

## Covering the Basics

### Or how to keep your land trust legal and responsible

#### Assumptions:

- Your land trust is totally volunteer
- You work in one town
- You have a board of directors
- You accept donations

#### Starting out, you will need

- Articles of incorporation
  - Employee Identification Number (EIN)
    - Form 1023
- To apply for tax-exempt status
  - Donations will be hard without it!
  - 501(c)(3) status: chapter of IRS laws
  - If you don't have the eligibility letter, you cannot say gifts are tax-exempt

#### How to get these items

- Find an attorney among your members who is willing to donate his time/expertise!
  - Tax exempt application pretty straightforward
  - Can get provisional approval to start accepting gifts in a fairly short time frame
- To accept donations: “Any charitable organization organized, operating or raising funds in Mass. must register with the Division of Public Charities”

#### You'll need:

- Bylaws
- Annual Filing Form PC
- IRS Form 990 (or 990EZ)
- You should have (eventually):
  - Financial Statements by CPA
    - Reviewed if under \$100K in revenues
    - Audited if over \$100K
  - Certificate of Solicitation
    - Exempt if accepting under \$5,000/year and no paid staff or solicitors
- For the long haul, you should also do:
  - Donor acknowledgements **TIMELY**
    - Note your exempt status, the amount and date
    - If only portion is deductible, note that
      - E.G. Ticket to Benefit \$100.00
      - Cost of event: \$35.00
      - Tax Deductible portion \$65.00
  - Keep records for organization
    - Nothing fancy, but complete

#### To accept donations of land

- You'll need:
  - Form 8283 filled out **by donor**
    - Keep a copy for accountant
    - Only sign if completely filled out

- For the long haul, you should also:
  - Acknowledge donation in newspaper, newsletter, annual meeting

## If you own land

You'll need:

- Liability Insurance: protect your org.
- Form 3ABC: stay exempt
- Form 1B3: file for abatement, exemption

IF NOT, YOU ARE LIABLE FOR PROPERTY TAXES!

(Challenges to exemption have failed in our case)

## Becoming a successful land trust:

- Complete the organizational paperwork
- Set up a system for accepting donations that is legal and tax-exempt
- Protect the land you are responsible for and the donors who have trusted you
- Be ready to accept the responsibilities of having a paid staff before you hire anyone

## Planning for the future

You'll need:

- Mission statements
  - Why? Together in the same direction
  - What to do with them? Keep on file
- Board Policies: Fitting the pieces together
  - Term Limits
  - Committee job descriptions
  - Conflict of Interest guidelines
  - Directors & Officers' Liability insurance

## Example of Board notebook:

<p>SECTION 1: THE BASICS: WHO WE ARE</p> <ul style="list-style-type: none"> <li>• SVT Mission &amp; Watershed Map</li> <li>• SVT Board of Directors and Staff lists</li> <li>• Organizational Chart</li> </ul> <p>SECTION 2: GOVERNANCE</p> <p>A. Directors Duties</p> <ul style="list-style-type: none"> <li>▪ Legal Responsibilities</li> <li>▪ Code of Ethics</li> <li>▪ Governance at a Glance</li> <li>▪ Prohibition on Lobbying</li> <li>▪ Financial contribution expectations</li> </ul> <p>B. Board of Directors</p> <ul style="list-style-type: none"> <li>▪ Board of Directors with Affiliations</li> <li>▪ Terms of Office</li> <li>▪ Example of Board Calendar</li> </ul> <p>C. Committees</p> <ul style="list-style-type: none"> <li>▪ Committees Defined</li> <li>▪ Mission statements of each committee</li> </ul>	<p>SECTION 4: DEVELOPMENT</p> <p>A. The Development Program</p> <ul style="list-style-type: none"> <li>▪ Membership</li> <li>▪ Contributions</li> <li>▪ Business/Corporate</li> <li>▪ Benefit</li> <li>▪ Grants</li> </ul> <p>B. Development Revenue Report</p> <p>C. Grants Update</p> <p>D. Example of Membership Recruitment Letter</p> <p>E. Life Membership Policy</p> <p>SECTION 5: LAND PROTECTION &amp; STEWARDSHIP</p> <p>A. Land &amp; River Conservation Overview</p> <ul style="list-style-type: none"> <li>▪ Land Conservation/Protection</li> <li>▪ Project Selection Criteria Checklist</li> <li>▪ Focus Areas</li> <li>▪ Project Finance Policy and example of budget</li> <li>▪ Model Conservation Restriction</li> </ul>
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<p>SECTION 3: FINANCE</p> <ul style="list-style-type: none"> <li>▪ Budget Cycle and Approval Process</li> <li>▪ Investment Strategy and Report</li> <li>▪ Endowment Policy</li> </ul> <p>D. Audited Financial statement</p>	<ul style="list-style-type: none"> <li>▪ Environmental Education and Outings</li> </ul> <p>B. Stewardship</p> <ul style="list-style-type: none"> <li>▪ Stewardship Program Components</li> <li>▪ Fee Violation Response Policy</li> <li>▪ Conservation Restriction Violation Response Policy</li> <li>▪ Mountain Bike policy</li> </ul> <p>SECTION 7: STRATEGIC PLAN</p> <ul style="list-style-type: none"> <li>▪ 2000 Executive Summary</li> <li>▪ Measures of Success and Implementation Steps</li> <li>▪ 2003 Update</li> </ul>
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### Other Resources

#### Federal websites

- [www.irs.gov/businesses/small](http://www.irs.gov/businesses/small)
- [www.irs.gov/charities/](http://www.irs.gov/charities/)

#### State Websites

- [www.dor.state.ma.us/business/businesshome.htm](http://www.dor.state.ma.us/business/businesshome.htm)
- [www.dor.state.ma.us/business/taxguide/salesuse.htm](http://www.dor.state.ma.us/business/taxguide/salesuse.htm)
- [www.ago.state.ma.us/sp.cfm?pageid=1213](http://www.ago.state.ma.us/sp.cfm?pageid=1213)
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