

Financial Statements of

**EVERGREEN**

Year ended December 31, 2017



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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, 2017, 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.



Page 2

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Evergreen as at December 31, 2017, 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 9, 2018  
Vaughan, Canada

# EVERGREEN

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017					2016				
	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	Building 16 Capital Assets Fund	Capital Assets Fund	Total
<b>Assets</b>										
Current assets:										
Cash	\$ 785,998	\$ -	\$ 3,389,009	\$ -	\$ 4,175,007	\$ 592,860	\$ 4,791	\$ -	\$ 50	\$ 597,701
Short-term investments	121,622	-	-	-	121,622	117,481	-	-	-	117,481
Accounts and pledges receivable (note 3)	1,796,752	-	-	-	1,796,752	1,211,889	13,750	266,956	-	1,492,595
Prepaid expenses and other	574,314	-	-	-	574,314	379,457	-	-	-	379,457
	<u>3,278,686</u>	<u>-</u>	<u>3,389,009</u>	<u>-</u>	<u>6,667,695</u>	<u>2,301,687</u>	<u>18,541</u>	<u>266,956</u>	<u>50</u>	<u>2,587,234</u>
Deposit	-	-	-	-	-	-	100,000	-	-	100,000
Capital assets (note 4)	-	33,266,994	5,546,050	1,781,220	40,594,264	-	36,044,466	266,956	2,126,824	38,438,246
	<u>\$ 3,278,686</u>	<u>\$ 33,266,994</u>	<u>\$ 8,935,059</u>	<u>\$ 1,781,220</u>	<u>\$ 47,261,959</u>	<u>\$ 2,301,687</u>	<u>\$ 36,163,007</u>	<u>\$ 533,912</u>	<u>\$ 2,126,874</u>	<u>\$ 41,125,480</u>
<b>Liabilities</b>										
Current liabilities:										
Accounts payable and accrued liabilities (note 5)	\$ 1,604,122	\$ -	\$ 1,261,681	\$ -	\$ 2,865,803	\$ 1,481,718	\$ -	\$ -	\$ -	\$ 1,481,718
Deferred revenue	1,503,104	-	2,127,328	-	3,630,432	900,217	-	-	-	900,217
Current portion of long-term debt (note 6)	-	614,000	-	69,104	683,104	-	614,000	-	49,556	663,556
	<u>3,107,226</u>	<u>614,000</u>	<u>3,389,009</u>	<u>69,104</u>	<u>7,179,339</u>	<u>2,381,935</u>	<u>614,000</u>	<u>-</u>	<u>49,556</u>	<u>3,045,491</u>
Deferred capital contributions (note 7)	-	31,888,936	5,546,050	758,855	38,193,841	-	34,549,904	266,956	1,259,596	36,076,456
Long-term debt (note 6)	-	2,505,500	-	172,213	2,677,713	-	3,119,500	-	54,145	3,173,645
Fund balances (note 8)	171,460	(1,741,442)	-	781,048	(788,934)	(80,248)	(2,120,397)	266,956	763,577	(1,170,112)
Commitments (note 9)	-	-	-	-	-	-	-	-	-	-
	<u>\$ 3,278,686</u>	<u>\$ 33,266,994</u>	<u>\$ 8,935,059</u>	<u>\$ 1,781,220</u>	<u>\$ 47,261,959</u>	<u>\$ 2,301,687</u>	<u>\$ 36,163,007</u>	<u>\$ 533,912</u>	<u>\$ 2,126,874</u>	<u>\$ 41,125,480</u>

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, 2017, with comparative information for 2016

	2017					2016				
	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	Building 16 Capital Assets Fund	Capital Assets Fund	Total
<b>Revenue:</b>										
Donations, grants and sponsorships	\$ 6,470,137	\$ -	\$ -	\$ -	\$ 6,470,137	\$ 6,569,158	\$ -	\$ -	\$ -	\$ 6,569,158
Program services and fees	10,362,994	-	-	-	10,362,994	7,472,197	-	-	-	7,472,197
Amortization of deferred capital contributions (note 7)	16,833,131	-	-	-	16,833,131	14,041,355	-	-	-	14,041,355
	-	2,660,968	-	514,024	3,174,992	-	2,660,968	-	330,384	2,991,352
	16,833,131	2,660,968	-	514,024	20,008,123	14,041,355	2,660,968	-	330,384	17,032,707
<b>Expenses:</b>										
National programs:										
Salaries and benefits	2,453,000	-	-	-	2,453,000	2,162,958	-	-	-	2,162,958
Program costs	2,246,397	-	-	-	2,246,397	2,352,286	-	-	-	2,352,286
Communications and marketing	266,768	-	-	-	266,768	228,788	-	-	-	228,788
	4,966,165	-	-	-	4,966,165	4,744,032	-	-	-	4,744,032
Evergreen Brick Works programs:										
Salaries and benefits	2,137,182	-	-	-	2,137,182	2,208,917	-	-	-	2,208,917
Cost of sales, services and programs	5,001,589	-	-	-	5,001,589	3,011,219	-	-	-	3,011,219
Property management	1,435,216	-	-	-	1,435,216	1,049,218	-	-	-	1,049,218
Communications and marketing	316,183	-	-	-	316,183	288,054	-	-	-	288,054
	8,890,170	-	-	-	8,890,170	6,557,408	-	-	-	6,557,408
Administration and fundraising:										
Office and administration	1,624,333	-	-	-	1,624,333	1,261,996	-	-	-	1,261,996
Fundraising	547,226	-	-	-	547,226	775,928	-	-	-	775,928
Interest	-	102,166	-	7,079	109,245	-	113,439	-	9,372	122,811
Amortization	-	2,777,472	-	712,334	3,489,806	-	2,780,246	-	499,927	3,280,173
	2,171,559	2,879,638	-	719,413	5,770,610	2,037,924	2,893,685	-	509,299	5,440,908
	16,027,894	2,879,638	-	719,413	19,626,945	13,339,364	2,893,685	-	509,299	16,742,348
<b>Excess (deficiency) of revenue over expenses</b>	<b>805,237</b>	<b>(218,670)</b>	<b>-</b>	<b>(205,389)</b>	<b>381,178</b>	<b>701,991</b>	<b>(232,717)</b>	<b>-</b>	<b>(178,915)</b>	<b>290,359</b>
Fund balance, beginning of year	(80,248)	(2,120,397)	266,956	763,577	(1,170,112)	266,831	(2,510,119)	-	782,817	(1,460,471)
Interfund transfers (note 11)	(553,529)	597,625	(266,956)	222,860	-	(1,049,070)	622,439	266,956	159,675	-
Fund balances, end of year	\$ 171,460	\$ (1,741,442)	\$ -	\$ 781,048	\$ (788,934)	\$ (80,248)	\$ (2,120,397)	\$ 266,956	\$ 763,577	\$ (1,170,112)

See accompanying notes to financial statements.

# EVERGREEN

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017					2016				
	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	Building 16 Capital Assets Fund	Capital Assets Fund	Total
Cash provided by (used in):										
Operating activities:										
Excess (deficiency) or revenue over expenses	\$ 805,237	\$ (218,670)	\$ –	\$ (205,389)	\$ 381,178	\$ 701,991	\$ (232,717)	\$ –	\$ (178,915)	\$ 290,359
Items not involving cash:										
Amortization of capital assets	–	2,777,472	–	712,334	3,489,806	–	2,780,246	–	499,927	3,280,173
Amortization of deferred capital contributions	–	(2,660,968)	–	(514,024)	(3,174,992)	–	(2,660,968)	–	(330,384)	(2,991,352)
	805,237	(102,166)	–	(7,079)	695,992	701,991	(113,439)	–	(9,372)	579,180
Change in non-cash operating working capital:										
Accounts and pledges receivable	(584,863)	13,750	266,956	–	(304,157)	6,618	5,000	(266,956)	–	(255,338)
Prepaid expenses and other	(194,857)	–	–	–	(194,857)	(44,625)	–	–	–	(44,625)
Accounts payable and accrued liabilities	122,404	–	1,261,681	–	1,384,085	326,140	–	–	–	326,140
Deferred revenue	602,887	–	2,127,328	–	2,730,215	166,414	–	–	–	166,414
	750,808	(88,416)	3,655,965	(7,079)	4,311,278	1,156,538	(108,439)	(266,956)	(9,372)	771,771
Financing activities:										
Repayment of long-term debt	–	(614,000)	–	(55,440)	(669,440)	–	(614,000)	–	(79,008)	(693,008)
Interfund transfers	(553,529)	597,625	(266,956)	222,860	–	(1,049,070)	622,439	266,956	159,675	–
Deferred capital contributions committed	–	–	5,279,094	13,283	5,292,377	–	–	266,956	12,980	279,936
	(553,529)	(16,375)	5,012,138	180,703	4,622,937	(1,049,070)	8,439	533,912	93,647	(413,072)
Investing activities:										
Decrease (increase) in short-term investments	(4,141)	–	–	–	(4,141)	37,456	–	–	–	37,456
Deposit returned	–	100,000	–	–	100,000	–	100,000	–	–	100,000
Capital assets additions	–	–	(5,279,094)	(173,674)	(5,452,768)	–	–	(266,956)	(84,275)	(351,231)
	(4,141)	100,000	(5,279,094)	(173,674)	(5,356,909)	37,456	100,000	(266,956)	(84,275)	(213,775)
Increase in cash	193,138	(4,791)	3,389,009	(50)	3,577,306	144,924	–	–	–	144,924
Cash, beginning of year	592,860	4,791	–	50	597,701	447,936	4,791	–	50	452,777
Cash, end of year	\$ 785,998	\$ –	\$ 3,389,009	\$ –	\$ 4,175,007	\$ 592,860	\$ 4,791	\$ –	\$ 50	\$ 597,701
Supplemental cash flow information:										
Capital assets acquired through obligations under capital leases (note 6)	\$ –	\$ –	\$ –	\$ 193,056	\$ 193,056	\$ –	\$ –	\$ –	\$ 47,076	\$ 47,076
Contributed capital assets	–	–	–	–	–	–	–	–	1,395,750	1,395,750

See accompanying notes to financial statements.

# EVERGREEN

Notes to Financial Statements

Year ended December 31, 2017

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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 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, 2017

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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. 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, 2017

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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 accounts receivable, amortization of 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, 2017

### 3. Accounts and pledges receivable:

Accounts and pledges receivable consist of the following balances:

	2017	2016
General Fund:		
Accounts and other receivables	\$ 1,506,576	\$ 1,000,688
Recoverable sales tax	108,195	1,600
Unamortized tenant inducement	181,981	209,601
	<u>\$ 1,796,752</u>	<u>\$ 1,211,889</u>
Evergreen Brick Works Capital Assets Fund:		
Pledges receivable	\$ –	\$ 13,750
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:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 53,261,801	\$ 19,999,048	\$ 33,262,753	\$ 36,038,529
Furniture and fixtures	867,436	867,436	–	–
Vehicles and property management equipment	16,964	12,723	4,241	5,937
	<u>\$ 54,146,201</u>	<u>\$ 20,879,207</u>	<u>\$ 33,266,994</u>	<u>\$ 36,044,466</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 4. Capital assets (continued):

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

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements - under construction	\$ 5,546,050	\$ -	\$ 5,546,050	\$ 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:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Building and leasehold improvements	\$ 629,678	\$ 138,757	\$ 490,921	\$ 462,038
Furniture and fixtures	545,333	259,398	285,935	331,902
Computers and office equipment	952,182	715,430	236,752	42,160
Equipment under capital leases	30,226	27,135	3,091	152,345
Vehicles and property management equipment	158,297	61,203	97,094	37,192
Site improvements	35,087	19,536	15,551	14,726
Licenses	1,303,752	651,876	651,876	1,086,461
	\$ 3,654,555	\$ 1,873,335	\$ 1,781,220	\$ 2,126,824

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 5. Accounts payable and accrued liabilities:

There are no government remittances payable in 2017 and 2016.

## 6. Long-term debt:

	2017	2016
<b>Evergreen Brick Works Capital Assets Fund</b>		
Credit facility (a)	\$ 2,752,000	\$ 3,268,000
Sustainable energy loan (b)	367,500	465,500
	<u>3,119,500</u>	<u>3,733,500</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>\$ 2,505,500</u>	<u>\$ 3,119,500</u>
<b>Capital Assets Fund</b>		
Obligation under capital leases (c)	\$ 241,317	\$ 103,701
Less current portion:		
Obligation under capital leases	69,104	49,556
	<u>\$ 172,213</u>	<u>\$ 54,145</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's 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, 2017

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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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2018	\$ 516,000
2019	516,000
2020	516,000
2021	516,000
2022	516,000
2023	172,000
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	\$ 2,752,000

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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%. The facility is guaranteed by a third party. As at year end, no amount has been drawn.

- (b) On November 22, 2010, Evergreen entered into a Sustainable Energy Funds Loan Agreement with the City of Toronto for \$980,000. 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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2018	\$ 98,000
2019	98,000
2020	98,000
2021	73,500
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	\$ 367,500

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The loan is secured against certain specific equipment of Evergreen.

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 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:

2018	\$	77,106
2019		63,830
2020		42,362
2021		42,362
2022		35,302
		<u>260,962</u>
Less amount representing interest		19,645
		<u>241,317</u>
Less current portion		69,104
		<u>\$ 172,213</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 2017, Evergreen began redevelopment of Building 16 in the north east corner of the Brick Works site. At December 31, 2017, \$5,546,050 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:

	2017	2016
Balance, beginning of year	\$ 34,549,904	\$ 37,210,872
Amortization	(2,660,968)	(2,660,968)
Balance, end of year	<u>\$ 31,888,936</u>	<u>\$ 34,549,904</u>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 7. Deferred capital contributions (continued):

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

	2017	2016
Balance, beginning of year	\$ 266,956	\$ –
Capital contributions received	5,279,094	266,956
Balance, end of year	\$ 5,546,050	\$ 266,956

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

	2017	2016
Balance, beginning of year	\$ 1,259,596	\$ 181,250
Capital contributions received	13,283	1,408,730
Amortization	(514,024)	(330,384)
Balance, end of year	\$ 758,855	\$ 1,259,596

## 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, 2017

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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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2018	\$ 74,000
2019	36,000
2020	3,000
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	\$ 113,000

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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, 2017

## 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 Assets Fund and the Capital Assets Fund. Interfund transfers comprise the following:

2017:

	General Fund	EBW Fund	Building 16 Fund	Capital Assets Fund
Funding of long-term debt and interest repayments from operations	\$ (778,685)	\$ 716,166	\$ –	\$ 62,519
Transfer to operations for pledges and deposits collected	385,547	(118,541)	(266,956)	(50)
Net funding of capital asset purchases	(160,391)	–	–	160,391
	<u>\$ (553,529)</u>	<u>\$ 597,625</u>	<u>\$ (266,956)</u>	<u>\$ 222,860</u>

2016:

	General Fund	EBW Fund	Building 16 Fund	Capital Assets 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>

# EVERGREEN

Notes to Financial Statements (continued)

Year ended December 31, 2017

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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 2016. 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.