

**THE KENSINGTON CONSERVANCY U.S.**  
**Financial Statements**  
**Year Ended December 31, 2021**

**THE KENSINGTON CONSERVANCY U.S.**  
**Index to Financial Statements**  
**Year Ended December 31, 2021**

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	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8



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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of The Kensington Conservancy U.S.

I have reviewed the accompanying financial statements of The Kensington Conservancy U.S. (the organization) that comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and 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 (ASNPO), 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.

### *Practitioner's Responsibility*

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of The Kensington Conservancy U.S. as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Sault Ste. Marie, Ontario  
June 14, 2022

Chartered Professional Accountant

*Authorized to practice public accounting by  
The Chartered Professional Accountants of Ontario*

**THE KENSINGTON CONSERVANCY U.S.**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>Assets</b>		
Current		
Cash - operations fund	\$ 145,466	\$ 92,608
Cash - endowment fund	8,438	83,910
Marketable securities at fair market value	938,907	916,157
	<b>\$ 1,092,811</b>	<b>\$ 1,092,675</b>
<b>Liabilities and Fund Balances</b>		
Current		
Accounts payable	\$ 2,961	\$ 3,040
Fund Balances		
Operations fund	142,505	89,568
Endowment fund	947,345	1,000,067
	<b>1,089,850</b>	<b>1,089,635</b>
	<b>\$ 1,092,811</b>	<b>\$ 1,092,675</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**THE KENSINGTON CONSERVANCY U.S.**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2021**

	2021	2020
<b>Revenues</b>		
Donations	\$ 117,627	\$ 331,302
Membership	6,536	3,510
Fundraising and other income	60	-
Investment income	18,209	12,620
Gains (losses) on disposal of investments	11,223	(14,707)
Increase (decrease) in market value of investments	40,553	71,491
	<u>194,208</u>	<u>404,216</u>
<b>Expenditures</b>		
Bank charges and interest	685	416
Office	311	-
Professional fees	4,028	915
The Kensington Conservancy - Canada	188,969	72,000
	<u>193,993</u>	<u>73,331</u>
<b>Excess of revenues over expenditures</b>	<b>\$ 215</b>	<b>\$ 330,885</b>

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

**THE KENSINGTON CONSERVANCY U.S.**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2021**

	Operations Fund	Endowment Fund	<b>2021</b>	2020
<b>Fund balances - beginning of year</b>	\$ 89,568	\$ 1,000,067	<b>\$ 1,089,635</b>	\$ 758,750
Excess of revenues over expenditures	(69,769)	69,984	<b>215</b>	330,885
Interfund transfers	122,706	(122,706)	-	-
<b>Fund balances - end of year</b>	<b>\$ 142,505</b>	<b>\$ 947,345</b>	<b>\$ 1,089,850</b>	<b>\$ 1,089,635</b>

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

**THE KENSINGTON CONSERVANCY U.S.****Statement of Cash Flows****Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Excess of revenues over expenditures	\$ 215	\$ 330,885
Items not affecting cash:		
Loss (gain) on disposal of investments	(11,223)	14,707
Increase (decrease) in market value of investments	(40,553)	(71,491)
Stock donations	(12,834)	-
	<u>(64,395)</u>	<u>274,101</u>
Changes in non-cash working capital:		
Accounts payable	(79)	(164)
Cash - endowment fund	75,472	(23,615)
	<u>75,393</u>	<u>(23,779)</u>
Cash flow from operating activities	<u>10,998</u>	<u>250,322</u>
<b>Investing activity</b>		
Proceeds from sale (purchase) of marketable securities	41,860	(236,089)
<b>Increase in cash flow</b>	<b>52,858</b>	<b>14,233</b>
Cash - beginning of year	<u>92,608</u>	<u>78,375</u>
<b>Cash - end of year</b>	<b>\$ 145,466</b>	<b>\$ 92,608</b>

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

# THE KENSINGTON CONSERVANCY U.S.

## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. Purpose of the organization

The Kensington Conservancy U.S. (the "organization") is a not-for-profit organization of Illinois. The organization is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The Kensington Conservancy is a land trust that works to protect lands and waters by purchasing property, accepting donations of land, and through voluntary conservation agreements. These protection methods are all aimed at protecting our precious landscape in perpetuity.

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### 2. Summary of significant accounting policies

#### (a) Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

#### (b) Use of estimates

The preparation of financial statements in accordance with Canadian standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses.

#### (c) Revenue recognition - contributions

The Kensington Conservancy U.S. 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 amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### (d) Revenue recognition - fundraising and other revenue

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

#### (e) Contributed services

Volunteers contribute several hours per year to assist the Association in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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**THE KENSINGTON CONSERVANCY U.S.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**2. Summary of significant accounting policies (continued)**

(f) Currency

All amounts on the financial statements are in US dollars.

(g) Cash and short term investments

Short-term debt securities purchased with maturity of three months or less to are classified as cash equivalents.

(h) Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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**3. Related party transactions**

The organization is under common control with its sister organization, The Kensington Conservancy Canada with the same management and Board of Directors. Amounts due from the sister organization are without interest or fixed payment conditions. All transfers between the two organizations are done with the approval of the Board of Directors.

	<u>2021</u>	<u>2020</u>
Transfer to The Kensington Conservancy Canada	\$ <u>188,969</u>	\$ <u>72,000</u>

At December 31, 2021, there were no outstanding receivables or payables between the two organizations.

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**4. Financial instruments**

The organization is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2021.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization's main credit risks relate to its accounts receivable. The risk is low as all receivables are from confirmed revenue sources.

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

**(c) Market risk**

*(continues)*

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**THE KENSINGTON CONSERVANCY U.S.**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

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**4. Financial instruments (continued)**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to currency risk and other price risk.

**(d) Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

**(e) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in quoted shares.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

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