

KANSAS LAND TRUST, INC.

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

As of and For the Year Ended December 31, 2019

Cummins, Coffman & Schmidlein, CPA's, P.A.  
3706 S. Topeka Blvd., Suite 302  
Topeka, Kansas 66609-1246

KANSAS LAND TRUST, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report .....	1
Financial Statements:	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6
Supplementary Information:	
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.....	13
Independent Auditor's Report of Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance .....	15
Schedule of Federal Expenditures.....	17
Notes to Schedule of Expenditures of Federal Awards.....	18
Schedule of Findings and Questioned Costs .....	19
Schedule of Prior Audit Findings .....	20

## INDEPENDENT ACCOUNTANT'S AUDIT 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 statement of financial position as of December 31, 2019, 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 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 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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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 Membership'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 Membership'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, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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

Topeka, Kansas

November 25, 2020

KANSAS LAND TRUST, INC.  
STATEMENT OF FINANCIAL POSITION  
For the Year Ended December 31, 2019

ASSETS

ASSETS

Cash and cash equivalents	\$ 296,428
Accounts receivable	17,733
Investments at fair value	1,184,531
Beneficial interest in assets held by others	13,710
Total assets	<u>\$ 1,512,402</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Total liabilities	\$ <u>          -</u>
-------------------	-----------------------

NET ASSETS

Net assets without donor restrictions	245,201
Net assets with donor restrictions	1,267,201
Total net assets	<u>1,512,402</u>

Total Liabilities and Net Assets	<u>\$ 1,512,402</u>
----------------------------------	---------------------

The accompanying notes are an integral part of this financial statement.

KANSAS LAND TRUST, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<u>Support and revenue</u>			
Contributions	\$ -	\$ 103,792	\$ 103,792
Grants	-	1,648,531	1,648,531
Contract fee for service	1,757	-	1,757
Fundraising events	3,673	-	3,673
Work study reimbursement	4,714	-	4,714
Investment income (loss)	173,772	-	173,772
Net assets released from restriction	1,626,795	(1,626,795)	-
Total support and revenue	<u>1,810,711</u>	<u>125,528</u>	<u>1,936,239</u>
<u>Expenses</u>			
Program	1,625,029	-	1,625,029
Management and general	59,488	-	59,488
Fundraising	9,628	-	9,628
Total expenses	<u>1,694,145</u>	<u>-</u>	<u>1,694,145</u>
Change in net assets	116,566	125,528	242,094
Net assets Beginning of Year	<u>128,635</u>	<u>1,141,673</u>	<u>1,270,308</u>
Net Assets End of Year	<u>\$ 245,201</u>	<u>\$ 1,267,201</u>	<u>\$ 1,512,402</u>

The accompanying notes are an integral part of this financial statement.

KANSAS LAND TRUST, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2019

	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Investment management fees	-	-	187	187
Advertising	14	-	-	14
Professional fees	-	28,580	-	28,580
Bank fees	-	56	-	56
Conferences and training	-	264	-	264
Dues and fees	2,293	602	230	3,125
Events	-	-	1,486	1,486
Independent contractors	500	-	-	500
Business insurance	4,367	1,146	438	5,951
Office supplies	527	138	53	718
Information technology	1,379	362	138	1,879
Personnel	56,912	25,513	6,015	88,440
Postage	683	179	69	931
Printing	1,613	422	161	2,196
Rent and occupancy	6,274	1,646	629	8,549
Telephone and internet	956	251	96	1,303
Travel	1,255	329	126	1,710
Easements and related expenses	1,520,797	-	-	1,520,797
Stewardship funds	27,459	-	-	27,459
Total expenses	\$ <u>1,625,029</u>	\$ <u>59,488</u>	\$ <u>9,628</u>	\$ <u>1,694,145</u>

See accompanying notes and independent accountant's review report.

KANSAS LAND TRUST, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019

Cash Flows From Operating Activities:	
Change in net assets	\$ 242,094
Adjustments to reconcile change in net assets to net cash flows:	
(Increase) decrease in operating assets:	
Accounts receivable	(15,545)
Escrows	634,568
Beneficial Interest	(191)
Increase (decrease) in operating liabilities:	
Deferred grant revenue	(634,568)
Accounts payable	-
Net cash provided by operating activities	<u>226,358</u>
Cash Flows From Investing Activities:	
Increase in investments	<u>(384,030)</u>
Net cash used in investing activities	<u>(384,030)</u>
Net increase (decrease) in cash & cash equivalents	(157,672)
Cash & Cash Equivalents	
Cash & cash equivalents beginning of year	<u>454,100</u>
Cash & cash equivalents end of year	<u>\$ 296,428</u>

See accompanying notes and independent accountant's review report.

KANSAS LAND TRUST, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

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.

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. The Federal Deposit Insurance Corporation insures amounts held by each institution in the Organization's name in interest bearing accounts up to \$250,000.

KANSAS LAND TRUST, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 DCCF. 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.

KANSAS LAND TRUST, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense for the year ended December 31, 2019 was \$14.

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, 2019, there was no 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, 2019.

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.

KANSAS LAND TRUST, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 2019.

At December 31, 2019, cash and cash equivalents consisted of the following:

Operating	\$	61,714
Money market		10,900
Reserve		223,814
Total cash	\$	<u>296,428</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the organization's deposits in excess of coverage may be lost. At December 31, 2019, the Organization's carrying amounts of deposits, including certificates of deposit, was \$296,428 of which \$250,000 was covered by FDIC insurance and remaining covered by an Insured Cash Sweep (ICS). The Organization was not exposed to credit risk at December 31, 2019.

KANSAS LAND TRUST, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2019

**NOTE 4 LIQUIDITY AND FUNDS AVAILABLE**

The following reflects the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year.

Financial assets:	
Cash and cash equivalents	\$ 296,428
Accounts receivable	17,733
Investments at fair value	1,184,531
Beneficial interest in assets held by others	13,710
Financial assets, at year-end	<u>1,512,402</u>
Less those unavailable for general expenditure within one year, due to:	
Purpose restrictions	<u>1,267,201</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 245,201</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, 2019.

Investments as of December 31, 2019 are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Long term investments		
Money market funds	\$ 2,701	\$ 2,701
Short-term reserves	-	-
Exchange traded funds	503,004	596,161
Mutual funds	526,019	585,669
Total Investments	<u>\$ 1,031,724</u>	<u>\$ 1,184,531</u>

The fair values of assets measured on a recurring basis as of December 31, 2019 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 2,701	\$ 2,701	\$ -	\$ -
Short-term reserves	-	-	-	-
Exchange traded funds	596,161	596,161	-	-
Mutual funds	585,669	585,669	-	-
	<u>\$ 1,184,531</u>	<u>\$ 1,184,531</u>	<u>\$ -</u>	<u>\$ -</u>

There have been no changes in the methodologies used at December 31, 2019.

KANSAS LAND TRUST, INC.  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2019

NOTE 6 NET ASSETS

As of December 31, 2019 net assets consist of:

Net Assets Without Donor Restrictions:		
Un-designated	\$	245,201
Total net assets without donor restrictions		245,201
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose:		
Purpose restrictions		1,267,201
Total net assets with donor restrictions		1,267,201
Total net assets	\$	1,512,402

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 2019. 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, 2019 was \$8,549.

NOTE 9 EASEMENTS

During 2019, the Organization acquired four easements. The fair market value of the easements was \$1,552,660. The values of the easements contributed by the landowners are reflected below:

<u>Property</u>	<u>Acquisition Date</u>	<u>Fair Market Value</u>
Prairiewood	February 15, 2019	\$ 592,350
Galle	October 29, 2019	439,560
Unique Prairie	December 17, 2019	31,750
Poppelreiter	October 11, 2019	489,000
Total		\$ 1,552,660

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.

KANSAS LAND TRUST, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2019

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. As a result of the spread of COVID19 coronavirus in early 2020 and continuing throughout the year, economic uncertainties have arisen which could have a financial impact. As a result, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$17,100 in March of 2020. Other financial impact could occur though such potential impact is unknown at this time.

**SUPPLEMENTARY INFORMATION**

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 (a nonprofit organization), which comprise the statements of financial position, as of December 31, 2019, 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 November 25, 2020.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Kansas Land Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kansas Land Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Topeka, Kansas

November 25, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Directors  
Kansas Land Trust, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Kansas Land Trust, Inc.'s (the Coalition) compliance with types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Kansas Land Trust's major federal programs for the year ended December 31, 2019. Kansas Land Trust's major federal programs are 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 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 each major federal program have 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, 2019.

## 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 Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Topeka, Kansas

November 25, 2020

KANSAS LAND TRUST, INC.  
 SCHEDULE OF FEDERAL EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor / Program Title	Federal CFDA Number	Expenditures of Federal Awards
<b>U.S. Department of Defense</b>		
Army Compatible Use Buffer Program (ACUB)		
Easement purchase funds	12.610	\$ 1,523,332
Fee for service expenditures	12.610	32,150
Restoration funds	12.610	8,313
Stewardship funds	12.610	<u>63,000</u>
Total U.S. Department of Defense		\$ <u>1,626,795</u>
<b>Total Federal Awards</b>		\$ <u><u>1,626,795</u></u>

KANSAS LAND TRUST, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2019

**NOTE 1 Base of presentation**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of Kansas Land Trust under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net asset, or cash flows of the Organization.

**NOTE 2 Summary of significant accounting policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 De minimis indirect cost rate**

In accordance with Section 2 U.S. *Code of Federal Regulations* Part 200.412 the Organization is allowed to elect to use the ten percent de minimis indirect cost rate. The Organization has not elected to use this rate.

KANSAS LAND TRUST, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2019

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Kansas Land Trust.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Kansas Land Trust were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Kansas Land Trust expresses an unqualified opinion.
6. There are no audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a).
7. The programs tested as major programs are:  

CFDA 12.610                      Army Compatible Use Buffer Program
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Kansas Land Trust was determined to be a high-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

KANSAS LAND TRUST, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2019

**Audit Findings or Questioned Costs in the Prior Year**

None