Standard 6: Financial Oversight

Land trusts are responsible and accountable for how they manage their finances and assets.

Practice 6A: Fiscal Health

1. Develop an annual budget that reflects the land trust's annual programs and activities

2. Develop and implement a strategy to address any deficit-spending trends

3. Assess the nature and variability of revenue and seek to diversify funding sources

4. Build and maintain sufficient operating reserves to sustain operations

5. Build and maintain dedicated or restricted funds sufficient to cover the long-term costs of stewarding and defending the land trust's land and conservation easements

a. If funds are insufficient, adopt a plan to secure these funds and a policy committing the funds to this purpose

Practice 6A1: Develop an annual budget that reflects the land trust's annual programs and activities

It is the policy of the Conservancy that the Conservancy shall prepare an annual budget based on its fiscal year that is reviewed and approved by the Board. The budget shall be based on programs planned for the year and the Conservancy's goals and priorities. Annual revenue shall be greater than or equal to expenses, unless reserves are deliberately drawn upon. The annual budget shall be guided by a written long-range financial plan.

The budget shall be prepared using the following steps:

- Review of previous year's budget vs. actual revenues and expenses
- Develop an annual work plan.
- Determine the costs of carrying out the annual plan.
- Make income projections.
- Compare expenses to income and adjust as necessary.
- Have the Board review and approve the budget.

Practice 6A2: Develop and implement a strategy to address any deficit-spending trends

Comparisons of budgeted figures vs. year-to-date actuals shall be reviewed at monthly meetings of the Board or the Executive Committee. Deviations in expenditures of more than 10% of the budgeted amount must be approved by a vote of the Board or Executive Committee. The budget may be amended during the course of the year by the Board when changes in circumstances make such changes appropriate. If the Board determines that there are any deficit-spending trends in the Conservancy's budget, it shall immediately address them by adjusting the annual budget as necessary.

[from former Practice 6C]

It is the policy of the Conservancy that the Treasurer prepare and distribute monthly financial reports and statements in the following form to the Board at each meeting:

- Balance sheet
- Profit & loss YTD comparison
- Profit & loss budget vs. actual
- Balance sheet breaking out restricted and unrestricted funds
- Profit & loss YTD comparison showing restricted and unrestricted funds

Each meeting of the Board shall include an opportunity for explanation of the reports and discussion before their acceptance.

Practice 6A3: Assess the nature and variability of revenue and seek to diversify funding sources

As part of its annual budget preparation process, the Board shall access the nature and variability of the Conservancy's revenue and seek to diversify funding sources.

Practice 6A4: Build and maintain sufficient operating reserves to sustain operations

The Conservancy's budget shall include a contingency reserve for unexpected expenses and shall contribute any remaining unspent operating funds to an operating reserve at year end. Deficit budgets shall be avoided unless the Board decides that there is a compelling reason to tap into reserve funds. The Board shall ensure that the Conservancy builds and maintains sufficient operating reserves to sustain operations.

Practice 6A5: Build and maintain dedicated or restricted funds sufficient to cover the long-term costs of stewarding and defending the land trust's land and conservation easements

a. If funds are insufficient, adopt a plan to secure these funds and a policy committing the funds to this purpose

[formerly Practice 6f]
It is the policy of the Conservancy that it builds and maintains dedicated stewardship and legal defense funds, which shall be held and managed by the Foundation for Roanoke Valley. Annually, the Board shall decide whether to accept the proceeds from the fund's prior year of activity or reinvest them. Any proceeds from the fund shall be used for the Conservancy's stewardship program. Tapping the principal for legal defense of a conservation easement or owned land shall require a vote of the Board.

[formerly Practice 6G]
It is the policy of the Blue Ridge Land Conservancy that it:

- has a secure and lasting source of dedicated or operating funds sufficient to cover the costs of stewarding its land and easements over the long term and enforcing its easements;
- tracks stewardship and enforcement costs; and,
- periodically evaluates the adequacy of its funds.

Until such time as the Conservancy's fund is at the levels required by the Land Trust Accreditation Commission, the Conservancy's policy shall be:

- to reinvest annually any proceeds from its stewardship and legal defense funds;

- to solicit major donors, Board members, and easement donors whose gift was made before the Conservancy had a policy of requiring a stewardship fee with each easement in order to meet the fund's goal;
- to place any unrestricted bequests or other unexpected major gifts into the fund, at the Board's discretion.

Adopted 11/4/2009; revised 9/2/2015; revised 4/4/2018

Standard 6: Financial Oversight

Practice 6B: Financial Records

1. Keep financial records in accordance with Generally Accepted Accounting Principles (GAAP) or Other Comprehensive Basis of Accounting (OCBOA)

1. **Practice 6B1:** Keep financial records in accordance with Generally Accepted Accounting Principles (GAAP) or Other Comprehensive Basis of Accounting (OCBOA)

It is the policy of the Blue Ridge Land Conservancy that the Conservancy keeps accurate financial records, in a form appropriate to its scale of operations and in accordance with Generally Accepted Accounting Principles (GAAP) or Other Comprehensive Basis of Accounting (OCBOA).

Updated 06/7/2009; adopted 11/4/09, 9/2/2015; revised 4/4/2018

Standard 6: Financial Oversight

Land trusts are responsible and accountable for how they manage their finances and assets.

Practice 6C: External Financial Evaluation

1. Obtain an annual financial audit, review or compilation by an independent certified public accountant or a qualified accounting professional, in a manner appropriate for the scale of the land trust

Practice 6C1: Obtain an annual financial audit, review or compilation by an independent certified public accountant or a qualified accounting professional, in a manner appropriate for the scale of the land trust

It is the policy of the Conservancy to obtain an annual financial audit, review or compilation by an independent certified public accountant or a qualified accounting professional, in a manner appropriate for the scale of the conservancy.

Adopted 07/19/2007; adopted 11/4/2009, 09/2/2015; revised 4/4/2018

Blue Ridge Land Conservancy Practices

Standard 6: Financial Oversight

Land trusts are responsible and accountable for how they manage their finances and assets.

Practice 6D: Written Internal Controls

1. Establish written internal controls and accounting procedures, including segregation of duties, in a form appropriate for the scale of the land trust, to prevent the misuse or loss of funds

Practice 6D1: 1. Establish written internal controls and accounting procedures, including segregation of duties, in a form appropriate for the scale of the land trust, to prevent the misuse or loss of funds

It is the policy of the Conservancy to maintain a sound system of written internal controls and procedures for handling money, to include:

General

The Executive Director or his or her designee (Designee) is responsible for all day-to-day monetary transactions including:

- Cash receipts
- Bill payment
- Payroll
- All federal and state payroll tax deposits
- Coding/entry of all transactions into the accounting and donor management systems
- Signing checks for budgeted operational expenditures up to $1,000; two signatures are required on checks in amounts greater than $1,000. Signatories shall include the Executive Director and the President, President-elect, Treasurer and Secretary of the Board.
- Signing all operations contracts and documents (e.g., leases, vendor agreements, consultant agreements, etc.)

Receipts

For checks, the Executive Director or Designee shall make two copies of each check. One copy shall be filed alphabetically with all checks from the same fiscal year. The Executive Director or designee shall create a deposit ticket (in duplicate) and make deposits in the Conservancy's checking account. He or she shall record the deposit in the accounting and donor management systems. The second copy shall be filed by date with other checks on the same deposit date.

Cash receipts shall be counted in the presence of another staff or Board member and then deposited in the checking account by the Executive Director or Designee.

Invoices

Invoices are received and paid by the Executive Director or Designee not later than the invoice due date. All invoice payments shall be recorded in the Conservancy' accounting software, with paper copies retained in the monthly financial records file.

Credit card transactions

Any credit card receipts processed through the Conservancy's donor management software or other online service (e.g., PayPal) shall be entered into the Conservancy's accounting software by the Executive Director or Designee.

At the Board's discretion, staff may be issued credit cards for the purchase of items or services needed for the Conservancy's operations. The credit limit shall be set by the Board. Staff shall retain receipts for each purchase and code each charge on the monthly credit card statement so that expenses are allocated correctly and transparently.

Reconciliations

The Treasurer is responsible for review and reconciliation of all financial accounts. Bank statements shall be mailed to and opened by the treasurer.

Reimbursements

Staff, Board members and volunteers may be reimbursed for authorized expenses made with personal funds. They shall submit a reimbursement report showing the amount of the expense, the description, and an expense account number. Reimbursements shall not be made for alcohol for personal consumption, for meals exceeding the established IRS maximum, or for travel or expenses not related to the business of the Conservancy. Anyone authorized by the Executive Director or the Board to receive mileage reimbursements for use of a personal vehicle shall maintain an odometer log containing dates, destinations and mileage totals. Reimbursement shall be at the established IRS per mile rate for the date when the trip was made.

Petty cash

Staff may maintain a petty cash account for minor reimbursements, change for programs and special events, and other purposes. The account shall be kept in a secure location with a register documenting deposits into the account and withdrawals from it, along with descriptions and dates. The balance of the account is not to exceed $500.

Adopted 07/19/2007; adopted 11/4/2009, 09/2/2015; revised 4/4/2018

Standard 6: Financial Oversight

Land trusts are responsible and accountable for how they manage their finances and assets.

Practice 6E: Risk Management and Insurance

1. Routinely assess and manage risks so that they do not jeopardize the land trust's financial health and its ability to carry out its mission and legal responsibilities

2. Carry general liability, directors and officer's liability, property and other insurance, all as appropriate to the land trust's risk exposure or as required by law

Practice 6E1: 1. Routinely assess and manage risks so that they do not jeopardize the land trust's financial health and its ability to carry out its mission and legal responsibilities

The Conservancy shall periodically evaluate the risks inherent in holding conservation easements, in owning fee lands, in its various activities, and in accepting gifts of various kinds, and take actions as determined appropriate by the Board to ensure that any risks do not jeopardize the Conservancy's financial health and its ability to carry out its mission and legal responsibilities.

Participation in any and all Conservancy programs in which there is risk to life or limb (e.g., outdoor programs for schools or the general public) shall require that participants sign a participation waiver, or for a waiver to be signed for the participant if they are under 18.

Practice 6E2: Carry general liability, directors and officer's liability, property and other insurance, all as appropriate to the land trust's risk exposure or as required by law

It is the policy of the Conservancy that it maintains the following types of insurance, at levels regarded by insurance professionals to be adequate to the size of the organization and the scope and scale of its activities at the time:

- Commercial general liability
- Commercial umbrella
- Association liability (directors and officers) insurance
- Worker's Compensation and employer's liability
- Property and owned asset
- Automobile
- Conservation easement defense (Terrafirma)

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