

ANNUAL REPORT

Tire Stewardship Manitoba
2023 Annual Report



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Tire Stewardship Manitoba Rubber Aggregate Grant Program - Anson Street, Gimli MB

Recycled tires = better gym mats



Learn more at
RecycledTiresMB.ca



TIRE STEWARDSHIP
Manitoba



MESSAGE FROM THE CHAIR

Tire Stewardship Manitoba Community Enhancement Grant Program - K.I.D.S Inc., Winnipeg MB

TSM's key achievement for 2023 was recycling 21,238 tonnes of end-of-life tires and tubes for an 95% diversion rate made possible through the combined effort of Manitoba's tire recyclers, retailers, generators, community partners and consumers who support the program.



KEN ESSEX, 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 2023 TSM Annual Report represents the accomplishments of TSM's 16th year operating Manitoba's tire recycling program.

TSM's key achievement for 2023 was also a significant milestone for the program, recycling a record 21,238 metric tons of end-of-life tires and tubes for an 95% diversion rate made possible through the combined effort of Manitoba's tire recyclers, retailers, generators, community partners and consumers who support the program. Virtually all discarded tires and tubes, or 14.5 kilograms per Manitoban, continue to be collected and recycled annually in the province creating 50 full-time jobs and over \$10 million in direct economic activity.

Other notable achievements for 2023 include awarding three scholarships of \$3,000 each to deserving students studying environmental sciences at a Manitoba university, and \$165,570 awarded to thirteen community enhancement and applied research projects that use recycled

tire products including four rubber aggregate grants for municipal road repair. TSM's online digital marketing campaign achieved over 367 thousand viewed impressions to raise program awareness and educated 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.

Sincerely,
Ken Essex
Chair

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

We continue toward a future rollout of our new custom data management software to automate processes, incorporation and enhancement of analysis reporting.

Through the effective operations of the tire recycling industry in Manitoba the challenge posed by the significant volume of end-of-life tires available annually for collection, processing and supplying recycled products to end markets continues to be met. The program added a second tire recycler to the province, a Manitoba based company Engineered Rubber Aggregate Corporation (ERA) with plans to use innovative solutions for reaching local markets with their rubber aggregate products. The focus of our industry on local markets supports the province's main recycler Reliable Tire Recycling (RTR) with the growing task of recycling over 2 million tires each year, an increase from 1.2 million tires in the province a decade ago.

Manitoba's tire recyclers, new tire retailers, motor and equipment dealers, end-of-life tire generators, urban and rural municipalities, industry, consumers and the growing number of First Nations and Northern communities continue to demonstrate support for TSM. TSM had its 5-year program plan approved which continues TSM's role to provide Manitobans with effective environmental protection and efficient end-of-life tire recycling services that create economic development, innovation, and jobs, while reducing the risk of environmental harm or threat to human health.

TSM's online digital marketing campaign continued to raise awareness and educate

Manitoba consumers about ways to reduce waste and recycle tires. We also continue toward a future rollout of our new custom data management software with anticipated systems upgrades for online portals, automating processes, haulers app, processor claim procedures, financial accounting system integration, and incorporation and enhancement of analysis reporting.

TSM updated its life cycle assessment of tire recycling in Manitoba that presents the best estimates of environmental performance for end-of-life tire management in the province. The study found that Manitoba's short overall transport distances and clean electricity grid

continue to produce relatively small impacts and a net environmental benefit for tire recycling in the province.

Management and staff work in partnership with Canada's other tire recycling programs through the Canadian Association of Tire Recycling Agencies (CATRA) to combine knowledge and expertise for investing in and strengthening our industry. TSM's strong partnership with other provincially mandated Producer Responsibility Organizations (PRO) supports the removal of 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,
CHIEF EXECUTIVE OFFICER

Tire Stewardship Manitoba

TSM ADDED A SECOND PROCESSOR, MB BASED ENGINEERED RUBBER AGGREGATE CORPORATION (ERA)

IN 2023

21,238

TONNES OF MATERIALS
RECYCLED 



1591

COLLECTION
SITES

95%

OF MATERIALS
RECOVERED

14.5

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.

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

Carolo Hochu

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

Engineered Rubber Aggregate Corporation

Manitoba Environment and Climate Change

Green Action Centre

2023 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

20%

CRUMB/MANUFACTURED

16%

CUT/FABRICATED

64%

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

EDUCATION & AWARENESS

75.3%

OF 3072 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.



- 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



2023 | SUMMARY OF MATERIALS RECOVERED

2023 MATERIAL RECOVERED			
MATERIAL	AMOUNT GENERATED	AMOUNT RECOVERED	% RECOVERED
Tires and Tubes	22,358 tonnes	21,238 tonnes	95%

2023 FINANCIAL SUMMARY		
CATEGORY	AMOUNT	COMMENTS
Annual Expenses	\$6,692,578	Sum of recycling costs, stewardship programs and general and administrative expenses
Stabilization Reserve	\$5,284,881	Funds are restricted to meet financial obligations of the organization
Addition/(draw down) from previous year	\$984,109	Net operating surplus (deficit)

- The amount of scrap tire material that can be generated from the annual sales of new tires in Manitoba sold 5 years prior to reflect the annual recovery rate calculation. Calculated using average tire weights: 11.5 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 End-Of-Life Passenger/Light Truck (PLT) Tire Weight and Characteristics Study, 2022. TSM Tire Counts and Weight Study Off-The-Road - OTR, 2014).
- The annual recovery rate of 95% reflects the ratio of material collected per material generated in tonnes. Factors impacting the difference between sales and collection are the long-term life of a tire, tire sales trends (winter tires, new car sales/vehicle registrations). As such TSM calculates recovery as the weight of end-of-life tires collected in the reporting year/divided by the weight of new tires sold 5 years prior. Virtually all (100%) of the end-of-life tires generated and available for collection are collected on an annual basis.
- Manitoba's population was 1,465,440 in 2023 (Source: Manitoba Bureau of Statistics)
- 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

75.3%

of 3072 Survey Respondents

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

**100%
COVERAGE**
MANITOBAN'S WITH
COLLECTION SITE ACCESS



**\$165,570
AWARDED**

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

100%

OF STEWARD-FEES GO TOWARD PROGRAM OPERATION AND ENHANCEMENT

50

FULL TIME JOBS

IN TIRE RECYCLING AND OVER \$10 MILLION IN DIRECT ECONOMIC ACTIVITY

3 SCHOLARSHIPS
AWARDED TO DESERVING STUDENTS STUDYING ENVIRONMENTAL SCIENCES AT A MANITOBA UNIVERSITY



367,000

Total Impressions*

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

* the number of times an advertisement or piece of content is viewed by a user

2023 FINANCIAL STATEMENTS

TIRE STEWARDSHIP MANITOBA INC. INDEPENDENT AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2023

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, 2023, 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, 2023, 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 Auditor's 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 Auditor's 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. As of the date of this report, the Other information was not available, therefore we have not read, nor can we report on the other information.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor's 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
APRIL 4, 2024

TIRE STEWARDSHIP MANITOBA INC. STATEMENT OF FINANCIAL POSITION YEAR ENDED DECEMBER 31, 2023

December 31,	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,452,352	\$ 1,629,920
Steward fees receivable	94,181	19,126
Prepaid expenses	12,747	12,555
Short-term investments, notes 4 & 5	2,805,273	2,436,437
	5,364,553	4,098,038
LONG TERM INVESTMENTS, notes 4 & 5		
Capital assets, note 6	800,000	800,000
	271,745	222,368
	\$ 6,436,298	\$ 5,120,406
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities, note 7	\$ 879,672	\$ 547,889
NET ASSETS		
Net investment in capital assets	271,745	222,368
Stabilization reserve, note 8	5,284,881	4,350,149
	5,556,626	4,572,517
	\$ 6,436,298	\$ 5,120,406

Approved by the Board:

April 4, 2024

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2023

	Net Investment Capital Assets	Stabilization Reserve	Unrestricted	Total 2023	Total 2022
Beginning balance	\$ 222,368	\$ 4,350,149	\$ -	\$ 4,572,517	\$ 3,943,226
Excess of revenue over expenditures	-	-	984,109	984,109	629,291
Purchase of capital assets	52,453	-	(52,453)	-	-
Amortization of capital assets	(3,076)	-	3,076	-	-
Board approved transfer	-	934,732	(934,732)	-	-
Ending balance	\$ 271,745	\$ 5,284,881	\$ -	\$ 5,556,626	\$ 4,572,517

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUE		
Steward fees	\$ 7,229,035	\$ 7,134,196
Investment income - realized	229,285	141,023
Unrealized gain (loss)	218,367	(309,682)
	7,676,687	6,965,537
OPERATIONS		
Processing	2,806,123	2,975,622
Collection	2,810,037	2,493,585
Municipal storage	96,841	77,067
	5,713,001	5,546,274
GROSS MARGIN	1,963,686	1,419,263
OTHER EXPENSES		
Administration	711,126	650,212
Public education and communications	90,176	95,352
Community demonstration grants	132,096	19,438
Special Projects	46,179	24,970
	979,577	789,972
EXCESS OF REVENUE OVER EXPENDITURES	\$ 984,109	\$ 629,291

TIRE STEWARDSHIP MANITOBA INC.

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Excess of revenue over expenditures	\$ 984,109	\$ 629,291
Amortization of capital assets	3,076	3,940
Unrealized (gain) loss on investments	(218,367)	309,682
Changes in non-cash working capital items	256,536	390,451
CASH PROVIDED BY OPERATIONS	1,025,354	1,333,364
INVESTING		
Purchase of capital assets	(52,453)	(122,701)
Purchase of investments	(150,469)	(105,704)
CASH USED IN INVESTING	(202,922)	(228,405)
NET CASH PROVIDED BY OPERATIONS AND INVESTING	822,432	1,104,959
CASH, BEGINNING OF YEAR	1,629,920	524,961
CASH, END OF YEAR	\$ 2,452,352	\$ 1,629,920

TIRE STEWARDSHIP MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2023

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.

Investment income is recognized when earned and collectibility is reasonably assured.

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

TIRE STEWARDSHIP MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2023

3. FINANCIAL INSTRUMENTS RISK

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 expected to be collected 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.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization mitigates interest rate risk by purchasing fixed income investments.

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to fluctuations in foreign exchange rates. The Organization's functional currency is the Canadian dollar. The Organization holds U.S investments that are denominated in U.S. currency.

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

TIRE STEWARDSHIP MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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).

Fixed investments as a percentage of total (excluding cash) based on fair market value as at December 31, 2023 is 33.5% (2022 - 40.4%).

	Short-Term Investments	Long-Term Investments	Market Value 2023	Cost 2023	Market Value 2022
Cash & high interest savings Investment class	\$ 323,390	\$ -	\$ 323,390	\$ 323,390	\$ 513,835
Fixed Income (note 5)	\$ 300,000	\$ 800,000	\$ 1,100,000	\$ 1,100,000	\$ 1,098,893
Equity	\$ 2,181,883	\$ -	\$ 2,181,883	\$ 1,817,173	\$ 1,623,709
Total	\$ 2,805,273	\$ 800,000	\$ 3,605,273	\$ 3,240,563	\$ 3,236,437

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:

	2023 Cost	2023 Market Value	2022 Market Value
BMO Trust Company, interest of 5.05%, maturing December 7, 2026	\$ 100,000	\$ 100,000	\$ -
Concentra Bank, interest of 4.770%, maturing December 13, 2027	100,000	100,000	-
Home Trust, interest of 4.770%, maturing December 13, 2027	100,000	100,000	-
Province of Alberta, interest of 3.4% , matured December 1, 2023	-	-	98,893
Concentra Bank, interest of 3.4% , matured December 11, 2023	-	-	100,000
Home Equity Bank, interest of 2.27%, matured December 11, 2023	-	-	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
Laurentian Bank, interest of 2.1%, maturing January 13, 2025	100,000	100,000	100,000
RFA Bank of Canada, interest of 2.34%, maturing January 13, 2025	100,000	100,000	100,000
Bank of Montreal, interest of 4.5%, maturing September 8, 2025	100,000	100,000	100,000
Fairstone Bank, interest of 4.75%, maturing December 14, 2026	100,000	100,000	100,000
Peoples Trust, interest of 4.73%, maturing December 14, 2026	100,000	100,000	100,000
Total	\$ 1,100,000	\$ 1,100,000	\$ 1,098,893

TIRE STEWARDSHIP MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

6. CAPITAL ASSETS

	2023			2022		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	\$ 55,208	\$ 52,892	\$ 2,316	\$ 55,208	\$ 51,900	\$ 3,308
Computer software	269,009	6,759	262,250	218,009	6,759	211,250
Office equipment	20,958	17,435	3,523	19,505	16,918	2,587
Vehicles	17,918	14,262	3,656	17,918	12,695	5,223
Total	\$ 363,093	\$ 91,348	\$ 271,745	\$ 310,640	\$ 88,272	\$ 222,368

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, 2023, therefore no amortization was expensed in the year. The software is expected to be completed in 2024, at which time amortization will be expensed.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accrued liabilities	\$ 186,714	\$ 172,792
Employee deductions payable	11,163	9,988
Federal sales taxes payable	46,464	40,653
Trade accounts payable	635,331	324,456
Total	\$ 879,672	\$ 547,889

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, 2023, the stabilization reserve balance is \$5,284,882 (does not exceed 2023 total revenue of \$7,676,687).

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 previous lease agreement had 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.

The lease agreement was renewed for the period April 1, 2023 to March 31, 2028 and reflects incremental annual increases to the base rent. Payments for the years up to the date of lease expiration are as follows:

2024	\$	20,300
2025		20,706
2026		21,120
2027		21,649
2028		5,412
Total	\$	89,187

10. ESTIMATED TIRE PROCESSING COMMITMENT

The Organization estimates that at December 31, 2023 tire processors held 20,532 metric tonnes (2022- 14,664) of tires in their inventory. If all tires in inventory were processed, the Organization estimates that approximately \$3,921,583 (2022- \$2,861,535) would be payable to the tire processor.

Recycled tires = better playgrounds



Learn more at
RecycledTiresMB.ca



OUTFRONT

7609

Recycled tires = better rinks



Learn more at
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