



BERBERICH TRAHAN & CO., P.A.

Certified Public Accountants

KANSAS LAND TRUST, INC.

FINANCIAL STATEMENT
YEARS ENDED DECEMBER 31, 2013 AND 2012

KANSAS LAND TRUST, INC.

FINANCIAL STATEMENT

Years Ended December 31, 2013 and 2012

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BERBERICH TRAHAN & CO., P.A.
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of Kansas Land Trust, Inc. (the Organization) which is comprised of the statements of cash receipts and disbursements for the years ended December 31, 2013 and 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statement 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. 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 statement.

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 assets arising from cash transactions of the Organization as of December 31, 2013 and 2012, and its receipts and disbursements during the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2014 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.

August 27, 2014
Topeka, Kansas

KANSAS LAND TRUST, INC.

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Years Ended December 31, 2013 and 2012

	2013	2012
Receipts:		
Contributions	\$ 82,592	\$ 185,684
Grants	274,410	134,520
Contract fee for service	118,306	52,309
Stewardship funds	21,279	-
Merchandise sales	-	150
Interest income	1,939	2,011
Other receipts	425	242
Total receipts	498,951	374,916
Disbursements:		
Easements and related expenses:		
Easement purchases	226,002	849,950
Release of restoration funds	9,573	-
Stewardship expenses	22,766	675
Payroll and related disbursements	177,249	173,313
Printing	15,524	3,543
Rent	12,142	11,193
Postage	1,886	1,032
Office supplies	7,496	6,000
Professional fees	13,831	7,000
Conference and training	1,909	1,579
Travel	4,913	3,047
Meals	852	330
Dues, subscriptions and fees	5,335	4,131
Telephone	1,695	1,610
Events and fundraising	2,401	8,541
Insurance	5,223	2,533
Utilities	1,226	1,156
Internet provider	605	660
Title	509	21,476
Independent contractor	4,875	4,884
Miscellaneous	563	1,454
Total disbursements	516,575	1,104,107
Deficit of receipts under disbursements	(17,624)	(729,191)
Cash and investments, beginning of year	746,672	1,475,863
Cash and investments, end of year	\$ 729,048	\$ 746,672
Cash and investments consist of:		
Cash	\$ 698,930	\$ 716,554
Investments	30,118	30,118
	\$ 729,048	\$ 746,672

See accompanying notes to financial statement.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2013 and 2012

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.

Deposits

The Organization maintains deposits in banks. These deposits are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000 per bank. The Organization's deposits may have exceeded the FDIC insurance limits during the year ended December 31, 2013. However, none of the Organization's deposits exceeded FDIC insurance limits as of December 31, 2013.

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 statement.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENT (Continued)

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

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 2009 and prior.

Reclassification

Certain prior year information was reclassified to conform to the current year presentation.

2 - Restricted Cash and Investments

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

	<u>2013</u>	<u>2012</u>
Donor-restricted:		
Stewardship funds	\$ 396,330	\$ 319,899
Bestiary book sales	10,000	-
Grant restricted:		
Easements	-	71,765
Habitat funds	145,027	154,600
Other grants	-	22,976
Board designated:		
Stewardship funds (legal defense)	<u>105,128</u>	<u>105,128</u>
Total restricted	<u><u>\$ 656,485</u></u>	<u><u>\$ 674,368</u></u>

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENT
(Continued)

2 - Restricted Cash and Investments (Continued)

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

	2013	2012
Donor restricted:		
Stewardship funds	\$ 21,279	\$ -
Grant restricted:		
Easements	169,060	962,611
Other grants	22,976	11,747
Habitat funds	9,573	19,000
Wiedemann grant	-	3,430
	<u>\$ 222,888</u>	<u>\$ 996,788</u>

3 - Functional Disbursements

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

	2013	2012
Program services	\$ 428,354	\$ 1,044,407
Management and general	63,076	51,159
Fundraising	25,145	8,541
	<u>\$ 516,575</u>	<u>\$ 1,104,107</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, 2013 and 2012 and had fair values of \$ 43,557 and \$ 35,285 at December 31, 2013 and 2012, respectively.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENT
(Continued)

5 - Operating Lease

The Organization had a lease agreement for office space which expired on December 30, 2013. The lease provided for monthly payments of \$ 950. Lease expense for the years ended December 31, 2013 and 2012 was \$ 12,142 and \$ 11,193, respectively. A new one-year lease agreement for office space took effect on December 31, 2013, 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 2013, the Organization purchased two easements. During 2012, the Organization purchased three easements. The fair market value of the purchased easements was \$ 169,000 and \$ 962,611 for the years ended December 31, 2013 and 2012, respectively. At December 31, 2012 there was \$ 71,765 of grant monies received but not yet spent for an easement in process. At December 31, 2013 there was \$ 1,708,411 of grant monies received but not yet spent for easements in process. These funds are held by a third-party escrow agent and are not recorded on the Organization's accompanying financial statement due to the third party restrictions and restricted access to these funds.

The values of the easements contributed by the landowners are not reflected in the accompanying financial statements.

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, 2013 and 2012 were \$ 3,527 and \$ 3,552, respectively.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENT
(Continued)

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.



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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 statement of Kansas Land Trust, Inc. (the Organization), which is comprised of the statement of cash receipts and disbursements for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated August 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, 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 statement, 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.

August 27, 2014
Topeka, Kansas