**Policy 2.3 Financial Management**

**Committee Responsible**: Finance Committee

**Adopted**: **[DATE]**

**Amended**: **[DATE]**

**Purpose**

The Land Trust manages its financial resources in a sound and prudent manner. Accurate records are maintained with an annual review or audit conducted by an outside CPA firm. The Executive Committee of the Board receives periodic updates and reports from the Finance Committee on the Land Trust’s financial results and position. A planning and budgeting process each year defines strategic and financial objectives and measures performance against prior goals.

**Policy**

1. The Land Trust has established a sound system of internal controls and procedures for handling money, and for the responsible and prudent investment and management of its financial assets. It maintains accurate records of its receipts and disbursements, and it prepares annually a Statement of Cash Receipts and Disbursements which is reviewed by its accountants. Board members also receive quarterly profit and loss statements and balance sheets accurately reflecting the Land Trust’s results of financial operations for the periods in question. Established policies exist on allowable uses of dedicated funds and the investment of capital.
2. The Board receives, and reviews periodic financial statements prepared by the Finance Committee in order to: a) enhance the transparency of the Land Trust’s finances; b) develop and evaluate strategies to drive top-line growth and control expenses; c) optimize the allocation of financial resources by aligning spending to its best uses; and d) pro-actively manage opportunities and risks. Finance Committee also provides forward-looking analyses to support the Board’s long-range planning.
3. The Land Trust prepares an annual budget that is reviewed and approved by the Board. Based on programs planned for the year ahead, the budget defines measurable objectives, both strategic and financial, along with tactical plans coordinated across committees and funding allocations. A retrospective component offers a permanent record of accomplishments and financial performance for the just-completed year.
4. The Land Trust will have an annual financial review or audit, including the reconciliation of general ledger transactions for the fiscal year, by an outside CPA firm in a manner consistent with state and federal law. Approval of an audit requires a majority vote of the Executive Committee.
5. The Land Trust, following any fiscal year in which gross receipts exceed $50,000 (or the current threshold specified by the IRS), will complete and file IRS Form 990, Return of Organization Exempt from Income Tax, prior to the 15th day of the 5th month after the fiscal year-end. (The due date may be extended for three months, without showing cause, by filing Form 8868.) The Land Trust’s Form 990 is prepared by an outside CPA firm, or by the Finance Committee subject to review by an outside CPA firm. The Treasurer and a second Director, preferably from the Finance Committee, review the completed Form 990 before it is signed and filed. Each Executive Committee member, as well as other Directors submitting a request to the Treasurer, will receive a copy of the signed form.
6. A secure and lasting source of dedicated funds exists sufficient to cover the costs of stewarding the Land Trust’s land and easements, and enforcing the conditions of its easements, over the long term. The Land Trust tracks stewardship and enforcement expenditures, and periodically evaluates the adequacy of its funds. In the event that full funding is not secure, the Board has adopted a policy committing the organization to raise necessary funds.
7. The Land Trust assesses and manages its risks and carries liability and other insurance suited to its risk exposure and state law. Caution is exercised in using its land to secure debt; in such circumstances, the Board takes into account any legal or implied donor restrictions on the land, the Land Trust's mission and protection criteria, and public relations impact.
8. The Land Trust will regularly monitor for deficit-spending trends and develop and implement any such deficit spending trends in accordance with Sections 2.1 and Section 2.2. In the unlikely event spending deficits do occur, the Land Trust should initiate fundraising campaigns consistent with Section 2.1 while cutting discretionary costs and seeking further savings elsewhere in the expense base.