

FINANCIAL ACCOUNTABILITY FOR LAND TRUSTS

Standard 6 - Financial and Asset Management

Assessment Tool

A. Annual budget - The land trust has an annual budget that is reviewed and approved by the board, or is consistent with board policy

1. The organization prepares an annual budget
2. The budget is approved prior to the beginning of the fiscal year
3. The budget is approved formally by the board
4. A deficit budget clearly indicates that reserves will be used to fund the organization's budgeted activities
5. Actual expenses are periodically compared to budgeted amounts throughout the year

B. Financial records - the land trust keeps accurate financial records, in a form appropriate to its scale of operations

1. The organization maintains its accounting records using a double-entry bookkeeping system.
2. Accounting records are in the care of a person knowledgeable about bookkeeping
3. Disbursements are recorded in the accounting records at the time they are made.
4. Deposits are recorded in the accounting records at the time they are made
5. If applicable, payroll transactions, including amounts withheld for taxes and benefits, are recorded properly
6. Non-cash transactions, such as in-kind donations, are recorded in the accounting records
7. All bank accounts are reconciled accurately and in a timely manner.
8. Bank statements and canceled checks are opened and reviewed by an officer
9. The organization maintains files of organizational documents that include the following:
 - Articles of incorporation and bylaws
 - Minutes of meetings of Board of Directors
 - Annual financial statements and tax returns
 - IRS determination letter (related to tax-exempt status)
 - Board of directors roster
 - Documentation of ownership and valuation of all property owned
 - Financial and other organizational policies approved by Board of Directors
10. The organization's chart of accounts recognizes revenue and expenses by type (e.g., personnel, rent, supplies expenses; contribution, sales, and event revenue) and by function (program/activity)

C. Financial Reports and Statements - the Board receives and reviews financial reports and statements in a form and with a frequency appropriate to the organization's size and scale

1. The organization prepares statements of financial position ("balance sheet") and activities ("profit and loss report") at least on a quarterly basis
2. The statement of activities compares actual and budgeted amounts for the year to date
3. Financial reports are prepared on the accrual basis of accounting
4. These reports are prepared by someone who is knowledgeable about financial statement preparation
5. These reports are reviewed by the Board of Directors, and a record of this review is included in the Board's minutes

FINANCIAL ACCOUNTABILITY FOR LAND TRUSTS

Standard 6 - Financial and Asset Management

Assessment Tool

D. Financial Review or Audit - The land trust has an annual financial review or audit by a competent provider of these services

1. The organization has prepared audited financial statements if required to do so by state law
2. The organization routinely has its financial statements reviewed by a CPA (not required by law)
3. The organization routinely has its financial statements compiled by a CPA (not required by law)
4. The organization has made accurate and timely filings of all required tax returns (Form 990, Form 990EZ, Wisconsin Department of Regulation and Licensing Form 1952)
5. Management letter comments submitted as part of the organization's annual audit have been addressed by management in a timely manner
6. The organization has procedures in place to ensure that financial reporting requirements of grantors and other funding sources are met in a timely and accurate manner

E. Internal system for handling money - The land trust has established a sound system of internal controls and procedures for handling money

1. The organization has financial policies that have been recently reviewed and approved by the Board of Directors
2. Individuals with check-signing authority do not approve invoices or authorize payments
3. The person responsible for preparing disbursements does not also sign checks
4. Someone other than the person responsible for preparing bank deposits reviews deposits prior to delivery to the bank
5. Bank reconciliations are performed by someone who does not have conflicting financial duties, or else an officer receives and reviews unopened bank statements and canceled checks
6. Checks are restrictively endorsed upon receipt and are deposited in the bank promptly
7. The Board has authorized all check signers, and only those authorized to sign checks actually do so
8. If applicable, payroll registers are reviewed by someone other than the individual who prepares payroll prior to disbursement
9. The organization limits the amount that can be disbursed without prior Board authorization

F. Investment and Management of Financial Assets - The land trust has a system for the responsible management of financial assets and has policies governing the use of restricted or designated funds

1. The organization has an investment policy that has been recently reviewed and approved by the Board of Directors
2. If the organization receives funds restricted for use in specific activities, the organization has procedures in place to ensure that disbursement of these funds complies with restrictions
3. If the organization has funds designated by the Board for use in specific activities, the organization has procedures in place to ensure that disbursement of these funds complies with designations
4. Use of restricted or designated funds, if any, appears to conform to restrictions/designations
5. Accounting for the use of restricted and designated funds is adequate to report accurately the use of those funds

FINANCIAL ACCOUNTABILITY FOR LAND TRUSTS

Standard 6 - Financial and Asset Management

Assessment Tool

- G. Funds for Stewardship and Enforcement - The land trust has a secure and lasting source of funds sufficient to cover the costs of stewarding its land and easements, or the Board has adopted a policy committing the organization to raising necessary funds**
1. Permanently or temporarily restricted, or Board designated accounts are used to identify funds to cover the costs of stewardship of land and enforcement of easements
 2. Management and the Board have reviewed the adequacy of these funds
 3. If they are not deemed adequate, the organization has a plan to raise the sufficient funds, and this plan has been implemented
 4. The organization has a policy governing expenditure of funds dedicated to covering the costs of land and easement stewardship, in order to ensure that these funds are sufficient over the long run
- H. Sale or transfer of assets - The land trust has policies governing sale of land and other assets**
1. The organization's Board has recently reviewed and approved such a policy, identifying who is authorized to commit the organization to purchase or sale of property and equipment
 2. Transactions recently completed have met the policy's requirements
 3. The policy addresses the issue of transactions between related parties
- I. Risk management and insurance - The land trust assesses its risks and carries adequate insurance to cover them. The land trust has policies governing encumbrance of land and other organizational assets.**
1. Management has recently completed a risk assessment
 2. The organization carries insurance to cover liability, property damage, and injury to employees
 3. Limits of insurance coverage appear adequate, or have recently been reviewed by management
 4. Board authorization is required in order to encumber the organization's assets or take on debt
 5. Organizational records are properly secured. Electronic data are routinely backed up, and a recent back-up is stored off-site. Fireproof safes or file cabinets are used to secure records.