

KANSAS LAND TRUST, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2014
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

KANSAS LAND TRUST, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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Independent Auditors' Report

The Board of Directors
Kansas Land Trust, Inc.

We have audited the accompanying financial statements of Kansas Land Trust, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit 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 from 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 basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Land Trust, Inc. as of December 31, 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the 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 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 September 21, 2015 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.

Summers, Spencer & Company P.A.

Summers, Spencer & Company, P.A.
Lawrence, KS

September 21, 2015

KANSAS LAND TRUST, INC.
STATEMENT OF FINANCIAL POSITION

<u>December 31,</u>	<u>2014</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 773,384
Accounts receivable, net	<u>19,592</u>
<i>Total current assets</i>	<u>792,976</u>
Other assets	
Investments at fair value	46,876
Funds held in escrow	<u>2,315,659</u>
<i>Total other assets</i>	<u>2,362,535</u>
<i>Total assets</i>	<u><u>\$ 3,155,511</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	
Deferred grant revenue	<u>\$ 2,315,659</u>
<i>Total liabilities</i>	<u>2,315,659</u>
Net assets	
Unrestricted	86,616
Temporarily restricted	<u>753,236</u>
<i>Total net assets</i>	<u>839,852</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 3,155,511</u></u>

KANSAS LAND TRUST, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31,	2014		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support, revenues, gains and reclassifications			
Contributions	\$ 63,409	\$ -	\$ 63,409
Grants	717,000	4,500	721,500
Contract fee for service	125,606	-	125,606
Stewardship funds	-	130,100	130,100
Fundraising events	10,484	-	10,484
Work study reimbursement	2,882	-	2,882
Merchandise sales	112	-	112
Investment income	3,105	1,875	4,980
Net asset released from restriction	10,963	(10,963)	-
<i>Total support, revenues, gains and reclassifications</i>	<u>933,561</u>	<u>125,512</u>	<u>1,059,073</u>
Expenses			
Program	923,916	-	923,916
Support			
Management and general	58,549	-	58,549
Fundraising	5,780	-	5,780
<i>Total expenses</i>	<u>988,245</u>	<u>-</u>	<u>988,245</u>
Change in net assets	(54,684)	125,512	70,828
Net assets, beginning of year	141,300	627,724	769,024
Net assets, end of year	<u>\$ 86,616</u>	<u>\$ 753,236</u>	<u>\$ 839,852</u>

KANSAS LAND TRUST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

<u>For the year ended December 31,</u>	<u>2014</u>			
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Easements and related expenses	\$ 754,065	\$ -	\$ -	\$ 754,065
Salaries	105,959	39,190	-	145,149
Payroll taxes	7,468	2,762	-	10,230
Employee benefits	13,935	5,154	-	19,089
Payroll processing	-	50	-	50
Advertising	150	-	818	968
Bank fees	-	173	-	173
Conferences and training	464	1,392	-	1,856
Contract labor	1,816	-	-	1,816
Dues and fees	-	1,905	-	1,905
Events	-	-	4,962	4,962
Insurance	3,871	1,290	-	5,161
Information technology	4,177	1,393	-	5,570
Lobbying	101	-	-	101
Meals and entertainment	301	100	-	401
Miscellaneous	117	39	-	156
Office supplies	415	138	-	553
Postage	1,266	422	-	1,688
Printing	3,713	-	-	3,713
Rent	8,550	2,850	-	11,400
Telephone	1,287	429	-	1,716
Travel	1,537	513	-	2,050
Professional services	11,575	-	-	11,575
Small office equipment	457	152	-	609
Stewardship	902	-	-	902
Utilities	1,790	597	-	2,387
	<u>\$ 923,916</u>	<u>\$ 58,549</u>	<u>\$ 5,780</u>	<u>\$ 988,245</u>

KANSAS LAND TRUST, INC.
STATEMENT OF CASH FLOWS

For the year ended December 31,	2014
Cash flows From operating activities	
Change in net assets	\$ 70,828
Adjustments to reconcile change in net assets to net cash flows:	
Unrealized loss on investments	978
(Increase) decrease in operating assets:	
Accounts receivable, net	<u>6,664</u>
Net cash provided (used) by operating activities	<u>78,470</u>
Cash Flows From Investing Activities	
Reinvested investment income	<u>(4,015)</u>
Net cash provided (used) by investing activities	<u>(4,015)</u>
Net increase in cash and cash equivalents	74,455
Cash and cash equivalents, beginning of year	<u>698,929</u>
Cash and cash equivalents, end of year	<u><u>\$ 773,384</u></u>

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of organization

Kansas Land Trust, Inc. was incorporated as a 501(c)(3) organization under the laws of the State of Kansas in 1990 to protect and preserve lands of ecological, agricultural, scenic, historic or recreational significance in Kansas via conservation easements, purchase or other means. The Organization is governed by an eleven member board, consisting of community members with diverse skills and resources. The Organization's mission is to partner with landowners, communities and other conservation organizations to protect Kansas' most precious resources through land conservation.

Note 2 – Summary of significant accounting policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Financial statement presentation

The Organization has adopted generally accepted accounting principles as outlined in the Financial Accounting Standards Boards Accounting Standards Codification (FASB ASC) 958-205. Under FASB ASC 958-205, The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund the donor intentions.

There were no permanently restricted net assets at December 31, 2014.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions what will affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Contributions

Contributions are recognized when the donor makes a promise to give to Kansas Land Trust, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions whose use 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 are recorded as permanently restricted net assets. For the year ended December 31, 2014, the Organization had temporarily restricted net assets of \$753,236.

Cash and Cash Equivalents

The Organization considers demand deposits and certificates of deposits with original maturity of one year or less to be cash equivalents.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets in the Statement of Financial Position. Realized and unrealized gains and losses are reported in the Statement of Activities.

Fair value measurements

The Organization has adopted the provisions of FASB ASC 820-10. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs that market participants would use in pricing the asset or liability are developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2: Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value required more judgment. Accordingly, the degree for judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization’s own assumptions are set to reflect those that the Organization believes market participants would use in pricing the asset or liability at the measurement date.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

Conservation easements

Conservation easements accepted or purchased by the Organization are not recognized as assets or revenues in the accompanying financial statements because the Land Trust does not have fee title to the properties and there are no expected future economic benefits. If purchased, the costs of the conservation easements are expensed when the easements are acquired.

Advertising costs

Advertising costs are charged to operations when incurred.

Funds held in escrow

The Organization received grant money in advance, under the Department of Defense Army Compatible Use Buffer (ACUB) Program grant, for easements planned to be purchased during the grant period. Through an agreement between Kansas Land Trust and Fort Riley, these funds are held by a third-party escrow agent at First American Title Insurance Company, in the Organization's name, but cannot be accessed by the Organization without explicit authorization from the manager of the ACUB Program at Fort Riley. These funds are shown on the Organization's financial statements as Funds Held in Escrow. At December 31, 2014, there was \$2,315,659 of grant monies received but not yet spent for planned easements and easements in process. These funds are fully federally insured.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization files as a tax-exempt organization. As of December 31, 2014, its 2011 through 2013 fiscal year tax returns are open for examination by the IRS.

Functional expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Revenue recognition

Certain grants received by the Organization include grantor imposed restrictions that require unspent funding be returned at the end of the grant period. The income for these grants is recognized as expenses are incurred. Grant funds received but not yet expended are reported as deferred grant revenue on the Statement of Financial Position.

Concentration of credit risk

The Organization is subject to credit risk due to bank accounts and certificates of deposit that are placed in financial institutions. As of December 31, 2014, there were no amounts in excess of federally insured limits.

KANSAS LAND TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3 – Fair value measurements

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. The Organization has assets that are valued using Level 1 inputs; there are no assets or liabilities valued using Level 2 or Level 3 inputs as of December 31, 2014.

Fair value of assets measured on a recurring basis as of December 31, 2014 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	<u>\$ 46,876</u>	<u>\$ 46,876</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 – Investments

The Organization's investments consist of the following at December 31, 2014:

	<u>Cost basis</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>
Mutual Funds	<u>\$ 39,919</u>	<u>\$ 46,876</u>	<u>\$ 6,957</u>

Note 5 – Commitments and contingencies

The Organization receives a substantial amount of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Note 6 – Operating leases

In October 2014, the Organization entered into an operating lease for office space. The term of the lease is for one year beginning December 31, 2014. The monthly payment is \$950. Future rental payments for 2015 will be \$10,450.

The Organization leases a printer. The original term began July 19, 2013, and was for 48 payments of \$64 per month. The future minimum lease payments are as follows:

2015	\$ 768
2016	768
2017	<u>384</u>
	<u>\$ 1,920</u>

Note 7 – Easements

During 2014, the Organization purchased four easements. The fair market value of the purchased easements was \$524,500. The values of the easements contributed by the landowners are not reflected in the accompanying financial statements as discussed in Note 2.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS

Note 8 – Risk management

The Organization is exposed to various risks of loss related to limited torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters. The Organization carries commercial insurance and has not incurred any losses in the past three years.

Note 9 – Subsequent events

Management has evaluated subsequent events through September 21, 2015, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

KANSAS LAND TRUST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

	<u>Federal CFDA Number</u>	<u>Expenditures of Federal Award</u>
<i>U.S. Department of Defense</i>		
Army Compatible Use Buffer program:		
Easement purchase funds	12.610	\$ 332,000
Fee for service expenditures	12.610	75,240
Restoration funds	12.610	10,963
<i>U.S. Department of Agriculture</i>		
Farm and ranch lands protection program	10.913	<u>192,500</u>
 Total		 <u><u>\$ 610,703</u></u>

KANSAS LAND TRUST
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kansas Land Trust (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

KANSAS LAND TRUST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes X no

- Significant deficiency(ies) identified that are
not considered to be material weaknesses? yes X no

Noncompliance material to financial
statements noted yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no

- Significant deficiency(ies) identified that are
not considered to be material weaknesses? yes X no

Type of auditors' report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are
required to be reported in accordance with
Section 510(a) of Circular A-133 yes X no

Identification of major federal programs:

CFDA No.	Names of Federal Program or Cluster
12.610	Army Compatible Use Buffer Program

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? yes X no

KANSAS LAND TRUST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

KANSAS LAND TRUST
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133*

To the Board of Directors of Kansas Land Trust:

Report on Compliance for the Major Federal Program

We have audited Kansas Land Trust's 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 Kansas Land Trust's major federal program for the year ended December 31, 2014. Kansas Land Trust's major federal program is identified in the summary of auditors' 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Kansas Land Trust's major federal programs 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Kansas Land Trust'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 each major federal program. However, our audit does not provide a legal determination of Kansas Land Trust's compliance.

Opinion on Each Major Federal Program

In our opinion, Kansas Land Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

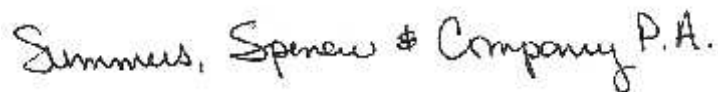
Management of Kansas Land Trust is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kansas Land Trust's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Kansas Land Trust'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.

A handwritten signature in dark ink that reads "Summers, Spencer & Company P.A." The script is cursive and somewhat stylized, with the ampersand being particularly prominent.

Summers, Spencer & Company, P.A.
Lawrence, Kansas

September 21, 2015

*INDEPENDENT AUDITORS' 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*

To the Board of Directors of Kansas Land Trust:

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. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kansas Land Trust'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 Kansas Land Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Kansas Land Trust'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.

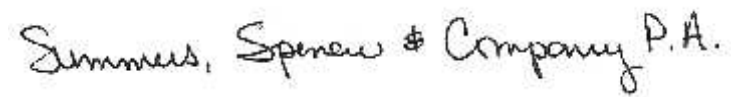
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kansas Land Trust's financial statements are free from 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.

A handwritten signature in dark ink that reads "Summers, Spencer & Company P.A." in a cursive, slightly slanted script.

Summers, Spencer & Company, P.A.

Lawrence, Kansas

September 21, 2015