	**59,885**	47,924
Depreciation – fixed assets	**9,426**	4,144
	87,386	66,114
	186,160	129,729

4 Accounts Receivable

	2015 ($)	2014 ($)
Accounts receivable	**3,850,800**	4,156,230
Account receivable - SOGHUOMA	**210,359**	146,593
Sales taxes receivable	**283,388**	–
	4,344,547	4,302,823

5 Advances to an Organization

Cash flow and the current managements of SOGHUOMA and SOGHU were provided by a common general manager. The advances from the other organization consist of cash advances and expenses assuming related to the management of the organization, based on an agreement renewable in 2018. These loans are interest-free and do not include terms of repayment. The balance receivable is $54 530 as at December 31, 2015.

6 Investments

	2015 ($)	2014 ($)
Term deposits, bearing interest at rate from 2.5% to 3.8%, maturing from April 2016 to December 2022	**10,844,577**	10,328,966
Mutual funds	**1,600,024**	1,100,000
Provisions – market fluctuation	**(58,320)**	34,650
	12,386,281	11,463,616
Current portion of investments	**3,300,695**	2,500,000
	9,085,586	8,963,616

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2015

7 Fixed Assets

	Cost	Accumulated amortization	Net value 2015 ($)	Net value 2014 ($)
Computer hardware	12,127	8,292	**3,835**	6,576
Computer software	229,765	62,654	**167,111**	98,446
Collection equipment	82,400	50,400	**32,000**	23,000
Furniture and fixtures	25,534	12,871	**12,663**	4,816
	349,826	134,217	**215,609**	132,838

8 Accounts Payable

	2015 ($)	2014 ($)
Trade	**1,862,151**	1,973,432
Sales taxes payable	**—**	79,439
Salaries payable	**3,362**	3,403
Benefits payable	**15,251**	20,295
	1,880,764	2,076,569

9 Commitments

Management and administration services

The organization has reached an agreement with SOGHUOMA until December 31, 2018. Under this agreement, the organization must charge a management fee to SOGHUOMA, calculated on a prorata basis of total budgeted environmental handling charges for each organization. For the year ended December 31, 2015, the prorata used is 83.4% (85.3% in 2014) for SOGHU and 16.6% (14.7% in 2014) for SOGHUOMA.

Agreement

The organization has a consent agreement with RECYC-QUÉBEC until December 31, 2015, which is renewable annually until December 2017. The new agreement was approved on October 22, 2012 and was automatically renewed until December 31, 2016. In accordance with this agreement, the organization must collect Environmental Handling Charges from its members and pay a financial contribution to RECYC-QUÉBEC. Also, the organization must obtain compliance reviews for selected firms by SOGHU and has to pay its fees.

Management and administration services

Under the terms of a management agreement, the organization is charged a fee for provision of management services until June 30, 2017.

Software and technology services

The organization has commitment until April 29, 2016 regarding the execution of software and technology services.

Compliance reviews

The organization has commitment with a firm regarding the execution of the compliance reviews for financial years ending on December 31, 2016, 2017 and 2018. The estimated minimum annual payments under this commitment cannot be determined at this time.

Rent

The organization has a lease commitment until November 30, 2019 for the rental of office space.

Minimum payments

The estimated minimum annual payments required under these agreements are as follows:

	Management, software, and technology services ($)	Rent ($)
2016	221,192	30,900
2017	109,776	30,900
2018	—	30,900
2019	—	28,325
	330,968	**121,025**

10 Related Party Transactions

In the regular course of its business, the organization receives Environmental Handling Charges from its Members and pays Return Incentives to Collectors and Processors. Some members and one Collector (without voting right) have representatives who are part of the Board of Directors. These transactions are measured at the exchange amount and are subject to the usual commercial conditions or the organization.

The principal transactions concluded with companies or organizations members of the Board of Directors of the society during the year are as follows:

	2015 ($)	2014 ($)
REVENUES		
Environmental Handling Charges	**2,755,380**	2,951,200
EXPENSES		
Return incentives	**577,557**	560,458
Contribution to RECYC-QUÉBEC	**36,729**	181,384

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2015

10 Related Party Transactions (continued)

Finally, the accounts receivable include an amount of $610 633 ($716 781 in 2014) to be received from companies managed by members of the Board of Directors and the accounts payable include $53 729 ($90 651 in 2014) to be paid to companies and organizations managed by members of the Board of Directors.

11 Expenses Allocation

Expenses amounts for salaries, fringe benefits and management and administration contracts were allocated as follows:

	2015 ($)	2014 ($)
Program	**427,857**	306,972
Administration	**364,172**	325,820
	792,029	632,792

12 Financial Instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at December 31, 2015.

Credit risk

In the regular course of its operations, the organization monitors the members that did not produce monthly remittance forms and did not remit Environmental Handling Charges.

The organization is not exposed to any significant risk with respect to a credit concentration.

Market risk

The organization is exposed to the interest rate risk, which is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

13 Reclassified Accounts

Some accounts in the financial statements of the previous year have been reclassified to conform with disclosure adopted in the current year.

SOGHU.COM | 1.877.987.6448

SOGHU
SOCIÉTÉ DE GESTION DES HUILES USAGÉES

1101 Brassard Blvd., Suite 214
Chambly, Quebec J3L 5R4
Phone: 450.447.9996
Fax: 1.855.497.7505
E-mail: soghu@soghu.ca

Printed in Canada
on 100% recycled paper