

Financial statements of

Evergreen

December 31, 2009

Evergreen

December 31, 2009

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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, 2009 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 adjustments 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 1, 2010

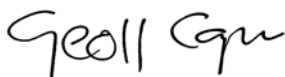
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Statement of financial position

December 31, 2009

	2009	2008
	\$	\$
Assets		
Current		
Cash	4,266,395	513,937
Short-term investments	488,358	380,469
Accounts receivable	2,583,285	2,051,302
Prepaid expenses	25,988	31,687
	7,364,026	2,977,395
Capital assets (Note 3)	197,175	150,244
Deferred costs (Note 4)	22,471,029	10,090,206
	30,032,230	13,217,845
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities (Note 5)	3,174,684	911,864
Deferred revenue	1,184,223	1,353,149
Current portion of construction credit facilities (Note 6)	250,000	-
	4,608,907	2,265,013
Deferred capital contributions (note 4)	23,708,986	10,392,665
Construction credit facilities (Note 6)	1,000,000	-
	29,317,893	12,657,678
Net assets		
Invested in capital assets fund	197,175	150,244
General fund	517,162	409,923
	714,337	560,167
	30,032,230	13,217,845

On behalf of the Board:



Geoffrey J. Cape
Executive Director



George Dark
Chair, Board of Directors

Evergreen

Statement of operations

year ended December 31, 2009

	2009	2008
	\$	\$
Revenue		
Corporate	3,295,080	3,021,839
Government	1,028,359	959,243
Foundations	618,208	642,159
Donations-in-kind (Note 7)	83,150	35,750
Service fees	384,127	537,230
Individual donations and other	739,593	571,998
	6,148,517	5,768,219
Expenses		
Salaries and fees	2,967,264	2,357,434
Program (Note 7)	1,998,237	2,093,554
Events (Note 7)	353,156	466,746
Travel and transportation	111,133	92,122
Administration		
General, administrative and office supplies	310,673	473,355
Occupancy	168,585	138,019
Professional and consulting fees	39,656	41,340
Amortization	45,643	41,143
	5,994,347	5,703,713
Excess of revenue over expenses	154,170	64,506

Evergreen

Statement of changes in net assets year ended December 31, 2009

	Invested in		2009	2008
	Capital Assets Fund	General Fund	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	150,244	409,923	560,167	495,661
Excess of revenue over expenses (expenses over revenue)	(45,643)	199,813	154,170	64,506
Allocation of amortization to deferred costs (Note 3)	(15,214)	15,214	-	-
Net additions to capital assets	107,788	(107,788)	-	-
Balance, end of year	197,175	517,162	714,337	560,167

Evergreen

Statement of cash flows

year ended December 31, 2009

	2009	2008
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Excess of revenue over expenses	154,170	64,506
Add (deduct) non cash items		
Amortization of capital assets	45,643	41,143
Amortization of deferred rent	(11,529)	(8,210)
Donations-in-kind revenue	(83,150)	(35,750)
Loss on sale of capital assets	5,767	-
Donated goods and services	83,150	35,750
	194,051	97,439
Add (deduct) changes in non-cash working capital balances		
Accounts receivable	(531,983)	(661,710)
Prepaid expenses	5,699	17,474
Accounts payable and accrued liabilities	2,274,349	19,762
Deferred revenue	(168,926)	426,539
Cash flows from operating activities	1,773,190	(100,496)
Investing activities		
Change in short-term investments	(107,889)	271,672
Deferred cost additions	(12,365,609)	(4,428,365)
Capital asset additions	(116,410)	(108,089)
Deferred capital contributions	13,316,321	4,114,666
Cash flows from investing activities	726,413	(150,116)
Financing activities		
Proceeds from sale of capital assets	2,855	-
Proceeds from construction facility	1,250,000	-
Cash flows from financing activities	1,252,855	-
Net increase (decrease) in cash during the year	3,752,458	(250,612)
Cash, beginning of year	513,937	764,549
Cash, end of year	4,266,395	513,937

Evergreen

Notes to the financial statements

December 31, 2009

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

In September 2008, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to several of the existing sections on accounting, measurement and financial reporting by Not-for-profit organizations contained in the 4400 series of Sections of the CICA Handbook. The adoption of these amendments has not resulted in any change in how the Evergreen accounts for its transactions. Additional disclosure of allocated expenses is required and has been provided below and in Note 4.

On January 1, 2009, the Organization adopted the amendments made to Section 1000 "Financial statements concepts". The amended section requires an entity to demonstrate that any amount that is presented as an asset meets the conceptual definition of an asset or is permitted to be recorded as assets under specific CICA Handbook sections. The adoption of these amendments has not resulted in any change in how Evergreen accounts for its transactions.

In January 2009, the Emerging Issues Committee ("EIC") issued EIC-173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counterparty (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The new guidance did not have any impact on the valuation of the Evergreen's financial assets and liabilities, or its net assets.

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 the amounts are received within a reasonable period of time after year end. Revenues received or receivable that relate 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

Notes to the financial statements

December 31, 2009

2. Significant accounting policies (continued)

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

<u>Asset / liability</u>	<u>Category</u>	<u>Measurement</u>
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
Construction credit facilities	Other financial liabilities	Amortized cost

Transaction costs for the construction credit facilities are included in deferred costs and will be amortized over the life of the Brick works lease. Transaction costs incurred after the Brick Works project is completed will be expensed as incurred. All other transaction costs for financial assets and liabilities are expensed when incurred.

As allowed under Section 3855 "Financial Instruments –Recognition and Measurement", the Organization has elected not to account for non-financial contracts as derivatives, and not to not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

Due to their nature, the fair value of accounts receivable, accounts payable and accrued liabilities, and construction credit facilities approximate their cost.

Investments are carried at Market Value using bid price, with any unrealized gains or losses being recorded in the statement of operations.

Financial Risks

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

- 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.
- 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 by holding short-term investments in publicly-traded money market funds. Evergreen has also negotiated credit facilities to help manage this risk (Note 6).
- 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 and by maintaining an allowance for potential credit losses.
- 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 exposure to this risk. For construction credit facilities, this risk is managed through Evergreen's lending agreement, as described in Note 6.
- Currency risk is the risk that financial assets and liabilities will fluctuate relative to the Canadian dollar. Evergreen does not have any financial assets or liabilities denominated in a foreign currency.

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
Website	30% declining balance

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Notes to the financial statements

December 31, 2009

2. Significant accounting policies (continued)

Deferred costs

Deferred costs include amounts related to the Evergreen Brick Works project (Note 4) and will be amortized over the remaining lease term (see Note 4) once the project has been completed. All costs represent actual costs incurred. Employee-related expenses are based on actual time spent on the project. Project administration costs include allocated costs that are directly attributable to the project, such as rent, utilities, and amortization of capital assets. Interest from credit facilities is included in deferred costs and will be capitalized until the completion of the project.

Deferred capital contributions

Deferred capital contributions represent amounts received for the Evergreen Brick Works project (Note 4) 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.

3. Capital assets

Capital assets are comprised of the following:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and fixtures	54,172	49,274	4,898	6,123
Computer equipment	383,489	240,975	142,514	144,122
Website	58,545	8,782	49,763	-
	496,206	299,031	197,175	150,245

In 2009, \$15,214 (2008 - \$22,154) of the total amortization expense of \$60,857 was allocated to deferred costs.

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Notes to the financial statements

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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 \$15 million from other donors.

Since 2007, Evergreen has run seasonal programming activities at the Brick Works site, including the farmers' market and the chefs' market. Because these are operating activities, they are differentiated from the \$55 million redevelopment of the site and its associated capital campaign and are recorded as revenue and expenses in the statement of operations.

Financial activities related to the project during the year, and to date, are as follows:

	Total	2009	2008	Prior years
	\$	\$	\$	\$
Deferred revenues				
Corporate	1,112,404	392,106	499,168	221,130
Government	15,142,157	11,278,625	2,016,048	1,847,484
Foundations	4,343,192	993,500	841,480	2,508,212
Individual donations and other	3,111,233	652,090	757,970	1,701,173
	23,708,986	13,316,321	4,114,666	6,277,999
Deferred costs				
Construction and site development	9,709,333	9,337,794	281,984	89,555
Design and site investigation	4,788,614	1,325,564	1,999,106	1,463,944
Project insurance, financing and security deposits	921,670	197,589	724,081	-
Employee-related	3,772,849	865,490	727,187	2,180,172
Other project administration	3,278,563	654,386	718,161	1,906,016
	22,471,029	12,380,823	4,450,519	5,639,687

Construction of Evergreen Brick Works commenced in 2008. 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.

Included in other project administration are allocated overhead costs of \$118,478 (2008 - \$157,641) relating to expenses such as rent, utilities, insurance and depreciation that are directly attributable to the Evergreen Brick Works project.

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5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following balances:

	2009	2008
	\$	\$
Accounts payable and other	2,210,735	865,778
Construction holdbacks	960,981	31,589
Deferred rent liability	2,968	14,497
Accounts payable and accrued liabilities	3,174,684	911,864

Included in Accounts payable and other is a liability of \$33,333 for Employee Future Benefits. In 2008, Evergreen and a current employee entered into a three year employment agreement. The agreement contemplates paid leave during part of 2010 and 2011.

6. Construction credit facilities

Construction credit facilities are comprised of (i) a \$7 million credit facility from the Royal Bank of Canada, bearing interest at Royal Bank Prime Rate, or Bankers' Acceptance rate plus 0.9%, and maturing four years following the substantial completion of Evergreen Brick Work and (ii) a \$5.5 million credit facility from the Royal Bank of Canada, bearing interest at Royal Bank Prime Rate plus 1.25%, or Bankers' Acceptance rate plus 2.75%, and maturing four years following the substantial completion of Evergreen Brick Works. Borrowing under the \$5.5 million facility will not be available until the \$7 million credit facility is fully drawn.

The credit facilities are 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 the bank; and an agreement between the bank, City of Toronto, Toronto & Region Conservation Authority and Evergreen. The City of Toronto and the Toronto & Region Conservation Authority have provided a guarantee up to \$7.5 million.

As of December 31, 2009, \$1.25 million was drawn on the \$7 million credit facility. The facility is repayable in quarterly payments of \$250,000 commencing the earlier of substantial completion of Evergreen Brick Works, and September 30, 2010. No amount was drawn on the \$5.5 million credit facility.

Interest and transaction costs of \$14,290 (2008 - \$Nil) relating to these facilities are included in Deferred Costs.

7. 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:

	2009	2008
	\$	\$
Program	82,600	31,050
Events	550	4,700
Donations-in-kind revenue	83,150	35,750

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8. Commitments

Evergreen leases office premises in Toronto and Vancouver. The Toronto lease which expires on February 28, 2010, has been extended to August 31, 2010. The Vancouver lease expires on September 30, 2011. The minimum annual lease payments are as follows:

	\$
2010	143,372
2011	16,858
	<hr/> <hr/> 160,230

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 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.

10. 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.

In addition to Evergreen's accumulated unrestricted net assets, Evergreen also considers its capital to be funds from deferred capital contributions and credit facilities.

Evergreen has complied with all restrictions on funding and borrowing, including those on the Evergreen Brick Works project (Note 4) and the Construction credit facilities (Note 6).

11. Comparative amounts

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