



TIRE STEWARDSHIP
Manitoba

2014 ANNUAL REPORT

MESSAGE FROM THE CHAIR

I am pleased to present Tire Stewardship Manitoba's (TSM) Annual Report for 2014, TSM's seventh year operating Manitoba's tire recycling program. TSM's approved tire stewardship program is accountable to Manitobans for the collection, recycling and environmentally sound disposal of all scrap tires in accordance with The Tire Stewardship Regulation, 2006.

Through the efforts of Manitoba's tire recyclers and 1,486 retailers, generators, and municipal partners who support the program, TSM's key achievement for 2014 was recycling 15,636 tonnes of discarded tires and tubes into tire-derived aggregate, crumb rubber, blast mats, moulded and other products. Virtually all discarded tires and tubes, an amount equal to one car tire for every

Manitoban, continue to be collected and recycled annually in the province.

Other notable achievements for 2014 include awarding three scholarships of \$3,000 each to deserving students studying environmental sciences at a Manitoba university as well as seventeen Community Demonstration Grant Projects (\$298,190 in matching TSM and proponent funds) that used recycled tire products made from recycled Manitoba tires in community projects. TSM supported the development of new and innovative products by awarding three Tire Recycling Innovations Grant projects that included producing and marketing ballistic rubber sheets and crumb for shooting ranges, Phase 2 testing of below concrete slab floor rubber insulation technology, and support for passenger car/light truck tire blast mat fabricating equipment.

On raising consumer awareness to extend tire service life and reduce waste, TSM's Be Tire Smart Community Relations Team attended 33 community events that attracted over 190,000 people in 2014.

TSM continues to work for an effective, efficient and sustainable tire recycling program in Manitoba toward the long-term goal of investing in collection and processing capacity to manage growth while maintaining our commitment to reducing rates as the market place for recycled tire products strengthens.

Sincerely,



Glenn Maidment
Chair

MESSAGE FROM THE EXECUTIVE DIRECTOR

Manitoba's tire stewardship program has undergone significant changes over the past seven years. Through the successful transition from the government-led program to the new program operated by industry the program now includes steward responsibility for all designated types of tires and tubes sold in Manitoba, and the collection, recycling and disposition of discarded tires in all regions of the province.

There are growing challenges in managing the number of new tires being introduced into the province through greater consumer demand for new vehicles and increasing winter tire sales. This has resulted in the volume of discarded tires

collected increasing over 21% since 2012.

With two experienced tire recyclers and a new product manufacturer, the program maintains the capacity and ability to collect and recycle all of Manitoba's discarded tires efficiently. Yet, tire collection from remote locations remains a challenge, particularly for northern communities with winter road access only. TSM has initiated a pilot project in partnership with other Producer Responsibility Organizations to remove or manage materials such as used oil, batteries, electronics, household hazardous waste, thermostats and discarded tires from these remote isolated locations.

In 2014 TSM continued to invest in Manitoba's tire recyclers to develop higher value tire-derived products and build upon the significant accomplishments of the TSM program to date, focusing on further operational refinement and strong industry leadership. As the program's financial position remains positive TSM was able to maintain eco-fees at current levels in 2014.

Sincerely,



Brett Eckstein
Executive Director



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

COMING FULL CIRCLE

2014 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.

2014 PROGRAM PERFORMANCE SUMMARY

	INDICATOR	RESULT					
Operational	Total material generated ¹	19,414 tonnes of material sold into Manitoba					
	Total material collected	15,636 tonnes of material collected					
	Percent of material recovered ²	81%					
	Total material collected per capita ³	12.29 kilograms of material collected per Manitoban					
	Marketable products as percent of total tonnes of material recovered	<table border="0"> <tr> <td>Manufactured 2%</td> <td>Crumb 4%</td> </tr> <tr> <td>Fabricated 12%</td> <td>Fine Wire 1%</td> </tr> <tr> <td>Aggregate 64%</td> <td>Sidewalls 17%</td> </tr> </table>	Manufactured 2%	Crumb 4%	Fabricated 12%	Fine Wire 1%	Aggregate 64%
Manufactured 2%	Crumb 4%						
Fabricated 12%	Fine Wire 1%						
Aggregate 64%	Sidewalls 17%						

2014 PROGRAM PERFORMANCE SUMMARY CONT.

	INDICATOR	RESULT
Accessibility	Population coverage	100% of Manitoba residents have access to a collection site
	Number of collection sites	1486 registered collection sites as of December 31, 2014
	Number of collection events	Material accepted year round during regular business hours
	Number of participating municipalities	142 municipalities were registered with TSM in 2014
Awareness	Percent of population aware of the program	Public survey response of 3,404 Manitobans indicates 47% 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	\$285 per tonne of material collected
	Administrative costs per tonne	\$40 per tonne of material collected
	Stewardship Programs cost per tonne	\$22 per tonne of material collected

2014 MATERIAL RECOVERY SUMMARY

MATERIAL	AMOUNT GENERATED ¹	AMOUNT RECOVERED	% RECOVERED ²
Tires and Tubes	19,414 tonnes	15,636 tonnes	81%

2014 FINANCIAL SUMMARY

CATEGORY	AMOUNT	COMMENTS
Annual Expenses	\$5,431,349	Sum of recycling costs, stewardship programs and administrative expenses
Operating Reserve	\$7,899,757	Reserve restricted to future liabilities related to tires currently on the road
Addition/(draw down) from previous year	\$1,062,671	Excess of revenues over expenses in 2014

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 81% 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 1,272,000 as of January 1, 2014 [Source: Manitoba Bureau of Statistics].

TREADING NEW GROUND

NOTABLE INITIATIVES DURING 2014

2014 COMMUNITY GRANTS

The TSM Community Demonstration Grant Program provides up to \$20,000 in matching grant funding for communities and non-profit organizations to use and benefit from a wide range of Manitoba recycled tire products. Proposed projects must be environmentally and ecologically sound, promote a sustainable approach, have clear environmental benefits and take into account benefits to the community and the economy.

LUTHER HOME, WINNIPEG

Replaced concrete courtyard surface with rubber paving made from recycled tires.

TOWN OF NEEPAWA

Installed rubber matting on a walkway from change rooms to the ice rink in the Flats Recreation Area Development.

GRANDE POINTE HOMEOWNERS ASSOCIATION, INC.

Installed pour-in-place rubber paving for a rock climbing wall, set of swings, and outdoor fitness stations at their Outdoor Fitness Centre and Playground.

CARMAN DISTRICT LEGION HOUSING FOUNDATION, INC.

Installed pour-in-place rubber paving on a sidewalk leading to the Carman Legion Lodge.

ST. NORBERT FOUNDATION, INC.

Installed recycled rubber parking curbs in their north parking lot.

STARTING BLOCKS, INC. DAYCARE, STONEWALL

Installed pour-in-place rubber paving on a backyard playground area.

GROSVENOR SCHOOL ASSOCIATION, WINNIPEG

Installed pour-in-place rubber paving on an outdoor pitch.

FORT RICHMOND COLLEGIATE, WINNIPEG

Installed pour-in-place rubber paving on an outdoor play pad area.

CENTENNIAL COMMUNITY CLUB, INC., PORTAGE LA PRAIRIE

Installed rubber mat flooring in the workout area and dressing rooms of the community club.

TINY TURTLE PLAYROOM, INC., BOISSEVAIN

Installed rubber matting on a playground bike path.

ST. GERMAINE DAY CARE CENTRE, INC., WINNIPEG

Installed pour-in-place rubber paving for a play area as well as a bike path around the playground area.

BRANDON UNIVERSITY

Installed rubber flooring made from recycled tires in their Healthy Living Centre's Training Room.

TOWN OF ROSSBURN

Installed pour-in-place rubber paving on the steps and walking paths leading to the side and main entrances of the Town Hall.

WINNIPEG HARVEST

Installed pour-in-place rubber paving, recycled tire sidewalk blocks, stepping stones and recycled tire rubber mulch along their Community Garden Walkway.

R.M. OF HAMIOTA

Excavated a soft unstable road bed; replacing the material with tire-derived aggregate to stabilize the road.

WINNIPEG SOCCER FEDERATION – SUBWAY SOCCER SOUTH FACILITY – INDOOR SOCCER FIELD

Replaced the surface of the existing field with a new synthetic soccer field made from recycled crumb rubber.

WINNIPEG SOCCER FEDERATION – ST. VITAL MEMORIAL PARK – OUTDOOR SOCCER FIELD

Replaced the surface of the existing field with a new synthetic soccer field made from recycled crumb rubber.



2014 TIRE RECYCLING INNOVATIONS GRANTS

The TSM Tire Recycling Innovations Grant provides additional program incentives to Manitoba's tire recycling program processors and manufacturers to advance recycled tire product sales in new markets and to develop new recycled products made from tires for existing markets. The grant encourages new product innovation and new market development that typically involve a greater risk through enhancing the resources available beyond those which are presently used for the existing recycled tire product lines and markets.

OTR RECYCLING

- Producing and marketing ballistic rubber sheets and crumb for shooting ranges
- Phase 2 of testing tire shred to replace mineral aggregate as under concrete slab floor insulation

RELIABLE TIRE RECYCLING

- Passenger and light truck blast mat production

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 33 community events that attracted over 190,000 people in 2014.



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

Tire and Rubber Association of Canada

David Lamb

Tire and Rubber Association of Canada

Joe Casciano

Retail Council of Canada

Kendale Penner

Western Canada Tire Dealers

Ken Essex

Western Canada Tire Dealers

Geoff Sine

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

2014 FINANCIAL STATEMENTS

TIRE STEWARDSHIP MANITOBA INC.

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2014

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, 2014, 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, 2014 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 18, 2015

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

	DECEMBER 31, 2014	2013
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,590,558	\$ 1,293,924
Accounts receivable	247,449	211,123
Investments (note 6)	800,000	2,169,374
Prepaid expenses	10,754	15,069
	2,648,761	3,689,490
INVESTMENTS (note 6)	5,815,553	3,600,000
CAPITAL ASSETS (note 3)	19,947	15,076
	\$ 8,484,261	\$ 7,304,566
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 488,768	\$ 384,910
Goods and services tax payable	95,736	82,570
	584,504	467,480
RESERVE		
STABILIZATION RESERVE (note 4)	7,899,757	6,837,086
	\$ 8,484,261	\$ 7,304,566

APPROVED ON BEHALF OF THE BOARD:



DIRECTOR



DIRECTOR

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

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF OPERATIONS AND RESERVE

YEAR ENDED DECEMBER 31, 2014

	2014	2013
REVENUE		
Eco-fees	\$ 6,228,484	\$ 5,590,795
Investment income	265,536	195,338
	6,494,020	5,786,133
OPERATIONS		
Payouts for tire processing	2,376,061	2,376,804
Payouts for tire collection	1,903,688	1,757,918
Payouts to municipalities	127,685	128,875
Payouts to manufacturers	45,926	22,995
	4,453,360	4,286,592
GROSS MARGIN		
	2,040,660	1,499,541
STEWARDSHIP PROGRAMS		
Community Grants	149,095	16,775
Public Education and Scholarships	81,154	40,502
Green Manitoba Agreement	22,027	20,760
Special Projects & Research and Development	70,000	107,000
Salaries – Special Projects	23,290	25,058
	345,566	210,095
ADMINISTRATIVE EXPENSES		
Advertising and promotion	47,747	48,779
Amortization	6,022	5,336
Audit (tire processors and vendors)	24,111	47,371
Board	68,500	57,250
Communications	24,754	22,923
Computer support	45,751	24,379
Conferences	31,114	30,144
Contract financial management	20,736	20,833
Insurance	10,770	10,227
Office	16,676	16,098
Office occupancy	28,668	28,757
Professional fees	19,255	13,206
Salaries and benefits	266,222	255,358
Travel	22,097	22,765
	632,423	603,426
TOTAL EXPENSES		
	977,989	813,521
EXCESS OF REVENUES OVER EXPENDITURES		
	1,062,671	686,020
STABILIZATION RESERVE – Beginning of year		
	6,837,086	6,151,066
STABILIZATION RESERVE – End of year (note 4)		
	\$ 7,899,757	\$ 6,837,086

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

TIRE STEWARDSHIP MANITOBA INC.
STATEMENT OF CASH FLOW
 YEAR ENDED DECEMBER 31, 2014

	2014	2013
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Operations		
Excess of revenues over expenditures	\$ 1,062,671	\$ 686,020
Item not involving cash		
Amortization	6,022	5,336
	1,068,693	691,356
Changes in non-cash working capital balances	1,454,386	(2,169,673)
	2,523,079	(1,478,317)
INVESTING ACTIVITIES	(2,215,553)	-
FINANCING ACTIVITIES	(10,892)	(2,489)
(DECREASE) IN CASH AND EQUIVALENTS	296,634	(1,480,806)
CASH AND EQUIVALENTS – Beginning of year	1,293,924	2,774,730
CASH AND EQUIVALENTS – End of year	\$ 1,590,558	\$ 1,293,924

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014

NOTE 3 – CAPITAL ASSETS

				2014 NET BOOK VALUE	2013 NET BOOK VALUE
	COST	ACCUMULATED AMORTIZATION			
Computer equipment	\$ 42,494	\$ 27,572	\$	14,922	\$ 8,092
Office equipment	16,816	11,791		5,025	6,280
Computer software	6,759	6,759		–	704
	\$ 66,069	\$ 46,122	\$	19,947	\$ 15,076

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:

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.



15,636
TONNES
OF MATERIAL RECYCLED

12.29
KILOGRAMS
OF TIRES DIVERTED FOR EVERY MANITOBAN

1486
COLLECTION SITES

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



TIRE STEWARDSHIP
Manitoba

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