



↓ A bur oak tree along the Table Bluff Segment of the Ice Age National Scenic Trail in Wisconsin.

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# GIVE YOUR BOARD THE FULL FINANCIAL PICTURE

By **LISA MCCARTHY**

**A** land trust's board has a legal responsibility to oversee the organization's financial well-being. Periodically providing the full board with financial reports that are accurate and complete can help ensure that your board will make responsible decisions and carry out the mission of your land trust—which ultimately means more land that people need and love is saved, protected and stewarded.

"Organizations often delegate financial duties to staff members or individual board members. But this does not relieve the board of its ultimate responsibility for the organization's financial well-being," says Dana Chabot, a commissioner with the Land Trust Accreditation Commission and a retired certified public accountant. As a CPA, he helped nonprofits develop budgets and financial reports that clearly communicate operating results, operating reserves and uses of restricted contributions.

Directors may be held legally responsible (if negligent) for financial mismanagement, explains Chabot. "Just as importantly, boards lead by example in adhering to ethical standards in their conduct, in part by paying close attention to financial matters. This requires that directors receive and understand timely, accurate financial reports."

As a current board member of the accredited Ice Age Trail Alliance in Wisconsin, Chabot also knows how a well-designed financial report can help a board answer questions such as: Is our spending in line with amounts projected in our current year's budget? Are we bringing in sufficient operating revenue to pay for the expenses incurred? Do we have sufficient reserves at the end of each year to cover an operating deficit or other unexpected expenditures?

The accreditation requirements are that the board periodically reviews a balance sheet (or a statement of financial position) and a budget-to-actual comparison (or a statement of activities) with specific information.

→ The balance sheet is a snapshot of financial health at one moment in time. It shows the balances in your bank and investment accounts, the total amount of your organization's assets, the amount owed to outsiders and, importantly, what portion of your net assets is available for future operations (not restricted by donors or designated by the board for other purposes).

- The budget-to-actual comparison report includes actual year-to-date operating revenue and expenses compared to the budget. This shows how your organization is doing as it relates to revenue and expenses, so the board can anticipate if there will be a deficit and see how well the organization is performing against the budget set at the beginning of the fiscal year. The report needs to include a schedule of restricted fund activity so the board can understand what donor-restricted moneys were received and were used by being released from restrictions.

Chabot shares some best practices that will help board members—especially those who are not financially savvy—get the most out of your financial reports:

- Providing too much detail can distract board members from focusing on important departures from budget.
- A well-designed budget-to-actual report should summarize revenue and expense information using readily understandable expense categories (e.g., personnel, contracted services, special events, office expenses) and revenue types (e.g., individual contributions, foundation, and government grants).
- Variances from the budget should be highlighted.
- Some boards also like to look at multi-year trends, such as changes over three to five years in individual giving and total spending.

Many land trusts provide financial reports to board members before each meeting; others may have a finance committee and the full board receives the reports less often. To reflect the diversity of approaches, the accreditation requirements specify the reports be provided to the full board periodically. This is important, notes Chabot, so that the board is not surprised by “financial difficulties that could have been averted had it been informed earlier.”

The value of having a board that is financially aware and engaged cannot be overstated, says Chabot. “A well-informed board is in a better position to take advantage of opportunities that arise during the year, such as the opportunity to acquire land or an easement, and that require a prompt response.”

There are many resources available for learning about board financial reports and practice element 3A2 of *Land Trust Standards and Practices*. The Alliance’s Resource Center provides sample reports as does the Commission’s blog, Word from the Commission. To understand the specific accreditation requirements, please reference the Commission’s Requirements Manual. ☺

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## LAND TRUST ACCREDITATION COMMISSION

An independent program of the Land Trust Alliance

[landtrustaccreditation.org](https://landtrustaccreditation.org)

## CELEBRATING ACCREDITATION RENEWAL

**Congratulations to the 58 land trusts that achieved renewal this winter.** Accredited land trusts have helped strengthen the entire land trust community. This trusted network of land trusts demonstrated fiscal accountability, strong organizational leadership, sound transactions and lasting stewardship of the lands they conserve. Land trusts that invest time and resources in the renewal process are telling their communities that they understand the responsibility of the promise of perpetuity.

- Adirondack Land Trust (NY)
- Bainbridge Island Land Trust (WA)\*
- Bayou Land Conservancy (TX)\*
- Bear-Paw Regional Greenways (NH)
- Big Sur Land Trust (CA)\*
- Blue Hill Heritage Trust (ME)\*
- Blue Ridge Conservancy (NC)\*
- Bluegrass Land Conservancy (KY)\*
- Brunswick-Topsham Land Trust (ME)\*
- Cacapon and Lost Rivers Land Trust (WV)\*
- Cardinal Land Conservancy (OH)
- Cazenovia Preservation Foundation (NY)
- Central Indiana Land Trust, Inc. (IN)\*
- Central Pennsylvania Conservancy (PA)
- Chelan-Douglas Land Trust (WA)\*
- Chippewa Watershed Conservancy (MI)\*
- Conservation Trust of Puerto Rico (Puerto Rico)\*
- Crested Butte Land Trust (CO)\*
- Douglas Land Conservancy (CO)\*
- Fallbrook Land Conservancy (CA)
- Genesee Land Trust (NY)\*
- Geneva Lake Conservancy (WI)
- Green Spaces Alliance of South Texas (TX)\*
- Greenwich Land Trust (CT)\*
- Kachemak Heritage Land Trust (AK)\*
- Kennebec Land Trust (ME)
- Kettle Moraine Land Trust (WI)\*
- Keweenaw Land Trust (MI)
- Land Conservancy of West Michigan (MI)\*
- Land Trust of North Alabama (AL)\*
- Lord Berkeley Conservation Trust (SC)
- Lowcountry Land Trust (SC)\*
- Lower Shore Land Trust (MD)
- Mahoosuc Land Trust (ME)\*
- Mother Lode Land Trust (CA)
- Mount Grace Land Conservation Trust (MA)\*
- New Jersey Conservation Foundation (NJ)\*
- Openlands (IL)\*
- Prairie Land Conservancy (IL)
- Putnam County Land Trust: Save Open Spaces (NY)
- Raritan Headwaters Association (NJ)
- San Joaquin River Parkway and Conservation Trust (CA)\*
- South Jersey Land & Water Trust (NJ)
- Southeast Land Trust of New Hampshire (NH)\*
- Southern Oregon Land Conservancy (OR)\*
- Southern Wisconsin Bird Alliance (WI)
- Southwest Michigan Land Conservancy (MI)\*
- Squam Lakes Conservation Society (NH)\*
- Sudbury Valley Trustees (MA)\*
- Tar River Land Conservancy (NC)\*
- The Nature Conservancy (National)\*
- The Prairie Enthusiasts (WI)
- Truckee Donner Land Trust (CA)\*
- Upper Peninsula Land Conservancy (MI)
- Vermont Land Trust (VT)\*
- Walhour-Moss Foundation (NC)
- Winchester Land Trust (CT)

\* Denotes second renewal.  
The Land Trust Accreditation Commission reports the following renewal accreditation decisions were made at the meetings held in January 2024 and April 2024.