

Land Trust   
Accreditation Commission  
An independent program of the Land Trust Alliance

*Sample Land Trust Follow-Up Letter Request – represents more examples than are typically found in an actual follow-up letter*

September 30, 2010

Jim Smith  
Chartreuse Acres Land Trust  
123 Main Street  
Anywhere, NY 12345

Dear Jim:

It was a pleasure for the review team to join you and your accreditation team on the phone on September 17. Thank you for reviewing our questions in advance and for your time on the call. We very much enjoyed learning about your work.

One of the benefits of accreditation is the assurance that all accredited organizations meet the same quality standards. In our review of Chartreuse Acres Land Trust's application and follow-up conversation with you, we find there are some areas where we need additional information for us to determine if Chartreuse Acres Land Trust is following all *Land Trust Standards and Practices* and program requirements and some areas where the organization will need to take additional steps to be in compliance. These are described in more detail in the attached document.

We ask that three copies of the materials requested in the attached "Request for Additional Information" be received in our office no later than December 17. You may submit these items on paper or on three clearly organized CDs, DVDs, or USB keys. If you anticipate any problems meeting the December 17 deadline, please let us know now.

The information provided in response to this letter will enable us to continue our review of the application. We hope to complete it in time for the Commission to provide you with an accreditation decision by February.



The Commission awards the accreditation seal to community institutions that meet national quality standards for protecting important natural places and working lands forever.

Please note that, if the land trust is accredited, its accreditation award letter may include expectations for improvement. Expectations are offered to foster continuous learning and quality improvement when the Commission determines that an organization needs to do additional work to comply fully with one or more elements of an indicator practice. The organization does not need to resolve these areas prior to accreditation. At the time the organization applies for renewal of accreditation, it will need to document how it met the expectations for improvement.

Thank you again for all of your team's hard work preparing for accreditation and for all that you are doing to conserve land in your region. Please let me know if you have any questions or if I can be of assistance.

Sincerely,

Accreditation Staff

P.S. Please confirm that you have received this letter by either calling our office at 518-587-3143 or e-mailing me at [info@landtrustaccreditation.org](mailto:info@landtrustaccreditation.org).

**Land Trust **  
**Accreditation Commission**  
An independent program of the Land Trust Alliance

**Chartreuse Acres Land Trust  
Request for Additional Information  
Information due December 17**

*Sample Land Trust Follow-Up Letter Request – represents more examples than are typically found in an actual follow-up letter*

The additional information requested below will enable us to advance your application through the next stage of the review process. For your convenience, the text of relevant indicator practices is provided as well.

**General**

After our conversation with you, we received a written public comment that we would like to give you an opportunity to address; for your convenience we have provided the text below. Please review this comment and, if you would like, provide a written response. Chartreuse Acres Land Trust (Land Trust) is not required to do so, but a response from you would assist us in fully understanding the circumstances surrounding the commentator’s concerns.

*[text of comment]*

Document Requested

1. (Optional) A written response to the public comment.

**2B. Nonprofit Incorporation and Bylaws**

*The land trust has incorporated according to the requirements of state law and maintains its corporate status. It operates under bylaws based on its corporate charter or articles of incorporation. The board periodically reviews the bylaws.*

We understand that your bylaws permit the board to take action without a meeting provided that two-thirds of board members consent in writing to the action, and that you have since confirmed that state law requires unanimous written consent for action without a meeting.

Documents Requested

2. An amendment to the bylaws regarding action without a meeting that brings the bylaws into compliance with state law.
3. The minutes of the board meeting at which the bylaw amendment was approved.

**2C. Tax Exemption**

*The land trust has qualified for federal tax-exempt status and complies with requirements for retaining this status, including prohibitions on private inurement and political campaign activity, and limitations and reporting on lobbying and unrelated business income. If the land trust holds,*

*Sample Land Trust Follow-Up Letter Document – does not represent an actual follow-up letter in terms of length or content*

*or intends to hold, conservation easements, it also meets the Internal Revenue Code's (IRC) public support test for public charities. Where applicable, state tax-exemption requirements are met.*

As we discussed during our call, your most recent Form 990 contained some errors, such as no description of any conservation easements and no segregation of management and general expenses. We understand that these errors were made by the accountant, but we need to make sure the Land Trust is reviewing its Form 990 before filing it [as the Internal Revenue Service (IRS) requires] and that the possibility of future errors is minimized.

Document Requested

4. A written description of procedures the Land Trust will implement to ensure that there is adequate review of the Form 990 prior to filing.

**3F. Board Approval of Land Transactions**

*The board reviews and approves every land and easement transaction, and the land trust provides the board with timely and adequate information prior to final approval. However, the board may delegate decision-making authority on transactions if it establishes policies defining the limits to that authority, the criteria for transactions, the procedures for managing conflicts of interest, and the timely notification of the full board of any completed transactions, and if the board periodically evaluates the effectiveness of these policies.*

We understand that the land trust's executive committee has broad authority to perform all functions of the full board in situations where the full board is unable to act, including land transactions. Because the executive committee has occasionally approved land transactions in the past and the land trust indicated a desire to reserve this capability in the future, the Commission requires a revised delegation of land transaction approval policy that meets the practice requirements. Please see the Commission's *Guidance Document* on delegation of authority policies and details on policy elements available at <http://landtrustaccreditation.org/pdf/PoliciesGuidanceDocument.pdf>.

Document Requested

5. A board-adopted policy for delegation of authority to approve land transactions that, at a minimum:
  - a. Describes the limits on the delegated authority (i.e., when it can be used; whether it applies only to certain transactions or a specific set of circumstances),
  - b. Contains criteria for transactions,
  - c. Describes procedures for managing conflicts of interest or requires compliance with the land trust's conflict of interest policies,
  - d. Describes how timely notification will be given to the full board, and
  - e. Describes how the board will periodically evaluate how the policy is working.

**5A. Legal and Ethical Practices**

*The land trust complies with all charitable solicitation laws, does not engage in commission-based fundraising, and limits fundraising costs to a reasonable percentage of overall expenses.*

We understand that the Land Trust has only recently started the practice of acknowledging contributions of land and easements with a contemporaneous "no goods and services" letter.

Please refer to the Land Trust Alliance’s website for more information on this requirement. <http://www.landtrustalliance.org/about-us/programs/conservation-defense/easement-deductions-denied>. To continue our review of your application, additional documentation is required.

Documents Requested

6. A recent donor acknowledgement letter that contains the “no goods or services” language required by the IRS. If no such letter is available, please provide a template letter that will be used in the future.
7. A recent letter acknowledging the donation of an interest in land that contains the “no goods or services” language required by the IRS. If no such letter is available, please provide a template for letters that will be used in the future.

We also note that the Land Trust solicits contributions from donors in other states but have only registered in its state. We need confirmation that the land trust is taking action to understand the requirements in these states and come into compliance where necessary.

Document Requested

8. Documentation that Chartreuse Acres Land Trust is taking action with respect to state charitable registration requirements (such as correspondence with an attorney or other advisor as to which states require registration, research the land trust has done on requirements in states where it solicits, copies of filed applications, etc.).

**6B. Financial Records**

*The land trust keeps accurate financial records, in a form appropriate to its scale of operations and in accordance with Generally Accepted Accounting Principles (GAAP) or alternative reporting method acceptable to a qualified financial advisor.*

Thank you for discussing how the Land Trust raises and manages dedicated funds for land and easement stewardship and enforcement. While we saw several letters acknowledging stewardship fund contributions, we did not see the materials describing the stewardship fund to donors or soliciting the gift. Also, we would like to better understand how the Land Trust determines whether stewardship contributions are unrestricted, unrestricted but board designated, temporarily restricted (such as based on implied or express donor restrictions), or permanently restricted (such as based on donor restrictions).

Documents Requested

9. A copy of a recent solicitation to a donor requesting a gift for the stewardship fund, or, if the solicitation was verbal, a copy of any written material that was provided to the landowner describing the stewardship fund.
10. A copy of the letter acknowledging the gift requested above.
11. A description of how the land trust determines whether to classify a gift to the stewardship fund as unrestricted, temporarily restricted, or permanently restricted. Please also describe the degree to which unrestricted funds are internally designated for specific purposes.

## **6D. Financial Review or Audit**

*The land trust has an annual financial review or audit, by a qualified financial advisor, in a manner appropriate for the scale of the organization and consistent with state law.*

We note that the financial reviews have been conducted by a board member with knowledge of accounting but that the Land Trust has not yet had an independent financial review by a qualified financial advisor.

### Documents Requested

12. A report of an independent financial review or audit by a qualified financial advisor that presents the statement of financial position, statement of activities, and statement of cash flows for the year ending April 30, 2009.
13. If the report contains recommendations for improving the Land Trust's accounting procedures or system, please provide a copy of the recommendations along with a statement of how the Land Trust intends to implement them.
14. A summary of the financial advisor's qualifications.

## **9E. Easement Drafting**

*Every easement is tailored for the property according to project planning (see 8G) and: identifies the important conservation values protected and public benefit served; allows only permitted uses and/or reserved rights that will not significantly impair the important conservation values; contains only restrictions that the land trust is capable of monitoring; and is enforceable.*

The review team notes that the Land Trust's template easement does not contain a provision requiring landowners to notify the Land Trust if they intend to exercise reserved rights.

### Document Requested

15. A revised conservation easement template that includes a provision that states when grantee notification, review, and/or approval of the exercise of permitted and reserved rights is required and how review or approval is obtained.

## **9H. Title Investigation and Subordination**

*The land trust investigates title to each property for which it intends to acquire title or an easement to be sure that it is negotiating with the legal owner(s) and to uncover liens, mortgages, mineral or other leases, water rights and/or other encumbrances or matters of record that may affect the transaction. Mortgages, liens and other encumbrances that could result in extinguishment of the easement or significantly undermine the important conservation values on the property are discharged or properly subordinated to the easement.*

Thank you for describing your current practice with respect to title investigation. We understand that the Land Trust has not consistently investigated title for each property as the practice requires. To demonstrate the intent to comply with this practice moving forward, please provide the following document.

### Documents requested

16. A written policy stating that Chartreuse Acres Land Trust will investigate title for all easements and fee properties it acquires and that it will ensure that all mortgages, liens,

and other encumbrances that could undermine its ability to protect the conservation values are either discharged or subordinated to the easements it accepts.

17. If available, documentation of title investigation for a recently completed transaction (e.g., title report, title insurance certificate, mineral remoteness report), how any exceptions were addressed, and any lien or mortgage subordinations.

### **9J. Purchasing Land**

*If the land trust buys land, easements or other real property, it obtains a qualified independent appraisal to justify the purchase price. However, the land trust may choose to obtain a letter of opinion (see definitions) from a qualified real estate professional in the limited circumstances when a property has a very low economic value or a full appraisal is not feasible before a public auction. In limited circumstances where acquiring above the appraised value is warranted, the land trust documents the justification for the purchase price and that there is no private inurement or impermissible private benefit. If negotiating for a purchase below the appraised value, the land trust ensures that its communications with the landowner are honest and forthright.*

We note that your current procedure for fee simple acquisition does not appear to be consistent with the Commission's *Guidance Document* on this practice, available online at <http://www.landtrustaccreditation.org/guidance-documents>.

#### Document Requested

18. A policy for obtaining appraisals when purchasing interests in land that conforms to the requirements of practice 9J, as outlined in the Commission's *Guidance Document* for appraisals.

### **10B. Appraisals**

*The land trust informs potential land or easement donors (preferably in writing) of the following: IRC appraisal requirements for a qualified appraisal prepared by a qualified appraiser for gifts of property valued at more than \$5,000, including information on the timing of the appraisal; that the donor is responsible for any determination of the value of the donation; that the donor should use a qualified appraiser who follows Uniform Standards of Professional Appraisal Practice; that the land trust will request a copy of the completed appraisal; and that the land trust will not knowingly participate in projects where it has significant concerns about the tax deduction.*

We understand that the Land Trust has been in the practice of verbally informing landowners of the tax code requirements, that the land trust will request a copy of the appraisal and that it will not knowingly participate in a project if it has significant concerns about the tax deduction. In order to verify compliance with this indicator practice, we need documentation that landowners are provided such notice.

The sample letter provided in the application partially meets the practice requirements, but it does not state that the landowner should use a qualified appraiser who follows USPAP or contain information on the timing of appraisal.

Please review the Commission's summary of the requirements of these practices, contained in a *Guidance Document* at <http://www.landtrustaccreditation.org/pdf/10BGuidanceDocument.pdf>.

### Document Requested

19. A copy of a recent letter or other written material informing a landowner of tax code and appraisal requirements. If no such letter or other written communication (e.g., handout, landowner’s guide, etc.) is available, please provide us with a template notification letter or other communication to be used in the future.

### **11B. Baseline Documentation Report**

*For every easement, the land trust has a baseline documentation report (that includes a baseline map) prepared prior to closing and signed by the landowner at closing. The report documents the important conservation values protected by the easement and the relevant conditions of the property as necessary to monitor and enforce the easement. In the event that seasonal conditions prevent the completion of a full baseline documentation report by closing, a schedule for finalizing the full report and an acknowledgement of interim data [that for donations and bargain sales meets Treasury Regulations §1.170A-14(g)(5)(i)] are signed by the landowner at closing.*

Based on our conversation, we understand that Chartreuse Acres Land Trust has added a signature page to its interim baseline documentation report template.

### Document Requested

20. A copy of a recently completed interim baseline documentation report that is signed by the landowner at closing. If no such document is available, please provide us with a template interim baseline documentation report that includes a signature page.

### **11I. Amendments**

*The land trust recognizes that amendments are not routine, but can serve to strengthen an easement or improve its enforceability. The land trust has a written policy or procedure guiding amendment requests that: includes a prohibition against private inurement and impermissible private benefit; requires compliance with the land trust’s conflict of interest policy; requires compliance with any funding requirements; addresses the role of the board; and contains a requirement that all amendments result in either a positive or not less than neutral conservation outcome and are consistent with the organization’s mission.*

We note that the land trust’s easement amendment policy lacks a prohibition on private inurement and impermissible private benefit required by practice 11I. Please see our *Guidance Document* “Required Policies for Accreditation: Related to Indicator Practices 4A, 9G, 11E, 11I, and 3F,” available at <http://landtrustaccreditation.org/pdf/PoliciesGuidanceDocument.pdf>.

### Document Requested

21. An easement amendment policy or procedure that contains all the elements required by the practice.

### **General**

In the land trust’s pre-application acceptance letter, the Commission requested that the land trust keep track of the time the organization spent preparing the application, participating in the call with the Commission, and preparing and submitting the requested follow-up materials. This information helps us give better guidance to future applicants and improve our programs. If your

organization did keep track of its time, please provide a completed time tracking form. The time tracking information can be provided either as a tally of each individual's time or as an aggregate of time spent across the organization.

Document Requested

22. A completed time tracking form, *if available* (see attached or visit <http://www.landtrustaccreditation.org/the-process/pre-application> for the electronic version).

Thank you for being part of the accreditation program.

If you need information on how to implement the accreditation indicator practices or sample documents, we encourage you to visit the Land Trust Alliance's online Learning Center at <http://learningcenter.lta.org>.



**Standards and Practices Curriculum**  
**Key to the Accreditation Indicator Practices**  
 August 2010

The Land Trust Alliance’s Standards and Practices Curriculum is designed for all land trust board members, volunteers and staff who want to improve their land trust’s operations and land conservation activities. Curriculum materials are available electronically on The Learning Center (<http://learningcenter.lta.org>) and in print through the public website ([www.lta.org/publications](http://www.lta.org/publications)). This chart shows the curriculum course that provides information on the corresponding indicator practice.

<b>Practice</b>	<b>Course(s)</b>
1D: Ethics	Avoiding Conflicts of Interest and Running an Ethical Land Trust
2A: Compliance with Laws	Nonprofit Law and Recordkeeping for Land Trusts Volume I
2B: Nonprofit Incorporation and Bylaws	Nonprofit Law and Recordkeeping for Land Trusts Volume I; Land Trust Boards: Preparing for Perpetuity
2C: Tax Exemption	Nonprofit Law and Recordkeeping for Land Trusts Volume I
3C: Board Governance	Land Trust Boards: Preparing for Perpetuity
3F: Board Approval of Land Transactions	Land Trust Boards: Preparing for Perpetuity; Acquiring Land and Conservation Easements
4A: Dealing with Conflicts of Interest	Avoiding Conflicts of Interest and Running an Ethical Land Trust
5A: Legal and Ethical Practices	Building the Foundation for Fundraising Success
6B: Financial Records	Financial Management of Land Trusts; Nonprofit Law and Recordkeeping for Land Trusts Volume II
6D: Financial Review or Audit	Financial Management of Land Trusts
7A: Capacity	Mission, Planning and Capacity
8B: Project Selection and Criteria	Evaluating and Selecting Conservation Projects
8D: Public Benefit of Transactions	Evaluating and Selecting Conservation Projects
9E: Easement Drafting	Conservation Easement Drafting and Documentation
9G: Recordkeeping	Nonprofit Law and Recordkeeping for Land Trusts Volume II; Acquiring Land and Conservation Easements; Managing Conservation Easements in Perpetuity

<b>Practice</b>	<b>Course(s)</b>
9H: Title Investigation and Subordination	Acquiring Land and Conservation Easements
9J: Purchasing Land	Acquiring Land and Conservation Easements
10B: Appraisals	Tax Benefits and Appraisals of Conservation Projects
11A: Funding Easement Stewardship	Determining Stewardship Costs and Raising and Managing Dedicated Funds
11B: Baseline Documentation Report	Conservation Easement Drafting and Documentation; Conservation Easement Stewardship
11C: Easement Monitoring	Conservation Easement Stewardship
11E: Enforcement of Easements	Managing Conservation Easements in Perpetuity
11I: Amendments	Managing Conservation Easements in Perpetuity
12A: Funding Land Stewardship	Determining Stewardship Costs and Raising and Managing Dedicated Funds
12C: Land Management	Caring for Land Trust Properties
12D: Monitoring Land Trust Properties	Caring for Land Trust Properties

**Land Trust Accreditation Program  
Applicant Time Tracking Form**

<b>ACTIVITY</b>	<b>Land Trust Team Member A (1)</b>	<b>Land Trust Team Member B</b>	<b>Land Trust Team Member C</b>	<b>Land Trust Team Member D</b>	<b>Land Trust Team Member E</b>	<b>TOTAL # of Hours/ Activity</b>
<b>PREPARING FOR ACCREDITATION</b>						
Completing Self Assessment (2) (if you have a record of this)						
Preparing and/or revising policies and other documents (3)						
<b>COMPLETING THE PRE-APPLICATION</b>						
<b>COMPLETING THE APPLICATION</b>						
Completing application questionnaire						
Gathering and compiling attachments						
Creating public notice (4)						
Compiling project documentation						
Assembling package (5)						
<b>PREPARING APPLICATION FOLLOW-UP</b>						
Preparing for phone call with Commission review team (6)						
Preparing follow-up materials (7)						
<b>TOTAL # of Hours</b>						

**TOTAL # of People (8)** \_\_\_\_\_

- (1) Replace with team member's name and title.
- (2) Complete this line if your organization completed an organizational assessment as part of the application for accreditation. If your assessment was done earlier, this line may be blank.
- (3) This might include time spent preparing the board to adopt or revise policies.
- (4) This might include time on press releases or participating in events to describe the accreditation program.
- (5) This might include copying, collating and preparing for shipment.
- (6) Prior to the call with the Commission review team, your organization will receive an agenda outlining the topics of the call.
- (7) After the call with the Commission review team, your organization may receive a letter requesting additional information.
- (8) Please indicate the total number of people who were involved in the accreditation application process.

**Note:** This form is available for download at <http://www.landtrustaccreditation.org/the-process/pre-application>