***Standard 2: Compliance with Laws***

*Land trusts fulfill their legal requirements as nonprofit tax-exempt organizations and comply with all laws.*

***Practice 2A: Compliance with Laws***

*1. Do not knowingly conduct operations in violation of law*

**Practice 2A:** It is the policy of the Blue Ridge Land Conservancy to comply with all applicable federal, state, and local laws. The Conservancy shall consult with its legal counsel if there is any question about the lawfulness of any action it may take in conducting its operations. The Conservancy has and will retain federal 501(c)(3) status. IRS Form 990 shall be filed annually and the public support test shall be met. The Conservancy shall meet all IRS disclosure requirements. Each year the Conservancy will register with the Virginia State Corporation Commission and reapply to the Virginia Department of Agriculture and Consumer Services to solicit charitable donations. The Conservancy shall report and pay to the state and federal government all required taxes and withholdings in a timely fashion.

Adopted 10/7/2009; revised 9/2/2015; revised 4/4/2018

***Standard 2: Compliance with Laws***

*Land trusts fulfill their legal requirements as nonprofit tax-exempt organizations and comply with all laws.*

***Practice 2B: Nonprofit Incorporation and Bylaws***

*1. Incorporate or organize according to the requirements of state law and maintain legal status*

*2. Operate in accordance with established bylaws*

*3. Review the bylaws at least once every five years to ensure consistency with current operations, the articles of incorporation and state law*

**Practice 2B1:** The Blue Ridge Land Conservancy is incorporated pursuant to the laws of the Commonwealth of Virginia. It is the policy of the Conservancy to register annually with the Virginia State Corporation Commission and to maintain a Virginia state sales tax exemption.

**Practice 2B2:**
The Conservancy shall operate in accordance with its bylaws and its corporate charter and Articles of Incorporation. The Board of the Conservancy shall periodically review the bylaws. The bylaws shall address the following items:

- Organization name;
- Purposes of the corporation;
- Office location;
- Membership, including qualifications, voting rights, termination, and annual meeting;
- Board of directors (or trustees), including qualifications, quorums, terms, termination, and meetings;
- Officers;
- Committees;
- Fiscal policies, including fiscal year and fiscal controls;
- Amendment of the bylaws; and,
- Dissolution of the organization.

**Practice 2B3:**
The Conservancy shall review its bylaws at least once every five years to ensure consistency with current operations, its Articles of Incorporation and the laws of the Commonwealth of Virginia.

Adopted 10/7/2009; revised 9/2/2015; revised 4/4/2018

***Standard 2: Compliance with Laws***

*Land trusts fulfill their legal requirements as nonprofit tax-exempt organizations and comply with all laws.*

***Practice 2C: Federal Tax Exemption***

*1. Maintain status as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code (IRC)*

*a. File a complete and accurate annual information return (Form 990 or equivalent) with the Internal Revenue Service (IRS)*

*b. Do not knowingly engage in prohibited activities, such as private inurement or impermissible private benefit*

*c. Comply with federal lobbying limitations and reporting requirements*

*d. Do not engage in political campaigns on behalf of or in opposition to any candidate for public office*

**Practice 2C1:** It is the policy of the Blue Ridge Land Conservancy to comply with requirements for retaining federal tax-exempt status under Section 510(c)(3), including prohibitions on private inurement and political campaign activity, and limitations and reporting on lobbying and unrelated business income. The Conservancy shall file a complete and accurate annual information return (Form 990 or equivalent) with the IRS. Because the Conservancy holds conservation easements, it also meets the Internal Revenue Code's (IRC) public support test for public charities. State tax-exemption requirements are also met.

In order to retain tax-exempt status, the Conservancy shall meet the following IRS requirements for public charities:

- The Conservancy shall avoid private inurement or impermissible private benefit.
- The Conservancy may not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.
- Lobbying shall constitute only an insubstantial part of the Conservancy's activities.
- The Conservancy shall report and pay unrelated business income tax on any unrelated business taxable income in excess of $1,000.
- The Conservancy shall continue to show that it meets the public support test to qualify for public charity status as a publicly supported organization.

The Conservancy is organized and operated exclusively for charitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual. The Conservancy shall not engage in the following actions, in order to avoid private inurement:

- The payment of excessive compensation.
- The disposition or rental of property, other than to another nonprofit or government entity, at less than fair market value.
- The provision of services by the Conservancy to individuals and nonexempt organizations without a fair return.

**[From former Practice 2E]**

It is the policy of the Conservancy that, should the Board vote to engage in public policy, the Conservancy shall comply with federal and state lobbying limitations and reporting requirements. The Board shall vote to engage in public policy only after careful consideration and discussion, taking into account the compatibility of the matter at hand with the Conservancy's stated bylaws, mission and goals, and the capacity of the organization to engage in such activity. The Conservancy shall not engage in political campaigns or endorse candidates for public office.

As concerned, thoughtful citizens exercising their Constitutional rights, individual members of the Board may choose to engage in public policy and political campaigns or endorse candidates for public office; however, they do not represent, speak for, or act on behalf of the Board or the Conservancy when doing so.

Adopted 10/7/2009; revised 9/2/2015; revised 4/4/2018

***Standard 2: Compliance with Laws***

*The records policy of the Blue Ridge Land Conservancy shall be as follows below. See Practice 9G regarding storage of land protection records.*

**Practice 2D1:** The records policy of the Blue Ridge Land Conservancy shall be as follows below. See Practice 9G regarding storage of land protection records.

1. **FILE STORAGE GUIDELINES**

    a. **Paper Files - In office.** Corporate, financial, personnel, payroll, and fundraising records along with personnel files, payroll records, check books and other sensitive materials shall be stored at the Conservancy's office.
    b. **Paper Files - Archive.** Archived files shall be stored in an off-site storage facility.
    c. **Digital Files.** The Conservancy will utilize an online data backup service to backup digital data. When appropriate, documents may be scanned for digital storage instead of or in addition to paper storage.

2. **ADMINISTRATIVE RECORDS**

    a. **Corporate Records**. The following corporate records shall be kept in perpetuity with a copy kept at the Conservancy's office, the original or a copy in the archive, and, as available, a digital copy:
        i. Application for tax exempt status, determination letters recognizing tax exempt status, Articles of Incorporation and any amendments.
        ii. Conservancy bylaws and any amendments, meeting agendas, Board minutes, policies adopted by the Board, Board and committee meeting materials, agendas, meeting minutes, Board profiles, job descriptions and pertinent correspondence.
        iii. Solicitation licenses and any other documents required by federal, state, and local law.
        iv. Materials pertaining to any legal proceedings involving the Conservancy.

    b. **Financial Records**. The following records will be retained as set forth below:
        i. **Indefinitely**. Annual audits, tax returns and attendant worksheets, capital stock and bond records, bills of sale, vehicle titles, chart of accounts, budgets, grant agreement files, and insurance records
        ii. **While in effect plus 10 years**. Contracts, leases, personnel files, and all correspondence related to any such documents
        iii. **Seven Years**. Invoices to customers and from vendors; payroll records and summaries; employee time sheets; and employee withholding tax statements and all correspondence related to any of the above
        iv. **Three Years**. Bank statements, bank reconciliations, deposit slips, employment applications, and any other financial record not addressed hereinabove shall be retained for a minimum of three years.

    c. **Fundraising and Membership Records**. Development and membership records, including databases, records of contributions, solicitations, donor restrictions and correspondence acknowledging contributions in accordance with Internal Revenue Standards will be kept for

a minimum of 7 years. Paper copies of these files will be maintained at the Conservancy office as appropriate. Digital records shall be stored on the Conservancy's server.

d. **Outreach Records**. Newsletters, outreach materials and other Conservancy publications will be kept for a minimum of 7 years. Digital records shall be stored on the Conservancy server. Published articles may be kept to preserve institutional memory.

**3. DOCUMENT DESTRUCTION**

a. **Sarbanes-Oxley Compliance**. The Executive Director shall ensure that purging of any documents is stopped immediately if an investigation is anticipated, underway, or suspected.

b. **Periodic Document Destruction**. All documents scheduled for destruction will be destroyed using a paper shredder to ensure that any personal, financial, legal or otherwise sensitive information contained in the documents remains secure. The periodic destruction of documents in accordance with this policy will be done on a schedule determined by the Executive Director in a manner compliant with the Sarbanes-Oxley Act.

Adopted 10/7/2009; revised 9/2/2015; revised 4/4/2018

***Standard 2: Compliance with Laws***

*This practice has been eliminated, and the contents are now a part of Practice 2C*

**Practice 2E:** It is the policy of the Blue Ridge Land Conservancy that should the Board vote to engage in public policy, the Conservancy shall comply with federal and state lobbying limitations and reporting requirements. The Board shall vote to engage in public policy only after careful consideration and discussion, taking into account the compatibility of the matter at hand with the Conservancy's stated bylaws, mission and goals, and the capacity of the organization to engage in such activity. The Conservancy shall not engage in political campaigns or endorse candidates for public office.

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Adopted 10/7/2009; revised 9/2/2015; revised 4/4/2018