




Multi-Material
Stewardship Western

2021 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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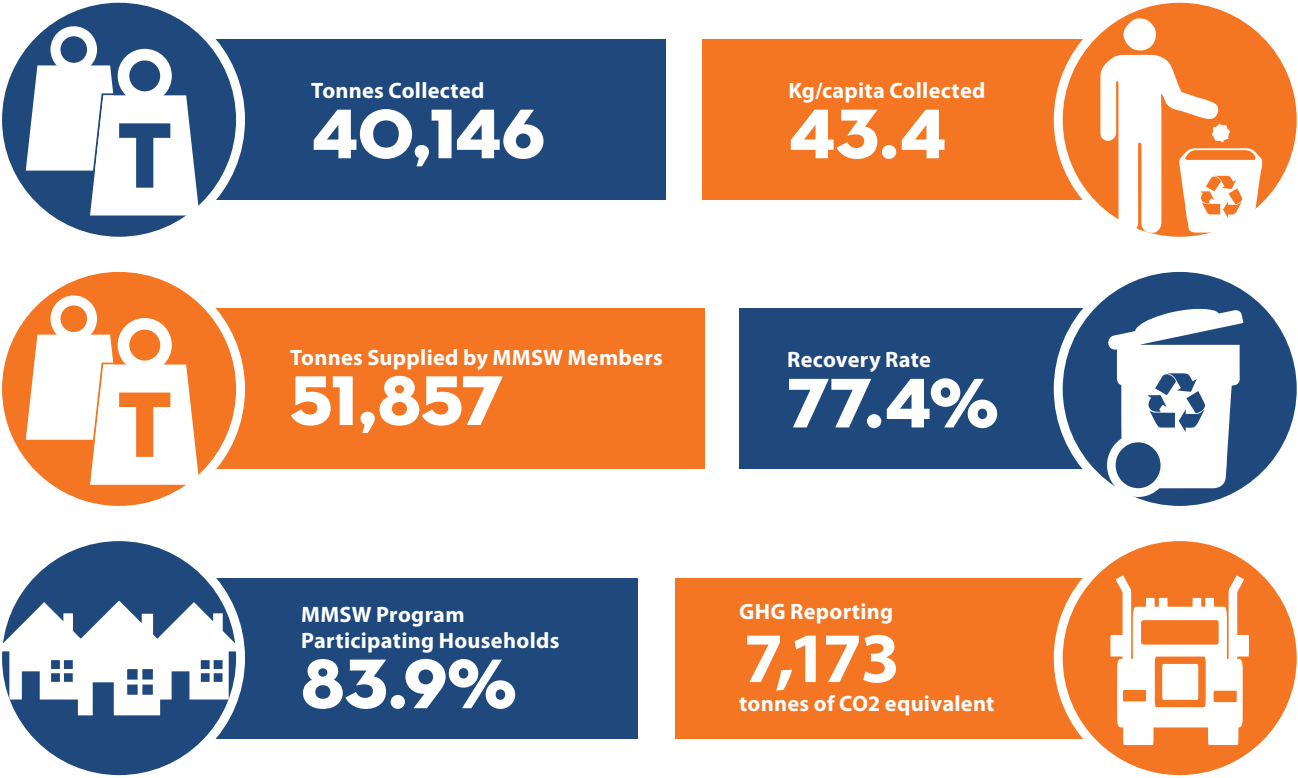
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2021 Highlights

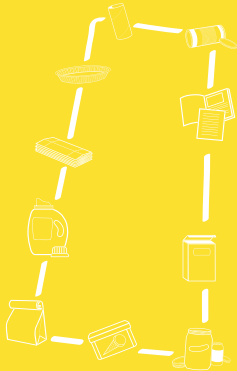
The 2021 recovery rate for WPP collected was stable with 2020, reflecting small declines in both the tonnes reported by producers and in tonnes collected from households.

This is the second 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 on-going partnerships with more than 500 municipalities, regional waste authorities and First Nations 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.



Message from the Board of Directors

2021 was a significant year for MMSW on many fronts. Although it began with MMSW marking its 5-year anniversary, this was by no means the most important development in our program.

Often, such milestones are cause for celebration, but with the pandemic's continued presence along with a year of extreme heat, dryness and storms in Saskatchewan, it was another challenging year of adapting to change.

Prairie people are known for their resilience. Our member businesses and local government collectors continued to support recycling despite elements beyond their control. Thanks to their efforts, MMSW has tracked above 75% for its recovery rate for the third year in a row. The tonnage of waste packaging and paper supplied into the marketplace by our members decreased for the third straight year, following a high in 2018. Meanwhile, the tonnes collected by municipalities decreased less, resulting in a 77% recovery rate.

Industry funding for the MMSW program continues to grow to reflect supply chain cost pressures experienced by local government collectors in Saskatchewan. We implemented the second phase of payment increases from the results from our 2019 cost study based on Saskatchewan data. We also undertook a pilot study of seasonal households to better understand what role they play in the collection of our materials. We began 2022 by initiating the next cost study to continue to align our payments to municipalities' costs for the efficient and effective recycling of waste packaging and paper. On both items and many others, we are thankful to MMSW's dedicated Advisory Committee, which is composed of a representative group of stakeholders from local governments, regional waste authorities, stewards, and a Saskatchewan NGO. The members volunteer many hours working with us and are already engaged in our latest cost study. Five years in, we are stronger today thanks to their work and counsel.

2021 saw the provincial government begin its review of the Household Packaging and Paper Stewardship Program Regulations and the Multi-Material Recycling Program. The review focused largely on a transition to full extended producer responsibility (EPR). If the government proceeds, MMSW is prepared to shift from the current shared responsibility program, with member businesses providing financial support to local governments for recycling services, to a full EPR program with industry managing a province-wide recycling program in addition to taking responsibility for the program cost of collecting, sorting and recycling waste packaging and paper materials.

Saskatchewan is not alone in its interest in full EPR. Governments are embracing the concept of full EPR for waste packaging and paper across Canada. It is a world for which MMSW is ready. Over five years, we have developed in-depth knowledge of the recycling landscape in the province and our MMSW team brings expertise to manage the regulatory landscape on behalf of our member businesses and to always ensure we are meeting the targets we must meet with efficiency and effectiveness.

There are many opportunities for recycling growth in Saskatchewan. Our member businesses are signaling strong commitments to the circular economy, to increasing recycled content in their packaging, to reducing their packaging and making it more recyclable. MMSW is an integral part of that circular economy in Saskatchewan.

We look forward to seeing what the next five years bring to MMSW, and to always working collaboratively to bring about the change required to continue making a difference long into the future.

The Directors of the MMSW Board

Program Overview

Working with our Members

The MMSW membership is made up of more than 500 businesses and other organizations that supply materials designated in the Household Packaging and Paper Stewardship Program Regulation to Saskatchewan residents. These organizations report details about their quantities and types of materials each year and pay the associated stewardship fees that support the work of municipalities, regional waste authorities and First Nations 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. Several MMSW 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 Collectors

MMSW works with more than 500 municipalities, First Nations communities and regional waste authorities, providing funding for the delivery of recycling services. The service agreements currently in place reflect residential recycling of waste packaging and paper in over 83% of Saskatchewan households.

MMSW gratefully acknowledges its collection partners for continuing to provide uninterrupted recycling services to Saskatchewan households throughout 2021 while navigating the COVID-19 pandemic. During the year, collection partners again collaborated with MMSW in the collection of data, enabling the GHG emissions associated with the recycling program to be reported. This effort requires collectors to invest time and resources to collect the emissions data associated with the collection, post-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 is also in its second year of reporting end-of-life data for collected material as well as data for each material category, further expanding available information on the program's environmental performance. This work requires MMSW's largest collection partners to collect and provide information about material diverted from landfills. For 2021, 27,556 tonnes of material were sent to recycling end markets.



Working with our Advisory Committee

The Advisory Committee is made up of representatives of urban and rural municipalities, regional waste management authorities, the Saskatchewan Waste Reduction Council and stewards of residential packaging and paper. These organizations are all committed to the success of the MMSW program and provide valuable input and advice.

In 2021, the Advisory Committee continued its involvement in ongoing work to update Saskatchewan-specific municipal costs and revenues for managing the recycling system. Cost studies support the program's commitment to pay collectors based on Saskatchewan costs to deliver efficient and effective municipal residential packaging and paper collection and recycling programs. MMSW is obligated to compile municipal cost data every two to three years so that tonnes, costs and revenues used as the basis for collector payments are updated. The next cost study will occur in 2022 and an accounting firm has been retained to perform the required work during the first half of the year.

The following individuals served on the Advisory Committee in 2021:

- **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
- **Morgan Sather**, 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.

Three new members joined the Board on August 19, 2021, following an extensive search and review by an independent third-party firm. The new members represent major companies in the restaurant, grocery and retail sectors with a strong presence in Western Canada.

The members of the MMSW Board of Directors at the end of 2021 were:

- **Debbie Baxter** – Partner, Deloitte (Board Chair)
- **Dale Botting** – Founder, Botting Leadership Inc.
- **Bob Chant** – Senior Advisor, StrategyCorp Inc. (Board Vice-Chair)
- **Robyn Collver** – Senior Vice President, Regulatory & Chief Sustainability Officer, Canadian Tire Corporation
- **Ian Gordon** – Senior Vice President, Plastic Waste Reduction, Loblaw Companies Limited
- **Angela Griffiths** – Vice President, Food Safety, Animal Welfare & Environment, A&W Food Services Inc.

Board meeting attendance for 2021 is summarized in this table:

BOARD MEMBER	MARCH 24	JUNE 29	JULY 22	AUGUST 19	SEPTEMBER 22	DECEMBER 15
Debbie Baxter	Yes	Yes	Yes	Yes	Yes	Yes
Dale Botting	Yes	Yes	Yes	Yes	Yes	Yes
Bob Chant	Yes	Yes	Yes	Yes	Yes	Yes
Robyn Collver*	N/A	N/A	N/A	N/A	No	Yes
Angela Griffiths*	N/A	N/A	N/A	N/A	Yes	Yes
Ian Gordon*	N/A	N/A	N/A	N/A	Yes	Yes
John Coyne**	Yes	Yes	N/A	N/A	N/A	N/A

* Appointed to the Board August 19, 2021

** Resigned from the Board June 29, 2021

The Finance and Audit Committee met four times in 2021.

BOARD MEMBER	MARCH 11	JUNE 16	SEPTEMBER 9	DECEMBER 2
Debbie Baxter*	Yes	Yes	Yes	N/A
Dale Botting	Yes	Yes	Yes	No
Bob Chant**	N/A	N/A	No	Yes
Ian Gordon**	N/A	N/A	Yes	Yes

* Resigned from Committee September 22, 2021

** Joined Committee August 19, 2021

The Governance and Nominating Committee was established in August 2021 and met once during the remainder of the year.

BOARD MEMBER	NOVEMBER 22
Robyn Collver	Yes
Angela Griffiths	Yes

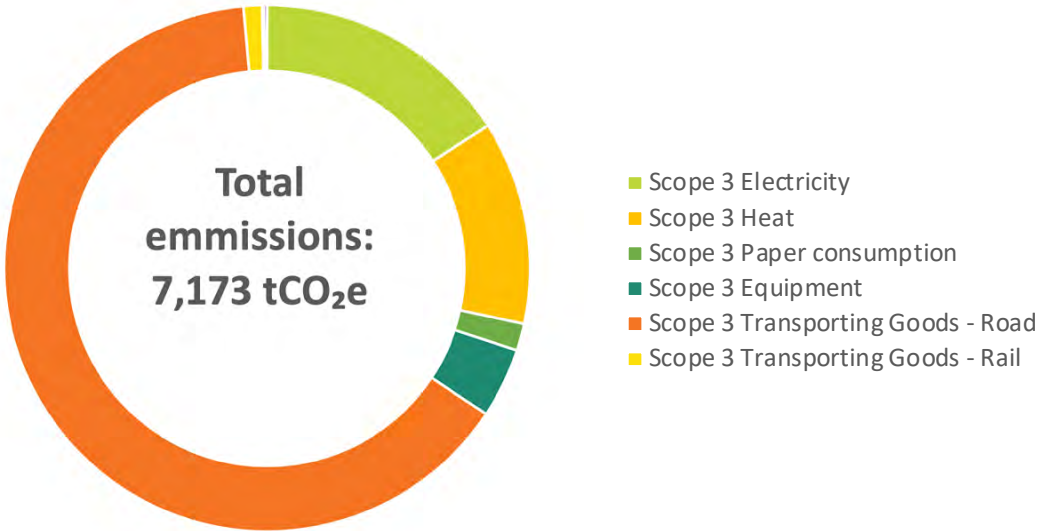
Program Performance

The Saskatchewan Household Packaging and Paper Stewardship Regulation outlines 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 second year, MMSW is tracking and 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 may be restated in the subsequent year’s annual report. Based on the data provided by our collection and post-collection partners, in 2021 the GHG emissions associated with the MMSW program was 7,173 tonnes of CO₂ equivalent. This compares with 7,068 tonnes reported for 2020 (restated). The increase is mainly driven by greater 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.



2021 HIGHLIGHTS

The following are highlights of 2021 performance metrics outlined in the table below:

- The 77.4% collection rate is stable compared with 2020, based on supplied tonnes decreasing slightly more than collected tonnes decreased.
- Financial figures for 2021 include increased payments to collectors from the phased implementation of Saskatchewan cost studies.
- Promotion and education activities in 2021 included consumer research and the provincial awareness campaign, with the budget increase reflecting decreased P&E activity in 2020 due to COVID-19. The campaign drove increased website visits.

	2021 PERFORMANCE	2020 PERFORMANCE	YOY DIFFERENCE %
Tonnes of WPP supplied by MMSW members	51,857	53,350	-2.8%
Tonnes of WPP collected by municipalities	40,146	40,827	-1.7%
Total tonnes of WPP shipped to recycling end markets and therefore diverted from landfills by municipalities participating in the MMSW program	27,556	27,821	-1.0%
Rate of total WPP collected by municipalities participating in the MMSW program as a percentage of total WPP supplied by MMSW members	77.4%	76.5%	0.9%
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)	68.6%	69.0%	-0.4%
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: 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: 12,123 tonnes Plastic Packaging: 1,528 tonnes Glass Packaging: 29 tonnes Steel, Metal & Aluminum: 1,154 tonnes Printed Paper: 12,986 tonnes	Paper Packaging: -9.1% Plastic Packaging: -19.9% Glass Packaging: -24.2% Steel, Metal & Aluminum: 11.7% Printed Paper: 7.8%
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: 56% Plastic Packaging: 9% Glass Packaging: 1% Steel, Metal & Aluminum: 40% Printed Paper: 98%	Paper Packaging: 60% Plastic Packaging: 11% Glass Packaging: 1% Steel, Metal & Aluminum: 35% Printed Paper: 98%	Paper Packaging: -4% Plastic Packaging: -2% Glass Packaging: 0% Steel, Metal & Aluminum: 5% Printed Paper: 0%
Kilograms collected/capita	43.4	44.6	-2.5%
Fees collected from members	\$13,633,272	\$9,715,048	40.3%
Funds spent to operate the program	\$11,070,014	\$8,924,491	24.0%
Funds spent to administer the program (includes both the operation and administrative costs)	\$13,119,626	\$10,877,957	20.6%
Promotion and Education	\$64,614	\$2,836	2178.3%
Resident Feedback	3,833 visits to the resident section of the MMSW website and 236 emails received.	847 visits to the resident section of the MMSW website and 402 unique visitors. MMSW received 645 emails and 7 calls	—

* The quantity of recycled tonnes, which reflects shipments to recycling end markets, is estimated based on the reported tonnes of the top 13 collectors in 2021 who represent 76% 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

2021 Fee Rates

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 2021.

CATEGORY	MATERIAL	2021 FEE RATES (CENTS/ KG)
PRINTED PAPER	Newsprint	16.00
	Magazines and Catalogues	16.00
	Telephone Books	16.00
	Other Printed Paper	16.00
PAPER PACKAGING	Corrugated Cardboard	19.00
	Boxboard	19.00
	Gable Top Cartons	38.00
	Paper Laminates	38.00
	Aseptic Containers	38.00
PLASTICS	PET Bottles	33.00
	HDPE Bottles	33.00
	Plastic Film	50.00
	Plastic Laminates	60.00
	Polystyrene	50.00
	Other Plastics	50.00
STEEL	Other Steel Packaging	18.00
	Steel Aerosols	18.00
	Steel Paint Cans	18.00
ALUMINUM	Aluminum Food & Other Containers	34.00
	Other Aluminum Packaging	34.00
GLASS	Clear Glass	10.00
	Coloured Glass	10.00

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 2021, the following flat fees were available to low-volume stewards:

- A fee of \$440 for businesses that supply between 1,000 and 2,500 kg.
- A fee of \$920 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 2021.

Awareness Campaign

In the fall, MMSW ran a multi-channel awareness campaign, reinforcing that recycling is everyone's responsibility and we all have a part to play – from the businesses who supply the packaging and paper to the collectors who collect it from homes to the residents who set it out for recycling. The campaign ran on billboards, digital mall posters, digital website display ads, YouTube and social media (Facebook and Instagram) and generated over 8.9 million impressions, and the campaign landing page views resulting in 15% of the overall website traffic.

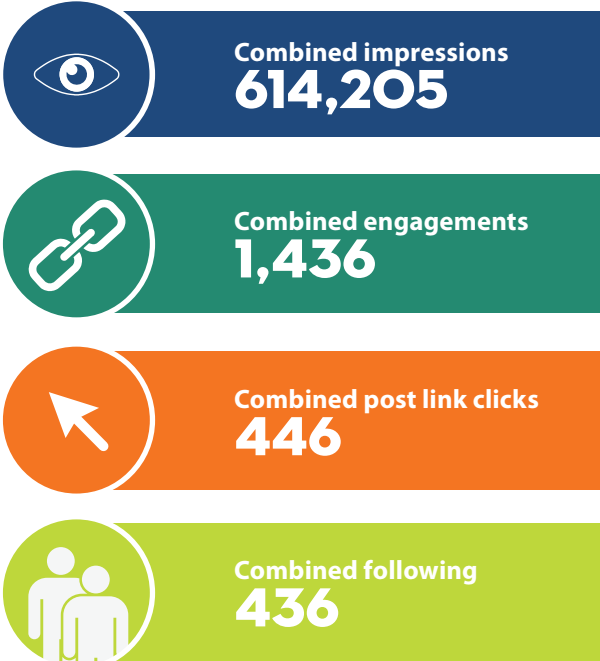
Website

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 18,211 increased from 2020 primarily due to the awareness campaign.

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.



Research

In 2021, MMSW conducted consumer research to better understand the views and behaviours of Saskatchewan residents regarding recycling and their level of recycling participation. Some findings include:

- 66% of respondents go out of their way to recycle; this behaviour is more prevalent in the 55+ age demographic.
- 62% of respondents cite the greatest motivator to recycle is to 'preserve the land and environment'.
- 68% of respondents identified 'ease of identifying what's recyclable' as the primary expectation of the packaging and paper recycling program.

Financial Performance

Financial Statements

For the year ended December 31, 2021

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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, 2021, 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, 2021, 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


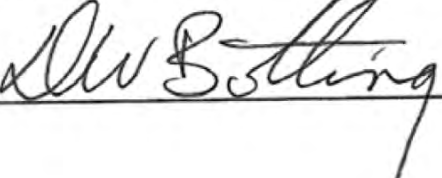
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 1, 2022

Multi-Material Stewardship Western Inc. Balance Sheet

December 31	2021	2020
Assets		
Current		
Cash	\$ 9,083,786	\$ 7,726,993
Accounts receivable	418,937	329,711
Prepaid expenses	25,867	20,912
	9,528,590	8,077,616
Capital assets (Note 2)	5,798	7,730
	\$ 9,534,388	\$ 8,085,346
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 4,501,528	\$ 3,558,076
Due to related parties (Note 3)	21,171	117,682
	4,522,699	3,675,758
Net Assets		
Invested in capital assets	5,798	7,730
Unrestricted	2,005,891	1,401,858
Internally restricted (Note 4)	3,000,000	3,000,000
	5,011,689	4,409,588
	\$ 9,534,388	\$ 8,085,346

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, 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

For the year ended December 31, 2020

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total
Balance, beginning of year	\$ 9,662	\$ 2,442,521	\$ 3,000,000	\$ 5,452,183
Deficiency of revenue over expenses for the year	(1,932)	(1,040,663)	-	(1,042,595)
Balance, end of year	\$ 7,730	\$ 1,401,858	\$ 3,000,000	\$ 4,409,588

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	2021	2020
Revenue		
Fee revenue	\$ 13,633,272	\$ 9,715,048
Investment income	88,455	120,314
	<u>13,721,727</u>	<u>9,835,362</u>
Expenses		
Material management costs (Note 5)	11,070,014	8,924,491
Program management (Note 3)	1,984,998	1,950,630
Promotion and education	64,614	2,836
	<u>13,119,626</u>	<u>10,877,957</u>
Excess (deficiency) of revenue over expenses for the year	\$ 602,101	\$ (1,042,595)

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	2021	2020
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 602,101	\$ (1,042,595)
Adjustments to reconcile excess (deficiency) 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	(89,226)	(14,831)
Prepaid expenses	(4,955)	936
Accounts payable and accrued liabilities	943,452	(408,090)
Due to related parties	(96,511)	(54,213)
Increase (decrease) in cash during the year	1,356,793	(1,516,861)
Cash, beginning of year	7,726,993	9,243,854
Cash, end of year	\$ 9,083,786	\$ 7,726,993

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

Multi-Material Stewardship Western Inc. Notes to Financial Statements

December 31, 2021

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, 2021

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

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 18,796	\$ 12,998	\$ 18,796	\$ 11,066
		\$ 5,798		\$ 7,730

3. Due to Related Parties and Related Party Transactions

	2021		2020	
Due to Canadian Stewardship Services Alliance Inc. ("CSSA") (i)	\$ -		\$ 107,182	
Due to MMBC Recycling Inc. ("Recycle BC") (ii)	21,171		10,500	
	\$ 21,171		\$ 117,682	

Multi-Material Stewardship Western Inc. Notes to Financial Statements

December 31, 2021

3. Due to Related Parties and Related Party Transactions - (Continued)

- (i) 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. During the year, charges totaling \$1,044,591 (2020 - \$1,215,400) were paid to CSSA pursuant to this contract and are included in program management expenses.

During the year, CSSA entered into an agreement dated November 11, 2021 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. During the year, charges totaling \$284,227 (2020 - \$Nil) were paid to RRA and are included in program management expenses.

The Organization's board of directors consists of no individuals (2020 - 25%) who are also members of the CSSA board of directors and CSSA previously had the ability to elect board members; therefore, the CSSA board of directors had control over the Organization. In anticipation of the CSSA agreement with RRA, the Organization updated its by-laws thus making CSSA ineligible for membership. As a result, CSSA no longer has control over the Organization.

- (ii) 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. During the year, the Organization was charged \$120,000 (2020 - \$120,000) for common management costs and is included in program management expenses.

The Organization and Recycle BC were under the common control of CSSA.

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

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

4. 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.

5. 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, 2021

6. Commitments

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

2022	\$	30,750
2023		30,750
2024		15,375
		<hr/>
	\$	76,875

7. 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 \$45,715 (2020 - \$18,761).

(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.

8. COVID-19 Impact

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19") a pandemic. There have been significant disruptions to the Canadian and global economies. As the impact of COVID-19 continues to evolve, management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Although the Organization continues to operate, it is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results of the Organization in future periods.



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