

Financial Statements of

**EVERGREEN**

Year ended December 31, 2016



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## INDEPENDENT AUDITORS' REPORT

To the Directors of Evergreen

We have audited the accompanying financial statements of Evergreen, which comprise the statement of financial position as at December 31, 2016, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Evergreen as at December 31, 2016, 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

April 19, 2017  
Vaughan, Canada

# EVERGREEN

## Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016					2015				
	General Fund	Evergreen Brick Works Capital Assets Fund	Building 16 Capital Assets Fund	Capital Assets Fund	Total	General Fund	Evergreen Brick Works Capital Assets Fund	Capital Assets Fund	Total	
<b>Assets</b>										
Current assets:										
Cash	\$ 592,860	\$ 4,791	\$ -	\$ 50	\$ 597,701	\$ 447,936	\$ 4,791	\$ 50	\$ 452,777	
Short-term investments	117,481	-	-	-	117,481	154,937	-	-	154,937	
Accounts and pledges receivable (note 3)	1,211,889	13,750	266,956	-	1,492,595	1,218,507	18,750	-	1,237,257	
Prepaid expenses and other	379,457	-	-	-	379,457	334,832	-	-	334,832	
	2,301,687	18,541	266,956	50	2,587,234	2,156,212	23,541	50	2,179,803	
Deposit	-	100,000	-	-	100,000	-	200,000	-	200,000	
Capital assets (note 4)	-	36,044,466	266,956	2,126,824	38,438,246	-	38,824,712	1,099,650	39,924,362	
	\$ 2,301,687	\$ 36,163,007	\$ 533,912	\$ 2,126,874	\$ 41,125,480	\$ 2,156,212	\$ 39,048,253	\$ 1,099,700	\$ 42,304,165	
<b>Liabilities</b>										
Current liabilities:										
Accounts payable and accrued liabilities (note 5)	\$ 1,481,718	\$ -	\$ -	\$ -	\$ 1,481,718	\$ 1,155,578	\$ -	\$ -	\$ 1,155,578	
Deferred revenue	900,217	-	-	-	900,217	733,803	-	-	733,803	
Current portion of long-term debt (note 6)	-	614,000	-	49,556	663,556	-	614,000	61,773	675,773	
	2,381,935	614,000	-	49,556	3,045,491	1,889,381	614,000	61,773	2,565,154	
Deferred capital contributions (note 7)	-	34,549,904	266,956	1,259,596	36,076,456	-	37,210,872	181,250	37,392,122	
Long-term debt (note 6)	-	3,119,500	-	54,145	3,173,645	-	3,733,500	73,860	3,807,360	
Fund balances (note 8)	(80,248)	(2,120,397)	266,956	763,577	(1,170,112)	266,831	(2,510,119)	782,817	(1,460,471)	
Commitments (note 9)										
	\$ 2,301,687	\$ 36,163,007	\$ 533,912	\$ 2,126,874	\$ 41,125,480	\$ 2,156,212	\$ 39,048,253	\$ 1,099,700	\$ 42,304,165	

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, 2016, with comparative information for 2015

	2016					2015				
	General Fund	Evergreen Brick Works Capital Assets Fund	Building 16 Capital Assets Fund	Capital Assets Fund	Total	General Fund	Evergreen Brick Works Capital Assets Fund	Capital Assets Fund	Total	
<b>Revenue:</b>										
Donations, grants and sponsorships	\$ 6,569,158	\$ -	\$ -	\$ -	\$ 6,569,158	\$ 7,971,911	\$ -	\$ -	\$ 7,971,911	
Program services and fees	7,472,197	-	-	-	7,472,197	6,426,384	-	-	6,426,384	
	14,041,355	-	-	-	14,041,355	14,398,295	-	-	14,398,295	
Amortization of deferred capital contributions (note 7)	-	2,660,968	-	330,384	2,991,352	-	2,660,968	87,505	2,748,473	
	14,041,355	2,660,968	-	330,384	17,032,707	14,398,295	2,660,968	87,505	17,146,768	
<b>Expenses:</b>										
National programs:										
Salaries and benefits	2,162,958	-	-	-	2,162,958	2,530,986	-	-	2,530,986	
Program costs	2,352,286	-	-	-	2,352,286	3,129,882	-	-	3,129,882	
Communications and marketing	228,788	-	-	-	228,788	383,556	-	-	383,556	
	4,744,032	-	-	-	4,744,032	6,044,424	-	-	6,044,424	
Evergreen Brick Works programs:										
Salaries and benefits	2,208,917	-	-	-	2,208,917	2,236,765	-	-	2,236,765	
Cost of sales, services and programs	3,011,219	-	-	-	3,011,219	2,310,938	-	-	2,310,938	
Property management	1,049,218	-	-	-	1,049,218	883,164	-	-	883,164	
Communications and marketing	288,054	-	-	-	288,054	282,373	-	-	282,373	
	6,557,408	-	-	-	6,557,408	5,713,240	-	-	5,713,240	
Administration and fundraising:										
Office and administration	1,261,996	-	-	-	1,261,996	1,267,112	-	-	1,267,112	
Fundraising	775,928	-	-	-	775,928	1,142,557	-	-	1,142,557	
Interest	-	113,439	-	9,372	122,811	-	137,333	6,942	144,275	
Amortization	-	2,780,246	-	499,927	3,280,173	-	2,951,252	272,114	3,223,366	
	2,037,924	2,893,685	-	509,299	5,440,908	2,409,669	3,088,585	279,056	5,777,310	
	13,339,364	2,893,685	-	509,299	16,742,348	14,167,333	3,088,585	279,056	17,534,974	
<b>Excess (deficiency) of revenue over expenses</b>	<b>701,991</b>	<b>(232,717)</b>	<b>-</b>	<b>(178,915)</b>	<b>290,359</b>	<b>230,962</b>	<b>(427,617)</b>	<b>(191,551)</b>	<b>(388,206)</b>	
Fund balance, beginning of year	266,831	(2,510,119)	-	782,817	(1,460,471)	851,800	(2,636,898)	712,833	(1,072,265)	
Interfund transfers (note 11)	(1,049,070)	622,439	266,956	159,675	-	(815,931)	554,396	261,535	-	
<b>Fund balances, end of year</b>	<b>\$ (80,248)</b>	<b>\$ (2,120,397)</b>	<b>\$ 266,956</b>	<b>\$ 763,577</b>	<b>\$ (1,170,112)</b>	<b>\$ 266,831</b>	<b>\$ (2,510,119)</b>	<b>\$ 782,817</b>	<b>\$ (1,460,471)</b>	

See accompanying notes to financial statements.

# EVERGREEN

## Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016					2015				
	General Fund	Evergreen Brick Works Capital Assets Fund	Building 16 Capital Assets Fund	Capital Assets Fund	Total	General Fund	Evergreen Brick Works Capital Assets Fund	Capital Assets Fund	Total	
Cash provided by (used in):										
Operating activities:										
Excess (deficiency) or revenue over expenses	\$ 701,991	\$ (232,717)	\$ -	\$ (178,915)	\$ 290,359	\$ 230,962	\$ (427,617)	\$ (191,551)	\$ (388,206)	
Items not involving cash:										
Amortization of capital assets	-	2,780,246	-	499,927	3,280,173	-	2,951,252	272,114	3,223,366	
Amortization of deferred capital contributions	-	(2,660,968)	-	(330,384)	(2,991,352)	-	(2,660,968)	(87,805)	(2,748,773)	
	701,991	(113,439)	-	(9,372)	579,180	230,962	(137,333)	(7,242)	86,387	
Change in non-cash operating working capital:										
Accounts and pledges receivable	6,618	5,000	(266,956)	-	(255,338)	(94,631)	96,937	-	2,306	
Prepaid expenses and other	(44,625)	-	-	-	(44,625)	(64,492)	-	-	(64,492)	
Accounts payable and accrued liabilities	326,140	-	-	-	326,140	178,169	-	-	178,169	
Deferred revenue	166,414	-	-	-	166,414	(617,084)	-	-	(617,084)	
	1,156,538	(108,439)	(266,956)	(9,372)	771,771	(367,076)	(40,396)	(7,242)	(414,714)	
Financing activities:										
Repayment of long-term debt	-	(614,000)	-	(79,008)	(693,008)	-	(614,000)	(52,040)	(666,040)	
Interfund transfers	(1,049,070)	622,439	266,956	159,675	-	(815,931)	554,396	261,535	-	
Deferred capital contributions committed	-	-	266,956	12,980	279,936	-	-	12,000	12,000	
	(1,049,070)	8,439	533,912	93,647	(413,072)	(815,931)	(59,604)	221,495	(654,040)	
Investing activities:										
Decrease in short-term investments	37,456	-	-	-	37,456	672,454	-	-	672,454	
Deposit returned	-	100,000	-	-	100,000	-	100,000	-	100,000	
Capital assets additions	-	-	(266,956)	(84,275)	(351,231)	-	-	(214,553)	(214,553)	
	37,456	100,000	(266,956)	(84,275)	(213,775)	672,454	100,000	(214,553)	557,901	
Increase (decrease) in cash	144,924	-	-	-	144,924	(510,553)	-	(300)	(510,853)	
Cash, beginning of year	447,936	4,791	-	50	452,777	958,489	4,791	350	963,630	
Cash, end of year	\$ 592,860	\$ 4,791	\$ -	\$ 50	\$ 597,701	\$ 447,936	\$ 4,791	\$ 50	\$ 452,777	
Supplemental cash flow information:										
Capital assets acquired through obligations under capital leases (note 6)	\$ -	\$ -	\$ -	\$ 47,076	\$ 47,076	\$ -	\$ -	\$ 104,500	\$ 104,500	
Contributed capital assets	-	-	-	1,395,750	1,395,750	-	-	-	-	

See accompanying notes to financial statements.

# EVERGREEN

Notes to Financial Statements

Year ended December 31, 2016

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## 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.

Evergreen's mission statement is "Inspiring action to green cities".

### (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. Working with a national network of community and institutional partners, Evergreen has helped to transform over 4,000 school grounds into natural learning grounds, engage over 100,000 volunteers in stewarding public greenspaces, and create collaborative strategies that advance how we plan and build more sustainable cities.

### (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, 2016

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## 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 Building 16 Capital Assets Fund reflects restricted funds arising from fundraising, investing and administrative activities associated with the capital redevelopment of Building 16 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. During the year, Evergreen recognized \$41,922 (2015 - \$116,816) of in-kind donations. 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, 2016

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## 2. Significant accounting policies (continued):

Evergreen recognizes revenue from short-term facility rental, parking, workshops, camp, classes 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. Amortization is recorded on the straight-line basis over the estimated useful lives of the assets as follows:

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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

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### (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 deferred revenue, deferred capital contributions and amortization of capital assets. Actual results could differ from those estimates.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

### 3. Accounts and pledges receivable:

Accounts and pledges receivable consist of the following balances:

	2016	2015
General Fund:		
Accounts and other receivables	\$ 1,000,688	\$ 1,079,797
Recoverable sales tax	1,600	43,379
Unamortized tenant inducement	209,601	95,331
	<u>\$ 1,211,889</u>	<u>\$ 1,218,507</u>
Evergreen Brick Works Capital Assets Fund:		
Pledges receivable	\$ 13,750	\$ 18,750
Building 16 Capital Assets Fund:		
Pledges receivable	\$ 266,956	\$ –

### 4. Capital assets:

Capital assets of the Evergreen Brick Works Capital Assets Fund comprise the following:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 53,261,801	\$ 17,223,272	\$ 36,038,529	\$ 38,814,012
Furniture and fixtures	867,436	867,436	–	3,066
Vehicles and property management equipment	16,964	11,027	5,937	7,634
	<u>\$ 54,146,201</u>	<u>\$ 18,101,735</u>	<u>\$ 36,044,466</u>	<u>\$ 38,824,712</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 4. Capital assets (continued):

The capital assets of the Building 16 Capital Assets Fund comprise the following:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvement - under construction	\$ 266,956	\$ -	\$ 266,956	\$ -

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.

Capital assets of the Capital Assets Fund comprise the following:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 563,189	\$ 101,151	\$ 462,038	\$ 452,032
Furniture and fixtures	508,503	176,601	331,902	287,667
Computers and office equipment	652,204	610,044	42,160	139,103
Equipment under capital leases	442,670	290,325	152,345	163,199
Vehicles and property management equipment	65,295	28,103	37,192	43,721
Site improvements	24,355	9,629	14,726	13,928
Licenses	1,303,753	217,292	1,086,461	-
	\$ 3,559,969	\$ 1,433,145	\$ 2,126,824	\$ 1,099,650

During the year, Evergreen received and capitalized \$1,395,750 of contributed capital assets, in which \$1,303,753 is included in licenses and \$91,997 is included in furniture and fixtures.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 5. Accounts payable and accrued liabilities:

There are no government remittances payable in 2016 and 2015.

## 6. Long-term debt:

	2016	2015
<b>Evergreen Brick Works Capital Assets Fund</b>		
Credit facility (a)	\$ 3,268,000	\$ 3,784,000
Sustainable energy loan (b)	465,500	563,500
	<u>3,733,500</u>	<u>4,347,500</u>
Less current portion:		
Credit facility	516,000	516,000
Sustainable energy loan	98,000	98,000
	<u>614,000</u>	<u>614,000</u>
	<u>\$ 3,119,500</u>	<u>\$ 3,733,500</u>
<b>Capital Assets Fund</b>		
Obligation under capital leases (c)	\$ 103,701	\$ 135,633
Less current portion:		
Obligation under capital leases	49,556	61,773
	<u>\$ 54,145</u>	<u>\$ 73,860</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 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.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 6. 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:

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2017	\$	516,000
2018		516,000
2019		516,000
2020		516,000
2021		516,000
Thereafter		688,000
		<hr/>
	\$	3,268,000

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- (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:

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2017	\$	98,000
2018		98,000
2019		98,000
2020		98,000
2021		73,500
		<hr/>
	\$	465,500

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The loan is secured against certain specific equipment of Evergreen.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 6. Long-term debt (continued):

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

Minimum annual lease payments are as follows:

2017	\$	53,105
2018		34,744
2019		21,471
		<u>109,320</u>
Less amount representing interest		<u>5,619</u>
		103,701
Less current portion		49,556
	\$	<u>54,145</u>

## 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 2016, Evergreen began redevelopment of Building 16 in the north east corner of the Brick Works site. At December 31, 2016, \$266,956 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.

The changes in the deferred capital contributions balance for the Evergreen Brick Works Capital Assets Fund are as follows:

	2016	2015
Balance, beginning of year	\$ 37,210,872	\$ 39,871,840
Amortization	(2,660,968)	(2,660,968)
Balance, end of year	<u>\$ 34,549,904</u>	<u>\$ 37,210,872</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 7. Deferred capital contributions (continued):

The changes in the deferred capital contributions balance for the Building 16 Capital Assets Fund are as follows:

	2016	2015
Balance, beginning of year	\$ -	\$ -
Capital contributions committed	266,956	-
Balance, end of year	\$ 266,956	\$ -

The changes in the deferred capital contributions balance for the Capital Assets Fund are as follows:

	2016	2015
Balance, beginning of year	\$ 181,250	\$ 257,055
Capital contributions received	1,408,730	12,000
Amortization	(330,384)	(87,805)
Balance, end of year	\$ 1,259,596	\$ 181,250

## 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, 2016

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## 9. Commitments:

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

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2017	\$ 74,000
2018	43,000
2019	36,000
2020	3,000
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	\$ 156,000

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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.



# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 11. Interfund transfers:

Interfund transfers reflect payment by the General Fund of unfunded transactions in the Evergreen Brick Works Capital Assets Fund, the Building 16 Capital Asset Fund and the Capital Asset Fund. Interfund transfers comprise the following:

2016:

	General Fund	EBW Fund	Building 16 Fund	Capital Asset Fund
Funding of long-term debt and interest repayments from operations	\$ (815,819)	\$ 727,439	\$ –	\$ 88,380
Transfer to operations for pledges and deposits collected	105,000	(105,000)	–	–
Net funding of capital asset purchases	(338,251)	–	266,956	71,295
	<u>\$ (1,049,070)</u>	<u>\$ 622,439</u>	<u>\$ 266,956</u>	<u>\$ 159,675</u>

2015:

	General Fund	EBW Fund	Capital Asset Fund
Funding of long-term debt and interest repayments from operations	\$ (810,315)	\$ 751,333	\$ 58,982
Transfer to operations for pledges and deposits collected	196,937	(196,937)	–
Net funding of capital asset purchases	(202,553)	–	202,553
	<u>\$ (815,931)</u>	<u>\$ 554,396</u>	<u>\$ 261,535</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 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 2015. 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).

### (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. Comparative information:

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