



Land Trust Accreditation Indicator Elements

The accreditation indicators elements were approved in February 2017 as part of the 2017 *Land Trust Standards and Practices*. These indicator elements ensure the land trust accreditation program has the rigor needed to foster public confidence in land conservation while being feasible and achievable for all land trusts. The indicator elements are grouped in categories of governance, finance, transactions and stewardship.

GOVERNANCE

- 1B2.** Establish strategic goals for implementing the mission, and then review and update them, as needed, at least once every five years
- 2B1.** Incorporate or organize according to the requirements of state law and maintain legal status
- 2B2.** Operate in accordance with established bylaws
- 2C1(b).** Do not knowingly engage in prohibited activities, such as private inurement or impermissible private benefit
- 3A3.** The board hires, oversees and evaluates, at least annually, the performance of any executive director (or chief staff person)
- 3B1.** Have a board of sufficient size, skills, backgrounds and experience to conduct its work effectively
- 3B3.** Have a board development process that includes procedures for recruiting and training board members
- 3C2.** The board meets a minimum of three times per year and maintains adopted minutes of each meeting
- 3C3.** Provide board members with sufficient and timely informational materials prior to each meeting to make informed decisions
- 4A1.** Adopt a written conflict of interest policy that addresses, for all insiders, how conflicts are identified and avoided or managed
- 4A2.** Document the disclosure and management of actual and potential conflicts
- 9G1.** Adopt a written records policy that governs how and when organization and transaction records are created, collected, retained, stored and destroyed

FINANCE

- 2C1(a).** File a complete and accurate annual information return (Form 990 or equivalent) with the Internal Revenue Service (IRS)
- 3A2.** The board provides oversight of the land trust's finances and operations by: (a) Reviewing and approving an annual budget, (b) Working to ensure that sufficient financial resources are available, (c) 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, (d) Reviewing the externally prepared financial audit, review or compilation
- 5B2.** Provide timely written acknowledgment of all gifts, including land and conservation easements, in keeping with IRS charitable contribution substantiation requirements
- 5B3.** Maintain financial and other systems to document and comply with any donor restrictions on gifts
- 6A2.** Develop and implement a strategy to address any deficit-spending trends
- 6A3.** Assess the nature and variability of revenue and seek to diversify funding sources
- 6A4.** Build and maintain sufficient operating reserves to sustain operations

FINANCE, CONTINUED FROM PAGE 2

- 6A5.** 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 easements (a) If funds are insufficient, adopt a plan to secure these funds and a policy committing the funds to this purpose
- 6C1.** 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
- 6D1.** 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
- 6E2.** 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

TRANSACTIONS

For all conservation land or conservation easement transactions:

- 1A3.** Do not knowingly participate in transactions that are potentially fraudulent or abusive
- 3D1.** The board reviews and approves every land and conservation easement transaction (a) However, the board may delegate decision-making authority on transactions if: (i) It establishes written policies or has bylaws provisions that define the limits to the authority given to the delegated entity, (ii) The delegated entity provides timely notification in writing to the full board of any completed transactions
- 8B2.** Develop and apply written project-selection criteria that are consistent with the land trust's conservation priorities
- 8C1.** Visually inspect properties before buying or accepting donations of conservation land or conservation easements to determine and document whether: (a) There are important conservation values on the property, (b) The project meets the land trust's project-selection criteria
- 9F1.** Prior to closing and preferably early in the process, have a title company or attorney investigate title for each property or conservation easement the land trust intends to acquire
- 9F1(a).** Update the title at or just prior to closing
- 9F2.** Evaluate the title exceptions and document how the land trust addressed mortgages, liens, severed mineral rights and other encumbrances
- 9F3.** Promptly record land and conservation easement transaction documents at the appropriate records office
- 9G2.** Keep originals of all documents essential to the defense of each real property transaction in a secure manner and protected from damage or loss
- 9G3.** Create and keep copies of these documents in a manner such that both originals and copies are not destroyed in a single calamity
- 9H1.** When buying land, conservation easements or other real property interests, obtain an independent appraisal by a qualified appraiser in advance of closing to support the purchase price (a) However, a letter of opinion from a qualified real estate professional may be obtained in the limited circumstances when: (i) A property has a very low economic value, (ii) A full appraisal is not feasible before a public auction, (iii) Or the amount paid is significantly below market value
- 9H2.** In limited circumstances where acquiring land, conservation easements or other real property interests above the appraised value is warranted, contemporaneously document: (a) The justification for the purchase price, (b) That there is no private inurement or impermissible private benefit

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TRANSACTIONS, CONTINUED FROM PAGE 3

In addition, if a tax-deductible transaction:

- 9E2.** Review, on the land trust's own behalf, each potentially tax-deductible conservation easement for consistency with the Treasury Department regulations (U.S.C. §1.170A-14), especially the conservation purposes test of IRC §170(h)
- 10A1.** Inform potential land or conservation easement donors who may claim a federal or state income tax deduction (or state tax credit), in writing and early in project discussions, that: (a) The project must meet the requirements of IRC §170 and the accompanying Treasury Department regulations and any other federal or state requirements, (b) The donor is responsible for any determination of the value of the donation, (c) The Treasury Department regulations require the donor to obtain a qualified appraisal prepared by a qualified appraiser for gifts of property valued at more than \$5,000, (d) Prior to making the decision to sign IRS Form 8283, the land trust will request a copy of the completed appraisal, (e) The land trust is not providing individualized legal or tax advice
- 10B2.** Sign the Form 8283 only if the information in Section B, Part I, "Information on Donated Property," is complete and is an accurate representation of the gift (a) Refuse to sign the Form 8283 if the land trust believes no gift has been made or the property has not been accurately described
- 10C2.** Evaluate the Form 8283 and any appraisal to determine whether the land trust has substantial concerns about the appraised value or the appraisal
- 10C3.** Discuss substantial concerns about the appraisal, the appraised value or other terms of the transaction with legal counsel and take appropriate action, such as: (a) Documenting that the land trust has shared those concerns with the donor, (b) Seeking additional substantiation of value, (c) Withdrawing from the transaction prior to closing, (d) Or refusing to sign the Form 8283
- 10C4.** When engaging in transactions with pass-through entities of unrelated parties, particularly those offered or assembled by a third party or

described as a syndication by the IRS (a) Require a copy of the appraisal prior to closing, (b) Decline to participate in the transaction if the appraisal indicates an increase in value of more than 2.5 times the basis in the property within 36 months of the pass-through entity's acquisition of the property, the value of the donation is \$1 million or greater and the terms of the transaction do not satisfy the Land Trust Alliance Tax Shelter Advisory

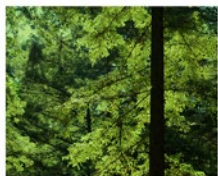
In addition, if a conservation easement transaction:

- 9D2.** If a conservation easement contains restrictions or permitted rights that are specific to certain zones or areas within the property, include the locations of these areas in the easement document so that they can be identified in the field
- 9E1.** For every conservation easement, (a) Individually tailor it to the specific property, (b) Identify the conservation values being protected, (c) Allow only uses and permitted rights that are not inconsistent with the conservation purposes and that will not significantly impair the protected conservation values, (d) Avoid restrictions and permitted rights that the land trust cannot monitor and enforce, (e) Include all necessary and appropriate provisions to ensure it is legally enforceable
- 11B1.** For each conservation easement, have a baseline documentation report, with written descriptions, maps and photographs, that documents: (a) The conservation values protected by the easement, (b) The relevant conditions of the property as necessary to monitor and enforce the easement
- 11B2.** Prepare the report prior to closing and have it signed by the landowner and land trust at or prior to closing (a) In the event that seasonal conditions prevent the completion of a full baseline documentation report by closing, the landowner and land trust sign a schedule for finalizing the full report and an acknowledgement of interim data [that for donations and bargain sales meets Treasury Regulation §1.170A-14(g)(5)(i)] at closing

STEWARDSHIP

- 11B3.** When there are significant changes to the land or the conservation easement (such as a result of an amendment or the exercise of a permitted right), document those changes in an appropriate manner, such as through monitoring reports, a baseline supplement or current conditions report
- 11C2.** Monitor each conservation easement property at least once per calendar year (a) If the land trust uses aerial monitoring, conduct on-the-ground monitoring at least once every five years, (b) Promptly document the annual monitoring activities for each conservation easement
- 11E1.** Adopt a written policy and develop written procedures for documenting and responding to potential conservation easement violations
- 11E2.** Investigate potential violations in a timely manner and promptly document all actions taken
- 11F3.** Maintain a permanent record of all notices, approvals, denials, interpretations and the exercise of any significant permitted rights
- 11H1.** Adopt and follow a written policy or procedure addressing conservation easement amendments that is consistent with the Land Trust Alliance Amendment Principles
- 11J1.** In the rare case that it is necessary to extinguish a conservation easement, in whole or in part, (a) Follow the terms of the conservation easement with respect to taking appropriate action, and obtain judicial or regulatory review
- when required by law or specified in the easement deed, (b) Ensure there is no private inurement or impermissible private benefit, (c) Take steps to avoid or mitigate harm to conservation values and/or use any proceeds in a manner consistent with the conservation easement deed, (d) Consider the land trust's actions in the context of its reputation and the impact on the land conservation community at large
- 12B1.** Develop a written land management plan for each conservation property within 12 months after acquiring the land to: (a) Identify the property's conservation values, including any significant cultural and natural features or those that have significant community value, (b) Identify the overall management goals for the property, (c) Identify activities to achieve the goals and to reduce any risks or threats to the conservation values, (d) Specify the uses that are appropriate for the property, in keeping with the property's conservation values, any restrictions and donor or funder requirements
- 12C2.** Inspect properties at least once per calendar year for potential management problems and promptly document the inspection
- 12C3.** Address management problems, including encroachments, trespass and other ownership challenges, in an appropriate and timely manner and document the actions taken

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LAND TRUST 
ACCREDITATION
COMMISSION

An independent program of the Land Trust Alliance

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