

# Drop in.



# Drop in.



Annual General Meeting	01
Message from the Minister of Environment	02
Message from the Chair	03
Map of Public Drop-off Locations	04
Map of EcoCentre Locations	05
Message from the Executive Director	06
Communications	09
Independent Auditor's Report + Financial Statements	13
SARRC Members	24
Board of Directors + Staff	25

**Drop in.** SARRC encourages Saskatchewan residents to drop in and use one of approximately **170** public drop-off locations across the province for recycling their used oil and antifreeze materials.

We have one of the best recycling networks in Canada built over the past twenty-three years through collaboration, cooperation and communications.

This Annual Report highlights what the program achieved in 2018, adding to the recycling successes of the previous years.



**Annual General Meeting**

Tuesday, April 30, 2019

10am CST

Delta Saskatoon Downtown Hotel

405 20th Street East

Saskatoon, SK

S7K 6X6



## Message from the Minister of Environment

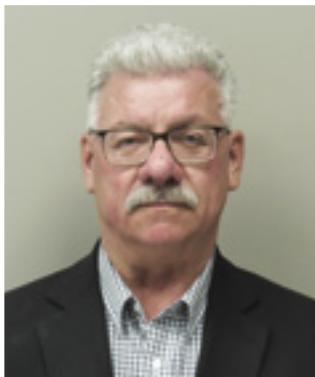
On behalf of the Government of Saskatchewan, I wish to congratulate the Saskatchewan Association for Resource Recovery Corp. (SARRC) on its accomplishments in 2018, and for your commitment to recycling used oil and antifreeze. Saskatchewan is an incredibly beautiful place to live, and your dedication helps keep our outstanding Prairie landscapes, pristine lakes and fresh air clean and healthy.

“Drop In” is an excellent theme for this report, since that is exactly what Saskatchewan people have been doing at SARRC’s 35 EcoCentres and over 150 other volunteer collection points. In 2018, SARRC recovered and recycled an astonishing 18.3 million litres of used oil, 1.9 million used oil filters, nearly half a million kilograms of plastic containers and more than 258,000 litres of used antifreeze. By keeping these products out of our landfills and our environment, SARRC and its 205 members are doing a commendable job of protecting our environment.

New to the program this year is the analysis of SARRC’s greenhouse gases as one of a suite of indicators of program success. The Ministry of Environment truly appreciated receiving SARRC’s report, detailing how you will measure and monitor emissions within your program operation. This type of reporting will enhance the way we measure progress and identify challenges and opportunities in the face of a changing global climate. This fits well with the province’s made-in-Saskatchewan climate change strategy, Prairie Resilience, which is designed to reduce greenhouse gas emissions, prepare for changing conditions, and protect people and communities through resilience and readiness.

On behalf of the people of Saskatchewan, I would like to thank you for the important work that you do every day. I wish SARRC continued success and many more chapters in the story of used petroleum and antifreeze products recycling in Saskatchewan.

**Honorable  
Dustin Duncan**



## Message from the Chair

Saskatchewan is known for its clear skies, green forests, expansive prairie and friendly, hard-working people. In 2018, SARRC continued to protect our skies and land through providing proper end-of-life management for our Members' products: used oil, oil filters, antifreeze and plastic containers, including diesel exhaust fluid (DEF) containers. Through our effective stewardship program, we keep these materials out of Saskatchewan's environment and landfills and ensure our Members' corporate responsibilities are fulfilled.

Of course, we don't operate alone. We rely on the people of Saskatchewan to drop by and return smaller volumes of these materials to one of our free EcoCentres or public drop-off locations, and on the many businesses and farms to properly save up larger volumes so that a collector can pick up and recycle these materials. Through SARRC's continued public awareness campaign and direct community involvement, we encourage all to drop by and use our established recycling network. We also rely on collaboration and cooperation with the Saskatchewan Ministry of Environment who, through legislation and regulation, established the framework for all stewardship programs. In 2018, the Ministry of Environment accepted SARRC's updated Product Stewardship Plan which outlines how SARRC will operate. This acceptance ensures that our Members will continue to be in compliance with the Used Petroleum and Antifreeze Products Stewardship Regulations as long as the Product Stewardship Plan is followed.

The recycling industry was a hot topic in 2018. Changes in global plastic recycling practices forced North America to have a close look at how we handle waste. These changes did not have an effect on SARRC's plastic products, as most oil, antifreeze and DEF containers are made out of high-density polyethylene (HDPE). Once washed and processed, HDPE can be re-sold into North American manufacturing markets and end-use is not dependant on off-shore practices. We continue to monitor world conditions and welcome the dialog created by these changes. We also continue to work closely with other Canadian used oil management associations and similar stewardship groups to exchange best practices and streamline program operations.

While keeping an eye on national and international events, our focus is on Saskatchewan; every cent of the environmental handling fees collected by you, our industry Members in Saskatchewan, is spent on our recycling program in Saskatchewan. This direct accountability ensures that our program is efficiently and effectively run. Indeed, since the program began operation in 1997, we have recycled over 361 million litres of used oil, 38 million used oil filters, 1.1 million litres of antifreeze and 6.6 million kilograms of plastic.

Thank you for your on-going support, and it continues to be a privilege to serve on the Board, directing this important recycling program on behalf of all our industry Members.

**Rod Rosenfelt**  
Chairperson & Director

# Drop in.

Approximately **170** year-round collection points, includes **35** EcoCentres

SARRC  
**PUBLIC DROPOFF  
LOCATIONS**  
2019



\*Creighton shares an EcoCentre with Flin Flon

For a full listing of locations please visit [usedoilrecyclingsk.com](http://usedoilrecyclingsk.com)

# Drop in.

35 EcoCentres.

SARRC  
ECOCENTRE  
LOCATIONS  
2019



\*Creighton shares an EcoCentre with Flin Flon

For a full listing of locations please visit [usedoilrecyclingsk.com](http://usedoilrecyclingsk.com)

## Message from the Executive Director

In 2018, recycling and waste management became high-profile topics. Global factors, such as changes in the export market for recycled plastic, as well as local discussions about how best to manage wastes, increased awareness about the need to consider not only how products are produced and used, but also what happens to these products when they are no longer needed. Along with this awareness comes the increasing acknowledgement of the value of extended producer responsibility (EPR) programs to minimize and manage wastes. EPR is defined roughly as a model where producers take full responsibility for the end-of-life management of the products they manufacture. SARRC's program was founded on the concept of EPR, and this foundation continues to prove its value year after year.

Results of SARRC's 2018 program were similar to that of 2017. Sales of oil in 2018 were comparable to 2017, with small increases in sales of oil filters, antifreeze and containers. Used oil collection decreased slightly for 2018, but fell well within program averages leading to a recovery rate of 74%.

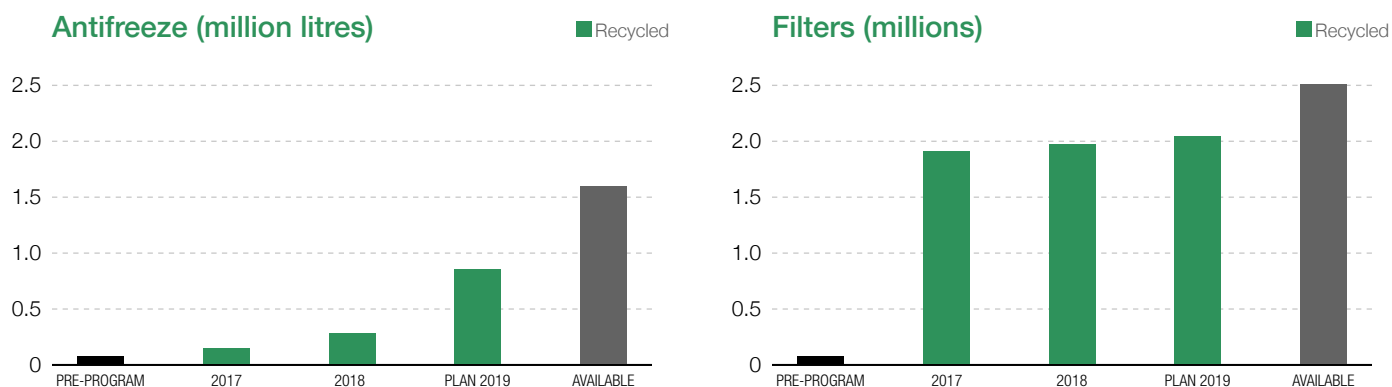
After low recovery rates in 2017, antifreeze recycling returned to a more normal level with 258,043 litres of antifreeze recovered. Recovery rates for antifreeze continue to be lower than expected at 16%. Results of a national antifreeze study will be available shortly. The study will help us make changes to the program by understanding the amount available for recovery in future years.

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, 90% 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. Overall filter recovery rates continue to fall within longer term averages. 2018 set a new record for container recovery at 466,212 kilograms. An increased awareness that recently added antifreeze and DEF containers can also be recycled through SARRC's program has contributed to this increase. The combined recovery and reuse rate for program plastics increased to 68% in 2018.

Full results for 2018 are presented in **Table 1** and 2017 results are summarized in **Table 2**.

Targets are an effective way to measure success and encourage program improvement. Our 2018 targets remain unchanged since 2017. We exceeded our 2018 target for filters on a mass basis and fell just below our targets for oil and containers despite improved collection for containers in 2018. Antifreeze collection remains a challenge, as collections greatly improved over 2017 but still did not approach our target. SARRC continues coordination with other Used Oil Management Associations across Canada to better understand the fate of antifreeze, establish better numbers for the amount of antifreeze available for collection, and determine an appropriate collection target and provide data to support future program changes if justified.

SARRC's Members collected \$6.3 million from environmental handling fees (EHCs) on our designated products to fund our recycling efforts in 2018. Of this, \$4.5 million was paid out as collection and processing incentives and \$0.48 million was used to fund the network of 35 free public drop-off EcoCentres. A new, larger EcoCentre was installed in North Battleford in late 2018. The larger EcoCentre was designed to store additional plastic and filter barrels and improve loading and unloading efficiency. Additional EcoCentre upgrades and installations are planned in 2019.



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, four trade shows, two conventions (SARM and SUMA) and visited 354 retailers and 190 municipal offices. This face-to-face, personal outreach remains a critical piece of SARRC's overall strategy. In 2018, SARRC spent \$393,000 on communications and promotion. Administrative costs are about 9% of the 2018 budget, with \$561,000 spent on wages, office space, governance and other administration.

**Table 1. SARRC 2018 Program Results**

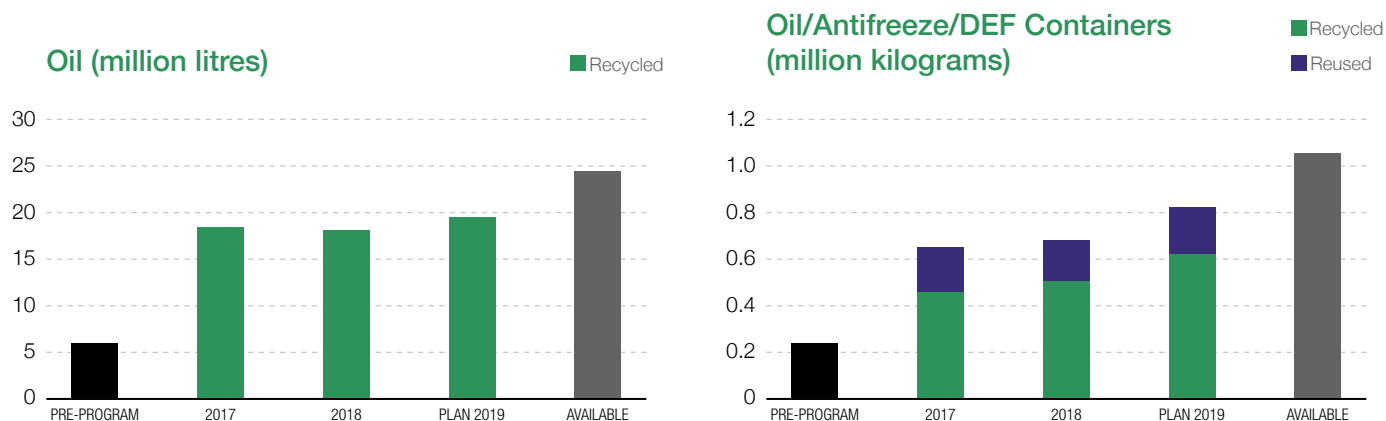
		Sold	Available for Collection	Amount Available	Collected	Processed	Collection Rate	2019 Target
<b>Oil</b>	L	38,086,234	64.5%	24,565,621	18,296,264		74%	80%
<b>Antifreeze</b>	L	3,494,114	46.8%	1,635,245	258,043		16%	50%
<b>Filters</b>	Units	2,524,867	100%	2,524,867	1,899,300		75%	80%
	kg	1,014,316	100%	1,014,316	1,259,969	911,567	90%	80%
<b>Containers</b>	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

**Table 2. SARRC 2017 Program Summary**

		Available	Collected	Collection Rate
<b>Oil</b>	L	24,577,286	18,502,340	75%
<b>Antifreeze</b>	L	1,586,957	174,263	11%
<b>Filters</b>	Units	2,296,191	1,836,315	80%
<b>Containers</b>	kg	1,141,290	445,012	63%*

\*Note: includes 24% reuse rate



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 estimated that 44,916 tonnes of CO<sub>2</sub> equivalent greenhouse gases were saved in 2016, and provided data showing that 2.4 kg of CO<sub>2</sub> equivalent GHGs were saved for every litre of oil recycled, 0.3 kg of CO<sub>2</sub> equivalent GHGs were saved for every kilogram of filters collected, 0.15 kg of CO<sub>2</sub> equivalent GHGs were saved for every litre of antifreeze collected, and 1.17 kg of CO<sub>2</sub> equivalent GHGs were saved for every kilogram of plastics collected (**Table 3**). Using these values and the amount of material collected in 2017 and 2018, an estimated 45,378 tonnes of CO<sub>2</sub> equivalent were saved in 2017 and 44,913 tonnes of CO<sub>2</sub> equivalent were saved by SARRC's operations in 2018.

**TABLE 3 Greenhouse Gas Estimates**

	kg CO <sub>2</sub> equ. Savings/Unit	2017 Collections	Units	2017 GHG Savings (tonnes CO <sub>2</sub> equ.)	2018 Collections	Units	2018 GHG Savings (tonnes CO <sub>2</sub> equ.)
<b>Oil</b>	2.40	18,502,340	L	44,439	18,296,264	L	43,944
<b>Filters</b>	0.30	1,287,816	kg	392	1,259,969	kg	383
<b>Antifreeze</b>	0.15	174,263	L	27	258,043	L	40
<b>Plastic</b>	1.17	445,012	kg	521	466,212	kg	546
<b>Total</b>				<b>45,378</b>		<b>Total</b>	<b>44,913</b>

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

Saskatchewan Association for Resource Recovery Corp.  
**A Message from Communications**

# Drop in.



# Hear it. See it. Read it. Click it. Dial it. Visit it. Donate it. Recycle it.

Communicating actions for recycling.



**Hear it.** Radio reaches our audiences at their homes, in their cars, at their work and where they play.

It's the call-to-action medium and cornerstone of SARRC's annual communications campaign. Using 17 radio stations across Saskatchewan which aired a total of over 3,300 thirty-second commercials through Spring, Summer and Fall, SARRC's message reached a cumulative audience of over two million listeners.

They were entertained and informed by SARRC's engaging sextet of animals who encourage everyone to recycle used oil and antifreeze materials.

**See it.** The combination of live action and animated animals is appealing. The SARRC TV commercials offer sight and sound, keeping viewers in front of their TV sets.

For an eight-week period (April and May 2018), SARRC's 30-second messages aired 139 times on the province's #1 TV network, CTV Saskatchewan. The program mix included the highly rated CTV News programs which reach an average of 296,000 different adults 18+ weekly. The eight-week cumulative reach of 18+ audience was over 2.37 million viewers.



*EcoCentre live action and animation TV*

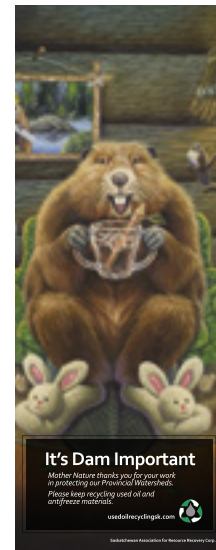


**Read it.** Traditional print advertising still has a place in the world of communications. It offers space for more information for readers to digest. Publications also specialize in targeting specific audiences.

**Rural Councillor** is the magazine of the Saskatchewan Association of Rural Municipalities (SARM) with **Urban Voice** representing the Saskatchewan Urban Municipalities Association (SUMA). Two half-page ads ran in each publication in 2018 reaching a total of 13,600 readers who have an interest in municipal affairs including recycling in their jurisdictions.

**Farming for Tomorrow** is delivered to “the farm gate” six times a year. Three half-page ads ran reaching a combined circulation of over 110,000 readers.

Select Show Guide advertising, promoting SARRC’s on-site participation, is also important. Combined, the circulation and reach of the above publications with that of the show guides for **Farm Progress Show** (June, Regina) and **AG in Motion Show** (Langham, July), and SARRC’s 2018 print campaign reached over 200,000 readers from the agricultural, municipal and business communities.



**SARRC’s 2017 Annual Report** provides important information for interested stakeholders. Unveiled at the Joint SARRC/MARRC 2017 Annual General Meeting in Winnipeg April 25, 2018, the Report highlighted the successes and challenges of the previous year. Posted on SARRC’s website, the Annual Report attracts visitors throughout the year.

**Click it.** While traditional advertising media still have their place in communications, digital communications is essential to successfully conveying SARRC’s recycling message.

**The website**, [www.usedoilrecyclingsk.com](http://www.usedoilrecyclingsk.com), is the go-to information source on a daily basis. Whether the visitor is a Member, a Collector/Processor, a potential Recycler of used oil/antifreeze materials, a Stakeholder or the General Public, SARRC’s website contains all essential and current information about the Why’s and Wherefore’s of used oil and antifreeze materials recycling.

Monthly, the Association receives a detailed InSite report on the visitors and usage of the website. The site attracted 21,569 visitors in 2018, of which 44.5% were looking for their nearest collection point. The heaviest traffic volume occurred between April and August with 55.8% of the annual visitors.

**SARRC’s Digital Campaign** ran March to October 2018. Using the six 15-second videos created in 2017 plus new graphic messaging using the six animals, the campaign achieved a total of 16,925,421 impressions and 36,541 interactions (clicks/views).



**Dial it.** The telephone is still an essential communications medium.

In 2018, SARRC received 273 calls. Of these, 204 callers used the toll-free telephone number (Saskatchewan only) 1-877-645-7275 and the remainder, 69 callers, used the general office number.

Since 1998, SARRC has responded to 11,191 callers interested in used oil and antifreeze recycling.

**Visit it.** Each summer, mascots Mr. Oil Drop and Auntie Freeze, the friendly faces of used oil and antifreeze recycling, travel the province with the Recycling Ambassadors.

Coordinated by the Saskatchewan Waste Reduction Council, the team, on behalf of SARRC, attended 16 car shows and community events and two major agricultural events - Farm Progress Show, Regina in June and AG in Motion, Langham in July.

As part of a three-year rotating visitation plan, the 2018 team also visited 354 oil retailers and 190 municipality offices. At each stop, the Ambassadors conducted a brief survey relating to SARRC's program. The results are incorporated with other essential research for improving the program.

**Donate it.** Giving back is important. Since 2015, SARRC has donated money to the Safe Drinking Water Foundation (SDWF) ([www.safewater.org](http://www.safewater.org)). The money buys water testing kits used by students in provincial elementary and high schools. They learn about the issue of water pollution and the importance of clean water.

**Recycle it.** The bottom line for communications is the volumes of materials collected annually. And when recyclers visit one of approximately **170 public drop-off points** in Saskatchewan to recycle used oil and antifreeze materials, they are helping to *Make Every Drop Count!*



# Financials



**Financial Statements**  
2018



## *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, 2018 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, 2018;
- 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 27, 2019

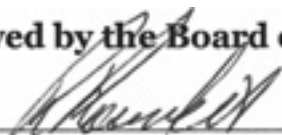
# Saskatchewan Association for Resource Recovery Corp.

## Statement of Financial Position

As at December 31, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,697,251	1,426,475
Accrued interest receivable	38,871	36,769
Accounts receivable	1,484,094	1,498,031
	<hr/>	<hr/>
	3,220,216	2,961,27
<b>Investments</b> ( note 3 )		
	6,405,660	6,302,454
<b>Capital Assets</b> ( note 4 )		
	44,728	56,886
	<hr/>	<hr/>
	9,670,604	9,320,615
	<hr/>	<hr/>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	849,560	964,734
	<hr/>	<hr/>
<b>Net Assets</b>		
Invested in capital assets	44,728	56,886
Internally restricted — contingency reserve	6,150,054	6,150,054
Unrestricted	2,626,262	2,148,941
	<hr/>	<hr/>
	8,821,044	8,355,881
	<hr/>	<hr/>
	9,670,604	9,320,615
	<hr/>	<hr/>
<b>Commitments</b> ( 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, 2018

	2018 \$	2017 \$
<b>Revenue</b>		
Environmental Handling Charges	6,385,381	6,163,021
Membership fees	1,400	1,200
Investment income	154,718	143,916
Other income	48,799	969
	6,590,298	6,309,10
<b>Expenses</b>		
Return incentives ( note 6 )	4,512,877	4,454,678
EcoCentre support costs ( note 6 )	487,423	406,304
Public relations and promotions	387,413	451,557
Wages and benefits	364,124	352,304
Professional fees	109,394	98,505
Rent ( note 5 )	92,421	92,421
Office and administration	72,504	42,416
Insurance	25,826	22,239
Director fees and costs	21,066	27,461
Travel and meals	19,367	11,995
Utilities	17,347	16,803
Amortization	12,965	16,911
Bank charges	2,408	2,504
	6,125,135	5,996,098
<b>Excess of revenue over expenses for the year</b>	465,163	313,008

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, 2018

	2018			2017	
	Invested in capital assets \$	Internally restricted — contingency reserve \$	Unrestricted \$	Total \$	Total \$
<b>Net assets</b>					
Balance — Beginning of year	56,886	6,150,054	2,148,941	8,355,881	8,042,873
Excess (deficiency) of revenue over expenses for the year	(12,965)	-	478,128	465,163	313,008
Inter fund transfers	-	-	-	-	-
Invested in capital assets	807	-	(807)	-	-
Balance — End of year	44,728	6,150,054	2,626,262	8,821,044	8,355,881

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, 2018

	2018 \$	2017 \$
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	465,163	313,008
Items not affecting cash		
Changes in fair value of investments	24,490	(879)
Amortization	12,965	16,911
	502,618	329,040
Net change in non-cash working capital items ( note 7 )	(103,339)	62,406
	399,279	391,466
<b>Investing activities</b>		
Purchase of capital assets	(807)	-
Purchase of investments, net	(127,696)	(351,575)
	(128,503)	(351,575)
<b>Net change in cash and cash equivalents</b>	270,776	39,871
<b>Cash and cash equivalents — Beginning of year</b>	1,426,475	1,386,604
<b>Cash and cash equivalents — End of year</b>	1,697,251	1,426,475

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

# Saskatchewan Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2018

---

## 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 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 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.
- 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.
- 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.

## **Saskatchewan Association for Resource Recovery Corp.**

Notes to Financial Statements

**December 31, 2018**

---

### **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:

Furniture, fixtures and equipment	20%
Computer hardware	30%

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.

### **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, 2018

### 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, guaranteed investment certificates with maturities in excess of three months from their acquisition date and debt and equity securities.

	2018 \$	2017 \$
Investments		
Guaranteed investment certificates	6,192,000	6,145,000
Debt and equity securities	213,660	157,454
	<hr/>	<hr/>
	6,405,660	6,302,454

Investment income consists of interest income of \$170,997 (2017 - \$142,035), decreases in the fair value of investments of \$24,490 (2017 – increases of \$879) and dividend income of \$8,211 (2017 - \$1,002).

### 4. Capital assets

	2018		2017	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture, fixtures and equipment	108,289	74,112	34,177	41,813
Computer hardware	65,056	54,505	10,551	15,073
	<hr/>	<hr/>	<hr/>	<hr/>
	173,345	128,617	44,728	56,886

### 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:

	\$
2019	92,421
2020	92,421
2021	92,421
2022	15,403

## Saskatchewan Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2018

---

### 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 four years.

### 7. Net change in non-cash working capital items

	2018 \$	2017 \$
Accrued interest receivable	(2,102)	(546)
Accounts receivable	13,937	(75,546)
Accounts payable and accrued liabilities	(115,174)	138,498
	<hr/>	<hr/>
	(103,339)	62,406

### 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.

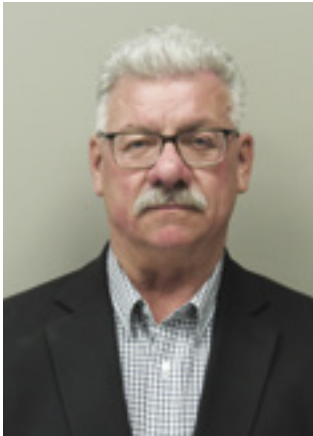
**Liquidity risk** – Liquidity risk is the risk that the association cannot meet its financial obligations associated with financial liabilities in full. The association has reduced this risk by maintaining significant net assets that can be used to fund future liabilities. The association expects to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

**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.

## SARRC Members 2018

1196172 AB Ltd. (CBO Earthworks)	FRAM Group (Canada) Inc.	New Flyer Industries Ltd.
49 North Forwarding Inc.	Fuchs Lubricants Canada Ltd.	Nissan Canada Inc.
49 North Lubricants Ltd.	Fuelex Energy Ltd.	NOCO Lubricants LP
A and I Products Canada Inc.	Full-Bore Marketing Ltd.	NORCAN Fluid Power Ltd.
ABB Inc. (Binome - Quebec)	G.F. Thompson Co. Ltd.	Nynas Inc.
Acklands-Grainger Inc.	G.K. Industries Ltd.	Oil Mart Ltd.
ADP Distributors Inc.	Gamma Sales Inc.	Orgill Canada Hardlines ULC
AFD Petroleum Ltd.	Gates Canada Inc.	Paccar Parts (Div. of Paccar of Canada Ltd.)
AGCO Corporation	GEA WestfaliaSurge Inc.	Parker Hannifin Canada
AgraCity Crop and Nutrition Ltd.	General Motors of Canada Company	Parkland Fuel Corporation
AGS Company Automotive Solutions	GFL Environmental Inc.	Part Source Inc.
Altrom Auto Group Ltd.	Gregg Distributors Co. Ltd.	Partner Technologies Inc.
AMSOIL Inc.	Harley-Davidson Canada LP	Parts Canada
Applied Industrial Technologies LP	Henkel Canada Corporation	Peavey Industries LP
Atlas Copco Compressors Canada	Hino Motors Canada Ltd.	Peerless Engineering Sales Ltd.
ATP-Inc.	Home Depot of Canada Inc.	Petro-Canada Lubricants Inc.
Automobile Solutions Americas Inc.	Home Hardware Stores Ltd.	Phillips 66 Canada Ltd.
Aviall Canada Ltd.	Honda Canada Inc.	Polaris Industries Ltd. - Canada
Baldwin Filters Inc.	Husky Energy Inc.	Porsche Cars Canada Ltd.
Baldwin Filters Inc. (DBA Hastings Filters)	Husqvarna Canada Corp.	Prestone Canada
Beck/Arnley Worldparts Inc.	Hyundai Auto Canada Corp.	Prévost (Div. of Volvo Group Canada Inc.)
Bestbuy Distributors Ltd.	Imperial Oil Ltd.	Provincial Hydraulics Inc.
Blue Streak-Hygrade Motor Products	Importations Thibault Ltée.	PSC-Power Source Canada Ltd.
BMW Canada Inc.	Industrial Truck Service Ltd.	Radiator Specialty Company of Canada
Bombardier Recreational Products Inc. (BRP)	Irving Blending and Packaging	Recochem Inc.
Bosch Rexroth Canada Corp.	Isuzu Commercial Truck of Canada Inc.	Redhead Equipment
BOSS Lubricants	ITW Permatex Canada	Revolution ORS LP
BP Lubricants USA Inc.	Jaguar Land Rover Group Canada Inc.	Robco Inc.
Brandt Tractor Ltd.	John Deere Canada ULC	Robert Bosch Inc.
Brenntag Canada Inc.	KADEX Aero Supply Ltd.	RONA Inc.
Bridgeview Manufacturing Inc.	Kaeson Compressors Canada Inc.	S.W. Industrial Filter Tec Service
Buhler Versatile Inc.	Keystone Automotive Operations of Canada Inc.	Safety-Kleen Canada Inc.
Burkolly Distributors Ltd.	Kia Canada Inc.	SC CLS Holdings ULC
Canada West Harvest Centre	Kimpex Inc.	Sears Canada Inc.
Canadian Kawasaki Motors Inc.	King-O-Matic Industries Limited	Shell Canada Products Ltd.
Canadian Pacific Railway	Kleen-Flo Tumbler Industries Limited	Sherwin-Williams Canada Inc.
Canadian Tire Corporation Limited	Klondike Lubricants Corporation	SMS Equipment Inc.
Canadian Tire Petroleum	KTM Canada Inc.	Southwestern Petroleum Canada Ltd.
Castrol Industrial North America Inc.	Kubota Canada Ltd.	Spectrum Brands Canada Inc.
Cervus Equipment Corporation	Larry Penner Enterprises Inc.	Stihl Limited
Champion Laboratories Inc.	Larry's Transmissions Ltd.	Subaru Canada Inc.
Chevron Canada Limited	LCT Lubricants Inc.	Suzuki Canada Inc.
Chris Page and Associates Ltd.	Leavitt Machinery General Partnership	TCS Crestwood Engineering Co. Ltd.
Cleanair Filter Service	Les Hall Filter Service (2013) Ltd.	Texas Refinery Corp. of Canada Ltd.
CNH Industrial Canada Ltd.	Les Pièces D'Auto Transit Inc.	Textron Off Road
Comairco Ltd.	Loblaw Inc.	The North West Company Inc.
CORE-MARK International Inc.	Lucas Oil Products (Canada) Company	Toyota Canada Inc.
Costco Wholesale Canada Ltd.	Mack Trucks Canada and Volvo Trucks Canada (Div. of Volvo Group Canada Inc.)	TVH Canada Ltd.
CPT Canada Power Technology Limited	MANN+HUMMEL Filtration Technology Canada ULC	UAP Inc.
Cummins Western Canada LP	Maxim Transportation Services Inc.	Unique Holdings Ltd. o/a Versel
Daimler Trucks Canada Ltd.	Mazda Canada Inc.	United Chemical Services Inc.
DAS Companies Inc.	Mercedes-Benz Canada Inc.	United Farmers of Alberta Co-operative Limited
Davanac Inc.	MFTA Canada Inc.	Univar Canada Ltd.
Doepker Industrial Equipment Service	Mid-Canada Filtration Solutions	Universe Satellite Sales Ltd.
Echo Power Equipment (Canada)	Midwest Sales (6195785 Manitoba Ltd.)	Valvoline Canada Ltd.
Elliott Petroleum 2014 Ltd.	Miller Supply Ltd.	Vermeer Canada Inc.
Eni USA R and M Co. Inc.	Mitsubishi Motor Sales of Canada Inc.	Viscosity Oil Company
Equipment Sales and Service (1968) Limited	Modern Sales Co-op	Volkswagen Canada Inc.
Eskimo Refrigeration Ltd.	Moody's Equipment	Volvo Cars of Canada Corp.
Failure Prevention Services	Mopac Auto Supply (Alberta) Ltd.	Wainbee Ltd.
Fastenal Canada Ltd.	Mopac Auto Supply Ltd.	Wajax Equipment
FCA Canada Inc.	Motion Industries (Canada) Inc.	Wajax Industrial Components
Federated Co-operatives Ltd.	Motor Coach Industries Ltd.	Wakefield Canada Inc.
Finning International Inc.	Motosel Industrial Group Inc.	Wallace and Carey Inc.
First Filter Service Ltd.	Motovan Corporation	Wal-Mart Canada Corp.
Ford Motor Company of Canada Ltd.	National Energy Equipment Inc.	Westcon Equipment and Rentals Ltd.
Fort Garry Industries Ltd.	Navistar Canada ULC	Westpower Equipment Ltd.
	NCH Canada Inc.	Worldpac Canada Inc.
	Nemco Resources Ltd.	Wurth Canada Ltd.
		Yamaha Motor Canada Ltd.
		Yetman's Ltd.

## Board of Directors 2018



**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



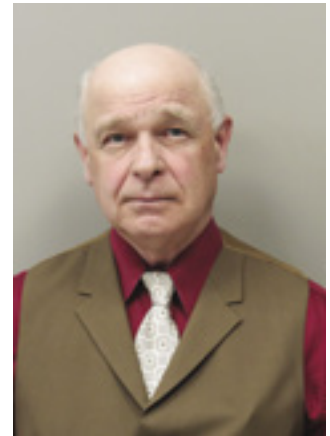
**Jerry Coben, Director**  
Federated Co-operatives Ltd. (Retired)



**Megan Currie, Director**  
Spectrum Brands Canada Inc.



**Mike Strachan, Director**  
Saskatchewan Urban Municipalities Assoc.



**Norm Nordgulen, Director**  
Saskatchewan Assoc. of Rural Municipalities

## Staff 2018



**Jolene Isaac**  
Administrative Services Manager

**Michelle Snider**  
Administrative Assistant

**Ethan Richardson**  
Executive Director

**Merv Hey**  
Program Operations Manager

# Drop in.



*In November 2018, a larger model of SARRC's EcoCentres was delivered and installed in less than two hours at the landfill, City of North Battleford.*

*The new structure of pre-fabricated steel measures 12 feet x 30 feet housing a 6,000-litre tank. Current EcoCentres measure 10 feet x 24 feet with space for a 4,500-litre tank. The larger size permits greater storage capacity of used oil and antifreeze materials including filters and plastic containers. North Battleford's EcoCentre also has two doors and ramps permitting ease of access.*

*A similar up-sized EcoCentre is planned for later in 2019 to replace the current structure in Regina.*



**SARRC Office** (Administrative Office Only. Not for drop-off.)

#5, 307 Gray Avenue

Saskatoon, Saskatchewan S7N 4R7

Phone: (306) 652-7217 Fax: (306) 652-1705

Info: 1-877-645-7275 Toll free in Saskatchewan

Email: [sarrc@usedoilrecycling.ca](mailto:sarrc@usedoilrecycling.ca)

[www.usedoilrecyclingsk.com](http://www.usedoilrecyclingsk.com)

