

Financial Statements of

**EVERGREEN**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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 AUDITOR'S 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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

### ***Auditor's 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 auditor's 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 auditor's 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 auditor's 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 20, 2023

# EVERGREEN

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

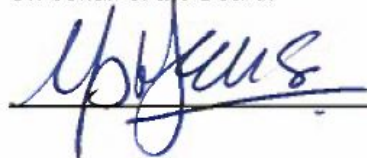
	2022					2021				
	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total
<b>Assets</b>										
Current assets:										
Cash and cash equivalents	\$ 4,815,939	\$ -	\$ 1,538,341	\$ 192,716	\$ 6,546,996	\$ 4,785,516	\$ -	\$ -	\$ -	\$ 4,785,516
Short-term investments	127,412	-	-	-	127,412	127,112	-	-	-	127,112
Accounts and pledges receivable (notes 3 and 8)	1,526,302	-	79,123	39,650	1,645,075	1,718,597	-	15,000	-	1,733,597
Prepaid expenses and other	581,357	-	-	-	581,357	383,074	-	-	-	383,074
	7,051,010	-	1,617,464	232,366	8,900,840	7,014,299	-	15,000	-	7,029,299
Capital assets (note 4)	-	19,384,167	12,734,315	1,655,698	33,774,180	-	22,159,942	14,143,786	894,955	37,198,683
	\$ 7,051,010	\$ 19,384,167	\$ 14,351,779	\$ 1,888,064	\$ 42,675,020	\$ 7,014,299	\$ 22,159,942	\$ 14,158,786	\$ 894,955	\$ 44,227,982

## Liabilities and Fund Balances

Current liabilities:										
Accounts payable and accrued liabilities	\$ 3,349,457	\$ -	\$ 89,427	\$ 141,882	\$ 3,580,766	\$ 1,879,777	\$ -	\$ -	\$ -	\$ 1,879,777
Deferred revenue	2,506,859	-	1,594,613	192,716	4,294,188	3,938,519	-	-	-	3,938,519
Current portion of long-term debt (note 5)	-	-	-	114,109	114,109	-	516,000	-	70,877	586,877
	5,856,316	-	1,684,040	448,707	7,989,063	5,818,296	516,000	-	70,877	6,405,173
Deferred capital contributions (note 6)	-	18,584,096	12,615,846	525,599	31,725,541	-	21,245,064	14,148,492	210,448	35,604,004
Long-term debt (note 5)	-	-	-	393,975	393,975	-	172,000	-	28,701	200,701
Fund balances (note 7)	1,194,694	800,071	51,893	519,783	2,566,441	1,196,003	226,878	10,294	584,929	2,018,104
Guarantees (note 9)	-	-	-	-	-	-	-	-	-	-
	\$ 7,051,010	\$ 19,384,167	\$ 14,351,779	\$ 1,888,064	\$ 42,675,020	\$ 7,014,299	\$ 22,159,942	\$ 14,158,786	\$ 894,955	\$ 44,227,982

See accompanying notes to financial statements.

On behalf of the Board:



Upton Jeans, Treasurer



Helen Burstyn, Chair, Board of Directors

# EVERGREEN

## Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022					2021				
	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total
<b>Revenue:</b>										
Donations, grants and sponsorships	\$ 9,214,613	\$ -	\$ -	\$ -	\$ 9,214,613	\$ 8,677,354	\$ -	\$ -	\$ -	\$ 8,677,354
Pandemic government assistance (note 8)	782,513	-	-	-	782,513	2,528,160	-	-	-	2,528,160
Program services and fees	10,532,686	-	-	-	10,532,686	4,013,654	-	-	-	4,013,654
	20,529,812	-	-	-	20,529,812	15,219,168	-	-	-	15,219,168
Amortization of deferred capital contributions (note 6)	-	2,660,968	1,927,371	52,752	4,641,091	-	2,660,968	1,653,954	38,389	4,353,311
	20,529,812	2,660,968	1,927,371	52,752	25,170,903	15,219,168	2,660,968	1,653,954	38,389	19,572,479
<b>Expenses:</b>										
National programs:										
Salaries and benefits	3,180,947	-	-	-	3,180,947	2,976,322	-	-	-	2,976,322
Program costs	2,335,830	-	-	-	2,335,830	2,293,530	-	-	-	2,293,530
Communications and marketing	647,045	-	-	-	647,045	814,956	-	-	-	814,956
	6,163,822	-	-	-	6,163,822	6,084,808	-	-	-	6,084,808
Evergreen Brick Works ("EBW") programs:										
Salaries and benefits	2,841,543	-	-	-	2,841,543	1,780,396	-	-	-	1,780,396
Cost of sales, services and programs	5,388,071	-	-	-	5,388,071	1,436,242	-	-	-	1,436,242
Property management	1,573,283	-	-	-	1,573,283	773,478	-	-	-	773,478
Communications and marketing	461,051	-	-	-	461,051	205,130	-	-	-	205,130
	10,263,948	-	-	-	10,263,948	4,195,246	-	-	-	4,195,246
Administration and fundraising:										
Office and administration	2,459,860	-	-	-	2,459,860	2,162,034	-	-	-	2,162,034
Fundraising	839,527	-	-	-	839,527	886,626	-	-	-	886,626
Interest	-	18,625	-	12,284	30,909	-	29,638	-	6,556	36,194
Amortization	-	2,775,775	1,804,195	284,530	4,864,500	-	2,776,624	1,794,392	217,026	4,788,042
	3,299,387	2,794,400	1,804,195	296,814	8,194,796	3,048,660	2,806,262	1,794,392	223,582	7,872,896
	19,727,157	2,794,400	1,804,195	296,814	24,622,566	13,328,714	2,806,262	1,794,392	223,582	18,152,950
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 802,655</b>	<b>\$ (133,432)</b>	<b>\$ 123,176</b>	<b>\$ (244,062)</b>	<b>\$ 548,337</b>	<b>\$ 1,890,454</b>	<b>\$ (145,294)</b>	<b>\$ (140,438)</b>	<b>\$ (185,193)</b>	<b>\$ 1,419,529</b>

See accompanying notes to financial statements.

# EVERGREEN

## Statement of Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

	2022					2021				
	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total
Fund balances, beginning of year	\$ 1,196,003	\$ 226,878	\$ 10,294	\$ 584,929	\$ 2,018,104	\$ 386,744	\$ (418,966)	\$ 41,552	\$ 589,245	\$ 598,575
Excess (deficiency) of revenue over expenses	802,655	(133,432)	123,176	(244,062)	548,337	1,890,454	(145,294)	(140,438)	(185,193)	1,419,529
Interfund transfers (note 10)	(803,964)	706,625	(81,577)	178,916	—	(1,081,195)	791,138	109,180	180,877	—
<b>Fund balances, end of year</b>	<b>\$ 1,194,694</b>	<b>\$ 800,071</b>	<b>\$ 51,893</b>	<b>\$ 519,783</b>	<b>\$ 2,566,441</b>	<b>\$ 1,196,003</b>	<b>\$ 226,878</b>	<b>\$ 10,294</b>	<b>\$ 584,929</b>	<b>\$ 2,018,104</b>
Comprised of:										
Unrestricted	\$ 572,194	\$ —	\$ —	\$ —	\$ 572,194	\$ 346,003	\$ —	\$ —	\$ —	\$ 346,003
Internally restricted (note 7)	622,500	—	—	—	622,500	850,000	—	—	—	850,000
Invested in capital assets	—	800,071	51,893	519,783	1,371,747	—	226,878	10,294	584,929	822,101
	\$ 1,194,694	\$ 800,071	\$ 51,893	\$ 519,783	\$ 2,566,441	\$ 1,196,003	\$ 226,878	\$ 10,294	\$ 584,929	\$ 2,018,104

See accompanying notes to financial statements.

# EVERGREEN

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022					2021				
	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund	Total
Cash provided by (used in):										
Operating activities:										
Excess (deficiency) or revenue over expenses	\$ 802,655	\$ (133,432)	\$ 123,176	\$ (244,062)	\$ 548,337	\$ 1,890,454	\$ (145,294)	\$ (140,438)	\$ (185,193)	\$ 1,419,529
Items not involving cash:										
Amortization of capital assets	–	2,775,775	1,804,195	284,530	4,864,500	–	2,776,624	1,794,392	217,026	4,788,042
Amortization of deferred capital contributions	–	(2,660,968)	(1,927,371)	(52,752)	(4,641,091)	–	(2,660,968)	(1,653,954)	(38,389)	(4,353,311)
	802,655	(18,625)	–	(12,284)	771,746	1,890,454	(29,638)	–	(6,556)	1,854,260
Change in non-cash operating working capital:										
Accounts and pledges receivable	192,295	–	(64,123)	(39,650)	88,522	(107,141)	–	829,717	–	722,576
Prepaid expenses and other	(198,283)	–	–	–	(198,283)	3,087	–	–	–	3,087
Accounts payable and accrued liabilities	1,469,680	–	89,427	141,882	1,700,989	327,778	–	(471,540)	–	(143,762)
Deferred revenue	(1,431,660)	–	1,594,613	192,716	355,669	796,234	–	–	–	796,234
	834,687	(18,625)	1,619,917	282,664	2,718,643	2,910,412	(29,638)	358,177	(6,556)	3,232,395
Financing activities:										
Repayment of long-term debt	–	(688,000)	–	(73,468)	(761,468)	–	(761,500)	(777,603)	(65,545)	(1,604,648)
Interfund transfers	(803,964)	706,625	(81,577)	178,916	–	(1,081,195)	791,138	109,180	180,877	–
Deferred capital contributions received/committed	–	–	380,073	367,903	747,976	–	–	435,718	27,926	463,644
	(803,964)	18,625	298,496	473,351	(13,492)	(1,081,195)	29,638	(232,705)	143,258	(1,141,004)
Investing activities:										
Increase in short-term investments	(300)	–	–	–	(300)	(825)	–	–	–	(825)
Capital assets additions	–	–	(380,072)	(563,299)	(943,371)	–	–	(154,905)	(136,702)	(291,607)
	(300)	–	(380,072)	(563,299)	(943,671)	(825)	–	(154,905)	(136,702)	(292,432)
Increase (decrease) in cash and cash equivalents	30,423	–	1,538,341	192,716	1,761,480	1,828,392	–	(29,433)	–	1,798,959
Cash and cash equivalents, beginning of year	4,785,516	–	–	–	4,785,516	2,957,124	–	29,433	–	2,986,557
Cash and cash equivalents, end of year	\$ 4,815,939	\$ –	\$ 1,538,341	\$ 192,716	\$ 6,546,996	\$ 4,785,516	\$ –	\$ –	\$ –	\$ 4,785,516
Supplemental cash flow information:										
Capital assets acquired through obligations under capital leases (note 5)	\$ –	\$ –	\$ –	\$ 481,974	\$ 481,974	\$ –	\$ –	\$ –	\$ 48,268	\$ 48,268
Contributed capital assets	–	–	14,652	–	14,652	–	–	–	–	–

See accompanying notes to financial statements.



# EVERGREEN

Notes to Financial Statements

Year ended December 31, 2022

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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.

### (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 ("EBW") 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.

In 2019, Evergreen 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.

## 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 EBW Capital Assets Fund reflects restricted funds arising from fundraising, investing and administrative activities associated with the building of EBW.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 2. Significant accounting policies (continued):

The EBW Infrastructure Improvements Capital Assets Fund reflects restricted funds arising from fundraising, investing and administrative activities associated with the capital redevelopment of buildings and outdoor spaces at EBW.

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.

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) Cash and cash equivalents:

Evergreen considers deposits in banks and guaranteed investment certificates with maturity expirations of three months as cash and cash equivalents.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 2. Significant accounting policies (continued):

### (d) 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.

### (e) 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:

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	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	3 - 5 years
Vehicles and property management equipment	10 years
Site improvements	3 years
Licenses	3 years

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### (f) 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.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 2. Significant accounting policies (continued):

(g) 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:

	2022	2021
General Fund:		
Accounts and other receivables	\$ 1,230,859	\$ 1,559,664
Recoverable sales tax	188,808	57,828
Unamortized tenant inducement	106,635	101,105
	<u>1,526,302</u>	<u>1,718,597</u>
Pledges receivable:		
EBW Infrastructure Improvements		
Capital Assets Fund	79,123	15,000
Capital Assets Fund	39,650	—
	<u>118,773</u>	<u>15,000</u>
	<u>\$ 1,645,075</u>	<u>\$ 1,733,597</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 4. Capital assets:

### EBW Capital Assets Fund

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 53,261,801	\$ 33,877,634	\$ 19,384,167	\$ 22,159,942
Furniture and fixtures	867,436	867,436	–	–
Vehicles and property management equipment	16,964	16,964	–	–
	<u>\$ 54,146,201</u>	<u>\$ 34,762,034</u>	<u>\$ 19,384,167</u>	<u>\$ 22,159,942</u>

### EBW Infrastructure Improvements Capital Assets Fund

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 18,459,356	\$ 5,769,325	\$ 12,690,031	\$ 14,010,934
Equipment under capital lease	354,271	309,987	44,284	132,852
	<u>\$ 18,813,627</u>	<u>\$ 6,079,312</u>	<u>\$ 12,734,315</u>	<u>\$ 14,143,786</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 4. Capital assets (continued):

### Capital Assets Fund

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 1,452,384	\$ 497,525	\$ 954,859	\$ 645,699
Furniture and fixtures	690,891	546,195	144,696	120,205
Computers and office equipment	1,015,670	772,635	243,035	45,632
Equipment under capital leases	56,702	56,702	—	4,413
Vehicles and property management equipment	441,819	152,427	289,392	73,526
Site improvements	97,221	73,505	23,716	5,480
Licenses	1,303,752	1,303,752	—	—
	\$ 5,058,439	\$ 3,402,741	\$ 1,655,698	\$ 894,955

## 5. Long-term debt:

### (a) EBW Capital Assets Fund:

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%. This loan was repaid in full by December 31, 2022.

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, 2022 and 2021, no amount has been drawn and it is still in place.

### (b) Capital Assets Fund:

	2022	2021
Obligation under capital leases	\$ 508,084	\$ 99,578
Less current portion: Obligation under capital leases	114,109	70,877
	\$ 393,975	\$ 28,701

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

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

Minimum annual lease payments are as follows:

2023	\$	135,128
2024		122,165
2025		109,511
2026		106,196
2027		88,229
		<u>561,229</u>
Less amount representing interest		53,145
		<u>508,084</u>
Less current portion		114,109
	\$	<u>393,975</u>

## 6. Deferred capital contributions:

Evergreen undertook an initial \$55 million redevelopment of EBW which was completed in 2010. Evergreen raised \$50.6 million to fund this phase of redevelopment and has since raised and invested an additional \$18.6 million (2021 - \$18.2 million) towards further infrastructure improvements at the site.

### EBW Capital Assets Fund

	2022	2021
Balance, beginning of year	\$ 21,245,064	\$ 23,906,032
Amortization	(2,660,968)	(2,660,968)
Balance, end of year	<u>\$ 18,584,096</u>	<u>\$ 21,245,064</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 6. Deferred capital contributions (continued):

### EBW Infrastructure Improvements Capital Assets Fund

	2022	2021
Balance, beginning of year	\$ 14,148,492	\$ 15,366,728
Capital contributions received/committed	394,725	435,718
Amortization	(1,927,371)	(1,653,954)
<b>Balance, end of year</b>	<b>\$ 12,615,846</b>	<b>\$ 14,148,492</b>

### Capital Assets Fund

	2022	2021
Balance, beginning of year	\$ 210,448	\$ 220,911
Capital contributions received	367,903	27,926
Amortization	(52,752)	(38,389)
<b>Balance, end of year</b>	<b>\$ 525,599</b>	<b>\$ 210,448</b>

## 7. Internally restricted reserve:

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

- (a) \$150,000 (2021 - \$150,000) for flood clean-up as required to comply with Evergreen's lease agreement with the City of Toronto and Toronto & Region Conservation Authority.
- (b) \$472,500 (2021 - \$700,000) for required capital and maintenance of the Brick Works site anticipated in the coming years.

During the year, the Board of Directors approved the purchase of a new chiller and transferred \$227,500 to the Capital Asset fund.



# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 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.

	2022	2021
Canada Emergency Wage Subsidy	\$ –	\$ 1,940,849
Tourism and Hospitality Recovery Program Subsidy ("THRP")	762,983	488,130
Canada Emergency Rent Subsidy	–	24,383
Ontario Property Tax and Energy Cost Rebate	19,530	74,798
	<u>\$ 782,513</u>	<u>\$ 2,528,160</u>

Included in accounts and pledges receivable is nil (2021 - \$1,024,899) 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, 2022

## 10. Interfund transfers:

Interfund transfers reflect payment by the General Fund of unfunded transactions in the EBW Capital Assets Fund, the EBW Infrastructure Improvements Capital Assets Fund and the Capital Assets Fund. Interfund transfers comprise the following:

2022:

	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets Fund	Capital Assets Fund
Funding of long-term debt and interest repayments from operations	\$ (792,377)	\$ 706,625	\$ –	\$ 85,752
Net funding of capital asset purchases	(11,587)	–	(81,577)	93,164
	<u>\$ (803,964)</u>	<u>\$ 706,625</u>	<u>\$ (81,577)</u>	<u>\$ 178,916</u>

2021:

	General Fund	EBW Capital Assets Fund	EBW Infrastructure Improvements Capital Assets 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>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 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 2021 unless noted below. 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 5).

(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.