MAKE NO MISTAKE, OUR WORLD IS WATCHING.
“Mother Nature

21ST ANNUAL GENERAL MEETING
Wednesday, April 26, 2017 - 10am CST
Sheraton Cavalier Hotel
612 Spadina Crescent East
Saskatoon, Saskatchewan S7K 3G9

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WHY DO WE EXIST
AS AN ASSOCIATION?
AND ULTIMATELY, TO WHOM
ARE WE RESPONSIBLE?

Some claim that our world is
different today than it was yesterday. SARRC’s yesterday
is twenty-one years ago beginning with its incorporation
February 12, 1996. Our view of the world today is
different in many respects from what it was then.

The way we communicate with our varied audiences
has been shaped dramatically by technological change.
The world’s first website, which described the World
Wide Web project, was published in December 1990.
Around the same time in the early 1990’s the model
of the industry-led stewardship program in western
Canada on which SARRC is based was being debated
and developed. For details on the development of the
program, visit www.usedoilrecycling.com, click on the
icon for the 15 minute video, “How the West and East
were One.”

Google was founded in 1998. Facebook came into
being in 2004, followed by Twitter in 2006.
Much has changed since the early 1990’s but then
again much remains the same.

Used oil and antifreeze materials remain potentially
hazardous waste if not recovered, recycled and
reused properly.

SARRC exists to facilitate the recycling of used
oil and antifreeze, used oil/antifreeze/DEF
containers and used oil filters. All these
materials can be recycled and reused.

And ultimately, to whom is SARRC responsible?
Why Mother Nature, of course. And she thanks
you for helping to Make Every Drop Count. You’ll
learn more about this successful program in the
following pages.

Worldwide, there is an estimated
1 billion different websites.
However, most people never
search more than 96 domains in
any given month. The real trick
is trying to be one of those
favourite 96.
MINISTER’S MESSAGE

I would like to take this opportunity to recognize the Saskatchewan Association for Resource Recovery Corp (SARRC) for their accomplishments not just this most recent year, but since the program began in 1997.

The work of SARRC has been extremely valuable in maintaining the beauty of Saskatchewan. Since its inception, 5.7 million kilograms of oil, antifreeze and diesel exhaust fluid containers, almost 36 million oil filters, and nearly 700,000 litres of used antifreeze has been recovered and recycled in Saskatchewan.

Thanks to SARRC, these products have been kept safely out of our landfills and our environment. In addition, SARRC continues to promote its programs effectively throughout the province and enhance its recovery and recycling efforts, “Making Every Drop Count.”

As you report on your 2016 accomplishments, I express my appreciation on behalf of the people of Saskatchewan and look forward to celebrating many more milestones in successful oil, filter, antifreeze and container recycling in our province.
2016 PROGRAM SUMMARY

“Make no mistake, our world is watching” is our 2016 annual report theme reflecting our current world of “instant media”.

The SARRC world is made up of varied audiences or stakeholders - the recycling public, individuals and businesses; sellers of oil and antifreeze materials; collection points and EcoCentre communities; private sector collectors/processors; provincial and municipal governments; affiliated recycling associations; media.

On the business side of the program, SARRC is participating with the other six Canadian UOMAs (BC, Alberta, Manitoba, Quebec, New Brunswick and PEI) to update the electronic payment system by which members remit the Environmental Handling Charges (EHC). The Association is also partnered with the UOMAs to implement an electronic claims reporting system for collectors/processors to speed up Return Incentive (RI) payments.

Communicating across this wide-spectrum of public recycling interest can be challenging. That is why you will see in the following pages SARRC’s diverse marketing effort branding and linking these efforts, both visually and emotionally to Mother Nature Thanks You.

YouTube has over a billion users that can surf hundreds of millions of hours of content. “SARRC supports Safe Drinking Water school program” video is one of several YouTube videos produced and posted in 2016.
A MESSAGE FROM SARRC’S CHAIRMAN & EXECUTIVE DIRECTOR

Saskatchewan is watching. Canada is watching. Our world is watching. And in a world that cares, we are leaders, not followers.

In this new world of snapchatters, facebookers, twitterers, bloggers, environmental critics and those who question, “Are we doing enough?”, it would seem that while we can always do better, we are doing very well indeed. SARRC traditionally promotes the program province-wide with call-to-action print materials, TV ads, radio commercials, interviews, Recycling Ambassadors and a website. And yes, YouTube videos, digital advertising and geo-fencing continue to propagate via the faces and voices of six caricatures proclaiming “Mother Nature Thanks You!” Yet, while reaching the analog and digital world, we must never forget the personal touch.

“Leadership continues

Recycling Ambassadors contracted from the Saskatchewan Waste Reduction Council along with SARRC mascots Mr. Oil Drop and Auntie Freeze annually visit communities large and small. A partnership with six other provincial stewardship agencies, Recycle Saskatchewan, continues to thrive in standardizing recycling policies and providing one-stop messaging for consumers. SARRC and six Used Oil Management Associations (UOMAs) in Prince Edward Island, New Brunswick, Quebec, Manitoba, Alberta and British Columbia through the National Used Oil Material and Antifreeze Advisory Council (NUOMAAC) provide seamless and enhanced services to our combined 504 members.

Funding by our 200 SARRC members provides the resources necessary to protect Mother Nature with impressive recycling results. Since 1997, 696,792 litres of used antifreeze, 5.70 million kilograms of used oil/antifreeze/DEF containers, 35.95 million used oil filters and 324.81 million litres of used oil have been recycled and reused.

More and more people are watching long form video on their mobile devices. 48% of us currently watch video on our phones.

The video supporting Safe Drinking Water Foundation was shot at Caswell Community School, Saskatoon on World Water Day 2016.

Tablet use has increased nearly 15% and in 2016 there were over 1.2 billion being used worldwide.
The private sector recycling industry must be commended for continuing to aggressively collect and process used oil and antifreeze materials in 2016 as new product sales dropped and commodity prices remained weak.

Antifreeze was added to the SARRC program April 1, 2014 with 168,724 litres of used antifreeze collected in the last three quarters of 2014. In 2015, 220,541 litres of used antifreeze were collected, while in 2016 collections increased 39% to 307,527 litres. Antifreeze available for collection in 2016 at 2.24 million litres dropped 9% from 2015. With the increase in collections in 2016 the antifreeze recycling rate increased from 9% in 2015 to 14% in 2016.

Containers collected decreased 7% from 0.46 million kilograms in 2015 to 0.43 million kilograms in 2016. However, the total weight of used oil, antifreeze and DEF containers available for collection decreased 5% from 2015 to 1.01 million kilograms in 2016. This resulted in the 2016 container recycling rate holding steady at 43%, the same as 2015. In previous years SARRC commissioned Pulse Research Ltd. to conduct an extensive plastic oil container study, finding that Saskatchewan farmers annually re-use about 80% of their 20-litre oil pails, resulting in a 24% province-wide container re-use rate. With annual recycling rates for used oil/antifreeze/DEF containers at 43%, the re-use/recycling rate was 67% in 2016.

Used oil filters collected in 2016 at 1.99 million filters were down 5.1% from 2015. However, the amount of oil filters available for collection decreased 7.1% from 2015 to 2.48 million in 2016, resulting in the filter recycling rate increasing from 78% in 2015 to 80% in 2016.

Used oil collected in 2016 at 18.33 million litres was down 3.8% from 2015. The amount of used oil available for collection in 2016 at 26.64 million litres decreased 3.6% from 2015 resulting in the collection rate remaining at 69%, the same as 2015.

SARRC supports a province-wide network of thirty-four Used Oil, Filter, Antifreeze and Container EcoCentres for farmers and small business operators and Do-it-Yourselfers (DIYs) who change their own oil and antifreeze and wish to safely dispose of their used oil, oil & diesel fuel filters, antifreeze and oil/antifreeze/DEF containers, Owned and operated by non-profits, municipalities and independent businesses, the thirty-four EcoCentres, cleaned and re-imaged in 2015, were repaired and upgraded in 2016 under the second phase of the EcoCentre Capital Improvement Project.

Our world, country and province will no doubt continue to face economic and environmental challenges in 2017. However, neither we nor Mother Nature will ever stop thanking our 200 Members, SARRC Board and staff, private sector collectors and processors, municipal, non-profit and private EcoCentre partners, environmental groups and all Saskatchewanians for Making Every Drop Count!

Rod Rosenfelt  
Chairman

Phil Wrubleski  
Executive Director

with recycling program!"
Canadians spend an average of 36.3 hours online per week, searching for information, visiting on average 80 different sites.
SARRC Members

1196172 AB Ltd. (CBO Earthworks)
49 North Forwarding Ltd.
ABB Inc. (Binome - Quebec)
Acklands-Grainger Inc.
ADP Distributors Inc.
AFD Petroleum Ltd.
AGCO Corporation
Agracityp Crop & Nutrition Ltd.
Alrom Canad Corp.
American Grease Stick Co.
AMSOIL Inc.
Applied Industrial Technologies Ltd.
Arctic Cat Sales Inc.
Atlas Copco Compressors Canada
ATP-Inc
Auto-Camping Ltd.
Autosupply Acquisition Canada Inc.
Aviall Canada Ltd.
Baldwin Filters Inc.
Baldwin Filters Inc. (DBA Hastings Filters)
Beck/Arnley Worldparts, Inc.
Bestbuy Distributors Ltd.
Blue Streak-Hygrade Motor Products
BMW Canada Inc.
Bosch Rexroth Canada Corp.
BOSS Lubricants
BP Lubricants USA, Inc.
Brandt Tractor Ltd.
Brenntag Canada Inc.
Bridgeview Manufacturing Inc.
BRP
Buhler Versatile Inc.
Burkolly Distributors Ltd.
Canada West Harvest Centre
Canadian Kawasaki Motors Inc.
Canadian Pacific Railway
Canadian Tire Corporation, Limited
Castrol Industrial
North America Inc.
Cervus Equipment Corporation
CFS Cleanair Filter Service
Champion Laboratories, Inc.
Chevron Canada Limited
Chris Page & Associates Ltd.
CNH Industrial Canada, Ltd.
COMAIRCO LTD
CORE-MARK International Inc.
Costco Wholesale Canada Ltd.
CPT Canada Power Technology Limited
Cummins Western Canada
daimler Trucks Canada Ltd.
DAS Companies, Inc.
Davanac Inc.
Doepker Industrial Equipment Service
Echo Power Equipment (Canada)
Elliot Petroleum 2014, Ltd.
Eni USA R&M Co. Inc.
Equipment Sales & Service (1968) Limited
Eskimo Refrigeration Ltd.
Failure Prevention Services
Fastenal Canada, Ltd.
FCA Canada Inc.
Federated Co-operatives Limited
Finning International Inc.
First Filter Service Ltd.
Ford Motor Company of Canada Ltd.
Fort Garry Industries Ltd.
FRAM Group (Canada) Inc.
Fuchs Lubricants Canada Ltd.
Full-Bore Marketing Ltd.
G.F. Thompson Co. Ltd.
G.K. Industries Ltd.
Gamma Sales Inc.
Gas Drive Global LP
Gates Canada Inc.
GEA WestfaliaSurge, Inc.
General Motors of Canada Company
Gregg Distributors Co. Ltd.
Harley-Davidson Canada LP
Hengel-Davidson Corporation
Home Depot of Canada Inc.
Home Hardware Stores Limited
Honda Canada Inc.
Husky Energy Inc.
Husqvarna Canada Corp.
Hyundai Auto Canada Corp.
Imperial Oil Ltd.
Importations Thibault Liée.
Industrial Truck Service Ltd.
Ironline Compression Limited Partnership
Iring Blending & Packaging
ITW Permatex Canada
Jaguar Land Rover Group Canada Inc.
John Deere Canada ULC
KADEX Aero Supply Ltd.
Kaeser Compressors Canada Inc.
Keystone Automotive Operations of Canada, Inc.
Kia Canada Inc.
Kimpex Inc.
King-O-Matic Industries Limited
Kleen-Flo Tumbler Industries Limited
Klondike Lubricants Corporation
KTM Canada, Inc.
Kubota Canada Ltd.
Larry Penner Enterprises Inc.
Larry’s Transmissions Ltd.
LCT Lubricants Inc.
Leavitt Machinery General Partnership
Les Hall Filter Service (2013) Ltd.
Loblaws Inc.
Lucas Oil Products (Canada) Company
MAHLE Aftermarket Inc.
MANN+HUMMEL Canada, Inc.
MANN+HUMMEL Filtration Technology Canada ULC
Maxim Transportation Services Inc.
Mazda Canada Inc.
Mercedes-Benz Canada Inc.
MFTA Canada Inc.
Mid-Canada Filtration Solutions
Midwest Sales (6195785 Manitoba Ltd.)
Miller Supply Ltd.
Mitsubishi Motor Sales of Canada, Inc.
Modern Sales Co-op
Moody’s Equipment
Mopac Auto Supply (Alberta) Ltd.
Mopac Auto Supply Ltd.
Motion Industries (Canada) Inc.
Motor Coach Industries Limited
Motovan Corporation
National Energy Equipment Inc.
Navistar Canada, Inc.
NCH Canada Inc.
NemCo Resources Ltd.
New Flyer Industries Ltd.
Nissan Canada Inc.
NOCO Lubricants LP
NORCAN Fluid Power Ltd.
Nynas, Inc.
Oil Mart Ltd.
Orgill Canada Hardlines ULC
Paccar Parts, A Division of Paccar of Canada, Ltd
Parker Hannifin Canada
Parkland Fuel Corporation
Partner Technologies Inc.
Parts Canada
Peavey Industries LP
Peerless Engineering Sales Ltd.
Petro-Canada Lubricants Inc.
Polaris Industries Ltd. - Canada
Porsche Cars Canada, Ltd.
Prévost, a Division of Volvo Group Canada Inc.
Provincial Hydraulics Inc.
PSC-Power Source Canada Ltd.
Radiator Specialty Company of Canada Ltd.
Recochem Inc.
Redhead Equipment Ltd.
Revolution ORS LP
Robco Inc.
Robert Bosch Inc.
RONA Inc.
RONA Inc. o/A Ace Canada
S.W. Industrial Filter Tec Service
Safety-Kleen Canada Inc.
SC C.S. Holdings ULC
Sears Canada Inc.
Shell Canada Products Ltd.
SMS Equipment Inc., CFU West
Southwestern Petroleum Canada Ltd.
Spectrum Brands Canada, Inc.
Stihl Limited
Subaru Canada Inc.
Suzuki Canada Inc.
TCS Crestwood Engineering Co. Ltd.
Texas Refinery Corp of Canada Limited
The North West Company Inc.
Toyota Canada Inc.
TVH Canada Ltd.
UAP Inc.
Unique Holdings Ltd. o/A Versel
United Chemical Services Inc.
United Farmers of Alberta Co-operative Limited
Univar Canada Ltd.
Universe Satellite Sales Ltd.
Valvoline Canada Ltd.
Vermeer Canada Inc.
Vissco Oil Company
Volkswagen Canada Inc.
Volvo Cars of Canada Corp.
Volvo Group Canada Inc.
Wainbee Ltd.
Wajax Industrial Components
Wajax Industries Limited
Wajax Power Systems
Wakefield Canada Inc.
Wallace & Carey Inc.
Wal-Mart Canada Corp.
Westcon Equipment & Rentals Ltd.
Westpower Equipment Ltd.
Worldpac Canada Inc.
Yamaha Motor Canada Ltd.
Yetman’s Ltd.
SARRC Board of Directors & Staff

2017 Board
(Standing left to right)
S. Brian Ahearn
Director
Canadian Fuels Association

Norm Nordgulen
Director
Saskatchewan Association
of Rural Municipalities

Jerry Coben
Director
Federated Co-operatives Ltd

Phil Wrubleski
Executive Director
Saskatchewan Association
for Resource Recovery Corp

(Seated left to right)
Bert Weichel
Secretary Treasurer & Director
Johnson & Weichel Consultants

Megan Currie
Director
Spectrum Brands Canada Inc

Rod Rosenfelt
Chairman & Director
Baldwin Filters (retired)

(Unavailable)
Mike Strachan
Director
Saskatchewan Urban
Municipalities Association

SARRC Staff
(left to right)
Michelle Snider
Administrative Assistant

Jolene Isaac
Administrative Services Manager

Phil Wrubleski
Executive Director

Merv Hey
Program Operations Manager
March 22, 2017

Independent Auditor’s Report

To the Members of
Saskatchewan Association for Resource Recovery Corp.

We have audited the accompanying financial statements of Saskatchewan Association for Resource Recovery Corp., which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended and related notes including a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the financial position of Saskatchewan Association for Resource Recovery Corp. as at December 31, 2016 and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP
Chartered Professional Accountants

PricewaterhouseCoopers LLP
128 4th Avenue South, Suite 600, Saskatoon, Saskatchewan, Canada S7K 1M8
T: +1 306 668 5900, F: +1 306 652 1315

“PwC” refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.
## Statement of Financial Position

As at December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,386,604</td>
<td>$2,700,198</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>$36,223</td>
<td>$34,130</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$1,422,485</td>
<td>$1,627,439</td>
</tr>
<tr>
<td>Prepaid and deposits</td>
<td>–</td>
<td>$343</td>
</tr>
<tr>
<td><strong>Total Current assets</strong></td>
<td><strong>$2,845,312</strong></td>
<td><strong>$4,362,110</strong></td>
</tr>
<tr>
<td><strong>Investments (note 3)</strong></td>
<td>$5,950,000</td>
<td>$4,538,814</td>
</tr>
<tr>
<td><strong>Capital assets (note 4)</strong></td>
<td>$73,797</td>
<td>$49,101</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$8,869,109</strong></td>
<td><strong>$8,950,025</strong></td>
</tr>
<tr>
<td><strong>Liabilities and Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$826,236</td>
<td>$939,863</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>$73,797</td>
<td>$49,101</td>
</tr>
<tr>
<td>Internally restricted – contingency reserve</td>
<td>$6,150,054</td>
<td>–</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$1,819,022</td>
<td>$7,961,061</td>
</tr>
<tr>
<td><strong>Total Net assets</strong></td>
<td><strong>$8,042,873</strong></td>
<td><strong>$8,010,162</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$8,869,109</strong></td>
<td><strong>$8,950,025</strong></td>
</tr>
</tbody>
</table>

**Commitments (notes 5 & 6)**

Approved by the Board of Directors

[Signature]

Directors

The accompanying notes are an integral part of these financial statements.
## Statement of Changes in Net Assets

For the year ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Invested in capital assets</td>
<td>Internally restricted – contingency reserve</td>
</tr>
<tr>
<td>Balance – Beginning of year</td>
<td>49,101 $</td>
<td>– $</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses for the year</td>
<td>(16,925) $</td>
<td>– $</td>
</tr>
<tr>
<td>Inter fund transfers</td>
<td>– $</td>
<td>6,150,054 $</td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>41,621 $</td>
<td>– $</td>
</tr>
<tr>
<td>Balance – End of year</td>
<td>73,797 $</td>
<td>6,150,054 $</td>
</tr>
</tbody>
</table>

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

For the year ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental handling charges</td>
<td>5,985,152</td>
<td>6,368,936</td>
</tr>
<tr>
<td>Membership fees</td>
<td>1,000</td>
<td>2,400</td>
</tr>
<tr>
<td>Investment income</td>
<td>135,749</td>
<td>138,937</td>
</tr>
<tr>
<td>Other income</td>
<td>710</td>
<td>9,556</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>6,122,611</td>
<td>6,519,829</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return incentives (note 6)</td>
<td>4,357,870</td>
<td>4,314,518</td>
</tr>
<tr>
<td>EcoCentre support costs (note 6)</td>
<td>534,096</td>
<td>519,934</td>
</tr>
<tr>
<td>Public relations and promotions</td>
<td>461,389</td>
<td>559,255</td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>379,501</td>
<td>340,249</td>
</tr>
<tr>
<td>Professional fees</td>
<td>120,858</td>
<td>146,995</td>
</tr>
<tr>
<td>Rent (note 5)</td>
<td>74,987</td>
<td>56,200</td>
</tr>
<tr>
<td>Office and administration</td>
<td>58,407</td>
<td>33,905</td>
</tr>
<tr>
<td>Insurance</td>
<td>26,129</td>
<td>23,248</td>
</tr>
<tr>
<td>Travel and meals</td>
<td>22,695</td>
<td>21,872</td>
</tr>
<tr>
<td>Director fees and costs</td>
<td>19,877</td>
<td>11,356</td>
</tr>
<tr>
<td>Amortization</td>
<td>16,925</td>
<td>13,511</td>
</tr>
<tr>
<td>Utilities</td>
<td>15,312</td>
<td>13,325</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,854</td>
<td>1,797</td>
</tr>
<tr>
<td>Loss on disposal of capital assets</td>
<td>–</td>
<td>942</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>6,089,900</td>
<td>6,057,107</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses for the year</strong></td>
<td>32,711</td>
<td>462,722</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# Statement of Cash Flows

For the year ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents provided by (used in)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>32,711</td>
<td>462,722</td>
</tr>
<tr>
<td>Items not affecting cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>16,925</td>
<td>13,511</td>
</tr>
<tr>
<td>Loss on disposal of capital assets</td>
<td>–</td>
<td>942</td>
</tr>
<tr>
<td><strong>Net change in non-cash working capital items (note 7)</strong></td>
<td>89,577</td>
<td>415,175</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>(41,621)</td>
<td>(20,113)</td>
</tr>
<tr>
<td>Purchases of investments, net</td>
<td>(1,411,186)</td>
<td>(88,814)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>(1,313,594)</td>
<td>783,423</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents – Beginning of year</strong></td>
<td>2,700,198</td>
<td>1,916,775</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents – End of year</strong></td>
<td>1,386,604</td>
<td>2,700,198</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Notes to Financial Statements

December 31, 2016

1 Nature of operations
The Saskatchewan Association for Resource Recovery Corp. (SARRC) was incorporated under the Non-profit Corporations Act of Saskatchewan. It was formed by oil and oil filter first sellers in Saskatchewan in 1996 to develop, implement and maintain a used oil, filter and container product management program in the province. In January 1997, SARRC received the required approval to operate a product management program from Saskatchewan Environment, issued pursuant to The Used Oil Collection Regulations. In September 2013 the Saskatchewan government replaced these regulations with The Used Petroleum and Antifreeze Products Collection Regulations. SARRC then submitted an amended plan to expand the product management program to include antifreeze and antifreeze/diesel exhaust fluid (DEF) containers, which plan was subsequently approved by Saskatchewan Environment December 2013. As a non-profit organization, no provision for corporate income taxes has been made in these financial statements, pursuant to Paragraph 149(1)(l) of the Income Tax Act.

2 Significant accounting policies
Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents
Cash and cash equivalents consist of balances with banks and short-term investments which mature within three months of the date of acquisition.

Classification of financial instruments
The association classifies its financial instruments as follows:

- Cash and cash equivalents are recorded at fair value, with realized and unrealized gains and losses reported in income.
- Accounts receivable are classified as loans and receivables, are initially recorded at fair value, subsequently measured at amortized cost using the effective interest rate method, and adjusted for any allowance for doubtful accounts, with realized gains and losses reported in income.
- Term deposits and guaranteed investment certificates are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. Interest income is recorded in investment income in the statement of operations.
- Accounts payable and accrued liabilities are classified as other financial liabilities, are initially recorded at fair value and subsequently recorded at amortized cost using the effective interest method, with realized gains and losses reported in income.

Transactions costs
The association recognizes all transaction costs related to financial assets and liabilities as a reduction to net earnings in the period in which the costs are incurred.

Capital assets
Capital assets are carried at acquisition cost less accumulated amortization. Amortization is calculated on the declining balance basis at the following annual rates:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>30%</td>
</tr>
</tbody>
</table>

One-half the above annual rates are charged in the year of acquisition.
Revenue recognition
The association follows the deferral method of accounting for revenue.

Environmental handling charge (EHC) revenue is recognized in the period in which the charge is assessed by first seller members on qualifying lubricants, oils, filters, antifreeze and oil/antifreeze/DEF containers in accordance with the membership agreements with the association.

EHC revenue is only recognized if it has been claimed by the registrant and there is reasonable assurance of collection.

Interest income from investments and cash equivalents is recognized when earned and is recorded as investment income in the statement of operations.

Return incentives
Return incentive expenditures (RI) are recognized in the year when the lubricating oil, filter, antifreeze and oil/antifreeze/DEF container materials are collected by a registered collector. Completed claim forms are subject to review and approval by the association.

Internal Restrictions – contingency reserve
In 2016, the Board of Directors adopted a resolution to establish an internally restricted contingency reserve, the balance of which is to be used to fund any future operating deficits or EcoCentre support costs. During 2016, the Board of Directors approved a transfer of $6,150,054 from unrestricted net assets to the contingency reserve.

Use of estimates
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

Accounts significantly impacted by estimates in these financial statements are EHC accruals and revenue where the fees paid by customers in the current year may not be submitted by a registrant until a future year.

3 Investments
Investments consist of term deposits and guaranteed investment certificates with maturities in excess of three months from their acquisition date.

4 Capital assets

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>107,482</td>
<td>55,217</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>65,055</td>
<td>43,523</td>
</tr>
<tr>
<td></td>
<td>172,537</td>
<td>98,740</td>
</tr>
</tbody>
</table>
5 Operating lease commitments

The association entered into an amended six year operating property lease agreement, expiring February 28, 2022 that requires monthly payments of $6,578 for a total of $78,936 per annum. The operating lease also requires monthly payments of occupancy costs which are estimated at $13,485 per annum.

Operating lease payments over the next five years are expected to be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>92,421</td>
</tr>
<tr>
<td>2018</td>
<td>92,421</td>
</tr>
<tr>
<td>2019</td>
<td>92,421</td>
</tr>
<tr>
<td>2020</td>
<td>92,421</td>
</tr>
<tr>
<td>2021</td>
<td>92,421</td>
</tr>
<tr>
<td>Subsequent</td>
<td>15,404</td>
</tr>
</tbody>
</table>

6 Return incentive and EcoCentre support cost commitments

SARRC is obligated to utilize its net assets, in future years, to fund the Return Incentives and for the establishment of EcoCentres for the used oil, filter, antifreeze and oil/antifreeze/DEF container management program.

In 2017, SARRC entered into five-year agreements with operators of 34 EcoCentres that were established to provide no-cost, drop-off centres for used oil and antifreeze materials. These agreements require the association to pay a tiered minimum, specified in each individual agreement, per year to each of the EcoCentre operators and provide for additional payments based on used oil and antifreeze material collection volumes.

The remaining minimum annual operating fee commitment to the 34 EcoCentre operators over the period of the agreements is estimated to be $331,200 in each of the next five years.

7 Net change in non-cash working capital items

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest receivable</td>
<td>(2,093)</td>
<td>2,533</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>204,954</td>
<td>110,239</td>
</tr>
<tr>
<td>Prepaid and deposits</td>
<td>343</td>
<td>10,521</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(113,627)</td>
<td>291,882</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>89,577</td>
<td>415,175</td>
</tr>
</tbody>
</table>

8 Financial risk management

The association’s financial assets and liabilities consist of cash and cash equivalents, accrued interest receivable, accounts receivable, and accounts payable and accrued liabilities.

Credit risk - The association, in the normal course of business, is exposed to credit risk through its accounts receivable which is primarily made up of environmental handling charges receivable. There is no significant concentration risk due to the large registrant base. Management monitors these accounts regularly and does not believe that the association is exposed to significant credit risk at the balance sheet date.

Interest rate risk – Interest rate risk refers to the risk that a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The association’s exposure to interest rate risk pertains to cash and cash equivalents, which are subject to future changes in interest rates.

Liquidity risk - Liquidity risk is the risk that the association cannot meet its financial obligations associated with financial liabilities in full. The association has reduced this risk by maintaining significant net assets that can be used to fund future liabilities. The association expects to be able to meet its financial obligations for the foreseeable future.
Recycling has come a long way since 1963.

For that Mother Nature thanks you!