GORDON BELL HIGH SCHOOL, WINNIPEG - SYNTHETIC TURF CRUMB RUBBER INFILL

# ANNUAL REPORT 2019

## TIRE STEWARDSHIP MANITOBA

TIRE STEWARDSHIP Manitoba

# MESSAGE FROM THE CHAIR

The 2019 Annual Report represents the 12th year of Tire Stewardship Manitoba's (TSM) accomplishments operating Manitoba's tire recycling program. Under its approved program plan TSM serves Manitobans for the collection, recycling and environmentally sound disposal of all scrap tires in accordance with *The Tire Stewardship Regulation, 2006.*

With Manitoba's tire recyclers and over 1,500 retailers, generators, and municipal partners who support the program, TSM's key achievement for 2019 was recycling 17,835 tonnes of discarded tires and tubes for an 86% diversion rate. Virtually all discarded tires and tubes, or 13 kilograms per Manitoban, continue to be collected and recycled annually in the province creating over 60 full-time jobs and over 8 million dollars in direct economic activity.

Other notable achievements for 2019 include awarding three scholarships of $3,000 each to deserving students studying environmental sciences at a Manitoba university, and $111,671 in 12 community and market development projects that used Manitoba made recycled tire products. On raising consumer awareness to extend tire service life and reduce waste, TSM's Be Tire Smart Community Relations Team attended 12 community events that attracted over 139,00 people in 2019.

TSM continues to work for an effective, efficient and sustainable tire recycling program in Manitoba toward the long-term goal of investing in collection and processing capacity to manage growth while maintaining our commitment to reducing rates as the market place for recycled tire products strengthens.

Sincerely,

Glenn Maidment
Chair

## TIRE STEWARDSHIP MANITOBA

Tire Stewardship Manitoba (TSM) is a tire industry producer responsibility organization that ensures the province wide management of over one million end-of-life tires that are generated annually in Manitoba. TSM operates a tire recycling program that encourages the prompt collection of end-of-life tires and sustainable markets for Manitoba made recycled products in accordance with *The Tire Stewardship Regulation, 2006.*

For more information about the program visit www.tirestewardshipmb.ca

# MESSAGE FROM THE EXECUTIVE DIRECTOR

The 2019 Annual Report reflects both a year of change and achievement by Manitoba's tire recycling program operated by Tire Stewardship Manitoba (TSM). The TSM program remains committed to maintaining accessible collection and recycling of discarded tires and tubes for Manitobans across all regions of the province.

Manitoba's tire recyclers, new tire retailers, motor and equipment dealers, scrap tire generators, urban and rural municipalities, industry, consumers and the growing number of First Nations and Northern communities who support the program are committed partners working to ensure that once again virtually all the tires and tubes that are available in the province for recycling were collected and recycled in Manitoba. TSM continued to partner with other Producer Responsibility Organizations (PRO) to remove tires and other designated stewardship materials from Manitoba winter road communities, with the goal of integrating these communities into a network of sustainable, effective and efficient province-wide recycling systems.

2019 was a year of change for tire recycling in the province as Reliable Tire Recycling (RTR) of Winnipeg purchased the remaining assets of the former OTR Recycling of Ashern from Evolve Recycling, consolidating all program funded tire collection and processing capacity in Manitoba under one provider. The volume of tires available for recycling in Manitoba continued to supply industry's efforts to develop higher value tire-derived products while improving scrap tire collections. With no change to the applicable steward fee charged in any tire category, TSM continued our commitment to Manitoba consumers to keep recycling fees among the lowest in Canada.

The year also marked the beginning of a new chapter for TSM as an organization with the retirements of long-time board director Mr. David Lamb (Tire and Rubber Association) and TSM Office Manager Mrs. Carolyn Thorvaldson. TSM welcomed the addition of board director William Bench (Tire and Rubber Association) and Ms. Jayme Galloway as Stewardship Programs and Communications Manager, and the promotion of Mr. Michael Solkoski to Operations and Financial Administration Manager.

Sincerely,

Brett Eckstein,
Executive Director

## TSM BOARD MEMBERS

A volunteer board governs TSM and is composed of several directors representing international tire manufacturers, major suppliers, and tire retailers in Manitoba.

**Glenn Maidment**
Tire and Rubber Association of Canada

**David Lamb (Term Ended March 2019)**
Tire and Rubber Association of Canada

**William Bench**
Tire and Rubber Association of Canada

**Joe Casciano**
Retail Council of Canada

**Kendale Penner**
Western Canada Tire Dealers

**Ken Essex**
Western Canada Tire Dealers

**Geoff Sine**
Member at Large

## TSM ADVISORY COMMITTEE

A multi-stakeholder advisory committee also contributes to good governance of TSM program operations. The committee is composed of representatives of recyclers, municipalities, consumers, industry, the provincial government and environmental organizations.

**Manitoba Motor Dealers Association**

**Association of Manitoba Municipalities**

**Keystone Agricultural Producers**

**Manitoba Trucking Association**

**Western Equipment Dealers Association**

**Reliable Tire Recycling**

**Evolve Recycling**

**Manitoba Eco-Network**

**Manitoba Conservation and Climate**

Evolve Recycling ceased operations in Manitoba as of April 2019 selling the assets of the former OTR Recycling of Ashern to Reliable Tire Recycling of Winnipeg.

# 2019 PROGRAM SUMMARY

## 2019 PROGRAM PERFORMANCE SUMMARY

### Recycling

Measures related to the weight of designated tires and tubes included in the program

**Generated**[1]

**20,717**

Tonnes of material sold

**Collected**

**17,835**

Tonnes of material collected

**Recovered**[2]

**86%**

Percent of material recovered

**Per Capita**[3]

**13 kg**

Kilograms collected per capita

**Product Markets**

**15%**
**Crumb/ Manufactured**

**14%**
**Cut/Fabricated**

**71%**
**Aggregate**

Percentage of total products processed and manufactured in MB

### Access

Measures related to the convenience of accessing the program

**Coverage**

**100%**

Percent of Manitoba Residents with collection site access

**Collection Sites**


**1,567**

Registered year-round collection sites

**Communities**

**143**

Number of Communities and First Nations registered with Tire Stewardship Manitoba

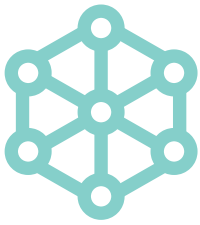
**Awareness**
Measures related to the public's awareness of the program and participation of industry stewards

**Population**


**1446**
**survey respondents**

Percent of the population aware that end-of-life tires are recycled to make new products

**Communication Efforts**



**Media, Community Events/Public Displays Promotional Video, Community Grant Program, Community Partnerships, Annual Report, Website and Social Media.**

Communication efforts undertaken

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**Cost**
Measures related to the costs of delivering the program including Operational, Administrative and Stewardship Programs

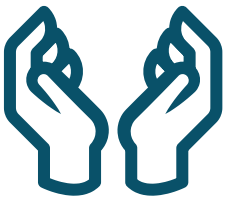
**Recycling**

**$271**
Per tonne of material collected

**General and Administrative**

**$38**
Per tonne of material collected

**Stewardship Program**



**$8**
Per tonne of material collected

**Total Program**

**$317**
Per tonne of material collected

**2019 MATERIAL RECOVERY SUMMARY**

| MATERIAL | AMOUNT GENERATED[1] | AMOUNT RECOVERED | % RECOVERED[2] |
|---|---|---|---|
| **Tires and Tubes** | 20,717 tonnes | 17,835 tonnes | 86% |

**2019 FINANCIAL SUMMARY**

| CATEGORY | AMOUNT | COMMENTS |
|---|---|---|
| **Annual Expenses** | $5,647,998 | Sum of recycling costs, stewardship programs and general and administrative expenses |
| **Stabilization Reserve** | $4,932,204 | Funds are restricted to meet financial obligations of the organization |
| **Addition/(draw down) from previous year** | $416,914 | Net operating surplus (deficit) |

[1] The amount of scrap tire material that can be generated from the annual sales of new tires in Manitoba. Calculated using average tire weights: 10.51 kg for passenger/light truck; 50 kg for medium truck; 172 kg for large agricultural; 294 kg for small off-road-tires; 552 kg for large off-road-tires (Source: TSM Scrap Tire Weight and Characteristics Study, October 2013).

[2] The annual recovery rate of 86% reflects the ratio of material collected per material generated in tonnes. Virtually all (100%) of the scrap tires generated and available for recycling are collected on an annual basis.

[3] Manitoba's population was 1,373,859 in 2019 (Source: Manitoba Bureau of Statistics)

# 17,835 TONNES

OF MATERIALS RECYCLED

# 13 KILOGRAMS

OF TIRES DIVERTED FOR EVERY MANITOBAN

# 1,567

COLLECTION SITES

# 100%

OF STEWARD – FEES COLLECTED GO TOWARD PROGRAM OPERATION AND ENHANCEMENT



VILLAGE OF DUNNOTTAR - RUBBER PATHWAY

# 3 SCHOLARSHIPS OF $3000

AWARDED TO DESERVING STUDENTS STUDYING ENVIRONMENTAL SCIENCES AT A MANITOBA UNIVERSITY

# $111,671 AWARDED

TO TWELVE COMMUNITY AND APPLIED RESEARCH PROJECTS THAT USED MANITOBA RECYCLED TIRE PRODUCTS

# OVER 60 FULL-TIME JOBS

IN TIRE RECYCLING AND $8 MILLION IN DIRECT ECONOMIC ACTIVITY

IN 2019 TSM'S COMMUNITY RELATIONS TEAM ATTENDED 12 COMMUNITY EVENTS THAT ATTRACTED OVER

# 139,200 PEOPLE

TIRE STEWARDSHIP MANITOBA INC.

# INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2019

**To the Directors of Tire Stewardship Manitoba Inc.**

**Opinion**

We have audited the financial statements of Tire Stewardship Manitoba Inc., which comprise the statement of financial position as at December 31, 2019 , the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tire Stewardship Manitoba Inc. as at December 31, 2019 , and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Matters**

The comparative figures were prepared by other auditors and if applicable, have been reclassified consistent with the current year's presentation.

**Other Information**

Management is responsible for the Other Information. The Other Information comprises materials from the Annual General Meeting ("AGM") package, other than the financial statements and our Auditors' report thereon. This information may include summary/highlights of the Corporation's financial performance and capital expenditures that have (will be) taken place.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not for profit organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Independent Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls.

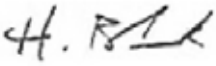
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor's Report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.



CHARTERED PROFESSIONAL ACCOUNTANTS

WINNIPEG, MANITOBA
APRIL 1, 2020

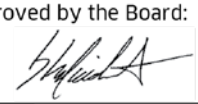
TIRE STEWARDSHIP MANITOBA INC.

# STATEMENT OF FINANCIAL POSITION

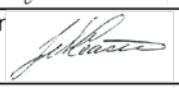
DECEMBER 31, 2019

| *December 31,* | **2019** | 2018 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash | **$ 1,516,629** | $ 1,352,223 |
| Accrued interest, note 4 | **-** | 80,610 |
| Advance receivable, note 5 | **250,000** | - |
| Prepaid expenses | **10,027** | 14,921 |
| Short-term investments, notes 6 & 7 | **2,695,378** | 950,000 |
| | **4,472,034** | 2,397,754 |
| LONG TERM INVESTMENTS, notes 6 & 7 | **1,208,149** | 2,803,785 |
| Capital assets, note 8 | **27,090** | 8,010 |
| | **$ 5,707,273** | $ 5,209,549 |
| **LIABILITIES** | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities, note 9 | **$ 747,979** | $ 667,169 |
| **NET ASSETS** | | |
| Net investment in capital assets | **27,090** | 8,010 |
| Stabilization reserve , note 10 | **4,932,204** | 4,534,370 |
| | **4,959,294** | 4,542,380 |
| | **$ 5,707,273** | $ 5,209,549 |

Approved by the Board:



Director — April 1, 2020 — Date



Director — April 1, 2020 — Date

TIRE STEWARDSHIP MANITOBA INC.

# STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2019

| | Invested in Capital Assets | Stabilization Reserve | Unrestricted | Total 2019 | Total 2018 |
|---|---|---|---|---|---|
| Beginning balance | $ 8,010 | $ 4,534,370 | $ - | **$ 4,542,380** | $ 4,740,267 |
| Excess (deficiency) revenue over expenditures | - | - | 416,914 | **416,914** | (197,887) |
| Purchase of capital assets | 24,949 | - | (24,949) | **-** | - |
| Amortization of capital assets | (5,869) | - | 5,869 | **-** | - |
| Board approved transfer to stabilization reserve | - | 397,834 | (397,834) | **-** | - |
| Ending balance | $ 27,090 | $ 4,932,204 | $ - | **$ 4,959,294** | $ 4,542,380 |

TIRE STEWARDSHIP MANITOBA INC.

# STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2019

| | 2019 | 2018 |
|---|---|---|
| **REVENUE** | | |
| Steward fees | **$ 5,763,643** | $ 5,911,743 |
| Investment income (loss) - realized | **51,801** | 94,224 |
| Unrealized gain (loss) | **249,468** | (118,448) |
| | **6,064,912** | 5,887,519 |
| **OPERATIONS** | | |
| Processing | **2,361,323** | 2,636,886 |
| Collection | **2,389,876** | 2,474,307 |
| Municipal storage | **84,831** | 79,874 |
| Manufacturing | **-** | 93,786 |
| | **4,836,030** | 5,284,853 |
| **GROSS MARGIN** | **1,228,882** | 602,666 |
| **OTHER EXPENSES** | | |
| Administration | **663,454** | 634,984 |
| Public education and communications | **61,373** | 94,525 |
| Community demonstration grants | **87,141** | 71,044 |
| | **811,968** | 800,553 |
| **EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES** | **$ 416,914** | $ (197,887) |

TIRE STEWARDSHIP MANITOBA INC.

# STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

| | 2019 | 2018 |
|---|---|---|
| CASH PROVIDED BY (USED IN) | | |
| **OPERATIONS** | | |
| Excess (deficiency) of revenue over expenses | $ 416,913 | $ (197,887) |
| Amortization of capital assets | 5,869 | 2,938 |
| Unrealized (gain) loss on investments | (249,468) | 118,448 |
| Changes in non-cash working capital items | (83,685) | 71,073 |
| **CASH PROVIDED BY (USED IN) OPERATIONS** | 89,629 | (5,428) |
| **INVESTING** | | |
| Purchase of property and equipment | (24,949) | - |
| Net change in short term investments | (1,745,378) | - |
| Net change in long term investments | 1,845,104 | 87,170 |
| **CASH PROVIDED BY INVESTING** | 74,777 | 87,170 |
| **CASH PROVIDED BY OPERATIONS AND INVESTING** | 164,406 | 81,742 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 1,352,223 | 1,270,481 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 1,516,629 | $ 1,352,223 |

TIRE STEWARDSHIP MANITOBA INC.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

## 1. PURPOSE AND LEGAL FORM OF THE ORGANIZATION

Tire Stewardship Manitoba Inc. was incorporated without share capital, to manage a mandatory scrap tire waste reduction program on behalf of its members, as set out in the Waste Reduction and Prevention Act (Manitoba Regulation 222/06).

The Organization is a not-for-profit organization exempt from tax under paragraph 149(1)(l) of the Income Tax Act (Canada).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

(b) Financial Instruments

The Organization's financial instruments consist of cash, accrued interest, advance receivable, short-term investments, long-term investments and, accounts payable and accrued liabilities. The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all financial assets and liabilities at amortized cost, except for short-term and long-term investments which are measured at fair value.

Unrealized gains or losses from investments are recognized in the statement of operations.

(c) Revenue Recognition

Revenue from tire recycling fees is recognized when it becomes known and collectible, which occurs when the retailers submit reports for tires sold.

All other revenue is recognized in the year it is earned if the amount earned can be reasonably estimated and collection reasonably assured.

(d) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ significantly from those estimates.

(e) Capital Assets

Capital assets are stated at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

| | |
|---|---|
| Office equipment | 20% declining balance |
| Computer equipment | 30% |
| Computer software | 100% |
| Vehicles | 30% declining balance |

## 3. FINANCIAL INSTRUMENTS

The Organization, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The following analysis provides a measurement of those risks at year end:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Organization's financial assets that are exposed to credit risk consist of cash, short and long term investments, accrued interest and advance receivable. The Organization's cash, and investments are maintained with a large federally regulated financial institution in Canada and risk is therefore mitigated. The Organization is subject to credit risk from the Tire Processor to whom the advance was provided.

Market rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization has a diversified portfolio of investments, which mitigates its market rate risk.

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they become due. The Organization holds a cash balance with a value that exceeds the total liabilities reported at year end, therefore liquidity risk is limited.

There have been no changes in the Organization's risk exposures from the prior year.

## 4. ACCRUED INTEREST

In 2018, interest on investments that was earned but not collected, was reported as accrued interest at year end. In 2019, investment income earned on short and long-term investments was deposited to the Organization's cash accounts on a monthly basis. As a result, no interest was accrued at year end.

## 5. ADVANCE RECEIVABLE

In 2019, the Organization provided an advance of $250,000 to its main tire processor, Reliable Tire Recycling ("RTR"). Repayment terms have not been established as of the date of these financial statements.

Repayment terms will be determined following the planned sustainability audit of RTR in the year 2020. The Organization will review incentive rates/steward fees paid to RTR at that time, and decide whether repayment will be applied against future claims.

## 6. INVESTMENTS

The Organization holds investments which consist of fixed income and equity securities. The percentage of cash and fixed income investment to total investment based on fair market value as at December 31, 2019 is 65% (2018 - 79%).

| | Short-Term Investments | Long-Term Investments | Market Value 2019 | Cost 2019 | Market Value 2018 |
|---|---|---|---|---|---|
| Cash & high interest savings | $ 1,035,820 | $ - | $ 1,035,820 | $ 1,035,820 | $ 997,732 |
| Investment class | | | | | |
| Fixed Income (note 7) | $ 300,979 | 1,208,149 | $ 1,509,128 | $ 1,509,421 | $ 1,960,917 |
| Equity | $ 1,358,579 | $ - | $ 1,358,579 | $ 1,227,266 | $ 795,136 |
| **Total** | $ 2,695,378 | $ 1,208,149 | $ 3,903,527 | $ 3,772,507 | $ 3,753,785 |

## 7. FIXED INCOME INVESTMENTS

The Organization's fixed income investments consist of bonds and guaranteed investment certificates and have been reported at market value. Investment cost is presented below for comparison:

| | 2019 Cost | 2019 Market Value | 2018 Market Value |
|---|---|---|---|
| Province of Ontario, interest of 4.2% , maturing June 2, 2020 | $ 103,238 | $ 100,979 | $ - |
| BMO Trust Company, interest of 2.15% , maturing December 9, 2020 | 100,000 | 100,000 | - |
| Laurentian Bank, interest of 3.08% , maturing December 10, 2020 | 100,000 | 100,000 | - |
| Manulife Bank, interest of 1.25%, matured June 3, 2019 | - | - | 200,000 |
| Manulife Bank, interest of 2.40%, matured December 3, 2019 | - | - | 750,000 |
| Province of Manitoba, interest of 3.85%, maturing December 1, 2021 | 104,708 | 103,722 | - |
| President's Choice, interest of 2.21% , maturing December 9, 2021 | 100,000 | 100,000 | - |
| Manulife Bank of Cda interest of 3.10% , maturing December 10, 2021 | 100,000 | 100,000 | - |
| Province of Alberta, interest of 1.6% , maturing September 1, 2022 | 97,202 | 99,201 | - |
| Home Trust Company, interest of 2.23% , maturing December 9, 2022 | 100,000 | 100,000 | - |
| Peoples Trust, interest of 3.20% , maturing December 12, 2022 | 100,000 | 100,000 | - |
| Province of Alberta, interest of 3.4% , maturing December 1, 2023 | 104,273 | 105,226 | - |
| Concentra Bank, interest of 3.4% , maturing December 11, 2023 | 100,000 | 100,000 | - |
| Home Equity Bank, interest of 2.27%, maturing December 11, 2023 | 100,000 | 100,000 | - |
| Equitable Bank, interest of 2.36% , maturing December 9, 2024 | 100,000 | 100,000 | - |
| Canadian Western Bank, interest of 2.4%, maturing December 12, 2024 | 100,000 | 100,000 | - |
| BMO Wealth Management - fixed income portfolio | - | - | 1,010,917 |
| Bank of Montreal Mortgage Corporation, interest of 2.4% , maturing December 20, 2024 | 100,000 | 100,000 | - |
| **Total** | $ 1,509,421 | $ 1,509,128 | $ 1,960,917 |

## 8. CAPITAL ASSETS

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Carrying Amount | Cost | Accumulated Amortization | Net Carrying Amount |
| Computer equipment | $ 55,208 | $ 45,565 | **$ 9,643** | $ 48,177 | $ 42,937 | $ 5,240 |
| Computer software | 6,759 | 6,759 | - | 6,759 | 6,759 | - |
| Office equipment | 18,053 | 15,836 | **2,217** | 18,053 | 15,283 | 2,770 |
| Vehicles | 17,918 | 2,688 | **15,230** | - | - | - |
| **Total** | $ 97,938 | $ 70,848 | **$ 27,090** | $ 72,989 | $ 64,979 | $ 8,010 |

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2019 | 2018 |
|---|---|---|
| Accrued liabilities | **$ 72,635** | $ 57,613 |
| Employee deductions payable | **8,679** | 8,847 |
| Federal sales taxes payable | **30,285** | 33,338 |
| Trade accounts payable | **636,380** | 567,371 |
| **Total** | **$ 747,979** | $ 667,169 |

## 10. STABILIZATION RESERVE

The Board of Directors has internally restricted funds through the establishment of a stabilization reserve to ensure that funds are available to meet future financial obligations of the Organization.

## 11. LEASE COMMITMENT

The Organization has entered into an agreement respecting the lease of its premises. The lease includes base rent payments plus a proportionate share of operating expenses, property taxes and management fees.

The current lease agreement is an approved extension of the original lease, with a term of April 1, 2018 to March 31, 2023 and reflects incremental annual increases to the base rent.

Base rent payments for the next 4 years up to the date of lease expiry are as follows:

| | |
|---|---|
| 2020 | $ 16,440 |
| 2021 | 16,600 |
| 2022 | 16,760 |
| 2023 | 4,200 |
| Total | $ 54,000 |

## 12. ESTIMATED TIRE PROCESSING COMMITMENT

The Organization estimates that at December 31, 2019 tire processors held 10,612 metric tonnes (8,251 - 2018) of tires in their inventory. If all tires in inventory were processed, the Organization estimates that approximately $1,738,059 ($1,347,526 - 2018) would be payable to the tire processors.

## 13. COMPARATIVE FIGURES

Comparative figures have been reclassified consistent with the current year's presentation.

The prior year's figures have not been audited by our firm.

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