

Financial Statements of

EVERGREEN

And Independent Auditors' Report thereon

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Directors of Evergreen

Opinion

We have audited the financial statements of Evergreen (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



Page 3

- 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 23, 2020

EVERGREEN

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019					2018				
	General Fund	Evergreen Brick Works Capital Assets Fund	TD Future Cities Centre Capital Assets Fund	Capital Assets Fund	Total	General Fund	Evergreen Brick Works Capital Assets Fund	TD Future Cities Centre Capital Assets Fund	Capital Assets Fund	Total
Assets										
Current assets:										
Cash	\$ 1,526,264	\$ -	\$ -	\$ -	\$ 1,526,264	\$ 1,029,046	\$ -	\$ 3,339,760	\$ -	\$ 4,368,806
Short-term investments	124,115	-	-	-	124,115	122,100	-	-	-	122,100
Accounts and pledges receivable (note 3)	1,817,134	-	1,308,000	-	3,125,134	2,365,014	-	905,000	-	3,270,014
Prepaid expenses and other	328,328	-	-	-	328,328	422,591	-	-	-	422,591
	3,795,841	-	1,308,000	-	5,103,841	3,938,751	-	4,244,760	-	8,183,511
Pledges receivable (note 3)	-	-	120,833	-	120,833	-	-	875,000	-	875,000
Capital assets (note 4)	-	27,714,038	16,610,624	1,155,713	45,480,375	-	30,491,510	15,683,492	1,286,949	47,461,951
	\$ 3,795,841	\$ 27,714,038	\$ 18,039,457	\$ 1,155,713	\$ 50,705,049	\$ 3,938,751	\$ 30,491,510	\$ 20,803,252	\$ 1,286,949	\$ 56,520,462
Liabilities										
Current liabilities:										
Accounts payable and accrued liabilities (note 5)	\$ 2,168,550	\$ -	\$ 272,814	\$ -	\$ 2,441,364	\$ 2,587,388	\$ -	\$ 2,312,598	\$ -	\$ 4,899,986
Deferred revenue	1,474,030	-	32,885	-	1,506,915	1,178,903	-	820,964	-	1,999,867
Current portion of long-term debt (note 6)	-	614,000	1,041,404	59,343	1,714,747	-	614,000	1,041,404	58,453	1,713,857
	3,642,580	614,000	1,347,103	59,343	5,663,026	3,766,291	614,000	4,174,966	58,453	8,613,710
Deferred capital contributions (note 7)	-	26,567,000	16,610,624	264,202	43,441,826	-	29,227,968	15,559,279	445,487	45,232,734
Long-term debt (note 6)	-	1,277,500	27,603	116,855	1,421,958	-	1,891,500	1,069,007	113,767	3,074,274
Fund balances (note 8)	153,261	(744,462)	54,127	715,313	178,239	172,460	(1,241,958)	-	669,242	(400,256)
Commitments (note 9)										
Subsequent events and contingencies (note 13)										
	\$ 3,795,841	\$ 27,714,038	\$ 18,039,457	\$ 1,155,713	\$ 50,705,049	\$ 3,938,751	\$ 30,491,510	\$ 20,803,252	\$ 1,286,949	\$ 56,520,462

See accompanying notes to financial statements.

On behalf of the Board:



Anne Brace, Treasurer



Helen Burstyn, Chair, Board of Directors

EVERGREEN

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2019, with comparative information for 2018

	2019					2018				
	General Fund	Evergreen Brick Works Assets Fund	TD Future Cities Centre Capital Assets Fund	Capital Assets Fund	Total	General Fund	Evergreen Brick Works Assets Fund	TD Future Cities Centre Capital Assets Fund	Capital Assets Fund	Total
Revenue:										
Donations, grants and sponsorships	\$ 9,351,200	\$ -	\$ -	\$ -	\$ 9,351,200	\$ 7,501,065	\$ -	\$ -	\$ -	\$ 7,501,065
Program services and fees	11,656,756	-	-	-	11,656,756	11,127,171	-	-	-	11,127,171
	21,007,956	-	-	-	21,007,956	18,628,236	-	-	-	18,628,236
Amortization of deferred capital contributions (note 7)	-	2,660,968	777,817	258,069	3,696,854	-	2,660,968	-	472,618	3,133,586
	21,007,956	2,660,968	777,817	258,069	24,704,810	18,628,236	2,660,968	-	472,618	21,761,822
Expenses:										
National programs:										
Salaries and benefits	3,257,986	-	-	-	3,257,986	2,691,616	-	-	-	2,691,616
Program costs	3,256,916	-	-	-	3,256,916	2,866,681	-	-	-	2,866,681
Communications and marketing	612,670	-	-	-	612,670	443,429	-	-	-	443,429
	7,127,572	-	-	-	7,127,572	6,001,726	-	-	-	6,001,726
Evergreen Brick Works programs:										
Salaries and benefits	2,636,742	-	-	-	2,636,742	2,447,356	-	-	-	2,447,356
Cost of sales, services and programs	5,577,194	-	-	-	5,577,194	5,361,724	-	-	-	5,361,724
Property management	1,441,675	-	-	-	1,441,675	1,183,392	-	-	-	1,183,392
Communications and marketing	322,780	-	-	-	322,780	303,641	-	-	-	303,641
	9,978,391	-	-	-	9,978,391	9,296,113	-	-	-	9,296,113
Administration and fundraising:										
Office and administration	1,939,733	-	-	-	1,939,733	1,718,749	-	-	-	1,718,749
Fundraising	935,529	-	-	-	935,529	742,297	-	-	-	742,297
Interest	-	88,933	-	8,909	97,842	-	102,799	-	11,602	114,401
Amortization	-	2,777,472	777,817	491,959	4,047,248	-	2,775,484	-	724,374	3,499,858
	2,875,262	2,866,405	777,817	500,868	7,020,352	2,461,046	2,878,283	-	735,976	6,075,305
	19,981,225	2,866,405	777,817	500,868	24,126,315	17,758,885	2,878,283	-	735,976	21,373,144
Excess (deficiency) of revenue over expenses	1,026,731	(205,437)	-	(242,799)	578,495	869,351	(217,315)	-	(263,358)	388,678
Fund balance, beginning of year	172,460	(1,241,958)	-	669,242	(400,256)	171,460	(1,741,442)	-	781,048	(788,934)
Interfund transfers (note 11)	(1,045,930)	702,933	54,127	288,870	-	(868,351)	716,799	-	151,552	-
Fund balance, end of year	\$ 153,261	\$ (744,462)	\$ 54,127	\$ 715,313	\$ 178,239	\$ 172,460	\$ (1,241,958)	\$ -	\$ 669,242	\$ (400,256)

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019					2018				
	General Fund	Evergreen Brick Works Capital Assets Fund	TD Future Cities Centre Capital Assets Fund	Capital Assets Fund	Total	General Fund	Evergreen Brick Works Capital Assets Fund	TD Future Cities Centre Capital Assets Fund	Capital Assets Fund	Total
Cash provided by (used in):										
Operating activities:										
Excess (deficiency) or revenue over expenses	\$ 1,026,731	\$ (205,437)	\$ –	\$ (242,799)	\$ 578,495	\$ 869,351	\$ (217,315)	\$ –	\$ (263,358)	\$ 388,678
Items not involving cash:										
Amortization of capital assets	–	2,777,472	777,817	491,959	4,047,248	–	2,775,484	–	724,374	3,499,858
Amortization of deferred capital contributions	–	(2,660,968)	(777,817)	(258,069)	(3,696,854)	–	(2,660,968)	–	(472,618)	(3,133,586)
	1,026,731	(88,933)	–	(8,909)	928,889	869,351	(102,799)	–	(11,602)	754,950
Change in non-cash operating working capital:										
Accounts and pledges receivable	547,880	–	(403,000)	–	144,880	(568,262)	–	(905,000)	–	(1,473,262)
Prepaid expenses and other	94,263	–	–	–	94,263	151,723	–	–	–	151,723
Accounts payable and accrued liabilities	(418,838)	–	(2,039,784)	–	(2,458,622)	983,266	–	1,050,917	–	2,034,183
Deferred revenue	295,127	–	(788,079)	–	(492,952)	(324,201)	–	(1,306,364)	–	(1,630,565)
	1,545,163	(88,933)	(3,230,863)	(8,909)	(1,783,542)	1,111,877	(102,799)	(1,160,447)	(11,602)	(162,971)
Financing activities:										
Addition to long-term debt	–	–	–	–	–	–	–	2,000,000	–	2,000,000
Repayment of long-term debt	–	(614,000)	(1,041,404)	(60,127)	(1,715,531)	–	(614,000)	(13,802)	(69,097)	(696,899)
Interfund transfers	(1,045,930)	702,933	54,127	288,870	–	(868,351)	716,799	–	151,552	–
Deferred capital contributions received/committed	–	–	1,512,167	76,784	1,588,951	–	–	9,783,171	159,250	9,942,421
	(1,045,930)	88,933	524,890	305,527	(126,580)	(868,351)	102,799	11,769,369	241,705	11,245,522
Investing activities:										
Increase in short-term investments	(2,015)	–	–	–	(2,015)	(478)	–	–	–	(478)
Increase in long-term pledges receivable	–	–	754,167	–	754,167	–	–	(875,000)	–	(875,000)
Capital assets additions	–	–	(1,387,954)	(296,618)	(1,684,572)	–	–	(9,783,171)	(230,103)	(10,013,274)
	(2,015)	–	(633,787)	(296,618)	(932,420)	(478)	–	(10,658,171)	(230,103)	(10,888,752)
Increase in cash	497,218	–	(3,339,760)	–	(2,842,542)	243,048	–	(49,249)	–	193,799
Cash, beginning of year	1,029,046	–	3,339,760	–	4,368,806	785,998	–	3,389,009	–	4,175,007
Cash, end of year	\$ 1,526,264	\$ –	\$ –	\$ –	\$ 1,526,264	\$ 1,029,046	\$ –	\$ 3,339,760	\$ –	\$ 4,368,806
Supplemental cash flow information:										
Capital assets acquired through obligations under capital leases (note 6)	\$ –	\$ –	\$ –	\$ 64,105	\$ 64,105	\$ –	\$ –	\$ 124,313	\$ –	\$ 124,213
Contributed capital assets	–	–	316,995	–	316,995	–	–	230,058	–	230,058

See accompanying notes to financial statements.

EVERGREEN

Notes to Financial Statements

Year ended December 31, 2019

1. Nature of organization:

(a) Incorporation and objects:

Evergreen was incorporated without share capital under the Canada Corporations Act on April 5, 1991 and was continued under the Canada Not-for-profit Corporations Act on December 12, 2013. Evergreen is registered as a charitable organization under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

(b) National programs:

Evergreen engages Canadians in creating greener, more sustainable cities. Evergreen works with diverse partners from all sectors to build, support, test and scale bold new ideas to solve pressing urban issues.

(c) Evergreen Brick Works' programs:

Evergreen Brick Works is a centre for experiencing the relationship between nature, culture and community. Located on a unique natural and industrial heritage site, it is a destination for families and individuals to enjoy a natural refuge, while sampling a rich offering of programs and services.

Evergreen has secured the land and existing structures of the Don Valley Brick Works at a nominal amount from the City of Toronto, under a 21-year lease, which expires on March 2, 2030.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting:

The General Fund reflects general fundraising, investing, programming and administrative activities and reports on unrestricted resources available for immediate use.

The Evergreen Brick Works Capital Assets Fund reflects restricted funds arising from fundraising, investing and administrative activities associated with the building of Evergreen Brick Works.

The TD Future Cities Centre Capital Assets Fund reflects restricted funds arising from fundraising, investing and administrative activities associated with the capital redevelopment of TD Future Cities Centre in the north east corner of the Evergreen Brick Works site.

The Capital Assets Fund reflects capital assets purchased and used in the organization.

(b) Revenue recognition:

Evergreen follows the deferral method of accounting for contributions which include donations, sponsorships and grants. Unrestricted contributions are recognized as revenue when received or receivable. Revenue is recognized when the amount to be received can be reasonably estimated and collection is assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Revenue received that relates to future periods is recorded as deferred revenue. Donations-in-kind are recorded at the fair market value that Evergreen would otherwise have paid for such goods and services. Donated securities are sold as soon as they are received and the proceeds recorded as revenue or deferred capital contributions.

Pledges are recognized as receivable when a signed agreement exists, and when the amount can be reasonably estimated and ultimate collection is reasonably assured.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant accounting policies (continued):

Evergreen recognizes revenue from short-term facility rental, parking, workshops, camp, classes, consulting engagements and retail sales when goods and services are provided.

Rental revenue, including contractual rent increases during the term of a lease, is recognized as revenue on the straight-line basis over the term of the lease.

(c) Financial instruments:

Financial assets and financial liabilities are initially recognized at fair value when Evergreen becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. The cost of financial instruments approximates their fair value due to their short-term nature.

(d) Capital assets:

Capital assets are stated at cost less accumulated amortization. When a capital asset no longer contributes to Evergreen's ability to provide services, its carrying amount is written down to its residual value. Amortization is recorded on the straight-line basis over the estimated useful lives of the assets as follows:

Building and leasehold improvements	Remaining term of land lease at the date asset is put into use
Furniture and fixtures	5 years
Computers and office equipment	3 - 5 years
Equipment under capital leases	4 years
Vehicles and property management equipment	10 years
Site improvements	3 years
Licenses	3 years

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include pledges receivable, amortization of deferred capital contributions and amortization of capital assets. Actual results could differ from those estimates.

3. Accounts and pledges receivable:

Accounts and pledges receivable consist of the following balances:

	2019	2018
General Fund:		
Accounts and other receivables	\$ 1,601,951	\$ 2,126,850
Recoverable sales tax	59,283	63,824
Unamortized tenant inducement	155,900	174,340
	<hr/>	<hr/>
	1,817,134	2,365,014
TD Future Cities Centre Capital Assets Fund:		
Pledges receivable	1,308,000	905,000
Long-term pledges receivable	120,833	875,000
	<hr/>	<hr/>
	\$ 3,245,967	\$ 4,145,014

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Capital assets:

Evergreen Brick Works Capital Assets Fund

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 53,261,801	\$ 25,550,307	\$ 27,711,494	\$ 30,487,269
Furniture and fixtures	867,436	867,436	–	–
Vehicles and property management equipment	16,964	14,420	2,544	4,241
	<u>\$ 54,146,201</u>	<u>\$ 26,432,163</u>	<u>\$ 27,714,038</u>	<u>\$ 30,491,510</u>

TD Future Cities Centre Capital Assets Fund

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements - under construction	\$ 17,034,170	\$ 733,533	\$ 16,300,637	\$ 15,329,121
Equipment under capital lease	354,271	44,284	309,987	354,371
	<u>\$ 17,388,441</u>	<u>\$ 777,817</u>	<u>\$ 16,610,624</u>	<u>\$ 15,683,492</u>

Building and leasehold improvements under construction will not be amortized until such time that the construction is complete and the asset is put to use.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Capital assets (continued):

Capital Assets Fund

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 977,321	\$ 250,743	\$ 726,578	\$ 638,926
Furniture and fixtures	590,052	416,585	173,467	211,045
Computers and office equipment	995,061	889,304	105,757	116,418
Equipment under capital leases	56,702	34,639	22,063	1,030
Vehicles and property management equipment	197,461	95,685	101,776	89,473
Site improvements	66,542	40,470	26,072	12,765
Licenses	1,303,752	1,303,752	—	217,292
	\$ 4,186,891	\$ 3,031,178	\$ 1,155,713	\$ 1,286,949

5. Accounts payable and accrued liabilities:

There are no government remittances payable in 2019 and 2018.

6. Long-term debt:

	2019	2018
Evergreen Brick Works Capital Assets Fund		
Credit facility (a)	\$ 1,720,000	\$ 2,236,000
Sustainable energy loan (b)	171,500	269,500
	1,891,500	2,505,500
Less current portion:		
Credit facility	516,000	516,000
Sustainable energy loan	98,000	98,000
	614,000	614,000
	\$ 1,277,500	\$ 1,891,500

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Long-term debt (continued):

	2019	2018
TD Future Cities Centre Capital Assets Fund		
Credit facility (c)	\$ 1,000,000	\$ 2,000,000
Obligation under capital leases (d)	69,007	110,411
	<u>1,069,007</u>	<u>2,110,411</u>
Less current portion:		
Credit facility	1,000,000	1,000,000
Obligation under capital leases	41,404	41,404
	<u>1,041,404</u>	<u>1,041,404</u>
	<u>\$ 27,603</u>	<u>\$ 1,069,007</u>
	2019	2018
Capital Assets Fund		
Obligation under capital leases (d)	\$ 176,198	\$ 172,220
Less current portion:		
Obligation under capital leases	59,343	58,453
	<u>\$ 116,855</u>	<u>\$ 113,767</u>

- (a) On December 19, 2014, Evergreen entered into a credit facility with a Canadian chartered financial institution for \$4.3 million, bearing interest at the Canadian chartered financial institution's prime rate plus 0.5%. The facility includes monthly principal repayments of \$43,000 over eight years and four months, with final payment due on April 15, 2023.

The credit facility is secured by a general security agreement; collateral leasehold mortgage in the amount of \$12.75 million; first ranking assignment of planning approvals, permits and licenses, development agreements and contracts, project plans and specifications and certificates and land surveys in favour of a Canadian chartered financial institution; and an agreement between a Canadian chartered financial institution, the City of Toronto, Toronto & Region Conservation Authority ("TRCA") and Evergreen. The City of Toronto and TRCA have provided a guarantee of up to \$4.6 million.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Long-term debt (continued):

Repayments are due as follows:

2020	\$	516,000
2021		516,000
2022		516,000
2023		172,000
	\$	1,720,000

On May 17, 2017, the credit facility was amended to include a \$1,000,000 line of credit, bearing interest at the Canadian chartered financial institution prime rate plus 1.0%. The facility is guaranteed by a third party. As at December 31, 2019 and 2018, no amount has been drawn.

- (b) On November 22, 2010, Evergreen entered into a Sustainable Energy Funds Loan Agreement with the City of Toronto for \$980,000. The loan is a 10-year, interest-free facility with quarterly repayments of \$24,500, which commenced on October 1, 2011, and is subordinate to the above-noted facilities.

Repayments are due as follows:

2020	\$	98,000
2021		73,500
	\$	171,500

The loan is secured against certain specific equipment of Evergreen.

- (c) On May 4, 2018, Evergreen entered into loan agreements with six community foundations for a total term loan of \$2,000,000, bearing interest at prime plus 0.5%. Repayment of the first \$1,000,000 occurred in 2019 and the remaining \$1,000,000 is required on or before December 31, 2020. In the event of default, a third party foundation will donate the outstanding value to each of the six community foundation lenders.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Long-term debt (continued):

Repayments are due as follows:

2020	\$ 1,000,000
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(d) Lease payments are calculated on the lease base rate of the third parties.

Minimum annual lease payments are as follows:

2020	\$ 106,554
2021	92,753
2022	56,190
	<hr/> 255,497
Less amount representing interest	10,292
	<hr/> 245,205
Less current portion	100,747
	<hr/> \$ 144,458

7. Deferred capital contributions:

Evergreen undertook an initial \$55 million redevelopment of the Evergreen Brick Works which was completed in 2010. Evergreen raised \$50.6 million to fund this phase of redevelopment. During 2017, Evergreen began redevelopment of the TD Future Cities Centre in the north east corner of the Brick Works site. At December 31, 2019, \$17,388,441 of costs were incurred which were fully funded. Deferred capital contributions represent the unamortized amount of donations and grants and pledges received or receivable. The amortization of deferred capital contributions is recorded as revenue in the statement of operations and changes in fund balances.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

7. Deferred capital contributions (continued):

Evergreen Brick Works Capital Assets Fund

	2019	2018
Balance, beginning of year	\$ 29,227,968	\$ 31,888,936
Amortization	(2,660,968)	(2,660,968)
Balance, end of year	\$ 26,567,000	\$ 29,227,968

TD Future Cities Centre Capital Assets Fund

	2019	2018
Balance, beginning of year	\$ 15,559,279	\$ 5,546,050
Capital contributions received/committed	1,829,162	10,013,229
Amortization	(777,817)	–
Balance, end of year	\$ 16,610,624	\$ 15,559,279

Capital Assets Fund

	2019	2018
Balance, beginning of year	\$ 445,487	\$ 758,855
Capital contributions received	76,784	159,250
Amortization	(258,069)	(472,618)
Balance, end of year	\$ 264,202	\$ 445,487

8. Reserve:

Included in the General Fund is a restricted flood reserve of \$100,000 as required by Evergreen's lease agreement with the City of Toronto and TRCA.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

9. Commitments:

Evergreen has future minimum annual commitments under long-term contracts for office space and equipment as follows:

2020	\$ 5,213
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10. Guarantees:

Indemnity has been provided to all directors and/or officers of Evergreen for various items including, but not limited to, all costs to settle suits or actions due to association with Evergreen, subject to certain restrictions. Evergreen has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The insurance coverage has a limit of \$5,000,000 for the policy covered. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of Evergreen. The maximum amount of any potential future payment cannot be reasonably estimated.

11. Interfund transfers:

Interfund transfers reflect payment by the General Fund of unfunded transactions in the Evergreen Brick Works Capital Assets Fund, the TD Future Cities Centre Capital Assets Fund and the Capital Assets Fund. Interfund transfers comprise the following:

2019:

	General Fund	EBW Fund	TD Future Cities Centre Fund	Capital Assets Fund
Funding of long-term debt and interest repayments from operations	\$ (771,969)	\$ 702,933	\$ –	\$ 69,036
Net funding of capital asset purchases	(273,961)	–	54,127	219,834
	\$ (1,045,930)	\$ 702,933	\$ 54,127	\$ 288,870

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

11. Interfund transfers (continued):

2018:

	General Fund	EBW Fund	TD Future Cities Centre Fund	Capital Assets Fund
Funding of long-term debt and interest repayments from operations	\$ (797,498)	\$ 716,799	\$ –	\$ 80,699
Net funding of capital asset purchases	(70,853)	–	–	70,853
	\$ (868,351)	\$ 716,799	\$ –	\$ 151,552

12. Financial risks:

It is management's opinion that Evergreen is exposed to the following risks in respect to certain financial instruments held. The risk exposure has not changed since 2018. Evergreen manages its financial risks as follows:

(a) Market risk:

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices. Evergreen manages this risk by selling donated securities upon receipt and holding funds in cash or invested in money market funds.

(b) Liquidity risk:

Liquidity risk is the risk that Evergreen will not be able to fund its obligations as they come due, including being able to liquidate assets in a timely manner at a reasonable price. Evergreen manages this risk through a combination of holding short-term investments in publicly traded money market funds and by having credit facilities in place (note 6).

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2019

12. Financial risks (continued):

(c) Credit risk:

Credit risk is the possibility that other parties may default on their financial obligations. Evergreen manages its credit risk by issuing credit to a diverse debtor base, examining potential tenants' financial viability, and by maintaining an allowance for potential credit losses.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. Evergreen manages this risk on short-term investments by investing in short-term money market funds which limits the exposure to this risk. For credit facilities, this risk is managed through Evergreen's borrowing agreements, as described in note 6.

13. Subsequent events and contingencies:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, Evergreen has undertaken the following activities in relation to the COVID-19 pandemic:

- Closure of the Brick Works site effective March 14, 2020.
- Temporary layoff of certain employees.
- Mandatory working from home requirements.
- Negotiated and received a bank waiver for a 6-month deferral of the principal repayments of the credit facility as described in note 6.

At this time these factors present uncertainty over future revenue and cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.