EVERGREEN GAMING CORPORATION

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(Unaudited, Prepared by Management)

EVERGREEN GAMING CORPORATION

Notice of No Auditor Review of Interim Condensed Financial Statements

For the three months ended March 31, 2020

The accompanying interim condensed financial statements of the Company for the three months ended March 31, 2020 have been prepared by management and have not been reviewed or audited by the company’s auditors.

The company is required to disclose this fact as required by National Instrument 51-102 released by the Canadian Securities Administrators.

EVERGREEN GAMING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited, Prepared by Management)
(Expressed in U.S. Dollars)
As at

	Notes	March 31, 2020	December 31, 2019
Assets			
Non-current assets			
Property, plant & equipment	9	9,582,590	$ 9,619,239
Goodwill	11	6,435,481	6,435,481
Trademarks		1,185,000	1,185,000
Game licenses, net of amortization		34,667	37,267
Deposits		10,000	67,629
		17,247,738	17,344,616
Current Assets			
Inventories		172,811	214,053
Accounts receivable		25,599	79,483
Prepaid income tax		-	-
Other current assets		66,830	103,547
Cash, restricted	3	2,679,618	2,422,074
Cash	3	$ 14,633,579	$ 16,628,570
		17,578,438	19,447,727
Total Assets		$ 34,826,176	$ 36,792,343

The accompanying notes are an integral part of these consolidated financial statements.

EVERGREEN GAMING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
(Unaudited, Prepared by Management)
(Expressed in U.S. Dollars)
As at

	Notes	March 31, 2020	December 31, 2019
Equity and Liabilities			
Equity			
Common stock	12	17,747,370	17,747,370
Contributed surplus		1,118,645	1,118,645
Retained earnings		5,906,186	6,326,090
Total Equity		24,772,201	25,192,105
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	605,000	606,280
Notes payable	5	4,498,317	4,561,665
Lease liabilities	15	818,346	851,227
Total Non-current liabilities		5,921,663	6,019,172
Current Liabilities			
Trade and other payables	4,7	$ 3,618,286	$ 5,068,344
Notes payable	5	295,524	294,220
Current portion of lease liability	15	218,502	218,502
Total Current Liabilities		4,132,312	5,581,066
Total Liabilities		10,053,976	11,600,238
Total Equity and Liabilities		$ 34,826,176	$ 36,792,343

On behalf of the Board:

"Len Libin" Director — *"Laurence Smith"* Director

Len Libin — Laurence Smith

The accompanying notes are an integral part of these consolidated financial statements.

EVERGREEN GAMING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, Prepared by Management)
(Expressed in U.S. Dollars)
For the quarters ended March 31, 2020 and 2019

		2020	2019
Revenue		7,169,227	9,917,252
Expense			
Labor and benefits		4,114,266	4,503,140
Gaming, food and beverage operating expenses		1,242,841	1,572,799
Marketing and administrative		1,171,570	712,574
Gaming taxes and licenses		976,369	1,278,951
Depreciation	9	130,120	90,972
Total Expenses		7,635,167	8,158,436
Income from operations		(465,940)	1,758,815
Other Income (Expense)			
Finance costs		(78,128)	(52,704)
Gan on disposal of property, plant and equipment		-	
Foreign exchange gain (loss)		(1)	
Other non-operating income		4,051	1,432
Income before income taxes		(540,019)	1,707,543
Provision for income taxes	8	(120,115)	358,584
Net income from comprehensive income		$ (419,904)	$ 1,348,960
Earnings per common share ($ per share)			
Basic		-0.003	0.011
Diluted		-0.003	0.011
Weighted average number of shares			
Basic		123,808,865	123,808,865
Diluted		123,808,865	123,808,865

The accompanying notes are an integral part of these consolidated financial statements.

EVERGREEN GAMING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Unaudited, Prepared by Management)
(Expressed in U.S. Dollars)

	Notes	Attributable to owners of the parent			
		Share capital	Contributed Surplus	Deficit	Total
Balance at January 1, 2019		$ 17,747,370	$ 1,118,645	$ 2,202,501	$ 21,068,516
Net income and comprehensive income				4,123,589	4,123,589
Balance at December 31, 2019		$ 17,747,370	$ 1,118,645	$ 6,326,090	$ 25,192,105
Balance at January 1, 2020		$ 17,747,370	$ 1,118,645	$ 6,326,090	$ 25,192,105
Net income and comprehensive income		-		(419,904)	(419,904)
Balance at March 31, 2020		$ 17,747,370	$ 1,118,645	$ 5,906,186	$ 24,772,201

The accompanying notes are an integral part of these consolidated financial statements.

EVERGREEN GAMING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, Prepared by Management)
(Expressed in U.S. Dollars)
For the quarters ended March 31, 2020 and 2019

	Notes	2020	2019
Cash flows from operating activities			
Net comprehensive income:		$ (419,904)	$ 1,348,960
Adjustments to reconcile net comprehensive income to net cash used by operating activities:			
Depreciation	9	130,121	90,972
Deferred Taxes			
Gain on disposal of property, plant and equipment			
Changes in Assets:			
Accounts receivable		53,884	(21,620)
Inventories		41,241	(6,778)
Other current assets		36,717	80,078
Changes in liabilities:			
Trade and other payables		(1,615,149)	(34,902)
Income tax payable		134,376	358,584
Net cash provided by operating activities		(1,638,712)	1,815,294
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(94,321)	38,809
Proceeds from disposal of property, plant and equipment			-
Decrease (Increase) in deposits		57,629	27,700
Net cash used in investing activities		(36,692)	66,509
Cash flows from financing activities			
Repayment on borrowings	5	(62,043)	(74,785)
Repayment on related party borrowings	5,6	-	
Net cash provided by (used in) financing activities		(62,043)	(74,785)
Change in cash during the year		(1,737,447)	1,807,018
Cash, beginning of year		19,050,644	15,287,977
Cash, end of period		17,313,197	17,094,994
Cash consists of:			
Cash		14,633,579	13,477,607
Restricted Cash		2,679,618	3,617,387
Cash, end of period		$ 17,313,197	$ 17,094,994

1. NATURE OF OPERATIONS

Evergreen Gaming Corporation (the "Company" or "Evergreen") currently operates four house-banked card rooms through its wholly owned Washington State subsidiary Washington Gaming, Inc. The majority of the Company's revenue is derived from operating casinos, which includes revenues from gaming operations, the sale of food and beverages and pull-tabs.

The Company, which is listed on the TSX Venture Exchange, under TSX symbol "TNA", is incorporated in British Columbia with principal offices in Lakewood, Washington. The address of its registered office is 700 – 595 Howe Street, Vancouver, B.C., Canada V6C 2T5.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Financial Reporting Standards Committee ("IFRIC").

The consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

The consolidated financial statements as at March 31, 2020 and 2019 include Evergreen Gaming Corporation and its Washington State subsidiaries as follows:

	2020	2019	Inactive	%owned
Washington Gaming, Inc.	X	X		100%
14040 Gaming LLC.	X	X		100%
Riverside Casino, Inc. (Riverside Casino)	X	X		100%
Gaming Consultants, Inc.	X	X		100%
Gaming Management, Inc.	X	X		100%
Puget Sound Gaming, LLC.	X	X		100%
Tukwila Gaming, LLC.		X	X	100%
TUK Gaming, LLC. (Palace Tukwila)		X	X	100%
Tacoma Casino, LLC. (Chips Casino)	X	X		100%
Pete's Flying Aces, Inc. (Palace Casino)	X	X		100%
Epstein Gaming, LLC. (Goldies Casino)	X	X		100%
La Center Gaming, LLC.	X	X		100%

All significant intercompany transactions and balances have been eliminated upon consolidation. The functional currency of all companies is the United States dollar. All the amounts referenced herein are expressed in U.S. dollars, unless otherwise stated.

The consolidated financial statements of Evergreen Gaming Corporation were authorized for issue by the Board of Directors on June 5, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Judgments and Estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses as of the reporting date. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below:

Goodwill

Goodwill and other intangible assets represent $7,620,481 on the consolidated statements of financial position at March 31, 2020 and March 31, 2019. These assets arose out of business combinations and are accounted for under the acquisition method of accounting, which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair values. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted cost of capital. As part of this allocation process, the Company must identify and attribute values and estimated lives to the intangible assets which may have finite lives. If future events or results differ adversely from these estimates and assumptions, the Company could record impairment charges in the future.

Estimated useful lives of long-lived assets

Judgment is used to estimate each component of an asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If estimated useful lives were incorrect, this could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Contingencies

Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements of financial position and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company and its subsidiaries. The adequacy of provisions is regularly assessed as new information becomes available.

Determination of CGUs

The Company's assets are grouped into CGUs (cash generating units) based on their ability to generate separate identifiable cash flows. The determination of CGUs involves assessment regarding the interdependency of cash inflows and the Company's organizational structure.

Segment reporting

The Company has aggregated its operating segments into one reportable segment based on an assessment that each operating casino has similar economic characteristics, types of customers, services and products provided, and management and reporting structures.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Cash

Cash includes cash held in bank accounts and cash in casinos.

Restricted Cash

The Washington State Gambling Commission requires that cash be on deposit to cover certain jackpots offered to gaming participants, and those monies cannot be used for any other purpose. Included in cash are amounts restricted for jackpots at March 31, 2020 and 2019, of $2,679,618 and $3,617,387, respectively. The liability for these jackpots is included in jackpots and prize liabilities.

Inventory

Inventory is valued at the lower of cost or market with cost determined on a first-in, first-out basis. The majority of inventory consists of food and beverage items with a short useful life and rapid turnover.

Impairment of Long-lived Assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flow expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset or CGU to which it belongs may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset or CGU exceeds its recoverable amount, being the higher of value in use or fair value, less costs to sell. No impairment losses have been recorded for the years ended March 31, 2020 and 2019.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment. Depreciation is expensed on a straight-line basis from the month assets are available for use over the estimated useful lives of the assets at the following rates, which are intended to reduce the carrying value to the estimated residual value.

Furniture, fixtures and equipment	3 to 7 years
Leasehold improvements	lesser of useful life, or lease term including renewals, if applicable
Buildings	lesser of useful life or 40 years
Land	not amortized
Right of use asset	amortized over the shorter of their useful lives and the lease term

During years of construction of significant facilities, the Company capitalizes construction costs, including any borrowing costs, directly attributable to the construction project, which are then classified as Construction in Progress. When the project is complete and ready for use, the costs are transferred to their respective asset component category and are then depreciated separately over the asset’s estimated useful life.

Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and intangible net assets at the date acquired, and is allocated to the cash generating unit (“CGU”) expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill is not amortized but is assessed for impairment at least annually or when events or circumstances indicate that its carrying value may not be fully recoverable. The impairment test requires the Company estimate the CGU's recoverable amount, including goodwill, which is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of a CGU exceeds it recoverable amount, the CGU is considered impaired and is written down to its recoverable amount, with losses recognized in the statements of income and comprehensive income. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible Assets

Trade Name

As part of the acquisition of Epstein Gaming, LLC, the Company identified the trade name of Goldies Casino as an intangible asset. To value the trade name, the Company used the discounted cash flow model that incorporates the relief from royalty method. The trade name has been determined to have an indefinite useful life and is not amortized but is reviewed for impairment annually or whenever events or circumstances indicate that the asset might be impaired or may no longer have an indefinite useful life.

Game License Agreements

In August 2013, the Company purchased five licenses for the Lucky Ladies table games for $104,000. The Company had leased this game for a number of years. The fair market value of these licenses is maintained as long as the game continues to have value in the casinos, which will be measured regularly in the normal course of business. The Company has elected to amortize these licenses over an estimated useful life of 10 years. Accumulated amortization of these licenses was $69,333 and $58,933 as of March 31, 2020 and 2019, respectively. Amortization expense for the quarters ended March 31, 2020 and 2019, was $2,600 and $2,600, respectively.

Financial instruments

Financial assets and liabilities are initially measured at fair value and are recognized in the Company's Consolidated Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")), are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities at FVTPL are recognized immediately in profit or loss.

Financial Assets

Financial assets are initially recorded at fair value and are measured subsequently at either amortized cost, fair value through other comprehensive income, or fair value through profit or loss depending on the classification of the financial assets.

Amortized Cost

Financial assets are measured subsequently at amortized cost using the effective interest rate method if acquired principally to collect contractual cash flows of principal and interest on specified dates. Interest income calculated using the effective interest rate method is recognized in profit or loss through "other non-operating income" on the Consolidated Statements of Income and Comprehensive Income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Through Other Comprehensive Income ("FVTOCI")

Financial assets are measured subsequently at FVTOCI using the effective interest rate method if acquired to collect contractual cash flows of principal and interest on specified dates and to sell the financial asset. Interest income calculated using the effective interest rate method is recognized in profit or loss through "other non-operating income" on the Consolidated Statements of Comprehensive Income. Any other changes to the carrying amount of the financial asset are recognized in OCI.

Fair Value Through Profit or Loss ("FVTPL")

Financial assets are measured subsequently at FVTPL by default or do not meet the criteria for being measured at amortized cost or FVTOCI. Fair value gains or losses at the end of each reporting period are recognized in profit or loss through "other non-operating income" on the Consolidated Statements of Comprehensive Income to the extent they are not part of a designated hedging relationship.

Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether to recognize a loss allowance for expected credit losses ("ECL") for a financial asset or a group of financial assets, other than those classified as FVTPL. If there is objective evidence that an ECL exists, the loss is recognized in profit or loss with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account. The ECL is estimated as the difference between the contractual cash flows that the Company is entitled to receive and the cash flows that the Company expects to receive.

Financial Liabilities

Financial liabilities that are held-for-trading are measured subsequently at FVTPL, with gains and losses arising on changes in fair value recognized in profit or loss through "other non-operating income" on the Consolidated Statements of Comprehensive Income to the extent they are not part of a designated hedging relationship. Changes in fair value of the financial liability due to changes in the credit risk of the liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other financial liabilities not designated as at FVTPL are measured subsequently at amortized cost using the effective interest rate method.

Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Financial Instruments

The following table summarizes the Company's selected financial instrument classifications based on its intentions:

Financial instrument	Measurement
Cash	Amortized cost
Accounts receivable	Amortized cost
Trade and other payables	Amortized cost
Notes payable	Amortized cost
Lease Liability	Amortized cost

Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recorded as finance costs on the consolidated statement of comprehensive income. Provisions are not recorded for future operating losses.

Revenue recognition

The Company evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations in accordance with IFRS 15. Where such performance obligations are concluded to be distinct from each other, the consideration the Company expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices. Performance obligations that are concluded not to be distinct are combined together into a single unit of account. Revenue is recognized at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied.

The Company's arrangements include the following sources of revenue:

Gaming revenues

The Company operates table games in Washington State pursuant to annual gaming licenses issued by the Washington State Gaming Commission. Gaming revenues are the net difference between gaming wins and losses calculated on a daily basis from table games and exclude county or municipal gaming taxes which are presented as an expense.

Customer loyalty programs

For customer loyalty programs operated by the Company, a portion of gaming revenues received for which loyalty rights are earned by our customers are recorded as a contract liability based on the rewards' allocated amount using their relative selling price and then subsequently recognized as revenue in a future period when the rewards are redeemed. The revenue classification at that time will depend on the type of rewards redeemed.

The estimated selling price of loyalty rewards is determined using an equivalent cash cost approach which uses historical data of award redemption patterns considering the alternative goods or services for which the rewards can be redeemed. The estimated selling price of rewards is adjusted for an estimate of rewards that will not be redeemed based on historical redemption patterns. Historically non-redeemed loyalty rewards have not been significant.

Promotional allowances

Promotional allowances relating to gaming revenues are recorded at the face value offered to guests without charge and are deducted from revenues when redeemed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hospitality revenues

Hospitality revenues, which include food and beverage revenues, are recorded as goods are delivered, or services are performed. Promotional allowances related to hospitality revenues are recorded at the retail value of food and beverage, accommodations, and other incentives furnished to guests without charge and are deducted from hospitality revenues when redeemed.

Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options. No stock options were issued in the quarter ended March 31, 2020 or the year ended December 31, 2019.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expensed to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Foreign currency translation

The functional currency of the Company and its subsidiaries is the US dollar since that is what a large majority of Company transactions are composed of. The few monetary assets and liabilities of the Company denominated in Canadian dollars are translated at the exchange rate in effect at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenue and expense items denominated in a foreign currency are translated at year to date average exchange rates prevailing when such items are recognized in the statement of comprehensive income. Exchange gains and losses arising on translation of foreign currency items are included in the consolidated statement of comprehensive income.

Earnings per share

The Company uses the treasury stock method of computing earnings per share whereby basic earnings per share are computed by dividing the net income for the year by the weighted average number of common shares outstanding during the year.

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(Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

For diluted per share computations, assumptions are made regarding potential common shares outstanding during the period. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby increasing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted earnings per share is the same as basic earnings per share

Changes in Accounting Policies

Effective January 1, 2019, the Company adopted the following revised International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

i) *IFRS 16 Leases*

Effective on January 1, 2019, the Company adopted IFRS 16 which resulted in changes to accounting policies regarding presentation of leases. IFRS 16 establishes new principles in the recognition, disclosure and presentation of leases. The standard requires long term leases to be recognized on the statement of financial position. At the beginning of the lease the lessee will recognize a liability to make lease payments and an asset representing the right of use of the asset. The liability is calculated using the Company's incremental borrowing rate. The right of use asset is depreciated on a straight-line basis using a period of the shorter of either the contract or useful life. IFRS 16 has been applied using the modified retrospective approach which allows for the cumulative impact of the adjustment to the opening balances as of January 1, 2019 without restating comparatives. The following table can be used to understand the impact of the financial position as of January 1, 2019. Evergreen has elected the following practical expedient elections whereby (i) there is no need to reassess whether an existing contract is a lease, or contains an embedded lease if previously determined under IAS 17, (ii) short term and low value leases are treated as operating leases, and (iii) there is no need to reassess the pervious assessments in respect of onerous contracts that confirmed there were no existing onerous contracts.

	December 31,2018 (as originally presented)	IFRS 16 (adjustment)	January 1, 2019 (as adjusted)
Non-current assets:			
Property, plant and equipment	-	1,193,846	1,193,846
Current liability:			
Lease Liability	-	(218,502)	(218,502)
Non-current liability			
Lease Liability	-	(975,344)	(975,344)

(1) Discounted borrowing rate of 9%
(2) Right of use assets are depreciated over the shorter of the asset's useful life or lease term.

Reconciliation of total lease liabilities from operation lease commitments

	January 1, 2019
Operating lease commitments disclosed as at December 31, 2018	653,499
Add adjustment due to different treatment of extension or termination options	1,037,053
Less adjustment due to present valuing lease payments	(496,706)
Opening current and non-current lease liabilities as at January 1, 2019	1,193,846

4. FINANCIAL INSTRUMENTS

i) Credit Risk

Credit risk is the risk that a party to one of the Company's financial instruments will cause a financial loss to the Company by failing to discharge an obligation. Assets subject to credit risk are carried on the Consolidated Statement of Financial Position at values that represent their approximate fair value. Such assets include cash and accounts receivable.

Cash – Credit risk associated with cash is minimized substantially by ensuring that cash is placed in capitalized financial institutions. While the Company is exposed to credit losses due to defaults by those who are custodians of the cash, the Company considers the risk remote.

Accounts receivable – Credit risk associated with these assets is minimized by the nature of the amounts. The majority of these receivable balances are due from income tax credits from the Canadian Revenue Agency. The Company believes all such amounts are collectible and thus no allowance has been recorded for these receivables.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

Expected payments as at March 31, 2020

	Within 1 year	Within 2 - 3 years	Within 4-5 years	More than 5 years	Total
Trade, income tax & other payables	$ 3,618,286	$ -	$ -	$ -	$ 3,618,286
Notes payable	295,524	611,562	669,629	3,217,126	4,793,841
Lease liability	229,788	459,576	459,576	311,823	1,460,763
	4,143,598	1,071,138	1,129,205	3,600,807	9,872,890

iii) Market risk

Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates and/or foreign currency exchange rates. The effect on the carrying amount of the Company's financial instruments that are subject to foreign currency risk is determined by applying reasonably possible changes in foreign currency rates to the Company's reporting currency, the United States dollar. A weakening of the U.S. dollar would increase the value of the Company's Canadian dollar-denominated assets at the date of measurement and change the average rates at which Canadian operating results are converted to U.S. dollars. Since there are immaterial balances denominated in Canadian dollars, increases or decreases in the value of the U.S. dollar relative to the Canadian dollar at the measurement date would have resulted in insignificant impact on income and comprehensive income.

4. FINANCIAL INSTRUMENTS (Continued)

iv) Fair value

The fair values of cash, accounts receivable, trade and other payables approximate their carrying values due to their short-term nature.

The disclosure of the three-level fair value hierarchy reflects the significance of the inputs used in measuring fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices in active markets for identical assets and liabilities, either directly or indirectly.

Level 3 — Inputs that are not based on observable market data.

The Company does not hold any Level 1 financial assets or liabilities that are based on unadjusted quoted prices trading in active markets.

The Company's long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at March 31, 2020, the Company's long-term debt instruments had a fair value of $5,056,102 (2018 - $5,121,525) and a carrying value of $4,793,841 (2018 - $4,855,885).

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and Level 3 financial instruments during the year.

(Expressed in U.S. Dollars)

5. NOTES PAYABLE

	March 31, 2020	December 31, 2019
Notes payable:		
Opening balance	$ 4,855,885	$ 5,154,066
Repayment of debt	(62,044)	(298,181)
Closing balance	$ 4,793,841	$ 4,855,885
Current portion	295,524	294,220
Non-current portion	4,498,317	4,561,665
Total	$ 4,793,841	$ 4,855,885

* Interest rate risk is monitored by the Company's executive management. Interest rates on all debt are initially fixed and then may be adjusted from time to time based on changes in an independent index. There are no prepayment penalties on the remaining terms for any of the Company's current debt obligations.

(Expressed in U.S. Dollars)

5. NOTES PAYABLE (Continued)

Notes payable consisted of the following:

	March 31, 2020	December 31, 2019
Payable to Banner Bank, 4.47%, due 12/1/26, payments of $23,909 monthly, principal and interest.(1)	$ 2,410,279	$ 2,442,069
Payable to Banner Bank, 4.5%, due 3/1/26, payments of $18,608 monthly, principal and interest.(2)(3)	2,383,561	2,413,816
Less current portion	(295,524)	(294,220)
Total long-term debt	$ 4,498,316	$ 4,561,665

(1) Interest rate is fixed at 4.47% for the remainder of the term. The loan is secured by both stock in the Riverside Casino and the real estate, and contains a financial covenant requiring the Company to maintain a Debt Service Coverage Ratio equal to or in excess of 1.35 to 1.00.
(2) Secured by real estate owned by LaCenter Gaming LLC.
(3) 10-year $2,925,000 loan at Banner Bank carries a 4.5% fixed interest rate for the first five years. In years 6-10, the rate will be calculated based on the Bullet Rate for the 5-year FHLB Fixed Rate Advances (the “Index”) plus a margin of two and one-half percentage points (2.500%). If the Index rate changes, the amount or number of monthly payments and/or the final payment amounts may change to accommodate the change in interest rate. The interest rate may not fall below the initial 4.5%, and its maximum is limited by law. This loan contains a financial covenant requiring the Company to maintain a Debt Service Coverage Ratio equal to or in excel of 1.35 to 1.00.
(4) At March 31,2020 and 2019 the Company was in compliance with all financial covenants.

Principal maturities of notes payable are as follows:

2020	$ 232,220
2021	309,236
2022	323,584
2023	338,598
2024	354,308
Thereafter	3,235,895
	$ 4,793,841

(Expressed in U.S. Dollars)

6. RELATED PARTY TRANSACTIONS

Compensation of key management

Key management include the Company's directors and executive officers.

	Quarter ended March 31, 2020	Quarter ended March 31, 2019
Compensation awarded to key management included:		
Salaries and short-term employee benefits	$ 53,076	$ 75,000
Directors fees	61,450	31,700
	$ 114,526	$ 106,700

7. OPERATING SEGMENT INFORMATION

Management has determined that the Company functions in one operating segment, that of casinos in Washington State. The Company's operates all four casinos consistently, allowing for minor deviations as to clientele, location and competition. Management reviews the results of casino operations side by side and in comparison to each of the other casinos looking at gaming win percentage, labor costs, food & beverage costs, operating costs and overhead expenses, in order to improve profitability and streamline operations, including vendor contracts covering all casinos to take advantage of their combined purchasing power. Geographically, the casinos are within 75 miles of each other. All revenues are earned in the United States and substantially all long-lived assets are domiciled in the United States.

(Expressed in U.S. Dollars)

8. INCOME TAXES

The Company has available for deduction against future taxable income US non-capital losses of approximately $990,000 (2018- $1,019,000). Subject to certain restrictions, the Company also has Canadian resource expenditures available of approximately $2,136,000 (USD $1,505,604) to reduce taxable income in future years. Resource expenditures arose when the Company was in the natural resource industry. Due to the uncertainty of their realization, a deferred tax asset has not been recognized in respect of the resource expenditures.

9. PROPERTY, PLANT AND EQUIPMENT

		2020		2019
Opening net book value, beginning of year:	$	9,619,239	$	10,016,660
Additions – Cash (1)		94,321		123,737
Write off assets		-		10,399
Disposals		850		-
Depreciation		(130,120)		(531,556)
Closing net book value, March 31, 2020:	$	9,582,590	$	9,619,239

(1) Cash additions as of 3/31/2020 include surveillance upgrades for two properties along with kitchen equipment. Property and equipment consisted of the following as at:

		March 31, 2020		December 31, 2019
Land	$	3,660,193	$	3,660,193
Furniture, fixtures and equipment		1,650,403		1,556,082
Leasehold improvements		2,666,275		2,666,275
Buildings		4,839,807		4,839,807
Right of use asset		997,378		1,033,708
Less: accumulated depreciation		(4,231,466)		(4,136,826)
Property and equipment, net	$	9,582,590	$	9,619,239

Depreciation expense for the quarters ended March 31, 2020 and 2019 was $97,240 and $90,972, respectively.

(Expressed in U.S. Dollars)

10. CAPITAL MANAGEMENT

The Company considers capital to consist of shareholders equity, notes payable and notes payable, related parties. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the development plans of its properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There are no externally imposed capital requirements.

The Company's objectives are to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk and to manage capital in a manner which balances the interests of equity and debt holders. The Company manages its capital structure in light of changes in economic conditions and the risk characteristics of the Company's operations. Allocations of capital within the Company are subject to return metrics including the weighted average cost of capital. The Company currently plans to use its cash and cash flow from operations to repay debt and ensure all properties remain fully functional and operationally competitive.

There have been no changes to the Company's capital management policies during the quarter ended March 31, 2020.

11. GOODWILL

		Total
Riverside (1)	$ 427,780	
Goldies (2)	6,007,701	
Balance at December 31, 2019		$ 6,435,481
Impairment		-
Balance at March 31, 2020		$ 6,435,481

(1) Goodwill attributable to Riverside Casino, the flagship casino of the Company and a profitable operation over the last 7 years.

(2) Goodwill attributable to Goldies Casino in Shoreline was recognized in the 2011 purchase of Timrick, LLC. The casino is in an established location in the center of a densely populated area and has been open for more than 13 years. It has been consistently profitable. There is no gaming in the city limits of Seattle which allows Shoreline just to the north to capture the market. The City of Shoreline has ruled that there will be no additional casinos in that city. In early 2012 the competing Parker's casino in Shoreline closed, and at the end of July 2013, the Drift on Inn Casino also ceased operations. These factors combined justify the goodwill acquired and created with the acquisition of the casino.

At December 31, 2019, the Company assessed for impairment the recoverable amount of goodwill for both the Riverside and Goldies businesses and no impairment was required. The recoverable value of each CGU was based on estimated fair value using a market approach. Fair value was based on a multiple of earnings before interest, income taxes, and depreciation comparable with observed guideline public comparable multiples.

(Expressed in U.S. Dollars)

12. SHARE CAPITAL

	Number of shares	Share capital
Balance at March 31, 2020 and March 31, 2019	123,808,865	$ 17,747,370

Authorized number of shares – unlimited.

Holders of common stock are entitled to one vote for each share held. There are no restrictions that limit the Company's ability to pay dividends on its common stock.

Stock options

Under the 2006 Amended and Restated Stock Option Plan (the Plan) the Company may grant options to its directors, officers, employees, consultants and other service providers to acquire up to 3,600,000 shares. Under this plan, the exercise price of each option equals the market price of the Company's stock on the date of grant, less allowable discounts, with options having a maximum term of ten years. The options are generally subject to a vesting schedule whereby 25% of the options vest six months after the date of grant and 25% vests every six months thereafter. There have been no options granted since October 2007. There are no options outstanding as of March 31, 2020 and December 31, 2019.

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has numerous cancelable operating leases for food and beverage equipment, signage, table games, and related equipment. Rent expense under these leases for the quarters ended March 31, 2020 and 2019, was $106,233 and $139,970, respectively.

Litigation

The Company is subject to legal proceeding, claims and investigations in the ordinary course of business. Liabilities related to such matters are recorded when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. All legal costs associated with litigation are expensed as incurred.

14. DEFINED CONTRIBUTION PLAN

Effective February 28, 2018, employees of the Company were eligible to participate in the Washington Gaming, Inc. 401(k) Plan (the Plan), a defined contribution plan. Eligibility requirements for employee deferrals include completion of six months of service, and employees must be age 21. Employees may elect to defer a portion of their annual compensation to the Plan, not to exceed a specific dollar amount determined by the Internal Revenue Service. The Company may elect to make discretionary matching and profit-sharing contributions for employees who have completed one year, or 1,000 hours, of service. The Company did not elect to make contributions for the quarter ending March 31, 2020.

(Expressed in U.S. Dollars)

15. LEASE LIABILITIES

	2020	2019
As of January 1st	1,069,729	1,193,846
Additions	-	-
Interest expense	24,567	105,671
Lease payments	(57,447)	(229,788)
Lease Liabilities	1,036,849	1,069,729
Less: current portion	218,502	218,502
As at March 31 & December 31	818,347	851,227

16. REVENUES

The Company's sources of revenue are shown below.

	2020	2019
Table games	$ 5,106,814	$ 7,455,300
Food and beverage	1,904,628	2,225,378
Other	88,871	159,367
Pull tabs	68,913	77,207
Total revenues	7,169,227	9,917,252

17. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a pandemic. In response to the risks the outbreak presents to the Company’s employees and customers, on March 16, 2020, the State of Washington, through proclamation by the Governor, closed non-tribal card rooms. To the extent that state, federal, or other governments or agencies further restrict or limit access to the card rooms or place restrictions or limits on public travel in general, additional declines in customer traffic may be experienced beyond March 31, 2020. Further, travel limits or restrictions, coupled with further spread of the illness, may negatively impact the availability of vendor and/or employee resources necessary to maintain services and amenities as offered currently or in the future. The duration and magnitude of the impact of the coronavirus and resulting disruption to the Company’s operations is uncertain. While not yet quantifiable, the Company expects this situation to have a material adverse impact on its operating results in the first six months of 2020 and will continue to assess the financial impact for the remainder of the year.