

ANNUAL REPORT

Tire Stewardship Manitoba
2021 Annual Report



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Recycled Tires Mean Revitalized Rinks

All end-of-life tires in Manitoba are processed and used in environmentally responsible ways. Rubber flooring made from recycled tires is safe for skates and low-maintenance.

Better rinks, better for Manitoba.



Learn more at
RecycledTiresMB.ca



Glenn Maidment, of the Tire and Rubber Association of Canada.
Tire Stewardship Manitoba, Chair.

MESSAGE FROM THE CHAIR



GLENN MAIDMENT, CHAIR

Tire Stewardship Manitoba

TSM is a not-for-profit Producer Responsibility Organization (PRO) that collects a steward-fee on the sale of all new tires from Manitoba tire sellers ensuring that those who generate end-of-life tires (ELTs) have their tires collected and recycled in an environmentally and fiscally responsible manner.

The 2021 Annual Report represents the 14th year of Tire Stewardship Manitoba's (TSM) accomplishments operating Manitoba's tire recycling program. Under its approved program plan TSM serves Manitobans for the collection, recycling, and environmentally sound disposal of all end-of-life tires in accordance with The Tire Stewardship Regulation, 2006.

With Manitoba's tire recyclers and over 1,500 retailers, generators, and municipal partners represent who support the program, TSM's key achievement for 2021 was recycling a provincial record 20,648 tonnes of end-of-life tires and tubes for a 96% diversion rate.

TSM's online digital marketing campaign totalled over 1.3 million impressions to raise program awareness and educate consumers about extending tire service life.

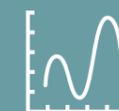
Virtually all discarded tires and tubes, or 14.89 kilograms per Manitoban, continue to be collected and recycled annually in the province creating over 60 full-time jobs and \$9 million in direct economic activity.

Other notable achievements for 2021 include awarding three scholarships of \$3,000 each to deserving students studying environmental sciences at a Manitoba university, and \$128,539 in 11 community and applied research projects that used Manitoba made recycled tire products. TSM's online digital marketing campaign totalled over 1.3 million impressions to raise program awareness and educate consumers about extending tire service life, reducing waste and recycled products made from Manitoba's end-of-life tires.

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 marketplace for recycled tire products strengthens.

As this is my last official duty as Chair of Tire Stewardship Manitoba, I would like to thank the hundreds of tire retailers and dealers, collectors and processors across the province who continue to support the organization and have done so since our founding fourteen years ago. Manitoba has an efficient and effective tire stewardship model for which we can all be proud. I would also like to thank the TSM Board of Directors for allowing me the distinct honour to serve as Chair since the very beginning - it has been one of the major highlights of my career. And of course, no organization can be successful, (nor a Chairman) without a dedicated and professional management team to do the heavy lifting. I want to thank Brett Eckstein and his team for their unwavering support to the organization and to me personally. I wish TSM every success in the coming years and will always look to the organization with great fondness and respect.

Sincerely,
Glenn Maidment
Chair



TIRE STEWARDSHIP MANITOBA ANNUAL REPORTS

Access to all of TSM's Annual Reports from program inception are available online www.tirestewardshipmb.ca

MESSAGE FROM THE EXECUTIVE DIRECTOR

The year 2021 was a strong year for Manitoba's tire recycling program that kept pace with the growing volume of end-of-life tires available for recycling. A record 20,648 tonnes of material was recycled representing an impressive 96% diversion rate.

The robust nature and effective operations of the tire recycling industry in Manitoba was evident through its ability to collect and process end-of-life tires, and supply recycled tire products to markets. Our online digital marketing efforts produced survey results that set new highs, confirming that 75% of participants now know that their end-of-life tires are recycled into new products in Manitoba.

Manitoba's tire recyclers, new tire retailers, motor and equipment dealers, scrap tire generators, urban and rural municipalities, industry, consumers and the growing number

of First Nations and Northern communities who support the program continued to meet their obligations to environmental protection and end-of-life tire recycling services. TSM continued to support efforts that create economic development, innovation and jobs for Manitobans diverting tires from landfill, so they no longer pose a significant environmental nor human health threat.

Manitoba's tire recycling program carried out its work and partnership with Canada's other tire recycling programs through the Canadian Association of Tire Recycling Agencies (CATRA) combining our knowledge and expertise

toward achieving world-class results by investing in and strengthening the marketplace for recycled tire products.

TSM also maintained its strong partnership with Manitoba's provincially mandated Producer Responsibility Organizations (PRO) to remove tires and other designated stewardship materials from Manitoba winter road communities, with the goal of integrating these communities into a network of sustainable, effective, and efficient province-wide recycling systems.



Brett Eckstein - Executive Director

2021 was the final year of Glenn Maidment's 14-year tenure as TSM Chair and Director.

Thank you Glenn.

In closing, I would like to acknowledge 2021 being the final year of Mr. Glenn Maidment's 14-year tenure as TSM Chair and Director. Thank you Glenn for being resolute and committed to the complete rethinking and transformation of Manitoba's tire recycling program into a leading producer responsibility organization among tire recycling agencies in Canada.

Sincerely,
Brett Eckstein
Executive Director



Tire Stewardship Manitoba Community Demonstration and Initiative Grant Program - École Sun Valley School, Winnipeg MB

AN IMPRESSIVE 96% DIVERSION RATE IN 2021

IN 2021
20,648
TONNES OF MATERIALS
RECYCLED



96%
OF MATERIALS
RECOVERED

14.89
KILOGRAMS
OF TIRES DIVERTED FOR
EVERY MANITOBAN

**FOR EVERY NEW TIRE SOLD
AN END-OF-LIFE TIRE WILL
EVENTUALLY BE GENERATED**

Recycled tires are processed and used in environmentally responsible ways. Tire derived products are high performance, durable, UV resistant and can withstand extreme weather conditions.

TSM

BOARD MEMBERS

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

- Glenn Maidment
Tire and Rubber Association of Canada
- Joe Casciano
Retail Council of Canada
- Kendale Penner
Western Canada Tire Dealers Association
- Geoff Sine
Member at Large
- Ken Essex
Western Canada Tire Dealers Association
- William Bench
Tire and Rubber Association of Canada

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
- Western Equipment Dealers Association
- Reliable Tire Recycling
- Manitoba Environment, Climate and Parks
- Green Action Centre

2021 PROGRAM

SUMMARY

RECYCLING

MEASURES RELATED TO THE WEIGHT OF THE DESIGNATED TIRES AND TUBES INCLUDED IN THE PROGRAM

GENERATED¹



COLLECTED

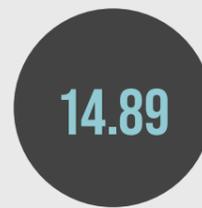


RECOVERED²



PERCENTAGE OF MATERIAL RECOVERED

PER CAPITA³



KILOGRAMS COLLECTED PER CAPITA

PRODUCT MARKETS

PERCENTAGE OF TOTAL PRODUCTS PROCESSED AND MANUFACTURED IN MANITOBA

19%

CRUMB/MANUFACTURED

15%

CUT/FABRICATED

66%

AGGREGATE

ACCESS

MEASURES RELATED TO THE CONVENIENCE OF ACCESSING THE PROGRAM

COVERAGE



PERCENT OF MANITOBA RESIDENTS WITH COLLECTION SITE ACCESS

COLLECTION SITES



REGISTERED YEAR-ROUND COLLECTION SITES

COMMUNITIES



NUMBER OF COMMUNITIES INCLUDING FIRST NATIONS REGISTERED WITH TIRE STEWARDSHIP MANITOBA

COMMUNICATION

MEASURES RELATED TO THE PUBLIC AWARENESS OF THE PROGRAM AND PARTICIPATION OF INDUSTRY STEWARDS

POPULATION⁴

75%

OF 1561 SURVEY RESPONDENTS

PERCENT OF THE POPULATION ARE AWARE THAT MANITOBA END-OF-LIFE TIRES ARE RECYCLED TO MAKE NEW PRODUCTS RIGHT HERE IN OUR PROVINCE.

COMMUNICATIONS



- WEBSITE
- SOCIAL MEDIA
- DIGITAL MARKETING
- PRINT MEDIA
- BILLBOARD CAMPAIGN
- VIDEO
- COMMUNITY GRANT PROGRAM
- VEHICLE WRAP

COST

MEASURES RELATED TO THE COSTS OF DELIVERING THE PROGRAM INCLUDING OPERATIONAL, ADMINISTRATIVE AND STEWARD PROGRAMS

RECYCLING



GENERAL AND ADMINISTRATIVE



STEWARDSHIP PROGRAM



TOTAL PROGRAM



2021 | SUMMARY OF MATERIALS RECOVERED

2021 MATERIAL RECOVERED			
MATERIAL	AMOUNT GENERATED ¹	AMOUNT RECOVERED	% RECOVERED
Tires and Tubes	21,411 tonnes	20,648 tonnes	96%

2021 FINANCIAL SUMMARY		
CATEGORY	AMOUNT	COMMENTS
Annual Expenses	\$7,028,719	Sum of recycling costs, stewardship programs and general and administrative expenses
Stabilization Reserve	\$3,839,619	Funds are restricted to meet financial obligations of the organization
Operating Deficit	(\$188,014)	

- The amount of scrap tire material that can be generated from the annual sales of new tires in Manitoba. Calculated using average tire weights: 10.51 kg for passenger/light truck; 50 kg for medium truck; 172 kg for large agricultural; 294 kg for small off-road-tires; 552 kg for large off-road-tires (Source: TSM Scrap Tire Weight and Characteristics Study, October 2013).
- The annual recovery rate of 96% reflects the ratio of material collected per material generated in tonnes. Virtually all (100%) of the scrap tires generated and available for recycling are collected on an annual basis.
- Manitoba's population was 1,386,333 in 2021 (Source: Manitoba Bureau of Statistics)
- Due to the cancellation of 2021 events, TSM continued with online engagement through digital marketing and an online survey



LEARN MORE ABOUT TIRE RECYCLING IN MANITOBA
TIRESTEWARDSHIPMB.CA

Follow TSM @TireStewardshipMB on social networks



1,320,113

Total Impressions

GATHERED THROUGH ONLINE ENGAGEMENT USING DIGITAL MARKETING FOR THE ONLINE SURVEY CONTEST

3

SCHOLARSHIPS

AWARDED TO DESERVING STUDENTS STUDYING ENVIRONMENTAL SCIENCES AT A MANITOBA UNIVERSITY

60

FULL TIME JOBS

IN TIRE RECYCLING AND OVER \$9 MILLION IN DIRECT ECONOMIC ACTIVITY

\$128,539

AWARDED

TO ELEVEN COMMUNITY AND APPLIED RESEARCH PROJECTS THAT USED MANITOBA RECYCLED TIRE PRODUCTS

75%

PERCENT OF THE POPULATION ARE AWARE THAT MANITOBA END-OF-LIFE TIRES ARE RECYCLED TO MAKE NEW PRODUCTS RIGHT HERE IN OUR PROVINCE

Recycled Tires Mean Revamped Fields

100% of end-of-life tires in Manitoba are recycled and used in environmentally responsible ways. Fields made from recycled tires are high performance, durable and long-lasting. **Better surfaces, better for Manitoba.**

Learn more at RecycledTiresMB.ca



1527

COLLECTION SITES

100%

OF STEWARD-FEES GO TOWARD PROGRAM OPERATION AND ENHANCEMENT

100%

COVERAGE

MANITOBA'S WITH COLLECTION SITE ACCESS

R E C Y C L I N G

2021 FINANCIAL STATEMENTS

TIRE STEWARDSHIP MANITOBA INC. INDEPENDENT AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2021

To the Directors of Tire Stewardship Manitoba Inc.

Opinion

We have audited the financial statements of Tire Stewardship Manitoba Inc., which comprise the statement of financial position as at December 31, 2021, the statements 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tire Stewardship Manitoba Inc. as at December 31, 2021, 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. We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Management is responsible for the Other Information. The Other Information comprises materials from the Annual General Meeting ("AGM") package, other than the financial statements and our Auditors' report thereon. This information may include summary/highlights of the Corporation's financial performance and capital expenditures that have (will be) taken place.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 controls 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Independent Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls 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 Entity's internal controls.

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditors' Report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

CHARTERED PROFESSIONAL ACCOUNTANTS
WINNIPEG, MANITOBA
MARCH 17, 2022

TIRE STEWARDSHIP MANITOBA INC. STATEMENT OF FINANCIAL POSITION YEAR ENDED DECEMBER 31, 2021

<i>December 31,</i>	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 524,961	\$ 848,787
Steward fees receivable	214,813	-
Prepaid expenses	10,092	8,630
Short-term investments, notes 4 & 5	2,836,209	2,960,892
	3,586,075	3,818,309
LONG TERM INVESTMENTS, notes 4 & 5	604,206	910,576
Capital assets, note 6	103,607	19,185
	\$ 4,293,888	\$ 4,748,070
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 7	\$ 350,662	\$ 616,830
NET ASSETS		
Net investment in capital assets	103,607	19,185
Stabilization reserve, note 8	3,839,619	4,112,055
	3,943,226	4,131,240
	\$ 4,293,888	\$ 4,748,070

Approved by the Board: March 17th, 2022
Date

Director

Director

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	Net Investment Capital Assets	Stabilization Reserve	Unrestricted	Total 2021	Total 2020
Beginning balance	\$ 19,185	\$ 4,112,055	\$ -	\$ 4,131,240	\$ 4,959,294
Deficiency of revenue over expenditures	-	-	(188,014)	(188,014)	(828,054)
Purchase of capital assets	90,000	-	(90,000)	-	-
Amortization of capital assets	(5,578)	-	5,578	-	-
Board approved transfer	-	(272,436)	272,436	-	-
Ending balance	\$ 103,607	\$ 3,839,619	\$ -	\$ 3,943,226	\$ 4,131,240

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Steward fees	\$ 6,418,982	\$ 5,689,685
Investment income - realized	235,145	42,518
Unrealized gain	186,578	183,298
	6,840,705	5,915,501
OPERATIONS		
Processing	3,299,514	3,288,697
Collection	2,748,301	2,544,765
Municipal storage	120,712	91,006
	6,168,527	5,924,468
GROSS MARGIN	672,178	(8,967)
OTHER EXPENSES		
Administration	615,887	645,175
Public education and communications	115,766	96,003
Community demonstration grants	76,039	74,637
Special Projects	52,500	3,272
	860,192	819,087
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (188,014)	\$ (828,054)

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Deficiency of revenue over expenses	\$ (188,014)	\$ (828,054)
Amortization of capital assets	5,578	7,905
Unrealized gain on investments	(186,578)	(183,298)
Changes in non-cash working capital items	(482,443)	120,248
CASH USED IN OPERATIONS	(851,457)	(883,199)
INVESTING		
Purchase of capital assets	(90,000)	-
Proceeds from divestment of investments	850,000	577,975
Purchase of investments	(232,369)	(362,618)
CASH PROVIDED BY INVESTING	527,631	215,357
CASH USED IN OPERATIONS AND INVESTING	(323,826)	(667,842)
CASH, BEGINNING OF YEAR	848,787	1,516,629
CASH, END OF YEAR	\$ 524,961	\$ 848,787

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. PURPOSE AND LEGAL FORM OF THE ORGANIZATION

Tire Stewardship Manitoba Inc. was incorporated without share capital, to 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).

The Organization is a not-for-profit organization exempt from tax under paragraph 149(1)(l) of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations.

(b) Financial Instruments

The Organization's financial instruments consist of cash, steward fees receivable, short-term investments, long-term investments and, accounts payable and accrued liabilities. The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all financial assets and liabilities at amortized cost, except for short-term and long-term investments which are subsequently measured at fair value.

Unrealized gains or losses from investments are recognized in the statement of operations.

(c) Revenue Recognition

Revenue from tire recycling fees is recognized when it becomes known and collectible, which occurs when the retailers submit reports for tires sold.

All other revenue is recognized in the year it is earned if the amount earned can be reasonably estimated and collection reasonably assured.

(d) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ significantly from those estimates.

(e) Capital Assets

Capital assets are stated at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Office equipment	20% declining balance
Computer equipment	30%
Computer software	100%
Vehicles	30% declining balance

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

3. FINANCIAL INSTRUMENTS

The Organization, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The following analysis provides a measurement of those risks at year end:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Organization's financial assets that are exposed to credit risk consist of cash, steward fees receivable, short and long term investments. The Organization's cash and investments are maintained with a large federally regulated financial institution in Canada therefore credit risk is limited. The steward fees receivable represents current year fees received in the subsequent year, and credit risk is limited to the balance reported on the statement of financial position.

Market rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization has a diversified portfolio of investments, which mitigates its market rate risk.

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they become due. The Organization holds a cash balance with a value that exceeds the total liabilities reported at year end, therefore liquidity risk is limited.

There have been no other changes in the Organization's risk exposures from the prior year.

4. INVESTMENTS

The Organization holds investments which consist of fixed income and equity securities.

The investments held by the Organization are designated for Stabilization reserve purposes (see note 8).

The percentage of cash and fixed income investment to total investment based on fair market value as at December 31, 2021 is 47% (2020 - 59%).

	Short-Term Investments	Long-Term Investments	Market Value 2021	Cost 2021	Market Value 2020
Cash & high interest savings	\$ 700,606	\$ -	\$ 700,606	\$ 700,606	\$ 1,053,736
Investment class					
Fixed Income (note 5)	\$ 300,667	\$ 604,206	\$ 904,873	\$ 901,475	\$ 1,213,820
Equity	\$ 1,834,936	\$ -	\$ 1,834,936	\$ 1,337,438	\$ 1,603,912
Total	\$ 2,836,209	\$ 604,206	\$ 3,440,415	\$ 2,939,519	\$ 3,871,468

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

5. FIXED INCOME INVESTMENTS

The Organization's fixed income investments consist of bonds and guaranteed investment certificates and have been reported at market value. Investment cost is presented below for comparison:

	2021 Cost	2021 Market Value	2020 Market Value
Province of Manitoba, interest of 3.85%, maturing December 1, 2021	\$ -	\$ -	\$ 103,244
President's Choice, interest of 2.21%, maturing December 9, 2021	-	-	100,000
Manulife Bank of Cda interest of 3.10%, maturing December 10, 2021	-	-	100,000
Province of Alberta, interest of 1.6%, maturing September 1, 2022	97,202	100,667	102,115
Home Trust Company, interest of 2.23%, maturing December 9, 2022	100,000	100,000	100,000
Peoples Trust, interest of 3.20%, maturing December 12, 2022	100,000	100,000	100,000
Province of Alberta, interest of 3.4%, maturing December 1, 2023	104,273	104,206	108,461
Concentra Bank, interest of 3.4%, maturing December 11, 2023	100,000	100,000	100,000
Home Equity Bank, interest of 2.27%, maturing December 11, 2023	100,000	100,000	100,000
Equitable Bank, interest of 2.36%, maturing December 9, 2024	100,000	100,000	100,000
Canadian Western Bank, interest of 2.4%, maturing December 12, 2024	100,000	100,000	100,000
Bank of Montreal Mortgage Corporation, interest of 2.4%, maturing December 20, 2024	100,000	100,000	100,000
Total	\$ 901,475	\$ 904,873	\$ 1,213,820

6. CAPITAL ASSETS

	2021			2020		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 55,208	\$ 50,482	\$ 4,726	\$ 55,208	\$ 48,457	\$ 6,751
Computer software	96,759	6,759	90,000	6,759	6,759	-
Office equipment	18,053	16,634	1,419	18,053	16,280	1,773
Vehicles	17,918	10,456	7,462	17,918	7,257	10,661
Total	\$ 187,938	\$ 84,331	\$ 103,607	\$ 97,938	\$ 78,753	\$ 19,185

In 2021, the Organization entered into a software development agreement to acquire a custom web-based data management software. This software will replace the Organization's existing system for managing the waste reduction and prevention program. Full development/use of the software was not completed by December 31, 2021, therefore no amortization was expensed in the year. The software is expected to be completed in 2022, at which time amortization will be expensed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accrued liabilities	\$ 195,639	\$ 29,104
Employee deductions payable	10,397	17,992
Federal sales taxes payable	39,787	32,722
Trade accounts payable	104,839	537,012
Total	\$ 350,662	\$ 616,830

8. STABILIZATION RESERVE

The Board of Directors has internally restricted net assets through the establishment of a Stabilization Reserve. The primary objectives of the Stabilization Reserve are:

- a) To ensure sufficient funds are available to meet contractual commitments including, but not limited to, potential financial incentives owing to registered processors.
- b) To assist in the event of a cessation of the TSM program, or the wind up of the Corporation or other contingencies with the potential financial consequence that may arise if such event were to occur.
- c) To ensure sufficient funds are available to cover the increases in the recovery rate of program material.
- d) To ensure sufficient funds are available to cover a decrease or elimination of revenue and/or unbudgeted operating losses.
- e) To ensure funds are available to fund research and development activities and other initiatives needed to sustain a tire recycling program in the province of Manitoba.

The Stabilization Reserve balance will not exceed 12 months of prior year total revenue and will be maintained by the Board of Directors at an amount sufficient to reasonably satisfy the policy objectives set out above.

As at December 31, 2021, the stabilization reserve balance is \$3,839,619 (2020 total revenue - \$5,915,501).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

9. LEASE COMMITMENT

The Organization has entered into an agreement respecting the lease of its premises. The lease includes base rent payments plus a proportionate share of operating expenses, property taxes and management fees, which are reported within the Administration expense on the statement of operations.

The current lease agreement is an approved extension of the original lease, with a term of April 1, 2018 to March 31, 2023 and reflects incremental annual increases to the base rent.

Base rent payments for the next 2 years up to the date of lease expiry are as follows:

2022	\$	16,760
2023		4,200
Total	\$	20,960

10. ESTIMATED TIRE PROCESSING COMMITMENT

The Organization estimates that at December 31, 2021 tire processors held 12,458 metric tonnes (10,331 - 2020) of tires in their inventory. If all tires in inventory were processed, the Organization estimates that approximately \$2,411,560 (\$2,045,565 - 2020) would be payable to the tire processor.

11. COMPARATIVE FIGURES

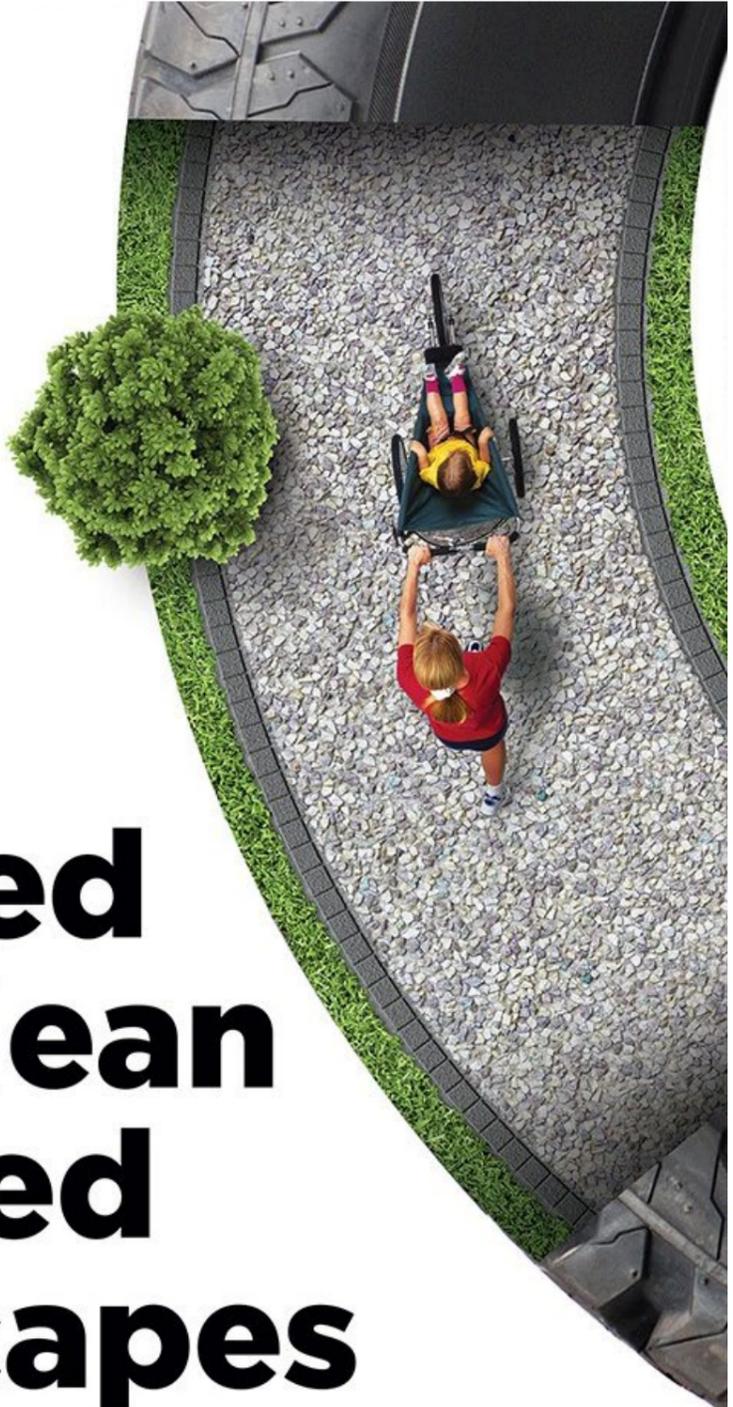
Comparative figures have been reclassified consistent with the current year's presentation.

12. SUBSEQUENT EVENT: COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19).

The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the Organization and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.



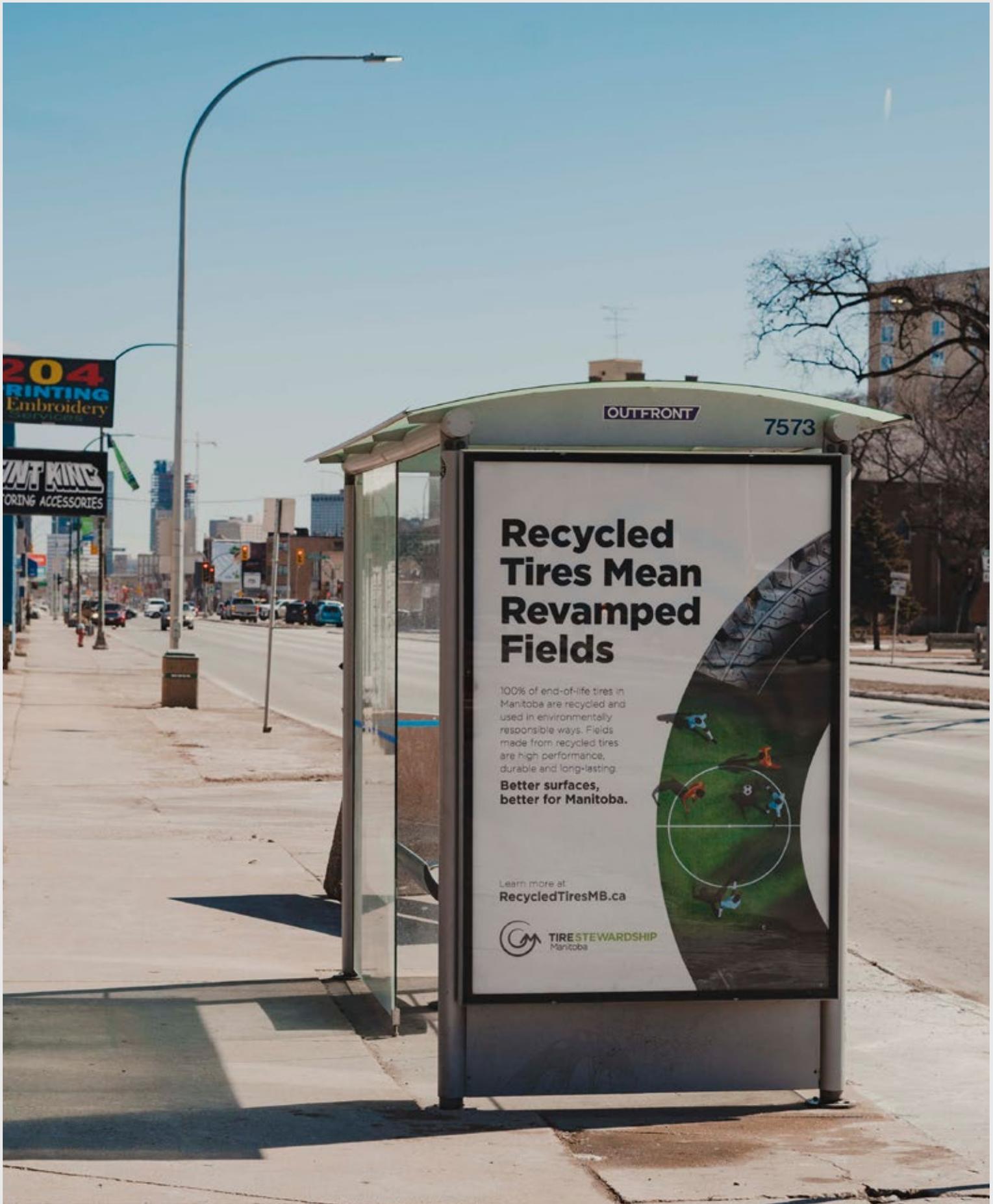
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