



TIRE STEWARDSHIP
Manitoba

2013 ANNUAL REPORT



EVERY YEAR, 1 MILLION NEW TIRES HIT THE ROAD IN MANITOBA. THAT'S A LOT OF TIRES.

Each one of those tires can end up as waste in our landfills, posing a risk to human health and the environment. Fortunately, that doesn't happen because tire consumers, retailers, local government and recyclers are partners with Tire Stewardship Manitoba (TSM) in preventing tire waste and reducing their environmental impact and health risks through proper tire storage and recycling.

TSM is a not-for-profit organization formed to manage the tire recycling program on behalf of tire retailers in Manitoba. TSM has had its tire stewardship program approved by Manitoba Conservation in accordance with The Tire Stewardship Regulation, 2006.

For more information about the program visit
www.tirestewardshipmb.ca



TSM is accountable to its stakeholders and the public for the collection, recycling and environmentally sound disposal of all tires designated under the regulation.

TSM collects an eco-fee on the sale of new tires from the retailer. These fees are used to pay for transporting and recycling Manitoba's discarded tires, so that these tires are disposed of in an environmentally responsible manner. All of the eco-fees collected are used in the operation and enhancement of the tire recycling program for Manitoba.

TSM BOARD MEMBERS

A volunteer board governs TSM and is comprised of several directors representing international tire manufacturers, major suppliers, and tire retailers in Manitoba.

Glenn Maidment

The Rubber Association of Canada

David Lamb

The Rubber Association of Canada

Joe Casciano

Retail Council of Canada

Moe Tresoor

(served to August 29, 2013)
Western Canada Tire Dealers

Dave Seifert

(served to March 31, 2013)
Western Canada Tire Dealers

Kendale Penner

(appointed April 1, 2013)
Western Canada Tire Dealers

Ken Essex

(appointed November 28, 2013)
Western Canada Tire Dealers

Geoff Sine

(appointed September 27, 2013)
Member at Large

TSM ADVISORY COMMITTEE

A multi-stakeholder advisory committee also contributes to good governance of TSM program operations. The committee is composed of representatives of recyclers, municipalities, consumers, industry, the provincial government and environmental organizations.

Manitoba Motor Dealers Association

Association of Manitoba Municipalities

Keystone Agricultural Producers

Manitoba Trucking Association

Canada West Equipment Dealers Association

Reliable Tire Recycling

OTR Recycling

Manitoba Conservation

Green Manitoba

Manitoba Eco-Network

COMING FULL CIRCLE

2013 PROGRAM SUMMARY

GENERAL PROGRAM CHARACTERISTICS

Act and Regulation	The Waste Reduction and Prevention Act, CCSM c W40; Tire Stewardship Regulation, 2006; Guideline for Tire Stewardship 2006-01E.
Products Covered	All tires and tubes. See Appendix A of Stewardship Plan available at www.tirestewardshipmb.ca for details.
Tire Stewardship Program Plan	Submitted: May 1, 2011 Approved: October 6, 2011 Expires: December 31, 2016

PERFORMANCE TARGETS AND MEASURES SPECIFIED

Act and Regulation	Section 16(1) of the Tire Stewardship Regulation states “Within 90 days after the end of the fiscal year, an operator must provide to the minister an annual report summarizing the program activities of the operator in the fiscal year and containing audited financial statements covering the program for the fiscal year.”
Guideline	<p>Performance measures must be able to show both what is recovered and what is not. May include: sale and recovery data, municipal waste composition study results, surveys of public awareness, the amount of scrap tires and tubes collected by service providers, number of collection points, proportion of product to be managed, according to the principles of pollution prevention and 4Rs hierarchy.</p> <p>Measure, monitor and report on program performance, including meeting designated material recovery rate targets.</p> <p>Include total amount of product sold and collected, with recovery rate (or alternative approach); amount of product collected and processed by region if possible.</p>
Stewardship Plan and Approval Letter	Program to track public awareness (through public engagement, surveys); accessibility (number of collection points); diversion rates and diversion per capita; consideration of tire recycling hierarchy.

2013 PROGRAM PERFORMANCE SUMMARY

	INDICATOR	RESULT					
Operational	Total material generated ¹	16,589 tonnes of material sold into Manitoba					
	Total material collected	14,713 tonnes of material collected					
	Percent of material recovered ²	89%					
	Total material collected per capita ³	12.5 kilograms of material collected per Manitoban					
	Marketable products as percent of total tonnes of material recovered	<table border="0"> <tr> <td>Manufactured 3%</td> <td>Crumb 2%</td> </tr> <tr> <td>Fabricated 5%</td> <td>Sidewalls 14%</td> </tr> <tr> <td>Aggregate 75%</td> <td>Exported Fuel 1%</td> </tr> </table>	Manufactured 3%	Crumb 2%	Fabricated 5%	Sidewalls 14%	Aggregate 75%
Manufactured 3%	Crumb 2%						
Fabricated 5%	Sidewalls 14%						
Aggregate 75%	Exported Fuel 1%						

2013 PROGRAM PERFORMANCE SUMMARY CONT.

	INDICATOR	RESULT
Accessibility	Population coverage	100% of Manitoba residents have access to a collection site
	Number of collection sites	1460 registered collection sites as of December 31, 2013
	Number of collection events	Material accepted year round during regular business hours
	Number of participating municipalities	141 municipalities were registered with TSM in 2013
Awareness	Percent of population aware of the program	Public survey response of 2,272 Manitobans indicates 65% were aware of what happens to their scrap tires
	Communication efforts undertaken	Retailer point of sale, advertising, public displays, promotional video, grant program, community partnerships, annual report, eco-calendar, website, toll-free phone number
Financial	Total program cost by volume	\$347 per tonne of material collected
	Operational costs per tonne	\$291 per tonne of material collected
	Administrative costs per tonne	\$41 per tonne of material collected
	Stewardship Programs cost per tonne	\$14 per tonne of material collected

2013 MATERIAL RECOVERY SUMMARY

MATERIAL	AMOUNT GENERATED ¹	AMOUNT RECOVERED	% RECOVERED ²
Tires and Tubes	16,589 tonnes	14,713 tonnes	89%

2013 FINANCIAL SUMMARY

CATEGORY	AMOUNT	COMMENTS
Annual Expenses	\$5,100,113	Sum of recycling costs, stewardship programs and administrative expenses
Operating Reserve	\$6,837,086	Reserve restricted to future liabilities related to tires currently on the road
Addition/(draw down) from previous year	\$686,020	Excess of revenues over expenses in 2013

¹ The amount of scrap tire material that can be generated from the annual sale of new tires in Manitoba. Calculated using 10.51 kg passenger/light truck scrap tire equivalent [Source: TSM Scrap Tire Weight and Characteristics Study, October 2013].

² TSM's annual diversion target is to reach or exceed Canada's national average. The annual recovery rate of 89% reflects the ratio of material collected per material generated in tonnes. Virtually all (100%) of the scrap tires generated and available for collection are collected on an annual basis.

³ Manitoba's population was 1,269,500 as of October 2013 [Source: Manitoba Bureau of Statistics].

TREADING NEW GROUND

NOTABLE INITIATIVES DURING 2013

2013 COMMUNITY GRANTS

**Neepawa & District Centennial
Project Committee Inc.**

**YELLOWHEAD CENTRE
FLOORING PROJECT**

Installed rubber matting in areas around the arena for skate protection and enhancement of the arena's appearance.

**Gilbert Plains Recreation Commission
CENTENNIAL PARK PLAYGROUND
LANDSCAPING PROJECT**

Replaced sod around current play structures with rubber mulch.

**Centennial Community Club Inc.,
Portage la Prairie**

**HALLWAY AND DRYLAND EXERCISE
AREA FLOORING PROJECT**

Installed rubber matting in the hallways leading to the ice and in the exercise area.

**Portage Regional Recreation
Authority Inc., Portage la Prairie
PLAYER BENCH MATS PROJECT**

Installation of rubber mats in the player bench and penalty box areas in two arenas.



2013 TIRE RECYCLING INNOVATIONS GRANTS

OTR Recycling
**TIRE SHRED BELOW SLAB INSULATION/
STABILIZATION PROJECT**

Clearline Technologies
**EXPANSION OF RECYCLED RUBBER
PRODUCT MANUFACTURING IN
MANITOBA**

TSM SCHOLARSHIP IN ENVIRONMENTAL SCIENCES

TSM provides Brandon University, University of Manitoba and University of Winnipeg each a \$3,000 scholarship to award to a deserving student in Environmental Science.

BE TIRE SMART COMMUNITY PROGRAM

TSM conducts a year-round Be Tire Smart community education and awareness program on how proper tire maintenance positively impacts tire life, vehicle safety and the environment. TSM attended 30 community events that attracted over 200,000 people in 2013.



2013
FINANCIAL
STATEMENTS

TIRE STEWARDSHIP MANITOBA INC.
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2013

**To the Board Members of
Tire Stewardship Manitoba Inc.**

We have audited the accompanying financial statements of Tire Stewardship Manitoba Inc., which comprise the statement of financial position as at December 31, 2013, the statement of operations and reserve for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the
Financial Statements**

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial

statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tire Stewardship Manitoba Inc. as at December 31, 2013 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.



CERTIFIED GENERAL ACCOUNTANTS
WINNIPEG, MANITOBA
MARCH 4, 2014

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	DECEMBER 31, 2013	2012
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,293,924	\$ 2,774,730
Accounts receivable	211,123	134,414
Investments (note 6)	2,169,374	-
Prepaid expenses	15,069	5,815
	3,689,490	2,914,959
INVESTMENTS (note 6)	3,600,000	3,600,000
CAPITAL ASSETS (note 3)	15,076	17,924
	\$ 7,304,566	\$ 6,532,883
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 384,910	\$ 298,236
Goods and services tax payable	82,570	83,581
	467,480	381,817
RESERVE		
STABILIZATION RESERVE (note 4)	6,837,086	6,151,066
	\$ 7,304,566	\$ 6,532,883

APPROVED ON BEHALF OF THE BOARD:



DIRECTOR



DIRECTOR

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

STATEMENT OF OPERATIONS AND RESERVE

YEAR ENDED DECEMBER 31

	2013	2012
REVENUE		
Eco-fees	\$ 5,590,795	\$ 5,764,017
Investment income	195,338	117,641
	5,786,133	5,881,658
OPERATIONS		
Payouts for tire processing	2,376,804	2,157,016
Payouts for tire collection	1,757,918	1,500,052
Payouts to municipalities	128,875	86,884
Payouts to manufacturers	22,995	0
	4,286,592	3,743,952
GROSS MARGIN		
	1,499,541	2,137,706
STEWARDSHIP PROGRAMS		
Community Grants	16,775	68,244
Public Education and Scholarships	40,502	64,872
Green Manitoba Agreement	20,760	21,792
Special Projects & Research and Development	107,000	70,000
Salaries – Special Projects	25,058	14,055
	210,095	238,963
ADMINISTRATIVE EXPENSES		
Advertising and promotion	48,779	60,576
Amortization	5,336	4,809
Audit (tire processors and vendors)	47,371	73,444
Board	57,250	47,000
Communications	22,923	43,461
Computer support	24,379	32,471
Conferences	30,144	13,141
Contract financial management	20,833	23,339
Insurance	10,227	10,125
Office	16,098	14,491
Office occupancy	28,757	26,039
Professional fees	13,206	14,938
Salaries and benefits	255,358	248,710
Travel	22,765	22,175
	603,426	634,719
TOTAL EXPENSES		
	813,521	873,682
EXCESS OF REVENUES OVER EXPENDITURES		
	686,020	1,264,024
STABILIZATION RESERVE – Beginning of year		
	6,151,066	4,887,042
STABILIZATION RESERVE – End of year (note 4)		
	\$ 6,837,086	\$ 6,151,066

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

TIRE STEWARDSHIP MANITOBA INC.
STATEMENT OF CASH FLOW
 YEAR ENDED DECEMBER 31, 2013

	2013	2012
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Operations		
Excess of revenues over expenditures	\$ 686,020	\$ 1,264,024
Item not involving cash		
Amortization	5,336	4,809
	691,356	1,268,833
Changes in non-cash working capital balances	(2,169,673)	(166,548)
	(1,478,317)	1,102,285
INVESTING ACTIVITIES	-	(1,200,000)
FINANCING ACTIVITIES	(2,489)	(8,188)
(DECREASE) IN CASH AND EQUIVALENTS	(1,480,806)	(105,903)
CASH AND EQUIVALENTS – Beginning of year	2,774,730	2,880,633
CASH AND EQUIVALENTS – End of year	\$ 1,293,924	\$ 2,774,730

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 – INCORPORATION AND COMMENCEMENT OF OPERATIONS

Tire Stewardship Manitoba Inc. is incorporated as a Non-Profit Organization and is exempt from income taxes. The purpose of the Corporation is to establish and manage a mandatory scrap tire waste reduction program on behalf of its members as set out in The Waste Reduction and Prevention Act (Manitoba Regulation 222/06).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below:

Use of Estimates

The financial statements have been prepared by management in accordance with ASNPO. The preparation of the Board's financial statements in conformance with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition

Revenue from tire recycling fees is recognized when retailers submit reports for tires sold. All other revenue is recognized in the period it is earned. Expenditures are reflected in the month incurred with payables open until the 5th of the following month to catch major costs of processing and collection for that month in which they were incurred.

Cash and Cash Equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of one year or less. The small amount of US cash on hand is converted to Canadian cash.

Financial Instruments

The Board's financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable and employees' remuneration and deductions payable.

Financial assets and financial liabilities are initially recognized at their fair value.

Financial assets measured at amortized cost are tested for impairment when there are indicators. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenue over expenses.

Capital Assets

Capital assets are initially recorded at cost. Amortization is provided using methods and rates intended to amortize the cost of assets over their useful lives with half the normal rate taken in the year of acquisition.

	Method	Rate
Computer equipment	declining balance	30%
Office equipment	declining balance	20%
Computer software	declining balance	100%

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 3 – CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	2013 NET BOOK VALUE	2012 NET BOOK VALUE
Computer equipment	\$ 31,602	\$ 23,510	\$ 8,092	\$ 11,402
Office equipment	16,816	10,536	6,280	6,522
Computer software	6,759	6,055	704	–
	\$ 55,177	\$ 40,101	\$ 15,076	\$ 17,924

NOTE 4 – STABILIZATION RESERVE

As directed by the Board of Directors, the reserve resulting from excess of revenues over expenditures was restricted to ensure that it is dedicated to future liabilities relative to tires currently on the road. The amount of the reserve is subject to change at the discretion of the Board of Directors.

NOTE 5 – COMMITMENTS

The Corporation has entered into two lease agreements with estimated minimum annual payments as follows:

2014	\$ 21,071
2015	18,335
2016	15,600
2017	16,000

NOTE 6 – FINANCIAL INSTRUMENTS

The Corporation as part of its operations carries a number of financial instruments which include cash and cash equivalents, accounts receivable, accounts payable and accruals and Goods and Services Tax payable. The carrying amount of all the remaining Corporation's financial instruments approximates their fair value, due to their relatively short-term maturities of one year or less for cash and equivalents and a Canadian Balanced Mutual Fund reflected as a short term investment. Long term investments reflect longer term GIC's with maturities between one and five years with interest rates of 2% – 4%.

NOTE 7 – CAPITAL DISCLOSURE

The Corporation's objective when managing capital is to maintain, once achieved, a sufficient reserve fund base to ensure they can continue to cover the significant expenditures relating to the Corporation. The Corporation transfers surpluses to the stabilization reserve as disclosed in Note 4.

NOTE 8 – PRIOR YEAR FIGURES

Prior year figures have been reclassified to conform to the current year's presentation.



14,713
TONNES
OF MATERIAL RECYCLED

12.5
KILOGRAMS
OF TIRES DIVERTED FOR EVERY MANITOBAN

1460
COLLECTION SITES

100%
OF ECO-FEES COLLECTED GO TOWARD
PROGRAM OPERATION AND ENHANCEMENT



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