Assessing Your Organization

*A tool for land trusts to conduct a detailed assessment of organizational progress toward implementing the Canadian Land Trust Standards and Practices*

Finance Workbook

# Acknowledgements

This document was revised and modified based on the U.S. Land Trust Alliance document *Assessing Your Organization* (Revised 2017) and the Canadian Land Trust Alliance document *Assessing Your Organization* (2007) with permission from the Land Trust Alliance. The Ontario Land Trust Alliance would like to thank Environment Climate Change Canada for its financial support toward the development of this document.

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# Checklist of Written Materials, Practices or Procedures

Here are some materials that you may find helpful to review and refer to as you work through this workbook. The items in green link to highest priority practices in the AYO workbook.

Policies or procedures for the responsible and prudent investment, management and use of financial assets (3A3e)

Acknowledgment of all gifts, including land and conservation agreements (5B2)

Policy or procedure to ensure donor privacy concerns are honored (5B4)

Internal controls and accounting procedures (6D1)

# Standard 2: Compliance with Laws

Land trusts fulfill their legal requirements as not-for-profit organizations and comply with all laws and regulations.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

## Tax Status

|  |  |
| --- | --- |
| 1. Comply with applicable rules regarding business activity and private or undue benefit | Choose an item. |
| Does the land trust understand and comply with: | |
| * Federal and provincial financial reporting requirements (CRA Form T3010, financial statements, and relevant provincial charities report forms) | Choose an item. |
| Notes:  Click here. | |

# Standard 3: Board Accountability

Land trust boards act ethically in conducting the affairs of the organization and carry out their legal and financial responsibilities as required by law.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

## Board Responsibility

|  |  |
| --- | --- |
| 1. The board provides oversight of the land trust’s finances and operations by:    1. Reviewing and approving an annual budget    2. Working to ensure sufficient financial resources are available for the long-term operations of the land trust    3. Receiving and reviewing financial reports and statements in a form and with a frequency appropriate for the scale of the land trust’s financial activity    4. Reviewing the independently prepared financial audit, review or compilation    5. Adopting written policies or procedures for the responsible and prudent investment, management and use of financial assets | Choose an item. |
| Does the land trust board review and approve the annual budget? | Choose an item. |
| Notes:  Click here. | |
| Does the land trust have clear expectations about the board’s role in fundraising? | Choose an item. |
| Notes:  Click here. | |
| Does the land trust have an active board development committee? | Choose an item. |
| Notes:  Click here. | |
| Who is involved in creating and reviewing financial reports and how frequently does this occur?  Click here. | |
| Notes:  Click here. | |
| The financial reports show the following information (check all that apply):  Unrestricted, board-designated and restricted net assets  Actual unrestricted and restricted revenue and expenses for the reporting period as compared to budget | |
| Notes:  Click here. | |
| Did the board review the results of the last independent audit, review or compilation? | Choose an item. |
| Notes:  Click here. | |
| Did the land trust make changes to its financial policies or procedures based on the management letter or correspondence that accompanied the most recent audit, review or compilation? | Choose an item. |
| If yes, please describe actions taken:  Click here. | |
| Notes:  Click here. | |
| Has the board adopted written policy guiding investment, management and use of financial assets? | Choose an item. |
| Notes: *E.g. What is the policy? When was it adopted? When was it last reviewed?*  Click here. | |
| If yes, does the policy establish responsibility for monitoring compliance with the policy and resulting investment performance? | Choose an item. |
| Notes:  Click here. | |

# Standard 4: Conflicts of Interest

Land trusts have policies and procedures to avoid or manage real or perceived conflicts of interest.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

## Payments to Board Members

|  |  |
| --- | --- |
| 1. Do not financially compensate board members for board service, except for reimbursement of expenses | Choose an item. |
| Are any board members currently compensated for services? | Choose an item. |
| Notes:  Click here. | |
| 1. If, in limited circumstances, the land trust compensates a board member for professional services that would otherwise be contracted out,    1. Document the circumstances surrounding the decision to do so    2. Document how the land trust uses appropriate comparability data to determine the amount to be paid and to confirm that there is no private or undue benefit | Choose an item. |
| What procedures are followed when the land trust considers compensating a board member for services?  Click here. | |
| Notes:  Click here. | |
| 1. Do not provide loans to members, directors, officers or trustees | Choose an item. |
| Does the land trust’s articles of incorporation or bylaws prohibit provision of loans to members, directors, officers or trustees? | Choose an item. |
| If not, what controls are in place to ensure that this does not happen?  Click here. | |
| Notes:  Click here. | |

# Standard 5: Fundraising

Land trusts conduct fundraising activities in a lawful, ethical and responsible manner.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

## Legal and Ethical Practices

|  |  |
| --- | --- |
| 1. Conduct an analysis of provincial and federal charitable fundraising laws and register where the land trust determines it is appropriate. | Choose an item. |
| In what countries is the land trust registered to fundraise? | Click here. |
| Notes:  Click here. | |
| Does the land trust fundraise from donors (such as via telephone, mail, e-mail, social media, verbal solicitations or other means) who reside in countries other than those in which the land trust is registered? | Choose an item. |
| Notes:  Click here. | |
| If yes, how did the land trust determine that it was not required to register to fundraise in these areas?  Click here. | |
| Notes:  Click here. | |
| 1. Do not compensate internal or external fundraisers based on a commission or a percentage of the amount raised | Choose an item. |
| In the last five years, has the land trust paid a commission to any fundraiser? | Choose an item. |
| Notes:  Click here. | |

## Accountability to Donors

|  |  |
| --- | --- |
| 1. Provide accurate fundraising materials and other communications to donors and the public | Choose an item. |
| Does the land trust make accurate representations about its activities and uses of funds? | Choose an item. |
| Notes:  Click here. | |
| Do the land trust’s fundraising materials conform to any provincial and/or federal legal requirements and clearly indicate which portions of a donor’s gift will generate a tax credit? | Choose an item. |
| Notes:  Click here. | |
| 1. Provide timely written acknowledgement of all gifts, including land and conservation agreements, in keeping with Canada Revenue Agency charitable receipting requirements, as appropriate | Choose an item. |
| Does the land trust provide a timely written acknowledgement to donors of gifts received consistent with federal and/or provincial law? | Choose an item. |
| Notes:  Click here. | |
| 1. Maintain financial and other systems to document and comply with any donor restrictions on gifts | Choose an item. |
| Does the land trust have a business process system for determining restrictions on gifts and grants and for tracking their receipt, use and acknowledgement? | Choose an item. |
| Notes:  Click here. | |
| If yes, the system includes policies or procedures to address (check all that apply):  Soliciting and accepting restricted gifts and grants  Identifying and documenting donor restrictions on gifts and grants  Correctly classifying all contributions received as ether having or not having donor restrictions  Tracking expenditures that meet the requirements of donor restrictions  Maintaining complete records of donor-restricted funds received and used property and the resulting remaining balance of donor-restricted funds yet to be expended | |
| Notes:  Click here. | |
| 1. Have a written policy or procedure to ensure donor privacy concerns are honored | Choose an item. |
| Does the land trust have a written policy or procedures that acknowledges that donors have the right to limit how their private information is used and that the land trust is responsible for maintaining systems that honor that right? | Choose an item. |
| Notes: *E.g. What is the policy or procedure? When was it adopted? When was it last reviewed?*  Click here. | |

## Fundraising Plan

|  |  |
| --- | --- |
| 1. Develop and implement a fundraising plan or program appropriate to the land trust’s size and scope to secure adequate support for its activities | Choose an item. |
| Approximately what percentage of the land trust’s operating expenses for the previous fiscal year was allocated to fundraising? | Click here. |
| Notes:  Click here. | |
| Does the land trust have a diversified fundraising plan or program that outlines how it will generate revenue from fundraising activities? | Choose an item. |
| Notes: *E.g. When was the plan or program developed? How frequently is it reviewed?*  Click here. | |

# Standard 6: Financial Oversight

Land trusts are responsible and accountable for how they manage their finances and assets.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

## Fiscal Health

|  |  |
| --- | --- |
| 1. Establish a financial plan for the long-term operations of the land trust by    1. Developing an annual budget that reflects the land trust’s annual program and activities    2. Developing and implementing a strategy to address any deficit-spending trends    3. Assessing the nature and variability of revenue and seeking to diversify funding sources | Choose an item. |
| Does the land trust prepare an annual budget? | Choose an item. |
| Notes:  Click here. | |
| Is the budget guided by a long-range financial plan? | Choose an item. |
| Notes:  Click here. | |
| The land trust’s total annual operating (i.e. not including land or conservation agreement acquisitions) budget for the last two years: | |
| **Current year** Projected Income: Click here. Projected Expenses: Click here. | |
| **Last year** Actual Income: Click here. Actual Expenses: Click here. | |
| Notes:  Click here. | |
| Do the land trust’s financial reports show an operating surplus at the end of its most recent fiscal year? | Choose an item. |
| Notes:  Click here. | |
| Do annual unrestricted revenues (including releases from restrictions) consistently (for two or more consecutive years) exceed actual expenses? | Choose an item. |
| If no, describe the land trust’s plans to develop and implement a strategy to address deficit spending before it becomes a trend:  Click here. | |
| Notes:  Click here. | |
| How many members does the land trust have? | Click here. |
| Notes:  Click here. | |
| How many financial supporters does the land trust have? | Click here. |
| Notes:  Click here. | |
| Does the land trust have a diversity of income sources? | Choose an item. |
| Notes:  Click here. | |
| 1. Build and maintain sufficient operating reserves to sustain operations | Choose an item. |
| Does the land trust have an operating reserve? | Choose an item. |
| If yes, what percentage of annual operating expenses could be covered by the operating reserve? | Click here. |
| If no, does the land trust have a feasible plan, with specific funding targets and timelines, to secure at least three months of operating reserves? | Choose an item. |
| Notes:  Click here. | |
| 1. Adopt and implement a plan to build and maintain dedicated or restricted funds sufficient to cover the long-term costs of stewarding and defending the land trust’s land and conservation agreements | Choose an item. |
| Does the land trust have board-designated or donor-restricted stewardship and defense funds? | Choose an item. |
| If yes, how much in each category?  **Conservation Easement Agreements**: Stewardship: Click here. Legal Defense: Click here.  **Fee Simple**: Stewardship: Click here. Legal Defense: Click here.  **Total, if all stewardship funds are aggregated:** Click here. | |
| Notes:  Click here. | |
| Does the land trust have at least $5,000 per property or at least 10% of the fee simple land value or conservation easement agreement value, (up to at least $400,000) which ever is greater, in a board-designated or restricted fund? | Choose an item. |
| If no, does the land trust have a feasible plan, with specific funding targets and timelines, for raising those funds or the land trust’s estimate of the actual stewardship costs? | Choose an item. |
| Notes:  Click here. | |
| If full funding for all these costs is not secure, does the board have a policy committing the land trust to using the funds it raises for these purposes? | Choose an item. |
| Notes: *E.g. What is the policy? When was it adopted? When was it last reviewed?*  Click here. | |
| Does the land trust track stewardship and enforcement costs? | Choose an item. |
| Notes:  Click here. | |
| Does the land trust periodically evaluate the adequacy of its funds? | Choose an item. |
| Notes:  Click here. | |

## Financial Records

|  |  |
| --- | --- |
| 1. Keep financial records in accordance with Generally Accepted Accounting Principles (GAAP) and, where applicable, Canada Revenue Agency requirements | Choose an item. |
| Does the land trust keep its financial records according to Generally Accepted Accounting Principles? | Choose an item. |
| If no, has a qualified financial advisor determined that an alternative reporting method is acceptable? | Choose an item. |
| Notes:  Click here. | |

## Independent Financial Evaluation

|  |  |
| --- | --- |
| 1. Obtain an annual financial audit, review or compilation by an independent certified public accountant or a qualified accounting professional, in a manner appropriate for the scale of the land trust | Choose an item. |
| Does the land trust have an annual independent, external evaluation of its financials? | Choose an item. |
| If yes, it is a (check all that apply):  Financial audit completed by a Certified Public Accountant  Financial review completed by a CPA  Financial compilation completed by a CPA  An external evaluation of the land trust’s records by a qualified financial advisor other than the treasurer  Other: Click here. | |
| Notes:  Click here. | |

## Written Internal Controls

|  |  |
| --- | --- |
| 1. Establish written internal controls and accounting procedures, including segregation of duties, in a form appropriate for the scale of the land trust, to prevent the misuse or loss of funds | Choose an item. |
| Does the land trust have written accounting procedures that govern its financial reporting and financial management? | Choose an item. |
| If yes, do they address the risks of misuse, loss or misstatement of funds? | Choose an item. |
| Notes: *E.g. What is the procedure? When was it approved? When was it last reviewed?*  Click here. | |
| Does the land trust periodically verify its financial controls to ensure they are effective? | Choose an item. |
| Notes:  Click here. | |

## Risk Management and Insurance

|  |  |
| --- | --- |
| 1. Routinely assess and manage risks so that they do not jeopardize the land trust’s financial health and its ability to carry out its mission and legal responsibilities | Choose an item. |
| Does the land trust have a formal risk management program or plan? | Choose an item. |
| If no, how does the land trust assess and manage risk?  Click here. | |
| Notes:  Click here. | |
| 1. Carry general liability, directors’ and officers’ liability, property and other insurance, all as appropriate to the land trust’s risk exposure or as required by law | Choose an item. |
| Does the land trust have general liability insurance? | Choose an item. |
| Notes:  Click here. | |
| Does the land trust carry directors and officers (D&O) insurance? | Choose an item. |
| Notes:  Click here. | |
| Does the land trust evaluate its insurance needs at least every five years to determine its risk exposure? | Choose an item. |
| Notes:  Click here. | |

# Standard 7: Human Resources

Land trusts have sufficient skilled personnel to carry out their programs, whether volunteers (including board members), staff and/or consultants/contractors.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

## Staff

|  |  |
| --- | --- |
| 1. Provide fair and equitable compensation and benefits | Choose an item. |
| Does the land trust periodically review the salaries and benefits offered by other similar organizations in the region? | Choose an item. |
| If yes, are the salaries and benefits provided by the land trust comparable to those of other similar organizations in the region? | Choose an item. |
| If no, how does the land trust determine whether the salary and benefits it provides are fair and equitable?  Click here. | |
| Notes:  Click here. | |

# Standard 11: Conservation Agreement Stewardship

Land trusts have a program of responsible stewardship for their conservation agreements.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

|  |  |
| --- | --- |
| 1. Does the land trust hold conservation agreements? | Choose an item. |
| If no, skip to Standard 12 | |

## Funding Conservation Agreement Stewardship

|  |  |
| --- | --- |
| 1. Estimate the long-term stewardship and enforcement expenses of each conservation agreement transaction | Choose an item. |
| Describe the land trust’s practices for determining how costs are calculated and reviewed and how it secures conservation agreement stewardship and defense funds  Click here. | |
| Notes:  Click here. | |
| 1. Track stewardship and enforcement costs | Choose an item. |
| What does the land trust anticipate spending on conservation agreement stewardship and defense this fiscal year?  Stewardship: Click here.  Defense: Click here. | |
| Notes:  Click here. | |
| Does the land trust track stewardship and enforcement costs? | Choose an item. |
| Notes:  Click here. | |

# Standard 12: Land Stewardship

Land trusts have a program of responsible stewardship for lands held for conservation purposes.

*How well is the land trust meeting this practice?*

*1 = not currently meeting*

*4 = meets or exceeds*

|  |  |
| --- | --- |
| Does the land trust own land? | Choose an item. |
| If no, skip this section | |

## Funding Land Stewardship

|  |  |
| --- | --- |
| 1. Determine the immediate financial and management implications of each conservation property acquisition or contractual stewardship commitment and estimate the long-term implications | Choose an item. |
| Describe the land trust’s practices for determining how expenses are calculated for each transaction and how it secures the immediate and long-term funds for managing its fee properties:  Click here. | |
| Notes:  Click here. | |
| 1. Anticipate and track costs associated with long-term land management, stewardship and enforcement of conservation properties | Choose an item. |
| What does the land trust anticipate spending on fee land management in this fiscal year?  Land management and stewardship: Click here.  Enforcement: Click here. | |
| Notes:  Click here. | |
| Does the land trust track land management, stewardship and enforcement costs? | Choose an item. |
| Notes:  Click here. | |

# Setting Priorities

Based on what you have learned about your land trust’s implementation of these finance practices, please complete the following list.

Our organization’s financial strengths are:

|  |
| --- |
| 1. Click here. |
| 1. Click here. |
| 1. Click here. |

Our greatest financial challenges are:

|  |
| --- |
| 1. Click here. |
| 1. Click here. |
| 1. Click here. |

Some specific steps we will take over the next one to three years toward overcoming the challenges are:

|  |
| --- |
| 1. Click here. |
| 1. Click here. |
| 1. Click here. |