LAND TRUST ACCREDITATION COMMISSION

An independent program of the Land Trust Alliance

Summary of Changes to the 2026 *Requirements Manual*

Overview

The Requirements Manual (Manual) helps land trusts understand how the Land Trust Accreditation Commission (Commission) verifies that a land trust meets *Land Trust Standards and Practices* (Standards). The Manual also helps land trusts be successful in the accreditation process. The Commission looks at the requirements annually to evaluate if updates are needed.

When deciding whether to revise or add requirements, the Commission considers consistency with the Standards and professional sources; equity among land trusts; feasibility of implementation and verification; and the level of risk to land trusts and the land trust community. The goal is to have clear requirements informed by land trust community feedback that are the basis for fair and consistent decisions.

Land trust community feedback is gathered by having commissioners who represent accredited land trusts, receiving comments from land trusts throughout the year, and having public comment periods. An open call for comments was held in September 2024 and a request for comments on specific changes was held in Fall 2025. The Commission appreciates the 27 responses that were received in response to this second comment period. These comments helped improve and inform the final requirements.

- This document is a companion to the full Manual and provides more in-depth information on the changes made from the 2023 edition of the Manual.
- Have additonal questions?
  Please contact the Commission:
  info@landtrustaccreditation.org | 518.587.3143
- For additional questions about the linked resources, please contact the Land Trust Alliance:
  info@lta.org | 202.638.4725

What is Different?

Most requirements have not changed. Below is a summary of the eight major changes along with an explanation of what changed, why the change was made, and what feedback was collected from land trusts. Other requirements have been modified slightly to improve consistency and clarity and respond to land trust feedback. A version showing all revisions to the requirements is also available on the Commission website.

The application management system and application materials for applicants in 2027 will be updated to reflect the changes.

Explore by Requirement

FINANCE

The four major changes to the requirements in the Finance section relate to operating reserves, donor restrictions, internal controls, and insurance.

TRANSACTIONS

There are two major changes in the Transactions section related to tax deductions.

STEWARDSHIP

The two major changes in the Stewardship section are related to monitoring conservation easements and inspecting fee properties.

FINANCE

1.7 Net operating reserves? at the end of last fiscal year cover at least three months of that year's operating expenses. If an applicant does not have the full amount, a feasible plan with specific funding targets, fundraising methods, and timelines exists so that the land trust will have the full amount at its next renewal**.**

(?Net operating reserves defined as net assets without donor restrictions, excluding a) land, property, equipment, and b) any net assets board designated for stewardship and defense; plus any net assets with time/purpose donor restrictions for operations. Reserves and expenses calculated based on the most recent audit, review, or compilation.)

REVISED

WHAT CHANGED AND WHY?

The stated level of operating reserves has not changed, but additional language helps clarify the following:

- The basis for calculating the level of operating reserve is more clearly set as being determined at the end of the last fiscal year and being based on operating expenses for that year (using what is reported in the most recent audit, review, or compilation).
- An applicant with an operating reserve less than three months of operating expenses will need to submit a plan as part of the application so that it will have the full amount at its next renewal as well as the elements of that plan.
- The definition of operating reserve excludes net assets with perpetual donor restrictions, as the principal is not available for the land trust to immediately use. (Any earnings on the endowment would count towards operating reserves.)

WHAT DID LAND TRUSTS SAY?

The majority of respondents supported this change, with some recommending that operating reserves level be greater than three months and that boards need to regularly assess reserves. Modifications were made to the wording initially proposed based on land trust comments.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

No new information will be requested in the application; the current application includes sufficient information to verify the clarified requirement. In the event there was an anomaly in its financial position or operating expenses at the end of the last fiscal year, an applicant can submit additional documentation as part of the application.

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center Financial Management Learning Path that includes:

- Practice 6A: Fiscal Health, Element 6A4
- Learn Practice Element 6A4: Building and Maintaining Operating Reserves
- Webinar: Building and Managing Operating Reserves

FINANCE

III.3 Financial records show contributions received and/or awarded are appropriately classified, tracked, and used in accordance with donor/grantor materials or communications, including:

a. Gifts/grants for a specific time or purpose are shown as net assets with donor restrictions until time or purpose is met and the restrictions are released

b. Gifts/grants for an "endowment" are shown as net assets with requisite perpetual donor restrictions

REVISED

WHAT CHANGED AND WHY?

- The basis of the requirement has not changed. Prospective donors/grantors need accurate information about how their contributions will be used. In turn, land trusts need to classify, track, and use contributions it receives appropriately. Land trusts should avoid language that could be misleading in all communication with donors and grantors.
- Language was added to clarify that it is the communication with donors/grantors that sets the expectation about how a contribution will be used. If a donor/grantor does not explicitly state a restriction, the request for contributions provided to the donor/grantor and/or as stated in the acknowledgement of acceptance of the gift should be used to determine any restrictions. For example, if a land trust solicits a contribution for its Stewardship Fund, it should classify funds received as a net asset with donor restrictions for the purpose of stewardship until a corresponding stewardship expense is incurred and the funds can be released from restrictions.
- The requirement now specifies the difference between net assets with perpetual restrictions vs. those with time or purpose restrictions, noting that, if a land trust communicates with prospective donors about an "endowment", it should be prepared to consider those funds perpetually restricted, unless it makes clear in the communications that the principal can be spent. The requirement does not apply if the land trust is using the terms "endowment" or "quasi-endowment" internally; the requirement applies only when the term is used in materials or communications sent to donors and potential donors.

WHAT DID LAND TRUSTS SAY?

The majority of respondents indicated support for this change. Modifications were made to the wording initially proposed based on land trust comments.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

No new information will be requested; the current application includes sufficient information to verify the clarified requirement.

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center Financial Management Learning Path that includes:

- Practice 5B: Accountability to Donors, Elements 5B1 and 5B3
- Practice 6B: Financial Records
- Practice Element 5B3: Systems for Documenting and Complying with Restricted Gifts
- Webinar: Managing Restricted Gifts
- Practice Element 6A5: Funding for Stewardship and Defense

FINANCE

IV.1 Have written internal controls and accounting procedures.

IV.2 Internal controls and accounting procedures address risks of misuse, loss, or misstatement of funds by describing: Starting in 2027

a. Measures[1] taken to prevent or detect fraud related to cash receipts (including payments received electronically) and disbursements[2]
([1] Measures include segregating specific duties.)
([2] Disbursements include payments to vendors, contractors, and employees.)

b. Measures taken to ensure that receipt and use of all donor contributions (including foundation grants) and government awards are properly accounted for to avoid misstatement

c. Procedures used to monitor compliance with the controls to ensure they are in force and effective

REVISED & NEW

WHAT CHANGED AND WHY?

- The requirement in the 2023 Manual related to internal controls has now been divided into two components.
  - The bold "label" in Finance IV.1 signals the expectation that all land trusts need to have written internal controls and accounting procedures.
  - Finance IV.2 now includes what outcomes those internal controls and accounting procedures need to address.
- In the past, the application requested an assessment about the risks related to theft, fraud, and misstatement and that the land trust have procedures that would address those risks. Many applicants struggled with that approach and found it confusing; land trusts asked that the Commission more clearly define what it expected. Finance IV.2 describes what the procedures should address, as described in the guidance for practice element 6D1 and professional advice through the COSO Framework. As a non-bold requirement, the facts and circumstances of each applicant will be considered. The requirement reflects that there is no one-size-fits-all expectation; land trust practices will vary significantly depending on the scope and scale of the organization.

WHAT DID LAND TRUSTS SAY?

More than half of the respondents indicated support for this change. Comments included ensuring there was enough guidance, training, and samples for land trusts of all sizes.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

The application would change to have a land trust provide its written procedures, rather than the current approach of having a land trust answer the risk assessment questions and provide excerpts of its internal controls or accounting procedures. A phase-in period (starting with applicants in 2027) will allow land trusts time to make changes to financial procedures as needed.

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center Financial Management Learning Path that includes:

- Practice 6D: Written Internal Controls
- Learn Practice Element 6D1: Establishing Written Internal Controls

FINANCE

VI.2 Carry directors & officers liability insurance and property insurance as appropriate to the land trust's risk exposure.

REVISED

WHAT CHANGED AND WHY?

Since it was first published in 2018, there has been confusion about the requirement to evaluate insurance needs, specifically about who needs to conduct the evaluation and what type of insurance needed to be evaluated. The requirement for an evaluation is being replaced with a requirement that mirrors the language in practice element 6E2. The Commission encourages land trusts to have regular evaluations of insurance needs, as described in the practice guidance.

WHAT DID LAND TRUSTS SAY?

While some of the respondents indicated support for engaging the board in an evaluation of insurance needs, the majority of respondents supported the change.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

The application will include a question about whether the land trust has directors & officers liability insurance and property insurance (if applicable) and only ask about the evaluation if the land trust notes that it does not have the coverage. This change would reduce the amount of documentation for most land trusts. (Evidence of general liability insurance would still be required as part of Finance VI.1.)

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center Financial Management Learning Path that includes:

- Practice 6E: Risk Management and Insurance, Element 6E2
- Learn Practice Element 6E2: Carrying Appropriate Insurance
- Webinar: Insurance 101
- Webinar: Understanding insurance and avoiding common mistakes that can jeopardize coverage

TRANSACTIONS

V.1 Written notification to potential land or conservation easement donors includes the following:

a. The project must meet the requirements of Internal Revenue Code §170 and the accompanying Treasury Department regulations and any other federal or state requirements
b. The donor is required to obtain a qualified appraisal prepared by a qualified appraiser for gifts of property valued at more than $5,000
c. The land trust will request a copy of the completed appraisal
d. The land trust is not providing individualized legal or tax advice Starting in 2027

REVISED

WHAT CHANGED AND WHY?

- Practice element 10A1 requires land trusts to inform potential donors about specific aspects of the potential tax deduction, including a statement that they are not providing individualized legal or tax advice. In the past, the Commission has confirmed that no individualized advice was provided (Transactions V.3) but has not verified that the notification includes an explicit statement that no advice is being provided.
- Since the 2023 edition of the Manual, the Internal Revenue Service (IRS) published IRS Syndicated Conservation Easement Transactions as Listed Transactions (Listed Transactions regulations), effective 10/8/2024, to help the IRS identify “reportable transactions” (those with the potential for tax avoidance or evasion). The addition (“d” above) helps land trusts mitigate risk and address the perception a land trust could be giving legal or tax advice.

WHAT DID LAND TRUSTS SAY?

The majority of respondents indicated support for the addition to the requirement. One respondent expressed concern about the IRS rules, specifically noting the $5,000 limit for appraisals (which is set by the IRS) was too low.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

The current application includes sufficient documentation to verify the changed requirement, so no new documentation will be required. Because this was not explicitly stated as part of the requirement in the past, this change of adding “d” will be phased in (to begin in 2027) to allow land trusts time to modify their template materials and notifications to potential donors, if needed.

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center:

- Practice 10A: Landowner Notification, Element 10A1
- Learn Practice Element 10A1: Landowner Notification for Donations of Land or Conservation Easements
- Example notification
- Annotated sample tax notification

TRANSACTIONS

V.4 Land trust evaluates each transaction and takes actions to resolve substantial concerns with the appraisal, appraised value, or other terms of the transaction to ensure the land trust does not knowingly participate in potentially fraudulent or abusive transactions, including the following:

a. Involving legal counsel as appropriate
b. Taking appropriate action including one or more of the following: documenting concerns were shared with the donor, seeking an independent substantiation of value, withdrawing from the transaction prior to closing, asking to see the landowner's appraisal prior to closing, documenting the board's decision to proceed with the transaction and/or with signing the Form 8283, refusing to sign the Form 8283
c. Signing the Form 8283 only when a gift was received
d. Declining to participate in a transaction with a pass-through entity of unrelated parties that either was prohibited by the Standards or would not be treated as a qualified conservation contribution under law[2]

([2] Beginning in 2016 until it was superseded by law in December 2022, land trusts were required to decline to participate in a transaction with a pass-through entity of unrelated parties when a) the appraisal indicated an increase in value of more than 2.5 times the basis in the property within 36 months of the pass-through entity's acquisition of the property and b) the value of the donation was $1 million or greater. After 2022, the Charitable Conservation Easement Program Integrity Act and its regulations disallow a conservation easement tax deduction when a) the contribution exceeds 2.5 times the sum of each partner's relevant basis in the donor entity, b) the contribution is made within three years of the latest of each member/entity acquiring an interest in the property or the entity, and c) less than 90% of the contributing entity is owned by members of a family.)

REVISED

~~V.7~~ ~~**The land trust follows the then current Land Trust Alliance Tax Shelter Advisory, including the following:**~~

~~a.~~ ~~**Comprehensive due diligence and analysis of transactions with pass-through entities of unrelated parties (particularly those offered or assembled by a third-party) conducted before closing to determine if a transaction meets the terms of the Advisory or is otherwise potentially fraudulent or abusive**~~
~~b.~~ ~~**Does not participate in a transaction with a pass-through entity of unrelated parties when a) the appraisal indicates an increase in value of more than 2.5 times the basis in the property within 36 months of the pass-through entity's acquisition of the property and b) the value of the donation is $1 million or greater**~~

WHAT CHANGED AND WHY?

The passage of the Charitable Conservation Easement Program Integrity Act (Integrity Act), effective 12/2022, disallowed charitable deductions under specific circumstances. Because the law now supersedes the provisions in the Alliance Tax Shelter Advisory (Advisory) the Alliance "suspended" practice element 10C4 and removed all references to the Advisory. This change involves deleting requirement V.7 related to the Advisory and adding "d" to V.4 to align with the Alliance guidance and the Integrity Act. This clarifies expectations for land trusts based on the Standards or regulations in place at the time of a transaction.

WHAT DID LAND TRUSTS SAY?

The majority of respondents indicated support for the addition to the requirement.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

In general, the current application includes sufficient documentation to verify the changed requirements. However, modifications were made to components of the application, such as the Land Conservation Project List, pre-application, and targeted verification checklists, to reflect these changes.

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center:

- Practice 10C: Avoiding Fraudulent or Abusive Transactions, Elements 1, 2, and 3
- Webinar: Federal Tax Issues: Fall 2024 Tax Update
- Is this easement deduction disallowed pursuant to the Charitable Conservation Easement Program Integrity Act?
- Pass-Through Entity Donor Due Diligence Checklist

STEWARDSHIP

I.3 Monitoring or inspection reports include the following:

- **a. Monitoring/inspection date[1]**
- **b. Property monitored/inspected**
- **c. Name of monitor/inspector**
- **d. Observations related to property's condition and conservation values**
- **e. For conservation easements, observations[2] related to any potential conservation easement violations**
- **f. For conservation fee properties, observations[2] related to any potential management/ownership problems[3]**
- **g. Date report completed** Started in 2022

([1]For remote inspection or monitoring, reports include the date image captured, data source, and either a copy of the image or the permanent storage location of the images/photos.) Starting in 2027
([2]If observations in photos, reports must include the photos or the permanent storage location of the photos.) Starting in 2027

([3]Such as encroachment or trespass.)

REVISED

WHAT CHANGED AND WHY?

- Two clarifications have been added to this requirement. The first change is included in the notation (2) and clarifies the expectations for photos taken during monitoring or inspections. It is important that photographs related to violations or management/ownership problems be maintained as a business record and handled so they will be admissible as legal evidence in court. Including the photos with the report or filing them with the land trust's permanent records is consistent with that practice.
- The second change is included in the notation (1) and clarifies what additional information is essential to document remote inspections or monitoring events and to increase the likelihood the reports would be admissible as evidentiary evidence in court under the business records rules.

WHAT DID LAND TRUSTS SAY?

The majority of respondents indicated support for both changes to this requirement. Modifications were made to the wording initially proposed based on land trust comments.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

The current application includes sufficient documentation to verify the changed requirement. However, to allow land trusts time to revise their practices as needed, these changes will be phased in and will be effective in 2027.

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center:

- Managing Records for Litigation
- Practical Pointer: Remote Monitoring: Practices, Limitations and Use in Legal Defense
- Toolkit: Establish your policies, procedures and forms
- Webinar: Understanding Remote Monitoring Principles and Limitations

STEWARDSHIP

1.4 Monitoring and/or inspection reports completed within three months of the monitoring or inspection date.
(For remote inspection or monitoring, the date of image capture and date of report recording land trust review of the imagery should generally fall within the same calendar year.)

REVISED

WHAT CHANGED AND WHY?

During the comment period, many respondents expressed the need for greater clarity for remote monitoring and inspections about the image date, date of the report, and the date of reviewing the image. Based on the feedback, the Commission added clarification related to the timing for completing monitoring/inspection reports. The change makes clear that the image and review of the image by the land trust should be in the same calendar year. For example, a land trust reviewing a March 2025 image in March 2026 would not meet the requirement for a timely report under the requirements.

HOW WILL THE CHANGED REQUIREMENT BE IMPLEMENTED?

The current application includes sufficient documentation to verify the requirement and the related clarification.

FOR MORE INFORMATION

For more information, visit the Alliance Resource Center:

- Managing Records for Litigation
- Practical Pointer: Remote Monitoring: Practices, Limitations and Use in Legal Defense