

Providing financial oversight is one of the key responsibilities of a land trust board. Receiving and reviewing financial reports helps ensure the board has the information necessary to monitor the financial health and fiscal management of the land trust. The accreditation requirements in the finance section include specific elements that the financial reports to the board need to include: 1) a statement of financial position (or other report) that tells the board what net assets are without donor restrictions, with board-designation, or with donor restrictions and 2) a budget-to-actual report that includes expenses, revenue (unrestricted and restricted) and any revenue released from restrictions.



These accreditation requirements help ensure the board has a fuller understanding of what money is available for what purposes. Without this information, the board may make financial decisions based on the erroneous belief that all money is available for general operations. A board can make more informed decisions when it understands what money and revenue are restricted for specific purposes (such as special restricted gifts received from donors or gifts for the stewardship and defense fund).

To meet accreditation requirements financial reports need to be provided periodically through the year. Providing only a year-end report is not enough as this only gives the board a final snapshot of what happened that year and does not allow the board to actively make changes and decisions during the year.

So what can you do to ensure your financial reports meet the requirements?

There are many different ways that this information can be provided to your board; your organization makes the decision on how to format this report in the way that you think works best for your information. There's no one template that fits all situations. We most often see that the statement of financial position (or other financial report) is missing what portion of the net assets without restrictions are board designated and that the budget-to-actual report often does not delineate what revenue is restricted.

If you're not sure if you meet the requirements, you can start by checking your reports for those frequently missing elements and reading the Land Trust Alliance resources available on the Learning Center related to practice element 3A2c and financial reports. We strongly encourage you to take a look.

[CLICK HERE: Learning Center Practice Element 3A2c](#)

[CLICK HERE: Learn Practice Element 3A2c: Reviewing Financial Reports](#)

If you have additional questions about this requirement, please reach out to [Senior Review Specialist Valerie Roof](#).