THE KENSINGTON CONSERVANCY U.S.

Financial Statements

Year Ended December 31, 2023

THE KENSINGTON CONSERVANCY U.S.
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Year Ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of The Kensington Conservancy U.S.

Opinion

I have audited the financial statements of The Kensington Conservancy U.S. (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.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on .

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.

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677 MacDonald Avenue, Suite 200
Sault Ste. Marie, ON P6B 1J4
Phone (705) 575-1096
Fax (705) 242-5792

www.plpc.ca

124 Ontario Avenue
Elliot Lake, ON P5A 1Y2
Phone (705) 848-6766
Fax (705) 848-9771

Independent Auditor's Report to the Members of The Kensington Conservancy U.S. *(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.

Priddle-Luck
Professional Corporation

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 U.S.
Statement of Financial Position
December 31, 2023

	2023	2022
Assets		
Current		
Cash - operations fund	**$ 121,429**	$ 80,224
Cash - restricted fund	**-**	19,542
Marketable securities *(fair market value)*	**30,869**	822,974
	$ 152,298	$ 922,740
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	**$ 3,114**	$ 3,245
Fund Balances		
Operations fund	**118,315**	77,420
Restricted fund	**30,869**	842,075
	149,184	919,495
	$ 152,298	$ 922,740

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, 2023

	2023	2022
Revenues		
Donations	**$ 874,023**	$ 76,907
Membership	**14,004**	10,625
Fundraising and other income	**547**	140
Investment income	**22,565**	14,186
Gravel Point Fundraiser	**-**	239,488
Realized gains (losses) on investments	**89,517**	(25,435)
	1,000,656	315,911
Expenses		
Bank charges and interest	**836**	1,053
Office	**1,732**	240
Professional fees	**3,273**	4,673
Stewardship costs	**26,810**	-
The Kensington Conservancy - Cdn	**1,738,261**	386,280
	1,770,912	392,246
Excess of revenues over expenses from operations	**(770,256)**	(76,335)
Other income		
Unrealized loss on marketable securities	**(55)**	(94,020)
Excess of revenues over expenses	**$ (770,311)**	$ (170,355)

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, 2023

	Operations Fund	Restricted Fund	**2023**	2022
Fund balances - beginning of year	$ 77,420	$ 842,075	**$ 919,495**	$ 1,089,850
Deficiency of revenues over expenses	(882,338)	112,027	**(770,311)**	(170,355)
Transfer (from) to fund	923,233	(923,233)	**-**	-
Fund balances - end of year	$ 118,315	$ 30,869	**$ 149,184**	$ 919,495

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

THE KENSINGTON CONSERVANCY U.S.

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
Operating activities		
Deficiency of revenues over expenses	**$ (770,311)**	$ (170,355)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	**(132)**	284
Cash - restricted fund	**19,542**	(11,104)
	19,410	(10,820)
Cash flow used by operating activities	**(750,901)**	(181,175)
Investing activity		
Decrease (increase) in investments	**792,106**	115,933
Increase (decrease) in cash flow	**41,205**	(65,242)
Cash - beginning of year	**80,224**	145,466
Cash - end of year	**$ 121,429**	$ 80,224

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

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 Internal Revenue Code

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 (ASNFPO).

(b) Currency

All amounts on the financial statements are in US dollars.

(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 Restricted 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.

(d) Revenue recognition

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.

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.

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

Revenue from non-contributions sources

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) 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.

(f) Cash and short term investments

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

(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.

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.

	2023	2022
Transfer to The Kensington Conservancy Canada	**$ 1,738,261**	$ 386,280

At December 31, 2023, there were no outstanding receivables or payables between the two organizations.

4. 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 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.