Amy Stein

Financial statements of

Evergreen

December 31, 2008

Deloitte.

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Auditors' Report

To the Directors of
Evergreen

We have audited the statement of financial position of Evergreen as at December 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Evergreen's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with other charitable organizations, Evergreen derives revenue from the general public from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded in the records of Evergreen and we were unable to determine whether any adjustment might be necessary to revenue, excess of revenue over expenses, assets, deferred revenue and net assets.

In our opinion, except for adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising events revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Evergreen as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year, except for the adoption of the new standards as described in Note 2.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 8, 2009

Evergreen
Statement of Financial Position
December 31, 2008

	2008	2007
ASSETS		
CURRENT		
Cash	$ 513,937	$ 764,549
Short-term investments	380,469	652,141
Accounts receivable	2,051,302	1,389,592
Prepaid expenses	31,687	49,161
	2,977,395	2,855,443
CAPITAL ASSETS *(Note 3)*	150,244	105,452
DEFERRED COSTS *(Note 4)*	10,090,206	5,639,687
	$ 13,217,845	$ 8,600,582

LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities *(Note 5)*	$ 911,864	$ 900,312
Deferred revenue	1,353,149	926,610
	2,265,013	1,826,922
DEFERRED CAPITAL CONTRIBUTIONS *(Note 4)*	10,392,665	6,277,999
	12,657,678	8,104,921
NET ASSETS		
Invested in capital assets	150,244	105,452
General	409,923	390,209
	560,167	495,661
	$ 13,217,845	$ 8,600,582

On behalf of the Board:

Geoff Cape

Geoffrey J. Cape
Executive Director

George Dark
Chair, Board of Directors

See accompanying notes

Evergreen
Statement of Operations
Year ended December 31, 2008

	2008	2007
REVENUE		
Corporate	**$ 3,021,839**	$ 2,293,516
Government	**959,243**	350,385
Foundations	**642,159**	464,775
Donations-in-kind *(Note 6)*	**35,750**	64,723
Service fees	**537,230**	215,425
Individual donations and other	**571,998**	578,316
	5,768,219	3,967,140
EXPENSES		
Salaries and fees	**$ 2,357,434**	1,851,461
Program *(Note 6)*	**2,093,554**	1,351,224
Events *(Note 6)*	**466,746**	199,703
Travel and transportation	**92,122**	83,120
Administration		
General, administrative and office supplies	**473,355**	177,417
Occupancy	**138,019**	134,575
Professional and consulting fees	**41,340**	35,134
Amortization	**41,143**	24,840
	5,703,713	3,857,474
Excess of revenue over expenses	**$ 64,506**	$ 109,666

See accompanying notes

Evergreen
Statement of Changes in Net Assets
Year ended December 31, 2008

	2008			2007
	Invested in Capital Assets	General	Total	Total
Balance, beginning of year	$ 105,452	390,209	495,661	385,995
Excess of revenue over expenses (expenses over revenue)	(41,143)	105,649	64,506	109,666
Additions to deferred costs (Note 3)	(22,154)	22,154	-	-
Additions to capital assets	108,089	(108,089)	-	-
Balance, end of year	$ 150,244	$ 409,923	$ 560,167	$ 495,661

See accompanying notes

Evergreen
Statement of Cash Flows
Year ended December 31, 2008

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:	2008	2007
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 64,506	$ 109,666
Add (deduct) non cash items		
Amortization of capital assets	41,143	24,840
Addition to deferred rent	-	22,707
Amortization of deferred rent	(8,210)	-
Donations-in-kind revenue	(35,750)	(64,723)
Donated goods and services	35,750	64,723
	97,439	157,213
Add (deduct) changes in non-cash working capital balances		
Accounts receivable	(661,710)	(896,448)
Prepaid expenses	17,474	(12,698)
Accounts payable and accrued liabilities	19,762	463,317
Deferred revenue	426,539	842,747
Cash flows from operating activities	(100,496)	554,131
INVESTING ACTIVITIES		
Change in short-term investments	271,672	(15,613)
Additions to deferred costs	(4,428,365)	(2,650,830)
Additions to capital assets	(108,089)	(9,650)
Deferred capital contributions	4,114,666	2,665,384
	(150,116)	(10,709)
Net (decrease) increase in cash during the year	(250,612)	543,422
Cash, beginning of year	764,549	221,127
Cash, end of year	$ 513,937	$ 764,549

See accompanying notes

EVERGREEN

Notes to Financial Statements
December 31, 2008

1. INCORPORATION AND OBJECTS

Evergreen was incorporated without share capital under the Canada Corporations Act on April 5, 1991, and is registered as a charitable organization under the Income Tax Act (Canada). Evergreen's mission is to bring communities and nature together for the benefit of both.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, the most significant of which are summarized below.

Accounting policies adopted during the year

Section 1535 – Capital Disclosures
In December 2007, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1535, "Capital Disclosures." On January 1, 2008, Evergreen adopted the requirements of this section. The adoption of this new standard has not resulted in any change in how Evergreen accounts for its transactions, but does require additional disclosure, which is presented in Note 9.

Section 3855- Financial Instruments – Recognition and Measurement
On April 23, 2008, the CICA amended Section 3855, "Financial Instruments – Recognition and Measurement," of the CICA Handbook. The amended section allows not-for-profit organizations to elect not to account for certain non-financial contracts as derivatives and also not to account for certain derivative features embedded in non-financial contracts, leases and insurance contracts as embedded derivatives. If Evergreen did not elect this option it would be required to account for derivative financial instruments and embedded derivative financial instruments in accordance with the guidance in section 3855.

Evergreen has elected to adopt these amendments to Section 3855 effective for its fiscal year beginning on January 1, 2008, and has elected not to account for non-financial contracts as derivatives, and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

Revenue recognition

Evergreen follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if they are received within a reasonable period of time after year end. Revenues received or receivable applicable to future periods are 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.

Classification of financial assets and liabilities

Under the standards for recognizing and measuring financial instruments, all financial assets are classified into one of the following categories: held for trading, or loans and receivables. All financial liabilities are classified in the category of other financial liabilities.

Evergreen's financial assets and financial liabilities are classified and measured as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset / Liability	Category	Measurement
Cash and short-term investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Short-term investments

Evergreen manages financial risk associated with portfolio investments as summarized below.

- Market risk. Donated securities are sold shortly upon receipt and funds are held in cash or invested in money market funds.
- Liquidity risk. All securities are received through MacDougall, MacDougall & MacTier, who also invest available balances in money market funds.
- Cash flow risk. No single instrument is individually significant to the future cash flows of Evergreen and investment income is not a primary source of revenue for Evergreen.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is recorded as follows:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance

Deferred costs

Deferred costs include amounts related to the "Evergreen Brick Works" project (Note 7) and will be amortized over the remaining lease term once the project has been completed.

Deferred capital contributions

Deferred capital contributions represent amounts received for the "Evergreen Brick Works" project (Note 7) and will be amortized as revenue at the same rate as the related capital asset is amortized, commencing with the completion of the project.

Income taxes

Evergreen is a registered charity under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

Deferred rent

Rent inducements are deferred and amortized over the term of the lease.

Future accounting change

Section 4400- Financial Statements by Not-For-Profit Organizations
In September 2008, the CICA issued amendments to several of the existing sections in the 4400 series – Financial Statements by Not-For-Profit Organizations. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Section 4400- Financial Statements by Not-For-Profit Organizations (continued)
Accordingly, Evergreen will have to adopt the amended standards for its fiscal year beginning January 1, 2009. The amendments include a) additional guidance in the applicability of Section 1100, Generally Accepted Accounting Principles; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenses in accordance with EIC 123, Reporting Revenue Gross as a Principal Versus Net as an Agent; d) requirement to include a statement of cash flows in accordance with Section 1540, Cash Flow Statements; e) requirement to apply Section 1751, Interim Financial Statements, when preparing interim financial statements in accordance with GAAP; f) requirement for non-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840; Related Party Transactions; and h) new disclosure requirements regarding the allocation of fundraising and general support costs.

3. CAPITAL ASSETS

Capital assets are comprised of the following:

	2008			2007
	Cost	**Accumulated amortization**	**Net book value**	**Net book value**
Furniture and fixtures	**$54,172**	**$48,049**	**$6,123**	$6,978
Computer equipment	**379,731**	**235,609**	**144,122**	98,474
	$433,904	**$283,659**	**$150,244**	$105,452

In 2008, $22,154 of the total amortization expense of $63,297 was allocated to deferred costs.

4. EVERGREEN BRICK WORKS

Evergreen Brick Works will be a centre for experiencing the relationship between nature, culture and community. Located on a unique natural and industrial heritage site, it will be a destination for families and individuals to enjoy a natural refuge, while sampling a rich offering of programs and services – from gardening workshops, heritage tours, clay-making and organic food markets, to a retail nursery, demonstration gardens and leading-edge green design techniques. It will be a unique and creative social enterprise that will model sustainability on all fronts.

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.

Evergreen is conducting a $55 million capital campaign in order to redevelop the site. To date, $20 million has been committed from the Government of Canada, $10 million from the Province of Ontario, and $12 million from other donors.

In 2007, Evergreen piloted some programming activities at the Brick Works site. In 2008, these activities, including the farmers' market and the chefs' market, were established as recurring seasonal programs. Because these are operating activities, they are differentiated from the $55 million redevelopment of the site and its associated capital campaign.

4. EVERGREEN BRICK WORKS (continued)

Financial activities related to the project during the year were as follows:

	Total	2008	2007	2006	2005
Deferred revenues					
Corporate	$ 720,298	499,168	70,050	101,080	50,000
Government	3,863,533	2,016,048	1,160,620	20,865	666,000
Foundations	3,349,692	841,480	795,553	942,659	770,000
Individual donations and other	2,459,143	757,970	639,162	672,011	390,000
	10,392,665	4,114,666	2,665,385	1,736,615	1,876,000
Deferred costs					
Construction and site development	$ 371,539	281,984	89,555	-	-
Design and site investigation	3,463,050	1,999,106	1,201,054	245,087	17,803
Project insurance, financing and security deposits	724,081	724,081	-	-	-
Employee related	2,907,359	727,187	853,973	792,640	533,559
Other project administration	2,624,178	718,161	506,248	774,559	625,210
	10,090,206	4,450,519	2,650,830	1,812,286	1,176,572

Subsequent to year end, Evergreen secured credit facilities totaling $12.5 million from the Royal Bank of Canada, of which $7.5 million is guaranteed by the City of Toronto and the Toronto & Region Conservation Authority.

Construction of Evergreen Brick Works commenced during the winter of 2008/2009. Deferred expenses include a $500,000 security deposit that was provided to the City of Toronto in December 2008, under the terms of the lease, to be held in an interest-bearing account during the construction period. All or some of this deposit may be returned to Evergreen after substantial completion of construction in 2010.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include deferred rent of $14,497 (2007 – $22,707).

6. DONATIONS-IN-KIND

During the year, Evergreen received certain goods and services as donations-in-kind. These donated goods and services are included in the following financial statement balances:

	2008	2007
Program expenses	$31,050	$ 64,723
Events expenses	$4,700	-
Donations-in-kind revenue	$35,750	$64,723

7. COMMITMENTS

Evergreen signed a new lease for office premises in Toronto in December 2006. The lease expires on February 28, 2010 and requires the following minimum annual lease payments:

2009	**165,950**
2010	**27,658**
	$193,608

Evergreen signed a new lease for office premises in Vancouver in October 2008. The lease expires on September 30, 2011, and requires the following minimum annual lease payments:

2009	**20,421**
2010	**21,597**
2011	**16,858**
	$58,876

8. 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 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.

9. CAPITAL DISCLOSURES

As a not-for-profit entity, Evergreen's operations are reliant on revenues generated annually. Evergreen has accumulated unrestricted net assets over its history. A portion of the accumulated net assets is retained as working capital, which may be required from time to time due to timing delays in receiving its primary funding. The remaining surplus is available for the use of Evergreen at the Board's discretion.

Evergreen has complied with all restrictions on funding, including those on the Evergreen Brick Works project (Note 4).

10. COMPARATIVE AMOUNTS

Certain of the prior year amounts have been reclassified to conform to the current year's presentation.