

Pulling Together

2021-22
Annual
Report

Annual Report 2021-2022



Cover photos

Top:

Solar Panel Array – Kempton Processing Facility

Bottom left:

Gypsum Mine Trail Committee

Bottom centre:

Colchester Cleanup Crew

Bottom right:

Acadia First Nation – Yarmouth



CEO Message



There's an old expression that says "many hands make light work." When people pull together with a shared energy and purpose, good things happen more easily. This year was marked by that spirit of pulling together. Even in the face of a continued pandemic and its many challenges, Divert NS' employees, partners and stakeholders worked collectively to advance the culture of refusing to waste in Nova Scotia.

In 2021/2022, we experienced a pulling together in other ways too. The central focus areas of our Strategic Plan — from reducing the carbon impact of our operations to taking leadership on key issues — began taking shape. Our Kemptown processing facility is undergoing a retrofit that will reduce its greenhouse gas emissions by 77 percent. We launched a software pilot project that will increase operating efficiencies and customer service for our Enviro-Depots™. And Divert's \$100,000 grant to the DirectioNS Council helped 10 of the network's member groups reduce waste and increase environmental sustainability. We also continue to make inroads on Equity, Diversity and Inclusion in our organization.

These and our other achievements involved many moving parts and many dedicated people.

Litter was also a major focus this year. To gauge the scope and nature of litter in Nova Scotia, Divert NS funded an audit of roadside litter at 75 sites across Nova Scotia. We also commissioned a study to provide a clearer understanding of litter behaviour. This timely research will help shape litter reduction strategies and inform actions to reduce litter in our province. It's an evidence-based approach that reflects our ongoing commitment to issues leadership and improved tools for decision-making.

Financially, we had a strong year. Against a backdrop of the global pandemic and over-stressed supply chains, our financial performance exceeded expectations — with total revenues of \$ 69.6 million. Our beverage container recycling system generated \$ 52.9 million of our total revenues. As always, these revenues drive the programming and funding for our core pillars of innovation, stewardship, and being a catalyst of change.

My thanks to our dedicated Divert NS employees who continue to bring fresh thinking and enthusiasm to delivering our waste diversions goals. I'd also like to thank our board of directors for their astute counsel and solid governance. I want to acknowledge outgoing board member Craig Lake and Marc Brittany for their many years of service — and to welcome our newest board members Amanda McDougall, Robert Parker, Dwight Whynot, and Jeremy Scott.

On behalf of the board of directors and the employees of Divert NS, I am pleased to present this annual report for the fiscal year ended March 31, 2022.

Jeff MacCallum, CEO, Divert NS

A handwritten signature in black ink that reads "Jeff MacCallum". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

About Divert NS

For over 25 years, Divert NS has helped drive the culture of recycling in Nova Scotia. We operate recycling programs for beverage containers and used tires — and work in partnership with business, like-minded environmental organizations, government and academia to foster stewardship, fund innovation, educate Nova Scotians, and support municipal waste programs province-wide. Divert NS is always seeking opportunities to improve our province's environment and economy. We believe Nova Scotians are ready to take on the challenge of changing our culture from one that recycles to one that refuses to waste.



Our Mandates

- Develop and implement industry stewardship programs
 - Fund municipal or regional diversion programs
 - Develop and operate a deposit-refund system for beverage containers
 - Develop education and awareness of source reduction, reuse, recycling and composting
 - Promote the development of value-added manufacturing in the province.
-

Our Mission

To work with Nova Scotians to improve our environment, economy and quality of life by reducing, re-using, recycling and recovering resources.

Our Pillars

- **Stewardship:** foster industry stewardship to reduce or divert waste from landfill and encourage Nova Scotia's culture of refusing to waste.
- **Innovation:** enable new opportunities and approaches to waste diversion and reduction.
- **Catalyst for Change:** create relationships built on trust, lead by example, and bring together environmental change-makers.

Strategic Plan Overview

Every organization needs a destination, and a map to get there. Divert NS's five-year strategic plan will help us to better guide management and board priorities. We view the plan as a living document, adaptable to our ever-changing new realities. It will be reviewed and updated as we evolve.

Strategic Statement: Be the lead organization on key solid waste-resource issues by stimulating innovation to advance environmental action and efficiency improvements.



Issue Leadership

Initiate the advancement of evidence-based research and dialogue on the critical issues facing the solid waste-resource system



Operational & Program Excellence

Demonstrate leadership by reducing our carbon impact and increasing efficiencies in our programs and operations



Fostering Government Relationships

Engage with key decision-makers at all government levels to increase the support for Divert NS and understanding of our role, capabilities, and expertise



Information Management & Transparency

Build and manage a robust waste-resource information system to identify cost saving opportunities, and support education and effective decision-making



Digital Enablement

Enable platforms for digital delivery of administration, services and programming while enhancing our online presence



Equity, Diversity, and Inclusion

Having a culture of acceptance, respect, and most importantly teamwork in the workplace.

Innovation

Enabling new opportunities and approaches to waste diversion and reduction

Reducing Single-use Plastics in COVID Times

One unexpected consequence of COVID was a surge in consumption of single-use plastics in the food service industry. Health and safety concerns along with a rise in take-out orders and deliveries created an increased use of plastics — and a sharp decrease in reusable items. Divert NS funded a team of researchers from Dalhousie University, led by Dr. Tony Walker, to better understand how COVID restrictions impacted the use of single-use plastics in the food services sector, with a focus on restaurants. The study recommends best management practices that will help reduce plastics and increase reusable products in the food service industry once COVID restrictions ease.

Divert Investment: \$ 50,000



Alternatives to Styrofoam™ and Plastic Packaging

The food industry relies on plastics and Styrofoam™ to transport, preserve and market products — including meats, fish and produce. Retailers and consumers alike are seeking ways to reduce their ecological footprint, and to avoid using hard-to-recycle packaging.

This year Divert NS partnered with Sobeys Inc., Ignite Atlantic and the Atlantic Canada Opportunities Agency (ACOA) to launch a National Industry Challenge. The aim? To find a commercially viable alternative to the current packaging for meat, fish and seafood comprised of a Styrofoam™ tray, moisture pad, and plastic wrap. The winner of the Challenge will receive a cash prize from Sobeys and \$25,000 from Divert NS to pilot their packaging prototypes at select Nova Scotia Sobeys stores.

Divert NS Investment: Up to \$25,000



Innovation

NS Student Challenge — Reusing Glass

Many consumers are turning to glass as a safer and more environmentally-friendly option to plastic packaging. But glass containers that are not part of the Deposit-Refund System are difficult to recycle or reuse in Nova Scotia. That's why Divert NS — in partnership with Research Nova Scotia and Scotia Recycling — launched a Student Research Challenge to seek innovative ideas for glass reuse and recycling in our province. Challenge participants were encouraged to engage with potential end-users and industry partners to identify realistic, feasible, and beneficial uses for recycled glass.



Divert Investment: \$7,500

Funding programs for municipalities

Divert NS's municipal partners continue to play a vital role in meeting our important waste diversion goals. In 2021/2022, we introduced two new funding programs for municipalities and solid waste management regions to spark efficiency and innovation.

Municipal Efficiency Fund – \$250,000

The Municipal Efficiency Fund encourages increased efficiency in Nova Scotia's municipal solid waste-resource management system. The fund will help municipalities research, develop, and carry out efficiency-based projects. These could include assessing the feasibility of shared services or regional collaboration, as well as creating new or improved processes, systems, and services.



Municipal Adoption Fund – \$150,000

The Municipal Adoption Fund provides support for municipalities and/or waste management regions that wish to adopt a waste diversion program that has been previously established in Nova Scotia. Eligible programs could include: curbside collection and recycling of textiles; green cart collection of pet waste; curbside collection and recycling of expanded polystyrene; establishing a reuse centre; and, curbside collection and recycling of small scrap metal.

Enviro-Depot™ P.O.S. Pilot

The Enviro-Depot™ POS (Point of Sale) pilot began at O'Leary Recycling Depot and TNT Recycling Ltd in November 2021 and is running for 12 months, ending at the end of November 2022. The pilot uses software and equipment to streamline the counting process and improve customer service. So far the Depots are impressed with the performance of the system and it has tremendously improved efficiencies and has streamlined cash balancing. Once the pilot is complete and results are evaluated, Divert NS will identify its potential for future expansion across the collection network.



Stewardship

Fostering industry stewardship to reduce or divert waste from landfills and encouraging Nova Scotia's culture of refusing to waste

2021 Enviro-Depot™ Awards

The annual Enviro-Depot™ of the Year awards recognize and celebrate the Enviro-Depots across Nova Scotia that go above and beyond in customer service and employee relations, engage and support their community, and participate in Divert NS depot initiatives.



Champions of the Environment

In June 2021, Divert NS awarded \$17,500 in scholarships to Grade 12 students who exemplify leadership in protecting our environment. To enter, students submit an essay on a waste management topic and an overview of their involvement in environmental activities. This year's essay topic focused on the efforts of governments and retailers to reduce food waste. Students were asked to research at least two food waste reduction targets in Canada or globally, and discuss how their establishment could reduce the environmental impacts of food waste.

**\$5,000 PROVINCIAL SCHOLARSHIP WINNER: Keeley Shipley,
Northumberland Regional High**

Keeley founded Pictou County Fridays for the Future, with a goal to empower youth to learn about environmental issues and create change in their communities. Keeley is also a member of New Glasgow's Youth Climate Council, creating educational videos about waste management and helping New Glasgow become one of the first Pollinator Friendly towns in Atlantic Canada.

Through Keeley's leadership, her school has become the first Bee School in Atlantic Canada, pledging to provide student education about pollinators and planting pollinator-friendly plants around the school.

Stewardship

Clean Leadership Summer Internship Program

Divert NS has proudly supported Clean Foundation's Clean Leadership Summer Internship Program since 2019. The program provides internships and educates youth on opportunities in Nova Scotia's green economy. This year, Divert NS partnered with Clean Foundation to support 11 internship positions. Each position is within the waste management sector — a growth area for environmental careers for young people. Throughout the summer, the interns explored a career with host employers — such as Pictou County Solid Waste Management, The Confederacy of Mainland Mi'kmaq and the Town of Port Hawkesbury — where they learned transferrable skills and gained valuable connections. The intern's projects all had a common goal of improving the waste management systems currently in place in Nova Scotia.



Divert NS Investment: \$150,000



Swap, Share, Thrift, Repeat

In October, Divert NS celebrated Waste Reduction Week by swapping, sharing and thrifting. Our regional partners held several events throughout the province where everything from Halloween costumes, winter clothes, sports equipment and household items were donated, swapped, and thrifted. This reduced the amount of waste entering the landfill, while also saving money.

Overconsumption creates waste and other negative environmental impacts. But there are alternatives. Swapping, sharing, and thrifting items — rather than buying brand new — are easy ways to reduce waste, reduce greenhouse gas emissions, save money, and support local communities.

Catalyst for Change

Creating relationships built on trust, leading by example, and bringing together environmental change-makers



Dealing with Nova Scotia's Litter – Comprehensive Insights & Behaviour

Litter was a major focus for Divert NS this year. In June and July, Dillon Consulting Limited undertook an audit of roadside litter at 75 sites across Nova Scotia. The audit provided a comprehensive review of litter accumulation and helped us expand our knowledge of litter types and occurrences. To gain deeper insights into the nature and scope of littering in Nova Scotia we engaged the behavioural research firm Davis Pier. Their research findings provide a clearer understanding of litter behaviour — and will help us identify successful litter reduction strategies, as well as potential ways to decrease litter in Nova Scotia. These findings were used to inform a social marketing campaign to remind Nova Scotians of the negative impacts of littering and curb littering behaviour.



“Litter is a problem in most jurisdictions around the world and Nova Scotia is no exception. The problem is societal, long-standing, ongoing, and difficult to combat. Litter is often recognized as an aesthetic issue and it is, but its impacts are more than visual – litter negatively affects the environment, people’s health, and the economy, and has numerous ripple effects within each.”

Davis Pier Report – Litter Behaviour Research Findings

Catalyst for Change



Litter Prevention Summit

In March of 2022, Divert NS hosted a Litter Prevention Summit. Presentations included provincial and federal policies and initiatives that support litter reduction, and an overview of the Divert NS 2021 Roadside Litter Audit. Perspectives on litter prevention were also shared by representatives of environmental organizations, municipalities, and quick-service restaurants. Key findings from Divert NS' behavioural research project were also outlined by Davis Pier Consulting. The event wrapped up with an unveiling of Divert NS' "Litter Stands Out" social media campaign — which was based on insights from the behavioural research findings.

DirectionNS Funding

DirectionNS Council for Vocational Services Society is a network of community organizations that provide employment and community inclusion supports for individuals with a disability.

This year Divert NS awarded a \$100,000 Waste Diversion Grant to DirectionNS to help 10 of the network's members and agencies reduce waste by developing new processes and products related to diversion initiatives.

Over the past year, agencies have met to learn about waste diversion and share knowledge on how to address specific waste materials such as surplus textiles in thrift store operations. The resulting projects will implement meaningful waste diversion — in areas such as wood waste and textiles — in their communities and create training and employment. Many of the projects were developed in collaboration with the expertise of the province's Regional Solid Waste Educators and Coordinators.



Divert NS Investment: \$100,000

Catalyst for Change

Data Call System

Divert NS is transitioning management of the Datacall system from Nova Scotia Environment & Climate Change. The Datacall captures Nova Scotian solid waste financial and tonnage information by waste stream and municipal units. The system needed upgrades to improve data collection and reliability as well as reporting functionality. Upon completing a review of available software, a survey-based product called Qualtrics was selected. We engaged with our stakeholders in the design and implementation of the new program. A parallel run was done with the old system and the new system for comparative purposes in 2021. The program is scheduled to go live in June 2022 with an expected improvement in the quality of data available for policy decision-making.



Retrofitting Operations for Sustainability

In the spring of 2021, consultant group CBCL was hired to complete an assessment of the carbon impact of our operations at the Kemptown Processing Facility (Phase 1). Recommendations were made to reduce our carbon footprint. As a result, the following investments are being implemented:

- Replacement of all linear fluorescent lighting with LED (Light Emitting Diode) lighting
- Upgrade existing rooftop HVAC (Heating, Ventilation & Air Conditioning) units with high efficiency heat pumps
- Upgrade the controls for the infrared propane heaters
- Convert from propane forklifts to electric forklifts
- Install a 100kW PV (Photovoltaic) solar panel array to generate 72% of the building's total energy consumption. 100kW is the maximum allotted system for commercial solar projects.



These measures are expected to reduce greenhouse gas emissions by 77%, with a payback period of 15 years. Divert NS is now having an assessment completed of the balance of its facilities and operations (Phase 2) and will have more to report on next year.

Catalyst for Change

Learning About Food Waste – Virtually

COVID posed unique challenges for those educators and students across the province who had to adapt to sporadic online learning. Even when in-class learning was possible, public health restrictions meant municipal Waste Educators were unable to conduct their usual in-person workshops.

To help students learn virtually, Divert NS developed a three-part video series addressing food loss/waste in Nova Scotia. The videos follow student reporter Sam Sortright as she travels the province and digs into the problem of food waste — including why it happens, and how youth can get involved in fighting the good fight against waste. Throughout the series, Sam visits TapRoot Farms, FOUND: Forgotten Food, Local Source, Feed Nova Scotia, Colchester Composting Facility, and Station Food Hub. Divert NS also developed curriculum-based activity sheets for educators to help keep the conversation going in the classroom.



Mobius Award Champions

The annual Mobius Awards of Environmental Excellence recognizes organizations and individuals who go above and beyond to divert waste from landfills in Nova Scotia. The program typically includes multiple award categories, a nomination process, a judging panel, sponsorships, a gala dinner and a keynote speaker. This year, the Mobius Awards celebrated Champions who, despite a global pandemic, never gave up on their environmental actions and even took on new waste-reducing initiatives and habits.

Accomplishments

Counting on Success: Our Accomplishments in 2021-22

Divert NS funding at a glance

\$9.6 Million

to Nova Scotia's 50 municipalities for diversion credits and funding for local recycling, composting and other programs

\$2 Million

to educate Nova Scotians and build ongoing support for environmental action (includes allocation to regions)

\$304 Thousand

approved for new research projects that support entrepreneurs and encourage innovation in waste reduction

Beverage Container Program



Divert NS collects beverage containers through a network of 77 Enviro-Depots and mobile service locations across the province. This system has enabled Nova Scotia to achieve one of the highest redemption rates in the country.

543 Million

containers on which deposits were received (511 million in 2021)

447 Million

containers returned for recycling (421 million in 2021)

82.3 %

Recovery rate (82.4% in 2021)

491 Tonnes

CO2 reduction in greenhouse gas emissions from using compaction trailers (457 tonnes in 2021)

Accomplishments

Used Tire Management Program



1.5 Million

passenger tire equivalents sold
(1.4 million in 2021)

1.3 Million

passenger tire equivalents collected
(1.4 million in 2021)

88.5%

Recovery rate (100.2% in 2021)

4,875

Bicycle tires and tubes collected
(4,175 in 2021)

Municipal + Regional Diversion Programs



\$6,578,464

in diversion credit funding (to Nova Scotia's 50 municipalities for diversion credits and funding for local recycling, composting and other programs)

\$1,050,000

for Municipal Approved Program (MAP)

\$337,455

for regional chairs and coordinators to meet about waste management activities

\$140,000

for household hazardous waste collection

Accomplishments

Enforcement



Divert NS provided **\$700,000** in funding to the seven waste management regions for enforcement activities.

946

Illegal dumps sites reports

5,610

Inspections and audits, and proactive compliance visits

476

Offense tickets issues

28

Court convictions

Education and Awareness



Divert NS provides education and awareness programs province-wide to encourage Nova Scotians to reduce, reuse, recycle and compost.

\$770,000

distributed towards regional education contracts

\$170,000

to support Clean Foundation, including the Clean Leadership Interns

\$55,000

to support Adopt-A-Highway

\$17,500

awarded in scholarships

20,210

Nova Scotians reached through regional education

Funding Innovation



Divert NS provides funding to businesses, municipalities, entrepreneurs, and university students to support waste reduction and diversion, increase efficiency, and develop markets for waste-resources.

\$191,080

funding approved for two Value-Added Manufacturing Program projects

\$95,981

funding approved for four Research and Development Program projects

\$17,000

funding approved for one Student Research Grant

To the Board of Directors of the Resource Recovery Fund Board Inc. and Resource Recovery Fund (operating as Divert NS)

Opinion

We have audited the accompanying combined financial statements of the Resource Recovery Fund Board Inc. and Resource Recovery Fund (operating as Divert NS) (the “Organization”), which comprise the combined statement of financial position as at March 31, 2022, the combined statements of operations, changes in net resources, changes in net financial resources, remeasurement gains and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements present fairly in all material respects, the financial position of Resource Recovery Fund Board Inc. and Resource Recovery Fund (operating as Divert NS) as at March 31, 2022, and its results of operations, its changes in its net resources, and changes in net financial resources and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Combined 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 combined 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.

Other matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The schedule included on Page 17 is presented for purposes of additional information and is not a required part of the combined financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the combined financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Organization’s ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

Financial Statements

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 combined financial statements, including the disclosures, and whether the combined 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.

Halifax, Canada

May 26, 2022



Chartered Professional Accountants

Financial Statements

Combined Statement of Operations

Year ended March 31

	Budget 2022 (Note 10)	2022	2021
Revenues			
Deposits	\$ 50,437,000	\$ 52,915,719	\$ 49,728,461
Sales of recyclable materials	4,373,000	9,213,052	4,591,047
Tire program	5,840,000	6,055,983	5,905,954
Investment and other income	519,000	1,083,852	562,596
Rental income	300,000	300,000	271,985
Total revenues	61,469,000	69,568,606	61,060,043
Expenses			
Operating	50,531,000	53,219,186	50,052,547
Administrative	2,191,000	1,948,818	1,777,833
Other expenditures and funding:			
Approved program grants	1,150,000	1,290,734	1,061,282
Education and communication	2,437,000	1,966,932	1,726,340
Household hazardous waste program	140,000	140,000	140,000
Litter study	100,000	101,895	-
Municipal enforcement program funding	700,000	700,000	700,000
Programs, development and other funding	700,000	42,800	167,024
Regional chairs and coordinators	346,000	337,455	312,448
	58,295,000	59,747,820	55,937,474
Excess of revenues over expenses before allocations	3,174,000	9,820,786	5,122,569
Municipal solid waste diversion credits (Note 7)	2,221,800	6,578,464	3,881,884
Nova Scotia Environment (Note 7 and Note 8)	634,800	1,879,561	1,109,110
Excess of revenue over expenditures	317,400	1,362,761	131,575
Accumulated annual net resources, beginning of year	9,871,002	9,871,002	9,739,427
Accumulated annual net resources, end of year (Note 9)	\$ 10,188,402	\$ 11,233,763	\$ 9,871,002

See accompanying notes to the combined financial statements

Financial Statements

Combined Statement of Financial Position

March 31

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 9,857,321	\$ 8,606,560
Receivables	7,910,716	6,686,655
Accrued receivables	188,933	867,105
Notes receivable (Note 3)	436,360	218,789
Investments (Note 4)	24,465,124	22,434,517
Inventory	321,783	99,318
	43,180,237	38,912,944
Financial liabilities		
Payables and accruals	4,296,162	3,168,556
Municipal solid waste diversion credits payable	7,697,540	6,619,076
Payable to Nova Scotia Environment (Note 7 and Note 8)	1,879,561	1,109,110
Unearned revenue	22,775,200	22,284,000
	36,648,463	33,180,742
Net financial resources	6,531,774	5,732,202
Non-financial assets		
Prepays	9,478	3,287
Tangible capital assets (Note 5)	4,692,511	4,558,493
	4,701,989	4,561,780
Accumulated net resources (Note 9)	\$ 11,233,763	\$ 10,293,982

Commitment (Note 13)

On Behalf of the Board



Director



Director

See accompanying notes to the combined financial statements

Financial Statements

Combined Statement of Changes in Net Financial Resources

March 31

	Budget 2022 (Note 10)	2022	2021
Excess of revenue over expenditures	\$ 317,400	\$ 1,362,761	\$ 131,575
Net remeasurement (loss) gain	-	(422,980)	422,980
Purchase of tangible capital assets	(1,173,200)	(747,966)	(971,852)
Amortization of tangible capital assets	786,163	613,948	704,952
Proceeds on disposal of tangible capital assets	-	62,480	-
Gain on disposal of tangible capital assets	-	(62,480)	-
	(387,037)	(556,998)	156,080
Usage of prepaids	-	(6,191)	(187)
Increase (decrease) in net financial resources	\$ (69,637)	\$ 799,572	\$ 287,468
Net financial resources, beginning of year		\$ 5,732,202	\$ 5,444,734
Increase in financial resources		799,572	287,468
Net financial resources, end of year		\$ 6,531,774	\$ 5,732,202

Combined Statement of Remeasurement Gains

March 31

	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 422,980	\$ -
Unrealized (loss) gain attributable to portfolio investments	(422,980)	422,980
Accumulated remeasurement gains, end of year (Note 9)	\$ -	\$ 422,980

See accompanying notes to the combined financial statements

Financial Statements

Combined Statement of Cash Flows

Year ended March 31

	2022	2021
Increase (decrease) in cash and cash equivalents:		
Operating		
Excess of revenue over expenditures	\$ 1,362,761	\$ 131,575
Amortization	613,948	704,952
Realized gain on investments	(560,000)	-
Gain on disposal of tangible capital assets	(62,480)	-
	1,354,229	836,527
Change in non-cash operating working capital		
Receivables	(545,889)	(342,369)
Inventory	(222,465)	27,556
Prepays	(6,191)	(187)
Payables and accruals	2,976,519	(609,278)
Unearned revenue	491,200	391,000
	4,047,403	303,249
Capital		
Proceeds on disposal of tangible capital assets	62,480	-
Purchase of tangible capital assets	(747,966)	(971,852)
	(685,486)	(971,852)
Investing		
Proceeds from sale of investments	14,560,025	4,000,000
Purchase of investments	(16,458,000)	(4,000,000)
Interest in joint venture	4,389	(2,100)
Issue of notes receivable	(328,633)	(228,642)
Repayment of notes receivable	111,063	124,963
	(2,111,156)	(105,779)
Net increase (decrease) in cash and cash equivalents	1,250,761	(774,382)
Cash and cash equivalents, beginning of year	8,606,560	9,380,942
Cash and cash equivalents, end of year	\$ 9,857,321	\$ 8,606,560

See accompanying notes to the combined financial statements

1. Nature of operations

The Resource Recovery Fund Board Inc., operating as Divert NS ("Resource Recovery Fund"), is a not-for-profit organization established by the Nova Scotia government to develop and administer industry stewardship programs that increase waste diversion; enable the establishment of new industries based on the processing of materials diverted from the waste stream; and work in partnership with Nova Scotians to improve the province's environment, economy and quality of life by reducing, reusing, recycling and recovering resources.

Under regulation, all revenues earned are deposited to the Resource Recovery Fund, which is the property of the Province of Nova Scotia. All expenditures incurred by the Resource Recovery Fund Board Inc. to operate, administer and fulfil the mandates of the Province of Nova Scotia Solid Waste Management Strategy are expenditures of the Resource Recovery Fund. Accordingly, all assets, liabilities and net resources reported in these financial statements are the property of the Resource Recovery Fund and are held on behalf of the Province of Nova Scotia by the Resource Recovery Fund Board Inc.

2. Summary of significant accounting policies

Basis of presentation

The combined financial statements include the accounts of the Resource Recovery Fund Board Inc. and the Resource Recovery Fund. Significant inter-entity loans and transactions have been eliminated in these combined financial statements. These combined financial statements are the representations of management prepared in accordance with generally accepted accounting principles for accounting in the public sector as established by the Canadian Public Sector Accounting Board (PSA) of Chartered Professional Accountants (CPA) Canada.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Resource Recovery Fund's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent

liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective or complex judgements by management that may be uncertain. Some of these items include allowance for doubtful accounts, estimated useful life of tangible capital assets in addition to estimated rates and basis of amortization and unearned revenue. Actual results could differ from those reported.

Revenue recognition

Resource Recovery Fund follows the deferral method of accounting for revenue. Revenue is recognized in the month it is receivable (or received) if the amount can be reasonably estimated and collection is reasonably assured. Interest income is recognized as it is earned.

Tangible capital assets

Tangible capital assets are recorded at cost. Rates and bases of amortization applied to write-off the cost of tangible capital assets over their estimated lives are as follows:

Building	5%, straight-line
Paving	8%, straight-line
Field equipment	20%, straight-line
Processing equipment	12.5%, 20%, straight-line
Leasehold improvements	10%, straight-line
Office and warehouse equipment	20%, straight-line
Computer hardware and software	20%, 33 1/3%, straight-line
Containers	
• Bags	33 1/3%, straight-line
• Tubs	10%, straight-line
Vehicles	33 1/3%, straight-line
Trailers	14.3%, straight-line

When conditions indicate that a tangible capital asset no longer contributes to the Resource Recovery Fund's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. Write-downs are not reversed.

2. Summary of significant accounting policies (continued)

Inventory

Inventory is valued at the lower of cost and net realizable value.

Forgivable loans

The Resource Recovery Fund accounts for forgivable loans as conditional grants. The forgivable loans are non-interest bearing and are advanced with repayment not to be expected unless certain conditions are not met.

Unearned revenue and measurement uncertainty

Unearned revenue represents deposits received for beverage containers that have not been returned for redemption and fees received for tires which will be returned for disposal at a future date. Unearned beverage revenue is sixty (60) days' worth of revenue calculated on the last twelve (12) months' average daily revenue adjusted by the current year's return rate. Unearned tire revenue is calculated on the last three (3) years of tire revenue adjusted by the past six (6) years' average return rate. The actual revenue the Resource Recovery Fund may collect compared to the unearned revenue calculation is uncertain as the calculation is affected by the above management assumptions. However, in the past, the unearned revenue has remained consistent even with updated inputs for the calculation for each fiscal year. As a result, it is expected that the range of uncertainty for the unearned revenue is not significant.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Foreign currency translation

The Resource Recovery Fund does not enter into foreign currency futures and forward contracts to reduce its exposure to foreign currency fluctuations. Monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate. Revenue and expenditures denominated in foreign currencies are translated at the exchange rate prevailing at the time of the transaction. Translation gains or losses are recognized in the period in which they occur.

Financial instruments

Financial instruments include cash and cash equivalents, receivables, accrued receivables, notes receivable, investments, payables and accruals, payable to Nova Scotia Environment, and municipal solid waste diversion credits payable. They are initially recognized at cost, except for portfolio investments, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Portfolio investments with underlying assets quoted in active markets are measured at fair value.

Management assesses each financial instrument to determine whether there are any impairment losses, if there are, they are reported in the statement of operations.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Unrealized gains or losses are reported on the statement of remeasurement gains and losses. The realized gain or loss upon derecognition of a financial instrument measured at fair value is recognized in the statement of operations.

Income taxes

The Resource Recovery Fund is exempt from income taxes under Section 149(l)(d) of the Canadian Income Tax Act.

Joint venture

The Resource Recovery Fund is part of a joint venture in the Canadian Association of Tire Recycling Agencies (CATRA). This investment is recognized using the modified equity method.

3. Notes receivable

	2022	2021
Non-interest bearing notes with variable payments, maturing between fiscal 2023 and 2029.	\$ 436,360	\$ 218,789

4. Investments

	2022	2021
Investments consist of the following:		
i) Loans receivable from the Province of Nova Scotia Department of Finance. These loans are issued at interest rates ranging from 1.68% to 2.03% and mature as follows: \$4.0 million maturing in 2023, \$3.0 million maturing in 2025, and \$3.0 million maturing in 2027.	\$ 10,000,000	\$ 14,000,025
ii) Principal protected notes held with CIBC, initially measured at cost, subsequently recorded at the higher of cost and fair value, maturing as follows: \$2.0 million maturing in 2026, \$4.2 million maturing in 2028, and \$8.2 million maturing in 2029. These notes are subject to variable interest, to be paid on the maturity date.	14,458,000	8,422,980
iii) Joint venture with Canadian Association of Tire Recycling Agencies (CATRA)	7,124	11,512
Total investments	\$ 24,465,124	\$ 22,434,517

5. Tangible capital assets

			2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 294,100	\$ -	\$ 294,100	\$ 294,100
Field equipment	122,201	108,068	14,133	47,102
Processing equipment	817,308	205,360	611,948	97,078
Buildings	4,564,518	1,894,403	2,670,115	2,348,678
Paving	397,945	134,354	263,591	200,160
Office and warehouse equipment	329,809	308,445	21,364	31,552
Containers	1,483,688	1,096,031	387,657	337,570
Leasehold improvements	9,508	7,035	2,473	3,424
Computer hardware and software	608,655	588,300	20,355	24,391
Vehicles	65,643	58,798	6,845	20,528
Trailers	2,399,381	1,999,451	399,930	586,312
	\$ 11,092,756	\$ 6,400,245	\$ 4,692,511	\$ 4,558,493

Included in tangible capital assets is \$464,557 relating to the purchase of solar panels and electric forklifts. As at March 31, 2022, these assets were not available for use and therefore no amortization was taken.

6. Bank indebtedness

The Resource Recovery Fund has an operating credit facility of \$2,000,000 of which \$nil is used at March 31, 2022 (2021 – \$nil). Interest is calculated at prime plus 0.5%.

7. Allocations

As stipulated in the agreement with the Nova Scotia Department of Environment:

- a) the Board shall reimburse the Department up to a maximum of 20% of the net revenue of the Fund for all reasonable services performed and related expenses incurred by the Department; and
- b) the Board shall pay a minimum of 70% of the net revenue of the fund to be divided among municipalities in each region based on the solid waste diverted by the municipality or region

The allocations as presented on the combined statement of operations are determined as follows:

	2022	2021
Excess of revenues over expenses before allocations	\$ 9,820,786	\$ 5,122,569
Net remeasurement (loss) gain	\$ (422,980)	\$ 422,980
Net revenue	\$ 9,397,806	\$ 5,545,549
Nova Scotia Environment (20%)	\$ 1,879,561	\$ 1,109,110
Municipal solid waste diversion credits (70%)	\$ 6,578,464	\$ 3,881,884

8. Related party transactions

The Resource Recovery Fund reimburses Nova Scotia Environment (as noted above) up to a maximum of 20% of the net revenues of the Fund for services and expenses incurred on the Resource Recovery Fund's behalf. During the year, a reimbursement expense of \$1,879,561 (2021 – \$1,109,110) was recorded. The total liability at the end of 2022 is \$1,879,561 (2021 – \$1,109,110).

9. Accumulated net resources

				2022	2021
	Invested in Capital Assets	Restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 4,558,493	\$ 2,841,107	\$ 2,894,382	\$ 10,293,982	\$ 9,739,427
Excess (deficiency) of revenues over expenditures	(551,468)	(283,534)	2,197,763	1,362,761	131,575
Net remeasurement gains	-	-	(422,980)	(422,980)	422,980
Transfers	685,486	422,336	(1,107,822)	-	-
Balance, end of year	\$ 4,692,511	\$ 2,979,909	\$ 3,561,343	\$ 11,233,763	\$ 10,293,982
Restricted funds represented by:					
Committed funds (Note 13)		\$ 241,150			
Future projects		2,738,759			
		\$ 2,979,909			
Accumulated net resources represented by:					
Accumulated annual net resources				\$ 11,656,743	\$ 9,871,002
Accumulated remeasurement (loss) gain				\$ (422,980)	422,980
				\$ 11,233,763	\$ 10,293,982

Net resources under the Resource Recovery Fund restricted for future projects, represents funds committed to approved programs and funds internally restricted for funding various future projects as approved and in accordance with the goals and objectives of the Resource Recovery Fund (Divert NS).

10. Budget figures

The budgeted figures presented are approved annually by the Board and represent planned revenues and expenses for entity wide operations. The budgeted figures presented are consistent with Public Sector Accounting Standards ("PSAS"). The fiscal 2022 budget was approved by the Board on January 14, 2021.

11. Financial instruments risk management

Credit risk

Credit risk is the risk of financial loss to the Resource Recovery Fund if a debtor fails to make payments when due. The Fund is exposed to this risk relating to its receivables and notes receivable.

Credit risk is mitigated by management's review of aging and collection of receivables, only 7.4% of receivables are over 60 days. The Fund recognizes a specific allowance for doubtful accounts when management considers the expected amounts to be recovered is lower than the actual receivable.

The Resource Recovery Fund is exposed to investment credit risk through its investments. The maximum exposure to investment credit risk is outlined in Note 4.

There have been no significant changes from the previous year in exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Resource Recovery Fund will encounter difficulty in meeting the obligations associated with its financial liabilities. The Resource Recovery Fund is exposed to this risk mainly in respect of its payables and accruals and municipal solid waste diversion credits payable. At balance date, the Resource Recovery Fund has available financial assets to meet these obligations and there was no significant change in exposure from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Resource Recovery Fund is mainly exposed to currency and price risk related to its sales of recyclable materials.

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The currency risk is predominately US funds. The average US exchange rate was \$1.2536 for the twelve-month period. As at March 31, 2022 the receivables denominated in US currency were approximately \$2,289,986 (2021 - \$732,662).

Other price risk is the risk that the fair value of future cash flows will fluctuate due to changes in market prices. Price risk is related to fluctuations in commodities. During the year commodity prices for polyethylene terephthalate (PET) and aluminium fluctuated by approximately 30.11%. This fluctuation could result in an increase or decrease of sales by approximately \$2,942,070. The Resource Recovery Fund participates in a national buying group on certain of its commodity sales to minimize the risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

12. Excess Net Resources

As stipulated in the agreement with Nova Scotia Environment (NSE), the Board shall endeavour to limit its unrestricted accumulated net resources to 5% of gross revenues during any particular fiscal year. In the current year, unrestricted accumulated net resources did exceed 5% of gross revenues by \$82,913 (2021 - \$nil). In the event that unrestricted accumulated net resources does exceed 5% of gross revenues by \$100,000 or more, the Board shall recommend to the Minister a proposed distribution of the excess. As the excess did not exceed \$100,000 in the current year, no distribution is required.

13. Commitment

The Resource Recovery Fund has entered into agreements with specific organizations and businesses to provide funding for various recycling programs across Nova Scotia. At March 31, 2022, \$241,150 (2021 - \$526,035) of the restricted for approved programs resources has been committed under these agreements.

Combined Statement of Operating Expenses

Year ended March 31	Budget 2022 (Note 10)	2022	2021
Inventory, beginning of year	\$ 126,874	\$ 99,318	\$ 126,874
Amortization	196,000	186,382	289,912
Central processing expenses			
Amortization	112,000	122,124	131,072
Building	120,500	55,450	50,950
Forklift – maintenance and propane	21,000	15,433	17,358
Meetings and travel	13,000	8,540	5,037
Postage, delivery and office	3,500	3,716	131
Professional fees	35,000	29,633	4,764
Repairs and maintenance:			
Bulk bags and containers	–	–	290
Salaries and benefits	506,000	466,699	431,196
Shipping supplies	60,000	49,850	–
Telecommunications	7,500	6,292	7,060
Training	5,000	6,170	2,579
Vehicle	2,500	481	568
Deposit refunds	21,780,000	22,973,109	21,674,545
Enviro-Depot handling fees	19,857,000	20,929,192	19,520,885
Insurance	100,000	115,038	93,583
Local cartage	2,461,000	2,619,188	2,450,896
Non-deposit materials	50,000	47,803	45,348
Other	145,000	210,527	174,701
Regional processing	1,028,000	897,648	626,208
Used tire management program	4,028,000	4,698,376	4,497,908
	50,657,874	53,540,969	50,151,865
Inventory, end of year	126,874	321,783	99,318
	\$ 50,531,000	\$ 53,219,186	\$ 50,052,547

Combined Statement of Administrative Expenses

Year ended March 31

	Budget 2022 (Note 10)	2022	2021
Amortization	\$ 176,000	\$ 156,164	\$ 150,329
Bad debt	6,000	3,303	2,217
Bank charges and interest	14,000	13,144	13,046
Board fees and expenses	75,000	53,030	59,326
Building	185,000	138,552	156,031
Dues and fees	7,000	9,927	6,913
Insurance	105,000	124,307	100,574
Meetings and travel	26,500	7,317	2,839
Office	27,000	24,517	38,237
Postage, printing and delivery	5,500	2,249	3,409
Professional development	40,000	36,267	29,801
Professional fees	289,000	218,489	101,328
Public relations	60,000	42,221	34,915
Salaries and benefits	1,044,000	1,037,748	992,745
Technology support and licensing	108,000	70,000	71,986
Telecommunications	13,000	11,583	14,137
Website development and hosting	10,000	-	-
	\$ 2,191,000	\$ 1,948,818	\$ 1,777,833

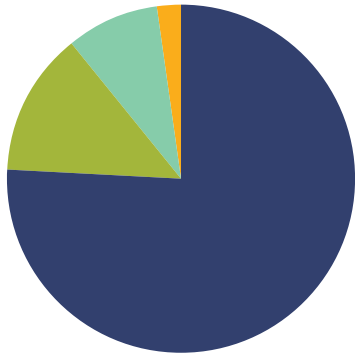
Supplementary Schedule of Individual and Combined Statements of Operation

Year ended March 31, 2022

	Resource Recovery Fund Board Inc.	Resource Recovery Fund	Combined
Revenues			
Administrative ¹	\$ 56,515,149	\$ -	\$ -
Deposits	-	52,915,719	52,915,719
Sales of recyclable materials	-	9,213,052	9,213,052
Tire program	-	6,055,983	6,055,983
Investment and other income	-	1,083,852	1,083,852
Rental income	-	300,000	300,000
Total revenues	56,515,149	69,568,606	69,568,606
Expenses			
Operating	52,983,867	235,319	53,219,186
Administrative ¹	1,789,350	56,674,617	1,948,818
Other expenditures and funding			
Approved program grants	-	1,290,734	1,290,734
Education and communication	1,741,932	225,000	1,966,932
Household hazardous waste program	-	140,000	140,000
Litter study	-	101,895	101,895
Municipal enforcement program funding	-	700,000	700,000
Programs, development and other funding	-	42,800	42,800
Regionals chairs and coordinators	-	337,455	337,455
	56,515,149	59,747,820	59,747,820
Excess of revenues over expenses before allocations	-	9,820,786	9,820,786
Municipal solid waste diversion credits	-	6,578,464	6,578,464
Nova Scotia Environment	-	1,879,561	1,879,561
Excess of revenues over expenditures	\$ -	\$ 1,362,761	\$ 1,362,761

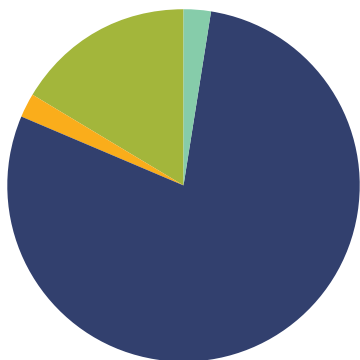
¹ Administrative revenue and expenses of \$56,515,149 have been eliminated at consolidation.

Revenue and Expenditures 2021-22



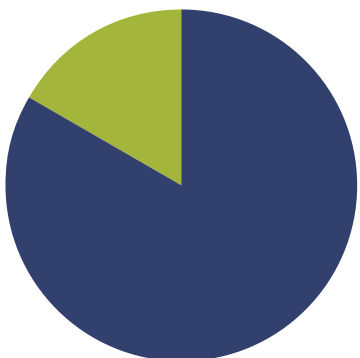
Divert NS Revenue

- 76% ■ Deposits
- 13% ■ Sales of recyclable materials
- 9% ■ Tire program
- 2% ■ Rental, investment and other income



Total Operational & Program Expenditures

- \$1,948,818 ■ Administration
- \$53,219,186 ■ Operation Costs
- \$1,582,361 ■ Other Mandates
- \$11,455,480 ■ Program Expenditures



Program Expenditures Detail

- \$9,575,919 ■ Municipal Funding
- \$1,879,561 ■ Nova Scotia Environment

Governance



Ken Meech, Board Chair



Marc Britney, Board Vice Chair



Angus Bonnyman, President,
Bonnymans' Wild Blueberries
& Natural Products Ltd.



Calla Farn, Vice President,
Corporate Affairs, Canadian
Stewardship Services Alliance



Cari Gray, Production Shop Manager,
Michelin North America (Canada) Inc.



Craig Lake, Geotechnical Engineering
Professor, Dalhousie University



Amanda McDougall, Mayor,
Cape Breton Regional Municipality



Robert Parker, Warden,
Municipality of Pictou County



Laurel Schut, Co-Director of FOUND Forgotten
Food and Instructor/Curriculum Development
at Dalhousie University's College
of Sustainability



Tom Taggart, Councillor,
Municipality of Colchester

Toll-free 1.877.313.7732 | Local 902.895.7732
35 Commercial Street, Suite 400
Truro, Nova Scotia B2N 3H9

info@divertns.ca | DivertNS.ca

Divert NS is the registered business name of the
Resource Recovery Fund Board, Inc.

