




Multi-Material
Stewardship Western

2022 ANNUAL REPORT



About Multi-Material Stewardship Western

Multi-Material Stewardship Western (MMSW) is a not-for-profit organization established in 2016 to help obligated businesses meet their requirements under Saskatchewan's Household Packaging and Paper Stewardship Program Regulation. MMSW represents the steward members – including brand owners, first importers, franchisors and other organizations – that supply designated Waste Packaging and Paper (WPP) materials to Saskatchewan residents and fund the program.

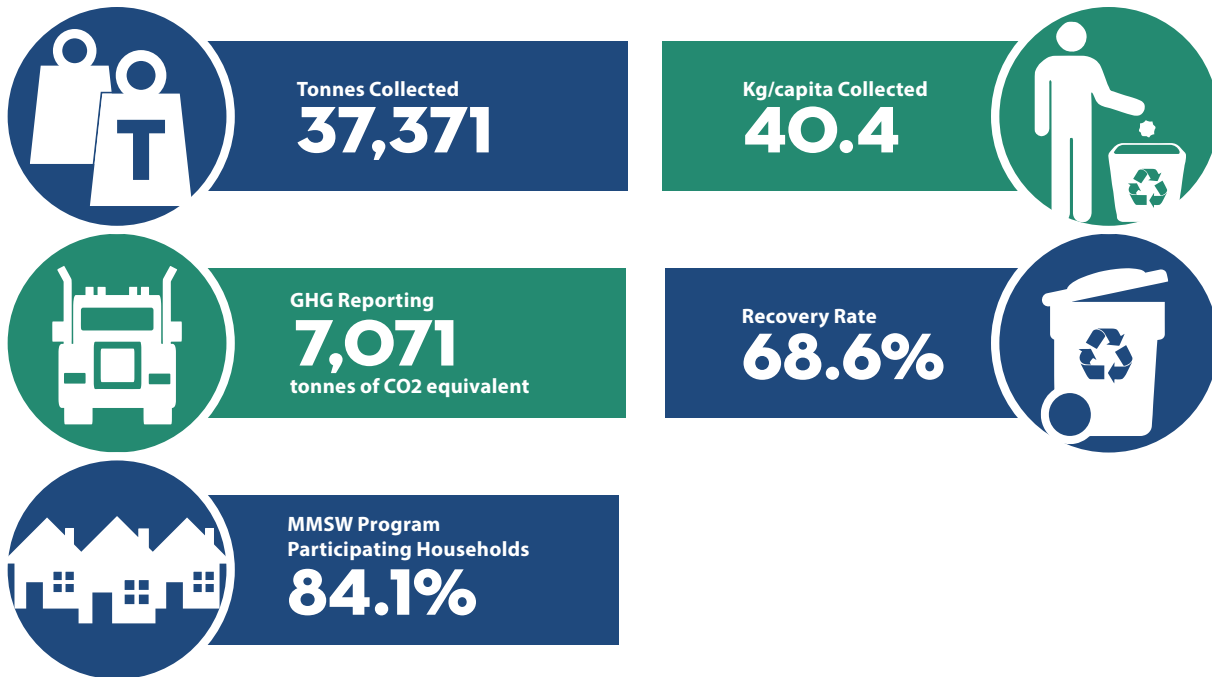
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2022 Highlights

The 2022 recovery rate for WPP collected decreased from 2021, reflecting an increase in the tonnes reported by Producers (2020 sales data) and a decrease in tonnes collected from households in 2022. The two-year gap between 2020 pandemic sales into Saskatchewan, when there was an increase in all types of packaging materials, and 2022 collection, when residents returned to their pre-pandemic routines, is an expected factor for this change. Collectors maintain full management of their WPP programs; therefore MMSW's insights into program performance are based on what is reported. Discussions with major collectors and their service provider partners indicate a reduction in the amount of paper entering residential recycling streams which is consistent with a decline in paper supply. Participation rates appear steady, yet average weights per cart show a downward trend year over year.

This is the third year MMSW is providing an accounting of the greenhouse gas (GHG) emissions associated with the delivery of recycling services to Saskatchewan residents, as reported by our collection partners. Reporting of GHG metrics is part of MMSW's reporting obligations and provides stakeholders with additional understanding of the overall environmental impact of the program.



Working Together for a Made-in-Saskatchewan Approach

MMSW continues to foster ongoing partnerships with more than 500 municipalities, regional waste authorities and First Nations and Métis communities to support their delivery of efficient and effective recycling services to Saskatchewan households. Our Advisory Committee provides advice and feedback on core program activities for a made-in-Saskatchewan approach to waste packaging and paper recycling across the province.

In 2022, MMSW engaged with residents through a promotion and education campaign to help improve understanding of how their actions make an impact. MMSW highlighted program achievements and what can be accomplished when we all work together.



Message from the Board Chair and Executive Director

We are pleased to present the 2022 annual report for Multi-Material Stewardship Western (MMSW), which outlines the achievements of our sixth year of partnering with collectors for residential waste packaging and paper (WPP) recycling in Saskatchewan. 2022 and 2023 are forward-looking years, laying the groundwork for future program changes that follow the introduction of new Household Packaging and Paper Stewardship Program Regulations (Regulations) for the management of WPP.

In 2022, the Saskatchewan Ministry of Environment (Ministry) held several consultation sessions on proposed changes to the Regulations that centred on the implementation of a full Extender Producer Responsibility (EPR) program for the management of WPP in Saskatchewan. The sessions granted MMSW the opportunity to understand what the updated Regulations may look like and for management to provide feedback based on experience with the current payment program.

The new Regulations were released and came into effect on March 31, 2023, with a new program plan to meet the obligations under a full EPR model due 180 days later. Drawing on the preparations we undertook in 2022, MMSW developed a draft program plan and is engaging with our stakeholders to fulfill the new regulatory obligations for our steward members while ensuring continuity of recycling services to Saskatchewan residents.

This year, we have seen many Saskatchewan residents return to their pre-pandemic routines, which included more people going to work or school, travelling and dining out. We have also seen our recovery rate drop below 70% this year. Our collectors indicate this downward trend is due to a reduction in the amount of paper entering the residential recycling stream. Participation rates in the MMSW program, however, remain strong even as the weight of materials per recycling cart has decreased.

We want to acknowledge the work undertaken by our collection partners across the province—municipalities, First Nations and Métis, and Regional Waste Authorities—who continued their strong commitment to ensuring collected material was managed by recycling, against a backdrop of fluctuating commodity markets. We also want to acknowledge our steward members, who continue to improve the sustainability profile of their WPP and rely on us to support an efficient and effective program that meets regulatory obligations. Finally, we want to commend our partners, our stewards, and the residents of Saskatchewan for weathering through the social and economic conditions of the past two years.

A Saskatchewan-based approach has always been at the centre of our WPP management strategy, and we appreciated learning about Saskatchewan and its stakeholders over the last six years of operating in the province. The partnerships we built and the regional learnings we gained will inform our approach to developing a new program plan under a full EPR model. In 2023 we will welcome a director from Circular Materials, our national service provider, to our Board to participate in plan development and strategies to increase synergies, harmonization and best practices that can benefit Saskatchewan.

Our success is only possible through collaboration with our members, partners, and stakeholders. We look forward to continuing our commitment to environmental and economic outcomes, while meeting Saskatchewan's current and future needs.

Robyn Collver, Board Chair, MMSW

Tamara Burns, Executive Director, MMSW

Program Overview

Working with our Members

The MMSW membership is made up of more than 500 businesses and other organizations that supply Saskatchewan residents with materials designated in the province's Household Packaging and Paper Stewardship Program Regulations. These organizations report details about the quantities and types of materials they supply each year and pay the associated stewardship fees that support the work of municipalities, regional waste authorities and First Nations and Métis communities in delivering recycling services to Saskatchewan households.

Many MMSW members have made commitments to improve the sustainability profile of their packaging and paper products. Collaboration and investment in sustainable packaging options continue at both a local and global level with new innovations launched into the marketplace every year. These innovations help businesses achieve their broader corporate sustainability goals and respond to consumer demands for more sustainable packaging options. MMSW and several of its members have joined the Canada Plastics Pact, a cross-sector approach to developing a made-in-Canada circular economy for plastics. This important initiative fosters collaboration across all participants in the plastics supply chain to break the take-make-dispose linear approach to how most plastics are currently managed.

Working with our Collection Partners

MMSW works with more than 500 municipalities, First Nations and Métis communities and regional waste authorities, providing funding for the delivery of recycling services. The service agreements currently in place reflect recycling of waste packaging and paper in over 84% of Saskatchewan households.

Collection partners participated in their third year of reporting on GHG emissions for their residential WPP recycling programs. MMSW gratefully acknowledges the efforts made by our many collectors to gather and report emissions data associated with the collection, sorting, processing and shipping of materials to end markets. Collector information, along with the GHG emissions associated with the MMSW office, provide stakeholders with a view on the total GHG impact of the delivery of residential packaging and paper recycling to households across Saskatchewan.

MMSW's largest collection partners are in their fourth year of reporting end-of-life data for collected material as well as data for each material category. This data further expands available information on the program's environmental performance. Using this data to extrapolate across the entire program, 31,831 tonnes of material was sent to recycling end markets in 2022.



Working with our Advisory Committee

The Advisory Committee is made up of representatives committed to the success of the MMSW program and who provide valuable input and advice to MMSW. The Advisory Committee is comprised of urban and rural municipality associations (SUMA and SARM), regional waste management authorities (ARWMAS), the Saskatchewan Waste Reduction Council and stewards of residential packaging and paper.

MMSW is obligated to compile municipal cost data every two to three years to update the tonne, cost and revenue data used as the basis for collector payments. Cost studies support the program's commitment to pay collectors based on the province's costs for delivering efficient and effective municipal residential packaging and paper collection and recycling programs.

In 2022, the Advisory Committee concluded its input to MMSW to update Saskatchewan-specific municipal costs and revenues for managing residential recycling programs. New collector payment rates were determined based on cost study results. Adjusted payment rates took effect January 1, 2023.

The following individuals served on the Advisory Committee in 2022:

- **Julie Dickson** (Co-chair), Managing Director, Corporate Services, Save-On-Foods
- **Joanne Fedyk**, Executive Director, Saskatchewan Waste Reduction Council
- **Judy Harwood**, Division 5 Director, Saskatchewan Association of Rural Municipalities
- **Keith Matheson**, Chair, Association of Regional Waste Management Authorities of Saskatchewan
- **Anne Mathewson**, Executive Director, Association of Regional Waste Management Authorities of Saskatchewan
- **Augustina Osaseri**, Advocacy Advisory, Saskatchewan Urban Municipalities Association
- **April Phillips** (Co-chair), Director, Northeast Region, Saskatchewan Urban Municipalities Association
- **Brittney Casavant**, Sustainability Manager, Federated Co-operatives Ltd.

Working with our Board of Directors

The MMSW Board of Directors is made up of steward representatives and independent directors. Board members provide their expertise and oversight to ensure the success of the MMSW program.

MMSW thanks Debbie Baxter and Bob Chant (formerly the Board Chair and Vice-Chair, respectively) for their service. Both stepped down from the Board in June 2022. Robyn Collver was elected Board Chair, Ian Gordon was elected Vice-Chair and Gabor Szekendi joined the Board.

The members of the MMSW Board of Directors at the end of 2022 were:

- **Dale Botting** – Founder, Botting Leadership Inc.
- **Robyn Collver** (Chair) – SVP, ESG and Environmental Strategy Advisor, Canadian Tire Corporation (retired)
- **Ian Gordon** (Vice-Chair) – Board Member and Advisor, SVP, Loblaw Brands, Loblaw Companies Limited (retired)
- **Angela Griffiths** – Vice President, Food Safety, Animal Welfare & Environment, A&W Food Services Inc.
- **Gabor Szekendi** – Chief Financial Officer, Unilever Canada

Board meeting attendance for 2022 is summarized in this table:

BOARD MEMBER	MARCH 23	JUNE 21	SEPTEMBER 20	DECEMBER 19
Debbie Baxter*	Yes	No	--	--
Dale Botting	Yes	Yes	No	Yes
Bob Chant*	Yes	Yes	--	--
Robyn Collver, Chair	Yes	Yes	Yes	Yes
Ian Gordon	Yes	Yes	Yes	Yes
Angela Griffiths	Yes	Yes	Yes	Yes
Gabor Szekendi**	--	Yes	Yes	Yes

* Exited at end of term June 21, 2022

** Appointed to the Board March 23, 2022

The Finance and Audit Committee met four times in 2022.

BOARD MEMBER	MARCH 10	JUNE 13	SEPTEMBER 8	NOVEMBER 29
Dale Botting, Chair	Yes	Yes	Yes	Yes
Ian Gordon	Yes	Yes	No	Yes
Gabor Szekendi*	--	Yes	Yes	Yes

* Joined Committee June 13, 2022

The Governance and Nominating Committee was established in August 2021 and met three times throughout 2022.

BOARD MEMBER	MARCH 4	JUNE 13	NOVEMBER 25
Robyn Collver	Yes	Yes	Yes
Angela Griffiths	Yes	Yes	Yes

Program Performance

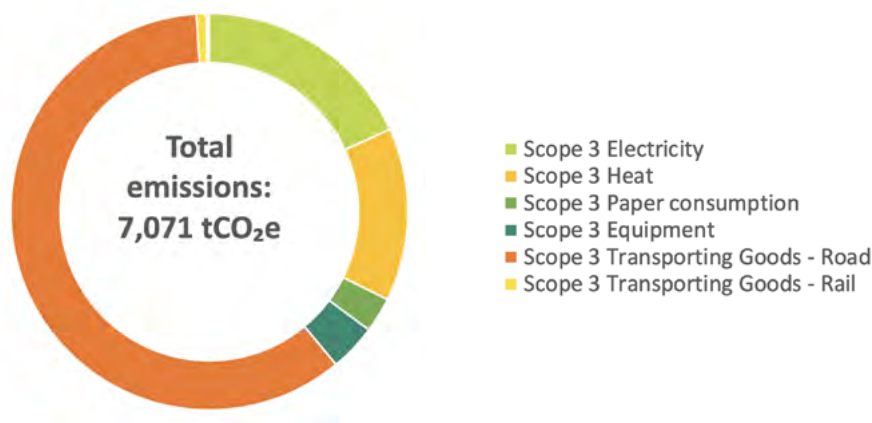
The Saskatchewan Household Packaging and Paper Stewardship Regulations outline performance measures that must be reported by MMSW on an annual basis. Tracking and reporting on key performance metrics is important to ensure stakeholders have the information they need to assess the performance of the program and compare performance year over year.

GHG REPORTING

For the third year, MMSW tracked and is reporting on the greenhouse gas (GHG) emissions associated with the program’s collection and recycling of residential waste packaging and paper. GHG collection data and calculations continue to be refined each year. As such, each year’s data may be restated in the subsequent year’s annual report.

Based on the data provided by our collection and post-collection partners, in 2022 the GHG emissions associated with the MMSW program was 7,071 tonnes of CO₂ equivalent. This compares with 7,173 tonnes reported in 2021. The decrease is mainly driven by less transporting of materials by road.

Almost all of MMSW’s GHG emissions come from indirect sources operated by other entities, mainly municipal service providers and their subcontractors. These are referred to as Scope 3 sources. Scope 1 refers to direct GHG emissions from MMSW, and Scope 2 refers to indirect emissions associated with the generation of electricity, heating/cooling, or steam purchased for the organization’s consumption.



2022 PERFORMANCE

The following are key 2022 performance metrics outlined in the table below:

- The 68.6% collection rate decreased from 77.4% in 2021, reflecting an increase in the tonnes reported by producers (2020 sales data) and a decrease in tonnes collected from households in 2022. The two-year gap between 2020 pandemic sales into Saskatchewan, when there was an increase in all types of packaging materials, and 2022 collection, when residents returned to their pre-pandemic routines, is an expected factor for this change. Collectors maintain full management of their WPP programs; therefore MMSW’s insights into program performance are based on what is reported. Discussions with major collectors and their service provider partners indicate a reduction in the amount of paper entering residential recycling streams which is consistent with a decline in paper supply. Participation rates appear steady yet average weights per cart show a downward trend year over year.
- Financial figures for 2022 include increased payments to collectors from the phased implementation of Saskatchewan cost studies. The MMSW Stewardship Plan includes a requirement for the program to fund up to 75% of net program costs.
- Promotion and education activities in 2022 included development of an advertising campaign to celebrate the impact of the program, build awareness of MMSW’s role in recycling in Saskatchewan, reinforce the principle that recycling is ‘Everyone’s Responsibility’ and increase business compliance and community involvement.

	2022 PERFORMANCE	2021 PERFORMANCE	YOY DIFFERENCE %
Tonnes of WPP supplied by MMSW members	54,477	51,857	5.1%
Tonnes of WPP collected by municipalities	37,371	40,146	-6.9%
Total tonnes of WPP shipped to recycling end markets and therefore diverted from landfills by municipalities participating in the MMSW program	31,831	27,556	15.5%
Rate of total WPP collected by municipalities participating in the MMSW program as a percentage of total WPP supplied by MMSW members	68.6%	77.4%	-8.8%
Rate of diverted WPP (the total amount diverted from municipal landfills) expressed as a percentage of the total WPP that is residentially generated in Saskatchewan (tonnes of WPP collected by municipalities)	85.2%	68.6%	16.5%
For each category of WPP, total tonnes of WPP shipped to recycling end markets and therefore diverted from municipal landfills by municipalities participating in the MMSW program*	Paper Packaging: 14,373 tonnes Plastic Packaging: 1,781 tonnes Glass Packaging: 28 tonnes Steel, Metal & Aluminum: 1,290 tonnes Printed Paper: 14,359 tonnes	Paper Packaging: 11,016 tonnes Plastic Packaging: 1,223 tonnes Glass Packaging: 22 tonnes Steel, Metal & Aluminum: 1,289 tonnes Printed Paper: 14,005 tonnes	Paper Packaging: 30.5% Plastic Packaging: 45.6% Glass Packaging: 25.9% Steel, Metal & Aluminum: 0.1% Printed Paper: 2.5%
Diversion rate for each category of WPP reported by municipalities participating in the MMSW program as a percentage of the total of that category of packaging and paper supplied by MMSW members**	Paper Packaging: 62% Plastic Packaging: 12% Glass Packaging: 1% Steel, Metal & Aluminum: 41% Printed Paper: 98%	Paper Packaging: 56% Plastic Packaging: 9% Glass Packaging: 1% Steel, Metal & Aluminum: 40% Printed Paper: 98%	Paper Packaging: 5.5% Plastic Packaging: 2.9% Glass Packaging: -0.1% Steel, Metal & Aluminum: 0.5% Printed Paper: 0%
Kilograms collected/capita	40.4	43.4	-7.1%
Fees collected from members	\$17,138,559	\$13,633,272	25.7%
Funds spent to operate the program	\$14,489,670	\$11,070,014	30.9%
Funds spent to administer the program (includes both the operation and administrative costs)	\$16,616,076	\$13,119,625	26.7%
Promotion and Education	\$44,965	\$64,614	-30.4%
Resident Feedback	5,759 visits to resident section of MMSW website and 154 emails received.	3,833 visits to the resident section of the MMSW website and 236 emails received.	--

* The quantity of recycled tonnes, which reflects shipments to recycling end markets, is estimated based on the reported tonnes of the top 15 collectors in 2022, representing 80% of the total collected tonnes for MMSW.

** Diversion rate is calculated based on the estimated tonnes by material category (see *above) as percentage of supplied tonnes, as committed to in MMSW's program plan section 4.6.1

2022 Fee Schedule

MMSW members pay fees based on the weight of the packaging and paper materials supplied to Saskatchewan consumers. The below table provides material category rates for 2022.

CATEGORY	MATERIAL	2022 FEE RATES (CENTS/KG)
PRINTED PAPER	Newsprint	28.00
	Magazines and Catalogues	19.00
	Telephone Books	19.00
	Other Printed Paper	26.00
PAPER PACKAGING	Corrugated Cardboard	27.00
	Boxboard	22.00
	Gable Top Cartons	42.00
	Paper Laminates	38.00
	Aseptic Containers	38.00
PLASTIC	PET Bottles	32.00
	HDPE Bottles	13.00
	Plastic Film	57.00
	Plastic Laminates	60.00
	Polystyrene	85.00
	Other Plastics	52.00
STEEL	Other Steel Packaging	25.00
	Steel Aerosols	23.00
	Steel Paint Cans	23.00
ALUMINUM	Aluminum Food & Other Containers	21.00
	Other Aluminum Packaging	27.00
GLASS	Clear Glass	16.00
	Coloured Glass	16.00

Exemptions and Low-Volume Steward Fees

Organizations supplying less than 1,000 kg of packaging and paper annually continue to be exempt from MMSW registration and reporting requirements. Exemptions also continue for businesses with less than \$2 million in revenue or that operate a single point of retail.

For 2022, the following flat fees were available to low-volume stewards:

- A fee of \$560 for businesses that supply between 1,000 and 2,500 kg.
- A fee of \$1,170 for businesses that supply between 2,500 and 5,000 kg.



Promotion & Education

MMSW communicates with the public to support awareness and education about recycling in Saskatchewan and to ensure they understand the importance of recycling right. It also supports collectors in doing this work. The following summarizes promotion and education activities in 2022.

Social Media

In addition to responding to residents through phone and email, MMSW continues to promote proper recycling of packaging and paper through its Facebook and Twitter channels.



Website

The MMSW website (MMSK.ca) is a resource to educate residents about the benefits of recycling and what can be recycled in their area. The site includes a municipality listing page, where residents can access local recycling information for their community. The website is also a resource for MMSW collection partners, providing advertising templates and resources. For materials not included in the MMSW program, a link is provided to the Saskatchewan Waste Reduction Council website for more information about proper disposal. Total page views of 17,704 in 2022 were a slight decrease from 2021.

Advertising Campaign

In 2022, MMSW ran an education campaign to celebrate and highlight the impact of the program, build awareness of recycling in Saskatchewan and the MMSW program, reinforce that recycling in Saskatchewan is 'Everyone's Responsibility' and increase business compliance, community involvement and resident participation.

The provincial campaign consisted of digital billboards, mall posters, digital display ads, Facebook/Instagram ads and YouTube videos.



Results of the campaign:

- Overall: 18,257,252 impressions
- Digital billboards: 15,697,557 impressions
- Mall digital posters: 233,543 impressions
- Display ads: 1,122,418 impressions, 3,945 clicks
- Social media: 1,026,087 impressions, 909 clicks
- YouTube six-second videos : 177,647 impressions, 96.42% video completion rate

Financial Performance

Financial Statements

For the year ended December 31, 2022

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Independent Auditor's Report

To the Members of Multi-Material Stewardship Western Inc.

Opinion

We have audited the financial statements of Multi-Material Stewardship Western Inc. (the "Organization"), which comprise the balance sheet as at December 31, 2022, and the statements of changes in net assets, operations 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 the Organization as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Organization 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If 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 auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants


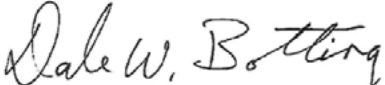
Toronto, Ontario

March 28, 2023

Multi-Material Stewardship Western Inc. Balance Sheet

December 31	2022	2021
Assets		
Current		
Cash	\$ 11,088,105	\$ 9,083,786
Accounts receivable	192,530	418,937
Prepaid expenses	27,281	25,867
	11,307,916	9,528,590
Capital assets (Note 2)	3,866	5,798
	\$ 11,311,782	\$ 9,534,388
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 5,469,483	\$ 4,501,528
Due to related party (Note 3)	10,500	21,171
	5,479,983	4,522,699
Net Assets		
Invested in capital assets	3,866	5,798
Unrestricted	2,827,933	2,005,891
Internally restricted (Note 5)	3,000,000	3,000,000
	5,831,799	5,011,689
	\$ 11,311,782	\$ 9,534,388

On behalf of the Board:

		
		Director
		
		Director

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

Multi-Material Stewardship Western Inc. Statement of Changes in Net Assets

For the year ended December 31, 2022

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ 5,798	\$ 2,005,891	\$ 3,000,000	\$ 5,011,689
Excess (deficiency) of revenue over expenses for the year	(1,932)	822,042	-	820,110
Balance, end of year	\$ 3,866	\$ 2,827,933	\$ 3,000,000	\$ 5,831,799

For the year ended December 31, 2021

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ 7,730	\$ 1,401,858	\$ 3,000,000	\$ 4,409,588
Excess (deficiency) of revenue over expenses for the year	(1,932)	604,033	-	602,101
Balance, end of year	\$ 5,798	\$ 2,005,891	\$ 3,000,000	\$ 5,011,689

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

Multi-Material Stewardship Western Inc. Statement of Operations

For the year ended December 31	2022	2021
Revenue		
Fee revenue	\$ 17,138,559	\$ 13,633,272
Investment income	<u>297,622</u>	<u>88,455</u>
	<u>17,436,181</u>	<u>13,721,727</u>
Expenses		
Material management costs (Note 6)	14,489,665	11,070,014
Program management (Note 4)	2,081,441	1,984,998
Promotion and education	<u>44,965</u>	<u>64,614</u>
	<u>16,616,071</u>	<u>13,119,626</u>
Excess of revenue over expenses for the year	\$ 820,110	\$ 602,101

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

Multi-Material Stewardship Western Inc. Statement of Cash Flows

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 820,110	\$ 602,101
Adjustments to reconcile excess of revenue over expenses for the year to cash provided by operating activities		
Amortization of capital assets	1,932	1,932
Changes in non-cash working capital balances:		
Accounts receivable	226,407	(89,226)
Prepaid expenses	(1,414)	(4,955)
Accounts payable and accrued liabilities	967,955	943,452
Due to related parties	(10,671)	(96,511)
Increase in cash during the year	2,004,319	1,356,793
Cash, beginning of year	9,083,786	7,726,993
Cash, end of year	\$ 11,088,105	\$ 9,083,786

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

Multi-Material Stewardship Western Inc. Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization:

(a) Business Organization and Operations

Multi-Material Stewardship Western Inc. (the “Organization”) was incorporated under The Saskatchewan Non-Profit Corporations Act, 1995 on March 5, 2010 to undertake responsibility for the stewardship of the packaging and printed paper environmental management program under provincial legislation. The Organization is a not-for-profit organization and as such is not subject to income taxes.

The Waste Packaging and Paper Stewardship Plan (the “Program Plan”) was approved by the Saskatchewan Ministry of Environment in October 2015 and the program was launched January 2016.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Revenue Recognition

Fee revenue is based on reported tonnages for members with signed Membership Agreements with the Organization. Revenue is recognized when tonnage is reported, fees are received or receivable and collection is reasonably assured. Revenue arising from member reported tonnages or adjustments for prior years’ obligations and revenues resulting from compliance and enforcement activities are recognized when the amount can be reasonably estimated and collection is reasonably assured.

(d) Financial Instruments

Unless otherwise noted, the Organization initially measures its financial assets and liabilities at fair value and subsequently measures its financial assets and liabilities at amortized cost.

(e) Capital Assets

Capital assets are recorded at cost less accumulated amortization and are amortized on the following basis:

Furniture and fixtures - 10 years straight line

(f) Impairment of Long-Lived Assets

When a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Multi-Material Stewardship Western Inc. Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies - (Continued)

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounting estimates include the valuation of accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 18,796	\$ 14,930	\$ 18,796	\$ 12,998
		\$ 3,866		\$ 5,798

3. Due to Related Party

MMBC Recycling Inc. ("Recycle BC") is a not-for-profit organization established under the Canada Not-For-Profit Corporations Act to undertake responsibility for the stewardship of the packaging and printed paper environmental management program under provincial legislation.

In 2021, the Organization and Recycle BC was under the common control of Canadian Stewardship Services Alliance ("CSSA") (Note 4). In 2022, the Organization and Recycle BC are related through common management and certain common board of director members.

Amounts due to Recycle BC are non-interest bearing and due on demand.

During the year, the Organization was charged \$120,000 (2021 - \$120,000) for common management costs and is included in program management expenses.

All transactions between the Organization and Recycle BC are in the normal course of operations and are recorded at their exchange amount as agreed upon by the parties.

Multi-Material Stewardship Western Inc. Notes to Financial Statements

December 31, 2022

4. Significant Contracts

The Organization entered into a 5 year Management Service Agreement (“MSA”) with CSSA, ending December 31, 2023, for management services including administrative and technical support, other services and facilities for administrative, technical and reporting activities.

On November 11, 2021, CSSA entered into an agreement with the Resource Recovery Alliance Inc. (“RRA”) to acquire substantially all assets, liabilities and operations of the CSSA. As a result of the acquisition, the MSA with CSSA was assigned to RRA. On September 15, 2022, the operations of RRA were acquired by Circular Materials (“CM”). As part of the corporate reorganization in connection with the acquisition, RRA assigned to CM all of the rights and obligations under the MSA effective January 1, 2023. Charges totaling \$1,355,265 (2021 - \$1,044,591 to CSSA and \$284,227 to RRA) were paid to RRA (\$979,144) and CM (\$376,121) pursuant to this contract and are included in program management expenses in the statement of operations.

In 2021, as a result of the acquisition between CSSA and RRA, CSSA no longer has control over the Organization.

5. Internally Restricted Net Assets

The directors have authorized the establishment of the Operating Reserve to provide for an appropriate level of working capital and to satisfy all of its obligations for a reasonable period of time.

6. Material Management Costs

Material management costs include all costs related to the collection, transportation and processing of materials managed through the program.

Multi-Material Stewardship Western Inc. Notes to Financial Statements

December 31, 2022

7. Commitments

Under the terms of an operating lease agreement, the Organization is committed to pay basic rent approximately as follows:

2023	\$	61,049
2024		<u>45,674</u>
	\$	<u>106,723</u>

8. Financial Instrument Risk Exposure and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. A brief description of management's assessments of these risks is as follows:

(a) Credit Risk:

Financial instruments potentially exposed to credit risk include cash and accounts receivable. Management considers its exposure to credit risk over cash to be remote as the Organization holds cash deposits at a major Canadian bank. Accounts receivable are monitored regularly for collections and the carrying amount represents the maximum credit risk exposure. The Organization's provision for uncollectable accounts receivable is \$14,072 (2021 - \$45,715).

(b) Liquidity Risk:

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they come due. The program operated by the Organization carries risks in the ability to forecast and control expenditures. Management has taken steps to ensure that the program will have sufficient working capital available to meet obligations.



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