

THE KENSINGTON CONSERVANCY
Financial Statements
Year Ended December 31, 2023

THE KENSINGTON CONSERVANCY
Index to Financial Statements
Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Revenues and Expenditures	5 - 6
Statement of Changes in Fund Balances	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

INDEPENDENT AUDITOR'S REPORT

To the Directors of The Kensington Conservancy

Opinion

I have audited the financial statements of The Kensington Conservancy (the "organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

(continues)

1

Independent Auditor's Report to the Directors of The Kensington Conservancy (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Sault Ste. Marie, Ontario
June 28, 2024

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

THE KENSINGTON CONSERVANCY
Statement of Financial Position
December 31, 2023

	Operations Fund 2023	Operations Reserve Fund 2023	Capital Assets Fund 2023	Restricted Stewardship Fund 2023	Land Securement Fund 2023	Endowment Fund 2023	Total 2023	Total 2022
Assets								
Current								
Cash	\$ 72,391	\$ -	\$ -	\$ -	\$ 199,772	\$ 4,005	\$ 276,168	\$ 79,551
Term deposits (Note 3)	-	49,372	-	436,007	692,532	631,678	1,809,589	470,697
Marketable securities (Note 4)	-	-	-	-	102,297	569,438	671,735	-
Harmonized sales tax recoverable	3,640	-	-	-	-	-	3,640	7,875
Prepaid expenses	10,942	-	-	-	-	-	10,942	13,520
	86,973	49,372	-	436,007	994,601	1,205,121	2,772,074	571,643
Long term								
Property, plant and equipment (Note 5)	-	-	1,897,402	-	-	-	1,897,402	1,914,647
	\$ 86,973	\$ 49,372	\$ 1,897,402	\$ 436,007	\$ 994,601	\$ 1,205,121	\$ 4,669,476	\$ 2,486,290

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

THE KENSINGTON CONSERVANCY

Statement of Financial Position

December 31, 2023

	Operations Fund 2023	Operations Reserve Fund 2023	Capital Assets Fund 2023	Restricted Stewardship Fund 2023	Land Securement Fund 2023	Endowment Fund 2023	Total 2023	Total 2022
Liabilities and Fund balances								
Current								
Accounts payable and accrued liabilities	\$ 944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 944	\$ 1,598
Government remittances payable	3,902	-	-	-	-	-	3,902	9,147
Deferred revenue	4,633	-	-	-	-	-	4,633	11,559
CEBA loan	-	-	-	-	-	-	-	40,000
Deferred government assistance	-	-	-	-	-	-	-	20,000
	<u>9,479</u>	-	-	-	-	-	9,479	82,304
Deferred capital contributions	-	-	18,697	-	-	-	18,697	19,476
	9,479	-	18,697	-	-	-	28,176	101,780
Fund balances	<u>77,494</u>	49,372	1,878,705	436,007	994,601	1,205,121	4,641,300	2,384,510
	\$ 86,973	\$ 49,372	\$ 1,897,402	\$ 436,007	\$ 994,601	\$ 1,205,121	\$ 4,669,476	\$ 2,486,290

ON BEHALF OF THE BOARD

_____ Director

_____ Director

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

THE KENSINGTON CONSERVANCY
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	Operations Fund 2023	Operations Reserve Fund 2023	Capital Assets Fund 2023	Restricted Stewardship Fund 2023	Land Securement Fund 2023	Endowment Fund 2023	2023 2023	2022 2022
Revenues								
The Kensington Conservancy - U.S.	\$ 2,199,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,199,038	\$ 492,223
Grants	61,284	-	-	-	-	-	61,284	47,106
Donations	57,142	-	-	-	-	-	57,142	39,517
Gravel Point Fundraiser	4,000	-	-	-	-	-	4,000	118,723
Membership	9,762	-	-	-	-	-	9,762	8,804
Miscellaneous	4,943	-	-	-	-	-	4,943	4,920
Green Expo	2,525	-	-	-	-	-	2,525	1,916
Summer Day Camp	4,406	-	-	-	-	-	4,406	4,000
TKCopoly	360	-	-	-	-	-	360	60
CEBA loan forgiveness	20,000	-	-	-	-	-	20,000	-
Interest income from term deposits	-	1,767	-	12,915	5,580	5,089	25,351	9,697
Investment income	-	-	-	-	-	4,005	4,005	-
Unrealized gain (loss) on investments	-	-	-	-	3,682	139,462	143,144	-
Amortization of deferred capital contributions	-	-	779	-	-	-	779	811
	2,363,460	1,767	779	12,915	9,262	148,556	2,536,739	727,777

(continues)

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

THE KENSINGTON CONSERVANCY
Statement of Revenues and Expenditures (continued)
Year Ended December 31, 2023

	Operations Fund 2023	Operations Reserve Fund 2023	Capital Assets Fund 2023	Restricted Stewardship Fund 2023	Land Securement Fund 2023	Endowment Fund 2023	2023 2023	2022 2022
Expenditures								
Advertising	218	-	-	-	-	-	218	314
Amortization	-	-	17,245	-	-	-	17,245	15,753
Bank charges	246	-	-	-	-	-	246	779
Campaign Expenses	1,776	-	-	-	-	-	1,776	1,720
Conferences	3,278	-	-	-	-	-	3,278	7,205
Directory	565	-	-	-	-	-	565	540
Grant expenses	21,074	-	-	-	-	-	21,074	17,697
Great Lakes Guardian expenses	3,760	-	-	-	-	-	3,760	-
Green Expo	1,449	-	-	-	-	-	1,449	2,283
Insurance	6,799	-	-	-	-	-	6,799	5,787
Memberships	2,100	-	-	-	-	-	2,100	7,244
Office and general	3,329	-	-	-	-	-	3,329	3,995
Professional fees	10,850	-	-	-	-	-	10,850	14,784
Projects and resources	8,971	-	-	-	-	-	8,971	9,221
Rent	2,325	-	-	-	-	-	2,325	1,636
Repairs and maintenance	3,431	-	-	-	-	-	3,431	3,400
Stewardships	10,260	-	-	-	-	-	10,260	16,933
Telephone	3,680	-	-	-	-	-	3,680	3,418
Travel	420	-	-	-	-	-	420	-
Wages and benefits	175,269	-	-	-	-	-	175,269	164,856
Website	2,904	-	-	-	-	-	2,904	2,740
	262,704	-	17,245	-	-	-	279,949	280,305
Excess (deficiency) of revenues over expenditures	\$ 2,100,756	\$ 1,767	\$ (16,466)	\$ 12,915	\$ 9,262	\$ 148,556	\$ 2,256,790	\$ 447,472

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

THE KENSINGTON CONSERVANCY
Statement of Changes in Fund Balances
Year Ended December 31, 2023

	Operations Fund	Operations Reserve Fund	Restricted Investment in Capital Assets	Restricted Stewardship Fund	Land Securement Fund	Endowment Fund	2023	2022
Fund balances - beginning of year	\$ 18,642	\$ 47,605	\$ 1,895,171	\$ 423,092	\$ -	\$ -	\$ 2,384,510	\$ 1,937,038
Excess of revenues over expenditures	2,100,756	1,767	(16,466)	12,915	9,262	148,556	2,256,790	447,472
Interfund transfers	(2,041,904)	-	-	-	985,339	1,056,565	-	-
Fund balances - end of year	\$ 77,494	\$ 49,372	\$ 1,878,705	\$ 436,007	\$ 994,601	\$ 1,205,121	\$ 4,641,300	\$ 2,384,510

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

THE KENSINGTON CONSERVANCY
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
Operating activities		
Excess of revenues over expenditures	\$ 2,256,790	\$ 447,472
Item not affecting cash:		
Amortization of capital assets	17,245	15,753
	<u>2,274,035</u>	<u>463,225</u>
Changes in non-cash working capital:		
Accounts receivable	-	6,289
Accounts payable and accrued liabilities	(656)	1,320
Deferred revenue	(6,926)	10,509
Prepaid expenses	2,578	(6,763)
Harmonized sales tax payable	4,235	6,152
Government remittances payable	(5,245)	4,744
Deferred capital contributions	(779)	(811)
Deferred government assistance	(20,000)	-
	<u>(26,793)</u>	<u>21,440</u>
Cash flow from operating activities	<u>2,247,242</u>	<u>484,665</u>
Investing activities		
Purchase of capital assets	-	(362,500)
Term deposits	(1,338,890)	(71,368)
Marketable securities	(671,735)	-
Cash flow used by investing activities	<u>(2,010,625)</u>	<u>(433,868)</u>
Financing activity		
Repayment of CEBA loan	(40,000)	-
Cash flow from (used by) financing activity	<u>(40,000)</u>	<u>-</u>
Increase in cash flow	196,617	50,797
Cash - beginning of year	<u>79,551</u>	<u>28,754</u>
Cash - end of year	\$ 276,168	\$ 79,551

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

THE KENSINGTON CONSERVANCY

Notes to Financial Statements

Year Ended December 31, 2023

1. Purpose of the organization

The Kensington Conservancy (the "organization") is a not-for-profit organization of Ontario. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of 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 (ASNFPPO).

(b) Fund accounting

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

Revenues and expenses related to program delivery and administrative activities are reported in the Operations Fund.

The Operations Reserve Fund is designed to meet additional short term cash flow requirements caused by unbudgeted expenses or shortfalls in donation income.

The Investment in Capital Assets Fund reports the assets, liabilities, revenues, and expenses related to The Kensington Conservancy's capital assets and building improvements campaign.

The Stewardship Fund contains funds set aside for stewardship and income and expenses related to the investments contained within it.

The Land Securement 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.

(c) Revenue recognition

The Kensington Conservancy 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.

Interest income is recognised as interest accrued on a time basis by reference to the principal outstanding and to the effective interest rate applicable. The effective interest rate applicable is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Revenue from non-contributions sources

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

(continues)

THE KENSINGTON CONSERVANCY
Notes to Financial Statements
Year Ended December 31, 2023

2. Summary of significant accounting policies (continued)

- 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.

(d) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(e) Cash and short term investments

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

(f) Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Land	N/A
Land improvements	8%
Building and geothermal unit	4%
Furniture	20%
Computer software	100%

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(g) Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(h) Financial instruments

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.

THE KENSINGTON CONSERVANCY
Notes to Financial Statements
Year Ended December 31, 2023

3. Term deposits

	<u>2023</u>	<u>2022</u>
<u>Operations Reserve fund</u>		
NCU term deposit bearing interest at 3.5% per annum, which is collateral for the line of credit.	\$ -	\$ 24,309
NCU term deposit bearing interest at 4% per annum, which is collateral for the line of credit.	25,160	-
NCU term deposit bearing interest at 2.8% per annum, which is collateral for the line of credit.	-	22,649
NCU term deposit bearing interest at 3.5% per annum, which is collateral for the line of credit.	23,441	-
Accrued interest	771	647
	<u>49,372</u>	<u>47,605</u>
<u>Restricted for stewardship</u>		
Home Trust Company GIC bearing interest at 5.09% per annum.	-	50,000
Effort Trust GIC bearing interest at 2.35% per annum.	-	62,681
Canadian Tire Bank GIC bearing interest at 2.06% per annum.	50,000	50,000
Icici Bank Canada GIC bearing interest at 1.32% per annum.	64,543	64,543
Versabank GIC bearing interest at 5.36% per annum.	52,544	-
Equitable Bank bearing interest at 1.46% per annum.	64,978	64,978
CDN Western Bank GIC bearing interest at 5% per annum.	50,453	50,453
Royal Bank of Canada GIC bearing interest at 4.6% per annum.	67,400	67,400
Royal Bank of Canada GIC bearing interest at 5.05% per annum.	68,784	-
Accrued interest	17,304	13,037
	<u>436,006</u>	<u>423,092</u>
<u>Restricted for land securement</u>		
Peoples Trust GIC bearing interest at 5.73% per annum.	94,000	-
Fairstone Bank bearing interest at 5.67% per annum.	90,000	-
General Bank of CDA bearing interest at 5.6% per annum.	15,271	-
Home Equity Bank bearing interest at 5.61% per annum.	89,000	-
Government of Canada Treasury Bill bearing interest at 4.92% per annum.	401,485	-

(continues)

THE KENSINGTON CONSERVANCY
Notes to Financial Statements
Year Ended December 31, 2023

3. Term deposits (continued)

	2023	2022
Accrued interest	2,776	-
	692,532	-
<u>Restricted for endowment</u>		
US Treasury Note bearing interest at 0.75% per annum.	73,775	-
US Treasury Bill bearing interest at 2% per annum.	103,594	-
US Treasury Note bearing interest at 2% per annum.	96,702	-
US Treasury Note bearing interest at 1.75% per annum.	100,084	-
US Treasury Note bearing interest at 2.625% per annum.	99,609	-
Accrued interest	3,847	-
Unrealized exchange gain	154,068	-
	631,679	-
	\$ 1,809,589	\$ 470,697

4. Marketable securities

The organization holds marketable securities at RBC Dominion Securities in the following funds:

	2023 Cost	2023 Market value	2022 Cost	2022 Market value
Land Securement Fund				
iShares Core S&P/TSX Capped Composite Index ETF	\$ 49,302	\$ 51,724	\$ -	\$ -
BMO S&P Index ETF	49,313	50,574	-	-
	98,615	102,298	-	-
Endowment Fund				
Vanguard Index Funds	325,718	456,502	-	-
Vanguard Intl Equity Ind Fd	94,533	112,935	-	-
	420,251	569,437	-	-
	\$ 518,866	\$ 671,735	\$ -	\$ -

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 1,617,209	\$ -	\$ 1,617,209	\$ 1,617,209

(continues)

THE KENSINGTON CONSERVANCY
Notes to Financial Statements
Year Ended December 31, 2023

5. Capital assets (continued)

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land improvements	24,718	9,078	15,640	17,000
Building	289,638	67,061	222,577	231,851
Equipment	707	447	260	326
Computer equipment	875	863	12	26
Computer software	1,614	1,614	-	-
Boat	28,000	7,840	20,160	25,200
Furniture	10,475	7,627	2,848	3,560
Geothermal Unit	22,462	3,766	18,696	19,475
	\$ 1,995,698	\$ 98,296	\$ 1,897,402	\$ 1,914,647

6. Deferred capital contributions

A Trillium Grant of \$23,500 was received in 2019 to fund a Geothermal unit. The contribution will be amortized at the same rate as the asset, 4% per year on a declining basis.

	2023	2022
Capital contribution for Geothermal unit	\$ 23,500	\$ 23,500
Amortization of deferred capital contributions	(4,803)	(4,024)
	\$ 18,697	\$ 19,476

7. Credit facility

The organization has a credit facility with Northern Credit Union, which includes an approved operating line that can be drawn upon to a maximum of \$20,000, which bears interest at 8.2% and is secured by a term deposit of \$20,000. At the statement of financial position date, the amount owing, which is due on demand, was \$0 (2022: \$0).

8. Related party transactions

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

	2023	2022
Grants from The Kensington Conservancy - U.S.	\$ 2,199,038	\$ 492,223

At December 31, 2023, there were no amounts owing between the two organizations.

THE KENSINGTON CONSERVANCY

Notes to Financial Statements

Year Ended December 31, 2023

9. Financial instruments

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, 2023.

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 receipt of funds from its customers and other related sources, long term debt, obligations under capital leases, contributions to the pension plan, and 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.

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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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