

Financial Statements of

EVERGREEN

And Independent Auditors' Report thereon

Year ended December 31, 2021



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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, 2021
- the statement of operations for the year then ended
- the statement of 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, 2021, 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.



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- 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 21, 2022

EVERGREEN

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021					2020				
	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	\$ 4,785,516	\$ -	\$ -	\$ -	\$ 4,785,516	\$ 2,957,124	\$ -	\$ 29,433	\$ -	\$ 2,986,557
Short-term investments	127,112	-	-	-	127,112	126,287	-	-	-	126,287
Accounts and pledges, receivable (notes 3 and 8)	1,718,597	-	15,000	-	1,733,597	1,611,456	-	829,717	-	2,441,173
Prepaid expenses and other	383,074	-	-	-	383,074	386,161	-	-	-	386,161
	7,014,299	-	15,000	-	7,029,299	5,081,028	-	859,150	-	5,940,178
Pledges receivable (note 3)	-	-	-	-	-	-	-	15,000	-	15,000
Capital assets (note 4)	-	22,159,942	14,143,786	894,955	37,198,683	-	24,936,566	15,783,273	927,011	41,646,850
	\$ 7,014,299	\$ 22,159,942	\$ 14,158,786	\$ 894,955	\$ 44,227,982	\$ 5,081,028	\$ 24,936,566	\$ 16,657,423	\$ 927,011	\$ 47,602,028
Liabilities and Fund Balances										
Current liabilities:										
Accounts payable and accrued liabilities	\$ 1,879,777	\$ -	\$ -	\$ -	\$ 1,879,777	\$ 1,551,999	\$ -	\$ 471,540	\$ -	\$ 2,023,539
Deferred revenue	3,938,519	-	-	-	3,938,519	3,142,285	-	-	-	3,142,285
Current portion of long-term debt (note 5)	-	516,000	-	70,877	586,877	-	589,500	777,603	61,692	1,428,795
	5,818,296	516,000	-	70,877	6,405,173	4,694,284	589,500	1,249,143	61,692	6,594,619
Deferred capital contributions (note 6)	-	21,245,064	14,148,492	210,448	35,604,004	-	23,906,032	15,366,728	220,911	39,493,671
Long-term debt (note 5)	-	172,000	-	28,701	200,701	-	860,000	-	55,163	915,163
Fund balances (note 7)	1,196,003	226,878	10,294	584,929	2,018,104	386,744	(418,966)	41,552	589,245	598,575
Guarantees (note 9)	-	-	-	-	-	-	-	-	-	-
	\$ 7,014,299	\$ 22,159,942	\$ 14,158,786	\$ 894,955	\$ 44,227,982	\$ 5,081,028	\$ 24,936,566	\$ 16,657,423	\$ 927,011	\$ 47,602,028

See accompanying notes to financial statements.

On behalf of the Board:



Anne Brace, Treasurer



Helen Burstyn, Chair, Board of Directors

EVERGREEN

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021					2020				
	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	\$ 8,677,354	\$ -	\$ -	\$ -	\$ 8,677,354	\$ 7,704,131	\$ -	\$ -	\$ -	\$ 7,704,131
Pandemic government assistance (note 8)	2,528,160	-	-	-	2,528,160	2,573,840	-	-	-	2,573,840
Program services and fees	4,013,654	-	-	-	4,013,654	3,091,755	-	-	-	3,091,755
	15,219,168	-	-	-	15,219,168	13,369,726	-	-	-	13,369,726
Amortization of deferred capital contributions (note 6)	-	2,660,968	1,653,954	38,389	4,353,311	-	2,660,968	1,647,849	45,708	4,354,525
	15,219,168	2,660,968	1,653,954	38,389	19,572,479	13,369,726	2,660,968	1,647,849	45,708	17,724,251
Expenses:										
National programs:										
Salaries and benefits	2,976,322	-	-	-	2,976,322	2,686,394	-	-	-	2,686,394
Program costs	2,293,530	-	-	-	2,293,530	2,102,074	-	-	-	2,102,074
Communications and marketing	814,956	-	-	-	814,956	680,024	-	-	-	680,024
	6,084,808	-	-	-	6,084,808	5,468,492	-	-	-	5,468,492
Evergreen Brick Works programs:										
Salaries and benefits	1,780,396	-	-	-	1,780,396	1,917,626	-	-	-	1,917,626
Cost of sales, services and programs	1,436,242	-	-	-	1,436,242	993,818	-	-	-	993,818
Property management	773,478	-	-	-	773,478	1,182,702	-	-	-	1,182,702
Communications and marketing	205,130	-	-	-	205,130	187,523	-	-	-	187,523
	4,195,246	-	-	-	4,195,246	4,281,669	-	-	-	4,281,669
Administration and fundraising:										
Office and administration	2,162,034	-	-	-	2,162,034	1,773,585	-	-	-	1,773,585
Fundraising	886,626	-	-	-	886,626	972,587	-	-	-	972,587
Interest	-	29,638	-	6,556	36,194	-	53,803	-	8,482	62,285
Amortization	-	2,776,624	1,794,392	217,026	4,788,042	-	2,777,472	1,702,907	264,918	4,745,297
	3,048,660	2,806,262	1,794,392	223,582	7,872,896	2,746,172	2,831,275	1,702,907	273,400	7,553,754
	13,328,714	2,806,262	1,794,392	223,582	18,152,950	12,496,333	2,831,275	1,702,907	273,400	17,303,915
Excess (deficiency) of revenue over expenses	\$ 1,890,454	\$ (145,294)	\$ (140,438)	\$ (185,193)	\$ 1,419,529	\$ 873,393	\$ (170,307)	\$ (55,058)	\$ (227,692)	\$ 420,336

See accompanying notes to financial statements.

EVERGREEN

Statement of Changes in Fund Balances

Year ended December 31, 2021, with comparative information for 2020

	2021					2020				
	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
Fund balances, beginning of year	\$ 386,744	\$ (418,966)	\$ 41,552	\$ 589,245	\$ 598,575	\$ 153,261	\$ (744,462)	\$ 54,127	\$ 715,313	\$ 178,239
Excess (deficiency) of revenue over expenses	1,890,454	(145,294)	(140,438)	(185,193)	1,419,529	873,393	(170,307)	(55,058)	(227,692)	420,336
Interfund transfers (note 10)	(1,081,195)	791,138	109,180	180,877	–	(639,910)	495,803	42,483	101,624	–
Fund balances, end of year	\$ 1,196,003	\$ 226,878	\$ 10,294	\$ 584,929	\$ 2,018,104	\$ 386,744	\$ (418,966)	\$ 41,552	\$ 589,245	\$ 598,575
Comprise of:										
Unrestricted	\$ 346,003	\$ –	\$ –	\$ –	\$ 346,003	\$ 260,457	\$ –	\$ –	\$ –	\$ 260,457
Internally restricted (note 7)	850,000	–	–	–	850,000	126,287	–	–	–	126,287
Invested in capital assets	–	226,878	10,294	584,929	822,101	–	(418,966)	41,552	589,245	211,831
	\$ 1,196,003	\$ 226,878	\$ 10,294	\$ 584,929	\$ 2,018,104	\$ 386,744	\$ (418,966)	\$ 41,552	\$ 589,245	\$ 598,575

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021					2020				
	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	\$ 1,890,454	\$ (145,294)	\$ (140,438)	\$ (185,193)	\$ 1,419,529	\$ 873,393	\$ (170,307)	\$ (55,058)	\$ (227,692)	\$ 420,336
Items not involving cash:										
Amortization of capital assets	–	2,776,624	1,794,392	217,026	4,788,042	–	2,777,472	1,702,907	264,918	4,745,297
Amortization of deferred capital contributions	–	(2,660,968)	(1,653,954)	(38,389)	(4,353,311)	–	(2,660,968)	(1,647,849)	(45,708)	(4,354,525)
	1,890,454	(29,638)	–	(6,556)	1,854,260	873,393	(53,803)	–	(8,482)	811,108
Change in non-cash operating working capital:										
Accounts and pledges receivable	(107,141)	–	829,717	–	722,576	205,678	–	478,283	–	683,961
Prepaid expenses and other	3,087	–	–	–	3,087	(57,833)	–	–	–	(57,833)
Accounts payable and accrued liabilities	327,778	–	(471,540)	–	(143,762)	(616,551)	–	198,726	–	(417,825)
Deferred revenue	796,234	–	–	–	796,234	1,668,255	–	(32,885)	–	1,635,370
	2,910,412	(29,638)	358,177	(6,556)	3,232,395	2,072,942	(53,803)	644,124	(8,482)	2,654,781
Financing activities:										
Repayment of long-term debt	–	(761,500)	(777,603)	(65,545)	(1,604,648)	–	(442,000)	(291,404)	(59,343)	(792,747)
Interfund transfers	(1,081,195)	791,138	109,180	180,877	–	(639,910)	495,803	42,483	101,624	–
Deferred capital contributions received/committed	–	–	435,718	27,926	463,644	–	–	403,953	2,417	406,370
	(1,081,195)	29,638	(232,705)	143,258	(1,141,004)	(639,910)	53,803	155,032	44,698	(386,377)
Investing activities:										
Increase in short-term investments	(825)	–	–	–	(825)	(2,172)	–	–	–	(2,172)
Increase in long-term pledges receivable	–	–	–	–	–	–	–	105,833	–	105,833
Capital assets additions	–	–	(154,905)	(136,702)	(291,607)	–	–	(875,556)	(36,216)	(911,772)
	(825)	–	(154,905)	(136,702)	(292,432)	(2,172)	–	(769,723)	(36,216)	(808,111)
Increase (decrease) in cash	1,828,392	–	(29,433)	–	1,798,959	1,430,860	–	29,433	–	1,460,293
Cash, beginning of year	2,957,124	–	29,433	–	2,986,557	1,526,264	–	–	–	1,526,264
Cash, end of year	\$ 4,785,516	\$ –	\$ –	\$ –	\$ 4,785,516	\$ 2,957,124	\$ –	\$ 29,433	\$ –	\$ 2,986,557
Supplemental cash flow information:										
Capital assets acquired through obligations under capital leases (note 5)	\$ –	\$ –	\$ –	\$ 48,268	\$ 48,268	\$ –	\$ –	\$ –	\$ –	\$ –

See accompanying notes to financial statements.

EVERGREEN

Notes to Financial Statements

Year ended December 31, 2021

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2021

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 other capital assets purchased and used in Evergreen.

(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 an agreement exists, and when the amount can be reasonably estimated and ultimate collection is reasonably assured.

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Notes to Financial Statements (continued)

Year ended December 31, 2021

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:

	Remaining term of land lease at the date asset is put into use
Building and leasehold improvements	
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

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Notes to Financial Statements (continued)

Year ended December 31, 2021

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. Actual results could differ from those estimates.

3. Accounts and pledges receivable:

Accounts and pledges receivable consist of the following balances:

	2021	2020
General Fund:		
Accounts and other receivables	\$ 1,559,664	\$ 1,439,631
Recoverable sales tax	57,828	62,625
Unamortized tenant inducement	101,105	109,200
	<u>1,718,597</u>	<u>1,611,456</u>
TD Future Cities Centre Capital Assets Fund:		
Pledges receivable	15,000	829,717
Long-term pledges receivable	–	15,000
	<u>15,000</u>	<u>844,717</u>
Less long-term portion	–	15,000
	<u>\$ 1,733,597</u>	<u>\$ 2,441,173</u>

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Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Capital assets:

Evergreen Brick Works Capital Assets Fund

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 53,261,801	\$ 31,101,859	\$ 22,159,942	\$ 24,935,718
Furniture and fixtures	867,436	867,436	–	–
Vehicles and property management equipment	16,964	16,964	–	848
	<u>\$ 54,146,201</u>	<u>\$ 31,986,259</u>	<u>\$ 22,159,942</u>	<u>\$ 24,936,566</u>

TD Future Cities Centre Capital Assets Fund

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 18,064,631	\$ 4,053,697	\$ 14,010,934	\$ 15,561,853
Equipment under capital lease	354,272	221,420	132,852	221,420
	<u>\$ 18,418,903</u>	<u>\$ 4,275,117</u>	<u>\$ 14,143,786</u>	<u>\$ 15,783,273</u>

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Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Capital assets (continued):

Capital Assets Fund

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 1,041,880	\$ 396,181	\$ 645,699	\$ 664,726
Furniture and fixtures	644,164	523,959	120,205	118,611
Computers and office equipment	1,054,654	1,009,022	45,632	26,015
Equipment under capital leases	56,702	52,289	4,413	13,238
Vehicles and property management equipment	199,523	125,997	73,526	88,309
Site improvements	69,318	63,838	5,480	16,112
Licenses	1,303,752	1,303,752	—	—
	\$ 4,369,993	\$ 3,475,038	\$ 894,955	\$ 927,011

5. Long-term debt:

	2021	2020
Evergreen Brick Works Capital Assets Fund		
Credit facility (a)	\$ 688,000	\$ 1,376,000
Sustainable energy loan (b)	—	73,500
	688,000	1,449,500
Less current portion:		
Credit facility	516,000	516,000
Sustainable energy loan	—	73,500
	516,000	589,500
	\$ 172,000	\$ 860,000

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Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Long-term debt (continued):

	2021	2020
TD Future Cities Centre Capital Assets Fund		
Credit facility (c)	\$ –	\$ 750,000
Obligation under capital leases (d)	–	27,603
	–	777,603
Less current portion:		
Credit facility	–	750,000
Obligation under capital leases	–	27,603
	–	777,603
	\$ –	\$ –
	2021	2020
Capital Assets Fund		
Obligation under capital leases (d)	\$ 99,578	\$ 116,855
Less current portion:		
Obligation under capital leases	70,877	61,692
	\$ 28,701	\$ 55,163

- (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 eight 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.

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Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Long-term debt (continued):

Repayments are due as follows:

2022	\$ 516,000
2023	172,000
	<u>\$ 688,000</u>

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. As at December 31, 2021 and 2020, 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. This loan was fully repaid in 2021.
- (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%. These loans were fully repaid in 2021.
- (d) Lease payments are calculated on the lease base rate of the third parties.

Minimum annual lease payments are as follows:

2022	\$ 73,062
2023	16,872
2024	12,654
	<u>102,588</u>
Less amount representing interest	<u>3,010</u>
	99,578
Less current portion	70,877
	<u>\$ 28,701</u>

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Notes to Financial Statements (continued)

Year ended December 31, 2021

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, 2021, Evergreen has raised \$18,228,112 (2020 - \$17,794,394) for this redevelopment. Deferred capital contributions represent the unamortized amount of donations and grants and pledges received or receivable.

Evergreen Brick Works Capital Assets Fund

	2021	2020
Balance, beginning of year	\$ 23,906,032	\$ 26,567,000
Amortization	(2,660,968)	(2,660,968)
Balance, end of year	\$ 21,245,064	\$ 23,906,032

TD Future Cities Centre Capital Assets Fund

	2021	2020
Balance, beginning of year	\$ 15,366,728	\$ 16,610,624
Capital contributions received/committed	435,718	403,953
Amortization	(1,653,954)	(1,647,849)
Balance, end of year	\$ 14,148,492	\$ 15,366,728

Capital Assets Fund

	2021	2020
Balance, beginning of year	\$ 220,911	\$ 264,202
Capital contributions received	27,926	2,417
Amortization	(38,389)	(45,708)
Balance, end of year	\$ 210,448	\$ 220,911

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Internally restricted reserve:

Pursuant to Evergreen's reserve policy, the Board of Directors has internally restricted the following:

- (a) \$150,000 (2020 - \$126,287) for flood clean-up as required to comply with Evergreen's lease agreement with the City of Toronto and TRCA.
- (b) \$700,000 (2020 - nil) for required capital and maintenance of the Brick Works site anticipated in the coming years.

8. Pandemic government assistance:

Evergreen applied for and received financial support from Federal and Provincial programs developed to assist businesses facing hardship as a result of the COVID-19 outbreak.

	2021	2020
Canada Emergency Wage Subsidy ("CEWS")	\$ 1,940,849	\$ 2,499,869
Tourism and Hospitality Recovery Program Subsidy ("THRP")	488,130	—
Canada Emergency Rent Subsidy ("CERS")	24,383	—
Ontario Property Tax and Energy Cost Rebate	74,798	—
Canada Emergency Commercial Rent Assistance	—	73,971
	<u>\$ 2,528,160</u>	<u>\$ 2,573,840</u>

Included in accounts and pledges receivable is \$1,024,899 (2020 - \$833,602) of government grants receivable from the above-noted programs.

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, 2021

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:

2021:

	General Fund	EBW Fund	TD Future Cities Centre Fund	Capital Assets Fund
Funding of long-term debt and interest repayments from operations	\$ (890,842)	\$ 791,138	\$ 27,603	\$ 72,101
Net funding of capital asset purchases	(190,353)	–	81,577	108,776
	<u>\$ (1,081,195)</u>	<u>\$ 791,138</u>	<u>\$ 109,180</u>	<u>\$ 180,877</u>

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>

EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 2020 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, CERS and THRP subsidies (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).

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Notes to Financial Statements (continued)

Year ended December 31, 2021

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.

12. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.