

Your board has many responsibilities when guiding your organization, including providing oversight of the land trust's finances and working to ensure that sufficient financial resources are available. Board members having and understanding the full story of your organization's finances is imperative for them to make sound and informed decisions.

What is included in the financial reports to the board is key to that understanding. If financial reports only show the total assets or revenue received by your land trust, the board may assume the land trust has resources that can be spent on any expenses. When in actuality, some funds are available only for certain purposes (for example, a donor may have given a gift for a certain project or purpose) or the board has designated some of its net assets for specific uses (such as stewardship and defense).

To ensure the board has accurate information, the *Requirements Manual* includes an accreditation requirement related to the timing and content of financial reports given to the board.

## **Finance: II. Board Oversight**

### **3. Board reviews financial reports periodically through the year that include the following:**

- a. **Net assets without donor restriction, with board-designation, and with donor restriction**
- b. **Actual year-to-date revenue and expenses as compared to budget with a level of detail about revenue with restrictions appropriate to the scale of the land trust's financial activity**

To avoid needing to update your financial reports during the accreditation process, look at your reports and make sure they include the required content. Also, make sure the board reviews these reports periodically, not just at year end. Reviewing the reports through the year ensures the board can stay abreast of financial changes and have a full and complete picture to make informed financial decisions.

- For more information see the [Land Trust Alliance background narrative for practice element for 3A2\(c\)](#) in The Learning Center (you must be logged into The Learning Center to access this link).
- You can also find [examples of board financial reports](#) on The Learning Center (you must be logged into The Learning Center to access this link).

Have additional questions about preparing financial reports for your board? Contact the Commission at [info@landtrustaccreditation.org](mailto:info@landtrustaccreditation.org)

