

THE KENSINGTON CONSERVANCY U.S.

Financial Statements

Year Ended December 31, 2022

THE KENSINGTON CONSERVANCY U.S.
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Year Ended December 31, 2022

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Sault Ste. Marie, Ontario
June 22, 2023

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, 2022

	2022	2021
Assets		
Current		
Cash - operations fund	\$ 80,224	\$ 145,466
Cash - endowment fund	19,542	8,438
Marketable securities at fair market value	822,974	938,907
	\$ 922,740	\$ 1,092,811
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 3,245	\$ 2,961
Fund Balances		
Operations fund	76,979	142,505
Endowment fund	842,516	947,345
	919,495	1,089,850
	\$ 922,740	\$ 1,092,811

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, 2022

	2022	2021
Revenues		
Donations	\$ 76,907	\$ 117,627
Membership	10,625	6,536
Fundraising and other income	140	60
Investment income	14,186	18,209
Gravel Point Fundraiser	239,488	-
Gain (loss) on sale of marketable securities	(25,435)	11,223
	<u>315,911</u>	<u>153,655</u>
Expenses		
Bank charges and interest	1,053	685
Office	240	311
The Kensington Conservancy - Cdn	386,280	188,969
Professional fees	4,673	4,028
	<u>392,246</u>	<u>193,993</u>
Deficiency of revenues over expenses from operations	(76,335)	(40,338)
Other income (expenses)		
Unrealized gain (loss) on marketable securities	(94,020)	40,553
Excess (deficiency) of revenues over expenses	\$ (170,355)	\$ 215

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, 2022

	Operations Fund	Endowment Fund	2022	2021
Fund balances - beginning of year	\$ 142,505	\$ 947,345	\$ 1,089,850	\$ 1,089,635
Deficiency of revenues over expenses	(65,085)	(105,270)	(170,355)	215
Transfer (from) to fund	(441)	441	-	-
Fund balances - end of year	\$ 76,979	\$ 842,516	\$ 919,495	\$ 1,089,850

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

THE KENSINGTON CONSERVANCY U.S.
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (170,355)	\$ 215
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	284	(79)
Cash - endowment fund	(11,104)	75,472
	<u>(10,820)</u>	<u>75,393</u>
Cash flow from (used by) operating activities	<u>(181,175)</u>	<u>75,608</u>
Investing activity		
Decrease (increase) in investments	<u>115,933</u>	<u>(22,750)</u>
Increase (decrease) in cash flow	(65,242)	52,858
Cash - beginning of year	<u>145,466</u>	<u>92,608</u>
Cash - end of year	\$ 80,224	\$ 145,466

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

THE KENSINGTON CONSERVANCY U.S.

Notes to Financial Statements

Year Ended December 31, 2022

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.

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 (ASNFP). (ASNFP). Canadian accounting standards for not-for-profit organizations (ASNFP). are part of Canadian GAAP.

(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) Fund accounting

The Kensington Conservancy U.S. follows the deferral method of accounting for contributions.

The Operating Fund is designed to meet the cash flow requirements of The Kensington Conservancy.

The Property Acquisition Fund represents the funds that are designated for Land Acquisition, Land Improvement and Stewardship Funds for donated property when none is included with the donation.

The Endowment Fund is designed to provide income to support all aspects of the Kensington Conservancy. The interest and dividends earned from the capital of the Endowment Fund can be used with approval of the finance committee to support The Kensington Conservancy's annual operating budget, special projects, property acquisition, or to compensate for capital losses in the fund.

(d) 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.

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THE KENSINGTON CONSERVANCY U.S.
Notes to Financial Statements
Year Ended December 31, 2022

2. Summary of significant accounting policies (continued)

(e) 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.

(f) 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.

(g) Currency

All amounts on the financial statements are in US dollars.

(h) Cash and short term investments

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

(i) 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.

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>2022</u>	<u>2021</u>
Transfer to The Kensington Conservancy Canada	\$ <u>386,280</u>	\$ <u>188,969</u>

At December 31, 2022, there were no outstanding receivables or payables between the two organizations.

4. Financial instruments

(continues)

THE KENSINGTON CONSERVANCY U.S.

Notes to Financial Statements

Year Ended December 31, 2022

4. Financial instruments *(continued)*

The organization is exposed to various risks through its financial instruments and has a comprehensive 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, 2022.

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.

Market risk

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.

Currency risk

Currency risk is the risk to the organization'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 organization does not use derivative instruments to reduce its exposure to foreign currency risk.

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.
