

Rhode Island Paint Stewardship Program

2019 Annual Report (July 1, 2018 – June 30, 2019)



SUBMITTED BY

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Contents

Executive	e Sur	nmary	/	4		
	Rhode Island Paint Stewardship Law					
	Prog	gram H	lighlights	4		
	Prog	gram P	lan and Annual Report	5		
Section 1	l. Pa	int Co	llection, Transportation and Processing	7		
	Α.	Drop-	off Sites, Events and Services	7		
		A1. A2. A3. A4. A5. A6.	Paint Retailers Household Hazardous Waste Programs Transfer Stations Reuse Stores Paint Drop-Off Events Large Volume Pick-Up Service	8 9 10 10 10		
	В.	Conv	enience Criteria	11		
	C.	Paint	Collection Procedures	16		
	D.	Paint	Transportation and Processing	16		
		D1. D2. D3. D4.	Paint Transportation Latex Paint Processing Oil-Based Paint Processing Transportation and Processing Audit Program	16 17 17 17		
Section 2	2. Pai	int Co	llection Volume and Disposition Methods	19		
	A.	Paint	Sales	19		
	В.	Paint	Collection and Management	19		
		B1. B2. B3. B4.	Collection Volume and Recovery Rate Latex vs. Oil-Based Paint Paint Management Methods Collection by Site Type	19 20 21 22		
	C.	Conta	ainer Recycling	22		
Section 3	3. Ind	lepend	dent Audit and Financial Summary	23		
	A.	Indep	pendent Financial Audit	23		
	В.	Finan	acial Summary and Discussion	24		
		B1.	Expense Categories	24		

	B2. Financial Summary	24
C.	Reserves Policy	26
D.	Evaluation of the Program's Funding Mechanism	26
E.	Five-Year Projection	27
Section 4. 0	Outreach	28
A.	Outreach Activities	28
	 A1. Introduction A2. Press Releases A3. Print Materials for Consumers A4. Fact Sheets for Stakeholders A5. Website A6. Translations A7. Television A8. Public Radio A9. Print Advertising A10. Digital Advertising A11. Streaming Audio A12. Face-to-Face A13. Signage 	28 29 29 30 30 31 31 32 32 34 35 36
В.	Awareness Survey	37
Section 5. F	Y2020 and Future	38
A.	PaintCare Events	38
В.	Outreach	38
C.	Request for Proposal	38
Maps		
Suppleme Year-Rour	nd Drop-Off Sites ental Drop-Off Sites and Events nd and Supplemental Drop-Off Sites and Events ume Pick-Up Sites	12 13 14 15
Appendix		
B. Indep C. Samp	Care Drop-Off Sites and Events bendent Financial Audit of the PaintCare Program bles of Outreach Materials eness Survey	

Executive Summary

RHODE ISLAND PAINT STEWARDSHIP LAW

PaintCare is the representative stewardship organization of the Rhode Island Architectural Paint Stewardship Program, codified in Chapter 24.12 of Title 23 (Health and Safety) of the Rhode Island General Law. The Rhode Island paint stewardship law requires manufacturers of architectural paint to:

- Establish a cost-effective, convenient, statewide system for the collection, recycling and reuse of postconsumer paint;
- Develop a comprehensive strategy, with the cooperation of state entities, producers, and retailers, for the proper management of postconsumer paint in a safe and environmentally sound manner;
- Provide fiscal and regulatory consistency for all producers of paint that participate in the collection system; and
- Establish effective collection, recycling, management and education programs resulting in collection of amounts of unused paint consistent with the goals and targets of the statute and program.

The following provides the highlights of this reporting year, fiscal year 2019 (FY2019).

PROGRAM HIGHLIGHTS

Sites, Events and Service. The Rhode Island program maintained 29 year-round drop-off sites during the year. These sites included 25 retailers, representing 37% of potential retail participants, and four transfer stations. PaintCare's 29 year-round drop-offs sites provided at least one site within 15-miles of 99.9% of Rhode Island residents.

A single entity, the Rhode Island Resource Recovery Corporation (RIRRC) provides all the state's household hazardous waste (HHW) collection services through their Eco-Depots. PaintCare managed paint from all the RIRRC Eco-Depot HHW drop-off events: six events at their permanent facility in Johnston and 17 events in other locations across the state. In previous years, the permanent facility was open monthly and counted as a year-round site. Due to the reduction in service days, the facility is listed as a supplemental site this year.

In addition to a reduction in the number of events at their permanent facility, RIRRC held about half the number of HHW events around the state compared to previous years. In response to the reduction in HHW services, PaintCare hosted its first two paint drop-off events this year. To maximize participation, the events were held in locations and on days where RIRRC events were not being held. A total of 984 residents and businesses participated in the two events.

Finally, PaintCare provided 16 direct large volume pick-ups (LVPs) from business and institutions that had accumulated more than 200 gallons of paint at their facilities and set up one site as a recurring large volume pick-up (RLVP) site.

Paint Collection Volume. The program processed 80,950 gallons of postconsumer paint. Latex paint made up 76% of the paint processed; 85% was made into recycled-content paint, and 15% was unrecyclable and sent to landfill. Oil-based paint made up 24% of the paint processed, all of which was used as a fuel. In addition, 63 tons of metal and plastic paint containers were recycled.

Expenses and Revenue. The program's financing mechanism remained the same, through a fee on new paint sales: 35 cents on pints and quarts; 75 cents on 1-gallon containers; and \$1.60 on 5-gallon containers. Just over 1.52 million gallons of architectural paints were sold during the year, and the program collected \$930,766 in fees from these sales, a slight increase from the previous year.

Expenses, including paint transportation and processing, outreach, staffing, and administrative costs, were \$809,775, a 4.4% increase over the previous year. The program ended the year with a net asset balance of \$823,729, just over 100% of annual expenses, PaintCare's target reserve level.

Total program cost per gallon of processed paint was \$10.00.

Paint Recovery Rate. The recovery rate – the volume of postconsumer paint collected divided by the volume of new paint sales in the same period – was 5.3%.

Outreach. PaintCare's outreach efforts included digital, television, radio, video, streaming audio, print and fulfillment (distribution of brochures and other printed materials).

Operations. In October 2018, PaintCare received the 2018 Environmental Sustainability Leadership Award from the Northeast Recycling Council's (NERC) for its programs in Connecticut, Maine, Rhode Island, and Vermont. Each year, NERC gives the award to an individual or organization that has made a significant impact on sustainable materials management within NERC's 11-state region.

PaintCare hosted its first two paint drop-off events this year. To maximize participation, the events were held in locations and on days where RIRRC events were not being held. A total of 984 residents and businesses participated in the two events.

PROGRAM PLAN AND ANNUAL REPORT

The Rhode Island paint stewardship law required the submission and approval of a program plan prior to the program's launch. The Rhode Island Department of Environmental Management (DEM) approved PaintCare's program plan in the spring 2014, and the Rhode Island program began on June 1, 2014.

The Rhode Island paint stewardship law requires the submission of an annual report to the Director of the DEM on October 15 each year.

The annual report shall include, but not be limited to:

1) A detailed description of the methods used to collect, transport and process postconsumer paint in this state;

- 2) The overall volume of postconsumer paint collected in this state;
- 3) The volume and type of postconsumer paint collected in this state by method of disposition, including reuse, recycling and other methods of processing or disposal;
- 4) The total cost of implementing the program, as determined by an independent financial audit, as performed by an independent auditor (and a copy of the independent audit);
- 5) An evaluation of the adequacy of the program's funding mechanism;
- 6) Samples of all educational materials provided to consumers of architectural paint and participating retailers; and
- 7) A detailed list of the efforts undertaken and an evaluation of the methods used to disseminate such materials including recommendations, if any, for how the educational component of the program can be improved.

PaintCare's Rhode Island program plan and annual reports are available on PaintCare's website. With the exception of the first report which covered 13 months because the program started June 1, 2014, annual reports cover the 12-month fiscal year of July-June.

Section 1. Paint Collection, Transportation and Processing

Annual Report Statutory Citation

Title 23, Chapter 24.12. Proper Management of Unused Paint

23-24.12-3(m). On or before October 15, 2015, and annually thereafter, the representative organization shall submit a report to the director of the department of environmental management that details the paint stewardship program.

Such annual report shall include, but not be limited to:

(1) A detailed description of the methods used to collect, transport and process post-consumer paint in this state.

A. DROP-OFF SITES, EVENTS AND SERVICES

The Rhode Island paint stewardship law requires a program that increases opportunities for consumers to properly manage leftover paint and reduces costs to local governments. Prior to the PaintCare program, Rhode Island households were only able to utilize RIRRC's Eco-Depots for their oil-based paint products, and the public was encouraged to dry and dispose of latex paint. RIRRC did not offer any services for business; all businesses regardless of their size had to contract with private hazardous waste haulers for paint disposal, which was generally cost-prohibitive for painting contractors and other small businesses.

To increase recycling opportunities for Rhode Island households, businesses and others with leftover paint, all suitable locations can participate as PaintCare drop-off sites, provided they meet PaintCare's operational requirements, including adequate space for storage of paint collection bins and willingness to accept all program products (latex and oil-based products). PaintCare continually reaches out to paint retailers and transfer stations to invite them to partner as paint drop-off sites.

At the end of the year, the Rhode Island program had 29 year-round drop-off sites located throughout the state. They included 25 paint retail stores and four transfer stations. Two retail drop-off sites left the program during the year and are listed as partial-year retailers in the table below. RIRRC's permanent HHW facility which was previously open throughout the year is categorized as a supplemental site, rather than a year-round site this year, due to no longer being open throughout the year (at least once a month).

PaintCare managed paint from six events at RIRRC's permanent HHW facility and 17 RIRRC HHW drop-off events. In addition, PaintCare hosted two paint drop-off events, conducted 16 LVPs from businesses and other sites that had accumulated more than 200 gallons of paint, and set one site up as an RLVP site.

All PaintCare drop-off sites, events and the LVP service accept both latex and oil-based paints. All retailers and PaintCare paint events accept paint from both residents and qualifying businesses, as does the LVP service. RIRRC and transfer stations do not serve businesses.

PaintCare drop-off sites and services are summarized in the following tables:

SUMMARY OF PAINTCARE DROP-OFF SITES, EVENTS AND SERVICES

YEAR-ROUND DROP-OFF SITES	YEAR 1 FY2015	YEAR 2 FY2016	YEAR 3 FY2017	YEAR 4 FY2018	YEAR 5 FY2019	
Paint Retailers	27	29	28	27	25	
Transfer Stations	2	4	4	4	4	
RIRRC HHW Facility	1	1	1	1	N/A	
Total	30	34	33	32	29	
SUPPLEMENTAL SITES, EVENTS AND SERVICES						
RIRRC HHW Facility (days open)	N/A	N/A	N/A	N/A	6	
RIRRC HHW Events	29	31	31	33	17	
PaintCare Events	0	0	0	0	2	
Paint Retailer (partial year)	0	0	2	1	2	
Direct Large Volume Pick-Ups	15	8	4	22	16	
Recurring Large Volume Pick-Up Sites	0	0	0	0	1	

The following subsections discuss the various paint drop-off sites, events and services provided by the program. Section 2 of this report details the volumes of paint collected by each site type and service.

A1. Paint Retailers

Paint retailers are ideal locations to serve as for paint drop-off sites because they are located throughout the state, are often centrally located in cities and towns, are open five or more days per week and have staff familiar with paint products and their safe handling. In addition, their customers are likely to have some leftover paint and often ask store staff for advice on what to do with it.

As of June 2019, PaintCare identified 94 paint retailers – including paint, hardware, and home improvement stores – and 68 were considered potential drop-off sites. PaintCare has been informed by the corporate headquarters of big box stores and variety stores that they are not interested in serving as drop-off sites, so they are not included in the count of potential drop-off sites.

Of the 68 paint retailers, 37% (25 stores) were participating as drop-off sites at the end of the year. Two retail drop-off sites left the program during the year. Paint retailers participate in the program to increase foot traffic through their stores and to provide a service for their customers. The names and addresses of the paint retailers that participated during the year are provided in the appendix.



PaintCare Partner Sign at Humphrey's Paint Center in Middletown

A2. Household Hazardous Waste Programs

PaintCare continued its partnership with the Rhode Island Resource Recovery Corporation, covering their costs for paint collection bins and paint transportation and processing. RIRRC has a permanent HHW facility in Johnston, which was open six days and they also held 17 HHW drop-off events around the state. The addresses of the facility and events are provided in the appendix.



RIRRC's HHW Drop-Off Event in Jamestown (photo courtesy of Clean Harbors)

A3. Transfer Stations

Transfer stations participate as drop-offs sites to expand the recycling services provided to their customers and to help keep paint out of the waste stream. PaintCare maintained its four transfer station drop-off sites during the year. The names and addresses of the transfer stations are included in the appendix.

A4. Reuse Stores

Reuse stores can be excellent partners in the PaintCare program. Along with participating as paint drop-off sites, reuse stores can operate paint reuse programs by donating or selling good quality leftover paint back to the local community to use, rather than sending it downstream through PaintCare for processing. PaintCare provides compensation for this service. PaintCare has identified one reuse store in Rhode Island and invited them to participate in the program; however, they have decided not to join the program at this time.

A5. Paint Drop-Off Events

PaintCare hosted its first two paint drop-off events this year. The events were scheduled so they would not coincide with RIRRC HHW events and to maximize event participation. The events were held in Narragansett and Coventry, and had 424 and 560 participants (cars), respectively. The addresses of the events are provided in the appendix.



First of the 560 participants at the PaintCare event in Coventry.

A6. Large Volume Pick-Up Service

PaintCare's LVP service provides a convenient option for painting contractors and others who have accumulated large volumes of paint. The minimum amount to receive a pick-up is 200 gallons. PaintCare arranged 16 LVPs from 15 locations. The users of the service included painting contractors, schools, universities, and other businesses. The types of customers and cities for each LVP site are provided in the appendix.

Painting contractors and construction companies often store paint for future use or because it is expensive to dispose of. Schools/universities also have accumulated paint from painting the buildings they manage. Typically, LVP customers have accumulated paint over many years due to the institutional, logistical, and financial barriers to disposal or internal reuse of leftover paint. PaintCare has removed these barriers by providing a free and convenient service. Feedback from these users indicates high satisfaction.

B. CONVENIENCE CRITERIA

PaintCare used Geographic Information System (GIS) modeling to determine the appropriate minimum number and distribution of drop-off sites based on the following baseline criteria:

Distribution: At least 95% of Rhode Island residents shall have a permanent site within a 15-mile radius.

Density: One additional permanent site will be added for every 50,000 people in a population center.

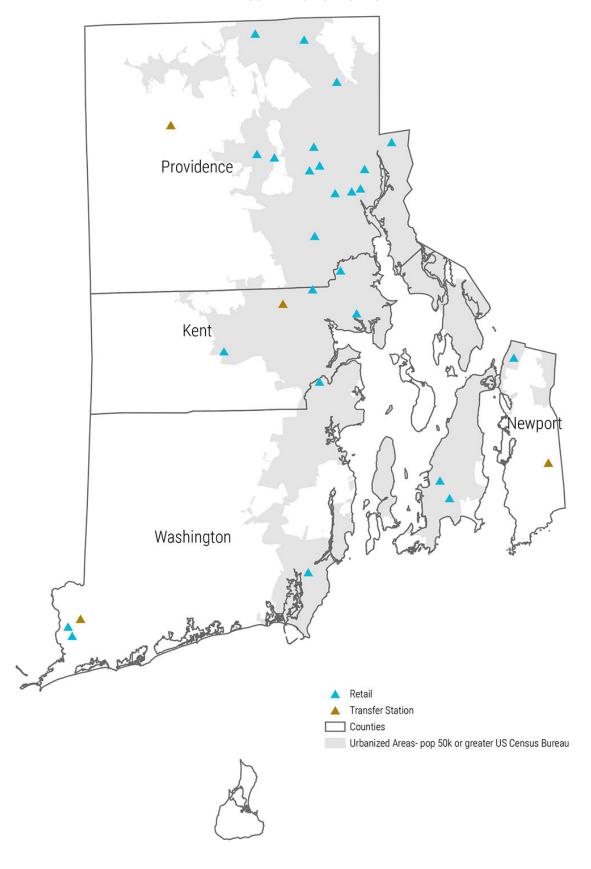
Urbanized Areas are provided by the Census Bureau to delineate areas of concentrated population, i.e., an "urban footprint," to distinguish between urban and rural areas. An Urbanized Area has a minimum of 50,000 residents. The Census Bureau uses documented and repeatable methodology and rules to identify and delineate Urbanized Areas and they are defined consistently nationwide.

Application of these criteria resulted in the need for approximately 22 optimally located, year-round drop-off sites, which PaintCare considers its baseline service level goal. The 29 year-round drop-off sites in place at the end of the year provided 99.9% of Rhode Island residents a drop-off site within 15 miles of their home, and all areas of the state with 50,000 residents or more had the additional sites needed to provide sufficient service.

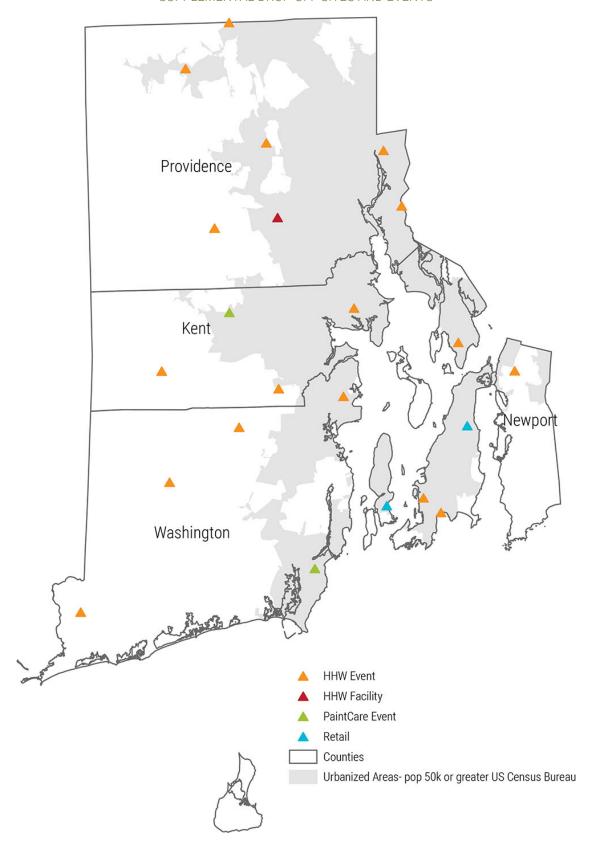
PaintCare, with the help of Dewberry, a firm with expertise in geographic mapping and analysis, developed-ESRI based tools to conduct geographical information system (GIS) analysis in-house at PaintCare. Population is based on the US Census Bureau decennial (2010) Census Block level data.

The following maps show the locations of (1) year-round sites, (2) supplemental sites and events, (3) year-round and supplemental sites and events, and (4) LVP and RLVP sites. LVP and RLVP sites were not included when calculating the values needed to measure convenience for the distribution or density criteria but are mapped for illustrative purposes.

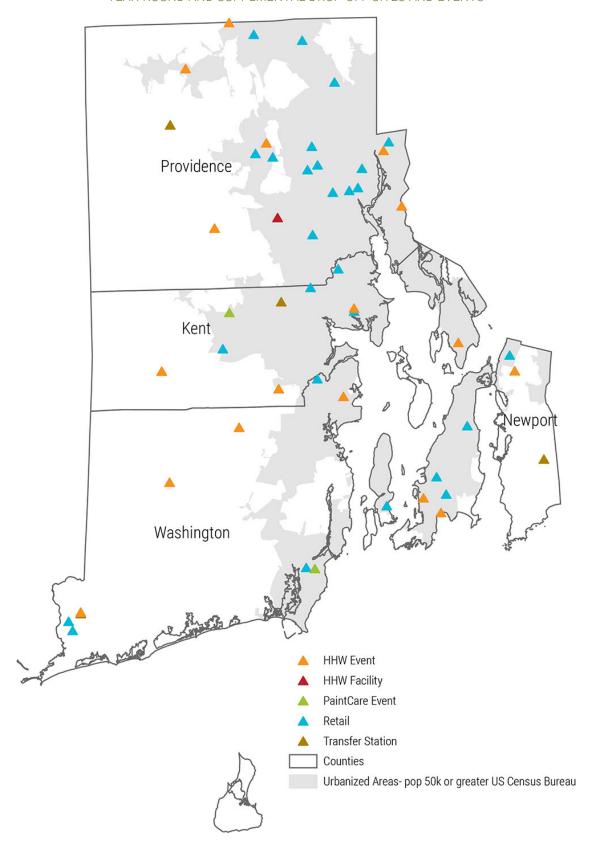
YEAR-ROUND DROP-OFF SITES



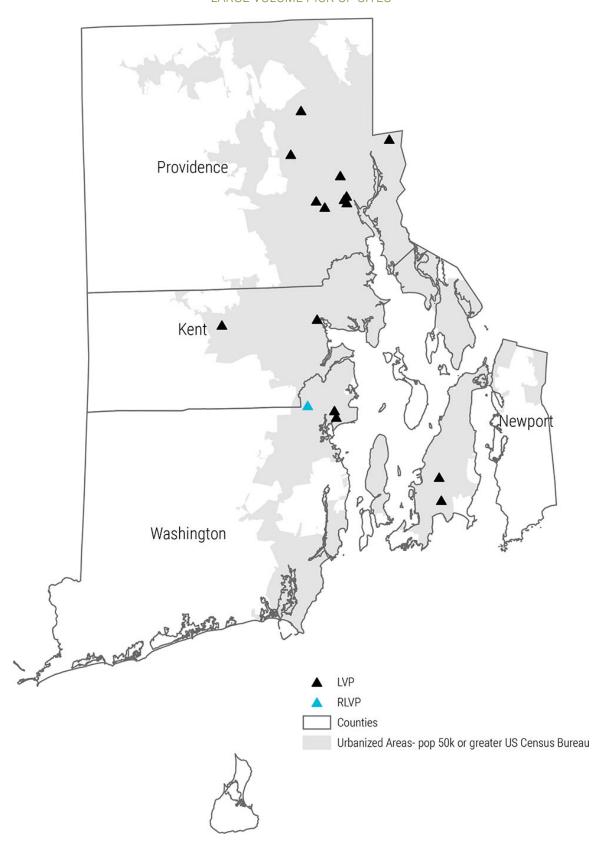
SUPPLEMENTAL DROP-OFF SITES AND EVENTS



YEAR-ROUND AND SUPPLMENTAL DROP-OFF SITES AND EVENTS



LARGE VOLUME PICK-UP SITES



C. PAINT COLLECTION PROCEDURES

PaintCare has contract agreements with sponsors or operators of all drop-off sites and events, and RLVP sites. PaintCare contracts require that drop-off sites and events meet requirements of local, state, and federal law, regulations and policies.

Except for RIRRC, whose HHW staff and contractors were already familiar with managing waste paint, PaintCare provided all other sites with an on-site, in-person training and a program procedures manual. The training and program manual covered:

- Identification of program and non-program products
- Acceptable containers
- Whom to accept paint from and how much
- Screening procedures for businesses and organizations
- Proper storage
- Spill response procedures and reporting requirements
- How to schedule a pick-up
- Required paperwork and record retention schedules
- Employee training

Site personnel are required to visually inspect – but not open – containers of postconsumer paint to confirm that they are acceptable program products and then place them in the spill proof collection bins provided by the program. Unlabeled and leaking cans are not accepted at retail or transfer station sites, but trained staff at RIRRC's Eco-Depots are able to accept and prepare them for management under the program.

Retail and transfer station drop-off sites, and RLVP sites, are visited by PaintCare staff on a regular basis to check on their operations and provide additional training and consumer outreach materials as needed.

In addition to PaintCare's training and documentation requirements, DEM requires a permit for retail and transfer station drop-off sites. These sites are required to sign the completed permit registration form and be approved by DEM prior to accepting paint from the public. PaintCare files the registration form on behalf of sites.

D. PAINT TRANSPORTATION AND PROCESSING

D1. Paint Transportation

PaintCare contracted with Clean Harbors Environmental Services, a registered hazardous waste transporter. PaintCare requires that transportation service providers have the ability and knowledge to respond to

incidents involving hazardous materials and comply with all applicable U.S. Department of Transportation (DOT) and state transportation rules.

Clean Harbors transported all paint from all retail and transfer station drop-off sites, LVP/RLVP sites, RIRRC Eco-Depots, and PaintCare events to their permitted facility in Cranston, RI for screening, separation and consolidation.

D2. Latex Paint Processing

The condition in which postconsumer latex paint is received by the program determines the available management options. If containers are not properly sealed during storage, latex paint can harden due to evaporation and may no longer be useable or recyclable. Similarly, if latex paint freezes numerous times, it may not be suitable for reuse or recycling. The program's outreach message encourages the timely return of unwanted postconsumer paint to reduce the age and improve the condition of the paint for end of life management.

PaintCare managed latex paint under the following waste management hierarchy:

Recycled Paint. Clean Harbors transported latex paint to the GDB International facility in Monmouth Junction, NJ and to their facility in Cranston, RI. GDB processed postconsumer latex paint by manufacturing a variety of colors of recycled-content paint, which were either sold domestically and internationally in 1-gallon and 5-gallon containers or sold in bulk totes in international markets. Clean Harbors also processed postconsumer paint by manufacturing a variety of colors of recycled-content paint. All of the recycled-content paint Clean Harbors manufactured was all sold internationally in bulk totes.

Disposal. Dry and unusable latex paint sorted out by GDB and Clean Harbors was sent to authorized landfills.

D3. Oil-Based Paint Processing

Energy Recovery. Clean Harbors shipped some volume of oil-based paint to their Safety-Kleen facility in Smithfield, KY, where the paint was bulked and subsequently transported to two cement kilns – Lone Star Cement in Greencastle, IN and Buzzi Unichem in Cape Girardeau, MO to be used as fuel.

Incineration. Clean Harbors transported some volume of oil-based paint to their incinerator in El Dorado, AR, where it served as a fuel in the incineration process.

D4. Transportation and Processing Audit Program

PaintCare has established procedures for monitoring both haulers and processing facilities that manage materials in connection with the PaintCare program.

PaintCare monitors its haulers to help ensure they meet certain requirements. Current examples of such requirements include:

- The hauler must possess all permits and licenses required under applicable law for the services they will perform for PaintCare.
- The hauler must have a satisfactory carrier safety rating from the U.S. Department of Transportation.
- The hauler must have an emergency response plan in place for addressing spills and other emergencies that may occur in the course of performing services for PaintCare.
- The hauler must carry appropriate liability insurance, including environmental insurance for any hauler that will transport hazardous materials in connection with the PaintCare program.

PaintCare's haulers are responsible for vetting and selecting processing facilities that will achieve the best mix of cost and processing results for PaintCare products, emphasizing highest best use. PaintCare requires that all processing facilities meet certain minimum eligibility criteria to process materials in connection with the PaintCare program. Current examples of such criteria include:

- All processing facilities must possess valid permits for all activities to be performed by the processing facility in connection with the PaintCare program.
- All processing facilities must be in good standing with all applicable regulatory agencies regarding the processing activities to be carried out in connection with the PaintCare program.
- All processing facilities must conform to industry-standard safety protocols, including appropriate staff training, emergency response procedures, and recordkeeping as mandated by OSHA or as otherwise required by applicable law.
- All processing facilities must carry appropriate insurance, including environmental insurance for any processing facility that will process hazardous materials in connection with the PaintCare program.

PaintCare further requires that its haulers periodically audit/review all processing facilities used to process materials in connection with the PaintCare program to ensure that each such facility maintains compliance with PaintCare's eligibility criteria.

Finally, PaintCare also takes steps to independently verify the information reported to PaintCare by the haulers relating to processing facility compliance. These steps may include:

- An independent review of a processing facility by a third party;
- Periodic on-premises reviews of processing facilities by PaintCare staff, with a focus on assurance of data integrity through an examination of a facility's process flow and data tracking procedures;
- Digital data review by PaintCare staff to verify the integrity of reported data.

Section 2. Paint Collection Volume and Disposition Methods

Annual Report Statutory Citation

Title 23, Chapter 24.12. Proper Management of Unused Paint

23-24.12-3(m). On or before October 15, 2015, and annually thereafter, the representative organization shall submit a report to the director of the department of environmental management that details the paint stewardship program.

Such annual report shall include, but not be limited to:

- (2) The overall volume of post-consumer paint collected in this state.
- (3) The volume and type of post-consumer paint collected in this state by method of disposition, including reuse, recycling and other methods of processing or disposal.

A. PAINT SALES

Paint sales were 1,520,509 gallons in, a slight increase from the previous year.

B. PAINT COLLECTION AND MANAGEMENT

B1. Collection Volume and Recovery Rate

The program processed 80,950 gallons of paint, a decrease of 4% from the previous year. PaintCare uses gallons of paint processed to calculate recovery rates (gallons of paint processed divided by gallons of paint sold in the same time period) rather than gallons collected. The difference in these numbers is explained here:

Collected gallons: Haulers report the weight (pounds) and number of bins (or other containers) of paint collected to PaintCare. PaintCare or the hauler can calculate the gallons of paint collected by applying a formula that removes packaging weight and converts pounds to gallons.

Processed gallons: The gallons of paint processed is reported to PaintCare by haulers after processing takes place.

A difference exists between the number of gallons collected and number of gallons processed each year because (1) gallons collected is a derived estimate, as described above, and (2) there is a lag in time between when paint is collected and when paint is processed. The lag is created because haulers build full truckloads of collected paint at their facilities before transporting the paint to processors. In addition, once the paint is received by a processor, it may sit in inventory until it is processed. Therefore, in any program year, some paint volume that is reported as processed may come from paint that was collected in the previous program year, and some paint that is collected in a program year may not be processed until the next program year.

The recovery rate for year was 5.3% (5.3% of 1,520,509 gallons sold).

In the Rhode Island program plan, PaintCare estimated an annual recovery rate of 6.5%. In addition to fluctuations in paint sales, the timing of paint processing and several other factors make recovery rate goals problematic. Paint is designed to be fully consumed through application to walls, buildings, and other surfaces. Although the amount of postconsumer paint received through the program is measurable, it is very difficult to determine the precise quantity of postconsumer paint that is leftover and available for collection at any given time. The time between the purchase of paint and the decision that the leftover paint is unwanted, and the additional time before it is taken to a drop-off site can vary greatly. In addition, architectural paint products have a long shelf life, so consumers purchasing paint in one year may not decide that the unused paint is unwanted for several years. For these reasons, PaintCare did not establish volume-based collection goals in the program plan but did commit to providing and examining recovery rate data for planning and budgeting purposes, and for comparison to previous years, as presented in the following table:

GALLONS SOLD AND PROCESSED, AND RECOVERY RATES

	YEAR 1 FY2015 (13 MONTHS)	YEAR 2 FY2016	YEAR 3 FY2017	YEAR 4 FY2018	YEAR 5 FY2019
Gallons Sold	1,558,820	1,527,962	1,513,273	1,513,485	1,520,509
Gallons Processed	64,525	80,643	75,853	84,210	80,950
Change in Gallons Processed	N/A	25%	(6%)	11%	(4%)
Recovery Rate	4.1%	5.3%	5.0%	5.6%	5.3%

B2. Latex vs. Oil-Based Paint

Of the 80,950 gallons of paint processed in, 76% (61,513 gallons) was latex paint and 24% (19,437 gallons) was oil-based paint.

B3. Paint Management Methods

The following table shows the paint management methods and volumes since the program began:

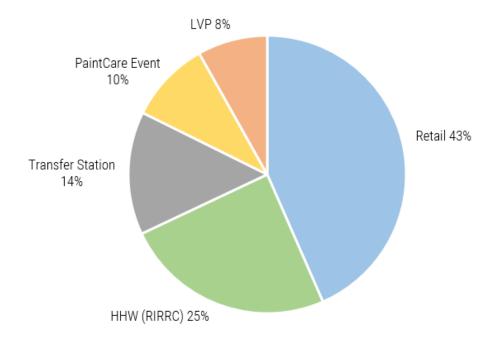
SUMMARY OF PAINT DISPOSITION

	YEAR 1* FY2015		YEAR 2* FY2016		YEAR 3* FY2017		YEAR 4 FY2018		YEAR 5 FY2019	
LATEX PAINT	(GAL)	%	(GAL)	%	(GAL)	%	(GAL)	%	(GAL)	%
Recycled Paint	40,776	82	50,962	82	47,935	82	53,216	82	52,363	85
Landfill	8,692	18	10,862	18	10,217	18	11,343	18	9,150	15
Subtotal Latex	49,468	100	61,824	100	58,152	100	64,559	100	61,513	100
OIL-BASED PAINT										
Fuel	15,057	100	18,819	100	17,701	100	19,651	100	19,437	100
Subtotal Oil-Based	15,057	100	18,819	100	17,701	100	19,651	100	19,437	100
GRAND TOTAL	64,525		80,643		75,853		84,210		80,950	

^{*} FY2015-FY2017 disposition volumes are estimated as explained in the FY2017 Annual Report.

B4. Collection by Site Type

The following pie chart shows the breakdown of collection volume by site/service type.



C. CONTAINER RECYCLING

Metal and plastic paint containers were recycled whenever possible.

The program recycled an estimated 63 tons of paint containers. All latex paint containers were recycled by the downstream processors, GDB and Clean Harbors, and the metal cans in the portion of oil-based paint managed at the Smithfield, KY facility were recycled as well.

Section 3. Independent Audit and Financial Summary

Annual Report Statutory Citation

Title 23, Chapter 24.12. Proper Management of Unused Paint

23-24.12-3(m). On or before October 15, 2015, and annually thereafter, the representative organization shall submit a report to the director of the department of environmental management that details the paint stewardship program.

Said report shall include a copy of the independent audit detailed in subdivision (4) below.

Such annual report shall include, but not be limited to:

- (4) The total cost of implementing the program, as determined by an independent financial audit, as performed by an independent auditor.
- (5) An evaluation of the adequacy of the program's funding mechanism.

A. INDEPENDENT FINANCIAL AUDIT

An independent financial audit of the national PaintCare program was conducted by Rogers & Company PLLC. This independent CPA firm conducted the audit in accordance with auditing standards generally accepted in the United States. Those standards require that the firm plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit process includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. In Rogers & Company's opinion, the financial statements of PaintCare present fairly, in all material respects, the financial position as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States. The independent financial audit of the PaintCare program is available in the appendix.

B. FINANACIAL SUMMARY AND DISCUSSION

B1. Expense Categories

Revenue is derived from fees on new paint sales. Expense categories for the Rhode Island program are discussed below.

Paint Processing. Paint processing is the largest expense in all PaintCare programs. In Rhode Island, paint processing costs were billed based on the weight of the box and included the cost of sorting mixed boxes of latex and oil-based paint.

Paint Transportation. Paint transportation is another significant expense in PaintCare programs. In Rhode Island, transportation costs were billed per cubic yard collection bin picked up at drop-off sites, events, and LVP locations.

Collection Supplies and Support. Collection support expenses included paint collection bins (single use and reusable), spill kits, training materials, and miscellaneous supplies for drop-off site operations.

Communications. Communications expenses included advertising and promotional materials to increase awareness of the program and use of the drop-off sites, events and services.

Personnel, Professional Fees and Other. Personnel, professional fees and other included the proportional cost of one full-time employee managing both the Connecticut and Rhode Island programs, GIS analysis, legal costs, travel, office supplies, and other logistical and professional support.

Corporate Activity. Corporate activity costs are those that are shared across all PaintCare programs and allocated relative to the population of the state or jurisdiction. These costs include but are not limited to corporate staffing, insurance, maintenance of data management systems, auditing fees, software licenses, legal fees, occupancy and general communications.

B2. Financial Summary

The following table shows program revenue and expenses during the first five years of the program. A discussion of any significant differences follows the table.

REVENUE AND EXPENSES

YEAR 2 YEAR 3 YEAR 4

YEAR 5

YEAR 1

REVENUE	FY2015	FY2016	FY2017	FY2018	FY2019
Larger than half pint to smaller than 1 gallon	\$ 126,821	\$ 119,736	\$ 114,107	\$ 108,469	\$ 110,707
1 gallon	689,748	652,835	629,888	617,495	626,160
Larger than 1 gallon up to 5 gallons	175,272	182,728	189,222	195,883	193,899
Total revenue	991,841	955,299	933,217	921,847	930,766
EXPENSES					
Paint processing	289,833	346,989	349,123	361,082	363,185
Paint transportation	95,815	112,220	107,270	110,046	108,559
Collection supplies and support	109,655	101,448	99,116	102,140	100,441
Communications	85,286	94,980	88,715	89,429	105,153
Personnel, professional fees, and other	38,329	38,193	40,130	36,953	51,754
Allocation of corporate activity	59,645	74,467	71,906	75,694	80,683
Total expenses	678,563	768,297	756,260	775,345	809,775
Allocation of investment activity *	100	2,164	0	0	0
Change in net assets (revenue minus expenses)	313,378	189,166	176,957	146,503	120,991
Net assets, beginning of year	(123,266)	190,112	379,278	556,235	702,738
Net assets, end of year	\$ 190,112	\$ 379,278	\$ 556,235	\$ 702,738	\$ 823,729

^{*} As of January 2016, reserves are held in a checking account, and no longer in an investment portfolio.

- Personnel, professional fees, and other increased due to the PaintCare event staffing and legal expenses due to outside counsel support for legal research designed to enhance regulatory compliance.
- Communications increased due to the promotion of two PaintCare paint drop-off events.

C. RESERVES POLICY

Reserves represent the accumulated surplus (cash and investments) of PaintCare's programs. The reserves provide each program with a balance that is sufficient to pay its bills in times of either higher than expected paint collection (higher expenses), lower than expected paint sales (lower revenue), or a combination of the two.

PaintCare's Reserves Policy establishes a target reserve as a percentage of annual expenses. It also sets a range with minimum and maximum thresholds. If the reserves fall below the minimum threshold or rise beyond the maximum threshold, an evaluation of the program's expenses and revenue will be performed to determine if changes are needed in operations, outreach, and/or the fee structure to bring the reserve balance within range.

The PaintCare Board of Directors has established a target reserve of 100% of annual expenses. The minimum threshold is 75% (i.e., nine months) of expenses and the maximum is 125% (i.e., 15 months).

At the end of the year, the program had built a reserve of \$823,733, 102% of operating expenses.

D. EVALUATION OF THE PROGRAM'S FUNDING MECHANISM

The Rhode Island PaintCare fees on the sale of new paints are based on container sizes as follows:

PAINTCARE FEE SCHEDULE

CONTAINER SIZE	FEE
Half pint or smaller	\$ 0.00
Larger than half pint to smaller than 1 gallon	\$ 0.35
1 gallon	\$ 0.75
Larger than 1 gallon up to 5 gallons	\$ 1.60

The funding mechanism, fee structure, and system to receive sales reports and payments from manufacturers continued to perform well in FY2019. The revenue generated was sufficient to cover expenses. No adjustment to the fee structure or payment system is proposed at this time.

E. FIVE-YEAR PROJECTION

Expenses – Driven by the expectation of increasing spend in processing, transportation, and collection supplies and support costs, PaintCare projects spend in the largest expense category to increase over the next five year. Part of this increase comes from the anticipated cost of executing four paint-only drop-off events each year. These events serve to provide services to residents in response to the reduction of events in the statewide HHW schedule. Due to the fact the two paint-only drop off-events held in this reporting period are responsible for the largest volumes of PaintCare products collected in any events this year, PaintCare anticipates similar results in the additional events being held over the next five year.

The increase in Communications spending is primarily a result of the cost to promote the additional paint-only drop-off events.

Personnel, professional fees, and other includes increases to salaries and benefits for direct employees and the projected cost of PaintCare's audit program.

Allocation of corporate activities includes increases to salaries and benefits for indirect employees.

Revenue – Revenue from paint sales has remained flat over the last three years. For this reason, PaintCare is projecting revenue to remain flat over the next five years.

FIVE-YEAR PROJECTION

	ACTUAL			PROJECTION		
REVENUE	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total revenue	930,766	930,766	930,766	930,766	930,766	930,766
EXPENSES						
Paint processing, transportation, collection support	572,185	649,000	661,000	694,050	694,050	728,753
Communications	105,153	145,000	145,000	145,000	145,000	145,000
Personnel, professional fees, and other	51,754	52,550	53,780	54,794	55,844	56,931
Allocation of corporate activity	80,683	85,517	87,227	88,972	90,571	92,566
Total expenses	809,775	932,067	947,007	982,816	985,645	1,023,249
Net assets, beginning of year	702,738	823,729	822,428	806,186	754,136	699,256
Net assets, end of year	823,729	822,428	806,1867	754,136	699,256	606,772
Reserve percentage	102%	88%	85%	77%	71%	64%

Section 4. Outreach

Annual Report Statutory Citation

Title 23, Chapter 24.12. Proper Management of Unused Paint

23-24.12-3(m). On or before October 15, 2015, and annually thereafter, the representative organization shall submit a report to the director of the department of environmental management that details the paint stewardship program.

Such annual report shall include, but not be limited to:

- (6) Samples of all educational materials provided to consumers of architectural paint and participating retailers.
- (7) A detailed list of efforts undertaken and an evaluation of the methods used to disseminate such materials including recommendations, if any, for how the educational component of the program can be improved.

A. OUTREACH ACTIVITIES

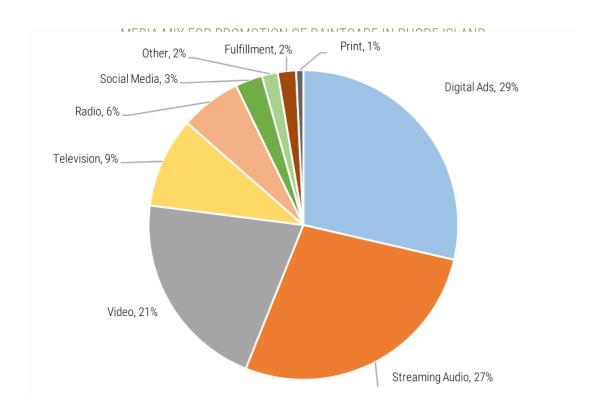
A1. Introduction

PaintCare's outreach strategy includes a variety of activities targeted to retailers, painting contractors, municipal agencies, and the general public through direct contact and advertising. Outreach efforts this year focused on encouraging the public to recycle their unwanted paint and included messages related to source reduction and reuse.

Outreach was conducted by distributing brochures and other print-based materials to retailers and others (fulfillment) and using a variety of media, including digital advertising, radio, streaming audio, video, and print. Outreach was also conducted to promote two PaintCare drop-off events.

Tactics such as digital banner advertising, web-based streaming audio, and online video ads were used more this year because they have proven cost-effective at reaching large target audiences multiple times throughout the year. In other PaintCare states, research has shown that our message must be repeated several times in a six-month period in order to increase the viewers' intention to recycle paint. Digital tactics best allow us to focus on our target audiences, repeat our messaging multiple times, and review effectiveness data afterward to inform future planning.

The main objective of outreach was to drive the public to PaintCare's website to find a drop-off site using PaintCare's site locator search tool. The relative amounts of spending dedicated to outreach activities about the Rhode Island program are summarized in the following pie chart.



A2. Press Releases

A press release about promoting the previous year's annual report and current milestones was distributed statewide in November of 2018.

A3. Print Materials for Consumers

PaintCare continued to distribute program brochures and other printed materials to retailers to make available to consumers in their stores. These materials include program brochures, mini cards, fact sheets (for painting contractors and the LVP service), and program posters. PaintCare fulfilled 16 requests for materials by mail, including a total of 978 brochures, mini cards, fact sheets, and posters. The Rhode Island program manager delivered some materials in person during site visits.

PaintCare also provided counter mats to retailers to use in the paint department to reference when customers had questions. The counter mat is popular with retailers and more likely than the poster to be seen by customers while they wait for their paint to be mixed.

Larger versions of the materials shown below are provided in the appendix and available on PaintCare's website.



Brochure, Mini Card, Program Poster, Counter Mat, and Fact Sheets

A4. Fact Sheets for Stakeholders

Several fact sheets were distributed in the months before the start of the program or introduced in previous years periods and are still used. Minor updates are made throughout the year. Current versions of the following fact sheets are available on PaintCare's website:

- How Does the Rhode Island Paint Stewardship Program Affect Paint Retailers?
- How to Become a Retail Drop-Off Site
- About PaintCare Fees
- Information for Solid Waste Transfer Stations, Recycling Facilities, and Landfills
- Reuse Program Compensation and Reporting

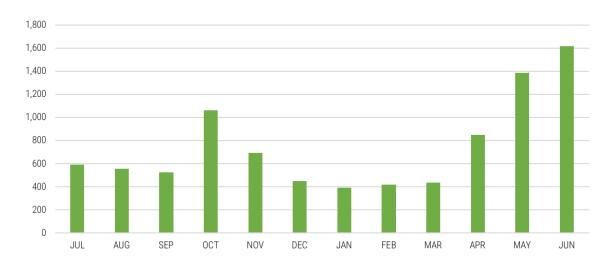
A5. Website

Nearly all PaintCare advertising and outreach efforts direct the public to PaintCare's website for more information and to find a local PaintCare site. The most frequently visited part of the website is the PaintCare site locator tool on the page titled Drop-Off Locations. PaintCare's website is updated throughout the year.

The website is easy to navigate and features topics on buying the right amount of paint, storage and reuse tips, and recycling. It has special pages for manufacturers and a general section for retailers, explains what products are covered by the program, and has a Rhode Island page with tabs for different audiences (Everyone, Contractors, Retailers, Waste Facilities, and Official Docs).

Web traffic from Rhode Island peaked in May through June, with slightly lower traffic in the winter and higher traffic in the seasons when people are working on spring and fall cleaning projects.

MONTHLY WEBSITE TRAFFIC FROM RHODE ISLAND



A6. Translations

PaintCare translates program brochures and fact sheets into languages of known ethnic groups, especially those involved in the painting business, and upon requests from paint retailers or other stakeholders. Program brochure translations available in all PaintCare programs include Amharic, Arabic, Armenian, Chinese, Farsi, French, Hmong, Khmer, Korean, Lao, Polish, Portuguese, Russian, Spanish Somali, Thai, Turkish, and Vietnamese.

Two widely used fact sheets are also available in translation in all PaintCare programs. The fact sheet for the LVP service is available in Spanish. The fact sheet for painting contractors is available in six languages other than English due to requests from other PaintCare programs.

In FY2019, PaintCare added a Spanish translation button to all of its webpages, making the site fully bilingual, and made live Spanish language interpretation available on PaintCare's telephone hotline.

A7. Television

PaintCare ran an average of 75 cable television commercials per week for two-week blocks in September and October 2018.

PaintCare's current commercial shows a single room painted and decorated several times in changing eras by contractors and a DIYer homeowner. While the styles and fashions of décor evolve with time, the leftover paint stacks up in the closet. The audience learns that, finally, in the present era there is a new solution for an ongoing problem; now you can recycle leftover paint with PaintCare.



Still Frames from Painting Through the Eras Commercial

PaintCare supplemented its cable television commercials by running video ads for connected devices to target viewers of top performing cable television channels, from October-November 2018 and April-June 2019. PaintCare also ran video ads on various websites in April-June 2019, targeting homeowners and DIY enthusiasts. These streaming video ads used the same 30-second commercial used for television advertising.

PaintCare's television commercials can be viewed at www.paintcare.org/media, and on YouTube and Vimeo.

Broadcast television was not used in Rhode Island because the signal reaches Massachusetts.

A8. Public Radio

PaintCare ran sponsorships on Rhode Island Public Radio in August and September 2018, as well as January, May, and June 2019. The sponsorship used the following message and ran 10 spots per week in three-week time blocks: "...PaintCare, with more than 25 drop-off locations in Rhode Island where residents and businesses can recycle leftover paint. Online at PaintCare dot org."

PaintCare did not use commercial radio advertising in Rhode Island because radio signals reach into Massachusetts.

A9. Print Advertising

PaintCare reduced print advertising in this year and increased digital media tactics, which allow increased repetition of PaintCare's message during a given budgetary period. Newspaper advertising was used to promote the Narragansett paint drop-off event in May 2019.



Narragansett Times Advertisement for PaintCare Drop-Off Event

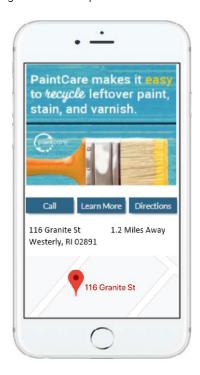
PaintCare also produced a printed flyer listing all drop-off sites in Rhode Island. This flyer was used to educate attendees at PaintCare events about year-round options, and can continue to be distributed at paint stores, conferences, and other face-to-face opportunities.



Double-Sided Flyer Listing Rhode Island's Year-Round Drop-off Sites

A10. Digital Advertising

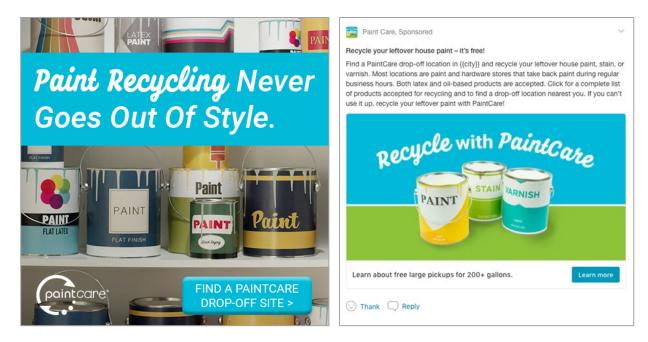
In April-June 2019, PaintCare ran a digital ad campaign promoting its individual paint retail drop-off sites. The campaign consisted of an interactive digital banner ad displayed on websites and apps viewed on smartphones. When viewers touch the banner, it opens to full screen displaying PaintCare's image and message. Using the phone's location settings, it also displays the PaintCare drop-off site nearest to the viewers at that time. This innovative ad allows viewers to click through to the PaintCare website to learn more or even call the store directly by clicking on the store phone number.



Example of Interactive Ad Promoting Drop-Off Sites

PaintCare ran streaming audio ads on Pandora radio during August-September 2018 and April-June 2019. The ad used the audio track from PaintCare's current television commercial and was accompanied by digital banners displayed to Pandora users.

PaintCare ran digital advertising on Nextdoor, a digital platform (website and app) for local residents to share information and resources with their immediate neighbors. While Nextdoor prohibits private organizations from posting information directly to neighborhood boards, PaintCare was able to experiment with paid advertising on the platform to promote awareness of paint stewardship.



Digital Ad Used on Pandora Radio

Example of Nextdoor Ad

A11. Streaming Audio

PaintCare ran streaming audio ads on Pandora during August-September 2018 and April-May 2019. The ad used the audio track from PaintCare's current television commercial and was accompanied by digital banners displayed to Pandora users.



Digital Ad Used on Pandora Radio

A12. Face-to-Face

The Rhode Island program manager continued to visit with retail drop-off sites regularly to make sure there were no problems or concerns, to help coach them on how to answer questions they receive from customers, provide brochures and other point-of-sale materials, and order signs. The manager also talked to customers in the stores when they were dropping off paint or buying paint and had questions. She also visited transfer station partners to check on operational issues and answer questions.

Finally, the Rhode Island program manager spoke with individuals interested in PaintCare's LVP service, explained how to request a pick-up, what was required to take advantage of the service, and which types of products are covered by the program and eligible for the service. If necessary, she visited the location to address logistical site issues to accommodate pick-ups either before the pick-up, at the same time as the pick-up, or both.

A13. Signage

PaintCare has developed several signs for drop-off sites to help them let the public know about the program, screen program products, and address concerns they have about illegal dumping. Drop-off sites may order the following signs: Program Products Sign (English/Spanish), Program Partner Sign, Combination (program partner with simplified products list), No Dumping, and Please Wait for Assistance. Larger versions of these signs have been included in previous annual reports. These signs can now be found online at www.paintcare.org/signs.











B. AWARENESS SURVEY

PaintCare updated its public awareness survey methodology used for all PaintCare programs with the assistance of the market research firm KBinsights. The purpose of updating the survey was to improve accuracy of measurement, ensure statistically significant data samples, improve clarity and consistency in the questionnaire, and to better screen survey panels to represent the make-up of their state or jurisdiction. Updates to the survey questionnaire itself included changing some terminology and adding open-ended questions to learn more about public perceptions of paint stewardship.

The results were analyzed by KBinsights to help PaintCare better understand trends in the data and help guide future targeting. Data from all PaintCare programs was included in the analysis, providing the additional benefit of comparing results between programs throughout the nation.

Due to the updates in the measurement methodology, survey results from previous years are not directly comparable to the new results and are not included here. Survey data from previous years remains publicly accessible in the previous annual report posted on the Rhode Island section of PaintCare's website. The full report for this year's awareness survey for all PaintCare programs is included in the appendix.

Following are some highlights from the Rhode Island survey results:

- ♦ 250 surveys were completed by residents of Rhode Island, allowing 90% confidence in the accuracy of the measured results for the population within +/-5%.
- Over half of Rhode Island respondents purchased paint in the last year. Of those, over half report seeking help from paint retail staff and taking measurements themselves in order to purchase the right amount of paint and reduce the amount leftover.
- 13% of Rhode Island respondents recalled hearing of PaintCare before completing the survey, about average among PaintCare program states. Of those respondents who knew about PaintCare before, a significant majority of 63% recalled seeing a PaintCare ad in recent months.
- Over half of Rhode Island respondents report that they will choose a sustainable option if they have leftover paint in the future, such as dropping it off at a paint retail store (13%) or HHW facility (33%) or giving it away to someone else who needs it (8%).

Section 5. FY2020 and Future

This section to the annual report describes activities or plans for the program that have happened since July 1, 2019 or are being planned.

A. PAINTCARE EVENTS

PaintCare held paint drop-off events in July and August of 2019 and plans on having two more events in the spring of 2020. The events were held in North Smithfield and West Warwick with participation of over 400 residents and businesses at both events. The events have been an opportunity to increase awareness about the retail and transfer station infrastructure that is available year-round for residents.

B. OUTREACH

PaintCare will increase outreach activities in FY2020, primarily due to promotion for four planned PaintCare drop-off events. Other recommendations for current and future years include:

- Continue to conduct outreach through a variety of media activities, including television, radio, digital, and print advertising to increase awareness across the state.
- Continue to experiment with new ways of promoting drop-off sites to ensure a broad population is aware of them. Digital ads allow PaintCare's messages to be repeated multiple times throughout the year, which is more likely to mean they are remembered and prompt viewers to act.
- Reach all parts of the state with media campaigns, while also continuing to ensure that messages do not cross borders into Massachusetts.
- PaintCare is planning a campaign to acknowledge PaintCare's 10th anniversary for October-November 2019.

C. REQUEST FOR PROPOSAL

In August of 2019, PaintCare issued a request for proposal for collection support and paint transportation and processing services. The purpose of this RFP was to identify responsible bidders whose bid presented the greatest value to achieve the goals of the PaintCare program. PaintCare received bids from five different entities and is presently considering different options, including the possibility of hiring a second vendor to service HHWs.

Appendix Section A



PAINTCARE SITES

FY2019 PAINTCARE SITES IN RHODE ISLAND - PAGE 1

City/Town	Site Name	Address	Туре
1. Year-Round Si	tes 29 Sites		
Chepachet	Glocester Transfer Station	121 Chestnut Hill Rd	Transfer Station
Coventry	S & T Hardware	2300 Nooseneck Hill Rd	Retail
Cranston	Cranston Paint & Wallcovering	386 Atwood Ave	Retail
Cumberland	Depault Hardware	2000 Mendon Rd Ste 9	Retail
Greenville	Rockys Ace Hardware	633 Putnam Pike	Retail
Little Compton	Little Compton Transfer Station	122 Amy Hart Path	Transfer Station
Middletown	Beach Paint By Humphreys	750 Aquidneck Ave	Retail
Middletown	Sherwin-Williams	884 W Main Rd	Retail
Narragansett	Sherwin-Williams	14 Woodruff Ave	Retail
North Kingstown	Salks Ace Hardware & Marine	5939 Post Rd	Retail
North Providence	Eastern Paint Center	1926 Smith St	Retail
North Providence	Sherwin-Williams	1873 Mineral Spring Ave	Retail
North Smithfield	Leeway True Value	790 Great Rd	Retail
Pawtucket	Hannas Color Cente	470 Central Ave	Retail
Pawtucket	PPG Paints	50 Ann Mary St	Retail
Providence	Mt Pleasant True Value	249 Academy Ave	Retail
Providence	Sherwin-Williams	509 N Main St	Retail
Providence	The Paint Shoppes	275 Smith St	Retail
Smithfield	Douglas Lumber Kitchen & Home	125 Douglas Pike	Retail
Smithfield	Sherwin-Williams	400 Putnam Pike	Retail
Tiverton	Humphreys Building Supply Center	590 Main Rd	Retail
Warwick	Salks Hardware and Marine	2524 W Shore Rd	Retail
Warwick	Sherwin-Williams	77 Walnut St	Retail
Warwick	Sherwin-Williams	80 Lambert Lind Hwy	Retail
West Warwick	West Warwick Transfer Station	10 Junior St	Transfer Station
Westerly	Sherwin-Williams	116 Granite St	Retail
Westerly	Westerly Paints	85 Franklin St	Retail
Westerly	Westerly Transfer Station	39 Larry Hirsch Ln	Transfer Station
Woonsocket	Vose True Value Hardware	849 Cumberland Hill Rd	Retail



PAINTCARE SITES

FY2019 PAINTCARE SITES IN RHODE ISLAND - PAGE 2

City/Town	Site Name	Address	Туре
2. Supplemental	Sites and Events 22 Sites		
Bristol	Bristol DPW (RIRRC)	111 Mt Hope Ave	HHW Event
Burrillville	Burrillville Recycling Center (RIRRC)	350 Whipple Ave	HHW Event
Coventry	Coventry Town Hall Annex (PaintCare)	1675 Flat River Rd	PaintCare Event
East Greenwich	East Greenwich Hwy Garage (RIRRC)	2 Bear Swamp Rd	HHW Event
East Providence	East Providence DPW (RIRRC)	60 Commercial Way	HHW Event
Exeter	Exeter Town Hall (RIRRC)	675 Ten Rod Rd	HHW Event
Jamestown	Jamestown Melrose School (RIRRC)	76 Melrose Ave	HHW Event
Jamestown	Jamestown True Value Hardware	5 Narragansett Ave	Retail
Johnston	Johnston Eco Depot	65 Shun Pike	HHW Facility
Narragansett	Pier Middle School (PaintCare)	235 South Pier Rd	Paintcare Event
Newport	Newport Eastons Beach (RIRRC)	175 Memorial Blvd	HHW Event
North Kingstown	North Kingstown DPW (RIRRC)	2050 Davisville Rd	HHW Event
North Smithfield	North Smithfield Garage (RIRRC)	281 Quaker Highway	HHW Event
Pawtucket	Agnes Little School (RIRRC)	60 S Bend St	HHW Event
Portsmouth	Ocean State Air Solutions (Dropped Jan 2019)	1844 E Main Rd	Retail
Richmond	Richmond Transfer Station (RIRRC)	51 Buttonwoods Rd	HHW Event
Scituate	Scituate DPW (RIRRC)	1 Lincoln Cir	HHW Event
Smithfield	Smithfield DPW (RIRRC)	3 Spragueville Rd	HHW Event
Tiverton	Tiverton DPW (RIRRC)	50 Industrial Way	HHW Event
Warwick	Warwick DPW (RIRRC)	925 Sandy Ln	HHW Event
West Greenwich	West Greenwich Town Hall (RIRRC)	280 Victory Hwy	HHW Event
Westerly	Westerly DPW (RIRRC)	35 Larry Hirsch Ln	HHW Event



PAINTCARE SITES

FY2019 PAINTCARE SITES IN RHODE ISLAND - PAGE 3

City/Town	Site Name	Address	Туре
3. Large Volume	Pick-Up Sites 16 Sites		
Coventry	[Construction]		LVP
Lincoln	[Painting Contractor]		LVP
Middletown	[Painting Contractor]		LVP
Middletown	[Painting Contractor]		LVP
North Kingstown	[Construction]		LVP
North Kingstown	[Painting Contractor]		RLVP
North Kingstown	[Retail Store]		LVP
Pawtucket	[Painting Contractor]		LVP
Providence	[Construction]		LVP
Providence	[Painting Contractor]		LVP
Providence	[Property Manager]		LVP
Providence	[Property Manager/Owner]		LVP
Providence	[Property Manager/Owner]		LVP
Providence	[School or University]		LVP
Smithfield	[Property Manager]		LVP
Warwick	[Painting Contractor]		LVP

Appendix Section B

Financial Statements and Independent Auditors' Report

June 30, 2019 and 2018

Financial Statements June 30, 2019 and 2018

Contents

Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	
Statements of Activities	
Statements of Functional Expenses	
Statements of Cash Flows	7
Notes to Financial Statements	8-17
Supplementary Information	
Schedule of Activities, Organized by Program	18-19





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of PaintCare Inc.

We have audited the accompanying financial statements of PaintCare Inc. ("PaintCare"), which comprise the statements of financial position as of June 30, 2019 and 2018; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an 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 auditor considers 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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 referred to above present fairly, in all material respects, the financial position of PaintCare as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 18-19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Vienna, Virginia September 24, 2019

12 overs + Company PLIC

Statements of Financial Position June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,596,294	\$ 9,136,849
Accounts receivable, net	6,964,498	7,215,463
Investments	48,051,007	45,209,880
Prepaid expenses	296,043	216,383
Total current assets	70,907,842	61,778,575
Property and equipment, net	274,538	172,736
Total assets	\$ 71,182,380	\$ 61,951,311
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,875,820	\$ 8,435,083
Grants payable	200,000	-
Due to affiliate	800,081	761,712
Total liabilities	11,875,901	9,196,795
Net Assets		
Without donor restrictions	59,306,479	52,754,516
Total net assets	59,306,479	52,754,516
Total liabilities and net assets	\$ 71,182,380	\$ 61,951,311

Statements of Activities For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenue and Support		
Paint recovery fees	\$ 60,493,546	\$ 60,694,911
Other income		99,424
Total operating revenue and support	60,493,546	60,794,335
Expenses		
Program and delivery services:		
Oregon	4,365,660	5,060,746
California	30,763,747	31,979,769
Connecticut	3,176,529	3,014,201
Rhode Island	729,092	699,650
Minnesota	5,068,449	4,929,453
Vermont	792,567	743,554
Maine	1,300,761	1,110,093
Colorado	5,629,379	5,299,726
District of Columbia	413,169	342,957
Washington	7,064	
Total program and delivery services	52,246,417	53,180,149
General and administrative	4,433,932	4,214,193
Total expenses	56,680,349	57,394,342
Change in Net Assets from Operations	3,813,197	3,399,993
Non-Operating Activities		
Interest and dividend income	1,238,869	945,029
Loss on disposal of property and equipment	(102,362)	-
Net realized and unrealized gain on investments	1,748,144	634,025
Investment fees	(145,885)	(138,181)
Total non-operating activities	2,738,766	1,440,873
Change in Net Assets	6,551,963	4,840,866
Net Assets, beginning of year	52,754,516	47,913,650
Net Assets, end of year	\$ 59,306,479	\$ 52,754,516

Statement of Functional Expenses For the Year Ended June 30, 2019

Program and Delivery Services

						•]	District of			General and	
	Oregon	California	Connecticut	Rh	ode Island	Minnesota	Vermont	Maine	Colorado	(Columbia	Wa	shington	Administrative	Total
Salaries and related benefits	\$ 113,319 \$	812,614		\$	27,808 \$			*			16,034	\$	2,544	\$ 1,395,251	\$ 2,910,885
Collection support	20,381	3,134,672	434,073		100,440	448,281	81,970	145,009	506,81		38,858		-	-	4,910,497
Transportation and processing	4,085,078	22,661,082	2,133,266		471,744	4,214,375	636,180	933,710	3,989,60	7	216,039		-	-	39,341,081
Communications	59,964	3,394,905	462,698		105,153	187,698	9,375	23,502	613,84	9	104,388		-	61,056	5,022,588
State agency administrative fees	40,000	224,526	20,000		-	24,319	15,000	71,003	120,00	0	26,000		-	-	540,848
Management fees	-	-	-		-	-	-	-		-	-		-	2,151,624	2,151,624
Professional fees	2,700	25,432	5,596		769	2,950	2,829	3,541	37,90	0	496		-	94,447	176,660
Legal fees	350	201,033	11,511		15,144	10,078	263	9,505	3,33	9	1,186		_	23,632	276,041
Travel	21,803	156,565	9,951		5,527	14,731	7,134	17,143	49,16	0	9,095		4,502	157,311	452,922
Meetings	1,240	10,542	533		-	1,487	71	152	3,20	0	546		18	21,997	39,786
Office and supplies	1,040	3,443	229		288	1,019	246	314	1,96	8	163		-	30,954	39,664
Subscriptions and publications	931	5,002	292		81	1,530	119	252	1,71	8	4		-	81,761	91,690
Professional development	1,653	27,506	2,716		856	4,971	127	2,773	7,45	8	51		-	25,531	73,642
Depreciation and amortization	-	-	-		-	-	-	-		-	-		-	112,611	112,611
Insurance	-	-	-		-	-	-	-		-	-		-	220,261	220,261
Bank fees	1,185	-	1,572		979	-	-	205		-	-		-	56,681	60,622
Research and development grant	-	100,000	-		-	-	-	-	100,00	0	-		-	-	200,000
Other expenses	16,016	6,425	351		303	23,482	40	10,845	34	1	309		-	815	58,927
Total Expenses	\$ 4,365,660 \$	30,763,747	3,176,529	\$	729,092 \$	5,068,449 \$	792,567 \$	1,300,761	\$ 5,629,37	9 \$	413,169	\$	7,064	\$ 4,433,932	\$ 56,680,349

Statement of Functional Expenses For the Year Ended June 30, 2018

Program and Delivery Services

•									District of	General and	
	Oregon	California	Connecticut	Rhode Island	Minnesota	Vermont	Maine	Colorado	Columbia	Administrative	Total
Salaries and related benefits	\$ 99,554 \$	689,697	\$ 89,719	\$ 26,890	125,429	\$ 36,332 \$	76,778 \$	174,956	\$ 26,256	\$ 1,378,112	\$ 2,723,723
Collection support	14,151	3,088,154	419,471	102,140	427,620	77,744	131,874	494,745	35,885	· · ·	4,791,784
Transportation and processing	4,746,058	23,089,574	1,985,183	471,128	4,095,774	599,131	800,695	3,746,160	195,501	-	39,729,204
Communications	58,998	3,449,964	448,418	89,429	204,463	7,865	23,715	671,904	52,037	29,680	5,036,473
State agency administrative fees	50,000	167,633	20,000	-	35,160	15,000	53,146	120,000	26,000	-	486,939
Management fees	-	-	-	-	-	-	-	-	-	2,146,079	2,146,079
Professional fees	52,450	9,680	13,040	1,098	1,019	770	764	259	151	90,017	169,248
Legal fees	871	1,231,975	1,594	-	-	-	4,305	8,499	-	24,165	1,271,409
Travel	20,950	169,762	13,775	4,775	15,478	5,797	15,848	65,492	6,462	140,849	459,188
Meetings	646	9,278	726	51	1,131	2	4	5,305	32	12,819	29,994
Office and supplies	1,428	6,705	187	53	6,073	226	295	3,474	15	31,681	50,137
Subscriptions and publications	868	3,128	132	30	789	43	91	1,465	-	29,474	36,020
Professional development	957	13,872	1,939	240	4,257	590	2,478	6,309	392	22,223	53,257
Depreciation and amortization	-	-	-	-	-	-	-	-	-	79,626	79,626
Insurance	-	-	-	-	-	-	-	-	-	163,709	163,709
Bank fees	1,263	-	4,804	2,891	-	-	-	-	-	63,490	72,448
Other expenses	12,552	50,347	15,213	925	12,260	54	100	1,158	226	2,269	95,104
Total Expenses	\$ 5,060,746 \$	31,979,769	\$ 3,014,201	\$ 699,650	4,929,453	\$ 743,554 \$	1,110,093 \$	5,299,726	\$ 342,957	\$ 4,214,193	\$ 57,394,342

See accompanying notes. 6

Statements of Cash Flows For the Years Ended June 30, 2019 and 2018

	2019		 2018
Cash Flows from Operating Activities			_
Change in net assets	\$	6,551,963	\$ 4,840,866
Adjustments to reconcile change in net assets to			
net cash provided by operating activities:			
Depreciation and amortization		112,611	79,626
Loss on disposal of property and equipment		102,362	-
Net realized and unrealized gain on investments		(1,748,144)	(634,025)
Change in allowance for doubtful accounts			
receivable		21,272	17,055
Change in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable		229,693	(147,428)
Prepaid expenses		(79,660)	76,525
Increase in:		, , ,	,
Accounts payable and accrued expenses		2,440,737	827,494
Grants payable		200,000	-
Due to affiliate		38,369	 45,302
Net cash provided by operating activities		7,869,203	5,105,415
Cash Flows from Investing Activities			
Purchases of investments		(18,563,757)	(5,945,029)
Proceeds from sale of investments		17,470,774	138,182
Purchases of property and equipment		(316,775)	<u> </u>
Net cash used in investing activities		(1,409,758)	(5,806,847)
Net Increase (Decrease) in Cash		6,459,445	(701,432)
Cash and Cash Equivalents, beginning of year		9,136,849	9,838,281
Cash and Cash Equivalents, end of year	\$	15,596,294	\$ 9,136,849

Notes to Financial Statements June 30, 2019 and 2018

1. Nature of Operations

PaintCare Inc. ("PaintCare"), a not-for-profit 501(c)(3) organization, was created in October 2009 by the American Coatings Association (ACA), who, working with state and local government stakeholders, passed the first ever paint product stewardship law in the United States in the state of Oregon in 2009. Similar legislation has subsequently been passed in other jurisdictions. The paint stewardship legislation guides an industry-led, end-of-life management program for post-consumer paint, which PaintCare operates. The PaintCare Board is made up of architectural paint manufacturers and participation in PaintCare is not limited to ACA members, but open to all architectural paint manufacturers. There are no dues or registration fees associated with PaintCare.

PaintCare organized single-member limited liability companies (LLC) for the Oregon, Connecticut, Rhode Island, Maine, Colorado, and District of Columbia programs in an effort to shield the assets of each state program from liability stemming from acts and obligations of other PaintCare state programs.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

PaintCare's financial statements are prepared on the accrual basis of accounting. Net assets without donor restrictions represent funds that are not subject to donor-imposed stipulations and are available for support of PaintCare's operations. At June 30, 2019 and 2018, all net assets were without donor restrictions.

Cash Equivalents

For the purpose of the statements of cash flows, PaintCare considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Accounts Receivable

Accounts receivable are recorded at net realizable value and represent amounts due from post-consumer paint recovery fees. PaintCare provides an allowance for bad debts using the allowance method, which is based on management's judgment considering historical information. Accounts are individually analyzed for collectability and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At June 30, 2019 and 2018, an allowance of \$64,175 and \$42,903, respectively, was recognized.

Notes to Financial Statements June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at fair value, based on quoted market prices. All realized and unrealized gains and losses are included in the accompanying statements of activities.

Property and Equipment

Property and equipment with a projected useful life ranging from three to ten years and in excess of \$1,000 are capitalized and recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the individual assets, ranging from three to ten years.

Grants Payable

Grants payable represents amounts awarded to organizations for the Innovative Recycling Grant Competition. These funds are committed as of June 30, 2019 and will be paid out over a maximum period of three years on a reimbursement-only basis. Grants payable is included on the accompanying statements of financial position and total \$200,000 and \$0 at June 30, 2019 and 2018.

Revenue Recognition

PaintCare recognizes revenue from post-consumer paint recovery fees at the time architectural paint product is sold by a manufacturer participant of the paint product stewardship program. Manufacturer participants in the program pay the PaintCare recovery fee to PaintCare based on the amount of program products they sell on a monthly basis.

Program participants report their monthly unit sales of paint through a secure, HTTPS online system using their unique user ID and password. The participant must pay a paint recovery fee per unit sold, based on container size, according to the established fee schedule for each state program. As the PaintCare recovery fee is added to the wholesale price of paint and passed through uniformly to the retail purchase price of paint—so that the manufacturer, distributor, and/or retailer is made whole—in some cases, distributors or retailers have elected to undertake the obligation of the manufacturer for these fees. Thus, PaintCare has allowed remitter agreements in the program, whereby a distributor or retailer reports and remits directly to PaintCare on behalf of a participant manufacturer's brand or brands. Reports and payments are due by the end of the month following the reporting period.

Revenue from all other sources is recognized when earned.

Notes to Financial Statements June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

<u>Functional Allocation of Expenses</u>

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Communications Costs

PaintCare holds communication-related contracts for advertising, marketing, and consumer awareness. Communications costs are charged to operations when incurred. Communications expenses were \$5,022,588 and \$5,036,473 for the years ended June 30, 2019 and 2018, respectively.

Measure of Operations

PaintCare includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes realized and unrealized gains and losses on investments, interest and dividends, and loss on disposal of property and equipment.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

Adopted Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. PaintCare has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, except for the liquidity and availability footnote, which is permitted by the ASU in the year of adoption. The implementation had no impact on previously reported net assets.

Notes to Financial Statements June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, PaintCare has evaluated events and transactions for potential recognition or disclosure through September 24, 2019, the date the financial statements were available to be issued.

3. Liquidity and Availability

PaintCare has \$51,156,773 of financial assets available within one year of the statement of financial position date. PaintCare strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Management periodically reviews PaintCare's liquid asset needs and adjusts the cash and cash equivalent balances as necessary. Amounts in excess of operating liquidity needs are invested in money market funds and highly liquid securities.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2019:

Cash and cash equivalents	\$ 15,596,294
Accounts receivable, net	6,964,498
Investments appropriated for current use	28,595,981
Total available for general expenditures	\$ 51,156,773

Notes to Financial Statements June 30, 2019 and 2018

4. Concentration of Credit Risk

Financial instruments that potentially subject PaintCare to significant concentrations of credit risk consist of cash and cash equivalents, and investments. PaintCare maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). PaintCare has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Accounts Receivable

Accounts receivable related to the following programs were due as follows at June 30:

	2019	2018
California	\$ 3,931,082	\$ 4,192,629
Colorado	761,606	787,597
Minnesota	749,761	719,043
Oregon	716,721	621,643
Connecticut	392,831	418,627
Maine	189,135	211,907
Rhode Island	113,726	123,092
District of Columbia	64,030	65,794
Vermont	109,781	118,034
Total accounts receivable	7,028,673	7,258,366
Less: allowance for doubtful accounts	(64,175)	(42,903)
Accounts receivable, net	\$ 6,964,498	\$ 7,215,463

Notes to Financial Statements June 30, 2019 and 2018

6. Investments and Fair Value Measurements

PaintCare invests a portion of its accumulated surplus in a portfolio with Bank of America/Merrill Lynch. The sole objective of the portfolio is to earn a return equal to the rate of inflation and thus preserve the purchasing power of its capital. Interest, dividends, changes in market value, and other investment activities are allocated to each state program based on the relative net asset balances of each state program. Oversight of the investments is provided by the PaintCare Budget and Finance Committee and by the PaintCare Board of Directors.

PaintCare follows FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period.

In general, and where applicable, PaintCare uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. Level 2 inputs include government securities as well as some mutual funds consisting mainly of fixed income instruments, which are valued based on quoted prices in less active markets.

Notes to Financial Statements June 30, 2019 and 2018

6. Investments and Fair Value Measurements (continued)

The following table presents PaintCare's fair value hierarchy for those assets measured on a recurring basis as of June 30, 2019:

		Level 1	Level 2	Level 3	Total
Equities:					
Energy	\$	645,537 \$	- \$	- \$	645,537
Materials	Ψ	516,536	Ψ -	Ψ -	516,536
Industrials		1,537,644	_	_	1,537,644
Consumer discretionary	7	1,516,737	_	_	1,516,737
Consumer staples		1,197,977	_	_	1,197,977
Health care		1,807,095	_	_	1,807,095
Financials		2,138,219	_	_	2,138,219
Information technology		2,507,382		_	2,507,382
Telecommunication		2,307,302			2,307,302
service		1,257,481	_	_	1,257,481
Utilities		564,074	_	_	564,074
Real estate		687,533	-	-	687,533
Bend		· ·	-	-	
		71,662	-	-	71,662
Mutual funds:		4.510.546			4.510.546
Exchange traded funds		4,518,546	-	-	4,518,546
Fixed income		7,523,367	-	-	7,523,367
Corporate bonds		6,869,374	-	-	6,869,374
Cash equivalents		1,046,678	-	-	1,046,678
Government securities:					
U.S. Treasury		-	9,750,771	-	9,750,771
U.S. Agency		-	3,894,394	-	3,894,394
Total investments	\$	34,405,842 \$	13,645,165 \$	- \$	48,051,007

Notes to Financial Statements June 30, 2019 and 2018

6. Investments and Fair Value Measurements (continued)

The following table presents PaintCare's fair value hierarchy for those assets measured on a recurring basis as of June 30, 2018:

		Level 1	Level 2	Level 3	Total
F ::					
Equities:					
Energy	\$	840,666 \$	- \$	- \$	840,666
Materials		585,373	-	-	585,373
Industrials		1,588,432	-	-	1,588,432
Consumer discretionary	7	1,725,904	-	-	1,725,904
Consumer staples		918,613	_	-	918,613
Health care		1,691,862	_	-	1,691,862
Financials		2,159,797	_	-	2,159,797
Information technology		2,786,203	_	-	2,786,203
Telecommunication					
service		264,307	-	-	264,307
Utilities		416,149	_	-	416,149
Real estate		531,755	-	-	531,755
Bend		59,749	_	-	59,749
Mutual funds:					
Fixed income		5,471,994	3,456,299	-	8,928,293
Corporate bonds		11,781,845	-	-	11,781,845
Cash equivalents		1,214,776	-	-	1,214,776
Government securities:					
U.S. Treasury		-	9,716,156	-	9,716,156
Total investments	\$	32,037,425 \$	13,172,455 \$	- \$	45,209,880

Investment income consisted of the following for the years ended June 30:

	2019			2018		
Interest and dividend income Net realized and unrealized gain Investment fees		1,238,869 1,748,144 (145,885)	\$	945,029 634,025 (138,181)		
Total investment income	\$	2,841,128	\$	1,440,873		

Notes to Financial Statements June 30, 2019 and 2018

7. Property and Equipment

PaintCare held the following property and equipment at June 30:

	 2019	 2018		
Software	\$ 354,739	\$ 421,822		
Less: accumulated depreciation and amortization	 (80,201)	(249,086)		
Property and equipment, net	\$ 274,538	\$ 172,736		

8. Related Party

ACA, a related party, is a separate, 501(c)(6) nonprofit organization working to advance the needs of the paint and coatings industry and the professionals who work in it. ACA serves its members as an advocate on legislative, regulatory, and judicial issues at the federal, state, and local levels. ACA also provides members with such services as research and technical information, statistical management information, legal guidance, and community service project support and acts as a forum for the exchange of information and ideas among the industry and its business partners. ACA incorporated PaintCare for the sole purpose of implementing programs for post-consumer architectural paint. ACA maintains a controlling interest in PaintCare through the ability to appoint its Board of Directors.

In February 2011, ACA and PaintCare entered into an affiliation agreement whereby ACA charges PaintCare an administrative fee, annually, to cover the following expense categories: allocation of time incurred by PaintCare officers, allocation of other direct labor, and allocation of occupancy and infrastructure costs. The term of the agreement is for one year and automatically renews for one-year terms unless canceled by either party.

For the years ended June 30, 2019 and 2018, the total administrative fees charged by ACA to PaintCare were \$2,151,624 and \$2,146,079, respectively. At June 30, 2019 and 2018, PaintCare owed ACA \$800,081 and \$761,712, respectively, which is recorded as due to affiliate in the accompanying statements of financial position.

Notes to Financial Statements June 30, 2019 and 2018

9. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, depreciation and amortization, insurance, and other, which are allocated on the basis of estimates of time and effort.

10. Income Taxes

PaintCare is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities.

No tax expense is recorded in the accompanying financial statements for PaintCare, as there was no unrelated business taxable income. Contributions to PaintCare are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management evaluated PaintCare's tax positions and concluded that PaintCare's financial statements do not include any uncertain tax positions.

SUPPLEMENTARY INFORMATION

Schedule of Activities, Organized by Program For the Year Ended June 30, 2019

	Oregon	California	Connecticut	Rhode Island	Minnesota	Vermont	Maine	Colorado	District of Columbia	Washington	General and Administrative	Total
Operating Revenue and Support Paint recovery fees	\$ 5,478,466 \$	34,611,457 \$	3,445,259 \$	930,766 \$	6,413,373 \$	866,404 \$	1,295,654 \$	6,817,282 \$	634,885 \$	- \$	- \$	60,493,546
Total operating revenue and support	5,478,466	34,611,457	3,445,259	930,766	6,413,373	866,404	1,295,654	6,817,282	634,885	-	-	60,493,546
Expenses												
Program and delivery services:												
Collection support	20,381	3,134,672	434,074	100,441	448,281	81,970	145,009	506,792	38,858	-	-	4,910,478
Transportation and processing	4,085,078	22,661,082	2,133,266	471,744	4,214,374	636,182	933,710	3,989,607	216,039	-	-	39,341,082
Communications	59,874	3,394,905	462,699	105,153	187,698	9,375	23,503	610,204	104,387	-	-	4,957,798
Legal fees	350	201,033	11,511	15,144	10,078	263	9,505	3,339	1,186	-	-	252,409
State agency administrative fees	40,000	224,526	20,000	-	24,319	15,000	71,003	120,000	26,000	-	-	540,848
Special projects	-	6,400	-	-	14,119	-	-	-	-	-	-	20,519
Research and development	-	100,000	_	-	_	-	-	100,000	-	_	-	200,000
Other program expenses	159,977	1,041,129	114,979	36,610	169,580	49,777	118,031	299,437	26,699	7,064	-	2,023,283
Total program and delivery services	 4,365,660	30,763,747	3,176,529	729,092	5,068,449	792,567	1,300,761	5,629,379	413,169	7,064	-	52,246,417
General and administrative:												
Legal fees	-	-	-	-	-	-	-	-	-	-	23,632	23,632
Management fees	-	-	-	-	-	-	-	-	-	-	2,151,624	2,151,624
Insurance	-	-	-	-	-	-	-	-	-	-	220,261	220,261
Other expense	-	-	-	-	-	-	-	-	-	-	2,038,415	2,038,415
Total general and administrative	-	-	-	-	-	-	-	-	-	-	4,433,932	4,433,932
Total expenses	4,365,660	30,763,747	3,176,529	729,092	5,068,449	792,567	1,300,761	5,629,379	413,169	7,064	4,433,932	56,680,349
Change in Net Assets from Operations	1,112,806	3,847,710	268,730	201,674	1,344,924	73,837	(5,107)	1,187,903	221,716	(7,064)	(4,433,932)	3,813,197
Non-Operating Activities												
Investment income Loss on disposal of property	-	-	-	-	-	-	-	-	-	-	2,841,128	2,841,128
and equipment	-	-	-	-	-	-	-	-	-	-	(102,362)	(102,362)
Change in Net Assets Before Allocation of												
General and Administrative Activities	1,112,806	3,847,710	268,730	201,674	1,344,924	73,837	(5,107)	1,187,903	221,716	(7,064)	(1,695,166)	6,551,963
General and administrative allocation	(293,665)	(2,855,647)	(273,967)	(80,683)	(406,565)	(47,965)	(101,824)	(385,506)	(46,124)	(44,348)	4,536,294	-
Investment allocation	 -	2,567,226	-	-	(493)	(26,253)	(2,417)	282,154	20,911	-	(2,841,128)	
Total Change in Net Assets	819,141	3,559,289	(5,237)	120,991	937,866	(381)	(109,348)	1,084,551	196,503	(51,412)	-	6,551,963
Net Assets (Deficit), beginning of year	(909,292)	45,853,006	3,391,903	702,738	(718,905)	(523,200)	270,716	4,422,394	265,156	-	-	52,754,516
Net Assets (Deficit), end of year	\$ (90,151) \$	49,412,295 \$	3,386,666 \$	823,729 \$	218,961 \$	(523,581) \$	161,368 \$	5,506,945 \$	461,659 \$	(51,412) \$	- \$	59,306,479

Schedule of Activities, Organized by Program For the Year Ended June 30, 2018

		Oregon	California	Connecticut	Rhode Island	Minnesota	Vermont	Maine	Colorado	District of Columbia	General and Administrative	Total
Operating Revenue and Support Paint recovery fees Other income	\$	4,816,828 \$ 99,424	35,369,235 \$	3,589,443 \$	921,847 \$	6,192,108 \$	870,581 \$ -	1,455,662 \$	6,865,320 \$	613,887 \$	- \$ -	60,694,911 99,424
Total operating revenue and support		4,916,252	35,369,235	3,589,443	921,847	6,192,108	870,581	1,455,662	6,865,320	613,887	-	60,794,335
Expenses												
Program and delivery services:		4.4.4.0		***	400 440				40.4.			. = 0.4 = 0.5
Collection support		14,150	3,088,155	419,471	102,140	427,619	77,744	131,874	494,744	35,886	-	4,791,783
Transportation and processing		4,746,057	23,089,573	1,985,183	471,128	4,095,774	599,131	800,695	3,746,160	195,501	-	39,729,202
Communications		58,998	3,449,964	448,418	89,429	204,464	7,865	23,714	669,864	52,037	-	5,004,753
Legal fees		871	1,231,975	1,594	-	<u>-</u>	- -	4,305	8,499	<u>-</u>	-	1,247,244
State agency administrative fees		50,000	167,633	20,000	-	35,160	15,000	53,146	120,000	26,000	-	486,939
Other program expenses		190,670	952,469	139,535	36,953	166,436	43,814	96,359	260,459	33,533	-	1,920,228
Total program and delivery services		5,060,746	31,979,769	3,014,201	699,650	4,929,453	743,554	1,110,093	5,299,726	342,957	-	53,180,149
General and administrative:												
Legal fees		-	-	-	-	-	-	-	-	-	24,165	24,165
Management fees		-	-	-	-	-	-	-	-	-	2,146,079	2,146,079
Insurance		-	_	-	-	_	-	_	_	-	163,709	163,709
Other expense		-	-	-	-	-	-	-	-	-	1,880,240	1,880,240
Total general and administrative		-	-	-	-	-	-	-	-	-	4,214,193	4,214,193
Total expenses	_	5,060,746	31,979,769	3,014,201	699,650	4,929,453	743,554	1,110,093	5,299,726	342,957	4,214,193	57,394,342
Change in Net Assets from Operations		(144,494)	3,389,466	575,242	222,197	1,262,655	127,027	345,569	1,565,594	270,930	(4,214,193)	3,399,993
Non-Operating Activities Investment income		-	-	-	-	-	-	-	-	-	1,440,873	1,440,873
Change in Net Assets Before Allocation of General and Administrative Activities		(144,494)	3,389,466	575,242	222,197	1,262,655	127,027	345,569	1,565,594	270,930	(2,773,320)	4,840,866
General and administrative allocation Investment allocation		(275,506)	(2,679,071) 1,380,251	(257,027)	(75,694)	(381,425) (39,090)	(45,000) (16,396)	(95,528) 4,394	(361,668) 108,040	(43,273) 3,673	4,214,192 (1,440,872)	- -
Total Change in Net Assets		(420,000)	2,090,646	318,215	146,503	842,140	65,631	254,435	1,311,966	231,330	-	4,840,866
Net Assets (Deficit), beginning of year		(489,292)	43,762,360	3,073,688	556,235	(1,561,045)	(588,831)	16,281	3,110,428	33,826	-	47,913,650
Net Assets (Deficit), end of year	\$	(909,292) \$	45,853,006 \$	3,391,903 \$	702,738 \$	(718,905) \$	(523,200) \$	270,716 \$	4,422,394 \$	265,156 \$	- \$	52,754,516

Appendix Section C



Rhode Island Paint Stewardship Program

Each year about 780 million gallons of architectural paint is sold in the United States. Did you know that about 10 percent goes unused and is available for recycling?

Rhode Island's Paint Stewardship Law requires the paint manufacturing industry to develop a financially sustainable and environmentally responsible program to manage postconsumer architectural paint.

The program includes education about buying the right amount of paint, tips for using up remaining paint and setting up convenient recycling locations throughout the state.

Paint manufacturers established PaintCare, a nonprofit organization, to run paint stewardship programs in states with applicable laws.

PaintCare Products

These products have fees when you buy them and are accepted for free at drop-off sites:

- Interior and exterior architectural paints: latex, acrylic, water-based, alkyd, oil-based, enamel (including textured coatings)
- Deck coatings, floor paints (including elastomeric)
- · Primers, sealers, undercoaters
- Stains
- Shellacs, lacquers, varnishes, urethanes (single component)
- Waterproofing concrete/masonry/wood sealers and repellents (not tar or bitumen-based)
- Metal coatings, rust preventatives
- · Field and lawn paints

Leaking, unlabeled and empty containers are not accepted at drop-off sites.

- · Paint thinners, mineral spirits, solvents
- · Aerosol paints (spray cans)
- · Auto and marine paints
- · Art and craft paints
- · Caulk, epoxies, glues, adhesives
- · Paint additives, colorants, tints, resins
- Wood preservatives (containing pesticides)
- · Roof patch and repair
- Asphalt, tar and bitumen-based products
- 2-component coatings
- Deck cleaners
- Traffic and road marking paints
- · Industrial Maintenance (IM) coatings
- Original Equipment Manufacturer (OEM) (shop application) paints and finishes

For information about recycling and proper disposal of non-PaintCare products, please contact your garbage hauler, local environmental health agency, household hazardous waste program or public works department.







RHODE ISLAND

Places to Take Old Paint

Paint recycling is more convenient with PaintCare. We set up paint drop-off sites throughout Rhode Island. To find your nearest drop-off site, use PaintCare's search tool at www.paintcare.org or call our hotline at (855) 724-6809.

How to Recycle

PaintCare sites accept all brands of old house paint, stain and varnish — even if they are 20 years old!

Containers must be five gallons or smaller, and a few types of paint are not accepted. See back panel for a list of what you can recycle.

All PaintCare drop-off sites accept up to five gallons of paint per visit. Some sites accept more. Please call the site in advance to make sure they can accept the amount of paint you would like to recycle.

Make sure all containers of paint have lids and original labels, and load them securely in your vehicle. Take them to a drop-off site during their regular business hours. We'll take it from there.

What Happens to the Paint?

PaintCare will make sure that your leftover paint is remixed into recycled paint, used as a fuel, made into other products or properly disposed.

Who Can Use the Program?

People bringing paint from their homes can bring as much latex or oil-based paint as the site is willing to accept.

Businesses (painting contractors and others) can use this program with one restriction: If your business produces more than 220 pounds (about 20-30 gallons) of hazardous waste per month, you may use the drop-off sites for your latex paint only but not for your oil-based paint. Contact PaintCare to learn more about this restriction.

Large Volume Pick-Up

If you have at least 200 gallons of paint to recycle at your business or home, ask about our free pick-up service. Please call for more details or to request an appointment.



PaintCare Fee

PaintCare is funded by a fee paid by paint manufacturers for each can of paint they sell in the state. Manufacturers pass the fee to retailers, who then apply it to the price of paint. Stores can choose whether or not to show the fee on their receipts. Fees are based on the size of the container as follows:

\$0.00 Half pint or smaller

\$0.35 Larger than half pint and smaller than 1 gallon

\$0.75 1 Gallon

\$1.60 Larger than 1 gallon up to 5 gallons

Not a Deposit

The fee is not a deposit — it is part of the purchase price. The fees are used to pay the costs of running the program: recycling, public education, staffing and other expenses.

Contact Us

To learn more or find a drop-off site, please visit www.paintcare.org or call (855) 724-6809.



Mini Card



Buy right. Use it up. Recycle the rest.

Manufacturers of paint created PaintCare, a nonprofit organization, to set up convenient places for you to recycle leftover paint. We're working to provide environmentally sound and cost-effective recycling programs in your state and others with paint stewardship laws.

LEARN MORE

Visit www.paintcare.org or follow us on Facebook for tips on how to buy the right amount of paint, store paint properly, use up leftover paint, and find a drop-off site. We also have a free pick-up service for businesses or households with at least 300 gallons of paint to recycle.



Paint Recycling Program

About the PaintCare Program

PAINTCARE

Paint manufacturers created PaintCare, a non-profit organization, to set up convenient places for households and businesses to recycle leftover paint. PaintCare sets up paint drop-off sites throughout states that adopt paint stewardship laws.

PAINTCARE PRODUCTS

These products have fees when purchased and will be accepted for free at PaintCare drop-off sites:

- Latex house paints (acrylic, water-based)
- Oil-based house paints (alkyd)
- Stains
- · Primers and undercoaters
- Shellacs, lacquers, varnishes, urethanes
- · Deck and floor paints
- Sealers and waterproofing coatings for wood, concrete and masonry

S NON-PAINTCARE PRODUCTS

- · Paint thinners and solvents
- Aerosol paints (spray cans)
- · Auto and marine paints
- · Paint additives, colorants, tints, resins
- Wood preservatives (containing pesticides)
- · Asphalt, tar and bitumen-based products
- · 2-component coatings
- Coatings used for Original Equipment Manufacturing or shop application
- Any non-coatings (caulk, spackle, cleaners, etc.)

FEES

PaintCare fees are applied to the purchase price of architectural paint sold in the state as required by state law. Fees are applied to each container and vary by the size of the container as follows:

Half pint or smaller	\$ 0.00
Larger than half pint and smaller than 1 gallon	\$ 0.35
1 gallon	\$ 0.75
More than 1 gallon up to 5 gallons	\$ 1.60

For more information or to find a place to take your unwanted paint for recycling, please ask for the PaintCare brochure, visit www.paintcare.org or call (855) 724-6809.



Recycle with PaintCare

www.paintcare.org

Paint Recycling Made Easy

Paint manufacturers formed PaintCare, a nonprofit organization, to make paint recycling more convenient, cost effective, and environmentally sound. Paint doesn't belong in the trash or down the drain. If you can't use it up, recycle it with PaintCare.

We're setting up locations in your state where you can bring old paint for free all year-round.



What types of paint products can be recycled with PaintCare?



PAINTCARE PRODUCTS

(YOU CAN RECYCLE THESE)

These products have fees when you buy them and are accepted for free when you drop them off for recycling:

- · Water-based paints (latex, acrylic)
- · Oil-based paints (alkyd) Stains
- Primers
- Varnishes
- Shellacs
- Lacquers
- Urethanes
- · Deck paints Floor paints
- Sealers
- · Waterproofing coatings

NON-PAINTCARE PRODUCTS

Leaking, unlabeled, and empty containers are not accepted.

- · Paint thinners and solvents
- · Aerosol paints (spray cans)
- Auto and marine paints · Paint additives, colorants,
- tints, resins · Wood preservatives
- (containing pesticides)
- Asphalt, tar, and
- bitumen-based products 2-component coatings
- Coatings used for Original Equipment Manufacturing or shop application
- Any non-coatings (caulk, spackle, cleaner, etc.)

PROGRAM FUNDING

The PaintCare Fee is applied to the purchase price of architectural paint sold in your state as required by law. Fees are based on container size:

Half pint or smaller	\$0.00
Larger than half pint and smaller than 1 g	allon \$0.35
1 gallon	\$0.75
More than 1 gallon up to 5 gallons	\$1.60

LEARN MORE: Please ask for a PaintCare program brochure, visit www.paintcare.org, or call (855) 724-6809.



Information for Painting Contractors

UPDATED — JUNE 2019

Rhode Island's Paint Stewardship Program began in June 2014.

The Rhode Island Paint Stewardship law required paint manufacturers to set up and operate a paint stewardship program in Rhode Island. The program is funded by a fee on each container of architectural paint sold in the state. The program sets up drop-off sites at retail stores and other sites throughout the state where households and businesses are able to take most types of leftover paint for recycling, free of charge.

Paint Stewardship

The American Coatings Association (ACA) worked with various stakeholders interested in the management of postconsumer paint to develop a Paint Stewardship Program in the United States. PaintCare Inc. is a nonprofit organization established by ACA to implement the program on behalf of paint manufacturers in states that adopt paint stewardship laws. PaintCare operates programs in California, Colorado, Connecticut, District of Columbia, Maine, Minnesota, Oregon, Rhode Island, and Vermont. PaintCare is currently developing a program for Washington, expected to launch in 2020.

The main goals of the program are to decrease paint waste and recycle more postconsumer paint by setting up convenient drop-off sites in each state.



Fees and Funding

As required by state law, a paint stewardship assessment ("PaintCare Fee") must be added by manufacturers to the wholesale price of all architectural paint sold in the state. This fee is paid by manufacturers to PaintCare to fund setting up drop-off sites for leftover, postconsumer paint, and for the transportation, recycling, and proper disposal of that paint. The fees also pay for consumer education and program administrative costs.

Fee may vary from state to state. The Rhode Island fees per container are as follows:

\$ 0.00 — Half pint or smaller

\$ 0.35 — Larger than half pint up to smaller than 1 gallon

\$ 0.75 — 1 gallon

\$ 1.60 — Larger than 1 gallon up to 5 gallons

The law also requires that each distributor and retailer include the PaintCare Fee with their sale price of architectural paint sold in the state. Displaying the fee on invoices and receipts is not mandatory for distributors or retailers; however, PaintCare encourages them to show the fee and list it as PaintCare Fee to aid in customer and dealer education and to ensure transparency.

Notice for Painting Contractors

It is expected that contractors will pass the fees on to their customers in order to recoup the fees they pay on the product.

When estimating jobs contractors should take these fees into account by checking with your suppliers to make sure the quotes for paint products include the fees. You should also let your customers know that you will be including these fees in your quotes.

New Paint Drop-Off Sites

PaintCare has established more than 30 paint drop-off sites across Rhode Island. Most drop-off sites are at paint stores. Other sites may include solid waste transfer stations, recycling centers, and government-sponsored household hazardous waste programs. Participation as a drop-off site is voluntary.

Use of Retail Drop-Off Sites by Businesses

Retail drop-off sites provide a convenient and no cost recycling option for painting contractors and other businesses. Businesses that generate less than 220 pounds of hazardous waste* per month will be able to use these sites to recycle all PaintCare products (both water and oil-based) with some restrictions on quantities per month.

Larger businesses (those that generate more than 220 pounds of hazardous waste per month) may use the PaintCare sites for their water-based PaintCare products only; they are not able to use the sites for oil-based paint or other solvent-based products.

Note: 220 pounds is about 20-30 gallons of paint. When counting how much hazardous waste you generate in a month, oil-based paint does count (because by law it is a hazardous waste), but latex and other water-based paint does not count toward the 220 pound monthly total.



Pick-Up Service for Large Volumes

Businesses with at least 200 gallons of postconsumer paint to recycle may qualify to have their paint picked up by PaintCare at no additional cost. To learn more about this service or to request an appointment, please visit www.paintcare.org/pickup or call (855) 724-6809.

Contact

Laura Honis Program Manager (Connecticut and Rhode Island) Ihonis@paint.org (203) 747-4494

WHAT PRODUCTS ARE COVERED?

The products accepted at PaintCare drop-off sites are the same products that have a fee when they are sold. PaintCare Products include interior and exterior architectural coatings sold in containers of five gallons or less. However, they do not include aerosol products (spray cans), industrial maintenance (IM), original equipment manufacturer (OEM), or specialty coatings.

PaintCare Products

- Interior and exterior architectural paints: latex, acrylic, water-based, alkyd, oil-based, enamel (including textured coatings)
- Deck coatings, floor paints (including elastomeric)
- Primers, sealers, undercoaters
- Stains
- Shellacs, lacquers, varnishes, urethanes (single component)
- Waterproofing concrete/masonry/wood sealers and repellents (not tar or bitumen-based)
- Metal coatings, rust preventatives
- Field and lawn paints

Non-Paintcare Products

- Paint thinners, mineral spirits, solvents
- Aerosol paints (spray cans)
- Auto and marine paints
- Art and craft paints
- Caulking compounds, epoxies, glues, adhesives
- Paint additives, colorants, tints, resins
- Wood preservatives (containing pesticides)
- Roof patch and repair
- Asphalt, tar, and bitumen-based products
- 2-component coatings
- Deck cleaners
- Traffic and road marking paints
- Industrial Maintenance (IM) coatings
- Original Equipment Manufacturer (OEM) (shop application) paints and finishes



Large Volume Pick-Up (LVP) Service

UPDATED — OCTOBER 2018

PaintCare offers a free pick-up service to painting contractors, property managers, households, and others with large amounts of leftover architectural paint.

Who is PaintCare?

PaintCare Inc. is a non-profit organization established by the American Coatings Association to operate paint stewardship programs on behalf of paint manufacturers in states that pass paint stewardship laws.

Paint Drop-Off Sites

In states with a paint stewardship program, PaintCare's primary effort is to set up conveniently located drop-off sites—places where residents and businesses may take their unwanted paint for no charge. Sites set their own limits on the volume of paint they accept from customers per visit (usually from 5 to 20 gallons). To find a drop-off site near you, please use PaintCare's site locator at www.paintcare.org or call (855) 724-6809.

Large Volume Pick-Ups

For those who have accumulated a large volume of paint, PaintCare also offers a pick-up service. Large volume means at least 200 gallons, measured by container size (not content). On a case-by-case basis, PaintCare may approve a pick-up for less than 200 gallons if there are no drop-off sites in your area. After two or three pick-ups, you may be switched to a regular service (see next page).

Drums and Bulked Paint Are Not Accepted

PaintCare only accepts paint in containers that are 5 gallons or smaller in size. Leave paint in original cans with original labels; do not combine or bulk paint from small cans into larger ones. If you have unwanted paint in drums or containers larger than 5 gallons, please contact a licensed paint recycling company or a hazardous waste transportation company to assist you.

HOW TO REQUEST A LARGE VOLUME PICK-UP

1) Sort and count your paint

We need to know the number of each container size and the type of products you have, sorted into two categories: (1) water-based paints and stains and (2) oil-based paint and stains and any other program products (sealers and clear top-coat products, such as varnish and shellac).

2) Fill out the LVP Request Form and send it in
Fill out a paper or electronic version of the "Large
Volume Pick-Up Request Form" and return it to
PaintCare online or by email, fax, or regular mail. (Visit
www.paintcare.org or call PaintCare for the form.)

Scheduling

After reviewing your form, PaintCare staff will either approve your site for a pick-up or inform you of the best place to take your paint if you do not meet the requirements. If approved, you will be put in contact with our licensed hauler to schedule a pick-up. It may be several weeks before your pick-up occurs.

On the Day of Your Pick-Up

Sort your products into the two categories noted above and store them in an area that has easy access. If the paint is a far distance from where the hauler parks, the path between should be at least four feet wide to accommodate movement of the boxes.



Businesses, please plan to have staff available to pack the paint cans into the boxes. The hauler may be able to provide some assistance, but we require your staff to be present and provide labor to pack boxes. Once your paint is properly packed and loaded onto the hauler's truck, you will sign a shipping document and receive a copy for your records. Your paint will then be taken to an authorized processing facility for recycling.

Note: Paint must be in original containers and not leaking.

Repeat Service for Large Volume Users

For businesses that generate large volumes of unwanted paint on a regular basis, a service for recurring direct pickups is available. With this service, you will be provided with empty bins, then request a pick-up when at least three bins are filled. PaintCare will provide onsite training on how to properly pack the paint, and you will be required to sign a contract with PaintCare.

Limits on Businesses

To use the program for oil-based products, your waste must qualify as exempt under federal (40 CFR § 262.14) and state/local hazardous waste generator rules. Most notably, these rules require that your business (a) generates no more than 220 pounds (about 20-30 gallons, depending on type) of hazardous waste per month, and (b) accumulates no more than 2,200 pounds (approximately 220 gallons) of hazardous waste at any given time. If your business fails to qualify as an exempt generator, it will not be able to use the program for oil-based products. For more information on the federal hazardous generator rules, please go to www.paintcare.org/limits.

Note: When calculating how much hazardous waste you generate in a month, do not count latex paint.

If You Have Products We Don't Accept

The program does not accept all paints (such as aerosols and automotive finishes) or other hazardous waste. If you have solvents, thinners, pesticides, or any non-PaintCare products (see list to right for examples), we recommend that residents contact their local household hazardous waste (HHW) program. Some HHW programs allow businesses to use their program for a modest fee. Otherwise, businesses should contact a licensed hazardous waste transportation company.

What Products Are Covered?

The products accepted at PaintCare drop-off sites are the same products that have a fee when they are sold. PaintCare Products include interior and exterior architectural coatings sold in containers of 5 gallons or less. However, they do not include aerosol products (spray cans), industrial maintenance (IM), original equipment manufacturer (OEM), or specialty coatings.

PAINTCARE PRODUCTS

- Interior and exterior architectural paints: latex, acrylic, water-based, alkyd, oil-based, enamel (including textured coatings)
- Deck coatings, floor paints
- Primers, sealers, undercoaters
- Stains
- Shellacs, lacquers, varnishes, urethanes
- Waterproofing concrete/masonry/wood sealers and repellents (not tar or bitumen-based)
- Metal coatings, rust preventatives
- Field and lawn paints

NON-PAINTCARE PRODUCTS

- Paint thinners, mineral spirits, solvents
- Aerosol paints (spray cans)
- Auto and marine paints
- Art and craft paints
- Caulking compounds, epoxies, glues, adhesives
- Paint additives, colorants, tints, resins
- Wood preservatives (containing pesticides)
- Roof patch and repair
- Asphalt, tar, and bitumen-based products
- 2-component coatings
- Deck cleaners
- Traffic and road marking paints
- Industrial Maintenance (IM) coatings
- Original Equipment Manufacturer (OEM) (shop application) paints and finishes

Appendix Section D



2018 Awareness Survey Results

prepared by



Table of Contents

Study Overview: Objectives, Key Measurements, Responses

Respondent Profiles: Demographic Characteristics

Consumer Behavior: Paint Purchasing and Disposal

Paint Recycling: Awareness and Engagement

Cross-tabulations: Behavior, Awareness and Engagement

Paint Care Advertising/Marketing Considerations: Awareness, Recall, Impressions

Cross-tabulations: Advertising and Marketing Metrics

KPI Summary and Next Steps

APPENDIX: State/District Highlights

Study Objectives and Key Measurements

Objective	Related KPI/Measurement
Increase knowledge of paint recycling	Do you know that paint can be recycled?
Impact paint recycling behaviors	Have you ever taken paint somewhere to be recycled?
Decrease storage of paint in home	Do you currently have any leftover or unwanted paint in your home or business (e.g., primer, interior house paint, stain, deck sealer, or clear finishes like varnish)? If so, how much paint do you have?
Increase knowledge of PaintCare	Have you ever ever heard of PaintCare, the program that sets up sites that take paint for recycling?
Execute memorable ads	Do you recall seeing an advertisement for PaintCare in the last several months?
Stimulate word of mouth and other communications	Do you recall hearing about PaintCare in any of the following other ways?

Study Enhancements Made to Survey Approach

Improved sampling approach:

- Increased sample sizes to more precise measurement.
- Managed state/district "quotas" to be more reflective of the population based on census data (e.g. age, income categories, ethnicity, etc.).
- Implemented survey "screeners" to exclude those under 18 and those who had moved to non-participating states.

Enhanced survey tool:

- Refreshed survey by adding/deleting/updating consumer behavior questions based on prior findings.
- Collected open-ended feedback regarding personal motivations to recycle (or not), providing insightful information with which to better communicate in the future.
- Revised wording to better define terms for consistent understanding (e.g. "paint")

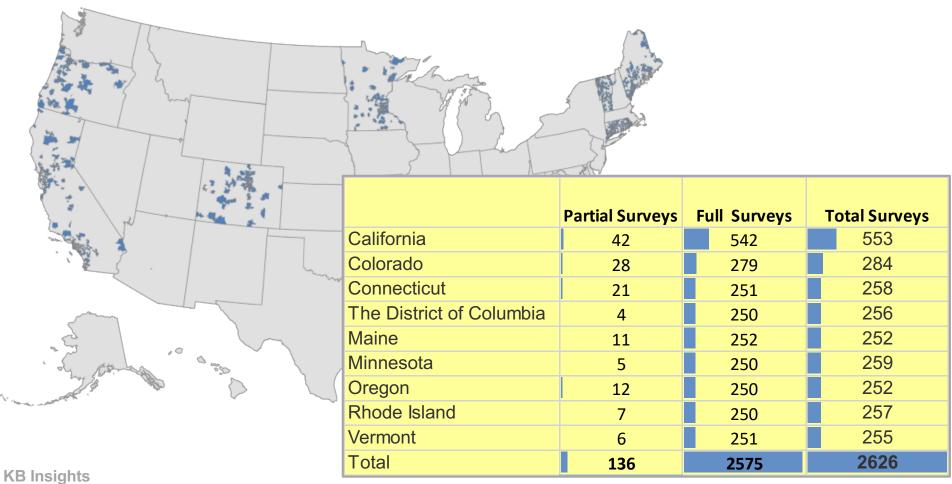
Performed deeper analysis:

- Conducted comment categorization to understand the top reasons for recycling paint to guide future messaging
- Compared past recycling behaviors to future intentions to better understand/predict macrotrends in consumer behavior.
- Examined cross-tabulated data to understand pockets of consumers who recycle the most and least, to guide future targeting.

Response Summary

- 2,626 surveys were conducted in 8 states plus the District of Columbia in November 2018.
- All states/district except California received at least 250 surveys; California, 553.
- ❖ 250 observations allows us to be 90% confident that the true result for this population is +/- 5% from the measured result; 95% confident that the true result is +/-6% from the measured result.
- ❖ Similarly, 550 observations allows us to be 90% confident that the true result is +/-3.5% from the measured result; 95% confident that the true result is +/-4% from the measured result.

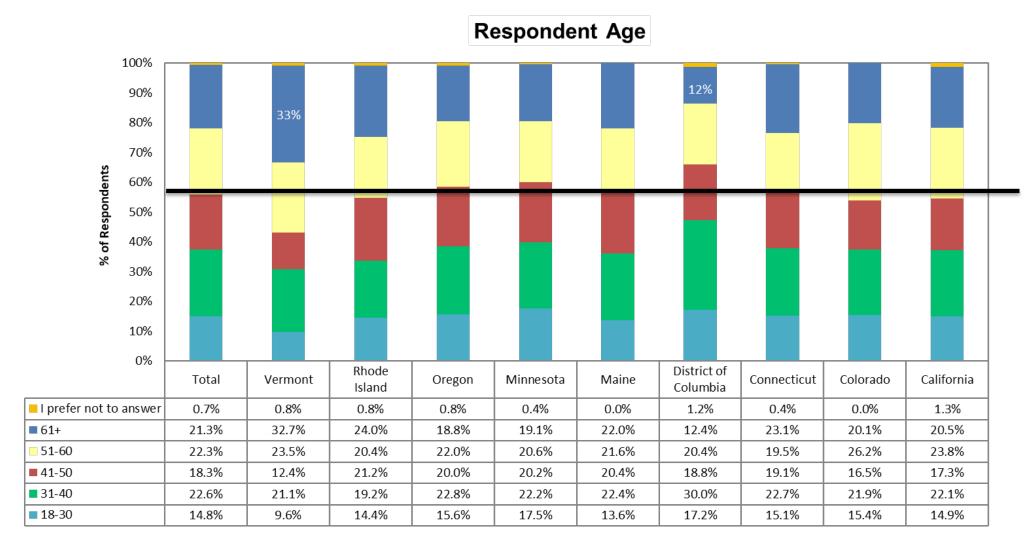






Profile of Respondents - Age

- A good mix of age ranges were represented in each state's sample.
- Variances can be attributed to state characteristics. Based on census data, Vermont has the greatest proportion of 55+ residents; DC, the lowest—consistent with the survey respondent base.
- Note that all respondents were at least 18 years old.



Profile of Respondents - Gender

- Roughly half of those surveyed were men; half, women.
- Very few declined to share this information or provided an "other" response.

Gender Identity



*Other: Gender Neutral

Profile of Respondents - Ethnicity

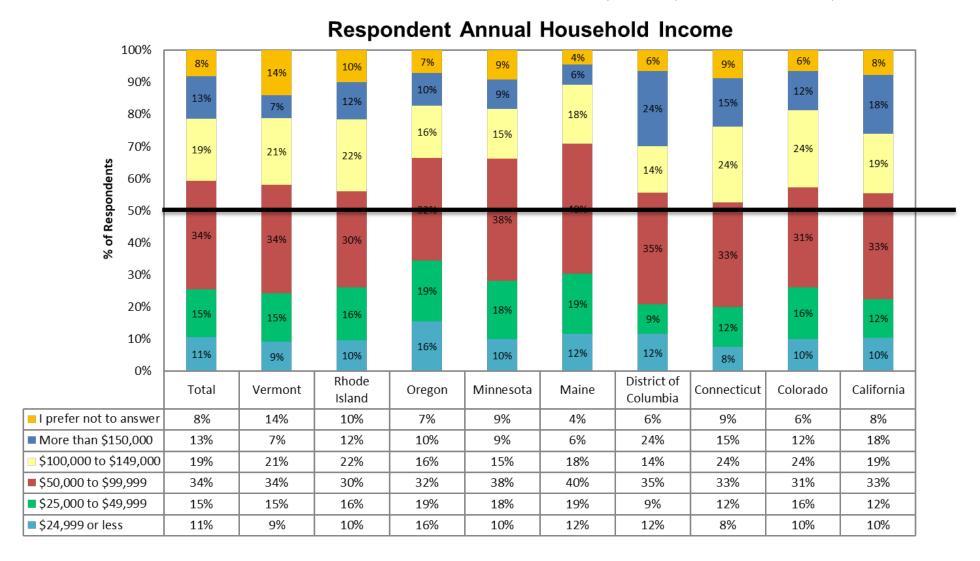
- About 80% of all respondents were Caucasian.
- However, there were variances within states/district, consistent with census data. California has a higher proportion of Hispanic and Asian residents. The District of Columbia and Connecticut have the highest African American populations.

Respondent Ethnicity



Profile of Respondents - Income

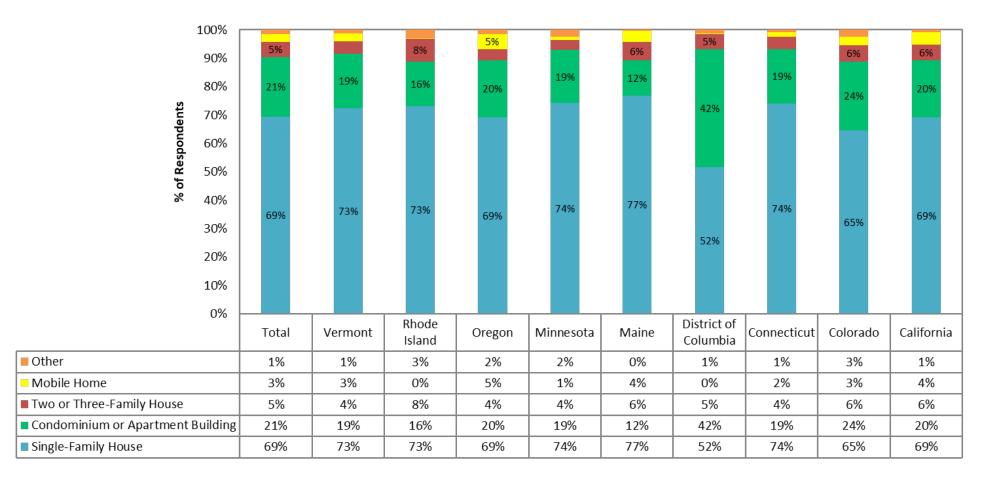
- The median household income level for respondents is \$50-99K in each state, consistent with census data.
- Median household income in the United States was \$62,450 in July 2018 (Sentier Research).



Profile of Respondents – Dwelling Type

- Most respondents live in a single family home.
- Condominium/apartment living was more predominant in Washington D.C. than in other parts of the country.

Respondent Dwelling Type

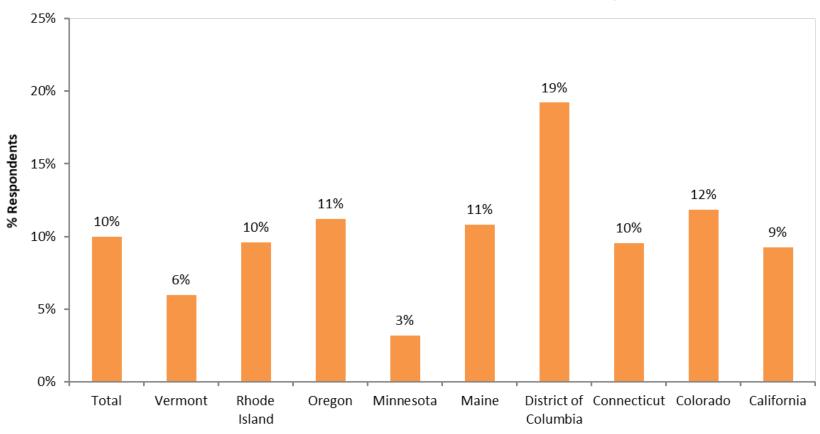


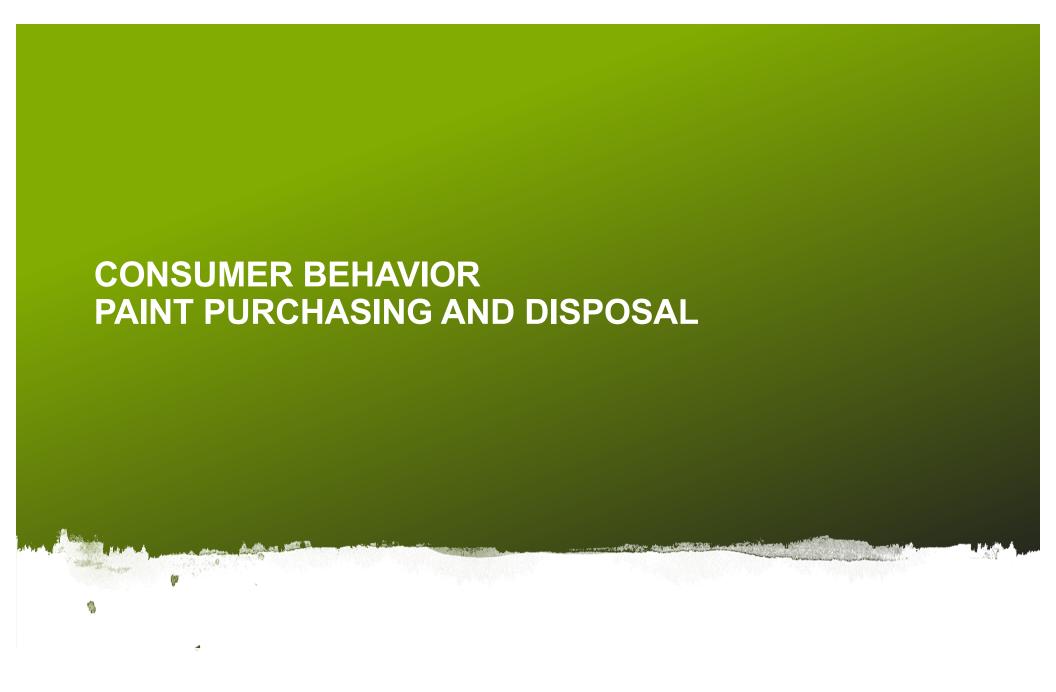
^{*}Other: Townhome, Rent a Single Room, Dorm, Modular Home, Senior Home

Profile of Respondents – Paint-Related Profession

- About 10% of those surveyed said they painted professionally.
- There were significant variances between states, consistent with results from prior surveys.

Do you paint professionally (as a painting contractor, property maintenance crew, etc. but NOT as an artist)?



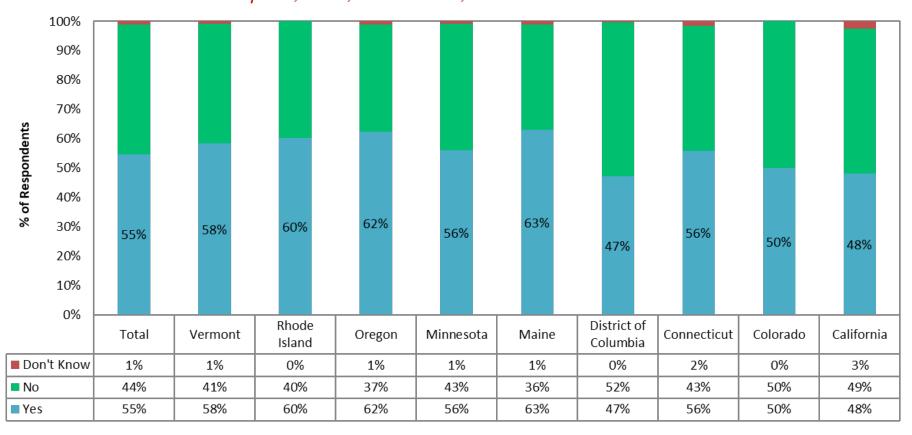


Recency of Paint Purchases

- Slightly over half of respondents bought paint in the last year.
- Results varied slightly by state. The fewest purchased paint in the last year in D.C.; the most, in Maine and Oregon.

Have you purchased paint in the last year*?

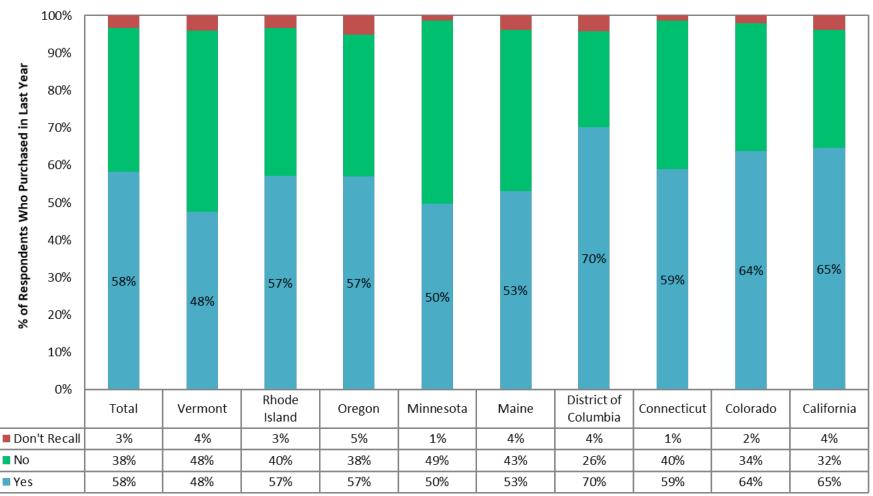
*For the purposes of this question, "paint" includes primer, interior or exterior house paint, stain, deck sealer, and clear finishes like varnish.



Measurements Prior to Paint Purchases

- 58% of respondents measured ahead of time to determine paint needs.
- The highest level of preparation occurred in D.C.; the lowest, in Vermont.

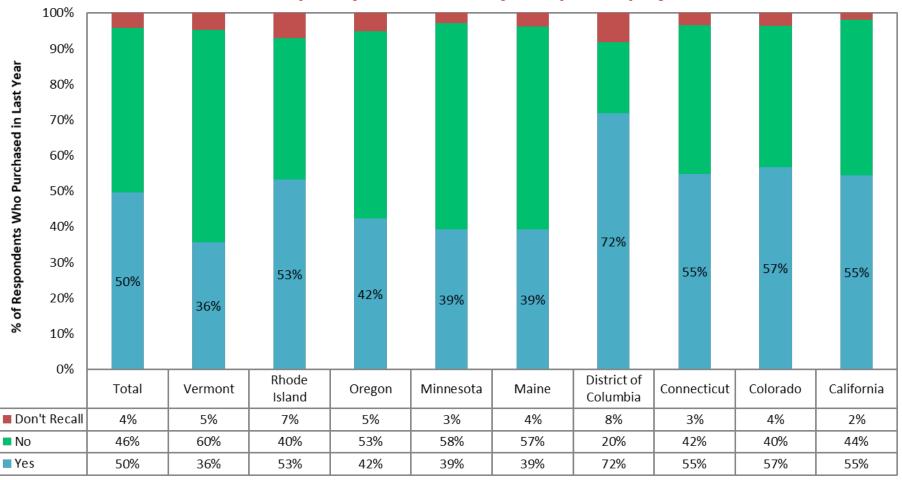
Before purchasing, did you take any measurements of the area to be painted to figure out how much paint was needed for the project?



Paint Store Assistance

- About half the time, respondents said the paint store assisted them with determining paint needs.
- D.C. retailers are most involved in this process; Vermont, Maine and Minnesota retailers, the least involved.

Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



Leftover Paint

- The amount of paint stored at home varied considerably, from less than a gallon to a shopping cart full.
- The median response by state was either "less than 1 gallon" or "1 to 5 gallons."
- Very few said they stored more than 15 gallons (two shopping carts full).

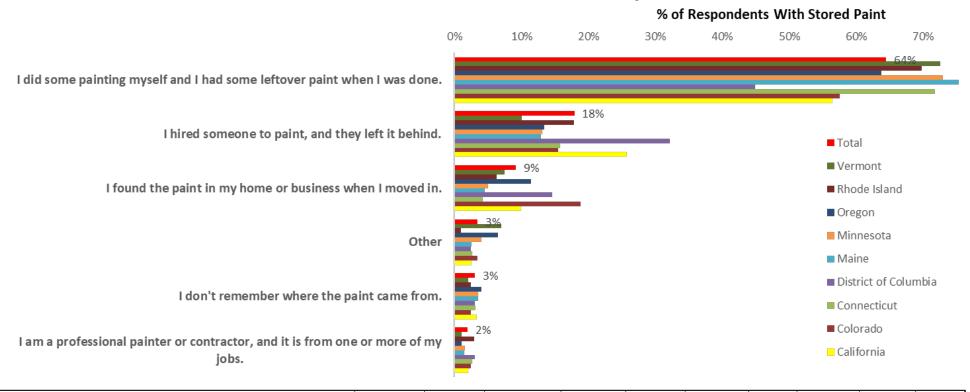
How much leftover or unwanted paint do you have in your home or business at this time (e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)?



Reasons for Paint Storage

The top 3 reasons that consumers store paint is the same in all states: leftovers from their own paint job, from a contractor's paint job, or left at move-in.

Where did most of the paint come from?



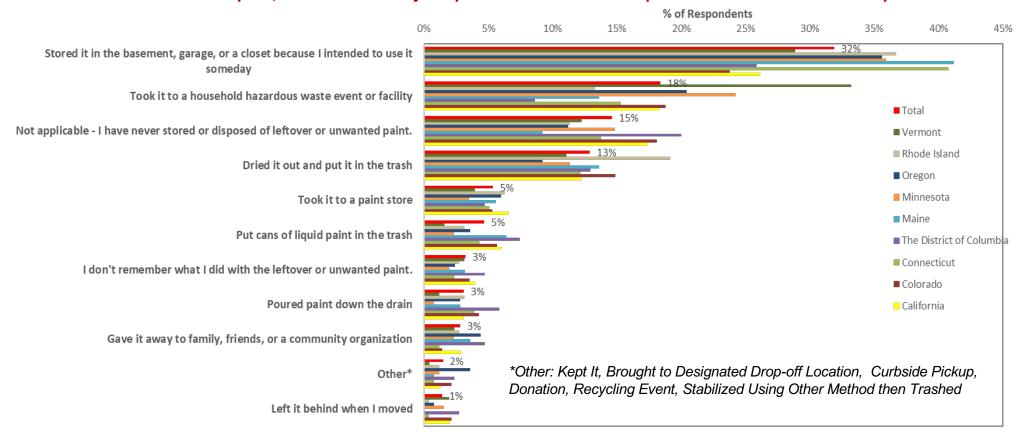
							District of			
	Total	Vermont	Rhode Island	Oregon	Minnesota	Maine	Columbia	Connecticut	Colorado	California
I did some painting myself and I had some leftover paint when I was done.	64%	73%	70%	64%	73%	75%	45%	72%	57%	56%
I hired someone to paint, and they left it behind.	18%	10%	18%	13%	13%	13%	32%	16%	15%	26%
I found the paint in my home or business when I moved in.	9%	8%	6%	11%	5%	4%	15%	4%	19%	10%
Other	3%	7%	1%	6%	4%	2%	2%	3%	3%	3%
I don't remember where the paint came from.	3%	2%	2%	4%	4%	3%	3%	3%	2%	3%
I am a professional painter or contractor, and it is from one or more of my jobs.	2%	1%	3%	1%	2%	1%	3%	3%	2%	2%
Sample Size	1965	200	208	201	199	202	165	191	207	392

^{*}Other responses: Bought paint at retailer, brought from another dwelling, gifted by friend/relative

Past Paint Disposal Methods

Most people who keep paint intend to use it someday. Disposing at HHW facility & dry/trash method common.

In the past, which has been your preferred method to dispose of leftover or unwanted paint?

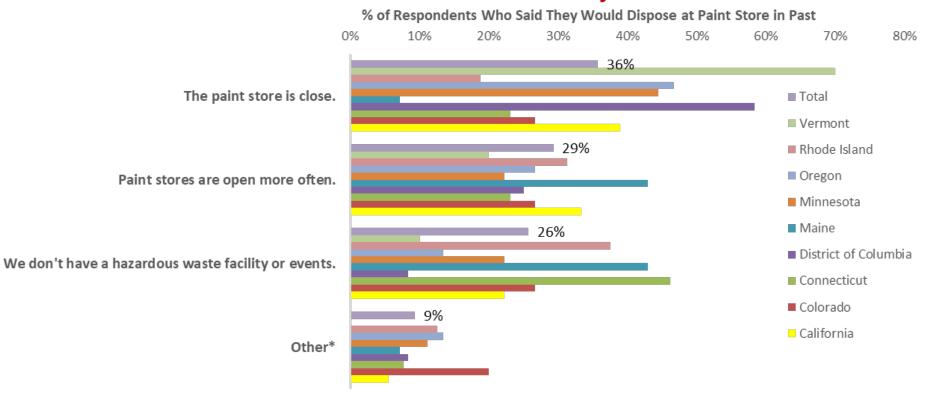


	Total	Vermont	RI	Oregon	Minnesota	Maine	DC	Connecticut	Colorado	California
Stored it in the basement, garage, or a closet because I intended to use it someday	32%	29%	37%	36%	36%	41%	26%	41%	24%	26%
Took it to a household hazardous waste event or facility	18%	33%	13%	20%	24%	14%	9%	15%	19%	18%
Not applicable - I have never stored or disposed of leftover or unwanted paint.	15%	12%	11%	11%	15%	9%	20%	14%	18%	17%
Dried it out and put it in the trash	13%	11%	19%	9%	11%	14%	13%	12%	15%	12%
Took it to a paint store	5%	4%	6%	6%	4%	6%	5%	5%	5%	7%
Put cans of liquid paint in the trash	5%	2%	3%	4%	2%	6%	7%	4%	6%	6%
I don't remember what I did with the leftover or unwanted paint.	3%	3%	3%	2%	2%	3%	5%	2%	4%	4%
Poured paint down the drain	3%	1%	3%	3%	1%	3%	6%	4%	4%	3%
Gave it away to family, friends, or a community organization	3%	2%	3%	4%	2%	4%	5%	1%	1%	3%
Other	2%	0%	1%	4%	1%	1%	2%	1%	2%	1%
Left it behind when I moved	1%	2%	0%	1%	2%	0%	3%	0%	2%	2%
Sample Size	2604	253	256	250	256	250	255	255	282	547

Past Paint Store Disposal Preference

Three reasons for disposing at a paint store are prevalent: location, hours and lack of HHW facility.

What is the main reason you would take paint to a paint store instead of a household hazardous waste facility or event?



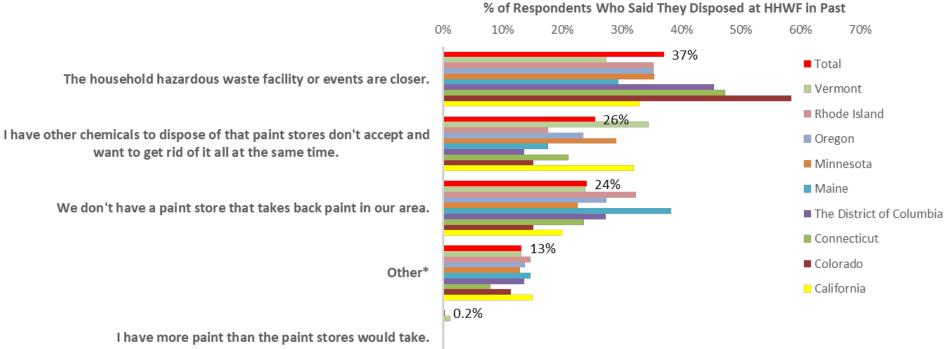
			Rhode				District of			
	Total	Vermont	Island	Oregon	Minnesota	Maine	Columbia	Connecticut	Colorado	California
The paint store is close.	36%	70%	19%	47%	44%	7%	58%	23%	27%	39%
Paint stores are open more often.	29%	20%	31%	27%	22%	43%	25%	23%	27%	33%
We don't have a hazardous waste facility or events.	26%	10%	38%	13%	22%	43%	8%	46%	27%	22%
Other*	9%	0%	13%	13%	11%	7%	8%	8%	20%	6%
Sample Size	140	10	16	15	9	14	12	13	15	36

*Other: Store Decides How to Dispose, Regular Hours, Charitable Giving, They Recycle, Refund

Household Hazardous Waste Facility Disposal Preference

- In most states, the fact that the HHW facility/event is closer drives consumer preference.
- However, in Maine, many said there wasn't a paint store that takes back paint; in Vermont, the ability to handle "other" chemical disposal needs made a difference.
- Note: results should be interpreted directionally only as sample sizes are low.

What is the main reason you would take paint to a household hazardous waste facility instead of a paint store?

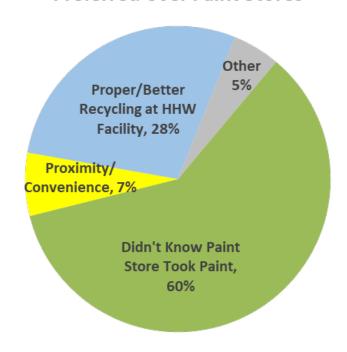


			Rhode				District of			
	Total	Vermont	Island	Oregon	Minnesota	Maine	Columbia	Connecticut	Colorado	California
The household hazardous waste facility or events are closer.	37%	27%	35%	35%	35%	29%	45%	47%	58%	33%
I have other chemicals to dispose of that paint stores don't accept and want										
to get rid of it all at the same time.	26%	35%	18%	24%	29%	18%	14%	21%	15%	32%
We don't have a paint store that takes back paint in our area.	24%	24%	32%	27%	23%	38%	27%	24%	15%	20%
Other*	13%	13%	15%	14%	13%	15%	14%	8%	11%	15%
I have more paint than the paint stores would take.	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Sample Size	478	84	34	51	62	34	22	38	53	100

Household Hazardous Waste Facility Event Preference (continued)

- Comment categorization shows that many respondents simply were unaware that paint stores took paint for recycling.
- Others felt the HHW facility would use better recycling procedures.
- Note that these reasons should be added to the survey in 2019.

Comment Categorization: Other Reasons Household Hazardous Waste Facilities are Preferred over Paint Stores



Sample Comments, Didn't Know

Did not know paint store would take paint
didn't know paint stores took old paint
Didn't know they took old paint
I did not know paint stores would take it.
I didn't know that a paint store would take it
I didn't know a paint store would take back old paint
I didn't know paint stores accepted left over paint.
I didn't know that paint stores would take unused paint back.

Sample Comments, Proper Recycling

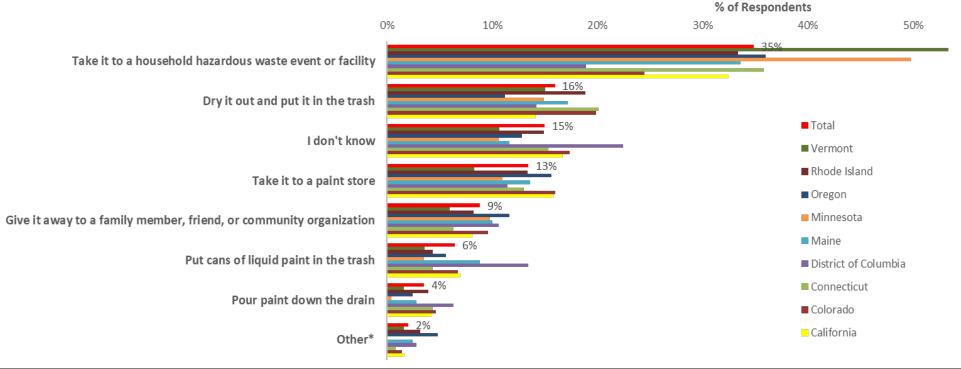
Proper disposal of hazardous material
I believe that is the best place to take the paint
this seems like the most responsible thing to do
its the best way to safely dispose of it
So that it will be disposed of properly.
I wanted it disposed of properly
It's the right thing to do!

N=60

Future Paint Disposal Intentions

- The top method for future disposal in all states is taking it to a HHW event or facility.
- In most states, the dry it out/throw it away method is also prevalent.
- The three states where taking it to a paint store is cited most often: OR, CO and CA.

If you wanted to get rid of unwanted paint in the near future, what would you most likely do with it?

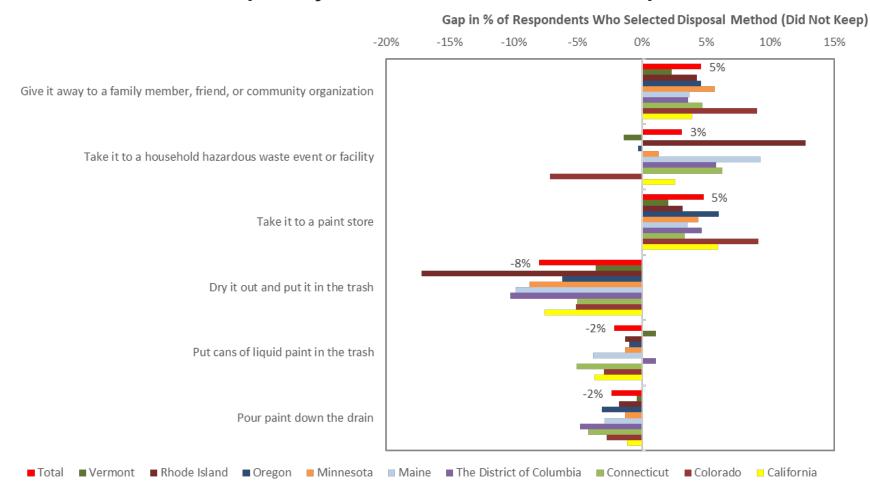


	Total	Vermont	RI	Oregon	Minnesota	Maine	DC	Connecticut	Colorado	California
Take it to a household hazardous waste event or facility	35%	53%	33%	36%	50%	34%	19%	36%	24%	32%
Dry it out and put it in the trash	16%	15%	19%	11%	15%	17%	14%	20%	20%	14%
I don't know	15%	11%	15%	13%	11%	12%	22%	15%	17%	17%
Take it to a paint store	13%	8%	13%	16%	11%	14%	11%	13%	16%	16%
Give it away to a family member, friend, or community organization	9%	6%	8%	12%	10%	10%	11%	6%	10%	8%
Put cans of liquid paint in the trash	6%	4%	4%	6%	4%	9%	13%	4%	7%	7%
Pour paint down the drain	4%	2%	4%	2%	0%	3%	6%	4%	5%	4%
Other*	2%	2%	3%	5%	0%	2%	3%	1%	1%	2%
Sample Size	2598	253	255	250	255	250	254	254	282	545

Trend: Past Disposal Behaviors to Future Disposal Intentions

- All indicators show that there is a shift occurring to greener disposal methods.
- Fewer consumers will throw away or pour paint down the drain in the future.
- More consumers will repurpose or recycle old paint in the future.

Gap Analysis: Past vs. Future Paint Disposal Methods

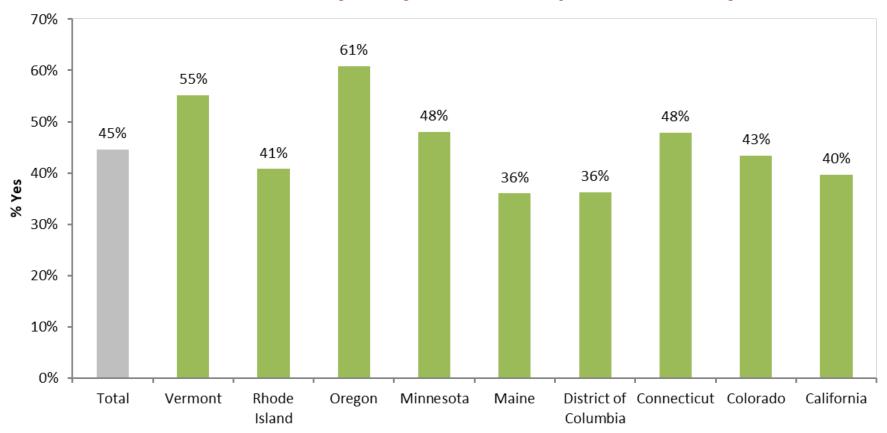




Awareness of Paint Recycling

- Surprisingly, less than half of respondents knew that paint could be recycled.
- There are some states where knowledge is greater, such as Oregon and Vermont.
- The areas where knowledge is lowest are Maine and the District of Columbia.

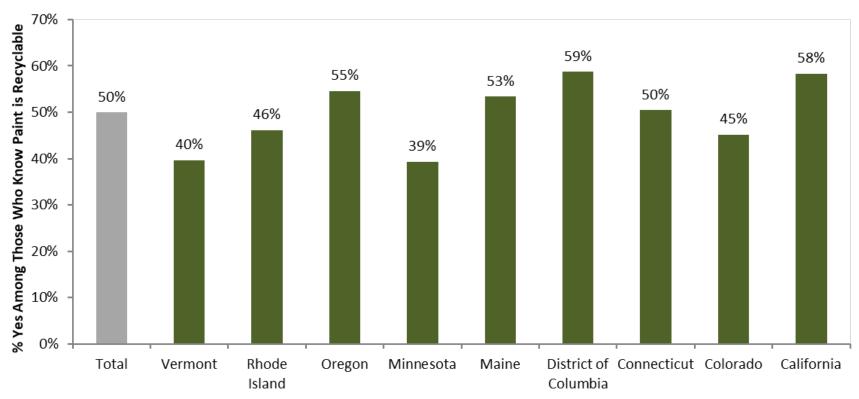
Prior to this survey, did you know that paint can be recycled?



Awareness of Fee Among Those Who Knew About Recycling

- Those who are aware that paint can be recycled are not necessarily aware of the nuances of how it works. Only half of these respondents knew that there was a recycling fee added to paint purchases.
- Some states showed greater than average awareness, such as California and D.C.

Are you aware that when you buy paint in (STATE), there is a small fee added to the price to pay for a program to recycle any leftover paint you have?

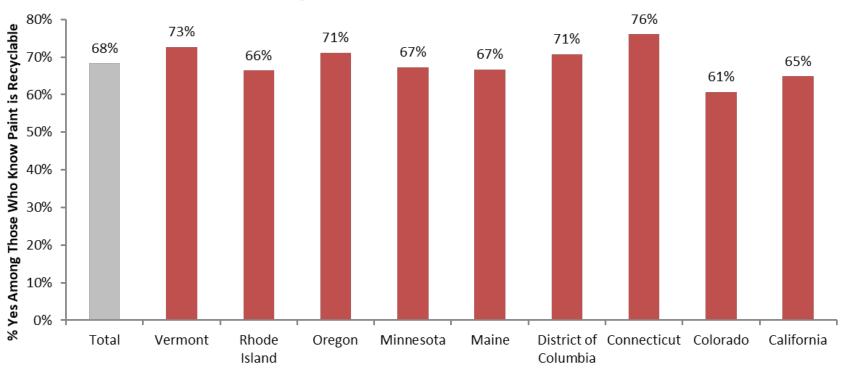


N=1158

Awareness of Places for Recycling Among Those Who Knew

- More than two thirds of respondents who were aware of paint recycling said they knew where to take old paint to be recycled.
- The strongest results were in Connecticut and Vermont.

If you wanted to take paint somewhere to be recycled, do you know where to take it?

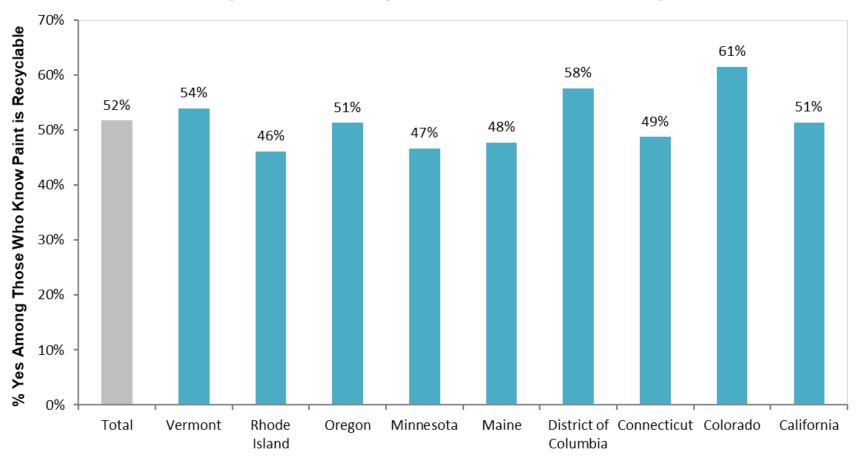


N=1158

Past Recycling Behaviors Among Those Who Knew

- About half of those who said they were aware that paint can be recycled said they had done so in the past.
- The strongest recycling behaviors are in Colorado and DC.

Have you ever taken paint somewhere to be recycled?

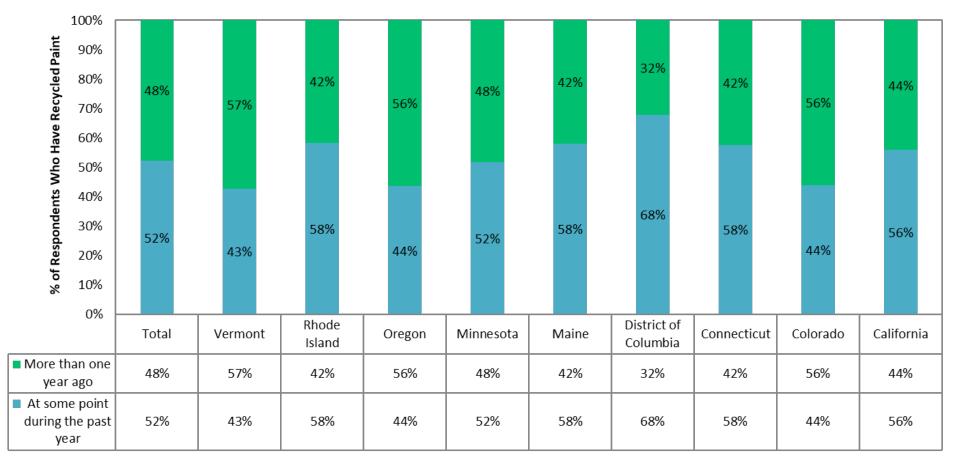


N=1158

Recency of Paint Recycling

About half of those who said they had recycled paint in the past said they had done so in the last year.

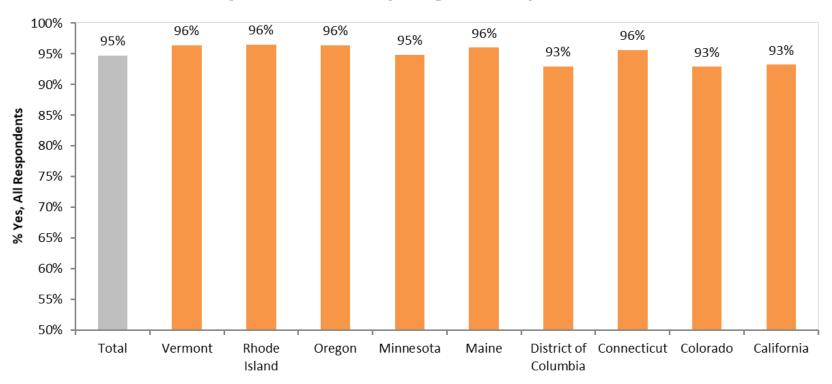
When was the most recent time you have taken paint somewhere to be recycled?



Opportunity for Future Paint Recycling

Almost everyone surveyed said they would consider recycling leftover paint in the future.

Would you consider recycling leftover paint in the future?



Open-Ended Commentary: Recycling Motivations

Q18 What would be your personal motivation for recycling your leftover paint in the future?

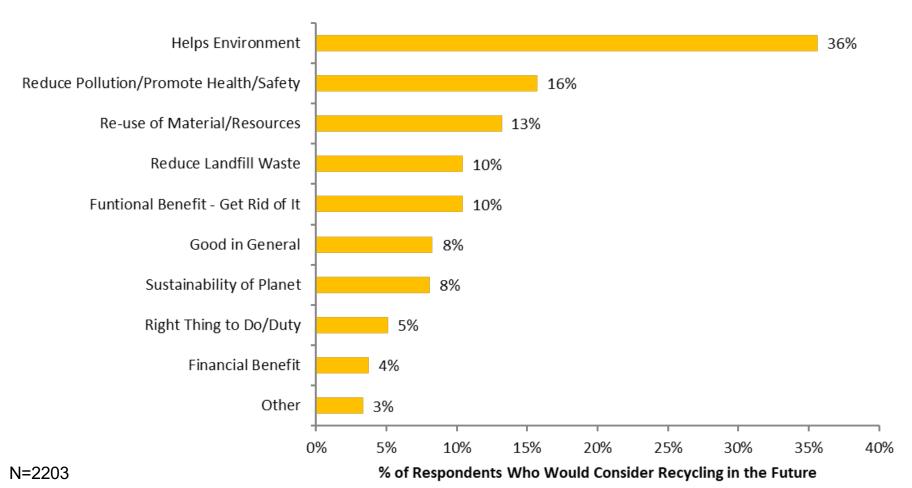
recycle everything put will basement pollute one dispose properly way rid

```
reduce waste possible save planet might recycling paint space
   enviroment disposal house recycle much way world don t throwing
    landfill NA save hazardous waste Save environment
    believe recycling need future reuse seems clean think help
 Environmental concerns know try recycle right thing way dispose
 rid money help environment save earth waste
  place recycle go better environment
 harm environment environments good wasteful
                 paint Keep landfill Environmental
use
          away
                  protect
             environment best safe sure want
 safe way
trash keep green thing right None s better dispose left earth water
  someone use help someone planet garage easy care environment
 make Reduce Safety feel keep environment much possible go waste
   protect SOMEONE better environment Less waste yes take hazardous less
        environmentally conscious anything environmentally friendly
```

Comment Categorization: Recycling Motivations

- The top motivation to recycle is to help the environment.
- Other important motivations include the reduction of pollution, promotion of health, conservation of resources, reduction of waste, and simply getting rid of unwanted clutter in the home.

Comment Categorization: What would be your personal motivation for recycling your leftover paint in the future?



Helps Environment

Be environmentally responsible

feel better about not hurting the environment

i like to protect the environment

I try to recycle as much as possible for environmental reasons

Less strain on environment

Recycling is good for the environment.

well, I usually combine my leftovers and use all of it; however, if I wasn't going to do that, I would recycle for the environment's sake

I re cycle aluminum cans, plastic bottles, glass, cardboard so I do recycle some items. I care about the environment especially wildlife.

better for the environment than disposing of it

if it's the more environmentally friendly option

In order to maintain a safe environment for my family, myself, the community and future generations.

Reduce Pollution/Promote Health

I want to keep as many toxic chemicals out of the environment as possible to avoid harm to animal and plant life.

I worry about the environmental impact that residual paint could have if I didn't recycle.

It's bad for the environment so would want it to be destroyed properly

Safe for the environment

to do the right thing and not pollute

To have a smaller imprint on the earth.

There are many chemicals in paint and I would want to be responsible to the environment

To keep it out of the water stream.

help to not contaminat the envirorment

to make us helathier

Because it is good to do and healthy and conservative

Reuse of Materials/Resources

It would help someone else

My personal motivation for recycling paint would be to have the earth have less trash and make the paint into something useful.

Safe. No waste. Helps someone else.

so it can be used again instead of going in the tradh

reuse, purpose, recycle is my mantra. Giving to the hazard material disposal site is last resort

I care about the environment and use of resources, also my children's future.

Because I recycle everything that I know can be recycled and if paint is possible to be recycled then I'd love to do my part for our planet.

hopefully it gets used a second time instead of wasting it

I like to recycle everything that I can. I don't feel that we respect our Earth enough and we need to do everything that we can do to protect it

Knowing someone else can put it to use

saves making new paint.

try and save on natural resources

Reduce Landfill/Waste

It wouldn't go to a landfill and hurt the environment

Avoiding adding toxic material to land fill

Its poison in the ground

It's poison and we can't put it in the trash or landfills.

Less of a garbage foot print in the world

There is enough trash already.

To be less wasteful

To help minimize how much waste is put into our landfills.

Helps with the waste & keep things clean

Pouring it down the drain would ruin my septic system. I think it's wrong to put it in the trash

Funtional Benefit - Ged Rid of It

I would love to get rid of it knowing it didn't damage the environment!

For a better environment and a better way to get rid of paint

Decluttering my house, being environmentally friendly

Environmentally safer and de-clutters my house

Clear out clutter in the basement and garage

dont need it anymore

GET RID OF CAN AND OLD PAINT

get rid of it

I would not have to store it

no personal motivation except to get rid of it

to be safe and not have anything toxic left in house

To get rid of it and do so responsibly

Sustainability of the Planet

save the environment

Better for the earth. Recycling is always a sustainable practice

I love to recycle and save the planet

I prefer green options so as to make the world a better place. I have to live in it, as do my children and grandchildren.

I really believe recycling benefits our planet!

Making our world clean again.

Recycling is useful for maintaining our planet

help for the world preservation

stop killing planet

Ease of recycling the paint and knowing I am helping the planet.

Right Thing to Do/Duty

It is the right thing to do.

It's just the proper thing to do (as opposed to throwing it out)

Just seems like the right thing to do

Seems better than trashing it.

Responsible disposal

do my npart for recycling

Right thing to do

Not being a jerk

Financial Benefit

If u can recycle it at no cost

It would be a little cheaper.

money back

some money back

that THEY Recycle it to make fresh paint that's cheaper in price .

Money back

Incentives

A Reward.

Someone could possibly get a discount for recycled goods.

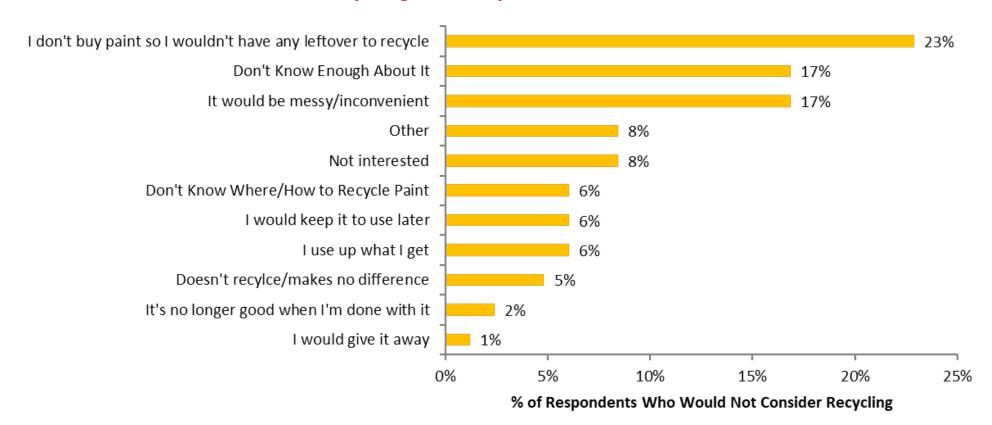
cost

Money

Comment Categorization: Objections to Recycling Paint

- About a quarter of those who would not consider recycling simply don't buy paint.
- Interestingly, a significant percentage say they just don't know enough about it (opportunity).
- Others are concerned about the mess/trouble they'd have to go through to recycle.
- Still others say they would do something different with the leftovers.
- Note: low sample size.

Comment Categorization: Why wouldn't you consider recycling leftover paint in the future?



Do Not Buy Paint

don't have any to recycle

Because I don't buy paint

don't do any painting so no paint

I do not plan on using paint to recycle

I don't anticipate buying paint - I live in an apartment and see that continuing for the foreseeable future.

Por q en estos momentos no tengo ninguna pintura puede q en un futuro la pueda tener pero ahora no

Don't Know Enough

Didn't know

don't know paint can be recycled

I did not know this service is available.

like in a recycling bin? that doesn't make sense. seems like the safest place for such chemicals is at the haz waste drop off location.

no idea

the paint recycling center that I know of is about 45 minutes away. However, from this survey, I wonder if I can bring it to a paint store? That would be great to know! I would recycle if it were that easy

Messy/Inconvenient

It seems messy

Not worth the effort and mess

pain in the a**

to much of a hassle

too much hassle to go drop itoff

Not Interested/Doesn't Recycle

I don't care

I do not think most people would be interested in recycle paint.

Not interested

Because my husband doesn't believe in recycling

doesn't make any difference

dont like recycling

Doesn't Know How/Where to Recycle

I don't know where.

I'd forget to actually do it, or how to do it

inconvenient locations

Not sure wheee to go

Not sure where to take it

Would Keep and Reuse Later/Give Away

because I'd keep it to use later

I can always use it later

I ONLY THROW IT OUT ONCE IT HAS AGED BEYOND USE

I plan to use any leftover paint on another project

Save until walls dirty and stain then can be make up

I want to give it to my family.

Use What I Get

Bc i use what i get

Because I will only purchase what I need, therefore there wouldn't be a need to recycle.

I will use it so I don't need to dispose of it.



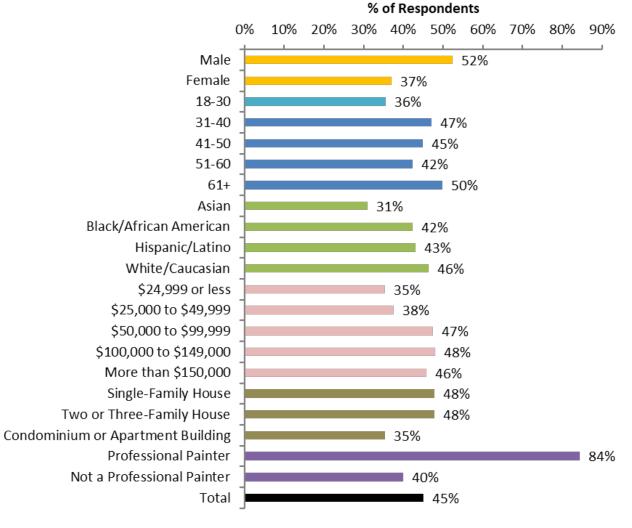
Cross-Tabulations for Better Understanding

❖ In order to understand how to better approach consumers of different profiles, it is important to look at behaviors/awareness by group...

Objective	Related KPI/Measurement	
Increase knowledge of paint recycling	Do you know that paint can be recycled?	Gender
Impact paint recycling behaviors	Have you ever taken paint somewhere to be recycled?	Age Ethnicity
Decrease storage of paint in home	Do you currently have any leftover or unwanted paint in your home or business (e.g., primer, interior house paint, stain, deck sealer, or clear finishes like varnish)? If so, how much paint do you have?	Income Dwelling T
Increase knowledge of PaintCare	Have you ever ever heard of PaintCare, the program that sets up sites that take paint for recycling?	Profession
Execute memorable ads	Do you recall seeing an advertisement for PaintCare in the last several months?	
Stimulate word of mouth and other communications	Do you recall hearing about PaintCare in any of the following other ways?	

Гуре

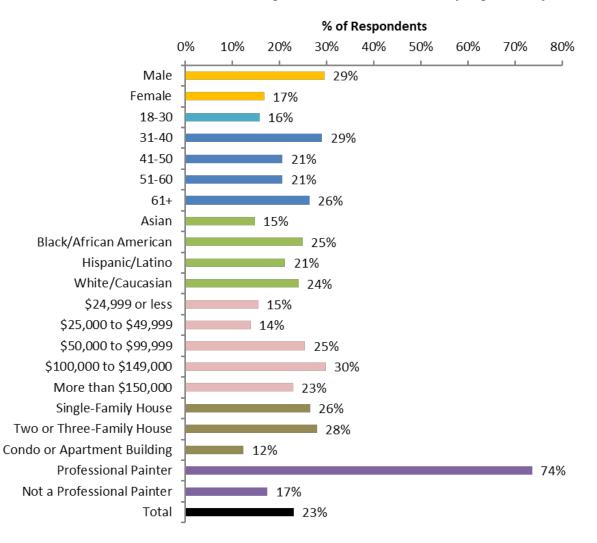
Knew Paint Was Recyclable



- Significantly fewer women know that paint can be recycled than men.
- The youngest respondents were least knowledgeable; differences were not significant over 30.
- Asians were least familiar with paint recycling; all other ethnicities were similar.
- Those with incomes \$50K or higher were most knowledgeable about paint recycling (likely corresponds with home ownership).
- Those living in condos were least familiar.
- The majority of professional painters are aware that paint can be recycled; more than twice the percentage of the general public.

N=range from 136 to 2318 by category

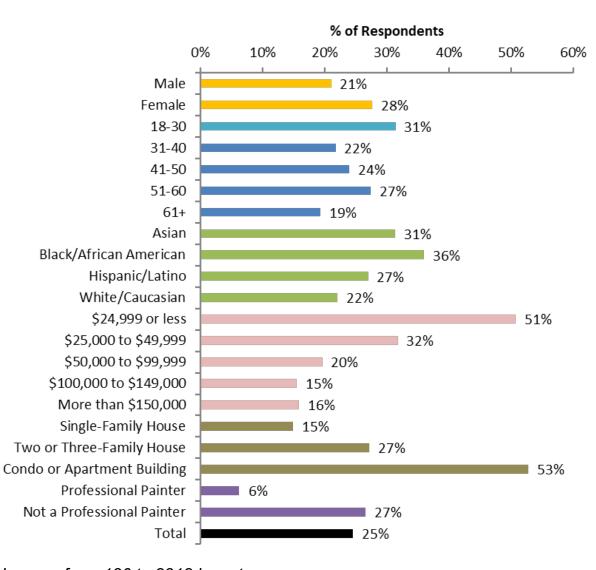
Has Recycled Paint Before (adjusted)



- Women recycle at a much lower rate than men.
- Senior citizens and those between 31-40 have recycled paint more often than in other age ranges.
- Asians recycle less often than in other ethnic groups.
- Generally, those with greater than \$50K annual income recycle paint more often than those in less affluent income ranges.
- As expected, those in condos recycle least often.
- Professional painters recycle more than any other group at 74%.

N=range from 136 to 2318 by category

Free of Stored Paint at Home/Work



- Women are free from stored paint more often than men.
- Senior citizens store paint most often; those 30 or younger, the least often.
- Caucasian respondents store paint more often than other ethnic groups.
- The greater the income, the more often paint is stored.
- As expected, those in condos store paint least often; single family homes, most often.
- Professional painters are free from stored paint only 6% of the time; nonprofessionals, 27% of the time.

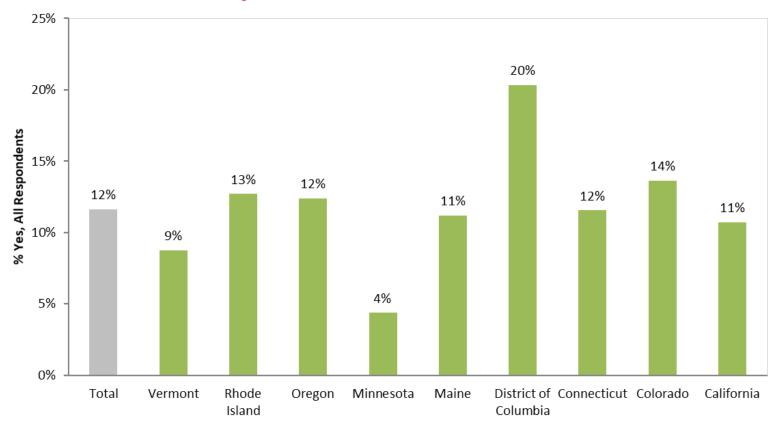
N=range from 136 to 2318 by category



PaintCare Awareness

- 12% of respondents said they had heard of PaintCare before.
- Results differed by state/area. D.C. residents are most aware; Minnesota, least aware.

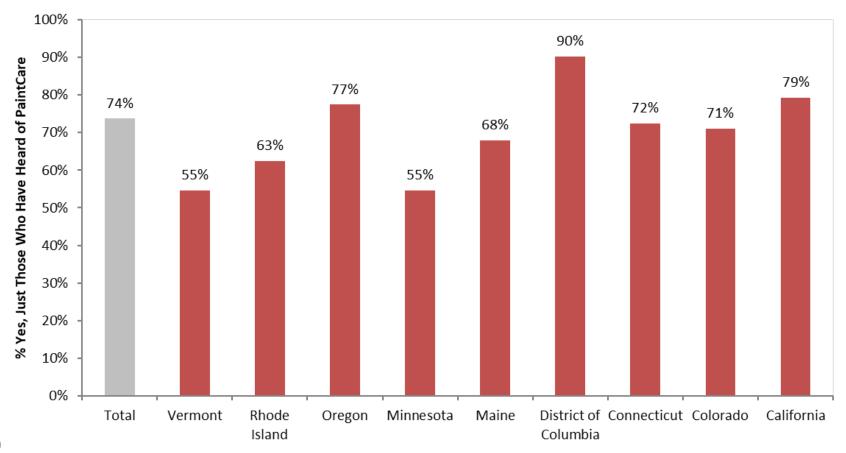
Have you ever heard of PaintCare before?



Ad Recall Among Those Who Knew of PaintCare

- About three quarters of those who had heard of PaintCare before said they had seen an ad in the last several months.
- However, this varied greatly by state. Minnesota and Vermont had the lowest ad recall; D.C., the highest.

Do you recall seeing an advertisement for PaintCare in the last several months?

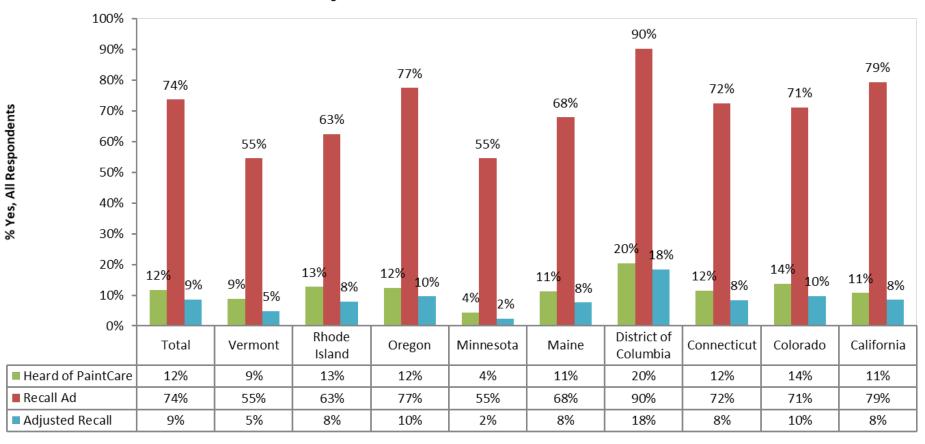


N = 300

Adjusted Recall for Entire Population

- By multiplying the percentage who were familiar with PaintCare by the percentage who recalled an ad, we can evaluate what percentage of the population recalled an ad.
- The highest performing states/areas are D.C., Colorado and Oregon.

Adjusted Ad Recall Rate

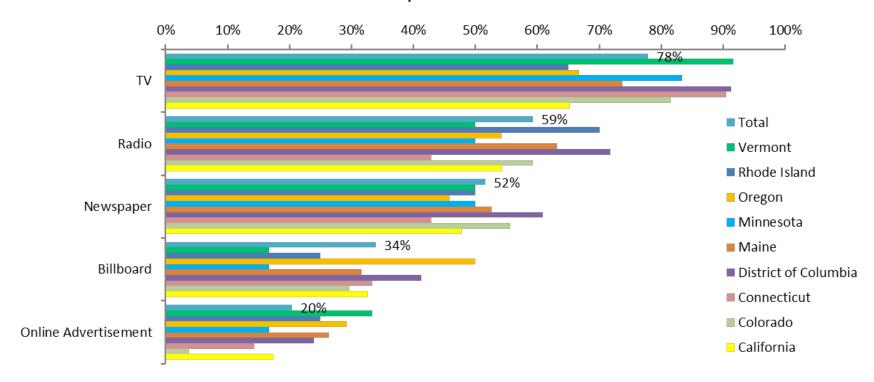


Ad Recall Types

- TV is most frequently cited in all states except Rhode Island, where radio is most prevalent.
- Notes: sample sizes are small by state; as such, results should be considered directionally.

What type(s) of ad(s) do you recall?



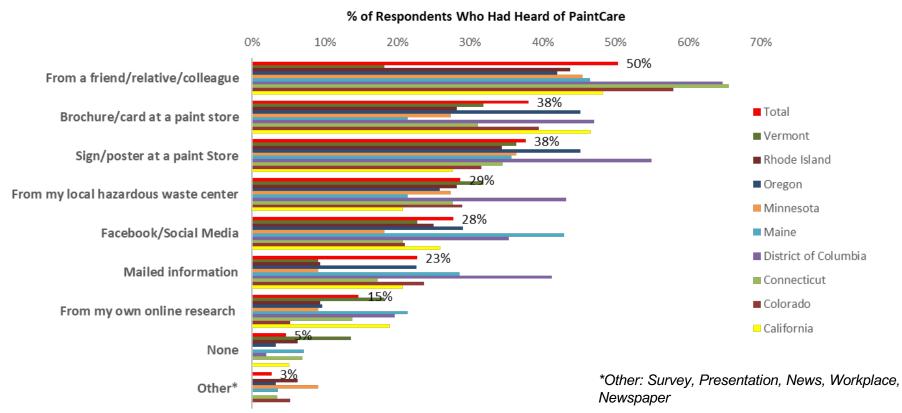


			Rhode				District of			
Sources	Total	Vermont	Island	Oregon	Minnesota	Maine	Columbia	Connecticut	Colorado	California
TV	78%	92%	65%	67%	83%	74%	91%	90%	81%	65%
Radio	59%	50%	70%	54%	50%	63%	72%	43%	59%	54%
Newspaper	52%	50%	50%	46%	50%	53%	61%	43%	56%	48%
Billboard	34%	17%	25%	50%	17%	32%	41%	33%	30%	33%
Online Advertisement	20%	33%	25%	29%	17%	26%	24%	14%	4%	17%
Sample Sizes	221	12	20	24	6	19	46	21	27	46

Recall of Other Marketing Measures

- It is clear that word-of-mouth is extremely important in spreading the word about paint recycling.
- Other successful measures include brochures/cards/posters in-store, HHW center communications.

Do you recall hearing about PaintCare in any of the following other ways?

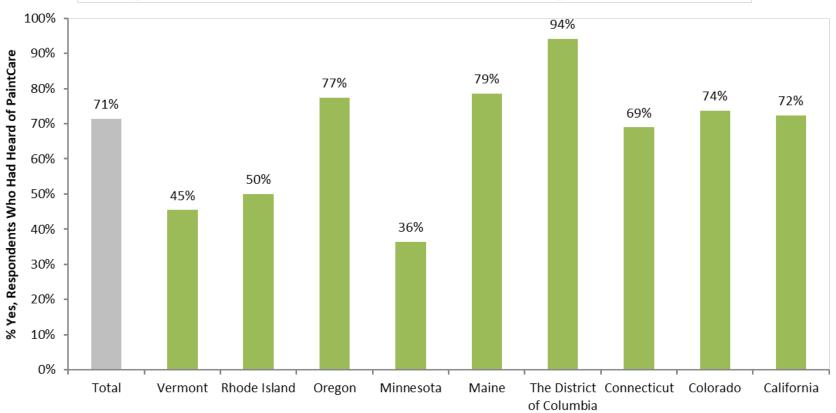


Sources	Total	Vermont	RI	Oregon	Minnesota	Maine	DC	Connecticut	Colorado	California
From a friend/relative/colleague	50%	18%	44%	42%	45%	46%	65%	66%	58%	48%
Brochure/card at a paint store	38%	32%	28%	45%	27%	21%	47%	31%	39%	47%
Sign/poster at a paint Store	38%	36%	34%	45%	36%	36%	55%	34%	32%	28%
From my local hazardous waste center	29%	32%	28%	26%	27%	21%	43%	28%	29%	21%
Facebook/Social Media	28%	23%	25%	29%	18%	43%	35%	21%	21%	26%
Mailed information	23%	9%	9%	23%	9%	29%	41%	17%	24%	21%
From my own online research	15%	18%	9%	10%	9%	21%	20%	14%	5%	19%
None	5%	14%	6%	3%	0%	7%	2%	7%	0%	5%
Other*	3%	0%	6%	3%	9%	4%	0%	3%	5%	0%
Sample Size	300	22	32	31	11	28	51	29	38	58

PaintCare Event Attendance

- 71% of those who have heard of PaintCare say that they have attended a PaintCare collection event.
- District of Columbia appears to have high success rates; Minnesota, much lower.*
- *Note: sample sizes are low by state and should be considered directionally.

Have you ever attended one of PaintCare's one-day collection events?

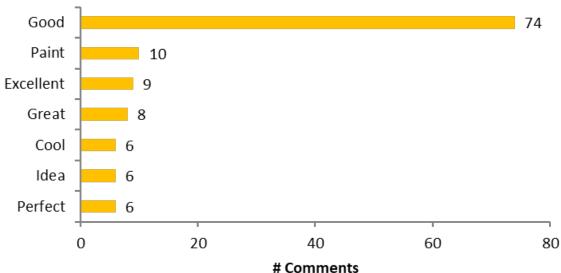


Impressions of PaintCare

In a word or phrase, what are your overall impressions of PaintCare?



Comment Coding: PaintCare Keywords



KB Insights # Comments 53

Comments: Paint Care Impressions

In a word or phrase, PaintCare	good	Great idea	is very good	paint recyclyng made easy
A great way to dispose of old or unused				
paint	Good	Great idea	is very good perfect	paint to your hearts content.
A terrific idea.	good	Great idea.	is very good perfect	Plays an important role
all very good, my planet	Good	great program	is very good perfect	Positive
75 7 71			It facilitates the recycling of unwanted	
amazing	Good	Great program	paint residues	Positive
			good way of recycling paint, donated to	
beauty	Good	great!	good causes as well	quality
· ·			viable alternative to bringing paint to my	
because is good	Good	Held the planet for the recicling	local hazard waste center.	quality
Better	good	Helpful	its a good idea	quality
Busy	Good	Helpful	It's a good option for left over paint.	SAFE
care for the environment	good	good for the environment	it's a very big motivation	SAVING THE WORLD
Clean	Good	i like	It's good	Seems like a good idea
contemporary	good	i like it	it's unique	The orange sister of a man
cool	good	i like this idea	it's very good	the PaintCare is the best
cool	Good	i like this method	like	they are the best
cool	Good	i love it	like	They do a good job at recycleing paint
cool	Good	I think a good company. It looks to be so	like	They have used and new paint
		without them, you would just be making		
Cost	good	more trash you	like	They refill the paint if needed
design	good	Impressive	like	Thought of well
DIY	good	innovation and progress	like	Under advertised, not widely known.
dope	good	Is a leader in the service they provide	Love	unique
Easy	good	is excellent	Love	Unique
Environmentally friendly.	good	is good	Love it	Vague
excelente	Good	is good	more2	verry good
excellent	good company	is perfect	Nanny-state	very cool
excellent	Good company	is very goid	Necessary	very cool
excellent	Good efforts, thank you.	is very good	No opinion	very good
	good idea but should not be			
excellent	compulsory	is very good	No strong feelings	very good
excellent	Good idea!	is very good	no sure	very good
Excellent	Good Option	is very good	none	very good
Excellent and needed	Good program with good results	IS VERY GOOD	none	very good
fast speed	good service	is very good	none	very good
Fine	Good	is very good	None	very good
Genius!	great	is very good	not too much.	Very impressive paint product
Go for it	great	is very good	Nothing	very nice
good	Great	is very good	Ok	works well
good	great	is very good	Ok	wow
Good	Great	is very good	ok	wow



Cross-Tabulations for Better Understanding

In order to understand how to better approach consumers of different profiles, it is important to look at behaviors/awareness by group...

Objective		Related KPI/Measurement
Increase kno recycling	wledge of paint	Do you know that paint can be recycled?
Impact paint	recycling behaviors	Have you ever taken paint somewhere to be recycled?
Decrease sto	orage of paint in home	Do you currently have any leftover or unwanted paint in your home or business (e.g., primer, interior house paint, stain, deck sealer, or clear finishes like varnish)? If so, how much paint do you have?
Increase kno	owledge of PaintCare	Have you ever ever heard of PaintCare, the program that sets up sites that take paint for recycling?
Execute men	norable ads	Do you recall seeing an advertisement for PaintCare in the last several months?
Stimulate wo communicati	ord of mouth and other ions	Do you recall hearing about PaintCare in any of the following other ways?

Gender

Age

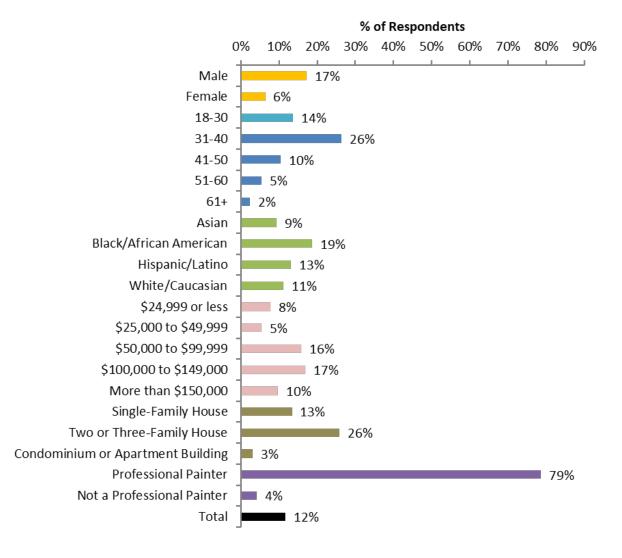
Ethnicity

Income

Dwelling Type

Profession

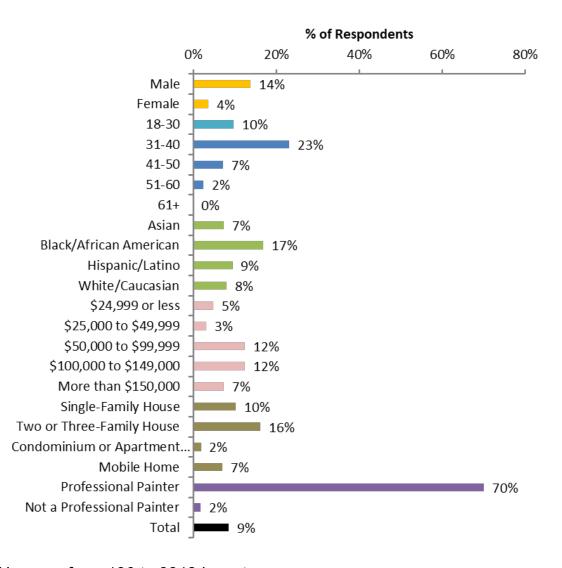
Heard of PaintCare Before



N=range from 136 to 2318 by category

- Only 6% of women had heard of PaintCare before the survey, less than half the rate of men.
- Senior citizens had heard of PaintCare least often; those 31 - 40, the most often.
- African American respondents had heard of PaintCare more often than those in other ethnic groups.
- PaintCare awareness was highest among those with incomes \$50-\$150K.
- Those in multi-family homes are aware of PaintCare most often.
- Professional painters are far more aware of PaintCare than those that do not paint professionally.

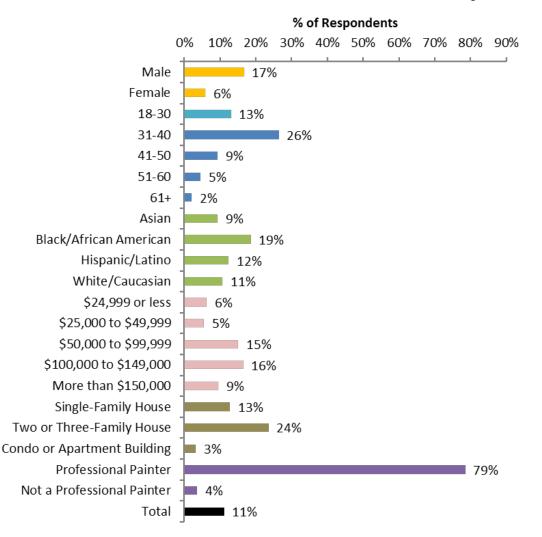
Ad Recall (adjusted)



- Significantly fewer women recalled a PaintCare ad than men did.
- The highest recall was among 31-40 year olds.
- African Americans reported the highest ad recall (possibly not due to ethnicity, but concentration in highperforming areas).
- Those with incomes \$50K or higher had the highest ad recall.
- Those living in two to three family houses reported the highest recall.
- The majority of professional painters recalled an ad; only 2% of the general public remembered an ad.

N=range from 136 to 2318 by category

Heard of PaintCare in Other Ways



N=range from 136 to 2318 by category

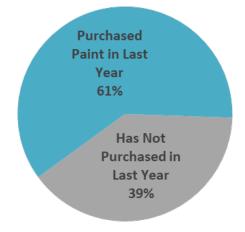
- More consumers hear of PaintCare in ways other than advertising, such as: referrals from a friend/relative/colleague, a brochure/card/sign/poster at a paint store, from my local hazardous waste center, mailed information, Facebook/social media, and their own online research.
- Women are still much lower than men in these channels as well.
- 31-40 are impacted through these channels the most
- Generally, those with greater than \$50K annual income are impacted the most by non-ad channels.
- As expected, those in condos receive these messages least often.
- Professional painters are exposed more than any other group at 79%.

Defining the Target Audience

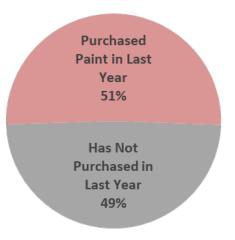
- Since women are much less impacted than men by current PaintCare advertising/marketing efforts, it is prudent to examine whether we are missing an opportunity, or appropriately prioritizing men.
- Based on buying behavior, men and women are both substantially involved in decisions related to paint. Therefore, the former may be true.
- For future analysis: are those who purchase also the same as those who dispose?

Male Respondents:

Have you purchased paint in the last year?



Female Respondents: Have you purchased paint in the last year?



Defining the Target Audience (continued)

	Purchased in Last Year
GENDER	
Male	61%
⁻ emale	51%
AGE	
18-30	52%
31-40	64%
41-50	55%
51-60	52%
61+	51%
ETHNICITY	
Asian	45%
Black/African American	52%
Hispanic/Latino	58%
White/Caucasian	57%
INCOME	
\$24,999 or less	38%
\$25,000 to \$49,999	48%
\$50,000 to \$99,999	62%
\$100,000 to \$149,000	64%
More than \$150,000	56%
DWELLING	
Single-Family House	63%
Two or Three-Family House	61%
Condominium or Apartment Building	31%
Mobile Home	44%
PROFESSION	
Paint Professionally	92%
Do Not Paint Professionally	51%

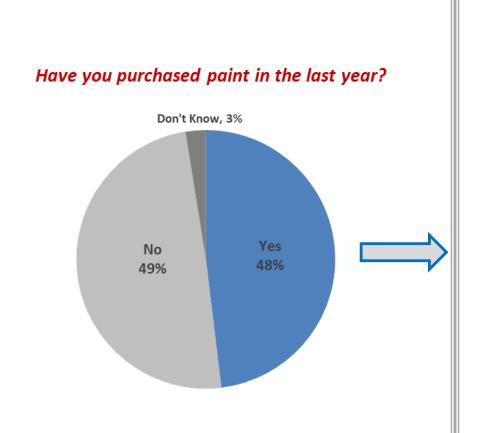
- ❖ PaintCare might consider all audiences with at least 50% involvement in recent paint purchases as the general advertising target (highlighted in yellow).
- However, there are a few pockets where additional, specialized targeting might be appropriate (bolded).

APPENDIX: STATE HIGHLIGHTS

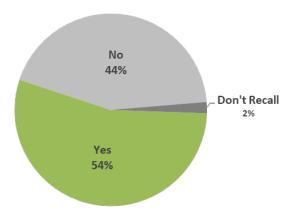


California

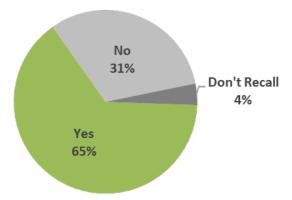
About half of those surveyed have purchased paint in the last year. Slightly more than half of them were helped by the store in determining needs. About two thirds took measurements themselves.



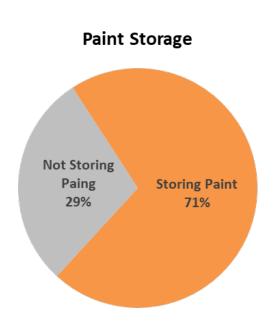
Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



Before purchasing, did you take any measurements of the area to be painted to figure out how much paint was needed?

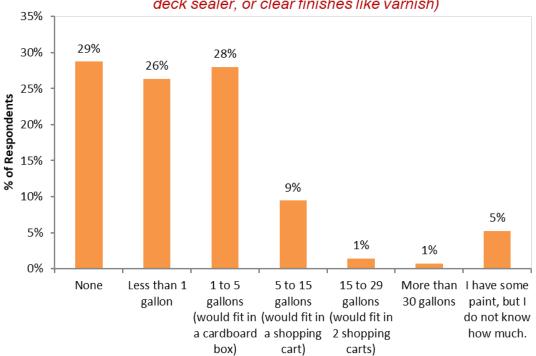


29% of respondents are NOT storing paint at home or at their business. The median amount stored is "less than 1 gallon."

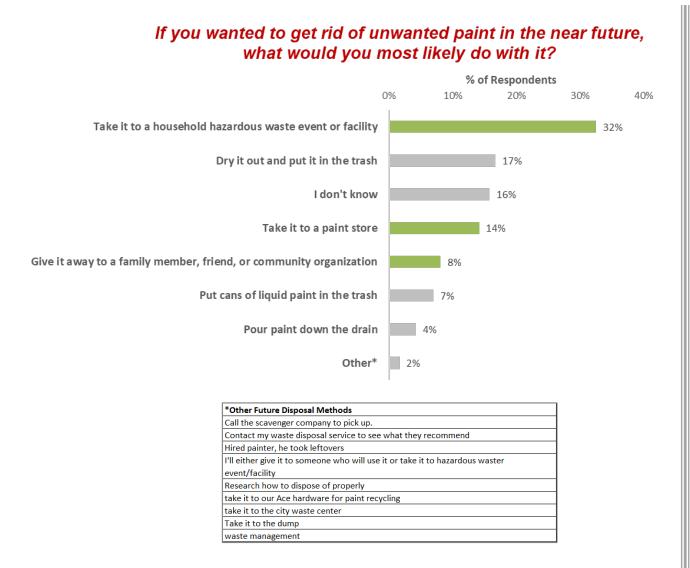


How much leftover or unwanted paint do you have in your home or business at this time?

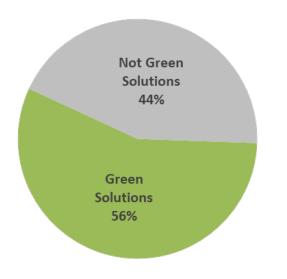
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



• 56% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

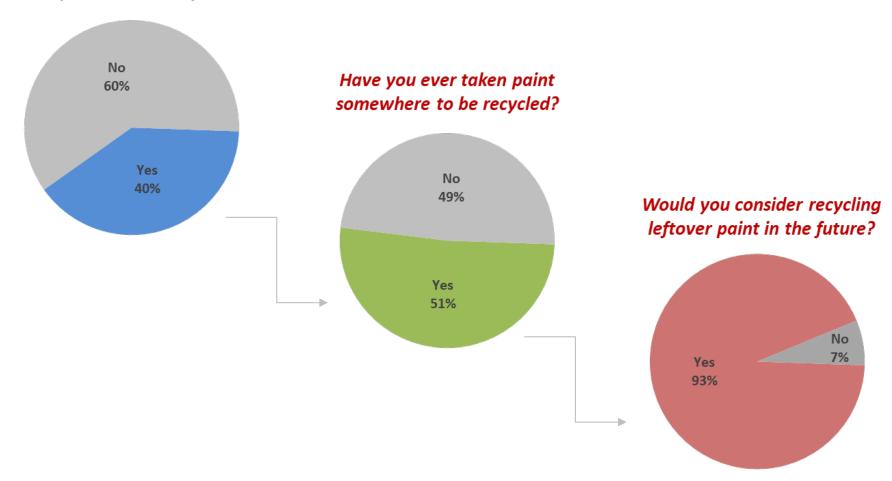


Green Solutions (Recycle, Reuse)



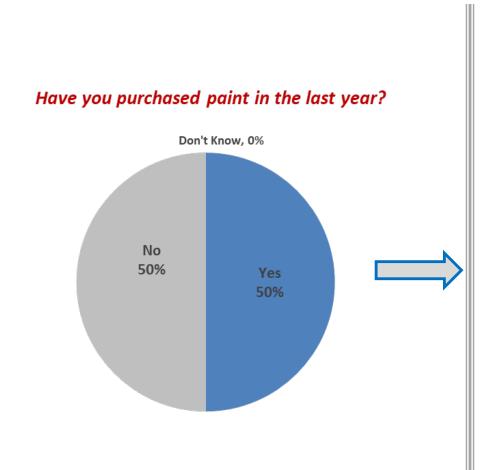
- 40% of respondents knew that paint can be recycled.
- Of those, about half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 93%, would consider recycling paint again.

Prior to this survey, did you know that paint can be recycled?

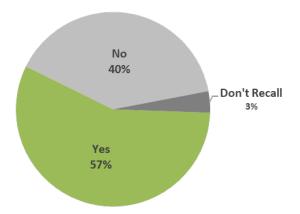


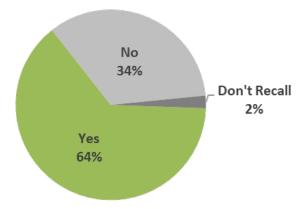
Colorado

Half of those surveyed have purchased in the last year. Over half of them were helped by the store in determining needs. About two thirds took measurements themselves.

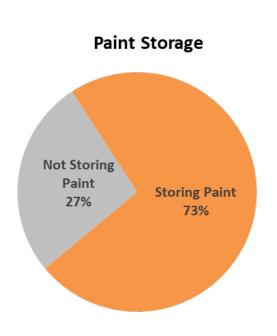


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



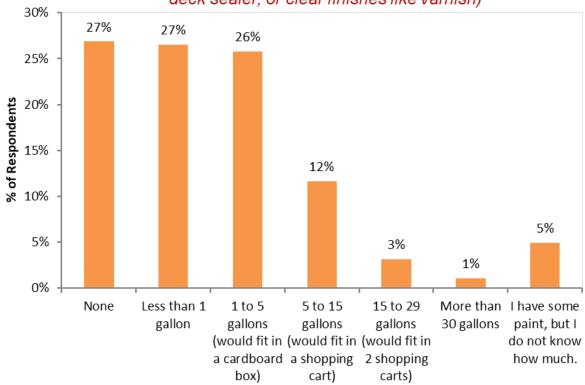


• 27% of respondents are NOT storing paint at home or at their business. The median amount stored is "less than 1 gallon."

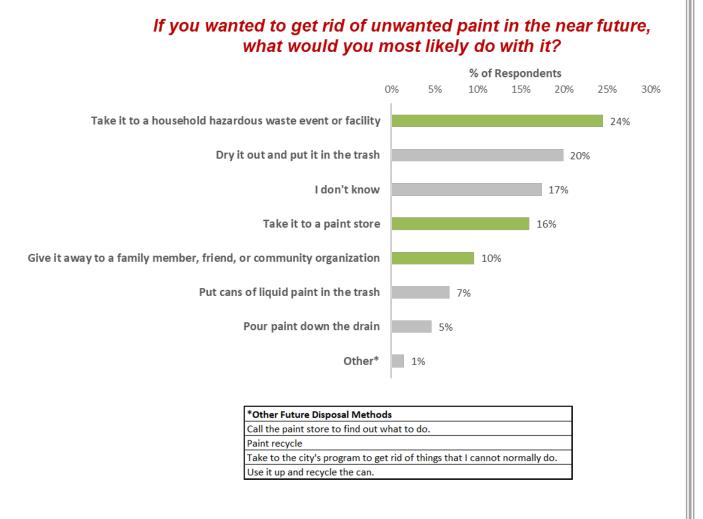


How much leftover or unwanted paint do you have in your home or business at this time?

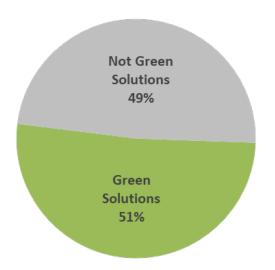
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



❖ 51% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

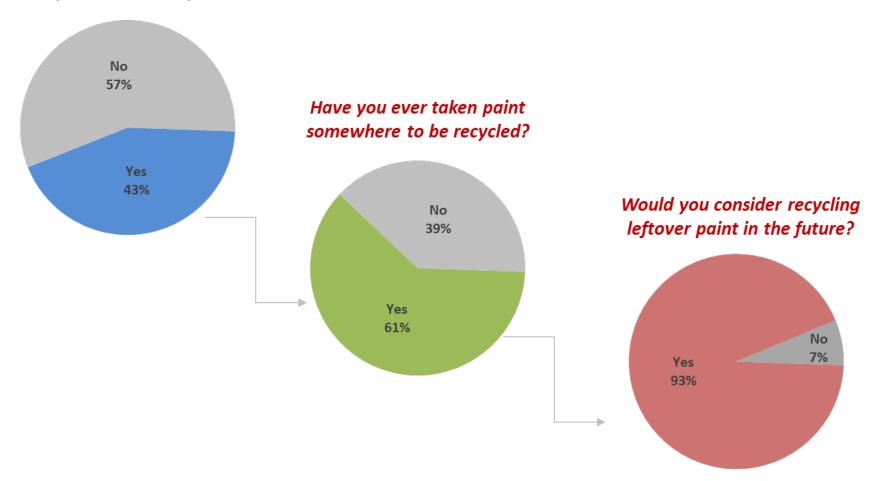


Green Solutions (Recycle, Reuse)



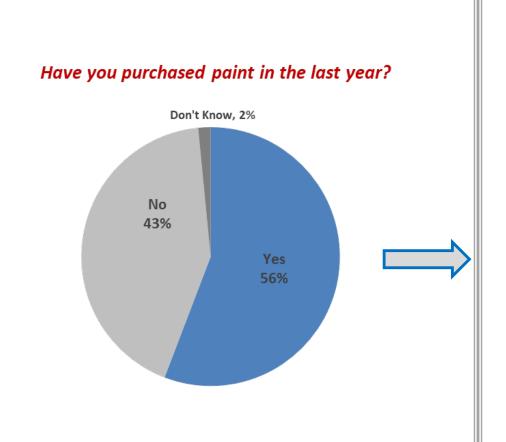
- ❖ 43% of respondents knew that paint can be recycled.
- Of those, 61% have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 93%, would consider recycling paint again.

Prior to this survey, did you know that paint can be recycled?

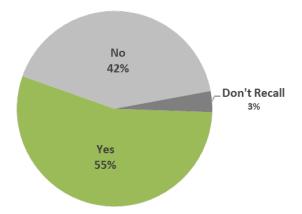


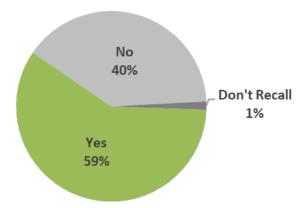
Connecticut

Slightly over half of those surveyed have purchased paint in the last year. Over half of them were helped by the store in determining needs. About 6 out of 10 took measurements themselves.

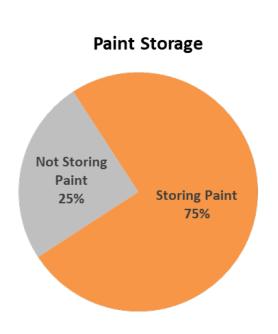


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



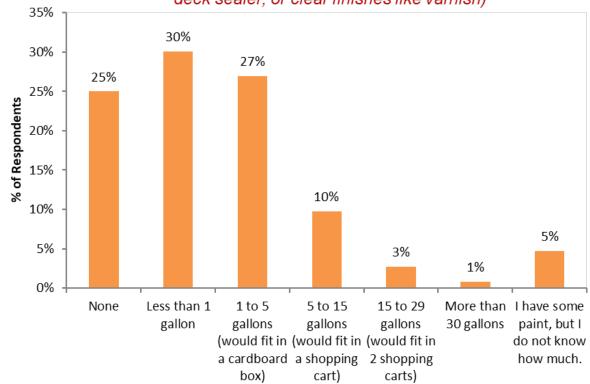


25% of respondents are NOT storing paint at home or at their business. The median amount stored is "less than 1 gallon."

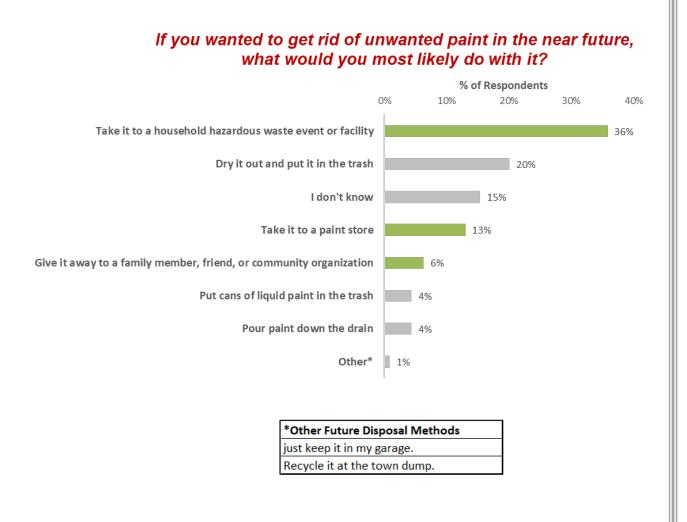


How much leftover or unwanted paint do you have in your home or business at this time?

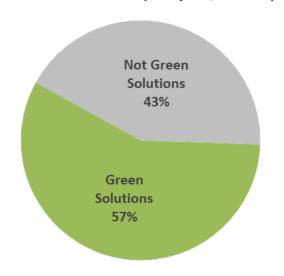
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



❖ 57% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

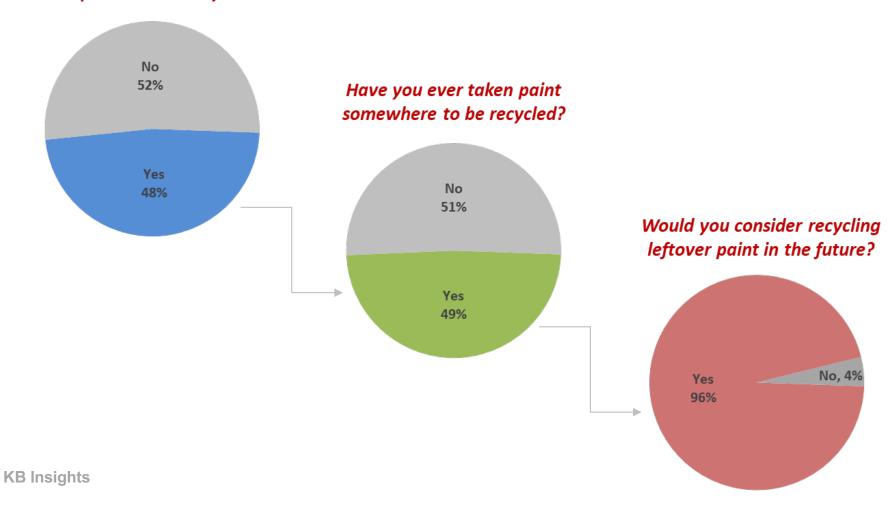


Green Solutions (Recycle, Reuse)



- 48% of respondents knew that paint can be recycled.
- Of those, half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 96%, would consider recycling paint again.

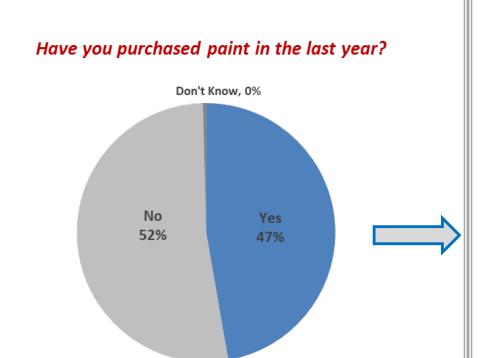
Prior to this survey, did you know that paint can be recycled?



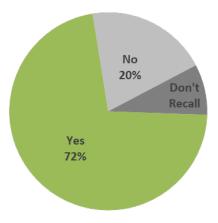
77

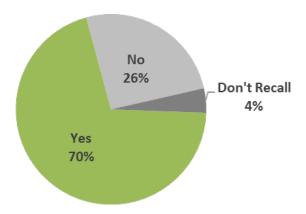
District of Columbia

Almost half of those surveyed have purchased in the last year. 72% of them were helped by the store in determining needs. 70% took measurements themselves.

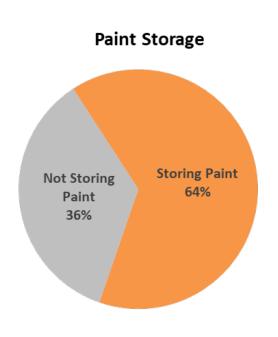


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



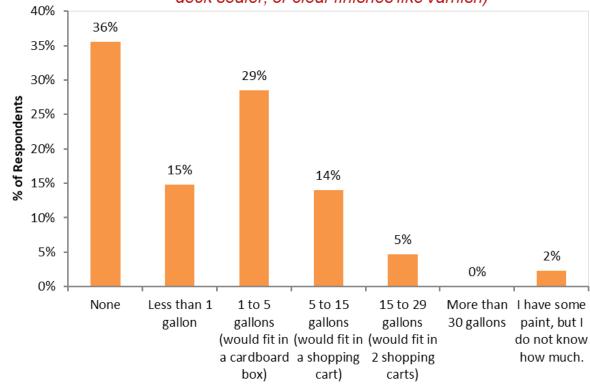


36% of respondents are NOT storing paint at home or at their business. The median amount stored is "less than 1 gallon."

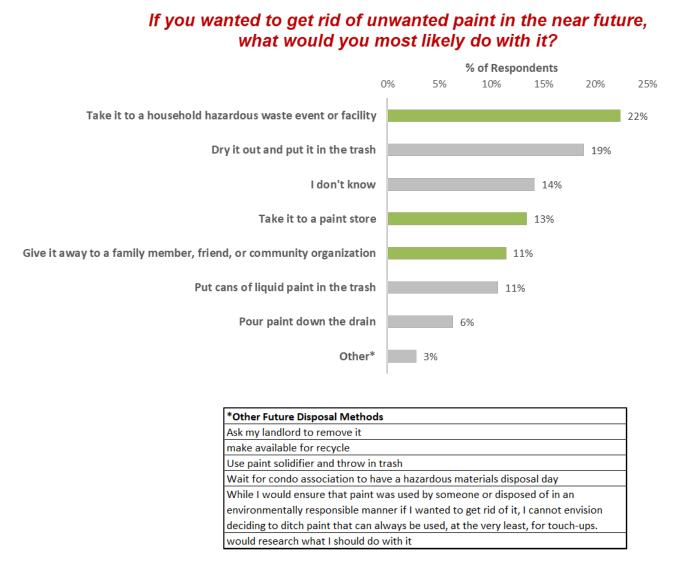


How much leftover or unwanted paint do you have in your home or business at this time?

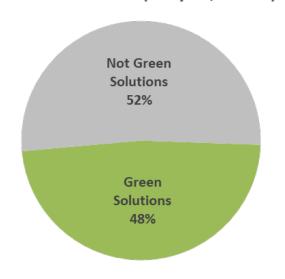
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



48% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

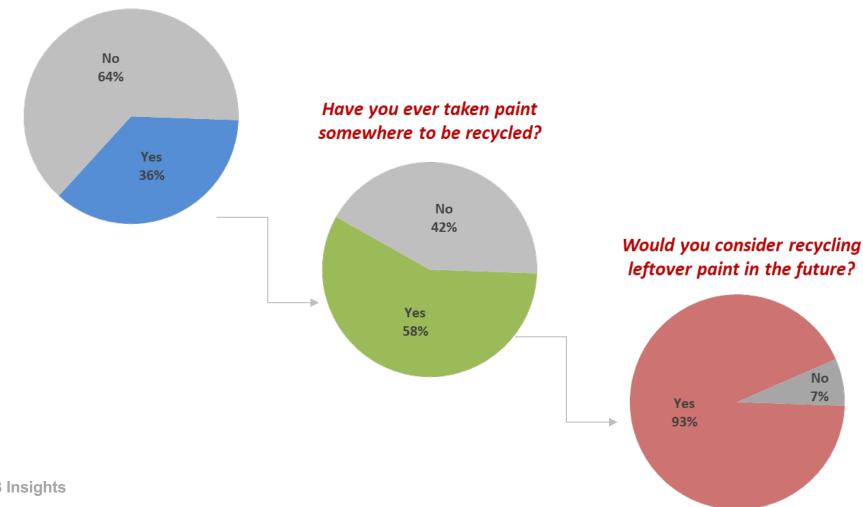


Green Solutions (Recycle, Reuse)



- 36% of respondents knew that paint can be recycled.
- Of those, over half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 93%, would consider recycling paint again.

Prior to this survey, did you know that paint can be recycled?

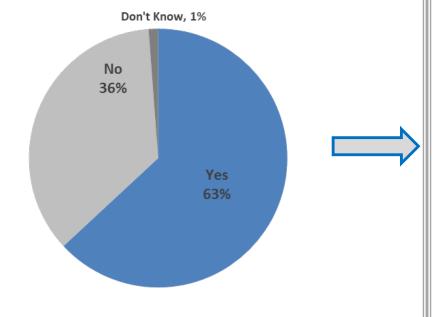


82

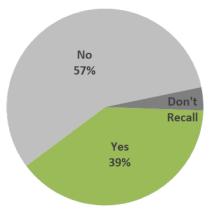
Maine

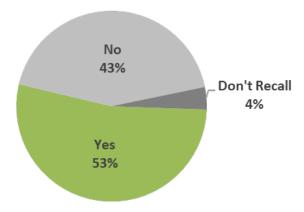
Almost two thirds of those surveyed have purchased paint in the last year. 39% of them were helped by the store in determining needs. Slightly over half took measurements themselves.



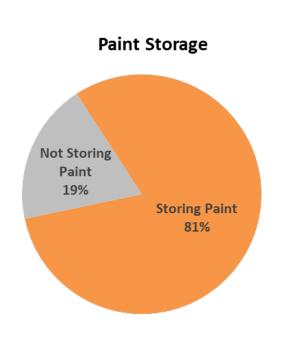


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



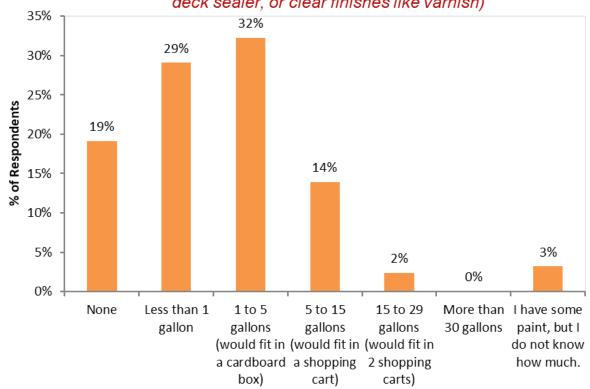


Only 19% of respondents are NOT storing paint at home or at their business. The median amount stored is "1 to 5 gallons."

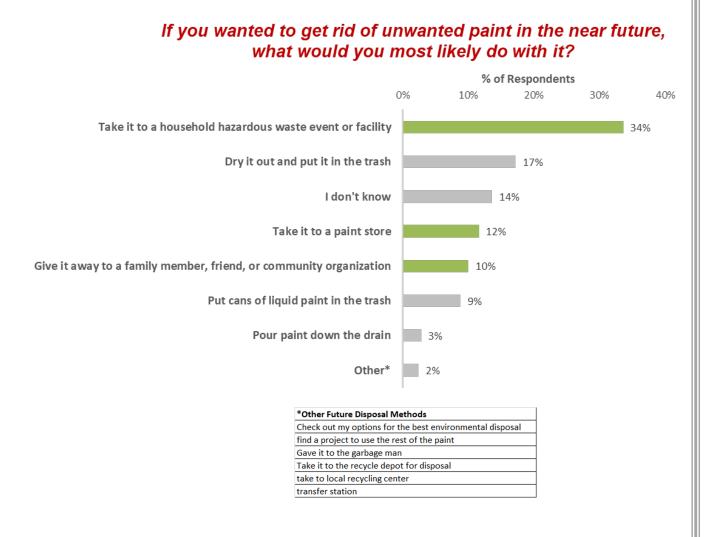


How much leftover or unwanted paint do you have in your home or business at this time?

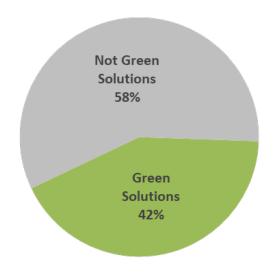
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



42% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

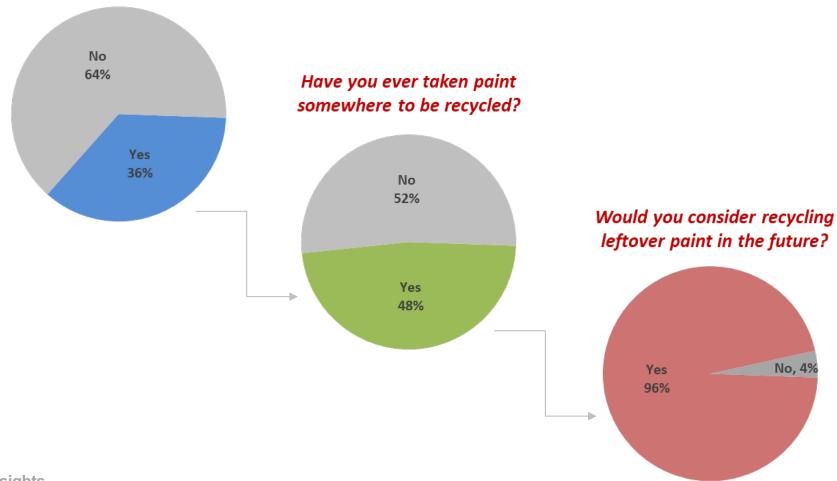


Green Solutions (Recycle, Reuse)



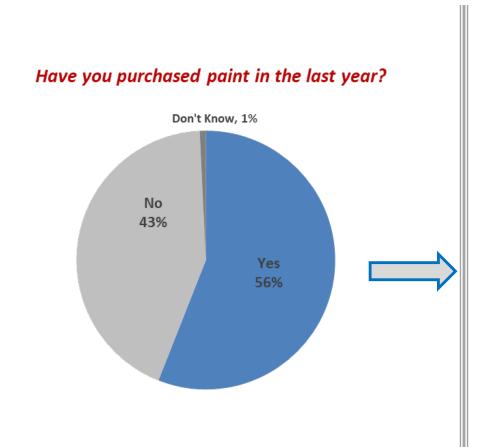
- 36% of respondents knew that paint can be recycled.
- Of those, almost half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 96%, would consider recycling paint again.

Prior to this survey, did you know that paint can be recycled?

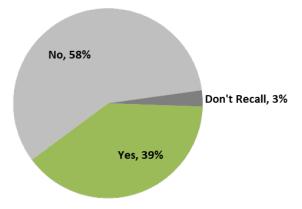


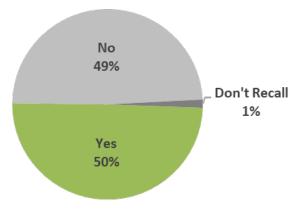
Minnesota

56% of those surveyed have purchased paint in the last year. 39% of them were helped by the store in determining needs. Half took measurements themselves.

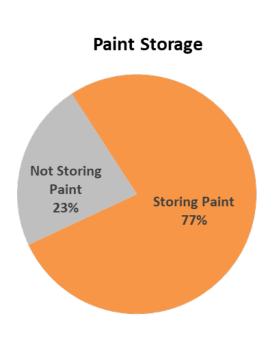


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



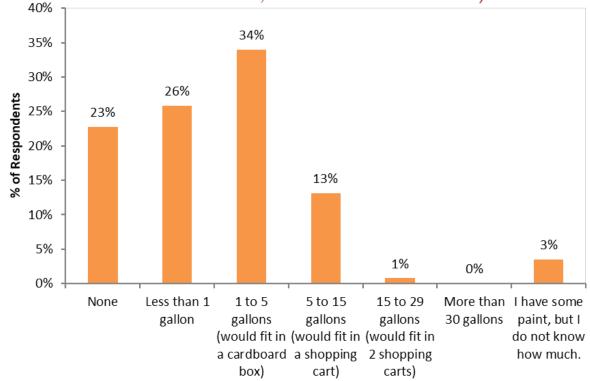


23% of respondents are NOT storing paint at home or at their business. The median amount stored is "1 to 5 gallons."

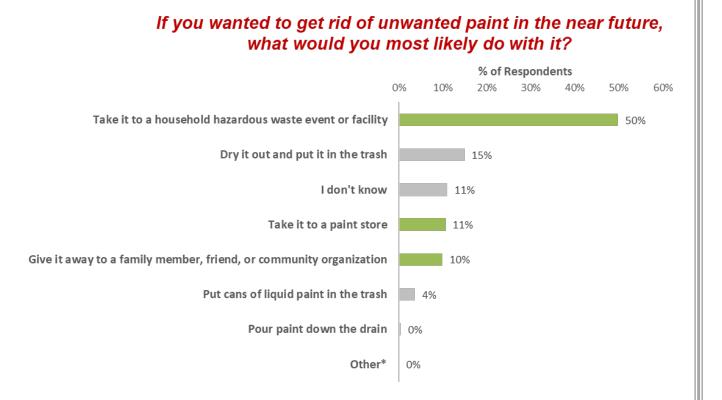


How much leftover or unwanted paint do you have in your home or business at this time?

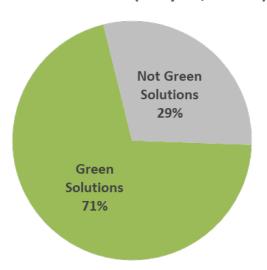
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



❖ 71% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

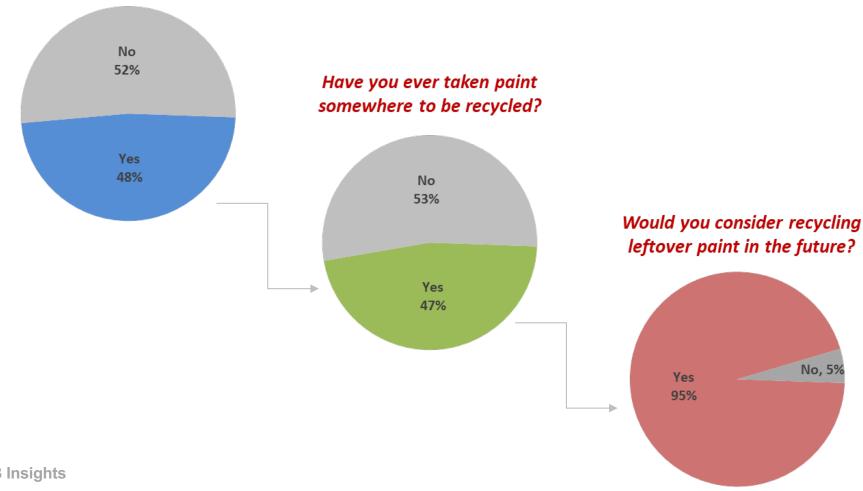


Green Solutions (Recycle, Reuse)



- 48% of respondents knew that paint can be recycled.
- Of those, almost half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 95%, would consider recycling paint again.

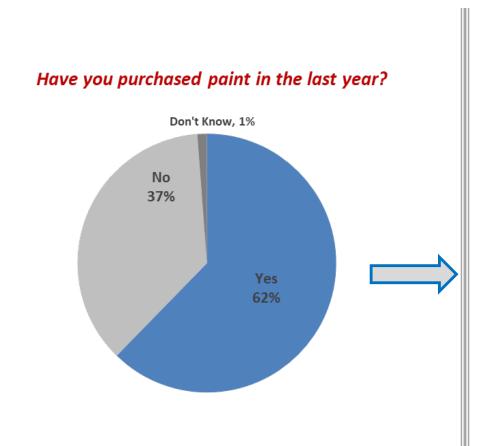
Prior to this survey, did you know that paint can be recycled?



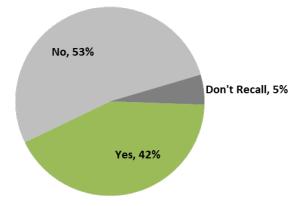
92

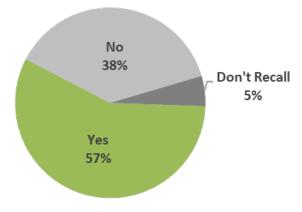
Oregon

❖ 62% of those surveyed have purchased paint in the last year. 42% of them were helped by the store in determining needs. Slightly more than half took measurements themselves.

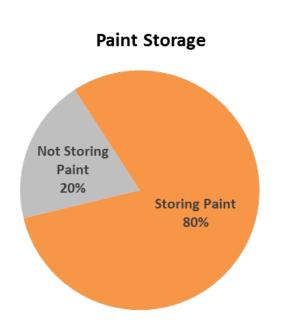


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



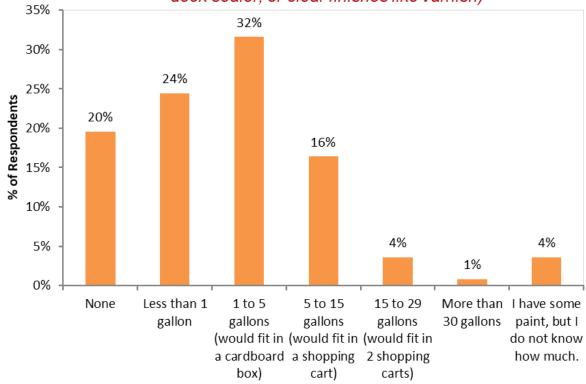


Only 20% of respondents are NOT storing paint at home or at their business. The median amount stored is "1 to 5 gallons."

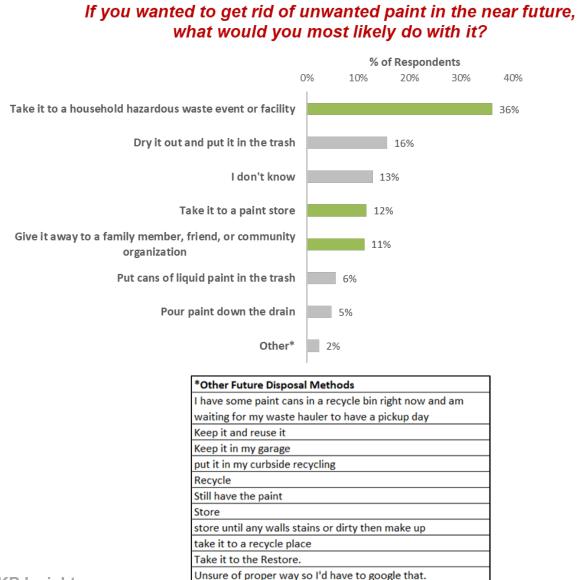


How much leftover or unwanted paint do you have in your home or business at this time?

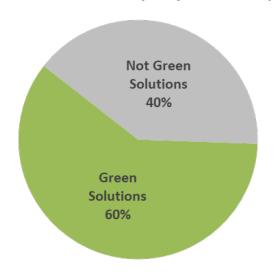
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



❖ 60% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

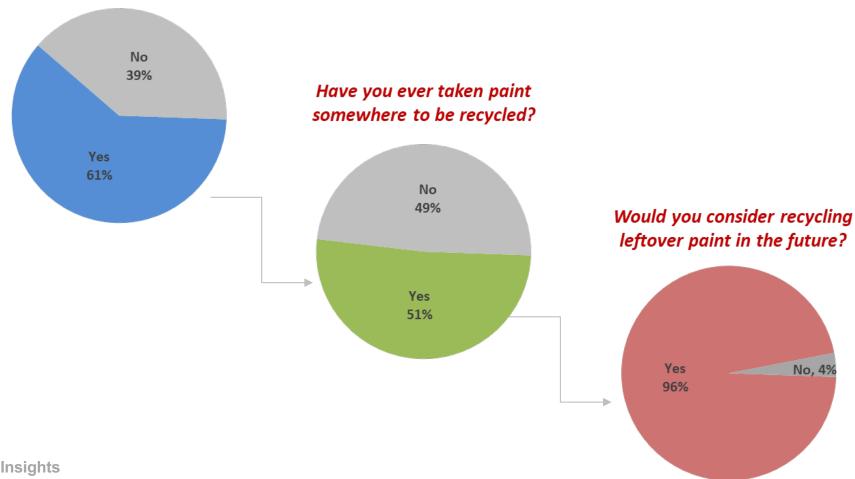


Green Solutions (Recycle, Reuse)



- 61% of respondents knew that paint can be recycled.
- Of those, about half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 96%, would consider recycling paint again.

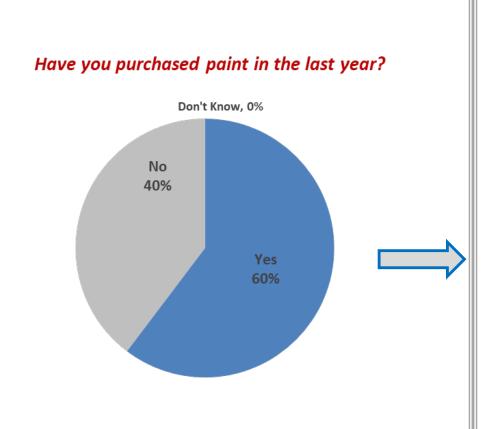
Prior to this survey, did you know that paint can be recycled?



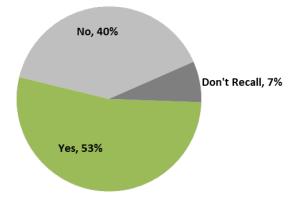
97

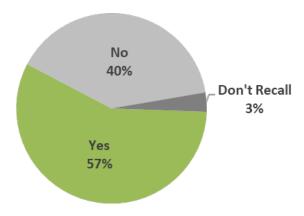
Rhode Island

60% of those surveyed have purchased in the last year. About half of them were helped by the store in determining needs. 57% took measurements themselves.

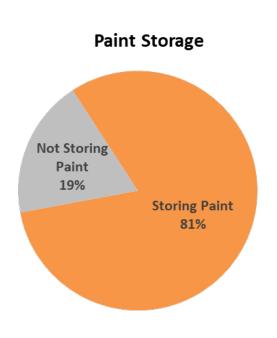


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



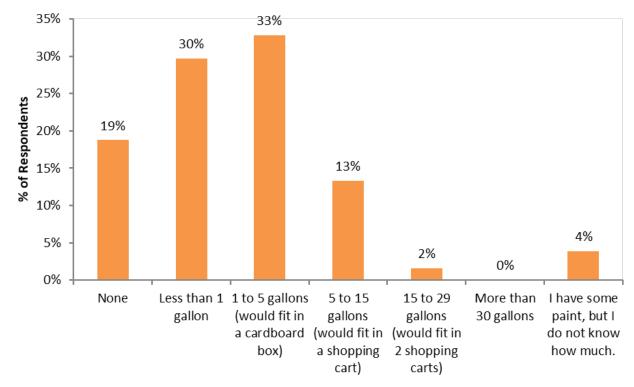


Only 19% of respondents are NOT storing paint at home or at their business. The median amount stored is "1-5 gallons."

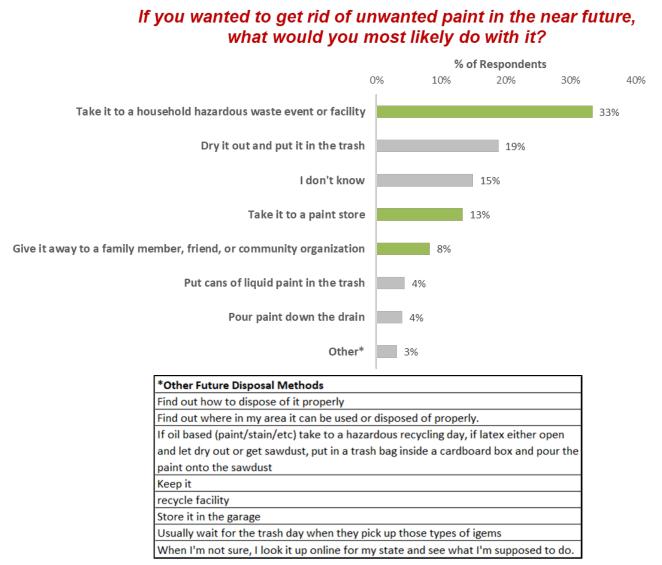


How much leftover or unwanted paint do you have in your home or business at this time?

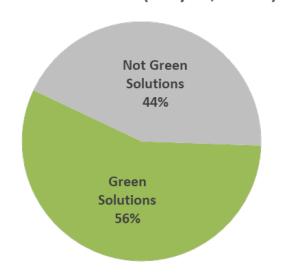
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



❖ 56% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.

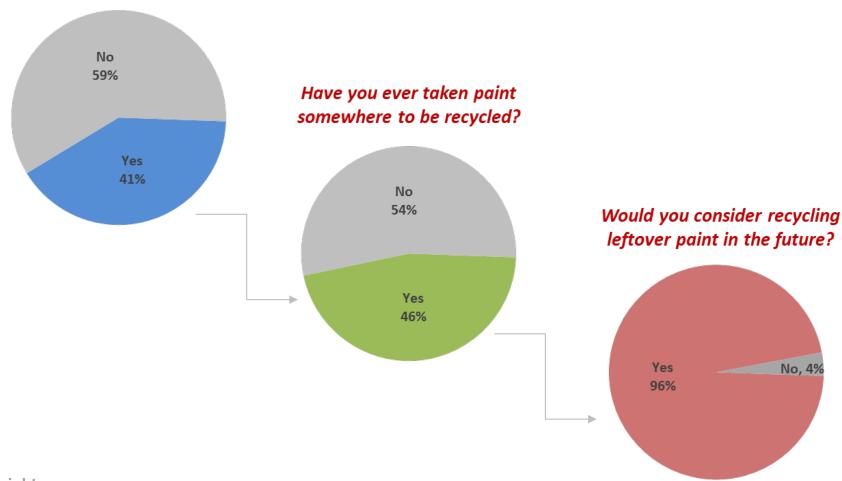


Green Solutions (Recycle, Reuse)



- 41% of respondents knew that paint can be recycled.
- Of those, almost half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 96%, would consider recycling paint again.

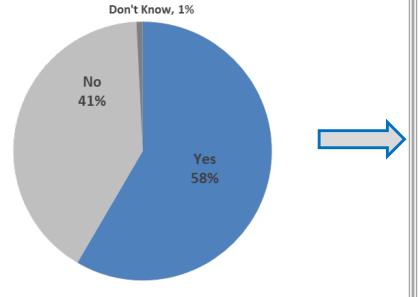
Prior to this survey, did you know that paint can be recycled?



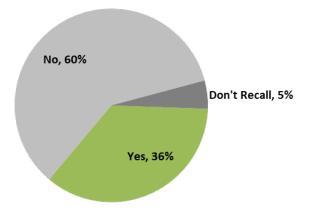
Vermont

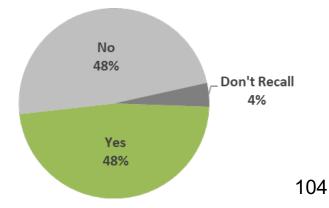
58% of those surveyed have purchased paint in the last year. Slightly more than a third of them were helped by the store in determining needs. About half took measurements themselves.



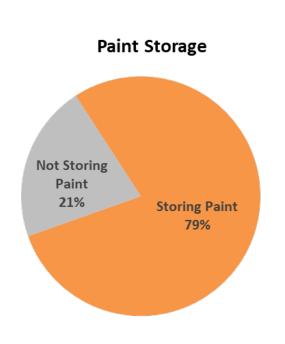


Did the staff of the paint retail store assist you with figuring out exactly how much paint you needed for your specific project?



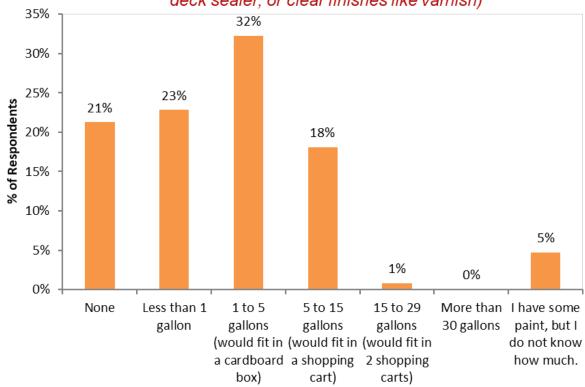


Only 21% of respondents are NOT storing paint at home or at their business. The median amount stored is "less than 1 to 5 gallons."

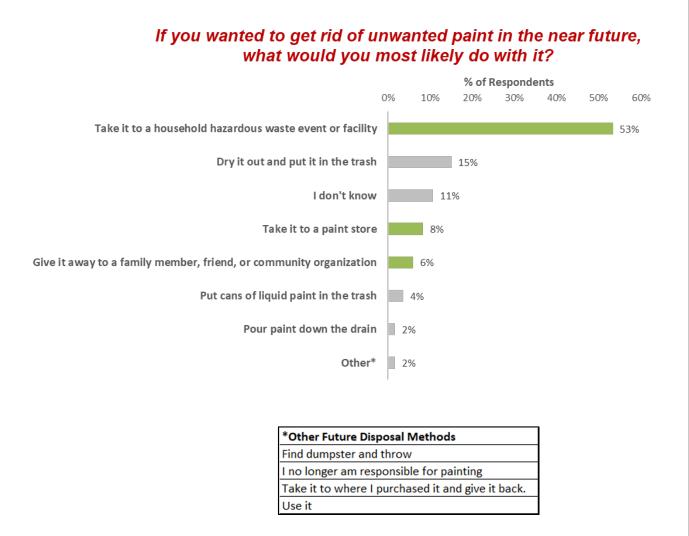


How much leftover or unwanted paint do you have in your home or business at this time?

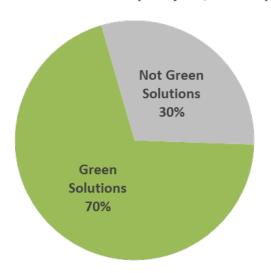
(e.g., primer, interior or exterior house paint, stain, deck sealer, or clear finishes like varnish)



❖ 70% of respondents say they will use a "green" solution for getting rid of unwanted paint in the future.



Green Solutions (Recycle, Reuse)



- 55% of respondents knew that paint can be recycled.
- Of those, slightly more than half have taken paint somewhere to be recycled in the past.
- Of those, the grand majority, 96%, would consider recycling paint again.

Prior to this survey, did you know that paint can be recycled?

