



BERBERICH TRANAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kansas Land Trust, Inc.:

We have audited the accompanying statements of cash receipts and disbursements of the Kansas Land Trust, Inc. (the Organization) for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Organization for the years ended December 31, 2009 and 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BERBERICH TRANAN & CO., P.A.
3630 SW Burlingame Rd., Topeka, KS 66611-2050
T 785.234.3427 toll free 800.530.5526 F 785.233.1768
btandco@cpa.com

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information listed in the table of contents, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Berberich Trahan & Co., P.A.

September 29, 2010
Topeka, Kansas

KANSAS LAND TRUST, INC.

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Years Ended December 31, 2009 and 2008

	2009	2008
Receipts:		
Contributions	\$ 279,646	\$ 104,135
Grants	2,786,232	71,312
Merchandise sales	3,194	4,983
Interest income	4,861	10,746
Other revenue	1,424	1,253
Total receipts	3,075,357	192,429
Disbursements:		
Easement purchases	2,697,633	-
Army Compatible Use Buffer Program	25,369	26,250
Payroll	164,155	164,977
Printing	6,476	6,539
Rent	10,995	10,200
Postage	2,167	2,863
Merchandise	1,007	3,023
Office supplies	3,422	4,845
Professional fees	7,500	8,890
Conference and training	6,585	5,342
Travel	3,727	1,767
Meals	724	654
Dues, subscriptions and fees	1,697	1,873
Telephone	1,305	1,938
Events	2,149	1,287
Easement due diligence	-	736
Insurance	2,250	1,085
Utilities	1,410	1,650
Internet provider	600	450
Publications	-	3
Title	2,112	250
Independent contractor	824	-
Website development	224	316
Miscellaneous	1,486	2,523
ECO	-	3,072
Appraisals	-	5,200
Total disbursements	2,943,817	255,733
Excess (deficit) of receipts over disbursements	131,540	(63,304)
Cash and certificate of deposit, beginning of year	287,476	350,780
Cash and certificate of deposit, end of year	\$ 419,016	\$ 287,476

See accompanying notes to financial statements.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

1 - Organization and Summary of Significant Accounting Policies

Organization

Kansas Land Trust, Inc. (the Organization) has been organized to protect and preserve lands of ecological, agricultural, scenic, historic or recreational significance in Kansas via conservation easements, purchase or other means.

Basis of Accounting and Presentation

The Organization's accounts are maintained on a cash basis, and the statements of cash receipts and disbursements recognize only cash received and disbursed. Therefore, receivables and payables, long-lived assets, accrued income and expenses and amortization and depreciation, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements.

Cash and Cash Equivalents

The Organization considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Income Tax Matters

The Organization has received a determination letter from the Internal Revenue Service that indicates the Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization has not been classified as a private foundation under Section 509(a)(2).

On December 31, 2009, the Organization adopted the accounting standard on accounting for uncertainty in income taxes. The Organization files a Form 990 (Return of Organization Exempt from Income Tax) annually. When this return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to not for profit organizations include such matters as the following: the tax exempt status of each entity and the nature, characterization and taxability of various positions relative to potential sources of unrelated business taxable income. Unrelated business taxable income is reported on Form 990T, as appropriate.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Organization and Summary of Significant Accounting Policies (Continued)

Income Tax Matters (Continued)

As of December 31, 2009, there were no uncertain tax benefits identified.

Forms 990 and 990T filed by the Organization are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by the Organization are no longer subject to examination for the fiscal years ended 2005 and prior.

2 - Deposits

At December 31, 2009, the bank balance of the Organization's deposits was \$ 424,961. Of this amount, \$ 250,000 was covered by FDIC insurance and the remaining \$ 174,961 was unsecured.

3 - Restricted Cash

The Organization had restricted cash, as follows, at December 31:

	2009	2008
Donor-restricted:		
Easements	\$ -	\$ 60,350
Landowner survey	-	22,542
Signage	1,580	-
Digital and office equipment	6,500	-
Flint Hills	65,041	65,041
Total donor restricted	73,121	147,933
Board designated:		
Stewardship funds (legal defense)	154,592	105,128
Total restricted	\$ 227,713	\$ 253,061

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Restricted Cash (Continued)

Restricted cash spent during the years ended December 31 are as follows:

	2009	2008
Donor restricted:		
Easements	\$ 60,350	\$ -
Landowner survey	22,542	-
	<u>\$ 82,892</u>	<u>\$ -</u>

4 - Functional Disbursements

Disbursements classified by function are as follows for the years ended December 31:

	2009	2008
Program services	\$ 2,881,662	\$ 228,253
Management and general	58,282	25,697
Fundraising	3,873	1,783
	<u>\$ 2,943,817</u>	<u>\$ 255,733</u>

5 - Operating Lease

The Organization had a lease agreement, expiring December 30, 2009, for office space. The lease provides for monthly payments ranging from \$ 850 to \$ 950. Lease expense for the years ended December 31, 2009 and 2008 was \$ 10,995 and \$ 10,200, respectively. A new lease agreement for office space was signed December 31, 2009, expiring December 31, 2010. The with monthly lease payments of \$ 950. The Organization also entered into a new month-to-month lease agreement for storage space that begins in January 2010. The lease provides for monthly payments of \$ 95.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - Easements

During 2009, the Organization purchased six easements. The fair market value of the purchased easements was \$3,099,350. The Organization received grants in the amount of \$ 2,637,850 and \$ 677,500 from the U.S. Army Research and Development Engineering Command (RDECOM) and the Natural Resource Conservation Service (NRCS) Farm and Ranch Lands Protection Program (FRPP), respectively. During 2008, no easement purchases were made.

The values of the easements contributed by the landowners are not reflected in the accompanying financial statements as they are prepared on a cash basis.

7 - Economic Dependency

The Organization receives the majority of its funds from federal, state and local grantor agencies. In the event these grants were discontinued or severely restricted, the activities of the Organization would be curtailed accordingly.

8 - Retirement Plan

The Organization's SIMPLE IRA plan is a defined contribution pension plan. This plan allows employees to defer a percentage of their income on a pre-tax basis through contributions to the savings plan. The Organization matches employee contributions up to 3% of the employees' compensation. The charges to expense for the years ended December 31, 2009 and 2008 were \$ 1,145 and \$ 1,773, respectively.

9 - Subsequent Events

The Organization has evaluated subsequent events through the date of the independent auditors' report, which is the date that the financial statements are available to be issued.