

RECYCLING
COUNCIL
OF ALBERTA



annual report

2020 - 2021

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2020-2021 RCA Board of Directors



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Secretary: David Schaaf

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- Tammy Burke, Mayor of Rocky Mountain House
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- Isabelle Couture, Plastic-Free YYC
- Mikhael Metauro, Cascades Recovery+
- Sahra Shojaei, Walker Environmental Group Inc.
- Lori Koebel, Alberta Beverage Container Recycling Corporation
- Mark Parker, Morrison Hershfield
- Andrew Sorenson, Claystone Waste Ltd.

Navigating the Pandemic: From In-Person to Webinars

Due to the pandemic, The Recycling Council of Alberta's Board of Directors made the difficult decision to cancel the 2020 Conference, scheduled for October in Lake Louise. We quickly moved online to present international and local thought leaders through a series of webinars. Focused on topics of relevance to the issues we are facing in our industry, nearly 1,000 individuals joined us for these sessions over the year – a fantastic achievement considering we haven't been able to meet in person. We will continue to bring you webinars into 2021/2022, bringing together leading voices and perspectives from across our industry.

Committed to delivering an outstanding and safe experience, the RCA decided to proceed with an in-person conference for the 2021 RCA annual conference, *Through the Looking Glass*. We are excited to bring our community together in the heart of the Canadian Rockies at the Fairmont Banff Springs to hear from [thought leaders](#) from around the world, exchange ideas and perspectives and take part in the vital conversations that will help advance the circular economy.



2020 Rs of Excellence Winners are Recognized for Leadership in Waste Reduction at First-Ever Virtual AGM

For the first time in its 30-year history, the Recycling Council of Alberta held its Annual General Meeting online. Sixty members attended the October virtual meeting, where supporters and organizations were recognized for their leadership in waste reduction at the annual Rs of Excellence ceremonies.

2020 Rs of Excellence Winners:

Municipal Program Award – Vulcan & District Waste Commission

The Vulcan & District Waste Commission pesticide container collection site, managed by Dick Ellis, is one of the largest locations in Alberta and went from being one of the most challenging sites in 2017 to one of the best sites by 2019. Dick and his team put a tremendous amount of time and effort in upgrading the onsite infrastructure, providing increased oversight of the collection area, and improved engagement and communication with participating farmers. The changes have helped Vulcan County improve the health and safety onsite and increase their collection volumes at the site by nearly 30% since 2016, making Vulcan the third largest collection site in the province.

Waste Reduction Leadership Award – Calgary Co-op

When the pandemic first hit, grocery stores quickly moved to prohibit customers bringing their reusable bags into the store. However, Calgary Co-op stuck to their waste reduction principles, allowing the use of reusable bags to continue long after others had eliminated the practice. To ensure protection of their employees and customers, and adherence to Alberta Health Services rules, Calgary Co-op did discontinue customer reusable bags in their system for a very short period while upgrading their grocery bagging operations. They immediately followed by again supporting the practice of customers using their own bags which continues.

Waste Reduction Leadership Award – Sobeys

On January 31st, 2020, 255 Sobeys stores across the country said goodbye to single-use plastic bags at the checkout counter, the first national grocer to take this bold step. During the pandemic, they made the decision to stick with the reusable bag system based on public health information. Eliminating and removing 225 million grocery bags from circulation annually was the first step in Sobeys ongoing efforts to reduce single-use plastic, but it doesn't stop there. On October 1, 2020, they also removed single-use plastic checkout bags from all stores in Atlantic Canada and IGA stores in Quebec. The grocery chain continues to work with cross-functional internal teams and valued community and industry partners to determine new and innovative solutions to tackle the plastic waste issue.

Continuing to Advance EPR in the Province

The RCA continues to work hard to advance Extended Producer Responsibility (EPR) in the province and the results are showing. EPR is an environmental/economic policy approach in which producers of products and packaging bear responsibility for ensuring those products and packages are properly managed at the end of their life-cycle (OWMA, 2013)¹.

We have advocated for EPR as an improvement from the current system with many benefits associated in shifting the costs and operational responsibilities for managing recycling systems and finding markets from local governments to producers.

The RCA developed a set of [key principles](#) that an EPR framework should have:

1. Drive a **circular economy**
2. Be **outcome-based**
3. Have performance standards that are **ambitious, measurable, and enforceable**
4. Ensure a **level playing field**
5. Be implemented alongside **complementary regulations**

Throughout 2020/21, there were significant advancements on the EPR file in Alberta.

On October 26, 2020, [a motion was tabled and passed](#) unanimously with support from the government and opposition: Be it resolved that the Legislative Assembly urge the Government to examine the feasibility of implementing measures such as extended producer responsibility that balance the environmental and economic needs of Albertans.

In December, Alberta Environment and Parks (AEP) and Alberta Energy (AE) shared plans to undertake an ambitious consultation process on EPR in 2021. AEP plans to engage with the Plastics Alliance of Alberta and other stakeholders on a producer funded and operated system for Packaging and Paper Products and Household Hazardous Waste.

On March 18, 2021, Alberta Environment and Parks (AEP) [released a discussion paper](#) on advancing extended producer responsibility (EPR) policy in the province. The paper focuses on the creation of an overarching EPR regulatory framework for packaging and paper products (PPP), single-use plastics, and hazardous and special products (HSP). The RCA's response to the discussion paper can be viewed [here](#).

The RCA continues to be engaged and supportive of advancing EPR in the province and is committed to sharing news, resources and updates about the work underway.

Plastics Alliance of Alberta: Maximizing Innovation and Reducing Plastic Waste

The [Plastics Alliance of Alberta](#) (PAA), formed in July 2020, brings together industry, government, academia and non-government organizations representing Alberta's plastics value chain to advance the circular economy for plastics in the province. Chaired by NAIT Industry Solutions and the RCA, the PAA will collaborate on actions needed to encourage and support a plastics circular economy in Alberta.

Together, the group's 20 founding member organizations will work to ensure that Alberta's plastics sector creates plastics that can be reused and recycled, generates no waste or emissions, and restore ecosystems harmed by the manufacturing of hard-to-recycle or single-use products. Members are committed to finding solutions to manage plastics and keep them out of the environment while contributing to economic opportunities and growth.

Alberta is already one of Canada's largest manufacturing locations of plastics, and presents a huge opportunity for the province's public and private sector organizations to advocate for innovation in the way plastics are designed, manufactured, and used and re-used in our economy. By working together, Alberta will be the voice for change in how the global community thinks about plastics – not as a harmful waste, but as a reusable and recyclable product for a sustainable future.

[Learn more.](#)

On the Cusp: Alberta's Circular Podcast Launches



The RCA launched a podcast called *On the Cusp: Alberta's Circular Podcast* to share inspiring projects on leading local, national, and international ideas about changing behaviours, and policies to create a Circular Economy.

We are moving from a linear, take-make-dispose economy, to one where communities and organizations are designing programs to reduce waste, reuse and recycle materials. Our podcast brings you the stories of this work to foster and grow circularity through sharing platforms, design, procurement, resource conservation, reuse centres and much more! Listen on the go, through iTunes or Google Play podcast apps.

Circular Communities: Building Local Circular Economy



The Recycling Council of Alberta (RCA) is working with municipalities across Alberta on the [Circular Communities project](#) to create opportunities to design out waste and conserve resources to transition to a circular economy.

The project's first phase (completed in 2020) involved consulting with communities and collaboratively developing unique roadmaps for how each community can begin to design their own transition to a circular economy.

The RCA is now proceeding with the second phase of the Circular Communities project: Implementation. Three communities will work with the RCA to put their roadmaps into action. This project is expected to run until the end of 2022.

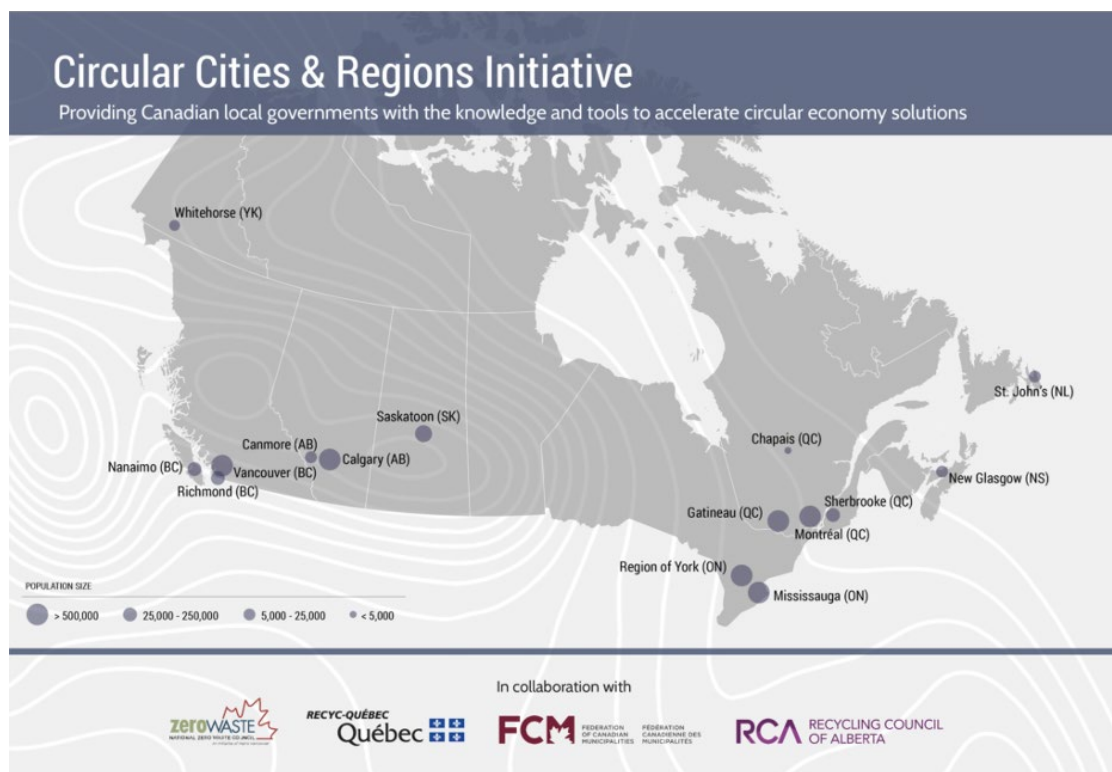


The Circular Cities and Regions Initiative (CCRI)

Cities and regions are where people, knowledge and ideas come together, where innovation is cultivated, and where most of our natural resources are consumed and our waste generated. These dynamics position local governments at the heart of the circular economy transition, and the Circular Cities and Regions Initiative (CCRI) aims to enable them to lead the way in this important transition.

Launched in March 2021, the CCRI is a one-year pilot to advance circular economy knowledge sharing and capacity in the Canadian local government sector, developed and delivered jointly by the National Zero Waste Council, the Federation of Canadian Municipalities, the Recycling Council of Alberta, and RECYC-QUÉBEC. The CCRI builds on the Recycling Council of Alberta's [Circular Cities Project](#) and is a key outcome of the National Zero Waste Council's [Circular Economy Working Group](#).

Over the course of one year, the CCRI is delivering a five-part national webinar series on innovative approaches and providing direct support, guidance and peer-to-peer exchange for a group of 15 cities and regions as they take steps to become more circular. An [Advisory Group](#) of leading international and Canadian experts is providing advice and mentorship to the local governments as they go through an action planning process to develop circular economy roadmaps.



RCA Joins Canadian Plastics Pact Alongside National Leaders to Tackle Plastic Waste and Pollution

The Recycling Council of Alberta committed to the Canada Plastics Pact (CPP) along with more than 40 leading businesses, NGOs and governments to end plastic waste and pollution.

The group's immediate focus is on ambitious targets to reduce and eliminate unnecessary plastics packaging – charting a path toward the circular economy by 2025.

As Alberta's voice for the circular economy, the Recycling Council of Alberta believes the CPP provides a critical forum to advance solutions to manage plastic. By partnering with the CPP in this national movement, the RCA can show leadership along with a worldwide network of more than 1,000 organizations through the Ellen MacArthur Foundation's Plastics Pact Network and New Plastics Economy initiative.

The vision for the New Plastics Economy was started by the world's leading circular economy organization, the Ellen MacArthur Foundation, in 2016. With Canada's formation of the CPP, it joins nine other countries working toward common targets while sharing and learning best practices across regions.

The CPP is working towards four clear actionable targets by 2025:

1. Define a list of plastic packaging that is to be designated as problematic or unnecessary and take measures to eliminate them.
2. Support efforts towards 100% of plastic packaging being designed to be reusable, recyclable or compostable.
3. Undertake ambitious actions to ensure that at least 50% of plastic packaging is effectively recycled or composted.
4. Ensure an average of at least 30% recycled content across all plastic packaging (by weight).

With the goal for systemic change, the CPP has identified its first plan of attack to develop a roadmap for action by 2025 that is fully transparent and measurable. This report will be made public each year. Learn more about the [Canadian Plastics Pact](#).

RCA Releases On-farm Composting Guide

The Recycling Council of Alberta (RCA) released [*An Introductory Guide to On-Farm Composting*](#) for farmers, ranchers, and landowners interested in learning more about their opportunities to build processing capacity for organics generated by municipalities and businesses. This project aims to connect urban and rural communities and reduce greenhouse gas emissions created by organic waste while building soil health.



The Guide is based on a case study of a central-Alberta compost operation at Stickland Farms. It includes links to key documents and regulatory requirements, a site layout and overview of each processing area, benefits and challenges with different processing methods, tips on how to manage odour, and a summary of key nutrient benefits.

The Guide establishes basic information

about setting up an on-farm composting operation, including the regulations to follow, and processes for managing organics. By applying compost, farmers can reduce the use of synthetic fertilizers, increase crop yields, and improve overall soil quality.

The RCA shared the Guide on its website and hosted two webinars titled “Introduction to On-Farm Composting” and “Alberta On-Farm Composting Operators” as part of the launch.



The recordings of these resources are available below:

- [Webinar #1 – An Introduction to On-Farm Composting – July 14, 2021](#)
- [Webinar #2 – Alberta On-Farm Composting Operators – July 27, 2021](#)

RCA Among International Experts Presenting at the Globe 2020 Conference

RCA Executive Director Christina Seidel joined renowned sustainability and environmental programming experts from around the world as she spoke at the 2020 Globe Conference in Vancouver.

Hundreds of participants from Canada and around the world attended the conference and heard from experts and speakers such as journalist and author David Wallace-Wells and The Honourable Jonathan Wilkison, Minister of the Environment.

As part of the Industry and Innovation panel on *How to Get to Zero Plastic Waste*, Christina joined fellow panelists from BASF, NOVA, Coca Cola and Pyrowave to discuss how innovations and industry efforts are creating opportunities to meaningfully achieve zero plastic waste.



Christina emphasized the design problem at the root, pointing out that half of plastic generated is made to be single-use, resulting in more than 80 per cent of the plastics entering the environment being single-use. She summarized policy moves to ban single-use items in the European Union, and plans to reduce plastic waste in Canada, including the federal Minister's announcement to ban harmful single-use plastics under the Canadian Environmental Protection Act. She spoke to opportunities to collectively advance a Circular Economy for plastics through approaches like reducing the production of plastics, renewable low-carbon plastics, mechanical and chemical recycling, renewable energy inputs, and Extended Producer Responsibility.

Learn more about [the Canada-Wide Action Plan on Zero Plastics Waste](#).

More Than 170 Attended Waste to Energy Symposium to Hear from Leading Experts

Waste to Energy (WtE) technologies are in operation around the world and include thermal treatment technologies such as gasification and pyrolysis, biological systems and waste to fuels. But how do these technologies work and what are the economic and environmental implications for managing waste? What role does WtE have as we try to build a Circular Economy and promote reduction and recycling in Alberta?

More than 170 attendees gathered in Fort Saskatchewan at the Waste to Energy Symposium in March, hosted by The Recycling Council of Alberta in partnership with the [Alberta Plastics Recycling Association](#). Those in attendance left with a greater understanding of how these technologies work and the opportunities and challenges of local implementation.

Leading global Waste to Energy (WtE) experts showcased technologies in operation around the world, including treatment technologies such as gasification, pyrolysis, and combustion.

Steve Jenkins, from Energy and Chemicals Consulting, LLC, who has spent his career in the industry, stated how important it is for WtE systems to be designed for specific feedstocks and scales. David Maunder from GHD presented to the group from the UK, sharing updates on policy developments related to differential technical and financial realities between landfill and alternative forms of processing.

Speakers also included representatives from Environment and Climate Change Canada and Alberta Environment and Parks, who provided an overview on compliance for WtE facilities in Alberta. The symposium also featured presentations from WtE companies currently operating or with plans to operate in Alberta.

View the [Waste to Energy Symposium](#) presentations.



June 14, 2021
Confidential

Recycling Council of Alberta
Box 23
Bluffton AB T0C 0M0

Attention: Ms. Christina Seidel, Executive Director

Dear Madam:

Re: Engagement letter

The Objective and Scope of the Audit

You have requested that we audit the financial statements of Recycling Council of Alberta, which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, 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).

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement and all services related thereto, by means of this letter (the "Engagement").

The objectives of our audit 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.

The Responsibilities of the Auditor

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. 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:

- a. 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.
- b. 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- e. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

Form and Content of Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the following form contained in Appendix A to this letter.

If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance.

The Responsibilities of Management

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with ASNPO;
- b. For the design and implementation of 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; and
- c. To provide us with timely:
 - i. Access to all the information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
 - ii. Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;
 - iii. Additional information that we may request from management for the purpose of the audit; and
 - A. Copies of all minutes of meetings of shareholders, directors and committees of directors;
 - B. Information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
 - C. Information relating to any illegal or possibly illegal acts, and all facts related thereto;
 - D. A listing of all related parties and related-party transactions and information pertaining to the measurement and disclosure of transactions with those related parties;
 - E. An assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
 - F. Any plans or intentions that may affect the carrying value or classification of assets or liabilities;
 - G. An assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with *MEASUREMENT UNCERTAINTY, Section 1508* of the CPA Canada Handbook - Accounting, Part II;
 - H. Information relating to claims and possible claims, whether or not they have been discussed with Recycling Council of Alberta's legal counsel;

- I. Information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which Recycling Council of Alberta is contingently liable;
 - J. Information on whether Recycling Council of Alberta has satisfactory title to assets, whether liens or encumbrances on assets exist, and whether assets are pledged as collateral;
 - K. Information relating to compliance with aspects of contractual agreements that may affect the financial statements; and
 - L. Information concerning subsequent events.
- iv. Unrestricted access to persons within Recycling Council of Alberta from whom we determine it necessary to obtain audit evidence.

As part of the audit process:

- a. We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management [and, where appropriate, those charged with governance] written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- b. We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

Confidentiality

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each practitioner must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of Recycling Council of Alberta unless:

- a. We have been specifically authorized with prior consent;
- b. We have been ordered or expressly required by law or by the Alberta *Code of Professional Conduct/Code of Ethics*; or
- c. The information requested is (or enters into) public domain.

Communications

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues, or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

Use of Information

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:

- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit report are solely for the use of Recycling Council of Alberta and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than Recycling Council of Alberta.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated (beyond Recycling Council of Alberta) or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

Reproduction of Auditor's Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information in the electronic site with the original document.

Preparation of Schedules

We understand that you will prepare certain schedules and locate specified documents for our use before our Engagement is planned to commence on May 15, 2021.

The requested schedules and documents are as follows:

- a. Schedules and analyses; and
- b. Other specified documents.

This assistance will facilitate our work and help to minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and require us to suspend our services or even withdraw from the Engagement.

Ownership

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

File Inspections

In accordance with professional regulations (and by our firm policy), our client files may be periodically reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm standards. File reviewers are required to maintain confidentiality of client information.

Accounting Advice

Except as outlined in this letter, this Engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and to the facts and circumstances of the entity. Such services, if requested, would be provided under a separate engagement letter.

Other Services

In addition to the audit services referred to above, we will, as allowed by the *Alberta Code of Professional Conduct /Code of Ethics*, prepare your charity returns as agreed upon. Unless expressly agreed in a separate engagement letter, we will have no involvement with or responsibility for the preparation or filing of GST returns or any other (including foreign) tax returns, source deductions, information returns, slips, elections, designations, certificates or reports. Management will, on a timely basis, provide the information necessary to complete these federal and provincial income tax returns and will review and file them with the appropriate authorities on a timely basis.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of Alberta. The Province of Alberta will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Dispute Resolution

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this Engagement will, prior to resorting to litigation, be submitted to mediation.

Indemnity

Recycling Council of Alberta hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents and employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands and liabilities arising out of (or in consequence of):

- a. The breach by Recycling Council of Alberta, or its directors, officers, agents or employees, of any of the covenants or obligations of Recycling Council of Alberta herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b. A misrepresentation by a member of your management or board of directors.

Time Frames

We will use all reasonable efforts to complete the Engagement as described in this letter within the agreed upon time frames.

However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including any delays in the performance by Recycling Council of Alberta of its obligations.

Estimated Fees

We estimate that our fees for these services will be \$7,700 for the Engagement and \$- for the tax return, plus direct out-of-pocket expenses and applicable GST. This fee estimate is based on:

- a. The anticipated cooperation from all your personnel in preparing the requested information on a timely basis;
- b. The ongoing assistance of personnel throughout the Engagement; and
- c. The assumption that unexpected circumstances will not be encountered.

If significant additional time is likely to be incurred, we will discuss the reasons with you and agree on a revised fee estimate before we incur the additional costs.

Fees will be rendered as work progresses and are payable on presentation.

Billing

Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.50% per month or 18.00% (APR) per annum. We reserve the right to suspend our services or to withdraw from this Engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST) incurred.

Termination

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party [*not less than 30 calendar days before the effective date of termination*]. If early termination takes place, Recycling Council of Alberta shall be responsible for all time and expenses incurred up to the termination date.

If we are unable to complete the audit or are unable to come to a conclusion on the financial statements, we may withdraw from the audit before issuing an auditor's report, or we may issue a denial of assurance on the financial statements. If this occurs, we will communicate the reasons and provide details.

Survival of Terms

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

Conclusion

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the attached copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your council.

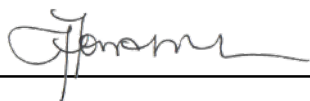
Yours truly,

Thomas Bonar

Thomas Bonar, CPA, CA

VKO LLP

Acknowledged and agreed to on behalf of Recycling Council of Alberta by:



September 27, 2021

Date signed

Appendix A - Expected Form of Report

To the Members of Recycling Council of Alberta

Opinion

We have audited the financial statements of Recycling Council of Alberta (the Council), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, 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 the Council as at March 31, 2021, and the results of its operations and cash flow for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Council in accordance with 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 the financial statements in accordance with ASNPO, 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 Council's internal control.

Appendix A *(continued)*

- 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 Council'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 Council 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.

RECYCLING COUNCIL OF ALBERTA
Financial Statements
Year Ended March 31, 2021

RECYCLING COUNCIL OF ALBERTA
Index to Financial Statements
Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Recycling Council of Alberta

Qualified Opinion

We have audited the financial statements of Recycling Council of Alberta (the Council), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Council derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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 Council in accordance with 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 qualified audit opinion.

Other Matter

The financial statements of Recycling Council of Alberta for the year ended March 31, 2020 were unaudited and therefore we do not express an audit opinion on the comparative figures.

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 ASNPO, 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.

(continues)

Independent Auditor's Report to the Members of Recycling Council of Alberta (continued)

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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:


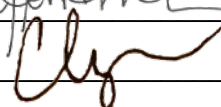
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Council'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 Council'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 Council 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.

RECYCLING COUNCIL OF ALBERTA**Statement of Financial Position****March 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 452,874	\$ 391,100
Accounts receivable (Note 2)	62,504	100,255
Goods and services tax recoverable	3,088	8,703
Prepaid expenses	19,354	15,336
	537,820	515,394
PROPERTY AND EQUIPMENT (Note 3)	5,572	15,102
LONG TERM INVESTMENTS (Note 4)	160,450	158,683
	\$ 703,842	\$ 689,179
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 40,368	\$ 40,244
Deferred income (Note 5)	138,582	37,790
Deferred contributions (Note 6)	51,257	81,315
	230,207	159,349
NET ASSETS		
Unrestricted	468,063	514,727
Invested in property and equipment	5,572	15,103
	473,635	529,830
	\$ 703,842	\$ 689,179

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
Membership dues	\$ 81,404	\$ 92,465
Registration fees	54,459	211,765
Sponsorship	36,500	168,437
Alberta Ecotrust Foundation (Note 6)	17,865	12,135
Government of Alberta - Canadian Agricultural Partnership (Note 6)	12,193	-
Project personnel income	11,825	48,164
Grants	8,400	32,873
Service income	6,857	20,037
Interest income	4,994	7,417
Project disbursement income	3,992	16,575
Advertising	3,065	30,998
Donations	-	5,421
Government of Alberta - Community Environment Action	-	75,000
	241,554	721,287
EXPENDITURES		
Sub-contracts (Schedule 1)	253,768	385,481
Salaries and wages	26,480	49,203
Advertising	15,845	17,117
Amortization	9,531	9,589
Professional fees	8,162	4,450
Other conference, event and workshop	5,968	51,946
Office	5,203	19,071
Interest and bank charges	3,864	7,674
Travel (Schedule 2)	3,764	37,627
Insurance	2,001	1,953
Meals and entertainment	523	155,059
Bad debts (Note 2)	-	600
	335,109	739,770
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(93,555)	(18,483)
OTHER INCOME		
Alberta Small and Medium Enterprise Relaunch Grant	20,000	-
Canada Emergency Wage Subsidy (CEWS)	17,360	-
	37,360	-
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (56,195)	\$ (18,483)

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted	Invested in property and equipment	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 514,727	\$ 15,103	\$ 529,830	\$ 548,313
Deficiency of revenues over expenditures	(46,664)	(9,531)	(56,195)	(18,483)
NET ASSETS - END OF YEAR	\$ 468,063	\$ 5,572	\$ 473,635	\$ 529,830

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA**Statement of Cash Flows****Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (56,195)	\$ (18,483)
Item not affecting cash:		
Amortization	9,531	9,589
	<u>(46,664)</u>	<u>(8,894)</u>
Changes in non-cash working capital:		
Accounts receivable	37,751	(83,958)
Accounts payable	123	18,868
Deferred income	100,792	625
Prepaid expenses	(4,018)	(10,383)
Goods and services tax payable	5,615	(2,751)
Deferred contributions	<u>(30,058)</u>	<u>6,315</u>
	<u>110,205</u>	<u>(71,284)</u>
Cash flow from (used by) operating activities	<u>63,541</u>	<u>(80,178)</u>
INVESTING ACTIVITY		
Purchase/disposal of long term investments, net	<u>(1,767)</u>	<u>(3,567)</u>
INCREASE (DECREASE) IN CASH FLOW	61,774	(83,745)
Cash - beginning of year	<u>391,100</u>	<u>474,845</u>
CASH - END OF YEAR	\$ 452,874	\$ 391,100

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2021

PURPOSE OF THE COUNCIL

Recycling Council of Alberta (the "council") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. As a registered charity the council is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The council promotes and facilitates waste reduction, recycling and resource conservation in the Province of Alberta. The council was formed in 1987 and was registered as a charity in 1995.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund accounting

The financial statements have been classified into the following funds:

The unrestricted fund accounts for the council's program delivery, support and administrative activities.

The invested in property and equipment fund reports the assets, liabilities, revenues and expenditures related to the council's capital assets.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, balances with banks and guaranteed investment certificates with an original maturity at date of purchase less than 90 days.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment	55% declining balance method
Equipment	20% declining balance method
Website	25% declining balance method

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

(continues)

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

Recycling Council of Alberta follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fee revenue is recognized based upon the membership year.

Other revenues are recognized in the period it is earned and collection is reasonably assured.

Contributed services

The fair value of contributed or volunteer services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

2. ACCOUNTS RECEIVABLE

	2021	2020
Trade	\$ 62,504	\$ 21,805
Government of Alberta	-	63,450
Alberta Ecotrust Foundation	-	15,000
	\$ 62,504	\$ 100,255

During the year, the council recorded impairments of \$nil (2020 - \$600). This amount, net of recoveries of \$nil (2020 - \$nil) for previously recognized impairments is included in bad debts expense. During the year, the association derecognized \$nil (2020 - \$600) of accounts receivable previously provided for in the allowance for doubtful accounts.

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2021

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 501	\$ 501	\$ -	\$ -
Equipment	14,705	13,783	922	1,152
Website	37,200	32,550	4,650	13,950
	<u>\$ 52,406</u>	<u>\$ 46,834</u>	<u>\$ 5,572</u>	<u>\$ 15,102</u>

4. LONG TERM INVESTMENTS

	2021	2020
Guaranteed investment certificate bearing interest at 1.1% per annum, maturing April 4, 2021.	<u>\$ 160,450</u>	<u>\$ 158,683</u>

5. DEFERRED INCOME

	2021	2020
Membership dues	\$ 37,856	\$ 37,790
Sponsorship	100,726	-
	<u>\$ 138,582</u>	<u>\$ 37,790</u>

6. DEFERRED CONTRIBUTIONS

	Balance, beginning of year	Received (receivable) during year	Recognized to revenue	Balance, end of year
Government of Alberta - Canadian Agricultural Partnership	\$ 63,450	\$ -	\$ (12,193)	\$ 51,257
Alberta Ecotrust Foundation	17,865	-	(17,865)	-
	<u>\$ 81,315</u>	<u>\$ -</u>	<u>\$ (30,058)</u>	<u>\$ 51,257</u>

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2021

8. FINANCIAL INSTRUMENTS

The council is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the council's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

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 council's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, long term investments and accounts receivable. The council's cash and cash equivalents and long term investments are maintained with a large federally regulated financial institution. The council, in its normal course of operations, is exposed to credit risk from its customers. The amounts are due from a variety of customers and government agencies. The council is not subject to significant concentration of credit risk with respect to its customers.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The council is exposed to this risk mainly in respect of its receipt of funds from its customers, funders and other related sources and accounts payable.

Unless otherwise noted, it is management's opinion that the council is not exposed to significant other price risks arising from these financial instruments.

9. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the council's operations as at the date of these financial statements.

RECYCLING COUNCIL OF ALBERTA**Sub-contracts****(Schedule 1)****Year Ended March 31, 2021**

	2021	2020
Consulting and contractors	\$ 226,262	\$ 361,406
Accounting and bookkeeping	27,506	24,075
	\$ 253,768	\$ 385,481

Travel**(Schedule 2)****Year Ended March 31, 2021**

	2021	2020
Mileage/fuel	\$ 3,429	\$ 16,001
Accommodations	335	13,516
Travel	-	8,110
	\$ 3,764	\$ 37,627