

Financial Statements of

EVERGREEN

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

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, 2020
- 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, 2020, 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.



Page 3

- 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.
- 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 22, 2021

EVERGREEN

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020					2019				
	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	\$ 2,957,124	\$ -	\$ 29,433	\$ -	\$ 2,986,557	\$ 1,526,264	\$ -	\$ -	\$ -	\$ 1,526,264
Short-term investments	126,287	-	-	-	126,287	124,115	-	-	-	124,115
Accounts and pledges, receivable (notes 3 and 8)	1,611,456	-	829,717	-	2,441,173	1,817,134	-	1,308,000	-	3,125,134
Prepaid expenses and other	386,161	-	-	-	386,161	328,328	-	-	-	328,328
	5,081,028	-	859,150	-	5,940,178	3,795,841	-	1,308,000	-	5,103,841
Pledges receivable (note 3)	-	-	15,000	-	15,000	-	-	120,833	-	120,833
Capital assets (note 4)	-	24,936,566	15,783,273	927,011	41,646,850	-	27,714,038	16,610,624	1,155,713	45,480,375
	\$ 5,081,028	\$ 24,936,566	\$ 16,657,423	\$ 927,011	\$ 47,602,028	\$ 3,795,841	\$ 27,714,038	\$ 18,039,457	\$ 1,155,713	\$ 50,705,049
Liabilities										
Current liabilities:										
Accounts payable and accrued liabilities	\$ 1,551,999	\$ -	\$ 471,540	\$ -	\$ 2,023,539	\$ 2,168,550	\$ -	\$ 272,814	\$ -	\$ 2,441,364
Deferred revenue	3,142,285	-	-	-	3,142,285	1,474,030	-	32,885	-	1,506,915
Current portion of long-term debt (note 5)	-	589,500	777,603	61,692	1,428,795	-	614,000	1,041,404	59,343	1,714,747
	4,694,284	589,500	1,249,143	61,692	6,594,619	3,642,580	614,000	1,347,103	59,343	5,663,026
Deferred capital contributions (note 6)	-	23,906,032	15,366,728	220,911	39,493,671	-	26,567,000	16,610,624	264,202	43,441,826
Long-term debt (note 5)	-	860,000	-	55,163	915,163	-	1,277,500	27,603	116,855	1,421,958
Fund balances (note 7)	386,744	(418,966)	41,552	589,245	598,575	153,261	(744,462)	54,127	715,313	178,239
Subsequent event (note 5(a))										
Guarantees (note 9)										
	\$ 5,081,028	\$ 24,936,566	\$ 16,657,423	\$ 927,011	\$ 47,602,028	\$ 3,795,841	\$ 27,714,038	\$ 18,039,457	\$ 1,155,713	\$ 50,705,049

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, 2020, with comparative information for 2019

	2020					2019				
	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
Revenue:										
Donations, grants and sponsorships	\$ 7,704,131	\$ -	\$ -	\$ -	\$ 7,704,131	\$ 9,351,200	\$ -	\$ -	\$ -	\$ 9,351,200
Canada Emergency Wage Subsidy (note 8)	2,499,869	-	-	-	2,499,869	-	-	-	-	-
Program services and fees (note 8)	3,165,726	-	-	-	3,165,726	11,656,756	-	-	-	11,656,756
	13,369,726	-	-	-	13,369,726	21,007,956	-	-	-	21,007,956
Amortization of deferred capital contributions (note 6)	-	2,660,968	1,647,849	45,708	4,354,525	-	2,660,968	777,817	258,069	3,696,854
	13,369,726	2,660,968	1,647,849	45,708	17,724,251	21,007,956	2,660,968	777,817	258,069	24,704,810
Expenses:										
National programs:										
Salaries and benefits	2,686,394	-	-	-	2,686,394	3,257,986	-	-	-	3,257,986
Program costs	2,102,074	-	-	-	2,102,074	3,256,916	-	-	-	3,256,916
Communications and marketing	680,024	-	-	-	680,024	612,670	-	-	-	612,670
	5,468,492	-	-	-	5,468,492	7,127,572	-	-	-	7,127,572
Evergreen Brick Works programs:										
Salaries and benefits	1,917,626	-	-	-	1,917,626	2,636,742	-	-	-	2,636,742
Cost of sales, services and programs	993,818	-	-	-	993,818	5,577,194	-	-	-	5,577,194
Property management	1,182,702	-	-	-	1,182,702	1,441,675	-	-	-	1,441,675
Communications and marketing	187,523	-	-	-	187,523	322,780	-	-	-	322,780
	4,281,669	-	-	-	4,281,669	9,978,391	-	-	-	9,978,391
Administration and fundraising:										
Office and administration	1,773,585	-	-	-	1,773,585	1,939,733	-	-	-	1,939,733
Fundraising	972,587	-	-	-	972,587	935,529	-	-	-	935,529
Interest	-	53,803	-	8,482	62,285	-	88,933	-	8,909	97,842
Amortization	-	2,777,472	1,702,907	264,918	4,745,297	-	2,777,472	777,817	491,959	4,047,248
	2,746,172	2,831,275	1,702,907	273,400	7,553,754	2,875,262	2,866,405	777,817	500,868	7,020,352
	12,496,333	2,831,275	1,702,907	273,400	17,303,915	19,981,225	2,866,405	777,817	500,868	24,126,315
Excess (deficiency) of revenue over expenses	873,393	(170,307)	(55,058)	(227,692)	420,336	1,026,731	(205,437)	-	(242,799)	578,495
Fund balance, beginning of year	153,261	(744,462)	54,127	715,313	178,239	172,460	(1,241,958)	-	669,242	(400,256)
Interfund transfers (note 10)	(639,910)	495,803	42,483	101,624	-	(1,045,930)	702,933	54,127	288,870	-
Fund balance, end of year	\$ 386,744	\$ (418,966)	\$ 41,552	\$ 589,245	\$ 598,575	\$ 153,261	\$ (744,462)	\$ 54,127	\$ 715,313	\$ 178,239

See accompanying notes to financial statements.

EVERGREEN

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020					2019				
	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	\$ 873,393	\$ (170,307)	\$ (55,058)	\$ (227,692)	\$ 420,336	\$ 1,026,731	\$ (205,437)	\$ –	\$ (242,799)	\$ 578,495
Items not involving cash:										
Amortization of capital assets	–	2,777,472	1,702,907	264,918	4,745,297	–	2,777,472	777,817	491,959	4,047,248
Amortization of deferred capital contributions	–	(2,660,968)	(1,647,849)	(45,708)	(4,354,525)	–	(2,660,968)	(777,817)	(258,069)	(3,696,854)
	873,393	(53,803)	–	(8,482)	811,108	1,026,731	(88,933)	–	(8,909)	928,889
Change in non-cash operating working capital:										
Accounts and pledges receivable	205,678	–	478,283	–	683,961	547,880	–	(403,000)	–	144,880
Prepaid expenses and other	(57,833)	–	–	–	(57,833)	94,263	–	–	–	94,263
Accounts payable and accrued liabilities	(616,551)	–	198,726	–	(417,825)	(418,838)	–	(2,039,784)	–	(2,458,622)
Deferred revenue	1,668,255	–	(32,885)	–	1,635,370	295,127	–	(788,079)	–	(492,952)
	2,072,942	(53,803)	644,124	(8,482)	2,654,781	1,545,163	(88,933)	(3,230,863)	(8,909)	(1,783,542)
Financing activities:										
Repayment of long-term debt	–	(442,000)	(291,404)	(59,343)	(792,747)	–	(614,000)	(1,041,404)	(60,127)	(1,715,531)
Interfund transfers	(639,910)	495,803	42,483	101,624	–	(1,045,930)	702,933	54,127	288,870	–
Deferred capital contributions received/committed	–	–	403,953	2,417	406,370	–	–	1,512,167	76,784	1,588,951
	(639,910)	53,803	155,032	44,698	(386,377)	(1,045,930)	88,933	524,890	305,527	(126,580)
Investing activities:										
Increase in short-term investments	(2,172)	–	–	–	(2,172)	(2,015)	–	–	–	(2,015)
Increase in long-term pledges receivable	–	–	105,833	–	105,833	–	–	754,167	–	754,167
Capital assets additions	–	–	(875,556)	(36,216)	(911,772)	–	–	(1,387,954)	(296,618)	(1,684,572)
	(2,172)	–	(769,723)	(36,216)	(808,111)	(2,015)	–	(633,787)	(296,618)	(932,420)
Increase (decrease) in cash	1,430,860	–	29,433	–	1,460,293	497,218	–	(3,339,760)	–	(2,842,542)
Cash, beginning of year	1,526,264	–	–	–	1,526,264	1,029,046	–	3,339,760	–	4,368,806
Cash, end of year	\$ 2,957,124	\$ –	\$ 29,433	\$ –	\$ 2,986,557	\$ 1,526,264	\$ –	\$ –	\$ –	\$ 1,526,264
Supplemental cash flow information:										
Capital assets acquired through obligations under capital leases (note 5)	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 64,105	\$ 64,105
Contributed capital assets	–	–	–	–	–	–	–	316,995	–	316,995

See accompanying notes to financial statements.

EVERGREEN

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

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. Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to Evergreen's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts.

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, 2020

2. Significant accounting policies (continued):

(e) Government assistance:

Evergreen has applied for financial assistance under available government incentive programs. Government assistance related to current expenses is recognized as revenue during the year.

(f) 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:

	2020	2019
General Fund:		
Accounts and other receivables	\$ 1,439,631	\$ 1,601,951
Recoverable sales tax	62,625	59,283
Unamortized tenant inducement	109,200	155,900
	<u>1,611,456</u>	<u>1,817,134</u>
TD Future Cities Centre Capital Assets Fund:		
Pledges receivable	829,717	1,308,000
Long-term pledges receivable	15,000	120,833
	<u>844,717</u>	<u>1,428,833</u>
	<u>\$ 2,456,173</u>	<u>\$ 3,245,967</u>

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Capital assets:

Evergreen Brick Works Capital Assets Fund

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 53,261,801	\$ 28,326,083	\$ 24,935,718	\$ 27,711,494
Furniture and fixtures	867,436	867,436	–	–
Vehicles and property management equipment	16,964	16,116	848	2,544
	<u>\$ 54,146,201</u>	<u>\$ 29,209,635</u>	<u>\$ 24,936,566</u>	<u>\$ 27,714,038</u>

TD Future Cities Centre Capital Assets Fund

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 17,909,726	\$ 2,347,873	\$ 15,561,853	\$ 16,300,637
Equipment under capital lease	354,271	132,851	221,420	309,987
	<u>\$ 18,263,997</u>	<u>\$ 2,480,724</u>	<u>\$ 15,783,273</u>	<u>\$ 16,610,624</u>

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Capital assets (continued):

Capital Assets Fund

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 986,434	\$ 321,708	\$ 664,726	\$ 726,578
Furniture and fixtures	603,958	485,347	118,611	173,467
Computers and office equipment	992,449	966,434	26,015	105,757
Equipment under capital leases	56,702	43,464	13,238	22,063
Vehicles and property management equipment	202,824	114,515	88,309	101,776
Site improvements	69,318	53,206	16,112	26,072
Licenses	1,303,752	1,303,752	—	—
	\$ 4,215,437	\$ 3,288,426	\$ 927,011	\$ 1,155,713

5. Long-term debt:

	2020	2019
Evergreen Brick Works Capital Assets Fund		
Credit facility (a)	\$ 1,376,000	\$ 1,720,000
Sustainable energy loan (b)	73,500	171,500
	1,449,500	1,891,500
Less current portion:		
Credit facility	516,000	516,000
Sustainable energy loan	73,500	98,000
	589,500	614,000
	\$ 860,000	\$ 1,277,500

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Long-term debt (continued):

	2020	2019
TD Future Cities Centre Capital Assets Fund		
Credit facility (c)	\$ 750,000	\$ 1,000,000
Obligation under capital leases (d)	27,603	69,007
	<u>777,603</u>	<u>1,069,007</u>
Less current portion:		
Credit facility	750,000	1,000,000
Obligation under capital leases	27,603	41,404
	<u>777,603</u>	<u>1,041,404</u>
	<u>\$ —</u>	<u>\$ 27,603</u>
	2020	2019
Capital Assets Fund		
Obligation under capital leases (d)	\$ 116,855	\$ 176,198
Less current portion:		
Obligation under capital leases	61,692	59,343
	<u>\$ 55,163</u>	<u>\$ 116,855</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%. In 2020, Evergreen was granted a principal payment deferral from March to August 2020. As at December 31, 2020 Evergreen repaid two months of deferred principal payments, totaling \$86,000. The facility includes monthly principal repayments of \$43,000 over eight years and eight months, with final payment due on August 15, 2023. Subsequent to year-end, Evergreen repaid the remaining four months of deferred principal payments amounting to \$172,000, resulting in the final payment being due on the original repayment date of April 15, 2023.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Long-term debt (continued):

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.

Repayments are due as follows:

2021	\$ 516,000
2022	516,000
2023	344,000
	<hr/>
	\$ 1,376,000

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, 2020 and 2019, 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:

2021	\$ 73,500
------	-----------

The loan is secured against certain specific equipment of Evergreen.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Long-term debt (continued):

- (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%. Repayments of \$1,000,000 occurred in 2019 and \$250,000 in 2020. The remaining \$750,000 is required on or before December 31, 2021. In the event of default, a third party foundation will donate the outstanding value to each of the six community foundation lenders.

Repayments are due as follows:

2021	\$ 750,000
------	------------

- (d) Lease payments are calculated on the lease base rate of the third parties.

Minimum annual lease payments are as follows:

2021	\$ 92,753
2022	56,190
	148,943
<u>Less amount representing interest</u>	<u>4,485</u>
	144,458
 Less current portion	 89,295
	 <u>\$ 55,163</u>

6. 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, 2020, Evergreen has raised \$17,792,394 for this redevelopment. 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, 2020

6. Deferred capital contributions (continued):

Evergreen Brick Works Capital Assets Fund

	2020	2019
Balance, beginning of year	\$ 26,567,000	\$ 29,227,968
Amortization	(2,660,968)	(2,660,968)
Balance, end of year	\$ 23,906,032	\$ 26,567,000

TD Future Cities Centre Capital Assets Fund

	2020	2019
Balance, beginning of year	\$ 16,610,624	\$ 15,559,279
Capital contributions received/committed	403,953	1,829,162
Amortization	(1,647,849)	(777,817)
Balance, end of year	\$ 15,366,728	\$ 16,610,624

Capital Assets Fund

	2020	2019
Balance, beginning of year	\$ 264,202	\$ 445,487
Capital contributions received	2,417	76,784
Amortization	(45,708)	(258,069)
Balance, end of year	\$ 220,911	\$ 264,202

7. Reserve:

Included in the General Fund is a restricted flood reserve of \$126,287 as required by Evergreen's lease agreement with the City of Toronto and TRCA.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Government assistance:

- (a) Evergreen applied for the Canadian Emergency Wage Subsidy ("CEWS") in the total amount of \$2,499,869 (2019 - nil). The CEWS was recognized as revenue on the statement of operations and changes in fund balances.

Included in accounts and pledges receivable is \$833,602 (2019 - nil) of government grants receivable from the CEWS program.

- (b) Evergreen applied for the Canada Emergency Commercial Rent Assistance ("CECRA") and was eligible to receive \$73,971 (2019 - nil). The CECRA was recognized as program services and fees on the statement of operations and changes in fund balances. At December 31, 2020 all amounts have been received.

9. 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.

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

10. Interfund transfers:

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

2020:

	General Fund	EBW Fund	TD Future Cities Centre Fund	Capital Assets Fund
Funding of long-term debt and interest repayments from operations	\$ (660,238)	\$ 495,803	\$ 96,610	\$ 67,825
Transfer for pledges and deposits collected	54,127	–	(54,127)	–
Net funding of capital asset purchases	(33,799)	–	–	33,799
	<u>\$ (639,910)</u>	<u>\$ 495,803</u>	<u>\$ 42,483</u>	<u>\$ 101,624</u>

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
	<u>\$ (1,045,930)</u>	<u>\$ 702,933</u>	<u>\$ 54,127</u>	<u>\$ 288,870</u>

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

11. 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 2019 unless noted below. Evergreen manages its financial risks as follows:

(a) Market risk:

- (i) 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.
- (ii) Evergreen's main source of revenue is derived from program services and fees and is affected by general economic trends. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. COVID-19 had an impact on Evergreen's operating results due to a decline in economic conditions and lockdown measures.

In response to the adverse impact the pandemic has caused to the Evergreen's revenue streams and corresponding cash flow, Evergreen has undertaken certain cost cutting measures. Evergreen also received the CEWS and CECRA (note 8).

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time.

(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 5).

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2020

11. 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 5.