

STANDARD 6

Financial Oversight

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

PRACTICES

A. 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

B. Financial Records

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

C. 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

D. 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

E. 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 officers liability, property and other insurance, all as appropriate to the land trust's risk exposure or as required by law