

# **Kensington Corridor Trust**

FINANCIAL STATEMENTS

DECEMBER 31, 2023



KENSINGTON CORRIDOR TRUST  
YEAR ENDED DECEMBER 31, 2023

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# Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Kensington Corridor Trust  
Kensington, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of Kensington Corridor Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kensington Corridor Trust, as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kensington Corridor Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Correction of Error**

As discussed in Note 9 to the financial statements, certain errors resulting in overstatement of amounts previously reported for cash and understatement of prepaid expenses and accrued payroll liabilities as of December 31, 2022, were discovered by management of the Company during the current year. Accordingly, amounts reported for cash, prepaid expenses, and accrued payroll have been restated in the 2022 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2022, to correct the error. Our opinion is not modified with respect to the matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kensington Corridor Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.


In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Kensington Corridor Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kensington Corridor Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited Kensington Corridor Trust's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2023. The summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, after the corrections noted above, in all material aspects, with the audited financial statements from which it has been derived.



Morey, Nee, Buck & Oswald, LLC  
Spring House, Pennsylvania  
July 26, 2024

KENSINGTON CORRIDOR TRUST  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION  
AS OF DECEMBER 31, 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Assets:		
Cash and cash equivalents	\$ 3,670,456	\$ 616,234
Due from Impact Service	8,996	50,000
Prepaid expenses	50,984	27,523
Property, net	<u>2,329,729</u>	<u>978,496</u>
 Total assets	 <u>\$ 6,060,165</u>	 <u>\$ 1,672,253</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 23,346	\$ 9,611
Notes payable	5,600,000	1,537,500
Accrued interest	29,941	-
Accrued payroll	13,869	13,019
Security deposit	<u>6,775</u>	<u>4,000</u>
 Total liabilities	 <u>5,673,931</u>	 <u>1,564,130</u>
Net assets:		
Without donor restrictions	119,859	108,123
With donor restrictions	<u>266,375</u>	<u>-</u>
Total net assets	<u>386,234</u>	<u>108,123</u>
 Total liabilities and net assets	 <u>\$ 6,060,165</u>	 <u>\$ 1,672,253</u>

The accompanying notes are an integral part of the audited financial statements.

KENSINGTON CORRIDOR TRUST  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	2023 <u>Totals</u>	2022 <u>Totals</u>
Support and revenue:				
Donations	\$ 826,492	\$ 310,000	\$ 1,136,492	\$ 232,730
Rental income	26,332	-	26,332	5,015
Other income	18,465	-	18,465	1,194
Net assets released from restrictions	<u>43,625</u>	<u>(43,625)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>914,914</u>	<u>266,375</u>	<u>1,181,289</u>	<u>238,939</u>
Expenses:				
Program expenses	809,763	-	809,763	532,286
Management and general	68,543	-	68,543	74,917
Fundraising	<u>24,872</u>	<u>-</u>	<u>24,872</u>	<u>22,701</u>
Total expenses	<u>903,178</u>	<u>-</u>	<u>903,178</u>	<u>629,904</u>
Change in net assets	11,736	266,375	278,111	(390,965)
Net assets, beginning of year	<u>108,123</u>	<u>-</u>	<u>108,123</u>	<u>499,088</u>
Net assets, end of year	<u>\$ 119,859</u>	<u>\$ 266,375</u>	<u>\$ 386,234</u>	<u>\$ 108,123</u>

The accompanying notes are an integral part of the audited financial statements.

KENSINGTON CORRIDOR TRUST  
STATEMENT OF FUNCTIONAL EXPENSES  
AS OF DECEMBER 31 2023  
WITH SUMMARIZED FINANCIAL INFORMATION  
AS OF DECEMBER 31, 2022

	<u>Program</u> <u>Expenses</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>2023</u> <u>Totals</u>	<u>2022</u> <u>Totals</u>
Salaries	\$ 294,457	\$ 16,359	\$ 16,359	\$ 327,175	\$ 243,294
Payroll taxes	24,237	1,346	1,346	26,929	21,432
Payroll expense	2,463	137	137	2,737	1,543
Healthcare expense	4,659	259	259	5,177	5,907
Employee reimbursement	45	3	2	50	2,921
Insurance	41,536	2,308	2,308	46,152	12,291
Computer and software	775	-	-	775	818
Special events	-	-	-	-	60
Program	44,765	-	-	44,765	2,625
Marketing	4,154	-	-	4,154	150
Contract expenses	137,409	-	-	137,409	87,247
Interest expense	51,158	-	-	51,158	9,500
Legal and professional	72,778	30,528	-	103,306	49,563
Continuing education	411	-	-	411	2,750
Taxes	20,964	1,165	1,164	23,293	16,116
Utilities	10,380	-	-	10,380	2,698
Maintenance and repairs	17,940	-	-	17,940	17,987
Office supplies	8,938	-	-	8,938	5,426
Postage and shipping	304	-	-	304	190
Licenses and permits	1,569	-	-	1,569	172
Stipend	700	-	-	700	250
Dues and subscriptions	2,589	-	-	2,589	857
Meals and entertainment	-	-	1,356	1,356	489
Fees	-	10,818	-	10,818	306
Travel	57	-	-	57	52
Sponsorship expense	34,942	1,941	1,941	38,824	-
Transfer to fiscal sponsor	-	-	-	-	140,720
Depreciation	32,533	-	-	32,533	1,703
Board expenses	<u>-</u>	<u>3,679</u>	<u>-</u>	<u>3,679</u>	<u>2,837</u>
Total expenses	<u>\$ 809,763</u>	<u>\$ 68,543</u>	<u>\$ 24,872</u>	<u>\$ 903,178</u>	<u>\$ 629,904</u>

The accompanying notes are an integral part of the audited financial statements.

KENSINGTON CORRIDOR TRUST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 278,111	\$ (390,965)
Adjustment to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	32,533	1,703
Decrease in due from Impact Service	41,004	-
(Increase) in prepaid expenses	(23,461)	(27,523)
Increase in accounts payable	13,735	9,610
Increase in accrued interest payable	29,941	-
Increase in accrued payroll liabilities	850	13,019
Increase in security deposit	<u>2,775</u>	<u>4,000</u>
Net cash provided by (used in) operating activities	<u>375,488</u>	<u>(390,156)</u>
<u>Cash flows from investing activities:</u>		
Properties purchased	<u>(1,383,766)</u>	<u>(631,536)</u>
Net cash used by investing activities	<u>(1,383,766)</u>	<u>(631,536)</u>
<u>Cash flows from financing activities:</u>		
Payments on notes payable	(290,000)	-
Proceeds from notes payable	<u>4,352,500</u>	<u>1,062,500</u>
Net cash provided by financing activities	<u>4,062,500</u>	<u>1,062,500</u>
Net increase in cash and cash equivalents	3,054,222	40,808
Cash and cash equivalents, beginning of year	<u>616,234</u>	<u>575,426</u>
Cash and cash equivalents, end of year	<u>\$ 3,670,456</u>	<u>\$ 616,234</u>
<u>Supplemental disclosures:</u>		
Interest paid	<u>\$ 51,158</u>	<u>\$ 9,500</u>

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

KENSINGTON CORRIDOR TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Kensington Corridor works closely with community stakeholders and residents and are developing a new model for increasing neighborhood control, and focusing on fueling the Kensington Avenue corridor as an economic engine that can drive stability and economic prosperity in the neighborhood. The Organization recognizes how critical the development of physical space is to overcoming poverty and will leverage the area's physical assets (transportation infrastructure, walkability, availability of properties) and neighborhood strengths (mobilized residents, strong neighborhood-based organization) to create lasting change .

**Adoption of New Accounting Pronouncement**

In 2023, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of credit losses on Financial Statements, as amended. This pronouncement requires not-for-profit entities to measure all expected credit losses for financial instruments, such as trade receivables, loans, net investments in leases, and held-to-maturity debt securities, held at the reporting date.

The Organization adopted the new guidance utilizing the modified retrospective method. The adoption of this Standard did not have a material impact on the Organization's financial statements and no beginning cumulative adjustment was necessary.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), and accordingly, reflect all significant receivables, payables and other liabilities.

**Cash and Cash Equivalents**

Cash, certificates of deposit and other highly liquid investments purchased with original maturities of three months or less are considered to be cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

KENSINGTON CORRIDOR TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued***

**Financial Statement Preparation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at the Board's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time, or resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year from which the summarized information was derived. The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023 and presents summarized totals only.

**Allocated Expenses**

The financial statements report certain categories of expenses that are attributable to their program service or a supporting function of management and general or fundraising. Those expenses include payroll costs, insurance, and other various costs. Payroll costs are allocated based on time and efforts studies of the Organization's employees. Other various costs are allocated based on estimates or actual use across each of the three classifications.

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an Organization that is not a private foundation under Section 509(a) (2).

**Accounting For Uncertainty in Income Taxes**

The preparation of the financial statements in conformity with the accrual of accounting requires the Organization to report information regarding its exposure to various tax positions taken. Management has performed their evaluation and believes there are no unrecognized tax positions that are required to be disclosed.

The Organization's policy is to classify income tax related interest and penalties, if any, in interest expense and other expenses, respectively.

KENSINGTON CORRIDOR TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued***

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives. The Organization's capitalization policy is to capitalize amounts spent for the purchase and construction of new fixed assets or to replace old ones, or to expand and modernize long-term operating assets.

**Revenue Recognition**

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Three donors comprised 84% of contributions received in the year ended December 31, 2023.

The Organization rents several of its properties out to tenants. Revenue is recognized on the date rental payments are due, typically the first of the month.

**Net Assets With and Without Donor Restrictions Revenue and Support**

Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. If donor support is restricted to a specific purpose, the revenue is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a purpose or time restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**2. FISCAL SPONSORSHIP**

IF Labs entered into a fiscal sponsorship with Kensington Corridor Trust on September 15, 2022, marking the onset of a collaborative effort with the stated purpose of encouraging entrepreneurship by offering multi-use spaces that support business owners and community resources, with an emphasis on and prioritization of minority-owned and low-income businesses. The Organization charges an 8% administrative fee on all income IF Labs receives and has established a restricted fund designated for IF Lab's stated purpose. The purpose-based restricted fund balance was \$16,375 as of December 31, 2023.

**3. CASH**

Cash and cash equivalents are comprised of the following:

Cash and cash equivalents	<u>\$ 3,670,456</u>
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KENSINGTON CORRIDOR TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**4. PROPERTY AND EQUIPMENT**

A summary of property and equipment is summarized below:

Buildings	\$1,579,768
Building Improvements	10,800
Land	<u>773,396</u>
	2,353,164
Less: accumulated depreciation	<u>(34,235)</u>
	<u>\$2,329,729</u>

Depreciation expense for the year ended December 31, 2023 was \$32,533.

**5. NOTES PAYABLE**

A summary of notes payable is summarized below:

1. Promissory note with a tax-exempt private foundation in the amount of \$100,000. The loan has a term of 180 months with a fixed stated rate of interest of 2% per annum paid annually on the anniversary date of the note. The first 60-month period is interest-only. The Organization must repay the then-outstanding principal balance in 119 equal consecutive payments of principal and interest over a 30-year amortization schedule. A final payment will then be due equal to all then-outstanding principal, accrued and unpaid interest. The outstanding balance on this note as of December 31, 2023 was \$100,000.

2. Promissory note with a tax-exempt private foundation in the amount of \$250,000. The loan has a fixed stated rate of interest of 2% per annum paid annually on the anniversary date of the note. A final payment will then be due on the maturity date of the loan in November 2029 equal to all then-outstanding principal, accrued and unpaid interest. The note may be voluntarily prepaid, in whole or in part, at any time and from time to time without penalty. The outstanding balance on this note was \$250,000 as of December 31, 2023.

3. Promissory note with a not-for-profit corporation in the amount of \$250,000. The loan has a fixed stated rate of interest of 0% per annum. The Organization is required to pay all outstanding principal in four equal quarterly payments commencing on August 1, 2024 until May 1, 2025.

The Organization has the option to prepay without penalty once in any calendar month in whole or in part, in an amount no less than \$10,000. The outstanding balance on this note as of December 31, 2023 was \$250,000.

KENSINGTON CORRIDOR TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**5. NOTES PAYABLE, continued**

4. Promissory note with a limited liability company in the amount of \$1,000,000. The loan has a term of 10 years, with a stated fixed interest rate of 2% per annum. Interest shall accrue on the aggregate outstanding principal amount of the loan during the accrued interest period. During the period following the expiration of the accrued interest period and ending on the seventh anniversary of the closing date, the Organization shall make quarterly payments of current interest on the aggregate outstanding principal amount of the loan.

Following the interest only period, the Organization will be required to make 35 consecutive monthly payments of principal and interest over a 30-year amortization schedule. A final 36<sup>th</sup> payment will be due including the remaining outstanding aggregate principal and unpaid interest. The Organization has the option to prepay all or any portion of the loan, without a penalty, provided they provide written notice to the lender of its election to prepay. The outstanding balance on this note was \$1,000,000 and accrued interest totaled \$22,247 as of December 31, 2023.

5. Promissory note with a tax-exempt private foundation in the amount of up to \$1,000,000, payable to the Organization in 4 tranches of \$250,000 each. The loan has a term of 10 years with a stated fixed interest rate is 1% per annum. On the second anniversary of closing, the Organization will make interest-only payments for 60 consecutive months. On the first day of the calendar month immediately following the final interest-only payment, the Organization is required to make monthly payments of principal and interest. The entire outstanding principal of each tranche, along with any unpaid interest will be due on the last day of the calendar month of the 10<sup>th</sup> anniversary of closing. The outstanding balance on this note was \$1,000,000 and accrued interest totaled \$7,695 as of December 31, 2023.

6. Promissory note with an individual in the amount of up to \$250,000. The loan has a term of 15 years, with a stated fixed interest rate of 1% per annum. The Organization will make interest-only payments for the first 60 consecutive months. On the first day of the calendar month immediately following the final interest-only payment, the Organization is required to make monthly payments of principal and interest for 119 consecutive months following a 30-year amortization schedule. The entire outstanding principal along with any unpaid interest will be due on the 120<sup>th</sup> month. The outstanding balance on this note as of December 31, 2023 was \$250,000.

7. Line of credit with a tax-exempt private foundation in the amount of up to \$3,000,000. The agreement has a term of 10 years, with a stated fixed interest rate of 1% per annum. The Organization may request advances until the date of maturity; each advance must be for a minimum of \$250,000. The Organization will make interest-only payments beginning the 25<sup>th</sup> month after the closing date. The principal consists of the aggregate of unpaid advances, which is due in full on the 10<sup>th</sup> anniversary of closing. The line of credit may be voluntarily prepaid, in whole or in part, at any time and from time to time without penalty. The outstanding balance on this line of credit as of December 31, 2023 was \$250,000.

KENSINGTON CORRIDOR TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

**5. NOTES PAYABLE, continued**

8. Promissory note with a nonprofit corporation in the amount of \$500,000. The loan has a term of 10 years, with a stated fixed interest rate of 2% per annum. Interest began accruing on the closing date, with the entire outstanding principal and any accrued interest due on the 10<sup>th</sup> anniversary. The Organization may prepay this note at any time without penalty. There are no collateral requirements associated with this loan. The outstanding balance on this note as of December 31, 2023 was \$500,000.

9. Promissory note with a tax-exempt private foundation in the amount of \$500,000. The loan has a term of 4 years, with a stated fixed interest rate of 0% per annum. The entire outstanding principal and any accrued interest is due on the 4<sup>th</sup> anniversary of closing in November 2027. The Organization may prepay this note at any time without penalty. The outstanding balance on this note as of December 31, 2023 was \$500,000.

10. Promissory note with a tax-exempt private foundation in the amount of \$500,000. The loan has a term of 4 years, with a stated fixed interest rate of 0% per annum. The entire outstanding principal is due on the 6<sup>th</sup> anniversary of closing in November 2029. The Organization may prepay this note at any time without penalty. The outstanding balance on this note as of December 31, 2023 was \$1,500,000.

Maturities on long-term debt at December 31, 2023 are as follows:

<u>Years ending December 31:</u>	
2024	\$ 125,000
2025	125,000
2026	-
2027	500,000
2028	-
Thereafter	<u>4,850,000</u>
	<u>\$ 5,600,000</u>

**6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization’s financial assets available within one year of the statement of financial position for general expenditures are as follows:

Cash	<u>\$3,670,456</u>
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The Organization’s working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from revenue items.

KENSINGTON CORRIDOR TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**7. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2023, net assets with donor restrictions were comprised of:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Releases</u>	Ending <u>Balance</u>
Purpose restrictions:				
IF labs grant	\$ -	\$ 60,000	\$(43,625)	\$ 16,375
Halloran construction grant	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total net assets with donor restrictions:	<u>\$ -</u>	<u>\$310,000</u>	<u>\$(43,625)</u>	<u>\$266,375</u>

**8. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization maintains all cash balances in a financial institution located in New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There are times throughout the year when the Organization’s cash balances exceed the insured amount. However, the Organization utilizes the banks Insured Cash Sweep (ICS) service to access FDIC protection on large balances.

The Organization has not incurred any losses due to its cash balance exceeding insured amounts and believes they are not exposed to any significant credit risk.

**9. PRIOR PERIOD RESTATEMENTS**

A rights and obligations error was discovered pertaining to an operating checking account included in cash and cash equivalents on the statement of financial position. \$140,720 was held under the control of the Organization’s fiscal sponsor, Impact Services, and reverted to the sponsor after the Organization’s inception in February of 2022. The 2022 data has been corrected to remove this account from cash as the Organization no longer had a right to these monies. The resulting impact of this restatement on net assets is a \$140,720 decrease to net assets without donor restrictions. The statement of functional expenses now shows a transfer to sponsor line in the 2022 year representing the \$140,720 disbursed, increasing the program expense classification by \$126,648, management and general expenses by \$7,036, and fundraising expense by \$7,036. Finally, the ending balance on the statement of cash flows for the 2022 year, has been decreased by \$140,720 in order to report an accurate ending balance.

KENSINGTON CORRIDOR TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**9. PRIOR PERIOD RESTATEMENTS, continued**

A cut-off error was discovered between salaries and wages, payroll taxes, and accrued payroll liabilities. The 2022 data has been corrected to accrue the final pay period during the calendar year. The resulting impact of this restatement on net assets is a \$13,019 decrease to net assets without donor restrictions. Salaries and wages for the 2022 year on the statement of functional expenses has been increased by \$10,471 in the program expense classification, \$578 in the management and general expense classification, and \$578 in the fundraising expense classification. Payroll taxes for the 2022 year on the statement of functional expenses has been increased by \$1,244 in the program expense classification, \$70 in the management and general expense classification, and \$70 in the fundraising expense classification.

A cut-off error was discovered between expenses and prepaid expenses. \$27,523 was expensed in 2022 for a property purchase which did not occur until January 2023. The 2022 data has been corrected to show this expense in the year it was incurred. The resulting impact of this restatement on net assets is a \$27,523 increase to net assets without donor restrictions. Legal and professional expenses for the 2022 year on the statement of functional expenses decreased by \$27,523, these expenses were included entirely in the management and general expense classification.

The effect of the restatement on the change in net assets without donor restrictions and financial position as of and for the year ended December 31, 2022 are as follows:

	As previously <u>reported</u>	<u>Restated</u>
Cash	\$ 756,954	\$ 616,234
Salaries and wages expense	231,659	243,294
Payroll taxes expense	20,048	21,432
Prepaid expense	-	27,523
Legal and professional expense	77,086	49,563
Change in net assets	(264,749)	(390,965)
Net assets without donor restrictions	\$ 234,339	\$ 108,123

**10. DATE OF MANAGEMENT REVIEW**

Management has evaluated subsequent events and transactions through July 26, 2024, which is the date on which the financial statements were available to be issued.