

M A K I N G E V E R Y D R O P C O U N T

SASKATCHEWAN ASSOCIATION FOR RESOURCE RECOVERY CORP.

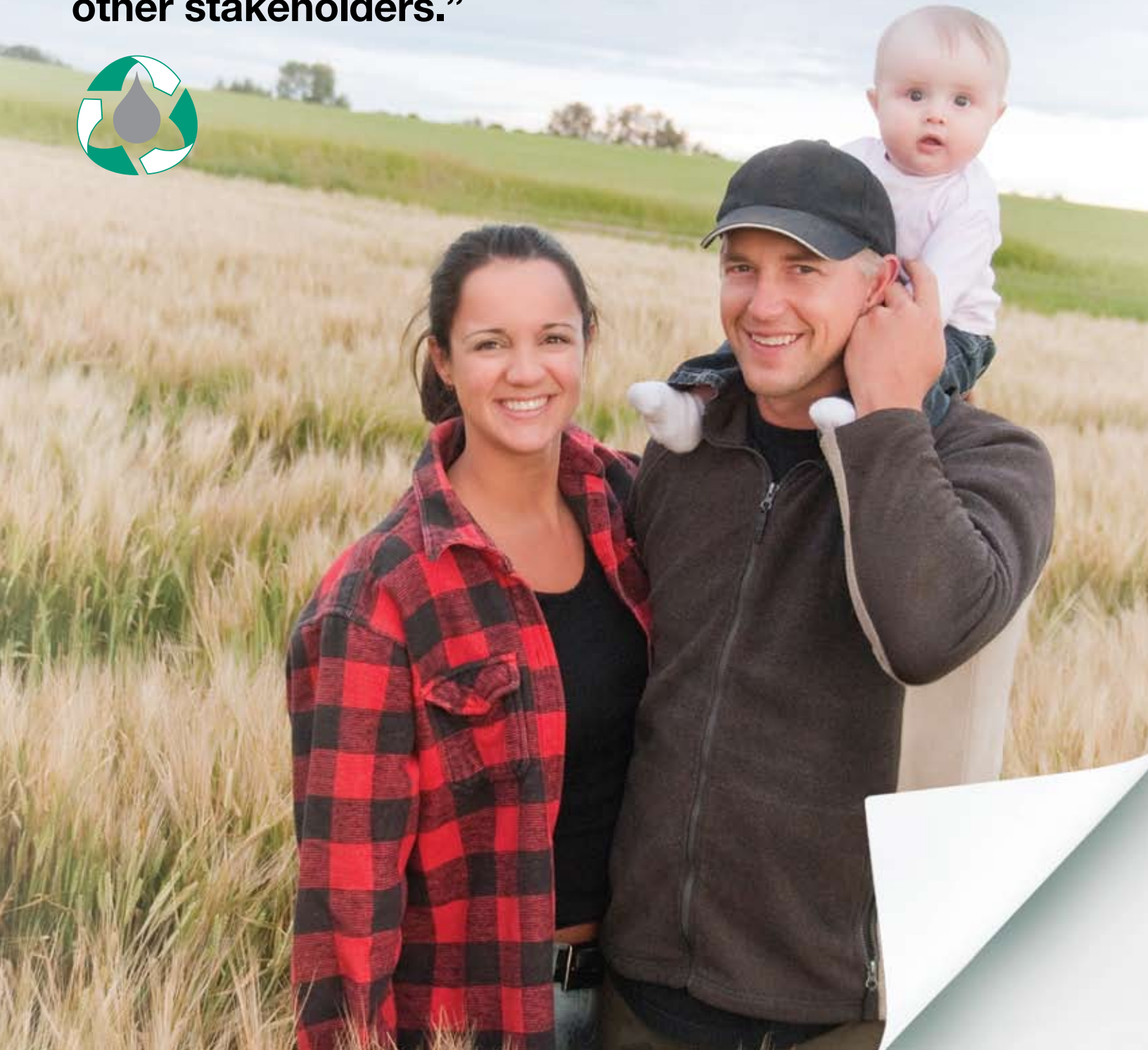
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TURNING
THE PAGE ON
15 YEARS
OF RESOURCE RECOVERY

“February 12, 2011 marked a significant milestone, the 15th anniversary of the incorporation of the Saskatchewan Association for Resource Recovery Corp. (SARRC)”

“Our industry-led stewardship program enjoys wide acceptance by consumers, industry, environmental groups, government and other stakeholders.”



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15

15th ANNUAL GENERAL MEETING Tuesday, May 3, 2011

10:00 am at The Sheraton Cavalier Hotel
612 Spadina Crescent East
Saskatoon, Saskatchewan S7K 3G9

“Farmers store 35,000 used 20 litre plastic pails each year, adding to the over half a million pails already stockpiled.”

Turning the Page on 15 Years of Resource Recovery

February 12, 2011 marked a significant milestone, the 15th anniversary of the incorporation of the Saskatchewan Association for Resource Recovery Corp. (SARRC).

The Association, formed by the provincial oil and filter industry, facilitates the collection, recycling and reuse of used oil materials – used oil, filters and plastic oil containers.

It is a continuing success story of recycling used oil, considered the single most potentially hazardous material in Canada if not properly managed. None of the material collected over

the 15 years has gone to landfills and none of the oil has been used for road oiling.

Our industry-led stewardship program enjoys wide acceptance by consumers, industry, environmental groups, government and other stakeholders. Each page of SARRC's fifteenth Annual Report demonstrates why its recycling program model works environmentally, economically and socio-economically.



Origins

SARRC manages the province-wide Recycling Program for Used Oil, Filters and Plastic Oil Containers. The recycling model was developed by the Saskatchewan Waste Management Advisory Group (WMAG) and the Western Canada Used Oil, Filter and Container Task Force (WCTF).

SARRC, a non-profit corporation, came into being February 12, 1996, and has been responsible for overseeing the growth of the province-wide used oil materials collection system in accordance with the Saskatchewan Used Oil Collection Regulations.

Components

Saskatchewan has a network of nearly 300 EcoCentres and collection facilities available in about 200 communities. A funding mechanism assures the cost-effective collection from farm, industrial and institutional generators with delivery to government-approved processors/end users. This makes recycling used oil materials accessible, convenient and efficient for do-it-yourself (DIY) mechanics, farm and commercial markets.

EcoCentres

Thirty-five specially built structures provide a drop off point for small volume generators who wish to safely dispose of their used oil, filters and containers. Thirty-five EcoCentres are now open in Bengough, Biggar, Creighton/Flin Flon, Davidson, Esterhazy, Fort Qu'Appelle, Gravelbourg, Grenfell, Hudson Bay, Humboldt, Kindersley, La Ronge, Leader, Maple Creek, Meadow Lake, Melfort, Melville, Moose Jaw, Moosomin, Nipawin, Outlook, Preeceville, Prince Albert, Redvers, Regina, Rosetown, Saskatoon, Shaunavon, Spiritwood, Swift Current, Unity, Watrous, Weyburn, Wynyard and Yorkton.

Funding

An Environmental Handling Charge (EHC) is remitted by 168 members ⁽¹⁾ to SARRC based on their sales of new collectible oil, oil filters and plastic oil containers. In turn, a Return Incentive (RI) is paid by SARRC to registered collectors picking up from collection facilities, EcoCentres and major generators. All material is then transported to approved processors and end users. The Saskatchewan program is further strengthened by close collaboration with similar associations in British Columbia (BCUOMA), Alberta (AUOMA), Manitoba (MARRC) and Québec (SOGHU).

(1) See Page 9 for the complete list of SARRC members representing major oil, filter and container manufacturers and marketers in Canada and the United States.

“Just one litre of used oil can contaminate one million litres of fresh water.”

“One standard used oil filter can contain up to 8 ounces/250ml of used oil.”



Used Oil Fact

The South Saskatchewan River is 1,392 km long, flowing through Alberta, Montana and Saskatchewan. At its mouth, the flow is 280,000 litres of water per second. But in just under four seconds, one litre of dumped used oil would contaminate one million litres of water. Imagine the damage a 20 litre pail of used oil would do.

Since 1997, 212.26 million litres of used oil have been recycled, protecting the water we need to sustain our lives.

Oil Filter Fact

Since 1997, 23.60 million filters have been recycled in Saskatchewan. Collected in drums with 130 filters per drum, a drum weighs up to 117 kg. This 15-year total equals 19,476,000 kg of scrap metal (19,476 metric tonnes). This is equivalent weight to 91 new Boeing 747-8 jumbo jets. Each jet has an Operating Dead Weight of 471,900 pounds (214,503 kg) and carries 472 passengers. That's a lot of airplane and a lot of scrap metal.

Oil Container Fact

Since day one, 3.08 million kilograms of used plastic oil containers (1 to 30 litre sizes) have been recycled and reused.

But Saskatchewan farmers annually re-use 80% of their 20-litre oil pails. Estimates put over half a million 20-litre pails stored on farms and growing at 35,000 pails a year.

One 20 litre pail is 15 inches high (38.1 cm). Put end to end, it would take 4,224 pails to equal a mile or 1.6 km. The half million stored pails, put end to end, would cover 118.4 miles or 198.4 km. A recycle centre is closer than that.

**“Farmers store 35,000
used 20 litre plastic pails
each year, adding to the
over half a million pails
already stockpiled.”**



Message from the Minister

On behalf of the Government of Saskatchewan, I would like to congratulate the Saskatchewan Association for Resource Recovery Corporation (SARRC) on the success of the used oil, filter and container recycling program in Saskatchewan.

Saskatchewan was one of the first jurisdictions in Canada to develop and implement an industry-led stewardship program for used oil materials. SARRC has exceeded initial expectations for this program, delivering a model of excellence for the province's waste diversion initiatives.

Last year, Saskatchewan's used oil recycling program collected over 17 million litres of used oil, equivalent to 109,000 barrels of crude oil, about half the volume spilled by the Exxon Valdez. That is enough oil to impart a brightly colored sheen on every hectare of open water throughout the province. This example alone illustrates how critical a role the SARRC program plays in protecting our natural environment and promoting the recovery of a valuable, non-renewable resource.

I thank the many communities that participate in this program. Saskatchewan now has nearly 300 collection facilities located in almost 200 communities that are available to receive used oil materials. To the numerous individuals who invest time in recycling used oil, filters, and containers, I encourage you to continue.

Protecting our environment is worth the effort.

I look forward to continuing our work as a team. Together we can meet the recycling needs of Saskatchewan's growing population and conserve Saskatchewan's natural resources.

Sincerely,



Dustin Duncan
Minister of Environment

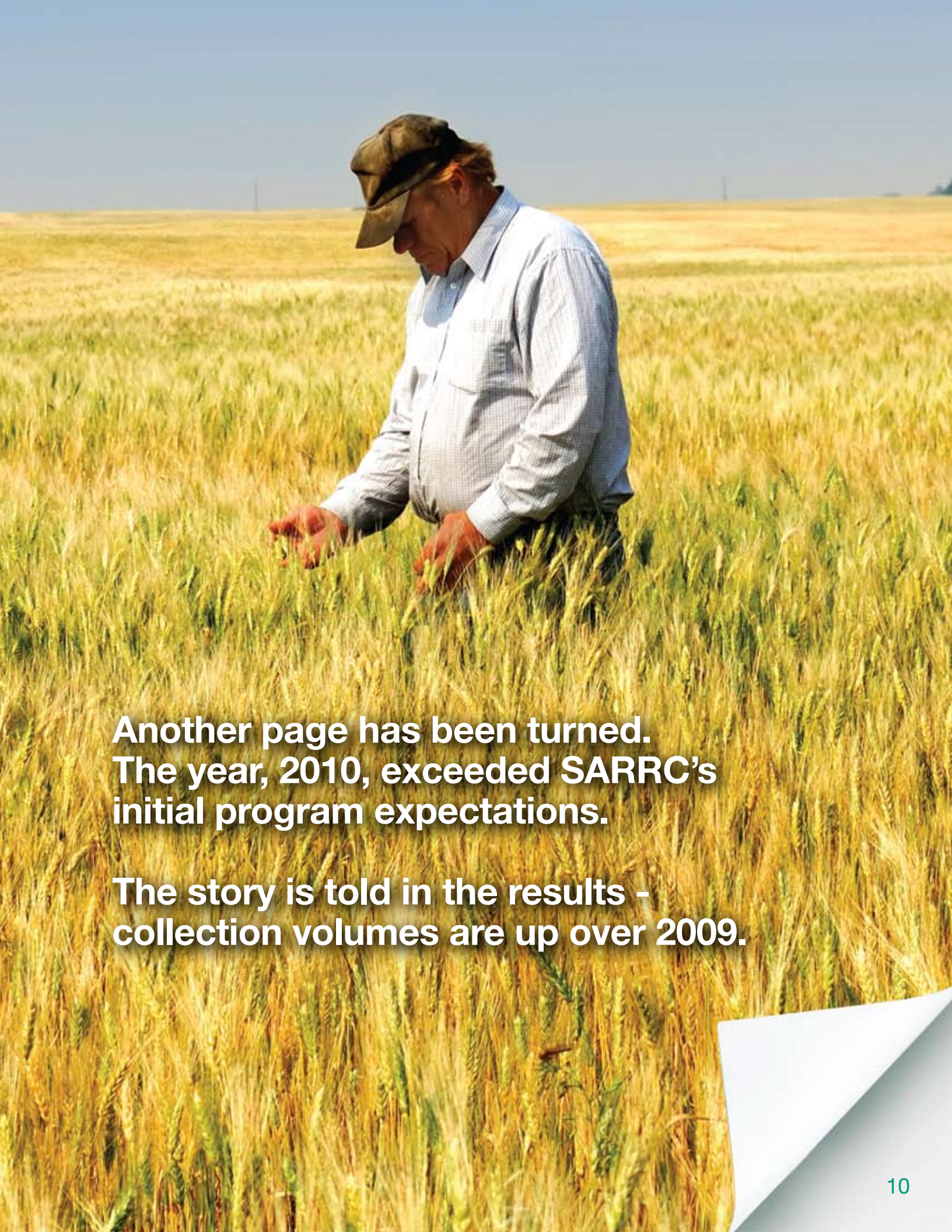


SARRC Members

49 North Forwarding Ltd.
Acklands-Grainger Inc.
ADP Distributors Inc.
AFD Petroleum Ltd.
Affinia Canada ULC
AGCO Corporation
Air BP Canada Ltd.
Altrom Canada Corp.
American Agip Company Inc.
American Grease Stick Co.
AMSOIL Inc.
Applied Industrial Technologies Ltd.
Arctic Cat Sales Inc.
Atlas Copco Compressors Canada
ATP-Inc
Auto-Camping Ltd.
Auto-Moto Canada Inc.
Baldwin Filters Inc.
Baldwin Filters Inc. (DBA Hastings Filters)
Barjan LLC
Barrett Marketing Group Ltd.
Beck/Arnley Worldparts, Inc.
Bestbuy Distributors Ltd.
Blue Streak-Hygrade Motor Products
Bluewave Energy Ltd.
BMW Canada Inc.
Bosch Rexroth Canada Corp.
BOSS Lubricants
BP Lubricants USA, Inc.
BRP
Buhler Versatile Inc.
Burkolly Distributors Ltd.
Canada Safeway Limited
Canadian Kawasaki Motors Inc.
Canadian Pacific Railway
Canadian Tire Corporation, Limited
Castrol Industrial North America Inc.
CFS Cleanair Filter Service
CG Power Systems Canada Inc.
Chalifour Canada
Champion Laboratories, Inc.
Chevron Lubricants Canada Inc.
Chris Page & Associates Ltd.
Chrysler Canada Inc.
CNH Canada Ltd.
Coastal Blending & Packaging
COMAIRCO LTD
CORE-MARK International Inc.
Costco Wholesale Canada Ltd.
CPT Canada Power Technology Limited
Cummins Western Canada
Daimler Trucks North America LLC
Doepker Industrial Equipment Service
Elliott Petroleum 2006 Ltd.
Enerflex Service - Enerflex Systems Ltd.

Equipment Sales & Service (1968) Limited
Exterr Canadian Partnership Holdings
GP ULC
Failure Prevention Services
Fastenal Canada, Ltd.
Federated Co-operatives Limited
First Filter Service Ltd
Ford Motor Company of Canada Ltd.
Fort Garry Industries Ltd.
Fred Deeley Imports Ltd
Fuchs Lubricants Canada Ltd.
Full-Bore Marketing Ltd.
G.K. Industries Ltd.
Gamma Sales Inc.
Gates Canada Inc.
GEA WestfaliaSurge, Inc.
General Motors of Canada Ltd
Gregg Distributors Co. Ltd.
Henkel Canada Corporation
Home Hardware Stores Limited
Honda Canada Inc.
Honeywell ASCA Inc.
Husky Energy Inc.
Husqvarna Canada Corp.
Hyundai Auto Canada Corp.
Imperial Oil Ltd.
Importations Thibault Ltée.
Industrial Truck Service Ltd.
Jaguar Land Rover Group Canada Inc.
John Deere Limited
Keystone Automotive Operations of
Canada, Inc.
Kia Canada Inc.
Kinecor Inc.
King-O-Matic Industries Limited
Kleen-Flo Tumbler Industries Limited
Kramer Ltd
Kubota Canada Ltd.
Larry Penner Enterprises Inc.
Larry's Transmissions Ltd.
Lemky Rural Repair
Loblaw Inc.
Maxim Transportation Services Inc.
Mazda Canada Inc.
Mercedes-Benz Canada Inc.
MFTA Canada Inc.
Mid-Canada Filtration Solutions
Mitsubishi Motor Sales of Canada, Inc.
Modern Sales Co-op
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.
NemCo Resources Ltd.
New Flyer Industries Ltd.
Newalta Corporation
Nissan Canada Inc.
NORCAN Fluid Power Ltd.
Nynas Canada Inc.

Oil Mart Ltd.
Paccar Parts,
A Division of Paccar of Canada, Ltd
Parker Hannifin Canada
Partner Technologies Inc.
Parts Canada
Peerless Engineering Sales Ltd.
Pennzoil-Quaker State Canada Inc.
Petro-Canada Lubricants Inc.
Polaris Industries Ltd. - Canada
Prévost, a Division of Volvo Group Canada Inc.
Provincial Hydraulics Inc.
PSC-Power Source Canada Ltd.
Radiator Specialty Company of Canada Ltd.
Rainbow Petroleum Distributors Ltd.
Redhead Equipment Ltd
Robco Inc.
Robert Bosch Inc.
S.W. Industrial Filter Tec Service
Safety-Kleen Canada Inc.
SaskAlta Base Oils Corp.
SC CLS Holdings ULC
Sears Canada Inc.
Shell Canada Products Ltd.
SMS Equipment Inc., CFU West
Southwestern Petroleum Canada Ltd.
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.
TruServ Canada Inc.
UAP Inc.
United Farmers of Alberta Co-operative Limited
USI - AGI Prairies Inc.
Valvoline Canada Ltd.
Viscosity Oil Company
Volkswagen Canada Inc.
Volvo Cars of Canada Corp.
Volvo Group Canada Inc.
Wainbee Ltd.
Wajax Industries Limited
Wakefield Canada Inc.
Wallace & Carey Inc.
Wal-Mart Canada Corp.
Waterous Power Systems
Westcon Equipment & Rentals Ltd.
Westec Distributors Inc.
Westpower Equipment Ltd.
Worldpac Canada Inc.
Yamaha Motor Canada Ltd.
Yetman's Ltd.
Zellers / Hudson's Bay Co.

A man wearing a light blue button-down shirt, dark pants, and a brown cap is standing in a field of tall, golden-brown grass. He is looking down at his hands, which are holding some of the grass. The background is a flat, open field under a clear blue sky.

**Another page has been turned.
The year, 2010, exceeded SARRC's
initial program expectations.**

**The story is told in the results -
collection volumes are up over 2009.**

Turning the Page on Another Successful Year... 2010

Another page has been turned. The year, 2010, exceeded SARRC's initial program expectations. The story is told in the results - collection volumes are up over 2009.

Operationally, the story is positive. The Return Incentive (RI) programs for oil, filters and plastic containers show substantive results by the private sector recycling industry. Over 40 collectors are registered to pick up and deliver the used oil materials to over 30 registered processors. Container collectors continue their search for new markets for the plastic, increasing collection.

The network of used oil collection facilities in the province remains strong. Year-round, about 300 collection points in nearly 200 Saskatchewan communities are there for DIYs, farmers and small businesses who service their own vehicles. Included are EcoCentres, purpose-built facilities for used oil materials collection, operating in 35 communities, from Maple Creek to Moosomin, Bengough to LaRonge.

Cooperative educational and promotional activities with the Saskatchewan Waste Reduction Council (SWRC) reached into many communities. Mr. Oil Drop and our Recycling Ambassadors visited retailers, collection points and continued the three year cycle of visiting EcoCentre communities not visited since 2007. At summer's end, our youthful Ambassadors had also participated in 30 community events from border to border.

Communications evolved. The 2009 Annual Report released at the joint SARRC/MARRC Annual General Meeting, April 27, 2010, reflected a new creative approach.

Television advertising continued. Audiences to major winter sporting events, the 2010 Winter Olympics on CTV and the Stanley Cup Playoffs

on CBC TV were exposed to our recycling message. These programs along with a buy on CTV Saskatchewan regional news delivered our message to a larger audience.

Radio advertising reached a more targeted audience in 2010. An analysis of the BBM ratings for Regina and Saskatoon markets narrowed the station selection based on specific SARRC audience criteria. Bringing life to this advertising buy were seven new 30 second commercials targeting farmers to "Kick the Bucket Habit."

Print advertising, articles and a direct mail flyer to farm addresses reached an estimated 125,000 readers. Attending a special seminar on Writing for Radio & the Internet at the Wizard Academy gave SARRC's communication team fresh perspectives on strengthening content in the association's radio commercials and website.

The website's strengths and weaknesses were assessed in an intensive site analysis. The findings will direct the redevelopment of the SARRC portion of www.usedoilrecycling.com in 2011. This will include expanding access to the website through mobile devices, a growing communications tool for SARRC's various audiences.

The Association continues working closely with the Used Oil Management Associations in British Columbia, Alberta, Manitoba and Québec through the National Used Oil Material Advisory Council (NUOMAC). A thank you also goes to Blake Nesbitt, SARRC's advisor from Saskatchewan Environment.

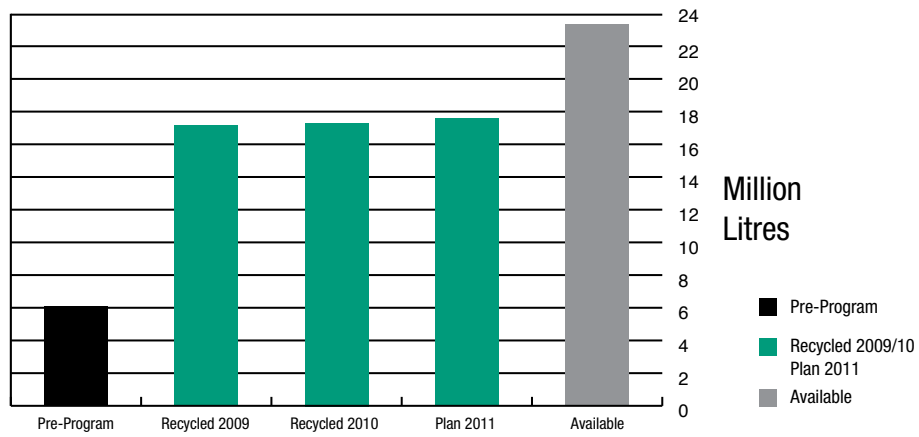
Together we are Making Every Drop Count!



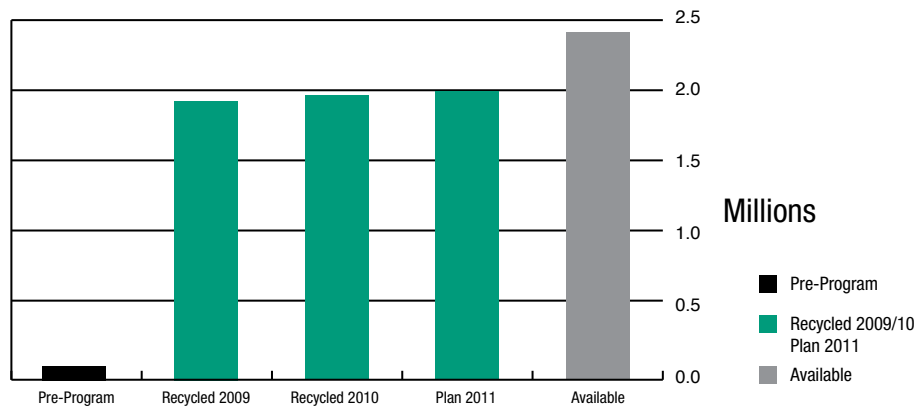
Rod Rosenfelt
Chairman



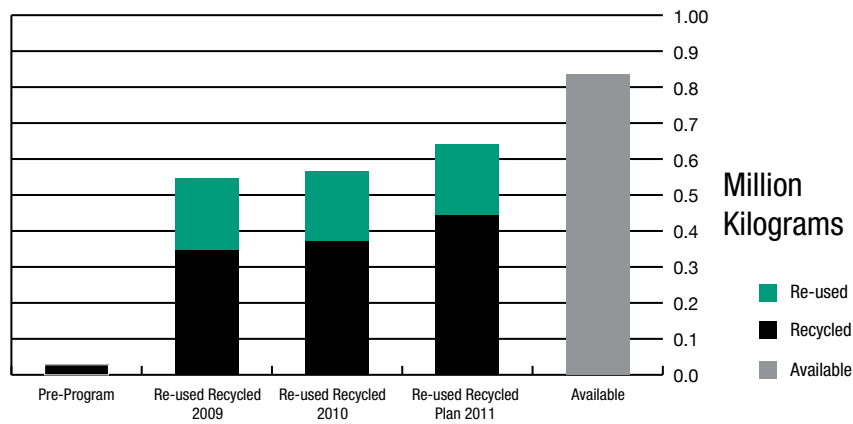
Phil Wrubleski
Executive Director



Oil Recycled



Filters Recycled



Containers Recycled and Re-Used

Statistics of Total Volumes of Used Oil Materials Collected in the Past Year

In 2010, 17.26 million litres of used oil, up 0.42% from 2009, were recycled in Saskatchewan, 75% of the approximately 23 million litres available for collection. It was reprocessed into re-refined lubricating oil, industrial burner fuel and other products.

Used filter recycling rose 0.73% over 2009, hitting 79% or 1.96 million of the 2.50 million filters sold and available for recycling. Used filters are further processed at steel recycling mills in the manufacturing of industrial and agricultural products.

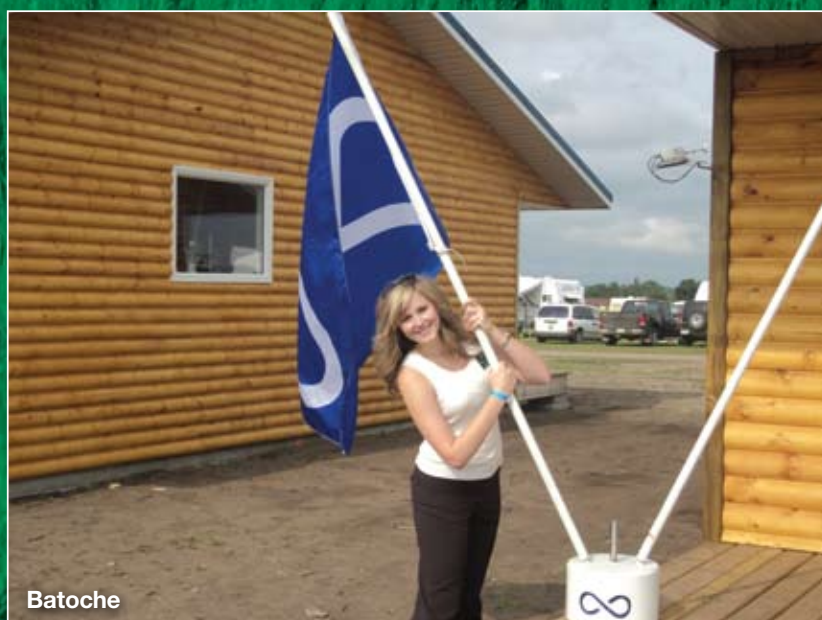
A record 0.37 million kilograms of plastic oil containers were collected in 2010, up by 7.6% over 2009. This is 44% of the 0.84 million kilograms of plastic oil containers sold. SARRC combines this percentage with the 24% province-wide 20 litre container re-use rate by farmers to achieve the 68% re-use/recycling rate for the year.



Corner Gas



Pike Lake



Batoche

Pages from the 2010 Summer Adventures of Mr. Oil Drop & Friends

Our 2010 Summer Ambassadors travelled the province extensively. Cooperating with five other stewardship and recycling programs, these eager environmentalists, along with

Mr. Oil Drop, participated in 30 community events including – 11 parades, 10 Park Days, Rock 102's Cruise Weekend in late August, five festivals and three other events.

As well, the team visited retailers, collection points and EcoCentre communities not visited since 2007.

A busy, productive summer promoting the importance of used oil recycling in Saskatchewan.



SASKATCHEWAN ASSOCIATION FOR
RESOURCE RECOVERY CORP.

Financial Statements

December 31, 2010



February 28, 2011



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, 2010 and the statements of earnings and changes in net assets and cash flows for the year then ended, and related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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, 2010 and its financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
#200, 123 – 2nd Avenue South
Saskatoon, SK

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.


Saskatchewan Association for Resource Recovery Corp.

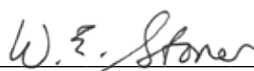
Statement of Financial Position

As at December 31, 2010

	2010 \$	2009 \$
Assets		
Current assets		
Cash and short-term investments	4,285,054	4,214,368
Accrued interest receivable	47,838	53,861
Accounts receivable (note 3)	1,808,620	1,547,029
Prepaid expense	4,036	4,572
	<hr/> 6,145,548	<hr/> 5,819,830
Capital assets (note 4)	<hr/> 26,243	<hr/> 18,529
	<hr/> 6,171,791	<hr/> 5,838,359
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	<hr/> 528,999	<hr/> 615,619
Net assets		
Invested in capital assets	26,243	18,529
Unrestricted (note 6)	<hr/> 5,616,549	<hr/> 5,204,211
	<hr/> 5,642,792	<hr/> 5,222,740
	<hr/> 6,171,791	<hr/> 5,838,359

Approved by the Board of Directors

 Director

 Director

Saskatchewan Association for Resource Recovery Corp.

Statement of Changes in Net Assets

For the year ended December 31, 2010

	2010		2009
	Invested in capital assets \$	Unrestricted \$	Total \$
Net assets			
Balance – Beginning of year	18,529	5,204,211	5,222,740
Excess (deficiency) of revenue over expenses for the year	(6,561)	426,613	420,052
Invested in capital assets	14,275	(14,275)	-
Balance – End of year	26,243	5,616,549	5,642,792

Saskatchewan Association for Resource Recovery Corp.

Statement of Earnings

For the year ended December 31, 2010

	2010 \$	2009 \$
Revenue		
Environmental handling charges	4,794,880	3,935,019
Membership fees	1,600	2,600
Investment income	158,714	177,698
Other income	1,702	25,916
Loss on disposal of capital assets	(3,864)	-
	<hr/> 4,953,032	<hr/> 4,141,233
Expenses		
Return incentives	3,492,387	3,289,902
Public relations and promotions	369,469	290,802
EcoCentre support costs (note 6)	247,482	246,196
Wages and benefits	238,415	224,527
Professional fees	73,212	85,211
Rent (note 5)	28,132	26,244
Office and administration	20,954	22,469
Insurance	20,357	10,741
Travel and meals	20,190	16,629
Telephone and fax	9,211	9,415
Amortization	6,561	6,942
Director fees and costs	5,829	9,268
Bank charges	781	751
	<hr/> 4,532,980	<hr/> 4,239,097
Excess (deficiency) of revenue over expenses for the year	<hr/> 420,052	<hr/> (97,864)

Saskatchewan Association for Resource Recovery Corp.

Statement of Cash Flows

For the year ended December 31, 2010

	2010 \$	2009 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	420,052	(97,864)
Items not affecting cash		
Amortization	6,561	6,942
Loss on disposal of capital assets	3,864	-
	430,477	(90,922)
Net change in non-cash working capital items	(341,652)	(87,909)
	88,825	(178,831)
Investing activities		
Decrease in restricted cash	-	15,014
Purchase of capital assets	(18,139)	-
	(18,139)	15,014
Increase (decrease) in cash	70,686	(163,817)
Cash and short-term investments – Beginning of year	4,214,368	4,378,185
Cash and short-term investments – End of year	4,285,054	4,214,368

Notes to Financial Statements

December 31, 2010

1 Nature of operations

The company was incorporated under the Non-profit Corporations Act of Saskatchewan. It was formed by oil and oil filters first sellers in Saskatchewan to develop, implement and maintain a used oil product management program in the province. In January 1997, the company received the required approval to operate a product management program from Saskatchewan Environment, issued pursuant to The Used Oil Collection Regulations. 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

CICA 3855 Financial instruments – recognition and measurement

This pronouncement establishes standards for recognizing and measuring financial assets, financial liabilities, derivatives and non-financial derivatives. It requires that a) financial assets and liabilities be measured initially at fair value, b) financial assets be subsequently measured at either amortized cost or fair value depending on the type of instrument and any optional designations made by the Corporation, c) financial liabilities be subsequently measured at amortized cost or at fair value depending on the optional designations made by the Corporation and d) derivative financial instruments are measured at fair value, even when they are part of a hedging relationship.

Under Section 3855, financial instruments must be classified as held for trading (“HFT”), held to maturity (“HTM”), available for sale (“AFS”), loans and receivables, or other financial liabilities. Changes in fair value for HFT financial instruments are recorded in the current year’s operations. Changes in fair value of AFS financial assets are recorded directly to net assets until sold or impaired at which time the realized gain or loss would be recorded in the current year’s operations. HTM, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate at the date of acquisition.

CICA 3861 Financial instruments – disclosure and presentation

This pronouncement establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed. On adoption of these standards, the company designated its financial instruments as follows:

a. Held for trading (“HFT”)

Short-term investments are designated as HFT. The short-term investments held are guaranteed investment certificates. Investment income arising from these financial assets is recognized in operations in the year it is earned. Investments are recorded at fair value at year end which equates to the original cost paid.

Notes to Financial Statements

December 31, 2010

b. Loans and receivables

Accounts receivable and accrued interest receivable are designated as loans and receivables and are measured at amortized cost. Revenue arising from these items is recognized in operations in the year it arises.

c. Other financial liabilities

Accounts payable and accrued liabilities are designated as other financial liabilities and are measured at amortized cost. Expenses arising from these items are recognized in operations in the year they arise.

Capital assets and amortization

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 other equipment	20%
Computer hardware	30%

One-half the above annual rates are charged in the year of acquisition.

Revenue recognition

Environmental handling charge ("EHC") revenue is recognized when assessed by first seller members on qualifying lubricants, filters and containers in accordance with the membership agreements with the company.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

3 Accounts receivable

Accounts receivable at December 31, 2010 includes EHC remittances of approximately \$787,387 (2009 – \$621,932) held in trust by the EHC collector agency on behalf of the company.

Notes to Financial Statements

December 31, 2010

4 Capital assets

	2010		2009	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture, fixtures and other equipment	29,913	25,437	4,476	5,594
Computer hardware	53,319	31,552	21,767	12,935
	83,232	56,989	26,243	18,529

5 Operating leases

The company entered into an operating property lease agreement, expiring in 2011, requiring minimum annual lease payments for 2011 of \$27,804.

6 Commitments

Saskatchewan Association for Resource Recovery Corp. is obligated to utilize its unrestricted net assets, in future years, to fund the return incentives and the establishment of EcoCentres for the used oil materials product management program.

Saskatchewan Association for Resource Recovery Corp. entered into three-year agreements with operators of 34 EcoCentres that were established to provide no-cost, drop-off centres for used oil materials. These agreements require the company to pay a minimum of \$7,200 per year to each of the EcoCentre operators and provide for additional payments should used oil material collection volumes exceed certain base levels.

The remaining minimum operating fee commitment to the 34 EcoCentre operators over the period of the agreements is \$442,200 due annually 2011 – \$225,000, 2012 – \$190,800, and 2013 - \$26,400.

Notes to Financial Statements

December 31, 2010

7 Financial instruments

The company's financial assets and liabilities consist of cash and short-term investments, accrued interest receivable, accounts receivable, and accounts payable and accrued liabilities.

Credit risk

The company is exposed to credit risk through its accounts receivable which is made up of primarily environmental handling charges receivable. This risk is minimized due to the large registrant base.

Interest rate risk

The company's exposure to interest rate risk pertains to short-term investments, which are subject to future changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the company cannot meet its financial obligations associated with financial liabilities in full. The company has reduced this risk by maintaining significant net assets that can be used to fund future liabilities. The company expects to be able to meet its financial obligations in the foreseeable future.

SARRC Board of Directors



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Baldwin Filters
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Products Institute*
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Director

Tiffany Paulsen
*Saskatchewan Urban
Municipalities Association*
Director

SARRC Staff

Phil Wrubleski
Executive Director

Jolene Isaac
Executive Assistant

Merv Hey
Program Operations
Manager



Tribute to Brett Morton

Brett Morton of Shell Lubricants passed away on August 11, 2010 in Houston, Texas. Appointed to the SARRC Board October 1, 2008, Brett was re-elected for a two-year term on April 27, 2010. He was a professional addition to the SARRC Board providing a unique perspective and valuable link between used oil material recycling developments in Canada and the United States and will be very much missed.



Our condolences to
Brett's family, friends
and company.

Legal Counsel

McDougall Gauley, Barristers & Solicitors

Auditors

PricewaterhouseCoopers,
Chartered Accountants

SARRC Office

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