



**Tire Stewardship  
of Saskatchewan  
Inc.**

**2022 Annual Report**



## TABLE OF CONTENTS

1. MESSAGES	3
2. GOVERNANCE	5
3. 2022 YEAR IN REVIEW	6
4. PROGRAM RESULTS	11
APPENDIX: FINANCIAL STATEMENTS	15



## 1. MESSAGES

### COLIN FRASER | Chair, Board of Directors

I am pleased to present the 2022 Annual Report as Chair of the Tire Stewardship of Saskatchewan Inc. (TSS) Board of Directors.

This was an exceptional year for TSS. The tire retailers of Saskatchewan take our role seriously and accept our obligations to manage responsibly the scrap tires in the province as defined by legislation and under the approved Product Stewardship Program. We are determined each year to do a better job than we have in the past to collect a higher portion of the scrap tires generated each year, and to deal with the uncollected “legacy” tires of past years which present environmental, and in some cases, health concerns in the province.

Thus, TSS has been successful in attracting increased tire retailers to our Return to Retailer program to make it easier for consumers to drop off used tires. We conduct regular audits of our retailers to ensure compliance with program obligations. We promote the availability of this program to consumers and have made progress in all these areas.

We are also determined to run an innovative, effective, and efficient program. TSS is researching modern technologies such as using scrap tires to produce alternative fuels, or to produce higher value and more sustainable products like rubber modified asphalt. We want to have our recycling industry in Saskatchewan always looking to more sustainable uses of scrap tire by-products. We also have an obligation to the consumer to spend the fees collected wisely, and efficiently, and to keep them as low as possible by looking for higher value end by-products that require lower production incentives.

Based on our work in 2022, we are pleased to advise that in 2023 Crumb Rubber Manufacturers (CRM) will commence processing in the province, as a processor located in the south, which will lower GHG and provide a more cost effective and efficient program.

The progress made in the last few years has been significant. I thank our CEO, Stevyn Arnt, for his perseverance, and tireless efforts in bringing change to the tire recycling industry in the province, and improvements to our program. Stevyn has earned national recognition for his results. The board has recognized Stevyn as well by promoting him to CEO, which more accurately reflects how he is a strategic leader who is committed to a long-term vision and determined to effect positive change.

I and TSS are also thankful for the full support of the Minister of Environment, the officials in the Ministry, my board, the Advisory Committee, TSS staff and of course the retailers, the communities and consumers who are participating in this endeavour.

Sincerely,

A handwritten signature in blue ink, appearing to read "Colin Fraser", with a dashed line extending from the end of the signature.

Colin Fraser, Chair  
Tire Stewardship of Saskatchewan Inc



## STEVYN ARNT | CEO

This was an exciting year for 2022.

We made great strides as an organization to advance our mandate as defined by our Product Stewardship Program (PSP) as approved by the Minister of Environment.

I am particularly proud of the progress we have made in addressing the legacy tire issue and increasing the annual recycling rate in terms of percentage of tire sales. I am thankful for the wonderful retailer network we have, and those participating in the Return to Retailer program.

Also, we worked hard to bring a processor to southern Saskatchewan, under an arrangement that meets the expectations and the requirements of our PSP. We continue working with our existing processor in the Saskatoon area to move to a processor agreement that similarly meets the requirements of the PSP and aligns with the arrangement with the processor in the south.

In 2022 we also completed a Request for Proposal for collection services which resulted in some changes to our collection contractors which will result in an overall decrease in collection costs to the program. With a second processor, we will see additional collection cost savings.

I had the privilege of speaking to several national groups on the progress being made in Saskatchewan as many other programs have remained relatively stagnant. Changes are inevitable and TSS is committed to lead, not follow. We have also had discussions with proponents of new uses of scrap tires for alternative fuels, hydrogen, carbon black, and other products that view scrap tires as a feedstock for a profitable business venture and not simply a waste product. The industry is changing and TSS is part of the change.

I thank our delivery partners for their service, and the Minister and the Ministry of Environment for their interest, advice, and support. I appreciate the confidence shown in me by the Chair and the Board, and the contributions of the Advisory Committee and staff. Thank you.

Best regards,

A handwritten signature in black ink, appearing to read "Stevyn Arnt".

Stevyn Arnt MBA  
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Tire Stewardship of Saskatchewan Inc.  
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## 2. GOVERNANCE

### Board of Directors

The Tire Stewardship of Saskatchewan Inc. (TSS) is governed by an industry appointed Board of Directors having representation from those that are obligated under the regulations, complemented by two independent members at large who bring perspective and additional competencies to the Board.

The TSS Board of Directors (Board) remains as in the previous year with the following four members:

- Colin Fraser, Chair – Owner/Operator OK Tire, Prince Albert Retail Council of Canada
- Ray Geleta, Vice-Chair – Executive Director Western Canada Tire Dealers Association
- Len Ritchot – General Manager, Market Tire Retailer-At-Large
- Richard (Porky) Porter Independent Member-at-Large

### Advisory Committee

The TSS Advisory Committee (the Committee) provides strategic advice and program input to the Board of Directors and the CEO. The Committee has no decision-making authority, however, serves as a source of information, knowledge and advice for the Board and the CEO related to strategic program development, operational excellence, and ensure the program is connected to the communities. The Committee meets as requested by the Board or the CEO.

The TSS Advisory Committee includes members from the following stakeholders:

- SARC/SARCAN Recycling
- Ministry of Environment, Government of Saskatchewan
- Tire Retailers
- Saskatchewan Association of Rural Municipalities
- Saskatchewan Urban Municipalities Association.
- A recycling expert from outside the province

In 2022 TSS also added the Executive Director from Tire Stewardship Manitoba to bring a perspective on operational matters to move the Committee from a sounding board to also offering best practice advice. Over time other Executive Directors from other tire stewardship programs will rotate into this role. The Committee met twice in 2022 (March 23 and December 12). The Committee Chair is Amy McNeil, Executive Director of SARC/SARCAN. The Chair and the TSS CEO collaborated in 2022 to refresh the mandate of the committee to provide strategic, operational and stakeholder advice to the CEO and the Board.

### Industry Stakeholder Engagement

TSS is committed to collaborating with key stakeholders in the tire and tire recycling industry within and outside of the province. This includes engagement with retailers, processors, and collectors, and with industry organizations such as the Canadian Association of Tire Recycling Agencies (CATRA). The TSS CEO attends regular CATRA conference calls and is in regular contact with British Columbia, Alberta, and Manitoba tire stewardship representatives, and with other programs in eastern Canada. The TSS CEO also joined the Data and Reporting committee for CATRA. In 2022 this collaboration included engagement and consultation with progressive processors in Canada and the US, and other recycling agencies, and industry organizations. TSS wants to understand industry trends, to consider modern technologies and new scrap tire derived products and markets, and to recognize best practices to



improve the provincial industry and TSS administration.

### **Independent Audit**

Financial management activities are reviewed on a yearly basis by an independent audit firm. MNP has been the TSS auditor since 2017. In 2022 MNP advised that due to consulting work they conducted for TSS they are unable to perform our annual audit due to a conflict of interest. MNP recommended a new auditor, RDS Chartered Professional Accountant. This audit ensures that the TSS is meeting all accounting standards and requirements. The audited financial statements for 2022 are included in this report and provide for a clean, unqualified audit.

## **3. 2022 YEAR IN REVIEW**

The following provides a summary of activities in 2022.

### **Legacy Projects**

#### **Assiniboia Abandoned Tire Pile Project**

The clean-up at Assiniboia was completed with a final report submitted to the Ministry of Environment in September 2021. Part way through the Assiniboia clean up, funds provided by the Ministry of Environment were depleted. For the remainder of the cleanup, TSS was able to negotiate an alternative local contractor for a lower price and to eliminate the costs of transporting shredded tires to Saskatoon. This work was internally funded by TSS and completed in 2022. This resulted in significant savings, enough in fact to financially accommodate the cleanup of a large legacy pile in the RM of Eldon and other legacy tire cleanups in the province.

The 2020 Remediation Services contract for the Assiniboia cleanup was cancelled by TSS before completion and the contractor contested amounts owing under the contract. This dispute was referred to arbitration and a satisfactory settlement was achieved.

#### **Eldon Legacy Pile**

This project was started in 2020 and completed in 2022 by removing an additional 502 metric tonnes. In total, 2,487 metric tonnes of material were removed from the site. The total cost of cleanup (2020-22) factoring both collections and processing was \$980,359, paid for by TSS. The last load was picked up in early October 2022 and a press release was issued on completion of cleanup.

#### **Other Legacy Piles and Community Cleanup**

In June 2022, TSS finished large-scale legacy tire cleanups with the RM of Mervin and surrounding areas (including Turtleford, Frenchman Butte, Glaslyn, St. Walburg). Total cleanup amounted to over 440 metric tonnes. TSS also completed large-scale legacy tire cleanups in the north at Pelican Lake, Buffalo Narrows, Points North, Red Earth First Nation, La Ronge, Rowat, St. Brieux, Meadow Lake, Lloydminster, and Ille-a-Crosse. Some remaining tires were left that still had rims. Total amount of legacy material cleaned up amounted to over 950 metric tonnes.

### **Retailers**

TSS continued its diligence related to retailer compliance. As required by legislation, tire retailers must collect recycling fees from consumers and remit those fees to TSS. MNP is the compliance auditor for TSS. In the fall, certain retailers were selected for an audit by MNP and only some initially responded. For those not responding, MNP sends letters outlining their obligations to allow for a review, providing them with a deadline, and issuing a non-compliance letter after the deadline. Retailers out of compliance were at 10% to end of December which is a slight improvement from the 11% that were out of compliance at the end of 2021.

In 2022, TSS and the Ministry of Environment acted against a delinquent retailer with the result that TSS recovered \$224,644 in outstanding consumer fees. An online retailer located outside the province and shipping into Saskatchewan submitted remittance forms dating back to 2017, showing unpaid fees of more than \$30,000. TSS agreed to a 3-year payment plan which requires the retailer to remain current in their remittances and payments while paying off the previous year's outstanding balances. TSS also communicated progress on this file to the other members of CATRA as this retailer had been bypassing all provincial programs.



Reports were received that an ag retailer was retailing ag tires from Alberta to Saskatchewan customers without forwarding to TSS the required remittance fees. The Ministry of Environment sent a letter highlighting their obligations for selling tires into Saskatchewan to this retailer and TSS also approached Alberta's Tire Recycling Agency to determine potential recourse and to ensure that any Alberta retailers conducting business in Saskatchewan are aware of their obligation to register with TSS and to remit monthly. TSS is concerned that Alberta program leakage increases the costs of Saskatchewan's program. Complicating matters here is the issue that Alberta does not charge a remittance fee on ag tires, so Alberta has no funds from the sale of these tires to pay to TSS for collection and processing. The sale of tires sourced in Alberta and sold into Saskatchewan remains an ongoing issue for TSS.

TSS paid \$30,766 to Tire Stewardship of Manitoba (TSM) for collection and processing fees associated with Saskatchewan originated tires that were transported to the landfill in Flin Flon, Manitoba during the years 2018-2021. TSS negotiated with TSM since there was no established relationship related to this issue. TSM agreed to charge only for the 2020 and 2021 years saving TSS \$40,000. A total of 7,314 tires were collected during this 4-year period and these tires are counted in the 2022 collection numbers. TSS is also reviewing the list of Saskatchewan individuals/retailers who are utilizing the Flin Flon landfill and contacting them to use the TSS program. One retailer alone is responsible for approximately 90% of landfill deliveries to the landfill from Saskatchewan.

TSS received reports that tires designated for recycling were being marketed outside of the province. This is not allowed under the TSS program and legal advice proposed that there might be corresponding safety and legal liability if tires designated as scrap tires end up back on roadways. In response TSS released a directive on October 5th, 2022 to ask/instruct all retail locations to either punch or cut a hole in the sidewall of any tires that are placed in their scrap pile and/or remove the tire identification number on the sidewall that is required for a tire to be legally sold in Canada.

TSS developed a retailer survey in Q4 which will be sent out in 2023. This survey will obtain feedback from retailers regarding program awareness and promotion, collector performance, GHG Emissions and Carbon Footprint, Legacy Tire Cleanups, IT Updates, the Return to Retailer (R2R) program, and Overall Program Satisfaction. A portion of this survey will serve to highlight to retailers the importance of current reporting to TSS to ensure timely collection, as many retailers behave like scrap tire pickups is a pay as you go service.

## Collectors

In 2019 the TSS implemented collection zones and awarded collection contracts to three different Saskatchewan-based companies. TSS continues to realize many benefits under the collection zone model including reduced costs, improved service, and accountability of collectors to retailers, and a fairer system for collectors. The collector contracts expired on December 31, 2022, therefore TSS conducted a competitive process again by issuing an RFP which also included some adjustments to the zones.

TSS completed their evaluation of the RFP responses and awarded contracts to three Saskatchewan companies. Based on bids received TSS estimates total savings to TSS will eventually exceed \$600,000 annually from 2022.

- Northern (Saskatoon) Zones
  - Zone 1 – TW Trucking
  - Zone 2 – TW Trucking
  - Zone 5 – Midnight Cowboy Trucking
- Southern (Regina/Moose Jaw) Zones
  - Zone 3 – Midnight Cowboy Trucking
  - Zone 4 – Tendler Trucking
  - Zone 6 – Tendler Trucking



In three of the zones there was a change in the collector. There was a smooth transition to the new collectors and to zone adjustments in preparation for an additional processor in the southern part of the province. (One complaint from a retailer on the changes to the collectors was received by TSS.)

As per the terms and conditions of the Collector contracts in place in 2022, a fuel surcharge was implemented starting on deliveries made on February 21, 2022. The fuel surcharge ranged from 6% to 20% and averaged approximately 15%. The new collector contracts that took effect on January 1, 2023 reset the rate and tolerance levels before a fuel surcharge is added, and going forward the rate will be determined on a monthly basis instead in 2-week intervals (which will reduce administration and accounting efforts) and is reflective of the lower fuel surcharge rates in place in other jurisdictions such as Manitoba.

Seasonal complaints were received by TSS from collectors regarding wet conditions in the processor's yard during spring thaw. Additionally, the quality of yard conditions of the processor's facility was a concern in the middle of May. On May 20 two of the collectors indicated to TSS that they would no longer deliver to their facility in Saskatoon until yard conditions were addressed. TSS will consider adding a yard maintenance clause in future processor agreements.

In response to a request by the Ministry of the Environment TSS conducted an analysis to ensure that the information on the volume of tires being reported was accurate. TSS began working with MNP on an independent analysis of the collector weights delivered to determine if the expected weight on loads based on tire composition matches the weight received and paid for by TSS. This is to ensure that TSS is paying accurately and is not paying for non-tire related materials. MNP's initial analysis determined that based on the reference weight assumptions for each category of tire TSS could be overpaying on collections. Further work is required to ensure the accuracy of reference weights and determine appropriate tolerance levels. Tire Stewardship Manitoba (TSM), for example, recently conducted a study on the reference weight for PLT's which raised the reference weight significantly for what was utilized in this initial study. TSS is also developing IT reports which can be shared with collectors monthly to highlight the discrepancies in delivered versus expected weights and can be used to identify causes of potential variance. TSS has communicated these issues to collectors and TSS has reinforced the importance of an accurate tire count and now requires collectors to have a unique bill of lading numbering system to avoid confusion. In addition, TSS will look to mandate the use of certified scales located at a processor facility in future processing agreements.

TSS also received several anonymous concerns regarding collection efforts. Concerns were related to tires designated for scrap by retailers ending back in the community; either through resale into other marketplaces and/or for use as silage cover-weights. Neither of these activities are allowed under our program.

TSS confirmed that a specific company imported over 15,000 recalled temporary spare or "donut" tires from Alberta which were designated as industrial waste. These tires were sold for use as silage cover-weights. TSS has expressed their concerns to the Ministry and to the company involved about these tires re-entering the scrap tire collection and processing system without the corresponding tire remittance fee to offset the future costs of collection and processing. TSS received the names and locations where these tires were delivered and will track these tires against requests for large-scale cleanups going forward. Furthermore, the collector did not indicate they had permission from the Ministry of Environment to import waste materials from another province. Alberta Recycling has confirmed that these are recalled defective "donut" or temporary spare tires from a Medicine Hat facility. The manufacturer in this case considers defective tires as industrial waste and as these tires are not road worthy, they cannot be sold as tires for use. There is also no environmental levy which TSS can expect from Alberta Recycling to pay for the eventual collection and processing of these tires in Saskatchewan.

Large-scale legacy tire cleanups represented over 7% of collections in 2022. This is slightly up from the 6.9% of collections that legacy tires represented in 2021. The 2022 Recovery Rate increased to 78.9% when factoring in the Large-Scale Legacy Tire/Pile Cleanups where TSS does not take an accurate tire count. This is a slight increase





from 2021 final recovery rate including legacy piles of 78.7% which is positive considering TSS was limited from proceeding more aggressively on cleaning up legacy piles due to the fuel surcharge and an unbudgeted increase in processing fees. It is interesting to note that the recovery rate in the US fell to 71% in 2021 from 76% in 2019.

## **Recycling and Processing**

### **Overview**

Under the PSP, TSS is obligated to move the processing industry in Saskatchewan away from “payment at the gate” to one where payment is made at the time of sale of a recycled product. Given the history and legacy of only one processor in Saskatchewan since 2014, the Saskatoon processor has been hesitant to implement any changes to the program based around the payment model. In 2022, Saskatchewan’s sole processor was Shercom Industries. To enable more discussions, mediation, and negotiation for a new processor contract with updated terms, TSS extended the existing contract with Shercom Industries multiple times throughout 2022. Prior to the addition of an additional processor in southern Saskatchewan, with only one processor, and due to the Ministry of the Environment request that TSS not divert tires elsewhere, TSS was dependent on Shercom Industries to continue to receive tires. To ensure continuity of the program, TSS did provide a temporary processing fee increase of 15% effective on July 1<sup>st</sup>, 2022, while TSS and Shercom Industries discussed the need for a sustainability analysis.

### **Saskatoon Processor Mediation in 2022**

1. Shercom Industries and TSS agreed to a 3-month extension of the current processing agreement on September 27, 2021, and subsequent extensions to expire on May 31, 2022.
2. The Ministry of Environment provided reassurance to TSS that the delays in implementing a new payment model under a new contract with our processor as required under the current PSP would not jeopardize a new 3-year mandate.
3. The Ministry of Environment secured a mediator to assist discussions for a long-term agreement with Shercom Industries. Mediation began with individual sessions on May 2, 2022, and a first joint session on May 18, 2022.
4. At the encouragement of the Minister of Environment, TSS agreed to a 6-month extension in June 2022 with a temporary 15% increase to allow reasonable time for a sustainability analysis to determine whether TSS processing fees were fair and to better inform negotiations.
5. Shercom Industries and TSS agreed to subsequent short-term extensions for the remainder of 2022 as mediation continued and a consultant to complete the sustainability was agreed to.
6. Shercom Industries and TSS agreed to a 4-month extension on December 19, 2022, with the term ending on April 30, 2023, to allow time for the MNP lead Sustainability Analysis to be completed.

### **Crumb Rubber Manufacturers (CRM)**

In 2021 due to multiple expressions of interest from parties wanting to become scrap tire processors, TSS issued a Request for Proposals (RFP) for minimally/non-competing value-added processing, recognizing the interests of the existing processor. The preferred processor, CRM, was prepared to bring new investment to Saskatchewan, locate in southern Saskatchewan, produce higher value products for their markets in both Canada and the US, and for lower incentive fees.

TSS Board of Director’s approved a motion to proceed with negotiating a contract with CRM as a southern processor for the province on June 6, 2022. Then TSS engaged in contract discussions to address the needs of the PSP including a payment model based on outbound material. TSS negotiated an agreement with CRM based on an increased level of financial/sales transparency, the sales-based incentive payment model, and for lower incentive fees for non-value-added material such as TDA/shred. Financial efficiencies generated by this second processor will free up funds for improving recycling rates and dealing with legacy tires. Cleaning up legacy tires could minimize any volume impact to the existing processor. The contract aligns with the goals of the PSP.



CRM acquired a facility in Moose Jaw to accommodate their Phase 1 initial operations and expect their business occupancy permits from the City of Moose Jaw and their permits to construct and operate from the Ministry of the Environment in Q1 2023. CRM is expected to be operational in Spring 2023.

### **Other Processing Developments**

In 2022 TSS was approached by several other processing proponents that view scrap tires as a feedstock rather than a waste product. TSS is exploring potential collaboration on innovation, technology, research, and development initiatives that could eventually result in TSS being paid for scrap tires and/or seeing a much smaller proportion of revenues going towards incentive payments for processing. This development could ensure the financial viability of the program and TSS would not have to consider raising remittance fees to fund the program and could even potentially reduce remittance fees.

### **Other: Public Awareness**

Radio advertising campaigns were run promoting the Return to Retailer Program (R2R) during the spring and fall tire changeover periods. TSS supplemented the radio campaign with a social media campaign and another radio advertising promotion to raise awareness of the TSS program in the summer of 2022.

### **Other: GHG Research**

TSS worked with Scope 3 Consultants on GHG Phase 1 & 2 studies. During 2020 our activities in the province displaced other more carbon intensive products resulting in net savings for the province equivalent to 22.4 million kilometers of vehicle travel. Other findings include a reduction in the average distance travelled in the collection process from 259 kms to 225kms since 2018. The largest impact on TSS's "score" came due to the electricity production in Saskatchewan coming from a fossil-fuel intensive electricity grid. The most significant contribution to a more favourable environmental performance came from the displacement of molded primary rubber products. Further work is being considered to identify if there are more environmentally friendly alternatives to the type of binder used in manufacturing molded and pour-in-place product systems.

For the years 2018-2020 inclusive TSS activities in the province have displaced more carbon intensive products resulting in net savings for the province of 53.5 million kilometers of vehicle travel. TSS is working with Scope 3 Consultants on developing an appropriate per unit and/or intensity metric.

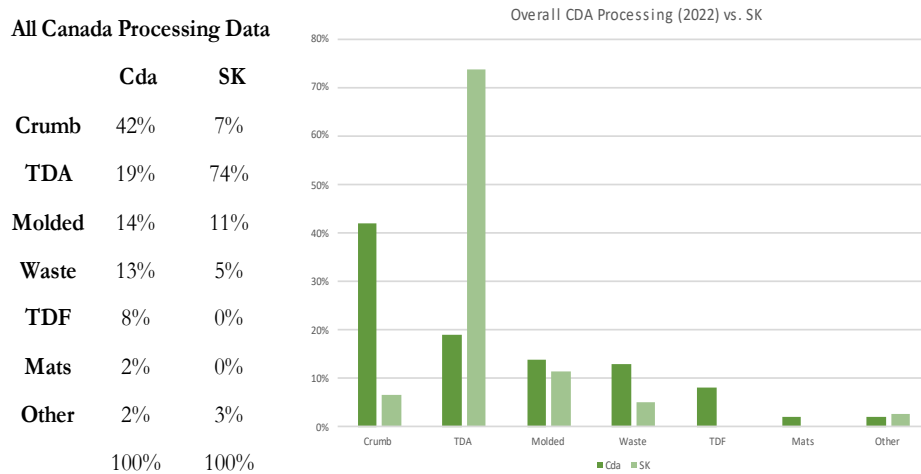
### **Other: First Nation Projects**

TSS met with Indigenous Services Canada (ISC) on November 21, 2022, to clarify the process going forward for large scale cleanups on First Nations lands and how TSS and ISC and First Nations can work together on cleanups in the northern part of province with the recognition that costs may be higher given locations. A pilot project on collecting rimless tires into one central location is anticipated in 2023.



**Other: National Processing Statistics**

**All Canada Processing Data (2020) vs. SK (2022)**



**4. Program Results**

Tire Recycling Fees (TRFs) are paid by the consumer at the point of purchase on all new tires sold. Retailers are responsible for collecting and remitting these fees to the TSS. The TSS uses this sole source of revenue to pay for the collection, processing of scrap tires and all other program costs. The fees are reviewed annually.

There were no changes in the recycling fees in 2022. At the close of 2022, the tire recycling fees were:

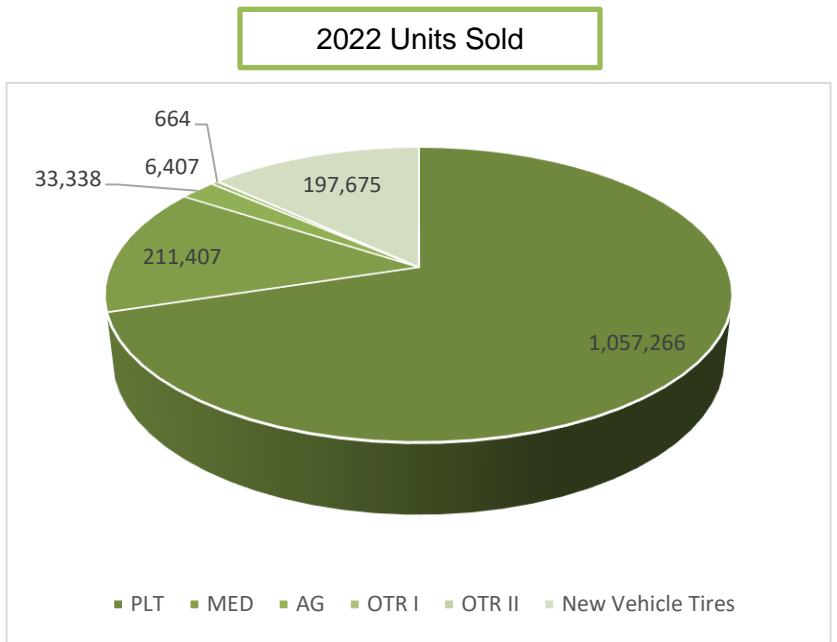
<b>Tire Category</b>	<b>TRF</b>
<b>Passenger Car/Light Truck (PLT)</b>	\$5.00
<b>Medium/Semi-truck (MTRK)</b>	\$14.00
<b>Agriculture (AG)</b>	\$25.00
<b>Off the Road/Mining (OTR I)</b>	\$57.00
<b>Off the Road/Mining (OTR II)</b>	\$140.00

**Tire Sales and Collection**

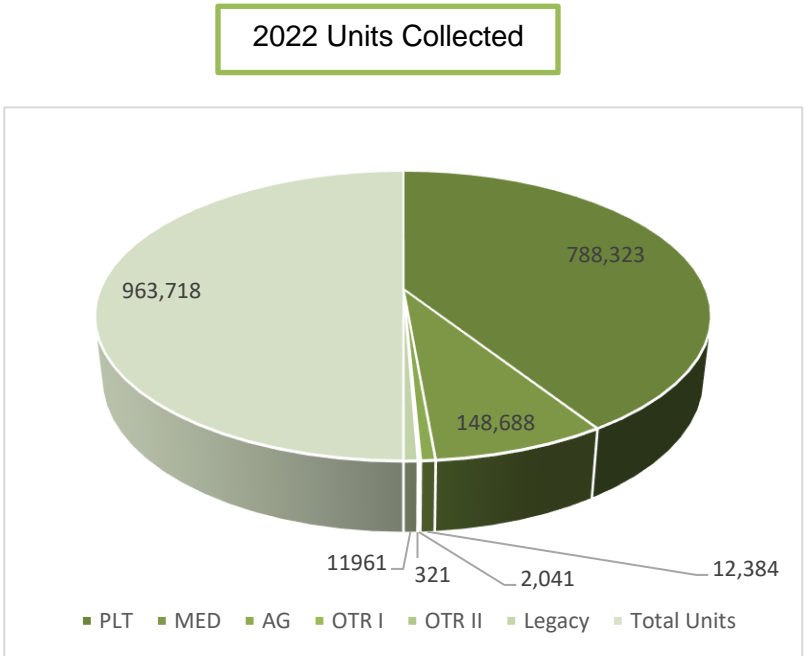
These tables summarize the tire sales and collection volume for 2022. Numbers are as followed by the retailers (sold) and collectors (collected). New vehicle sales are a total of new cars sold multiplied by 5 tires. Sold and collected data is reported in the month following the activity (e.g., February sales information is remitted to TSS and recorded in March). Collections were handled by the TSS’ three contracted collectors. (Minor changes in amounts from one year’s annual reporting to the next year’s report of previous year amounts due to minor adjustments.)



Units Sold	2022	2021
PLT	1,057,266	1,030,334
MED	211,407	208,637
AG	33,338	32,916
OTR I	6,407	5,713
OTR II	664	505
New Vehicle Tires	197,675	215,565
<b>Total Units</b>	<b>1,506,757</b>	<b>1,493,670</b>



Units Collected	2022	2021
PLT	788,323	780,811
MED	148,688	146,642
AG	12,384	11,825
OTR I	2,041	1,699
OTR II	321	33
Legacy Tires (counted)	11,961	0
<b>Total Units</b>	<b>963,718</b>	<b>941,010</b>
<b>Total kg Weight</b>	<b>25,461,211</b>	<b>24,525,390</b>

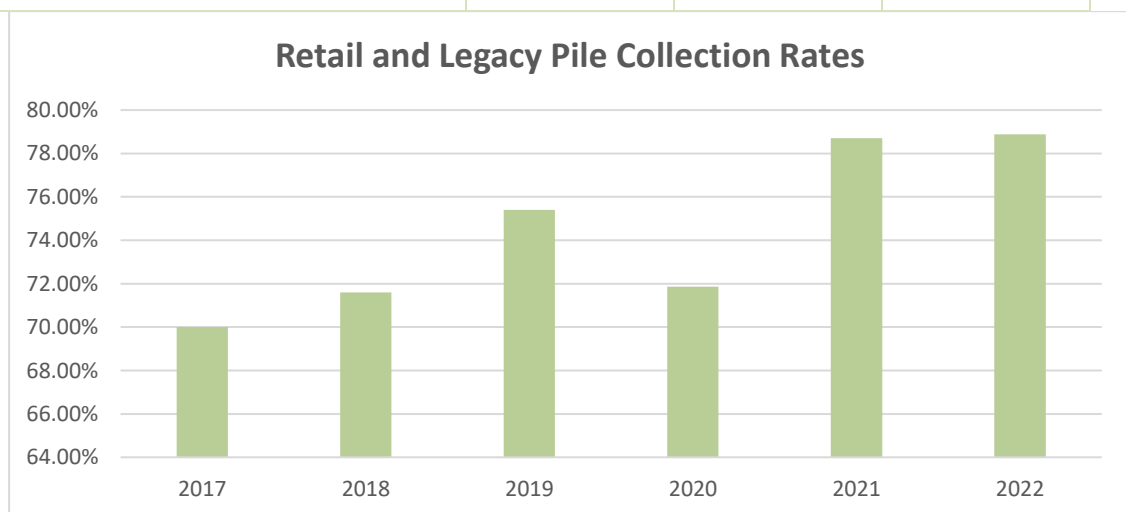


**TSS Legacy Tire Pile Cleanup & Recovery Data**



The following tables summarize the total costs associated with larger-scale legacy tire cleanups and the impact on our collection/recovery rate on material delivered to the processor. The adjusted recovery rate is calculated by increasing the macro collection numbers by the percent of the weight delivered from large scale legacy tire pickups where an individual tire count was not conducted. All other legacy pile clean-ups where tire counts were conducted are reflected in the original recovery rate figure.

Legacy Pile Cleanups	2022 (MT)	2021 (MT)	2020 (MT)
Assiniboia	0	191.92	0
Eldon	501.75	1,498.24	487.49
Other	953.02		
<b>Total TSS MT</b>	<b>1,454.77</b>	<b>1,690.16</b>	<b>487.49</b>
<b>Total Non-TSS Delivered MT</b>	<b>380.265</b>	<b>0</b>	<b>0</b>
<b>Total Legacy Deliveries MT</b>	<b>1,835.035</b>	<b>1,690.16</b>	<b>487.490</b>
<b>Total Legacy Deliveries KG (conversion)</b>	<b>1,835,035</b>	<b>1,690,160</b>	<b>487,490</b>
<b>% of Collected Weight</b>	<b>7.2%</b>	<b>6.9%</b>	<b>1.6%</b>
<b>Recovery Rates</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Retail Units Collected</b>	<b>951,757</b>	<b>941,010</b>	<b>854,053</b>
<b>Counted Legacy Units</b>	<b>4,647</b>		
<b>Total Units</b>	<b>956,404</b>	<b>941,010</b>	<b>854,053</b>
<b>Legacy Pile Adjustment</b>	<b>1,025,334</b>	<b>1,005,859</b>	<b>867,465</b>
<b>TSM Deliveries</b>	<b>7,314</b>		
<b>Total Collected Units</b>	<b>1,032,648</b>	<b>1,005,859</b>	<b>867,465</b>
<b>Retail Recovery Rate</b>	<b>72.7%</b>	<b>73.6%</b>	<b>70.8%</b>
<b>Legacy Pile Adjusted Recovery Rate</b>	<b>78.9%</b>	<b>78.7%</b>	<b>71.9%</b>





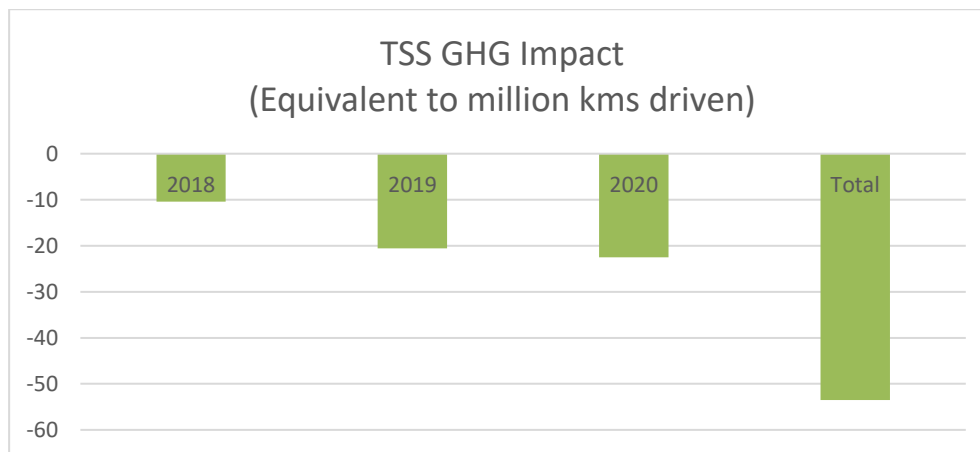
## Tire Processing & Manufacturing

The following table provides the inventory level for the processor. The sole processor of scrap tires processing in Saskatchewan in 2022 was Shercom Industries. Shercom creates TDA for engineering projects, surfacing, landscaping, agricultural and commercial products, among others, from processed scrap tires.

Category	Shercom 2022	Shercom 2021
<b>Opening Inventory (lbs)</b>	25,904,616	13,515,535
<b>Weight Received from TSS and other:</b>	56,970,749	54,762,376
<b>Shred</b>	44,123,975	26,654,864
<b>Crumb</b>	4,031,758	4,482,015
<b>Rubber Paving</b>	1,640,025	1,099,027
<b>Manufactured Goods</b>	6,816,800	6,404,698
<b>Waste S/F</b>	3,116,063	3,732,692
<b>Shipped Out</b>	-	-
<b>Production Total</b>	<b>59,728,622</b>	<b>42,373,296</b>
<b>Closing Balance (lbs)</b>	<b>23,146,744</b>	<b>25,904,616*</b>
<b>Closing Balance (MT)</b>	<b>10,499</b>	

*\*Includes all Legacy Cleanup Efforts excluding Assiniboia material moved directly to customer*

## TSS GHG Impact





## **APPENDIX: FINANCIAL STATEMENTS**

**Tire Stewardship of Saskatchewan Inc.**  
**Financial Statements**  
*December 31, 2022*



## Management's Responsibility

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To the Members of Tire Stewardship of Saskatchewan Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

RDS Chartered Professional Accountant Prof. Corp. is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Stevyn Arnt  
CEO  
April 25, 2023



## INDEPENDENT AUDITORS' REPORT

To the Members of Tire Stewardship of Saskatchewan Inc.:

### **Opinion**

I have audited the financial statements of Tire Stewardship of Saskatchewan Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statement of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, 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.

### **Basis for Opinion**

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

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

### **Other Matter**

The prior year comparative figures were audited by another firm of professional accountants.

### **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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

## INDEPENDENT AUDITORS' REPORT *(continued)*

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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.

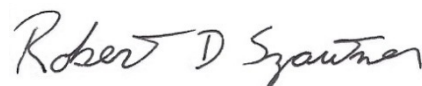
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

Regina, Saskatchewan

April 25, 2023



Chartered Professional Accountant

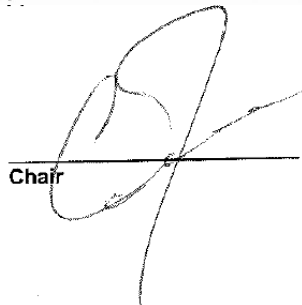
**Tire Stewardship of Saskatchewan Inc.**  
**Statement of Financial Position**

*As at December 31, 2022*

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	2,628,192	3,159,853
Short term investments (Note 4)	500,000	-
Accounts receivable	2,214	12,359
Accrued interest receivable	12,031	-
Prepaid expenses	12,793	24,940
	3,155,230	3,197,152
<b>Capital assets (Note 5)</b>	<b>88,359</b>	<b>100,968</b>
	<b>3,243,589</b>	<b>3,298,120</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	667,419	645,788
GST payable	45,326	27,027
	712,745	672,815
<b>Long-term debt (Note 6)</b>	<b>40,000</b>	<b>40,000</b>
	<b>752,745</b>	<b>712,815</b>
<b>Net Assets</b>	<b>2,490,844</b>	<b>2,585,305</b>
	<b>3,243,589</b>	<b>3,298,120</b>

Approved on behalf of the Board

Chair



Director



The accompanying notes are an integral part of these financial statements

**Tire Stewardship of Saskatchewan Inc.**  
**Statement of Operations**  
For the year ended December 31, 2022

	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Tire recycling fees	10,768,886	10,391,757
Interest	33,284	4,008
Rent	14,400	-
	<b>10,816,570</b>	<b>10,395,765</b>
<b>Cost of sales</b>		
Processors	5,107,285	4,595,105
Collectors	4,373,091	3,650,568
Assiniboia rubber recycling site clean up	49,387	337,644
Eldon rubber recycling site clean up	276,829	292,157
	<b>9,806,592</b>	<b>8,875,474</b>
<b>Gross profit</b>	<b>1,009,978</b>	<b>1,520,291</b>
<b>Expenses</b>		
Advertising	66,545	19,620
Amortization	22,090	-
Bank charges and interest	3,783	3,653
Computer	33,167	22,338
Consulting	164,389	174,500
Directors' remuneration	12,050	6,150
Insurance and licenses	13,094	12,082
Membership fees	16,458	8,799
Office rent	47,946	39,626
Office supplies	11,879	8,972
Postage	632	335
Professional fees	94,157	144,431
Salaries and benefits	249,017	223,871
Telephone	5,457	3,033
Training and education	-	110
Travel	13,775	3,279
	<b>754,439</b>	<b>670,799</b>
<b>Excess of revenue over expenses before other items</b>	<b>255,539</b>	<b>849,492</b>
<b>Other items (expense)</b>		
Temporary wage subsidy	-	204
Forgiveness of CEBA loan (Note 6)	-	20,000
Legal settlement (Note 9)	(350,000)	-
<b>(Deficiency) excess of revenue over expenses</b>	<b>(94,461)</b>	<b>869,696</b>

The accompanying notes are an integral part of these financial statements

**Tire Stewardship of Saskatchewan Inc.**  
**Statement of Changes in Net Assets**  
*For the year ended December 31, 2022*

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	<i>2022</i>	<i>2021</i>
<b>Net assets beginning of year</b>	<b>2,585,305</b>	1,715,609
<b><u>(Deficiency) excess of revenue over expenses</u></b>	<b><u>(94,461)</u></b>	869,696
<b>Net assets, end of year</b>	<b>2,490,844</b>	2,585,305

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

**Tire Stewardship of Saskatchewan Inc.**  
**Statement of Cash Flows**  
*For the year ended December 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from retailers	10,779,031	10,405,093
Cash received from rent	14,400	-
Cash paid for program service expenses	(10,237,847)	(9,856,453)
Cash paid for legal settlement	(350,000)	-
Cash paid for salaries and benefits	(249,017)	(216,608)
Cash received from interest	21,253	4,008
	<b>(22,180)</b>	<b>336,040</b>
<b>Financing</b>		
Advances of long-term debt	-	60,000
	-	60,000
<b>Investing</b>		
Purchase of short term investment	(500,000)	-
Purchase of capital assets	(9,481)	(100,968)
	<b>(509,481)</b>	<b>(100,968)</b>
<b>Increase (decrease) in cash resources</b>	<b>(531,661)</b>	<b>295,072</b>
<b>Cash resources, beginning of year</b>	<b>3,159,853</b>	<b>2,864,781</b>
<b>Cash resources, end of year</b>	<b>2,628,192</b>	<b>3,159,853</b>

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

**Tire Stewardship of Saskatchewan Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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**1. Incorporation and nature of the organization**

Tire Stewardship of Saskatchewan Inc. (the "Organization") was incorporated under the *Not-for-profit Corporation's Act* and is exempt from income taxes. The purpose of the Corporation is to serve as the scrap tire recycling program operator in Saskatchewan.

The Organization was incorporated on June 28, 2017.

*Impact of COVID-19 on operations*

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the durations of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, this outbreak has had minimal impact on the operations of the Organization at this time.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

***Revenue recognition***

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from tire recycling fees is recognized as revenue when retailers submit reports for tires sold, or as the fees can be determined and collection is reasonably assured. All other revenue is recognized in the period it is earned.

***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Years</b>
Office equipment	5 years
Leasehold improvements	5 years

***Government assistance***

The Organization recognizes the government assistance when there is a reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received. Government assistance towards current expenses is recognized in income for the period as other income.

***Financial instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

All financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.



**Tire Stewardship of Saskatchewan Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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**2. Significant accounting policies** (Continued from previous page)

**Measurement uncertainty**

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the period in which they become known.

**3. Line of credit**

The Organization maintains an authorized line of credit limit of \$150,000 which bears interest at 6.95%.

As at December 31, 2022, the Organization has drawn \$nil (2021 - \$nil) from the line of credit.

**4. Short term investment**

Short term investment consists of a GIC held with Canadian Western Bank earning interest at 5.0%, maturing July 15, 2023.

**5. Capital assets**

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Office equipment	32,959	6,592	26,367	23,478
Leasehold improvements	77,490	15,498	61,992	77,490
	<b>110,449</b>	<b>22,090</b>	<b>88,359</b>	100,968

**6. Long-term debt**

The Organization secured a \$60,000 interest-free loan from Canadian Western Bank through the Canada Emergency Business Account (CEBA) program to support the Organization during the COVID-19 pandemic. No principal payments are required until December 31, 2023. Repayment of the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 33% of \$20,000 of the loan. After 2023, any unpaid balances will be converted to a three-year term bearing interest at 5%.

The forgivable portion of the CEBA loan (\$20,000) has been recorded as other income in 2021.

**Tire Stewardship of Saskatchewan Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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**7. Commitments**

The Organization has entered into various agreements with estimated minimum annual payments as follows:

2023	310,460
2024	30,186
2025	26,288
2026	26,426
2027	2,202
	<hr/>
	395,562
	<hr/>

**8. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Liquidity risk***

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization exposure to liquidity risk is dependent on the receipt of tire recycling fees, collection of accounts receivable, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

***Credit risk***

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss.

**9. Legal settlement**

In 2021, the Organization was named as defendant in a lawsuit. The plaintiff was seeking to recover amounts allegedly owed to them for processing and collecting services. During the year, a settlement agreement was negotiated in the amount of \$350,000 which was paid to the plaintiff.

**10. Comparative figures**

The prior year comparative figures were audited by another firm of professional accountants.