

every drop counts





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Making Every Drop Count !

SARRC assures that used oil, filters, antifreeze and their plastic containers are properly managed, returned to a useful state, and kept out of landfills and the environment. In 2019, our industry-led stewardship program facilitated the collection of **18,143,855** litres of used oil; **1,778,920** filters; **328,852** litres of used antifreeze and **462,711** kilograms of plastic containers.

More details on the 2019 recycling program follow.

Annual General Meeting

Wednesday, April 29, 2020

10am CDT

Will be conducted by conference call with a pared-down agenda.

Message from the Minister of Environment



I would like to extend my congratulations to the Saskatchewan Association for Resource Recovery Corp. (SARRC) on its accomplishments in 2019. On behalf of the Government of Saskatchewan, thank you for your dedication to improving the health of Saskatchewan's people and environment.

In 2019, SARRC's 37 EcoCentres and nearly 150 drop-off points across the province recovered and recycled 18.1 million litres of used oil, 1.8 million used oil filters, nearly half a million kilograms of plastic containers and more than 328,000 litres of used antifreeze. Saskatchewan has made great strides in preventing waste from entering landfills through our many extended producer responsibility (EPR) programs. SARRC and its 206 members are a major reason for the success we've enjoyed.

Most of Saskatchewan's waste diversion and recycling programs are based on the EPR model. Saskatchewan and Alberta were the first to develop used oil regulations that put the responsibility on producers to properly manage products at the end of their lives. This model has proven successful by providing industry with the autonomy to determine the best way to recycle. SARRC's program provides tangible, measurable benefits to Saskatchewan. The program keeps potentially hazardous materials out of the environment, and makes it easier to manage our landfills by reusing materials instead of throwing them out.

These programs align with the province's new Solid Waste Management Strategy. The strategy is designed to create a practical, sustainable, integrated solid waste management system that protects the environment and promotes economic development and innovation opportunities. Increasing opportunities for waste diversion is key to the strategy's success. The commitment to implement a provincial stewardship program for materials identified in The Household Hazardous Waste Products Stewardship Regulations supports further diversion of materials from landfills, and fulfills a priority expressed by citizens and municipalities across the province.

As you report on your 2019 accomplishments, I express my appreciation on behalf of the people of Saskatchewan and look forward to additional oil, filter, antifreeze and container recycling in the future. SARRC continues to promote its programs effectively throughout the province and enhance its recovery and recycling efforts – making every drop count!

**Honorable
Dustin Duncan**

SARRC 2019 ANNUAL REPORT

Message from the Chair



It is my pleasure to again address the Membership of SARRC and to represent SARRC's 206 industry Members on its Board of Directors. This Annual Report sets out how our recycling program continues to deliver results for our members and the environment.

SARRC's purpose is to provide proper end-of-life management for our Members' products: used oil, oil filters, antifreeze and plastic containers, including diesel exhaust fluid (DEF) containers. This is a serious responsibility, and we pride ourselves on keeping these materials out of Saskatchewan's environment and landfills. We are also proud to play a part in our Members' corporate and social responsibility initiatives.

Throughout 2019, SARRC continued its cooperation with other Provincial Associations to improve our recycling program, making it more accessible to the public, and more efficient for our members.

In 2019, we collaborated with Used Oil Management Associations across the country to develop a single web portal for the submission of environmental handling charges (EHCs). This will reduce the administrative time our Members need to spend to comply with the various provincial regulations and allow for better communication and reporting.

Plastic recycling remains front and centre in the media with the release of the Federal Government's Strategy on Zero Plastic Waste. Continued public awareness highlights the challenges facing recycling. SARRC is working hard to make sure our recycling program is current, meeting and exceeding the Province's expectations.

Collaboration with the Province of Saskatchewan, participation by our Summer Ambassadors in community events, and delivery through multi-channel media advertising assures that our message is getting out there.

This has been another successful year. Since 1997, we have recycled over 383 million litres of used oil, almost 40 million used oil filters, 7 million kilograms of plastic, and since 2014, 1.4 million litres of antifreeze. All this material has been diverted from our landfills. Good news for our members and Saskatchewan's environment.

Thank you for your support and for your participation in recycling in Saskatchewan.

A handwritten signature in black ink, appearing to read 'Rod Rosenfelt'. The signature is stylized and cursive.

Rod Rosenfelt
Chairperson & Director

With Nearly 200 Year-Round Collection Points, Includes 37* EcoCentres





*Creighton, SK shares an EcoCentre with Flin Flon, MB

37*

Year-Round EcoCentres





*Creighton, SK shares an EcoCentre with Flin Flon, MB

Message from the Executive Director

Canada continues to pay more and more attention to the proper end-of-life management of products we use on a daily basis. The Federal government developed a Canada-Wide Strategy for Zero Plastic Waste, and society continues to want to know how, where and when products collected for recycling are remade into useful items as part of the circular economy. SARRC was incorporated in 1996 with many of the principles and concepts now also adopted into the Canada-Wide Strategy for Zero Plastic Waste, including the concept of extended producer responsibility (EPR) which places our program as a key piece of the circular economy.

It is my privilege to serve you, our Members, to meet the expectations of the Province of Saskatchewan and the public, to make sure that used oil, filters, antifreeze and their plastic containers are properly managed, returned to a useful state, and kept out of landfills and the environment.

Results of SARRC's 2019 program were similar to those of 2018. Overall, 2019 sales of all program materials were slightly down as compared to 2018. Used oil collection decreased slightly for 2019, but fell well within program averages, leading to a recovery rate of 75%.

Antifreeze recovery continues to improve, with 328,852 litres of antifreeze recovered in 2019. The 2019 communications plan included a focus on antifreeze, including a key message for generators to separate used antifreeze from used oil and avoid mixing these products. SARRC participated in a national study to update the amount of antifreeze recoverable for each province based on each unique mix of heavy industry, agriculture, forestry and transport. After a competitive search, Chamard Environmental Strategies was selected for this national study. Chamard (2019) calculated Saskatchewan's amount available to be 43.3%. In addition, Chamard (2019) estimated that up to 1% of all oil collected may in fact be antifreeze due to mixing at the generator or collector level. This information further justifies SARRC's focus on proper handling of used antifreeze. Despite improvements in collection, recovery rates for antifreeze continue to be lower than expected at 24%.

Filter recovery rates are presented both in terms of mass (measured in kilograms) and in the number of individual filters recovered. On a mass basis, 96% of the filters sold were collected, while on an individual basis, approximately 75% of the filters sold were recovered. The difference between these two recovery rates indicates that the larger, heavier filters are being recycled at a greater rate than smaller, lighter filters with little or no metal content. Overall filter recovery rates are within long term averages as both sales and collections were down slightly. Container recovery in 2019 came in at 462,711 kilograms, slightly below 2018's record collection. The combined recovery and reuse rate for program plastics increased to 68% in 2018.

Full results are presented in [Table 1 for 2019](#) and [Table 2 for 2018](#).

Targets are an effective way to measure success and encourage program improvement. Our targets remain unchanged since 2017. We exceeded our 2019 target for filters on a mass basis and fell just below our targets for used oil and containers despite improved collection for containers in 2019. Antifreeze collection remains a challenge, although as Chamard (2019) estimated, there is potentially up to 180,000 litres of antifreeze being collected within the used oil. Keeping this antifreeze separate from the used oil has the potential to greatly improve collection rates.

On the financial front, SARRC's Members collected \$6.1 million from environmental handling charges (EHCs) on our designated products to fund our recycling efforts in 2019. Of this, \$4.4 million was used to fund and expand the network of 36 free public drop-off EcoCentres (37 including an EcoCentre

shared with Manitoba in Creighton/Flin Flon). A new EcoCentre was installed in late 2019 in Buffalo Narrows, improving accessibility to recycling for the Province's north. Additional EcoCentre upgrades and installations are planned in 2020.

SARRC continues to provide education and public outreach through traditional advertising (radio, television and printed media), digital advertising, and participation in and promotion at community events. In collaboration with the Saskatchewan Waste Reduction Council and other recycling organizations, Recycling Ambassadors and SARRC staff attended 16 community events, one trade show, two conventions (SARM and SUMA), two major agricultural shows, and visited 290 retailers and 166 municipal offices. This face to face, personal outreach remains a critical piece of SARRC's overall strategy. In 2019, SARRC spent \$440,000 on communications and promotion. Administrative costs are about 9.5% of the 2019 budget, with \$570,000 spent on wages, office space, governance and other administration.

As a condition of SARRC's approved Product Stewardship Plan, the Ministry of Environment requested the creation of a Greenhouse Gas Monitoring and Measurement Plan. The Plan estimated net greenhouse gas (GHG) savings for each managed product based on existing data. The report provided data showing that 2.4 kg of CO₂ equivalent GHGs were saved for every litre of oil recycled, 0.3 kg of CO₂ equivalent GHGs were saved for every kilogram of filters collected, 0.15 kg of CO₂ equivalent GHGs were saved for every litre of antifreeze collected, and 1.17 kg of CO₂ equivalent GHGs were saved for every kilogram of plastics collected (Table 3). Using these values and the amount of material collected in 2019, an estimated 44,487 tonnes of CO₂ equivalent were saved by SARRC's operations.

In addition, SARRC began refining these estimates based on actual collector data. In the summer of 2019, a summer student began the task of analysing data contained in paper claims, calculating the actual distance traveled for plastic collection. Plastics were selected for the first phase of this study as there are currently no local Saskatchewan-based plastic processors (i.e., all SARRC plastics are currently transported out of province), potentially increasing GHG emissions due to increased travel distance. Preliminary results based on a very small sample size of Zone 3 collections, a single truck type, and no concurrent collection of oil, indicate that plastic collection and transport to registered processors may create (i.e., emit by burning fuel to transport material) up to 1.91 kg CO₂ equivalent per kg of material. When compared to the GHGs offset by recycling the plastic containers into new reusable plastic (2.13 kg of CO₂ equivalent are offset for each kg of plastic recycled), the net savings in GHGs from plastics may be lower than initially estimated (net savings of 0.22 kg of CO₂ equivalent compared to program average net savings of 1.17 kg of CO₂ equivalent). Net savings appears to be very dependant on final location of the processor. Further refinement with an increased sample size will be presented in next year's annual report. Once electronic data is available, a more robust analysis will be possible.

I look forward to the coming year, serving our industry Members and the public, and keeping our environment as clean as possible.

Sincerely,



Ethan Richardson
Executive Director

Table 1. SARRC 2019 Program Results

		Sold	Available for Collection	Amount Available	Collected	Processed	Collection Rate	Target
Oil	L	37,419,849	64.5%	24,135,803	18,143,855		75%	80%
Antifreeze	L	3,225,418	43.3% ¹	1,396,606	328,852		24%	50%
Filters	Units	2,374,253	100%	2,374,253	1,778,920		75%	80%
	kg	988,263	100%	988,263	1,170,061	947,515	96%	80%
Containers	L	22,011,239	100%	22,011,239				
	kg	1,055,436	100%	1,055,436	462,771		68% ²	75%

1 - Chamard Environmental Strategies, November 2019: *An Update of Antifreeze Recovery Rates: Final Report.*

2 - Includes 24% reuse rate

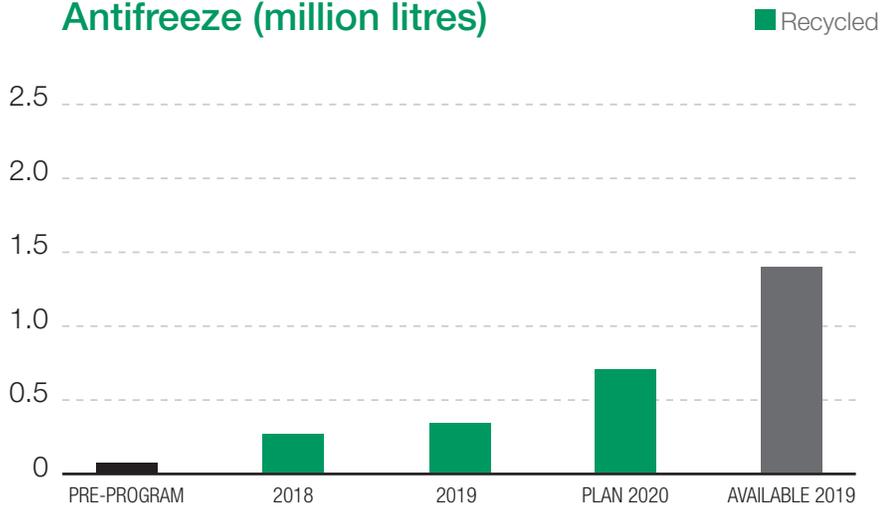
Table 2. SARRC 2018 Program Results

		Sold	Available for Collection	Amount Available	Collected	Processed	Collection Rate	Target
Oil	L	38,086,234	64.5%	24,565,621	18,296,264		74%	80%
Antifreeze	L	3,494,114	46.8%	1,635,245	258,043		16%	50%
Filters	Units	2,524,867	100%	2,524,867	1,899,300		75%	80%
	kg	1,014,316	100%	1,014,316	1,259,969	911,567	90%	80%
Containers	L	22,249,493	100%	22,249,493				
	kg	1,066,860	100%	1,066,860	466,212		68%*	75%

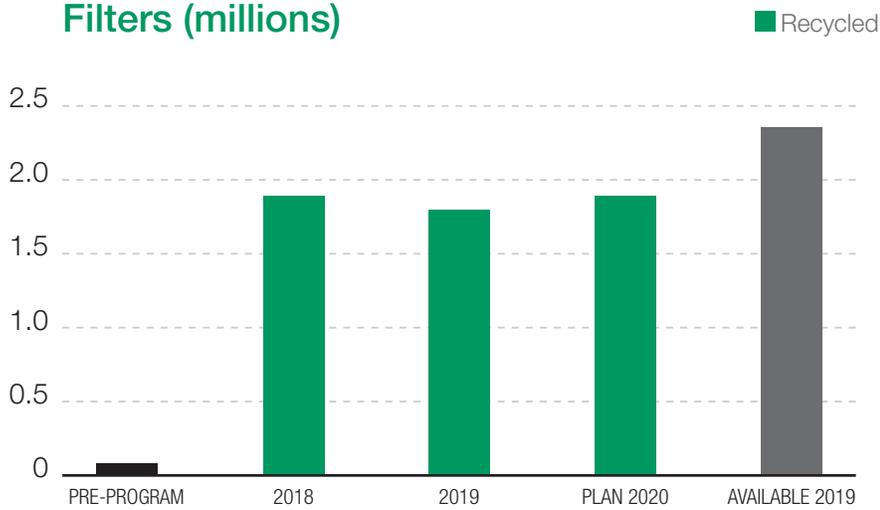
*Note: includes 24% reuse rate

Message from the Executive Director

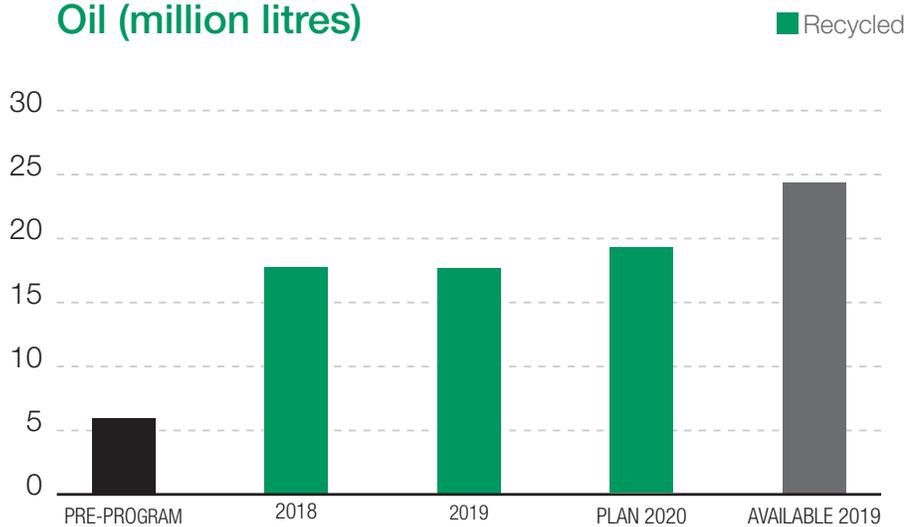
Antifreeze (million litres)



Filters (millions)



Oil (million litres)



Oil/Antifreeze/DEF Containers (million kilograms)

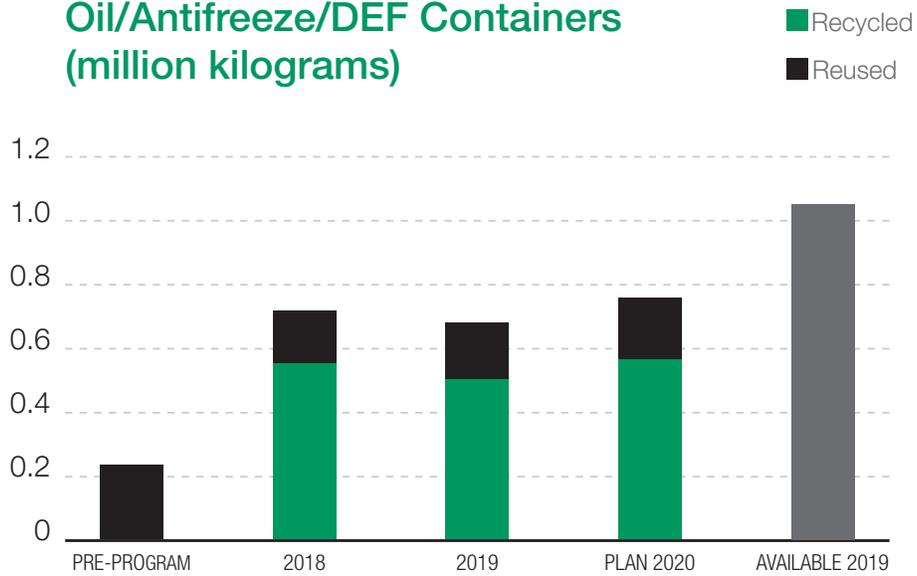


TABLE 3. Greenhouse Gas Estimates

	kg CO ₂ equiv. Savings/Unit	2019 Collections	Units	2019 GHG Savings (tonnes CO ₂ equiv.)
Oil	2.40	18,143,855	L	43,545
Filters	0.30	1,170,061	kg	351
Antifreeze	0.15	328,852	L	49
Plastic	1.17	462,771	kg	541
Total				44,487

Making Every Word Count!



Words heard or read, effectively communicating SARRC's recycling message, count!

Let's count the ways and results.

The on-going appeal of SARRC's six animal characters is cross-generational. They are familiar inhabitants of Saskatchewan's air, land and water. For the 2019 campaign, the human element was added with AI (or Alan) for TV and Bob for radio. The message challenged people to better manage potentially hazardous materials through the recycling network built for them.

Radio paints a verbal picture. In the six 30-second commercials, the animals, interacting with a human, told listeners it's easy to recycle. The commercials were heard for 365 days across the province - low frequency early and late in the year, with a heavier weight mid-year when our target audiences did most of their recycling.

Seventeen radio stations aired the commercials on 4,252 occasions, for a total of 35.4 hours. This campaign reached a cumulative audience of over 2 million...in the home, in the office, in the field or at play.

Adding to the recycling conversation were 706 program sponsor mentions, 12 x 60-second on-air interviews at the Farm Progress Show and AG in Motion, plus three longer interviews with Ethan Richardson, SARRC's Executive Director.

Television returned to SARRC's media line-up using Corus/Global TV and Rogers/CITY-TV.

The main campaign ran for eight weeks (February 18 to April 14, 2019) plus the bonus of airing on Shaw "US Spill" covering commercials on American channels (TSN, CNN, TLC, Golf, etc.) carried by Shaw Cable in Saskatchewan. This ran over four months (January 1 to April 28, 2019).

The campaign buy totaled 799 thirty-second spots. Also, the commercials aired 3,537 times at no additional cost in the bonus, PSA and US Spill categories.

The 2019 TV campaign's cumulative audience count is just over 3.5 million viewers in Saskatchewan.

Global Breakfast TV interviews meant Mr. Oil Drop, Auntie Freeze and SARRC's Executive Director were up early. These were value-adds to the campaign conducted mid-March, one each in Regina and Saskatoon.



For Radio and Television, the cumulative audience counts.

Digital advertising success is all about impressions, views and clicks.

The joy of digital advertising is the ability to control the budget by setting limits on buying the digital space daily, weekly or monthly. SARRC's digital campaign ran for 365 days with heavier budget allocations mid-year supporting both the radio and TV campaigns.

Google Key Words, Display Ads and Video (15-second animated commercials) ran over 365 days. SARRC added Facebook advertising for September to December.

The creative used the six animals promoting the province-wide collection network.

The campaign achieved over 16.1 million impressions with a total of 103,301 clicks/views where visitors took action. The cost per impression was 1 cent, with the cost per click/view, 20 cents.

GlobalNews.ca features branded advertorials on both its Regina and Saskatoon websites. The editorial ran on both the Regina and Saskatoon websites March 4th to 17th.

The editorial attracted 12,512 page views with 11,039 unique visitors. As well, Global News Facebook page delivered 65,831 impressions and its Twitter feed attracted 3,179 impressions.

For 2019 digital, every byte counted.

Print advertising provides information to the agricultural community and both urban and rural municipalities in Saskatchewan.

A half-page, four-colour ad appeared in three issues throughout 2019 in Farming for Tomorrow, Urban Voice (SUMA) and Rural Councillor (SARM) for a total readership of 125,500.

Included in the Fall 2019 issue of Rural Councillor was a two-page article provided by SARRC in cooperation with Cleanfarms. The title was **Recycling: Good Business, Clean Communities**.

Added to this is the estimated 70,000 readers of the show guides for the Farm Progress Show (now Canada's Farm Show) in Regina in June, and Ag in Motion in Langham in July. The ads in the guides promoted the SARRC Ambassadors who attended both these events.

Over 204,500 readers count.

EcoCentres are located in major communities across Saskatchewan with SARRC providing communications support as required.

During 2019 Environment Week (June 2 - 8), the local Battlefords newspaper, the News Optimist, carried a SARRC ad promoting the newly installed EcoCentre that serves the district.

In July, the Rosetown EcoCentre, run by Wheatland Regional Centre, closed. SARRC advertised the closure and call for a new operator in the local weekly



Recycling in North Battleford

Now Open

The new purpose-built EcoCentre at North Battleford's Landfill handles your used oil, oil filters, antifreeze and plastic oil/antifreeze/DEF containers. Part of Saskatchewan's nationally recognized recycling network of 36 EcoCentres in major communities and 150 other drop-off points province wide.

Landfill hours: Mon-Sat 8am-6pm

Cheers

When you recycle used oil, filters and antifreeze you keep them away from a dump pile and my smörgåsarbord.

usedoilrecyclingsk.com
Toll free (SK only) 1.877.645.7275

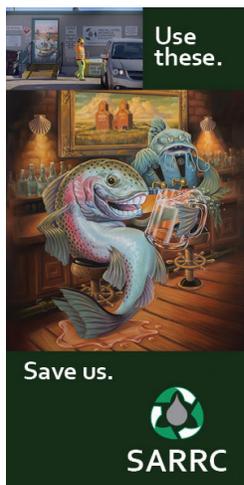
Saskatchewan Association for Resource Recovery Corp.



Use these.

Protect us.

SARRC



Use these.

Save us.

SARRC

SARRC 2019 ANNUAL REPORT

Message from Communications

Summer 2019

Dear Retailer:

You play an important part in Saskatchewan's successful used oil and antifreeze materials recycling program. You are the front line selling new lubricating and antifreeze products.

But once your customer leaves, this is where our nationally-recognized recycling program takes over.

The Saskatchewan Association for Resource Recovery Corp. (SARRC), incorporated February 12, 1996, facilitates the recovery, recycling and reuse of used oil & antifreeze, filters & used plastic oil/antifreeze/DEF containers. All these are potentially hazardous materials if not disposed of properly. One litre of used oil can contaminate One Million Litres of Water. All materials recovered are reused.

Saskatchewan has 36 purpose-built EcoCentres in major communities, plus 350 other drop-off points province-wide, ideal for small generators to recycle these materials. For larger generators, we have collectors registered to pick up at businesses and farms.

It's good to remind your customers how easy it is to recycle used oil and antifreeze materials in our province.

For your nearest EcoCentre or drop-off point, visit our website: www.usedoilrecyclingsk.com. Or call toll free 1-877-645-7275 (in Saskatchewan only).

Mother Nature Thanks You.



Ethan Richardson,
Executive Director



Saskatchewan Association for Resource Recovery Corp.
usedoilrecyclingsk.com

THESE ARE THE SYMBOLS FOR OIL, FILTERS, ANTIFREEZE, & PLASTIC OIL/ANTIFREEZE/DEF CONTAINERS



How has Saskatchewan done in recycling used oil and antifreeze materials since the program began?

Here are the numbers since 1997:

- Used oil: over 361 million litres
- Used oil filters: 38 million filters
- Used antifreeze: 1.1 million litres (since inception in 2014)
- Used plastic oil/antifreeze/DEF containers: 6.6 million kilograms

All materials recovered are reused.

- Used oil is reprocessed into re-refined lubricating oil, industrial burner fuel & other products.
- Used oil filters are crushed to retrieve the oil and then processed into structural metal shapes for the manufacturing of industrial & agricultural products.
- Used antifreeze is reprocessed back into reusable antifreeze.
- Used plastic oil/antifreeze/DEF containers are recycled into industrial posts, railroad ties, plastic pipe & new containers. Plastic 20-litre pails are refilled with bulk lubricants, or cleaned & re-used by farmers for a wide variety of applications.

For your nearest EcoCentre or drop-off point, visit our website: www.usedoilrecyclingsk.com. Or call toll free 1-877-645-7275 (in Saskatchewan only).



Saskatchewan Association for Resource Recovery Corp.
usedoilrecyclingsk.com

newspaper, the Rosetown Eagle and on the local radio station, CJYM. The campaign worked and in December a similar campaign using these media was launched announcing the new operator and EcoCentre location.

In EcoCentre communities, to get an important message out, it's local media that count.

SARRC Website - www.usedoilrecyclingsk.com. SARRC's website is "responsive", designed to fit all devices. It's the "first stop" source about the business of used oil and antifreeze materials recycling in Saskatchewan for the public, businesses, collectors and members.

Total visits for 2019 were 23,950, a 10% increase over 2018.

Extensive details on website traffic and usage are provided monthly by Connetik Interactive, SARRC's web master, through its InSite report.

With SARRC's website, it's total visits that count.

Recycling Ambassadors, Summer 2019 - The three Ambassadors, from the University of Saskatchewan, travelled the province for 16 weeks. With them went SARRC's two mascots, Mr. Oil Drop and Auntie Freeze.

On behalf of SARRC, they attended two major agricultural shows, the Farm Progress Show and AG in Motion. Combined attendance to these two major agricultural events was 65,470.

Over the 16 weeks, the Ambassadors participated in 16 car shows and community events; visited 166 municipal offices; and 290 oil retailers. They talked directly to the public; surveyed municipal staff and elected representatives on knowledge of the program; and provided the oil retailers with specific promotional material.

Travelling the province, the Ambassadors made every kilometre count.

Small things also count - 146 callers took advantage of SARRC's **toll-free telephone number** to call with questions about the program. A total of **195** local and toll-free calls were handled in 2019. Since 1997, SARRC staff has dealt with **11,191** local and toll-free calls.

The annual accounting of volumes of material collected, operational matters, communications and the audited financials were reported in the **2018 Annual Report** presented at the Joint SARRC/MARRC AGM, April 30, 2019, in Saskatoon. The Report is available on the website.

The annual donation to the Saskatoon-based **Safe Drinking Water Foundation** financed water testing kits to junior and senior high schools in the province.

SARRC provided editorial and production direction for the **Fall 2019 NUOMAC national newsletter**. Sent electronically, the newsletter achieved 900 successful deliveries and achieved an open rate of 33.2%. The average open rate for non-profit organizations is now 19.28%.

Communications activities, no matter how small, count when they deliver the message regarding the importance of used oil and antifreeze materials recycling.





Independent auditor's report

To the Members of Saskatchewan Association for Resource Recovery Corp.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saskatchewan Association for Resource Recovery Corp. (the Association) 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.

What we have audited

The Association's financial statements comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 judgment 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 control.
- Obtain an understanding of internal control 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 Association's internal control.
- 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 Association'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 auditor's report. However, future events or conditions may cause the Association 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 control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

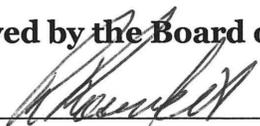
Saskatoon, Saskatchewan
March 24, 2020

Saskatchewan Association for Resource Recovery Corp.

Statement of Financial Position

As at December 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash and cash equivalents	1,540,772	1,697,251
Prepaid expenses	3,347	-
Accrued interest receivable	38,401	38,871
Accounts receivable	1,433,118	1,435,402
	<u>3,015,638</u>	<u>3,171,524</u>
Investments (note 3)	6,569,013	6,405,660
Capital assets (note 4)	88,989	44,728
	<u>9,673,640</u>	<u>9,621,912</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	776,543	800,868
Net assets		
Invested in capital assets	88,989	44,728
Internally restricted – contingency reserve	6,150,054	6,150,054
Unrestricted	2,658,054	2,626,262
	<u>8,897,097</u>	<u>8,821,044</u>
	<u>9,673,640</u>	<u>9,621,912</u>
Commitments (notes 5 and 6)		

Approved by the Board of Directors


Director



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

Saskatchewan Association for Resource Recovery Corp.

Statement of Operations

For the year ended December 31, 2019

	2019 \$	2018 \$
Revenue		
Environmental handling charges	6,087,680	6,385,381
Membership fees	1,200	1,400
Investment income	199,167	154,718
Other income	182	48,799
	<u>6,288,229</u>	<u>6,590,298</u>
Expenses		
Return incentives (note 6)	4,433,081	4,512,877
EcoCentre support costs (note 6)	597,907	487,423
Public relations and promotions	400,436	387,413
Wages and benefits	391,669	364,124
Professional fees	133,242	109,394
Rent (note 5)	92,421	92,421
Office and administration	73,061	72,504
Insurance	26,848	25,826
Travel and meals	18,875	19,367
Utilities	18,159	17,347
Director fees and costs	13,751	21,066
Amortization	10,192	12,965
Bank charges	2,534	2,408
	<u>6,212,176</u>	<u>6,125,135</u>
Excess of revenue over expenses for the year	<u>76,053</u>	<u>465,163</u>

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

Saskatchewan Association for Resource Recovery Corp.

Statement of Changes in Net Assets

For the year ended December 31, 2019

	2019			2018	
	Invested in capital assets \$	Internally restricted – contingency reserve \$	Unrestricted \$	Total \$	Total \$
Net assets					
Balance – Beginning of year	44,728	6,150,054	2,626,262	8,821,044	8,355,881
Excess (deficiency) of revenue over expenses for the year	(10,192)	-	86,245	76,053	465,163
Interfund transfers	-	-	-	-	-
Invested in capital assets	54,453	-	(54,453)	-	-
Balance – End of year	88,989	6,150,054	2,658,054	8,897,097	8,821,044

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

Saskatchewan Association for Resource Recovery Corp.

Statement of Cash Flows

For the year ended December 31, 2019

	2019	2018
	\$	\$
Cash and cash equivalents provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	76,053	465,163
Items not affecting cash		
Changes in fair value of investments	4,608	24,490
Amortization	10,192	12,965
	<u>90,853</u>	<u>502,618</u>
Net change in non-cash working capital items (note 7)	<u>(24,918)</u>	<u>(103,339)</u>
	<u>65,935</u>	<u>399,279</u>
Investing activities		
Purchase of capital assets	(54,453)	(807)
Purchases of investments, net	<u>(167,961)</u>	<u>(127,696)</u>
	<u>(222,414)</u>	<u>(128,503)</u>
Net change in cash and cash equivalents	<u>(156,479)</u>	<u>270,776</u>
Cash and cash equivalents – Beginning of year	<u>1,697,251</u>	<u>1,426,475</u>
Cash and cash equivalents – End of year	<u>1,540,772</u>	<u>1,697,251</u>

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

Saskatchewan Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2019

1 Nature of operations

The Saskatchewan Association for Resource Recovery Corp. (SARRC or the Association) was incorporated under the Non-profit Corporations Act of Saskatchewan. It was formed by oil and oil filters 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 the 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 was subsequently approved by Saskatchewan Environment in 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 cash balances with banks and term deposits which mature within three months of the date of acquisition that are held for the purpose of meeting short-term cash commitments.

Classification of financial instruments

The Association classifies its financial instruments as follows:

- Cash and cash equivalents are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.
- 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.
- Debt and equity securities that are quoted in an active market are initially recorded and subsequently measured at fair value with realized and unrealized gains and losses recorded in investment income in the statement of operations.

Saskatchewan Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2019

- 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.

Transaction 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:

Furniture, fixtures and equipment	20%
Computer hardware	30%
Software	100%

One-half the above annual rates are charged in the year that the asset is ready for use by the Association.

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.

Return incentives

Return incentive expenditures (RI) are recognized in the year when the lubricating oil, filter, antifreeze and oil/antifreeze/DEF containers 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.

Saskatchewan Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2019

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

	2019 \$	2018 \$
Investments		
Guaranteed investment certificates	6,292,000	6,192,000
Debt and equity securities	277,013	213,660
	<u>6,569,013</u>	<u>6,405,660</u>

Investment income consists of interest income of \$191,078 (2018 – \$170,997), decreases in the fair value of investments of \$4,608 (2018 – \$24,490) and dividend income of \$12,697 (2018 – \$8,211).

As of March 16, 2020, the fair value of the debt and equity securities that were held as of December 31, 2019 had decreased to \$200,619.

4 Capital assets

	<u>2019</u>		<u>2018</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture, fixtures and equipment	108,289	80,947	27,342	34,177
Computer hardware	66,332	57,862	8,470	10,551
Software	53,177	-	53,177	-
	<u>227,798</u>	<u>138,809</u>	<u>88,989</u>	<u>44,728</u>

No amortization expense has been recorded related to the software as it was not yet ready for use by the Association as of December 31, 2019.

Saskatchewan Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2019

5 Operating lease and software 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 remaining lease term are expected to be as follows:

	\$
2020	92,421
2021	92,421
2022	15,403

The Association, in conjunction with five other Used Oil Management Associations (UOMAs), entered into a copyright and software development agreement during the year ended December 31, 2019. The software was still under development as of December 31, 2019. However, subsequent to the software's go-live date, the Association and other UOMAs will be required to pay monthly maintenance and support fees of \$8,000 for a five-year term. While the UOMAs have the ability to terminate the agreement with 60 days' notice, the UOMAs will be responsible for paying any remaining monthly fees through the third anniversary from the go-live date. The Association's portion of the monthly fee is expected to be approximately \$1,333.

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.

Effective January 1, 2017, SARRC entered into five-year agreements with operators of 35 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 should used oil and antifreeze material collection volumes exceed certain base levels.

The remaining minimum annual operating fee commitment to the 35 EcoCentre operators over the period of the agreements is estimated to be \$341,700 in each of the next two years.

Saskatchewan Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2019

7 Net change in non-cash working capital items

	2019	2018
	\$	\$
Accrued interest receivable	470	(2,102)
Prepaid expenses	(3,347)	-
Accounts receivable	2,284	62,629
Accounts payable and accrued liabilities	(24,325)	(163,866)
	<u>(24,918)</u>	<u>(103,339)</u>

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 statement of financial position 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.

Investment risk – The Association has exposure to credit risk, price risk, currency risk and interest rate risk on its fair value investments, since the fair value of future cash flows may fluctuate because of changes in market price, currency exchange rates, and interest rates, whether these changes are caused by factors specific to the investments or factors affecting all similar financial instruments traded in the market.

9 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

49 North Lubricants Ltd.
A and I Products Canada Inc.
ABB Inc. (Binome - Quebec)
Acklands-Grainger Inc.
ADP Distributors Inc.
AFD Petroleum Ltd.
AGCO Corporation
AgraCity Crop and Nutrition Ltd.
AGS Company Automotive Solutions
Altrom Auto Group Ltd.
AMSOIL Inc.
Applied Industrial Technologies LP
Atlas Copco Compressors Canada
Automobile Solutions Americas 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.
Bombardier Recreational Products Inc. (BRP)
Bosch Rexroth Canada Corp.
BOSS Lubricants
BP Lubricants USA Inc.
Brandt Tractor Ltd.
Brenntag Canada Inc.
Bridgeview Manufacturing Inc.
Buhler Versatile Inc.
Burkolly Distributors Ltd.
Canada West Harvest Centre
Canadian Kawasaki Motors Inc.
Canadian Pacific Railway
Canadian Tire Corporation Limited
Canadian Tire Petroleum
Castrol Industrial North America Inc.
Cervus Equipment Corporation
Champion Laboratories Inc.
Chevron Canada Limited
Chris Page and Associates Ltd.
Cleanair Filter Service
Club Car LLC / Ingersoll Rand Industrial Technologies
CNH Industrial Canada Ltd.
Comairco Ltd.
CORE-MARK International Inc.
Costco Wholesale Canada Ltd.
CPT Canada Power Technology Limited
Cummins Western Canada LP
Daimler Trucks Canada Ltd.
DAS Companies Inc.
Davanac Inc.
Doepker Industrial Equipment Service
Echo Power Equipment (Canada)
Elliott Petroleum 2014 Ltd.
Equipment Sales and Service (1968) Limited
Eskimo Refrigeration Ltd.
Failure Prevention Services
Fastenal Canada Ltd.
FCA Canada Inc.
Federated Co-operatives Ltd.
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.
Fuelex Energy Ltd.
Full-Bore Marketing Ltd.
G.F. Thompson Co. Ltd.
G.K. Industries Ltd.
Gamma Sales Inc.
Gates Canada Inc.
GEA Farm Technologies Canada Inc.
General Motors of Canada Company
GFL Environmental Inc.
Gregg Distributors Co. Ltd.
Harley-Davidson Canada LP
Henkel Canada Corporation
Hino Motors Canada Ltd.
Home Depot of Canada Inc.
Home Hardware Stores Ltd.
Honda Canada Inc.
Husky Energy Inc.
Husqvarna Canada Corp.
Hyundai Auto Canada Corp.
Imperial Oil Ltd.
Importations Thibault Ltée.
Industrial Truck Service Ltd.
Irving Blending and Packaging
Isuzu Commercial Truck of Canada Inc.
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.
Les Pièces D Auto Transit Inc.
Loblaws Inc.
Lucas Oil Products (Canada) Company
Maxim Trucks Canada and Volvo Trucks Canada
(Div. of Volvo Group 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.)
Milacron Canada Corp.
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 Ltd.
Motosel Industrial Group Inc.
Motovan Corporation
National Energy Equipment Inc.
Navistar Canada ULC
NCH Canada Inc.
Nemco Resources Ltd.
New Flyer Industries Ltd.
Nissan Canada Inc.
NORCAN Fluid Power Ltd.
Nynas Inc.
Oil Mart Ltd.
Orgill Canada Hardlines ULC
Paccar Parts (Div. of Paccar of Canada Ltd.)
Parker Hannifin Canada
Parkland Fuel Corporation
Part Source Inc.
Parts Canada
Peavey Industries LP
Peerless Engineering Sales Ltd.
Petro-Canada Lubricants Inc.
Phillips 66 Canada Ltd.
Polaris Industries Ltd. - Canada
Porsche Cars Canada Ltd.
Prestone Canada
Prévost (Div. of Volvo Group Canada Inc.)
Princess Auto Ltd.
Provincial Hydraulics Inc.
PSC-Power Source Canada Ltd.
PTI Transformers Inc.
Radiator Specialty Company of Canada
Recochem Inc.
Redhead Equipment
Revolution ORS LP
Robco Inc.
Robert Bosch Inc.
RONA Inc.
S.W. Industrial Filter Tec Service
Safety-Kleen Canada Inc.
SC CLS Holdings ULC
Shell Canada Products Ltd.
Sherwin-Williams Canada Inc.
SMS Equipment Inc.
Southwestern Petroleum Canada Ltd.
Spectrum Brands Canada Inc.
Startec Refrigeration Services
Stihl Limited
Subaru Canada Inc.
Suzuki Canada Inc.
TCS Crestwood Engineering Co. Ltd.
Texas Refinery Corp. of Canada Ltd.
Textron Off Road
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.
Vallen Canada Inc.
Valvoline Canada Ltd.
Vermeer Canada Inc.
Viscosity Oil Company
Volkswagen Canada Inc.
Volvo Cars of Canada Corp.
Wainbee Ltd.
Wajax Equipment
Wajax Industrial Components
Wakefield Canada Inc.
Wallace and Carey Inc.
Wal-Mart Canada Corp.
Westcon Equipment and Rentals Ltd.
Westpower Equipment Ltd.
Worldpac Canada Inc.
Wurth Canada Ltd.
Yamaha Motor Canada Ltd.
Yetman's Ltd.



Rod Rosenfelt, Chair and Director
Baldwin Filters (Retired)



Bert Weichel, Secretary-Treasurer and Director
Johnson and Weichel Consultants



S. Brian Ahearn, Director
Canadian Fuels Association



Claire Amundsen, Advisor
Saskatchewan Ministry of Environment



Jerry Coben, Director
Federated Co-operatives Ltd. (Retired)



Megan Curry, Director
Spectrum Brands Canada Inc./ Energizer Canada



Mike Strachan, Director
Saskatchewan Urban Municipalities Assoc.



Norm Nordgulen, Director
Saskatchewan Assoc. of Rural Municipalities

Staff 2019



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Administrative Services Manager

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Ethan Richardson
Executive Director

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SARRC 2019 ANNUAL REPORT **Spokes Folks**



North American Badger
Makes its home throughout Saskatchewan, and the Prairies its smörgåsbord.



Canadian Beaver
Seen in all the waterways throughout the Province.



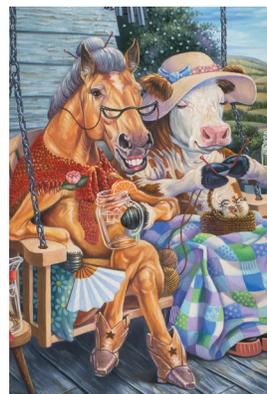
Fish
Over 72 varieties of fish inhabit the ponds, lakes, streams and rivers in Saskatchewan.



Water Fowl
Ducks and geese have always flocked to our Province in great numbers.



Owl
The high-flying raptor covering thousands of hectares for hunting.



Horse and Cow
Although not native animal species to Saskatchewan, the horse and cow populate more than a few acres of land. Visible on farms and ranches across the province.