
VPS Program Quarter 4 2016 Review

Q4 2016 VPS Summary & Recommendations for Approval

March 3, 2017

CARE Confidential



Agenda

- Program Update
- Quarterly Overview of Results
- Q1 2017 Forecast
- Financials
- Approval Request
- Entrepreneur Meeting Feedback



VPS Program Update

- 61 CSEs participate in the VPS Program
 - 46 CSEs requested funds for Q4
 - 54 requested funds in Q3

- End-market issues in the marketplace persist
 - Limited outlets for all fiber types
 - N66 is only fiber type in demand
 - Processors have decreased demand
 - Little confidence among community on market improvement

- AUPs are currently being conducted on 3 CSEs

- All CSEs that requested funds are CARE members in good standing



VPS Summary Results



Q4 2016 Summary Results

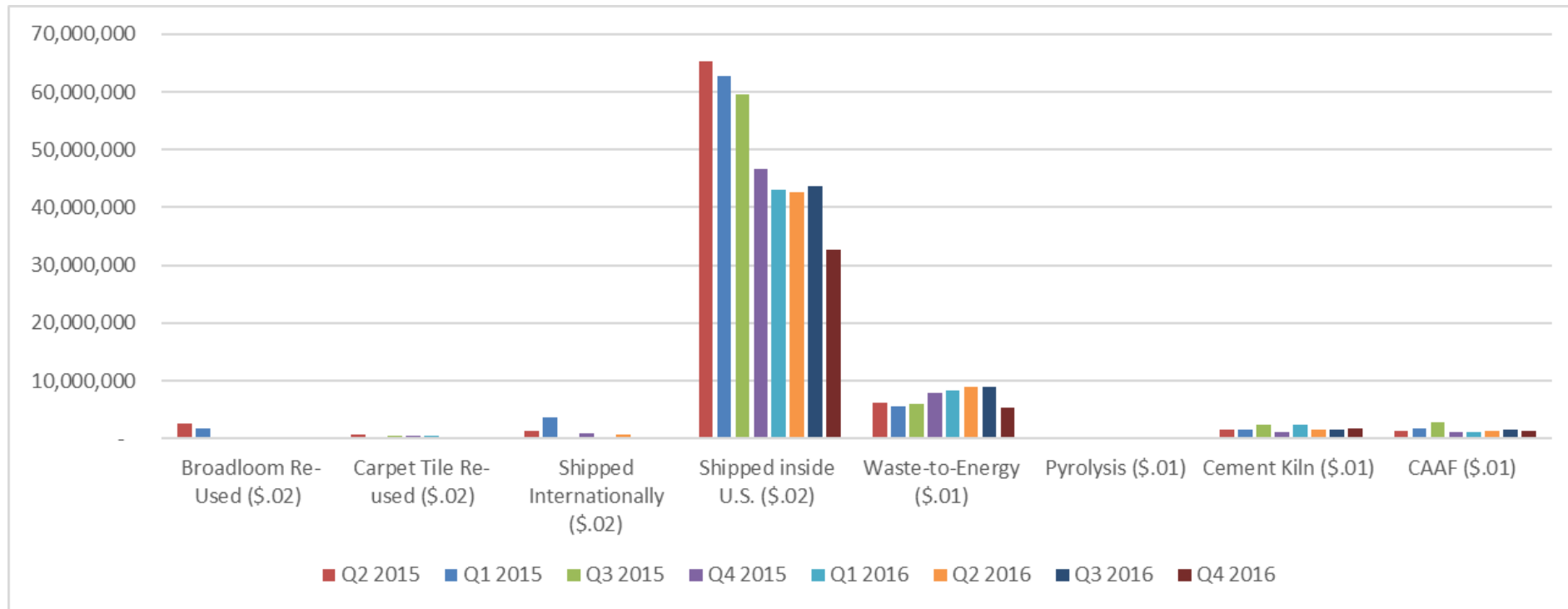
- 46 CSEs Requested Funds for Q4 2016
 - 61 CSEs participate in program (75% response rate)

- Output Eligible for Funding: 41,679,051 lbs.
 - Total Output: 60,218,773 lbs.
 - Landfilled: 12,868,492 lbs.
 - Ending Inventory: 5,671,230 lbs.

- **Total \$ Requested - \$746,983.88**
 - No CSEs reached cap limit



VPS Q4 Output Destinations (lbs.)

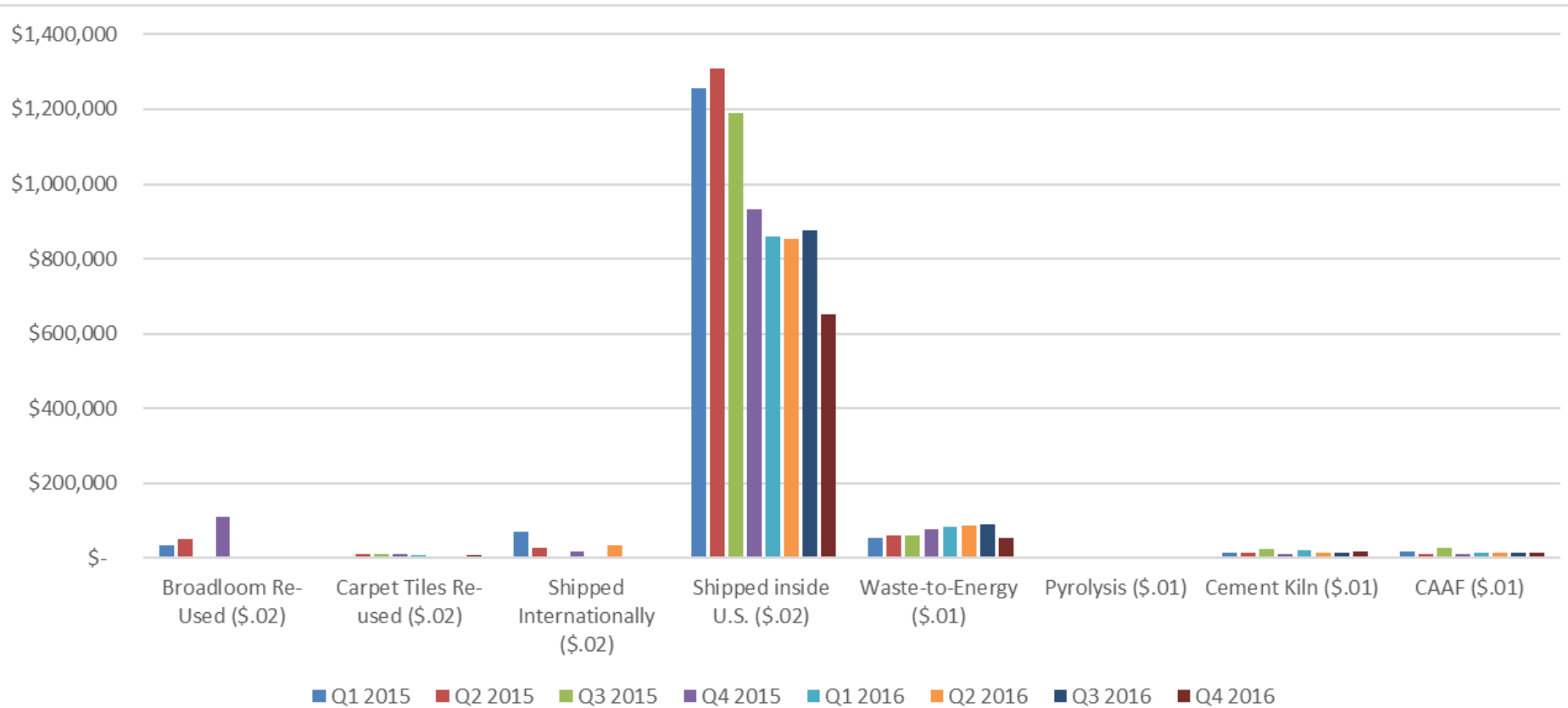


VPS Q4 Output Destinations (lbs.)

Pounds of Output			
	Q3 2016	Q4 2016	% +/- (Q3v.Q4)
Broadloom Re-Used (\$.02)	51,531	27,258	-47%
Carpet Tile Re-used (\$.02)	159,755	335,139	110%
Shipped Internationally (\$.02)	-	-	
Shipped inside U.S. (\$.02)	43,778,520	32,656,941	-25%
Waste-to-Energy (\$.01)	9,044,459	5,454,182	-40%
Pyrolysis (\$.01)	-	-	
Cement Kiln (\$.01)	1,572,613	1,839,285	17%
CAAF (\$.01)	1,530,845	1,366,246	-11%
Total	56,137,723	41,679,051	-26%



VPS Q4 Output (\$s)

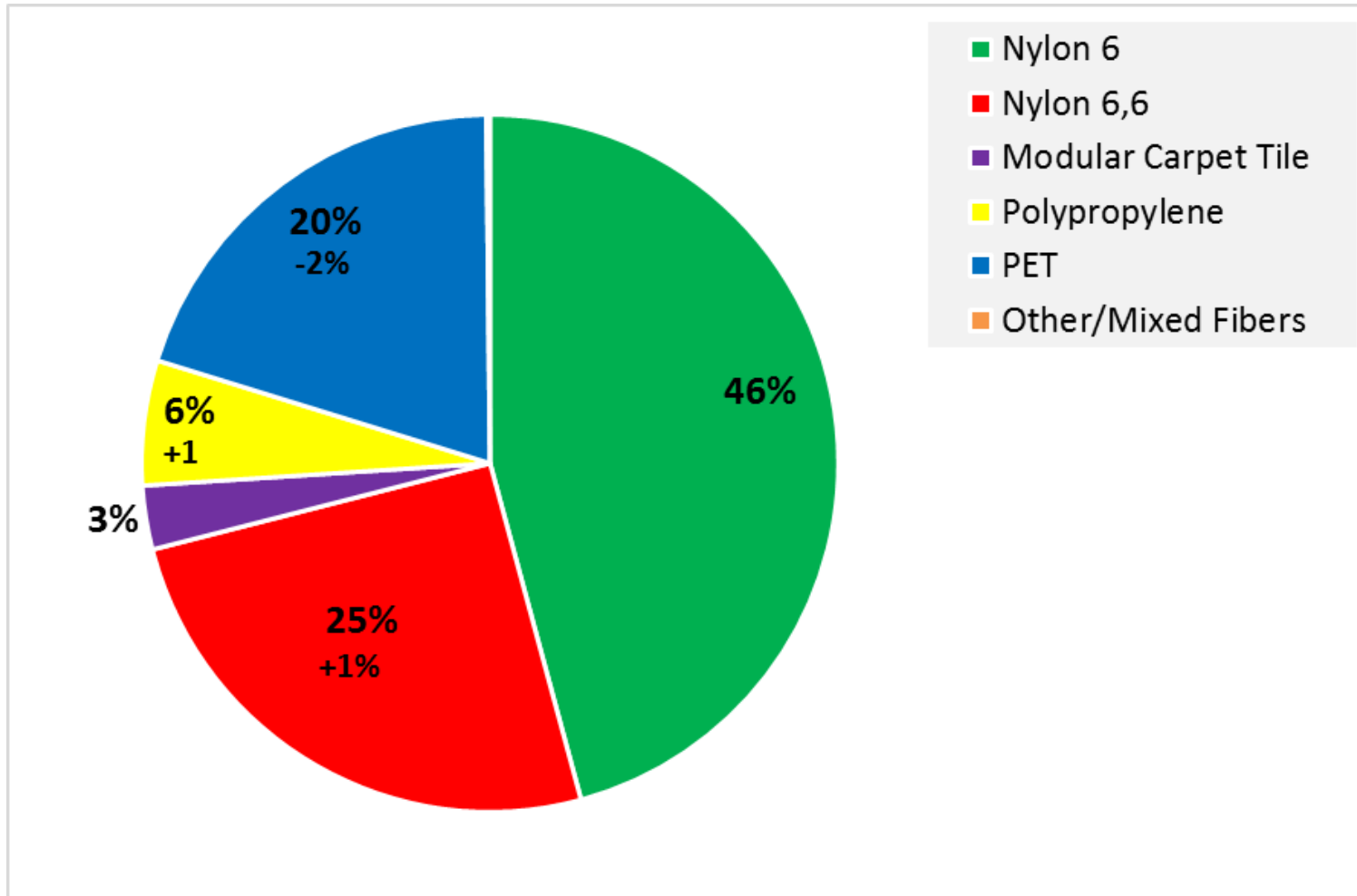


VPS Q4 Output (\$s)

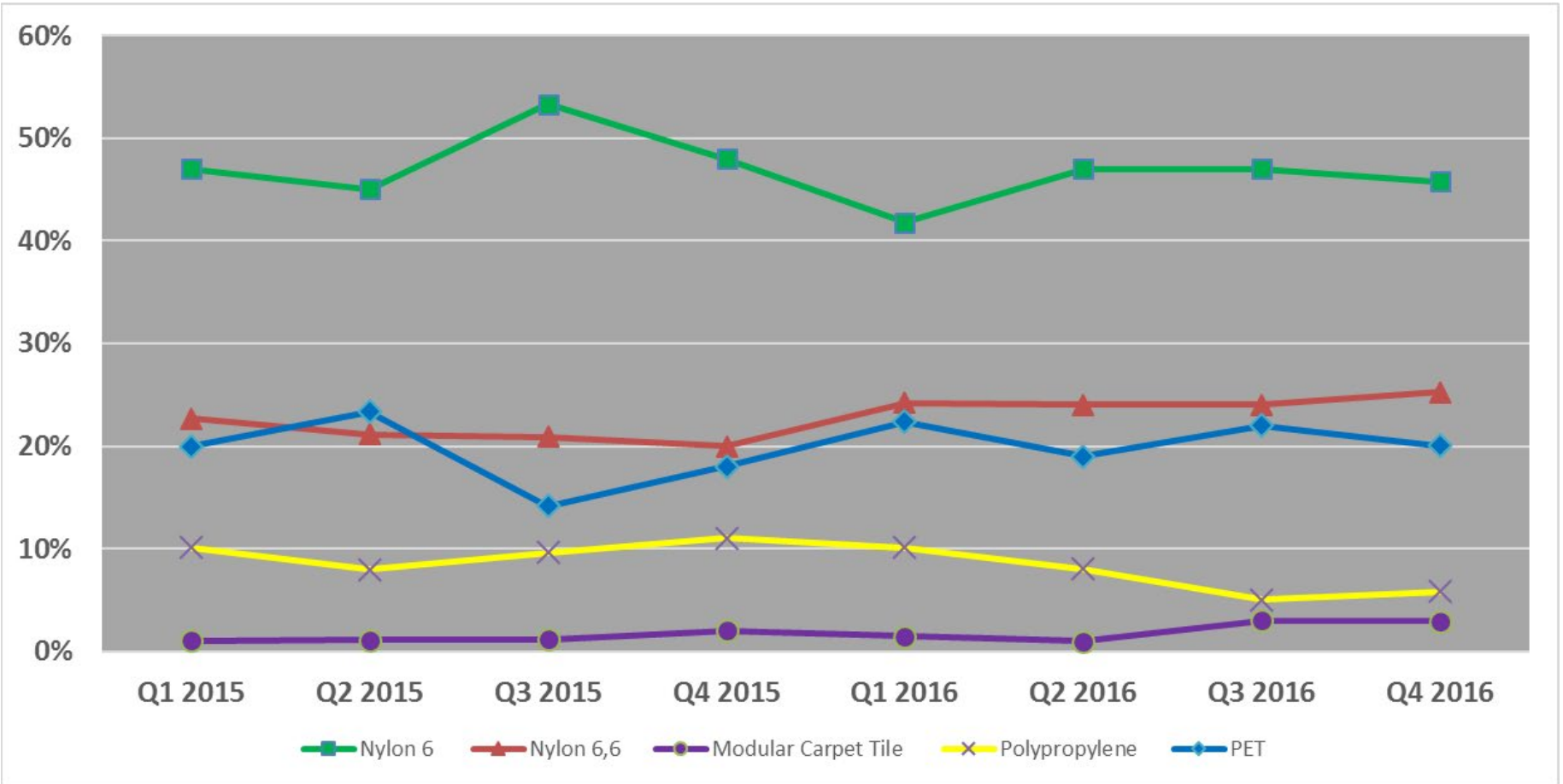
Output in \$s			
	Q3 2016	Q4 2016	% +/- (Q3v.Q4)
Broadloom Re-Used (\$.02)	\$ 1,031	\$ 545	-47%
Carpet Tiles Re-used (\$.02)	\$ 3,195	\$ 6,703	110%
Shipped Internationally (\$.02)	\$ -	\$ -	
Shipped inside U.S. (\$.02)	\$ 875,570	\$ 653,139	-25%
Waste-to-Energy (\$.01)	\$ 90,445	\$ 54,542	-40%
Pyrolysis (\$.01)	\$ -	\$ -	
Cement Kiln (\$.01)	\$ 15,726	\$ 18,393	17%
CAAF (\$.01)	\$ 15,308	\$ 13,662	-11%
Total Uncapped	\$ 1,001,275	\$ 746,984	-25%
Cap Correction			
Overpayment Correction	\$ (65,233)		
Grand Total Payout for Total	\$ 936,042	\$ 746,984	-20%



Face Fiber Breakdown of Sorted Output



Face Fiber Breakdown

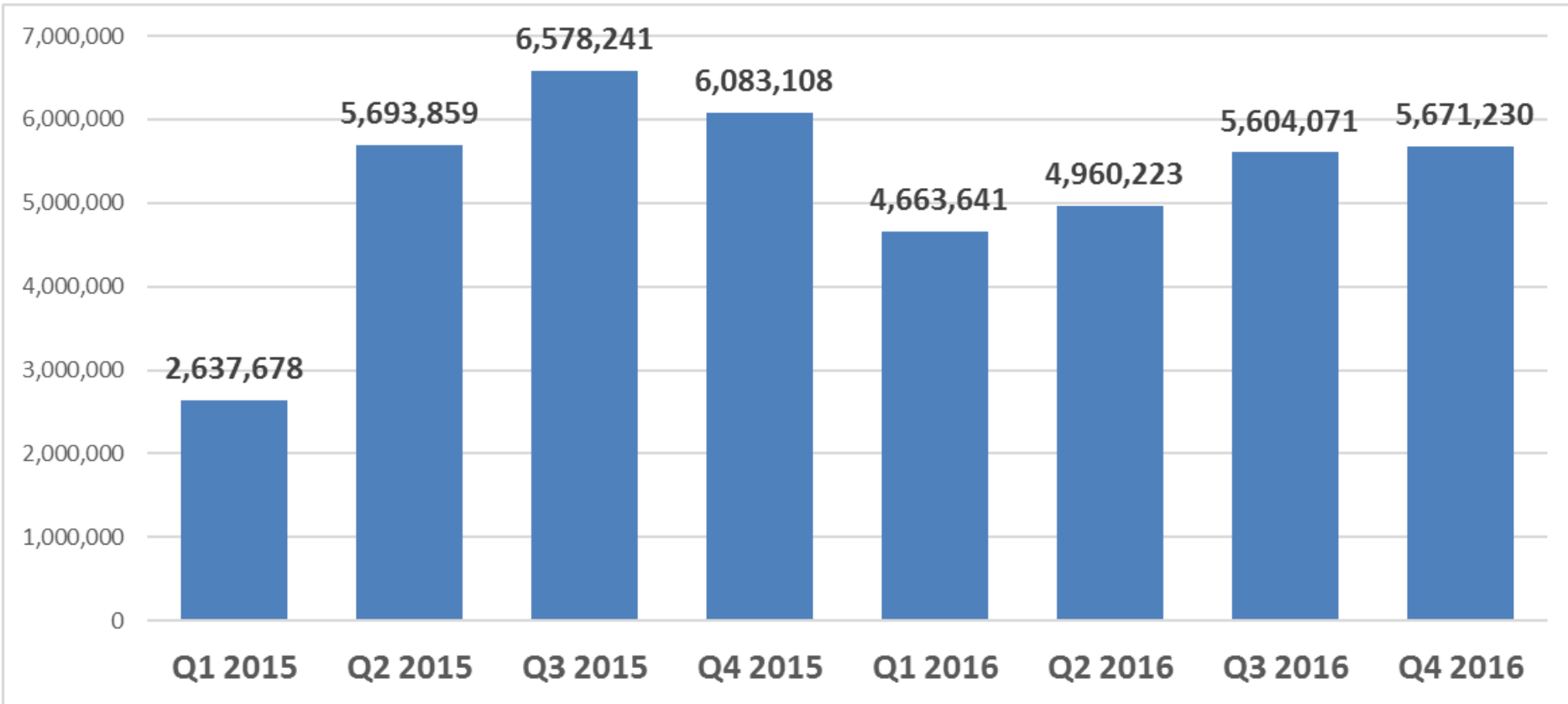


Face Fiber Breakdown(%)

Face Fiber Breakdown - Shipped and Sold								
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Nylon 6	47	45	53	48	42	47	47	46
Nylon 6,6	23	21	21	20	24	24	24	25
Modular Carpet	1	1	1	2	1	1	3	3
Polypropylene	10	8	10	11	1	8	5	6
PET	20	23	14	18	22	19	22	20
Other/Mixed	0	1	1	0	0	0	0	0



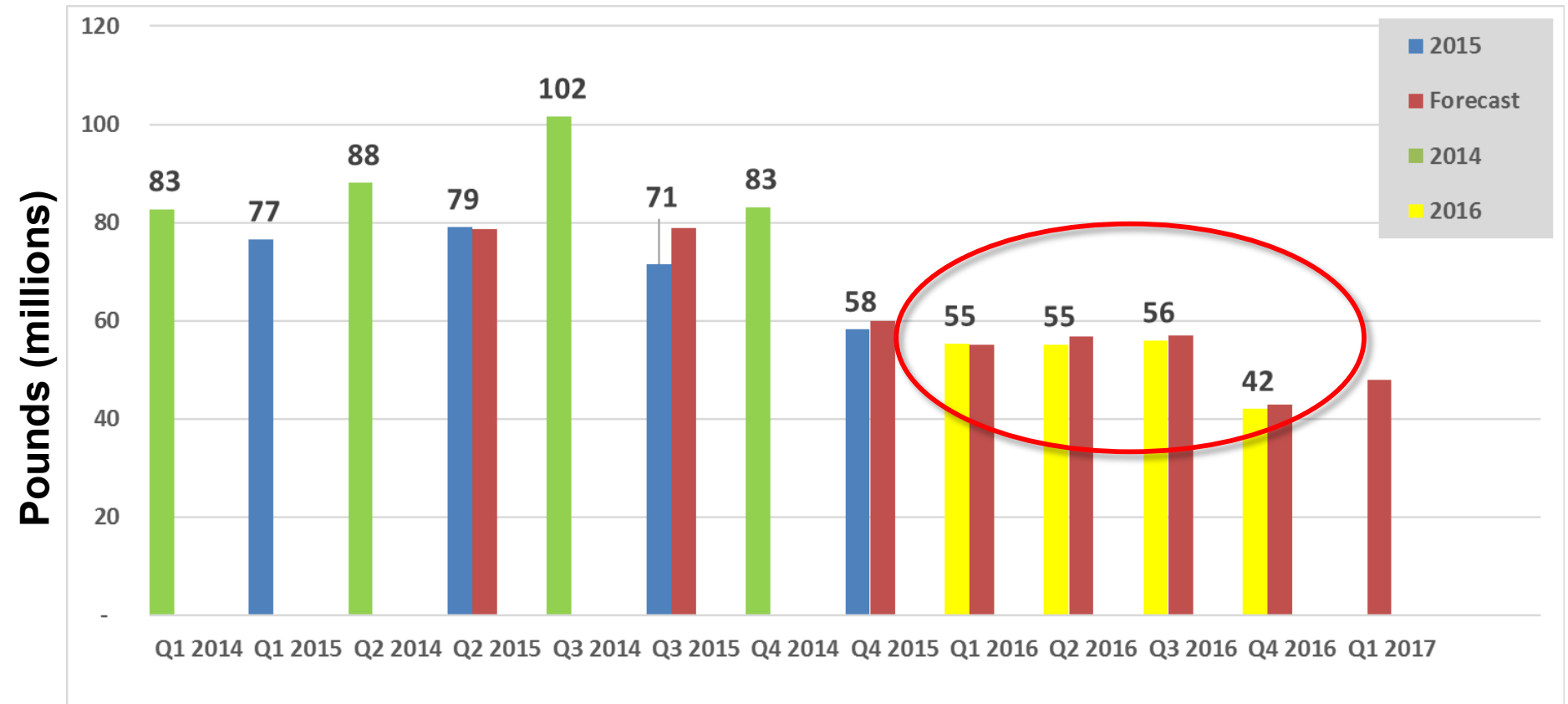
Inventory Levels



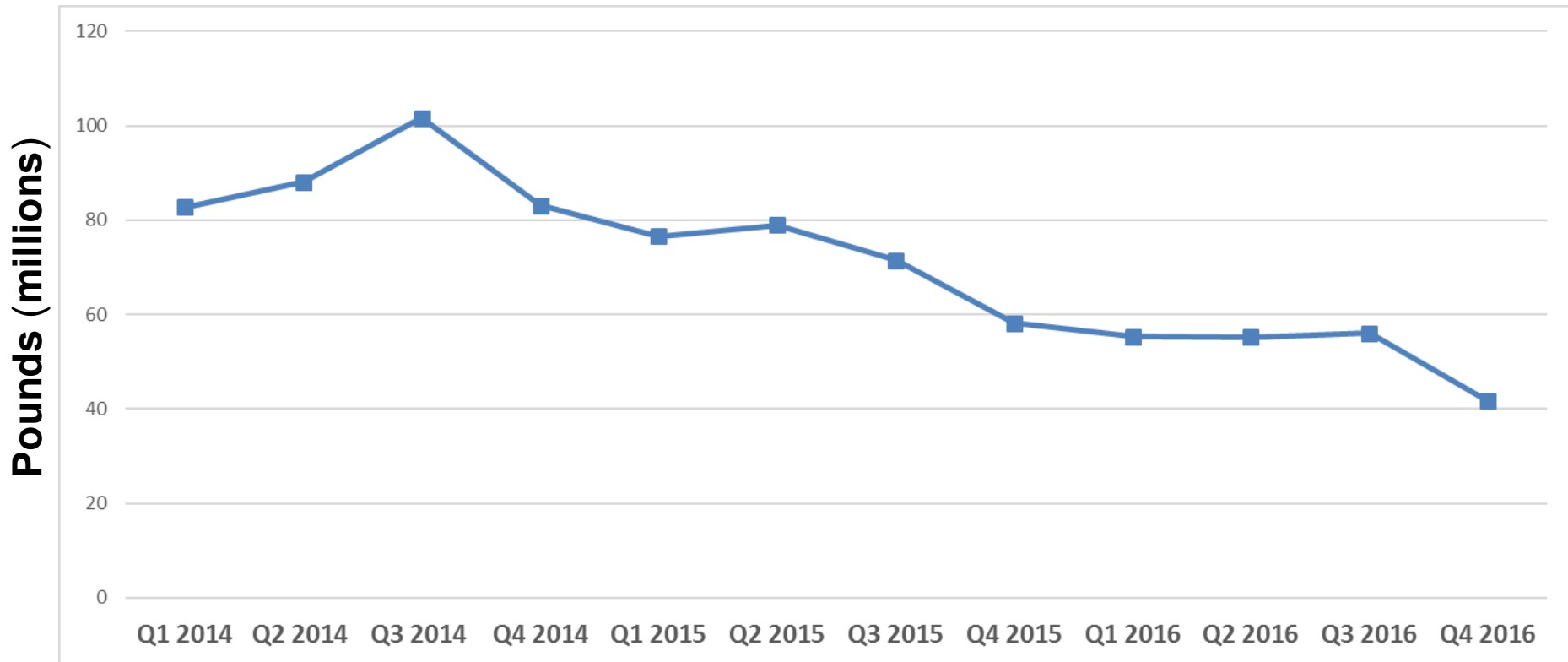
VPS Q1 2017 Forecast



Results and Forecasts



Sorted Output Trend



VPS Financials



VPS AUP Tracking

VPS CSE AUP Tracking			
	Selected	Completed	Note
Q1 2015	3	3	
Q2 2015	3	3	
Q3 2015	3	3	1 finding: Overpayment of \$49k to be paid back to VPS program in installments
Q4 2015	3	3	
Q1 2016	3	3	
Q2 2016	3	3	
Q3 2016	3	3	
Q4 2016	3		All are in final stages with no material findings



Accounting Details for Quarter

Q4 2016 Financial Analysis	
Starting Balance	\$ 10,000.00
Admin Expenses	\$ (40,484.00)
CSE Payout	\$ (746,983.88)
Reserve	\$ (10,000.00)
Transfer Amount	\$ (787,467.88)



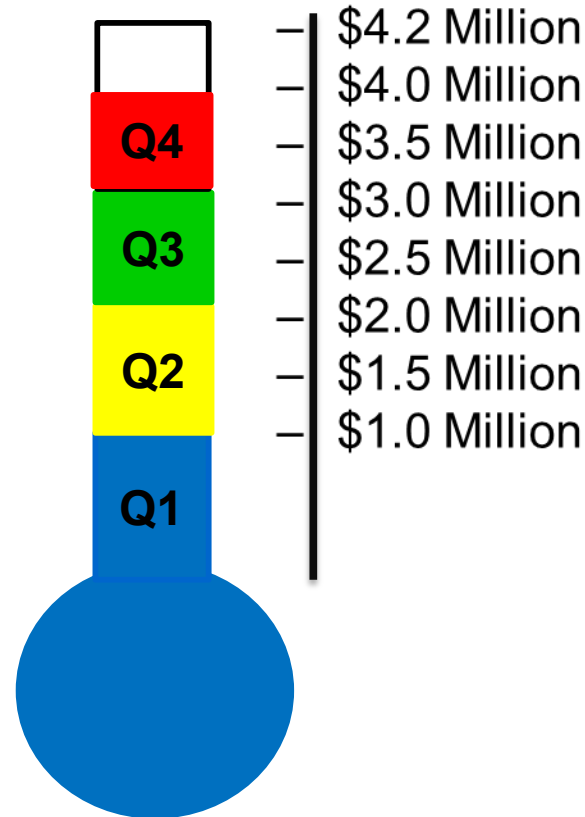
VPS Payout vs. Budget

Q4 Actual Payout – \$787,467

Q3 Actual Payout – \$936,042

Q2 Actual Payout - \$1,104,003

Q1 Actual Payout - \$1,005,519



\$366,969 Remaining after Q4 Payout



Entrepreneur Meeting VPS Feedback



- Can energy subsidy be moved to \$.02 per lb.?
- Could excess funds from 2016 be paid to CSEs proportionally as a boost?
- Assuming there is a projected excess in 2017, can some of the excess funds be distributed throughout the year to avoid closures?
- Can the new caps be suspended until the markets improve?



Recommendations for VPS Approval

- 1) Approve transfer of \$787,467.88
- 2) Approve CSE Distribution of \$746,983.88
- 3) Approve Administrative reimbursements of \$40,484.00

Total Payout Q4: \$787K



End of Review

