

KANSAS LAND TRUST, INC.

FINANCIAL STATEMENTS

As of and For the Year Ended December 31, 2018

**Cummins, Coffman & Schmidlein, CPA's, P.A.
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KANSAS LAND TRUST, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Kansas Land Trust, Inc.

We have reviewed the accompanying financial statements of Kansas Land Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to the management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Cummins, Coffman & Schmidtlein, CPA's, P.A.

Topeka, Kansas

October 08, 2019

KANSAS LAND TRUST, INC.
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2018

ASSETS

ASSETS

Cash and cash equivalents	\$ 454,100
Accounts receivable	2,188
Investments at fair value	800,501
Beneficial interest in assets held by others	13,519
Funds held in escrow	634,568
Total assets	\$ <u>1,904,876</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Deferred grant revenue	\$ <u>634,568</u>
Total liabilities	<u>634,568</u>

NET ASSETS

Net assets without donor restrictions	128,635
Net assets with donor restrictions	<u>1,141,673</u>
Total net assets	<u>1,270,308</u>

Total Liabilities and Net Assets	\$ <u>1,904,876</u>
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See accompanying notes and independent accountant's review report.

KANSAS LAND TRUST, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<u>Support and revenue</u>			
Contributions	\$ 79,475	\$ 18,701	\$ 98,176
Grants	2,868	-	2,868
Contract fee for service	32,011	-	32,011
Fundraising events	15,160	-	15,160
Work study reimbursement	4,561	-	4,561
Investment income (loss)	10,254	1,396	11,650
Net assets released from restriction	32,081	(32,081)	-
Total support and revenue	176,410	(11,984)	164,426
<u>Expenses</u>			
Program	183,333	-	183,333
Management and general	22,084	-	22,084
Fundraising	15,477	-	15,477
Total expenses	220,894	-	220,894
Change in net assets	(44,484)	(11,984)	(56,468)
Net assets Beginning of Year	173,119	1,153,657	1,326,776
Net Assets End of Year	\$ 128,635	\$ 1,141,673	\$ 1,270,308

See accompanying notes and independent accountant's review report.

KANSAS LAND TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

	Program	Management and general	Fundraising	Total
Easements and related expenses	\$ 21,196	\$ -	\$ -	\$ 21,196
Salaries	61,876	13,746	6,008	81,630
Payroll taxes	4,733	1,052	460	6,245
Employee benefits	1,515	336	147	1,998
Advertising	-	-	1,158	1,158
Bank fees	275	56	-	331
Contract labor	1,860	-	-	1,860
Dues and fees	5,974	1,210	-	7,184
Events	-	-	5,400	5,400
Insurance	4,834	979	-	5,813
Information technology	4,833	1,074	469	6,376
Meals and entertainment	38	-	-	38
Office supplies	682	152	66	900
Postage	200	200	930	1,330
Printing	192	43	18	253
Rent	7,164	1,592	695	9,451
Telephone	315	70	30	415
Travel	999	223	96	1,318
Professional services	6,669	1,351	-	8,020
Stewardship funds	59,978	-	-	59,978
Total expenses	\$ <u>183,333</u>	\$ <u>22,084</u>	\$ <u>15,477</u>	\$ <u>220,894</u>

See accompanying notes and independent accountant's review report.

KANSAS LAND TRUST, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

Cash Flows From Operating Activities:	
Change in net assets	\$ (56,468)
Adjustments to reconcile change in net assets to net cash flows:	
(Increase) decrease in operating assets:	
Accounts receivable	(500)
Escrows	55,764
Beneficial Interest	(3,531)
Increase (decrease) in operating liabilities:	
Deferred grant revenue	<u>(43,762)</u>
Net cash provided by operating activities	<u>(48,497)</u>
Cash Flows From Investing Activities:	
Proceeds from investments	<u>38,913</u>
Net cash used in investing activities	<u>38,913</u>
Net increase (decrease) in cash & cash equivalents	(9,584)
Cash & Cash Equivalents	
Cash & cash equivalents beginning of year	<u>463,684</u>
Cash & cash equivalents end of year	<u>\$ 454,100</u>

See accompanying notes and independent accountant's review report.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 NATURE OF ORGANIZATION AND OPERATIONS

Kansas Land Trust, Inc. (the Organization) was incorporated as a 501(c)(3) organization under the laws of the State of Kansas in 1990 to protect and serve 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.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two-classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

New Accounting Pronouncement

During the year ended December 31, 2018, the Organization elected to adopt the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14-*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as net assets without donor restriction are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 4).

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 that will affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents

The Organization considers demand deposits and certificates of deposits with original maturities of one year or less to be cash equivalents. There were no cash equivalents at December 31, 2018.

Investments

The Organization carries investments in marketable securities with readily determinable 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 Measurement

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is defined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. The three- level hierarchy for fair value measurements is defined as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets at the at the measurement date.
- Level 2 - Inputs are other than quoted prices in active markets that are not observable for the asset, either directly or indirectly, including inputs in markets that are not considered active.
- Level 3- Inputs are unobservable and significant to the asset, and include situations where there is little, if any, market activity.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Beneficial interest in investments held by Foundation

The Organization established a fund held by Douglas County Community Foundation (DCCF). The balance consists of the funds allocation of the pooled investment account held by DCCD. The Organization granted variance power to DCCF, which allows DCCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of the DCCF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by DCCF for our benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

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. Advertising expense for the year ended December 31, 2018 was \$1,158.

Funds Held in Escrow

The Organization received grant money in advance, under the Department of Defense Army Compatible Use Buffer (ACUB) Program, 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, 2018, there was \$634,568 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 is no longer subject to federal and state tax examinations by tax authorities after the latter of three years from the date the return was filed or due. No authorities have commenced income tax examinations as of December 31, 2018.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Stewardship Funds

Stewardship funds are recognized when the grantor makes a promise to give Kansas Land Trust, Inc. that is, in substance, unconditional. Stewardship funds that are restricted by the grantor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the stewardship funds are recognized. All other grantor-restricted stewardship funds are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Stewardship funds whose use is limited by grantor-restricted stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are recorded as net assets with donor restriction.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, insurance, information technology, meals & entertainment, office supplies, postage, rent, telephone and travel expenses which are allocated on the basis of use in each area.

NOTE 3 CASH AND CASH EQUIVALENTS

At December 31, 2018, cash and cash equivalents consisted of the following:

Operating	\$	38,626
Money market		404,599
Reserve		10,875
Total cash	\$	<u>454,100</u>

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2018

NOTE 4 LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year.

Financial assets:	
Cash and cash equivalents	\$ 454,100
Accounts receivable	2,188
Investments at fair value	800,501
Beneficial interest in assets held by others	13,519
Funds held in escrow	634,568
Financial assets, at year-end	<u>1,904,876</u>
Less those unavailable for general expenditure within one year, due to:	
Purpose restrictions	<u>1,168,734</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 736,142</u>

NOTE 5 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 2 – 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, 2018.

Investments as of December 31, 2018 are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Long term investments		
Money market funds	\$ 337	\$ 337
Short-term reserves	-	27
Exchange traded funds	423,156	429,467
Mutual funds	386,217	370,670
Total Investments	<u>\$ 809,710</u>	<u>\$ 800,501</u>

The fair values of assets measured on a recurring basis as of December 31, 2018 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 337	\$ 337	\$ -	\$ -
Short-term reserves	27	27	-	-
Exchange traded funds	429,467	429,467	-	-
Mutual funds	370,670	370,670	-	-
	<u>\$ 800,501</u>	<u>\$ 800,501</u>	<u>\$ -</u>	<u>\$ -</u>

There have been no changes in the methodologies used at December 31, 2018.

KANSAS LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2018

NOTE 6 NET ASSETS

As of December 31, 2018 net assets consist of:

Net Assets Without Donor Restrictions:	
Un-designated	\$ <u>101,574</u>
Total net assets without donor restrictions	<u>101,574</u>
Net Assets With Donor Restrictions:	
Subject to expenditure for specified purpose:	
Donor-restricted contributions	<u>1,168,734</u>
Total net assets with donor restrictions	<u>1,168,734</u>
 Total net assets	 \$ <u>1,270,308</u>

NOTE 7 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 8 OPERATING LEASES

In September 2016, the Organization entered into an operating lease for office space. The monthly payment is \$600 in 2018. The rolling one-year term for this agreement renews each year on January 1 for a period not to exceed one calendar year. Rent expense for the year ended December 31, 2018 was \$9,451.

NOTE 9 EASEMENTS

During 2018, the Organization purchased one easement. The fair market value of the purchased easement was \$59,358. The values of the easements contributed by the landowners are not reflected in the accompanying financial statements in Note 2.

NOTE 10 RISK MANAGEMENT

The Organization is exposed to various risks of loss related to limited rots; 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 11 SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the review report, which is the date the financial statements were available to be issued. No events were found requiring disclosure in these financial statements.