Just one litre of used oil can contaminate one million litres of fresh water.
Making every drop count
Thirteenth Annual General Meeting
Tuesday, April 21, 2009
10:00 am
Delta Bessborough
Saskatoon, Saskatchewan S7K 3G8

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On behalf of the Government of Saskatchewan and the people of this province, I would like to congratulate the Saskatchewan Association for Resource Recovery Corporation on all it has achieved in diverting used oil products, filters and containers from Saskatchewan’s landfills.

Saskatchewan was one of the first jurisdictions in Canada to develop and implement an industry-led stewardship program for used oil. Today, thanks to SARRC, we have reached a recycling rate of 80 per cent for used oil.

Not only has SARRC exceeded initial expectations for this program, it has delivered a model of excellence for the province’s waste diversion initiatives.

Used oil is the largest source of dangerous waste in Saskatchewan. A single litre can pollute one million litres of drinking water. Last year, Saskatchewan had an estimated 22 million litres of used oil available for recycling. This figure alone illustrates how critical a role the SARRC program plays in protecting our natural environment.

A particular thank you must be extended to the many communities that participate in this program. Over 350 collection facilities located in more than 200 communities are available to receive used products. And to the numerous individuals who invest time in recycling used oil, filters, and containers, I encourage you to continue. Our environment is worth the effort.

I look forward to continuing our work as a team. Together we can meet the increased recycling needs of Saskatchewan’s growing population and economy.

Sincerely,
Nancy Heppner
Minister of Environment
Board of Directors

Rod Rosenfelt
Baldwin Filters
Chairman and Director

Ted Stoner
Canadian Petroleum Products Institute
Treasurer and Director

Bert Weichel
Johnson & Weichel Consultants
Secretary and Director

Jerry Coben
Federated Co-operatives Ltd.
Director

Brett Morton
Shell Lubricants
Director

Don Taylor
Saskatchewan Association of
Rural Municipalities
Director

Tiffany Paulsen
Saskatchewan Urban
Municipalities Association
Director

Corporate Information

SARRC Staff

Phil Wrubleski, Executive Director
Merv Hey, Program Operations Manager
Jolene Isaac, Executive Assistant

Legal Counsel
McDougall Gauley, Barristers & Solicitors

Auditors
PricewaterhouseCoopers, Chartered Accountants

SARRC Office
2366 Avenue C North
Saskatoon, SK S7L 5X5
Phone (306) 652-7217
Fax (306) 652-1705
Info 1-877-645-7275
Email sarrc@usedoilrecycling.ca
Website www.usedoilrecycling.com
Making Every Drop Count

Consistency and continuity produce results. Since program inception in 1997, 2.35 million kilograms of oil containers, 19.69 million oil filters and 177.82 million litres of used oil have been recycled.

The private sector recycling industry excelled in 2008, collecting and processing record amounts of used oil, filters and containers:

- Used oil recycling in 2008 was up 6.3% from 2007 with 17.65 million litres of used oil recycled in 2008 for an annual recycling rate of 80%. Approximately 22 million litres of used oil were estimated to be available for collection in Saskatchewan in 2008, up from 20 million litres in prior years. The record collection was likely due to the high price of crude oil, which drove up the price of used oil and made collection more attractive.

- The oil filter recycling rate increased from 83% in 2007 to 84% in 2008 with 1.97 million filters recycled. In 2008, 2.33 million oil filters were sold and available for recycling.
• Oil container recycling reached a record 0.33 million kilograms in 2008, up 14.3% from 2007, at 37% of the 0.88 million kilograms sold in 2008. In previous years, SARRC commissioned Pulse Research Ltd. to conduct an extensive plastic oil container study, finding that Saskatchewan farmers annually reuse about 80% of their 20-litre oil pails resulting in a 24% province-wide container reuse rate. With annual recycling rates for used oil containers at 37%, the annual oil container combined reuse/recycling rate was 61% in 2008.

Used oil flows to destinations in western Canada and the northern United States, with approximately 7.66 million litres (43%) directed towards re-refining or re-processing, 9.90 million litres (56%) towards energy recovery and about 0.10 million litres (1%) towards other uses. Processed used oil filters are converted into new steel products such as pipe and agricultural and commercial shapes. Empty oil containers under 20 litres in size are recycled into industrial posts, railroad crossings, plastic pipe, new oil containers and many other products. Plastic 20-litre pails are refilled with bulk lubricants, or cleaned and reused for a wide number of applications.

SARRC membership grew to 150 members across North America and all levels of government continued to work with SARRC, delivering the Saskatchewan Used Oil, Filter and Container Recycling Program. Saskatchewan industry, commercial businesses, institutions and farmers continued to receive consistent, competitive, effective and efficient province-wide access to used oil, filter and container recycling. Over 350 EcoCentres and used oil collection facilities are conveniently located in over 200 Saskatchewan communities for drop-off of smaller quantities by consumers.

Mr. Oil Drop continued regular visits to oil and filter retailers, EcoCentres, used oil collection facilities and municipalities across Saskatchewan in cooperation with the Saskatchewan Waste Reduction Council and other product stewardship and recycling organizations. Consistent TV, radio, web and print messaging asked consumers “If you’re not recycling your used oil, what ARE you doing with it?”

SARRC harmonization continued with Used Oil Management Associations (UOMAs) in British Columbia, Alberta, Manitoba and Quebec through the National Used Oil Material Advisory Council (NUOMAC). Communication with the Ministry of Environment is vital and special thanks to Chris Potter for serving as SARRC Board advisor.

A big thank you to Russ McLeod of Imperial Oil, who retired from the SARRC Board after serving as Director and Treasurer since 2004. Thank you, Russ, for Making Every Drop Count!

Phil Wrubleski
Executive Director

Rod Rosenfelt
Chairman
Consistency and Continuity

1. Russ McLeod receives plaque from Director Jerry Coben.

2. Merv Hey, Program Operations Manager, receives ten-year service award.

3. Jolene Isaac, Executive Assistant, receives ten-year service award.


5. 2008 Beijing Summer Olympics website advertising.

Messageing
Recycling Ambassadors

Saskatchewan farmers receive direct mailer.

Recycling Ambassadors (l-r): Amy Unger, Kevin Petty, Jordan Hildebrandt, Hilary Berg

SARRC promotional tent on a Saskatchewan main street.

Mr. Oil Drop entertains at the Western Canada Farm Progress Show.

Mr. Oil Drop stands on guard for used oil recycling.

Mr. Oil Drop likes fast cars.
SARRC Members

49 North Forwarding Ltd.
Acklands-Grainger Inc.
Affinia Canada Corporation
AGCO Corporation
Air BP Canada Ltd.
Alberta Fuel Distributors Inc.
Altrom Canada Corp.
American Agip Company Inc.
AMSOIL Inc.
Applied Industrial Technologies Ltd.
ATP-Inc
Auto-Camping Ltd.
Baldwin Filters Inc.
Baldwin Filters Inc. (DBA Hastings Filters)
Bardahl Canada
Barrett Marketing Group Ltd.
Bestbuy Distributors Ltd.
Blue Streak-Hygrade Motor Products
BMW Canada Inc.
Bosch Rexroth Canada Corp.
BOSS Lubricants
BRP
Buhler Versatile Inc.
Burkolly Distributors Ltd.
Canada Safeway Ltd.
Canadian Kawasaki Motors, Inc.
Canadian Pacific Railway
Canadian Tire Corporation, Ltd.
CanWel Hardware Inc.
Castrol Industrial North America Inc.
CFS Cleanair Filter Service
Champion Laboratories, Inc.
Chevron Lubricants Canada Inc.
Chris Page & Associates Ltd.
Chrysler Canada Inc.
CNH Canada Ltd.
Coastal Blending & Packaging
Comairco Ltd.
Core-Mark International Inc.
Costco Wholesale Canada Ltd.
CPT Canada Power Technology Ltd.
Cummins Western Canada
Daimler Trucks North America LLC
Doepker Industrial Equipment Service
Elliott Petroleum 2006 Ltd.
Enerflex Service - Enerflex Systems Ltd.
Equipment Sales & Service (1968) Ltd.
Exterran Canadian Partnership Holdings
GP ULC
Failure Prevention Services
Federated Co-operatives Ltd.
First Filter Service Ltd.
FL Viscosity Oil Company
Ford Motor Company of Canada Ltd.
Fort Garry Industries Ltd.
Fred Deeleys Imports Ltd.
Fuchs Lubricants Canada Ltd.
G.K. Industries Ltd.
Gates Canada Inc.
GEA WestfaliaSurge, Inc.
General Motors of Canada Ltd.
Gregg Distributors Co. Ltd.
Henkel Canada Corporation
Home Hardware Stores Ltd.
Honda Canada Inc.
Honeywell ASCA Inc.
Husky Energy Inc.
Husqvarna Canada Corp.
Hyundai Auto Canada Corp.
Imperial Oil Ltd.
Importations Thibault Ltee.
Industrial Truck Service Ltd.
Jaguar Land Rover Group Canada Inc.
John Deere Ltd.
Kia Canada Inc.
Kinecor Inc.
King-O-Matic Industries Ltd.
Kleen-Flo Tumbler Industries Ltd.
Kramer Ltd.
Kubota Canada Ltd.
Larry’s Transmissions Ltd.
Lemky Rural Repair
London Drugs Ltd.
Maxim Transportation Services Inc.
Mazda Canada Inc.
Mercedes-Benz Canada Inc.
MFTA Canada Inc.
Mid-Canada Filtration Solutions
Mitsubishi Motor Sales of Canada, Inc.
Modern Sales Co-op
Motion Industries (Canada) Inc.
Motor Coach Industries Ltd.
Motovan Corporation
Mr. Lube Canada Limited Partnership
National Energy Equipment Inc.
Navistar Canada, Inc.
NemCo Resources Ltd.
New Flyer Industries Ltd.
Newalta Corporation
Nissan Canada Inc.
NORCAN Fluid Power Ltd.
Nynas Canada Inc.
Oil Mart Ltd.
Paccar Parts Ltd.
– A Division of Paccar of Canada
Parker Hannifin Canada
Partner Technologies Inc.
Parts Canada
Pauweels Canada Inc.
Peerless Engineering Sales Ltd.
Pennzoil-Quaker State Canada Inc.
Petro-Canada
Préost
– a Division of Volvo Group Canada Inc.
Provincial Hydraulics Inc.
PSC-Power Source Canada Ltd.
Radiator Specialty Company
of Canada Ltd.
Rainbow Petroleum Distributors Ltd.
Redhead Equipment Ltd
Robert Bosch Inc.
S.W. Industrial Filter Tec Service
Safety-Kleen Canada Inc.
SaskAlta Base Oils Corp.
SC CÎS Holdings ULC
Sears Canada Inc.
Shell Canada Products Ltd.
SMS Equipment Inc., CFU West
Southwestern Petroleum Canada Ltd.
Subaru Canada Inc.
Suzuki Canada Inc.
Texas Refinery Corp. of Canada Ltd.
The North West Company Inc.
Toyota Canada Inc.
TruServ Canada Inc.
UAP Inc.
United Farmers of Alberta
Co-operative Limited
USI - AGI Prairies Inc.
Valvoline Canada Ltd.
Volkswagen Canada Inc.
Volvo Cars of Canada Corp.
Volvo Group Canada Inc.
Wainbee Ltd.
Wajax Industries Ltd.
Wakefield Canada Inc.
Wallace & Carey Inc.
Wal-Mart Canada Corp.
Waterous Power Systems
Westcon Equipment & Rentals Ltd.
Westfair Foods Ltd.
Westpower Equipment Ltd.
Worldpac Canada Inc.
Yamaha Motor Canada Ltd.
Yetman’s Ltd.
Zellers / Hudson’s Bay Co.
The Saskatchewan Association for Resource Recovery Corp. (SARRC) is a non-profit corporation formed by the oil and oil filter industry in Saskatchewan to develop, implement and maintain a province-wide Used Oil, Filter and Container Recycling Program.

The Recycling Program is based on the Saskatchewan Waste Management Advisory Group (WMAG) plan developed by a multi-faceted group of stakeholders. It is also based on a similar plan developed by industry through the Western Canada Used Oil, Filter and Container Task Force (WCTF).

Primary objectives of the program are to: (1) establish a province-wide used oil materials collection system that meets the requirements of the Saskatchewan Used Oil Collection Regulations; (2) maximize the cost-effective collection of used oil, filters and containers in Saskatchewan.

Key components of the program are; (1) a Return Incentive (RI) paid to registered collectors picking up from farm, industrial, commercial and institutional markets and delivering to government-approved processors/end users; (2) a province-wide system of used oil, filter and container EcoCentres that are accessible, convenient and cost-effective in collecting used oil materials from the do-it-yourself (DIY), small farm and small commercial markets.

The program is funded by industry who remit Environmental Handling Charges (EHCs) to SARRC based on the sale of new collectible oil, oil filters and oil sold in containers. SARRC’s 150 members represent major oil, filter and container manufacturers and marketers in Canada and the United States. Similar associations with similar members have been established in British Columbia (BCUOMA), Alberta (AUOMA), Manitoba (MARRC) and Quebec (SOGHU).
Auditors' Report

To the Members of
Saskatchewan Association for Resource Recovery Corp.

We have audited the statement of financial position of Saskatchewan Association for Resource Recovery Corp. as at December 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

PricewaterhouseCoopers LLP

Saskatchewan Association for Resource Recovery Corp.

Financial Statements

February 19, 2009

SARRC Annual Report
Saskatchewan Association for Resource Recovery Corp.

Statement of Financial Position

As at December 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td>4,378,185</td>
<td>4,393,319</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>70,257</td>
<td>70,188</td>
</tr>
<tr>
<td>Accounts receivable (note 3)</td>
<td>1,190,786</td>
<td>1,427,411</td>
</tr>
<tr>
<td>Prepaid expense</td>
<td>14,164</td>
<td>3,039</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>5,653,392</td>
<td>5,893,957</td>
</tr>
<tr>
<td><strong>Restricted cash</strong> (note 4)</td>
<td>15,014</td>
<td>14,711</td>
</tr>
<tr>
<td><strong>Capital assets</strong> (note 5)</td>
<td>25,471</td>
<td>34,830</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>5,693,877</td>
<td>5,943,498</td>
</tr>
</tbody>
</table>

| **Liabilities and Net Assets** |          |          |
| **Current liabilities**       |          |          |
| Accounts payable and accrued liabilities | 373,273 | 567,076 |
| **Net assets**                |          |          |
| Invested in capital assets    | 25,471   | 34,830   |
| Unrestricted (note 7)         | 5,295,133| 5,341,592|
| **Total net assets**          | 5,320,604| 5,376,422|
| **Total assets and liabilities** | 5,693,877| 5,943,498|

Approved by the Board of Directors

_______________________________  _______________________________
Director                        Director
Saskatchewan Association for Resource Recovery Corp.

Statement of Changes in Net Assets

For the year ended December 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets $</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted $</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total $</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total $</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net assets

Balance – Beginning of year  34,830  5,341,592  5,376,422  5,159,061

Excess (deficiency) of revenue over expenses for the year
Invested in capital assets

(10,125)  (45,693)  (55,818)  217,361

Invested in capital assets  766  766  -  -

Balance – End of year  25,471  5,295,133  5,320,604  5,376,422

Consists of

Loss on disposal of capital assets  (622)
Amortization  (9,503)
Purchase of capital assets  766

Decrease in net assets invested in capital assets  (9,359)
Saskatchewan Association for Resource Recovery Corp.

Statement of Operations

For the year ended December 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental handling charges</td>
<td>3,990,969</td>
<td>4,059,135</td>
</tr>
<tr>
<td>Membership fees</td>
<td>1,200</td>
<td>1,800</td>
</tr>
<tr>
<td>Investment income and other</td>
<td>212,401</td>
<td>219,942</td>
</tr>
<tr>
<td>Gain (loss) on disposal of capital assets</td>
<td>(622)</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>4,203,948</td>
<td>4,280,927</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return incentives</td>
<td>3,351,811</td>
<td>3,181,116</td>
</tr>
<tr>
<td>Public relations and promotions</td>
<td>261,299</td>
<td>261,973</td>
</tr>
<tr>
<td>EcoCentre support costs (note 7)</td>
<td>260,057</td>
<td>245,826</td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>213,682</td>
<td>203,834</td>
</tr>
<tr>
<td>Professional fees</td>
<td>71,135</td>
<td>64,267</td>
</tr>
<tr>
<td>Office and administration</td>
<td>19,995</td>
<td>23,980</td>
</tr>
<tr>
<td>Rent (note 6)</td>
<td>23,598</td>
<td>23,298</td>
</tr>
<tr>
<td>Travel and meals</td>
<td>19,677</td>
<td>16,815</td>
</tr>
<tr>
<td>Director fees and expenses</td>
<td>13,002</td>
<td>16,370</td>
</tr>
<tr>
<td>Telephone and fax</td>
<td>9,567</td>
<td>10,565</td>
</tr>
<tr>
<td>Amortization</td>
<td>9,503</td>
<td>9,157</td>
</tr>
<tr>
<td>Insurance</td>
<td>5,752</td>
<td>5,799</td>
</tr>
<tr>
<td>Interest and bank charges</td>
<td>688</td>
<td>566</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>4,259,766</td>
<td>4,063,566</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses for the year</strong></td>
<td>(55,818)</td>
<td>217,361</td>
</tr>
</tbody>
</table>
Saskatchewan Association for Resource Recovery Corp.

Statement of Cash Flows

For the year ended December 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash provided by (used in)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>(55,818)</td>
<td>217,361</td>
</tr>
<tr>
<td>Items not affecting cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>9,503</td>
<td>9,157</td>
</tr>
<tr>
<td>Loss (gain) on disposal of capital assets</td>
<td>622</td>
<td>(50)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(45,693)</td>
<td>226,468</td>
</tr>
<tr>
<td>Net change in non-cash working capital items</td>
<td>31,628</td>
<td>107,858</td>
</tr>
<tr>
<td></td>
<td>(14,065)</td>
<td>334,326</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in restricted cash</td>
<td>(303)</td>
<td>(332)</td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>(766)</td>
<td>(19,644)</td>
</tr>
<tr>
<td>Proceeds on disposal of capital assets</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>(1,069)</td>
<td>(19,926)</td>
</tr>
<tr>
<td>Increase (decrease) in cash</td>
<td>(15,134)</td>
<td>314,400</td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Beginning of year</td>
<td>4,393,319</td>
<td>4,078,919</td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– End of year</td>
<td>4,378,185</td>
<td>4,393,319</td>
</tr>
</tbody>
</table>
1 Nature of operations

The company was incorporated under the Non-profit Corporations Act of Saskatchewan. It was formed by oil and oil filter first sellers in Saskatchewan to develop, implement and maintain a used oil product management program in the province. In January 1997, the company received the required approval to operate a product management program from Saskatchewan Environment, issued pursuant to The Used Oil Collection Regulations. As a non-profit organization, no provision for corporate income taxes has been made in these financial statements, pursuant to Paragraph 149(1)(l) of the Income Tax Act.

2 Significant accounting policies

CICA 3855 Financial instruments – recognition and measurement

This pronouncement establishes standards for recognizing and measuring financial assets, financial liabilities, derivatives and non-financial derivatives. It requires that a) financial assets and liabilities be measured initially at fair value, b) financial assets be subsequently measured at either amortized cost or fair value depending on the type of instrument and any optional designations made by the Corporation, c) financial liabilities be subsequently measured at amortized cost or at fair value depending on the optional designations made by the Corporation and d) derivative financial instruments are measured at fair value, even when they are part of a hedging relationship.

Under Section 3855, financial instruments must be classified as held for trading (“HFT”), held to maturity (“HTM”), available for sale (“AFS”), loans and receivables, or other financial liabilities. Changes in fair value for HFT financial instruments are recorded in the current year’s operations. Changes in fair value of AFS financial assets are recorded directly to net assets until sold or impaired at which time the realized gain or loss would be recorded in the current year’s operations. HTM, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate at the date of acquisition.

CICA 3861 Financial instruments – disclosure and presentation

This pronouncement establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed. On adoption of these standards, the Corporation designated its financial instruments as follows:

a. Held for trading (“HFT”)
   Short-term investments are designated as HFT. The short-term investments held are guaranteed investment certificates. Investment income arising from these financial assets is recognized in operations in the year it is earned. Investments are recorded at fair value at year end which equates to the original cost paid.

b. Loans and receivables
   Accounts receivable and accrued interest receivable are designated as loans and receivables and are measured at amortized cost. Revenue arising from these items is recognized in operations in the year it arises.

c. Other financial liabilities
   Accounts payable and accrued liabilities are designated as other financial liabilities and are measured at amortized cost. Expenses arising from these items are recognized in operations in the year they arise.
Capital assets and amortization

Capital assets are carried at acquisition cost less accumulated amortization. Amortization is calculated on the declining balance basis at the following annual rates:

Furniture, fixtures and other equipment 20%
Computer hardware 30%

One-half the above annual rates are charged in the year of acquisition.

Revenue recognition

Environmental handling charge (“EHC”) revenue is recognized when assessed by first seller members on qualifying lubricants, filters and containers in accordance with the membership agreement with the company.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

3 Accounts receivable

Accounts receivable at December 31, 2008 includes EHC remittances of approximately $367,412 (2007 – $483,686) held in trust by the EHC collector agency on behalf of the company.

4 Restricted cash

Cash in the amount of $15,014 is held in a lawyer’s trust account as part of negotiations to settle the company’s potential interest in an EcoCentre building held as inventory by the building supplier. It is uncertain whether any of the funds will need to be released from trust to settle any potential liability.

5 Capital assets

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Furniture, fixtures and other equipment</td>
<td>29,913</td>
<td>22,920</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>58,240</td>
<td>39,762</td>
</tr>
<tr>
<td></td>
<td>88,153</td>
<td>62,682</td>
</tr>
</tbody>
</table>
6 Operating leases

The company entered into an operating property lease agreement, expiring in 2011, requiring minimum annual lease payments for: 2009 – $26,244; 2010 – $27,204; and 2011 – $27,804. The minimum annual lease payments under a copier lease expiring in 2010 are 2009 – $7,433, 2010 – $1,859.

7 Commitments

Saskatchewan Association for Resource Recovery Corp. is obligated to utilize its unrestricted net assets, in future years, to fund the return incentives and the establishment of EcoCentres for the used oil materials product management program.

Saskatchewan Association for Resource Recovery Corp. entered into three-year agreements with operators of 34 EcoCentres that were established to provide no-cost, drop-off centres for used oil materials. These agreements require the company to pay a minimum of $7,200 per year to each of the EcoCentre operators and provide for additional payments should used oil material collection volumes exceed certain base levels.

The remaining minimum operating fee commitment to the 34 EcoCentre operators over the period of the agreements totals $327,000. Annual payments are: 2009 – $234,000; 2010 – $69,600; and 2011 – $23,400.

8 Financial instruments

The company’s financial assets and liabilities consist of cash and short-term investments, accrued interest receivable, accounts receivable, accounts payable and accrued liabilities. The company’s exposure to credit risk is based on the carrying amount of its financial assets. The company’s exposure to interest rate risk pertains to short-term investments, which are subject to future changes in interest rates.