



BERBERICH TRAHAN & CO., P.A.

Certified Public Accountants

KANSAS LAND TRUST, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2012 AND 2011

KANSAS LAND TRUST, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Years Ended December 31, 2012 and 2011

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kansas Land Trust, Inc.
Lawrence, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of Kansas Land Trust, Inc. (the Organization) which comprise the statements of cash receipts and disbursements for the years ended December 31, 2012 and 2011 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Organization as of December 31, 2012 and 2011, on the basis of accounting described in Note 1.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules listed under supplementary information in the accompanying 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 Nonprofit Organizations, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

June 26, 2013
Topeka, Kansas

KANSAS LAND TRUST, INC.

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Years Ended December 31, 2012 and 2011

	2012	2011
Receipts:		
Contributions	\$ 196,284	\$ 94,163
Grants	176,229	160,558
Merchandise sales	150	602
Interest income	2,011	3,028
Other receipts	242	2,670
Total receipts	374,916	261,021
Disbursements:		
Army Compatible Use Buffer Program - Easements	849,950	32,642
Payroll and related disbursements	173,313	147,388
Printing	3,543	5,421
Rent	11,193	13,093
Postage	1,032	1,741
Stewardship expenses	675	-
Merchandise	-	10
Office supplies	6,000	8,002
Professional fees	7,000	6,725
Conference and training	1,579	780
Travel	3,047	2,031
Meals	330	231
Dues, subscriptions and fees	4,131	1,589
Telephone	1,610	1,766
Events and fundraising	8,541	1,793
Insurance	2,533	2,378
Utilities	1,156	1,341
Internet provider	660	660
Title	21,476	536
Independent contractor	4,884	4,239
Miscellaneous	1,454	(249)
Total disbursements	1,104,107	232,117
Excess of receipts over (under) disbursements	(729,191)	28,904
Cash and investments, beginning of year	1,475,863	1,446,959
Cash and investments, end of year	\$ 746,672	\$ 1,475,863
Cash and investments consist of:		
Cash	\$ 716,554	\$ 1,445,745
Investments	30,118	30,118
	\$ 746,672	\$ 1,475,863

See accompanying notes to financial statements.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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.

Investments

The Organization's investments are reported at cost.

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).

The Organization's policy is to evaluate uncertain tax positions annually. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to or disclosure in the financial statements.

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 2008 and prior.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Restricted Cash and Investments

The Organization had restricted cash and investments as follows at December 31:

	<u>2012</u>	<u>2011</u>
Donor-restricted:		
Stewardship funds	\$ 319,899	\$ 261,904
Grant restricted:		
Easements	71,765	1,034,347
Wiedemann grant	-	3,430
Habitat funds	154,600	50,000
Other grants	23,788	12,745
Board designated:		
Stewardship funds (legal defense)	<u>105,128</u>	<u>105,128</u>
Total restricted	<u><u>\$ 675,180</u></u>	<u><u>\$ 1,467,554</u></u>

Restricted cash and investments were spent during the years ended December 31 as follows:

	<u>2012</u>	<u>2011</u>
Grant restricted:		
Easements	\$ 962,611	\$ -
Wiedemann grant	3,430	-
Habitat funds	19,000	-
Other grants	<u>11,747</u>	<u>-</u>
	<u><u>\$ 996,788</u></u>	<u><u>\$ -</u></u>

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

3 - Functional Disbursements

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

	2012	2011
Program services	\$ 1,044,407	\$ 187,631
Management and general	51,159	42,683
Fundraising	8,541	1,803
	<u>\$ 1,104,107</u>	<u>\$ 232,117</u>

4 - Investments

Investments held by the Organization which consisted of an equity and income mutual fund, had a cost of \$ 30,118 at December 31, 2012 and 2011 and had fair values of \$ 35,285 and \$ 32,355 at December 31, 2012 and 2011, respectively.

5 - Operating Lease

The Organization had a lease agreement for office space which expired on December 30, 2012. The lease provided for monthly payments of \$ 950. Lease expense for the years ended December 31, 2012 and 2011 was \$ 11,193 and \$ 13,093, respectively. A new one-year lease agreement for office space took effect on December 31, 2012, with monthly lease payments of \$ 950. The Organization also has a month-to-month lease agreement for storage space that began in October 2010. The lease provides for monthly payments of \$ 83.

6 - Easements

During 2012, the Organization purchased three easements. The fair market value of the purchased easements was \$ 962,611. At December 31, 2012 there was \$ 71,765 of grant monies received but not yet spent for an easement in process. During 2011, the Organization did not purchase any easements.

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.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Disbursements for the years ended December 31, 2012 and 2011 were \$ 3,552 and \$ 2,876, respectively.

9 - Subsequent Events

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

SUPPLEMENTARY INFORMATION

KANSAS LAND TRUST, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CDFA Number</u>	<u>Expenditures</u>
U.S. Department of Defense: Army Compatible Use Buffer Program	12.610	<u>\$ 1,068,624</u>

See accompanying notes to schedule of
expenditures of federal awards.

KANSAS LAND TRUST, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Kansas Land Trust, Inc. (the Organization).

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the cash basis of accounting which is described in Note 1 to the Organization's financial statements.

KANSAS LAND TRUST, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

Section I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified – cash basis

Internal control over financial reporting:

Material weaknesses identified: None

Significant deficiencies identified that are not
considered to be material weaknesses: None reported

Noncompliance material to financial statements: None

Federal Awards

Internal control over major programs:

Material weaknesses identified: None

Significant deficiencies identified that are not
considered to be material weaknesses: None reported

Type of auditor's report issued on compliance for major
programs: Unqualified

Any audit findings that are required to be reported in
accordance with Section 510(a) of Circular A-133: None

Identification of major program:

CFDA Number

Name of Federal Program

12.610

Army Compatible Use Buffer Program

KANSAS LAND TRUST, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as a low-risk auditee:	No
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Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

KANSAS LAND TRUST, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

December 31, 2012

None.



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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Kansas Land Trust, Inc.:

We have audited, in accordance with the 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, the financial statements of Kansas Land Trust, Inc. (the Organization), which comprise the statement of cash receipts and disbursements for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report there on dated June 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

June 26, 2013
Topeka, Kansas



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors
Kansas Land Trust, Inc.:

Report on Compliance for the Major Federal Program

We have audited Kansas Land Trust, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2012. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Barberich Trahan & Co., P.A.

June 26, 2013
Topeka, Kansas