

Maine Coast Heritage Trust staff uses this document in its land conservation efforts. It is designed for internal MCHT use, and is provided here as a reference or guide. Each land trust has its own mission, priorities, and organizational characteristics that should direct how it does its work and what documents it uses. Please feel free to use the ideas, processes, and even specific text contained in this document, but be sure to tailor them for your organization. Land trusts should always use a lawyer knowledgeable in land transactions when working on a conservation easement or preserve acquisition. MCHT does not guarantee or provide advice as to the tax consequences of any project or action.

**Maine Coast Heritage Trust**  
**RECORDKEEPING POLICY**  
Approved by the Board on \_\_\_\_\_

**I. INTRODUCTION**

**A. Maine Coast Heritage Trust's Mission Statement.** Maine Coast Heritage Trust, a statewide land conservation organization, works to conserve coastal and other lands that define Maine's distinct landscape, protect its environment, sustain its outdoor traditions and promote the well-being of its people.

**B. Recordkeeping Policy Purpose.** Maine Coast Heritage Trust (MCHT) recognizes that maintenance of consistent, complete, secure, and authentic records is essential to achievement of its conservation mission. Consistent with Land Trust Alliance's Standards and Practices, MCHT Recordkeeping Policy is developed to document and sustain the conservation values of protected lands under conservation easement or in fee ownership, and to assure MCHT's public charitable status. Thus MCHT directs staff to keep originals of all irreplaceable documents essential to the defense of each transaction in one location, with copies in another location, and that original documents are protected from daily use, and are secure from fire, floods and other damage. All MCHT files are the property of MCHT, not members of the staff or Board of Directors. This Recordkeeping Policy confirms and ratifies MCHT's current recordkeeping procedures, many of which have been adopted recently with the availability of electronic digital back-up capacity.

**C. Updating and Revision.** This policy, approved by MCHT Board of Directors, embodies the functional principles of MCHT's Records Policy. Additionally, MCHT's President and Director of Operations are empowered to develop and amend procedural standards as needed to implement the Records Policy.

**D. Records Policy Review.** At a minimum, the President and Director of Operations and a committee of the Board will review this Records Policy every five years to ensure compliance and to ensure that the policies stated herein continue to serve the best interests of MCHT. At a minimum, the Director of Operations will review the Records Procedures noted above every three years to ensure organizational compliance and to ensure that the procedures continue to serve the best interests of MCHT.

## **II. RECORDKEEPING PROCEDURES**

MCHT has established procedures to preserve the integrity of its files of key organizational and transactional documents. Critical to MCHT's tracking of its holdings, is a conserved lands database, which lists holdings and relevant information about their acquisition. This is backed up daily to the Topsham server, which is backed up with removable hard disks taken from the office nightly. Original documents, unless recorded at the Registry of Deeds, are maintained in a fireproof filing cabinet in the Topsham office. Multiple "copies" of key records are maintained in either hard copy or electronic form in redundant locations for working use and to ensure reliable access and re-creation in the event of unanticipated loss.

As detailed below, MCHT has instituted a system of fully electronic back-up files, having been fully implemented as of February 18, 2009. MCHT conducts its operations at three office locations: the head office at Topsham, the field office at Mount Desert Island, and a satellite Washington County office in Milbridge. The manager of Aldermere Farm, an MCHT Preserve also does some stewardship work, and keeps redundant records in some cases. These multiple locations facilitate our ability to have secure back-up of essential documents in two places. In addition, MCHT keeps archived non-essential historic records of its first thirty years of work in a separate location in Northeast Harbor. With the opening of its new Mount Desert Island office, these records will be moved to another location for historic purposes.

### **A. Conservation Transaction and Stewardship Records**

#### **i. Original Conservation Transaction and Stewardship Documents**

Originals of conservation transaction and stewardship documents for properties on which MCHT holds an interest are kept in MCHT's principle office in

Topsham in a fireproof metal file cabinet, in separate folders noting their status as Original Documents. These include:

- Original deeds; easements; easement amendments, subordinations; (since these are recorded, sometime we keep only copies in the fireproof safe.)
- Original Title Policies and Title Reports
- Original Baseline Documentation Notebooks, including original maps and photographs
- Original Easement Monitoring Reports since 1997
- Original Fee Lands Monitoring Reports since 2004
- Originals of critical easement landowner correspondence for stewardship such as notices to Holder, discretionary approvals, notices of non-compliance;
- Other original legal agreements, including purchase contracts, options, leases, promissory notes, and mortgages;

These records are maintained by the Stewardship Assistant. Original records may not be removed from these folders without the permission of the Director of Stewardship, General Counsel, or Director of Land Preservation, and must be returned promptly. Only copies designated for field use may leave the premises. (See below)

**ii. Other important documents for Conservation Transactions and Stewardship Document not kept in fireproof file cabinet, but having working copies kept in redundant locations.**

The following Original Conservation Transaction and stewardship documents are kept in various locations, other than the fireproof safe, with duplicates and working or back-up copies kept as noted.

- Appraisals, appraisal summaries, if secured, are kept in the “completed project file” which will be converted into a “shared project file” for stewardship daily use. Duplicate originals are available from appraisers. As of April 1, 2009, MCHT will scan and save appraisals or appraisal summaries digitally, with back-up to disks daily.
- Monitoring Notebooks for all dates and Easement Monitoring Reports before 1997 are kept in a set of notebooks in Director of Stewardship’s office, with duplicate sets with stewardship field staff member’s offsite office.

- Grant Agreements from funding entities are kept in a filing cabinet in the Development Department's offices, with originals held by the granting agency, and copies in the shared project file.
- Natural Resource Inventories and Land Management Plans are kept in the shared project file in the Stewardship department in Topsham, with electronic copies kept on digital back-up, which is backed up to disk weekly and kept offsite.
- Critical landowner correspondence for project development has been historically kept in the project manager's completed project file, which will be converted to a "shared project file" for stewardship use. Current critical landowner correspondence is backed-up digitally, saved to disk weekly and kept offsite.
- Gift acknowledgements and Forms 8283 are kept in the Development Office in Topsham; copies are kept digitally since 2004; prior to 2004, copies are kept in the completed project file which will be merged into a "shared project file" for stewardship use.

**iii. Duplicates and Working or Backup Copies of Originals kept in the fireproof filing cabinet.**

- Copies of Deeds; easements; easement amendments, subordinations

All deeds, easements, amendments and subordinations have been digitally scanned and stored in a shared common drive on the Topsham server, which is backed up nightly onto removable hard disks that are taken offsite nightly. MCHT also has access to electronic images and certified copies of all MCHT deeds, easements and amendments of either deeds or easements, showing all necessary signatures because they are recorded at the Registry of Deed in the county in which the land is situated. In addition, Stewardship keeps paper copies of the same in its working files and monitoring notebooks.

- Duplicate Baseline Documentation Notebooks, including original maps and photographs
- Copies of Critical easement landowner correspondence for stewardship, such as notices to Holder, discretionary approvals, monitoring reports, notices of non-compliance;
- Copies of Title Policies and Title Reports;
- Copies of Fee Property monitoring reports

Stewardship keeps paper working copies of Baseline Documentation, including copies of maps and photographs, together with copies of monitoring reports, and critical easement landowner correspondence in “monitoring notebooks” kept in bookshelves in the office of Director of Stewardship in Topsham, and in duplicate “monitoring notebooks” kept by the appropriate regional stewardship person. Beginning in 2004, fee lands monitoring reports have also been scanned and stored digitally in a shared common drive on the Topsham server, which is backed up nightly onto removable hard disks that are taken offsite nightly. This provides secure offsite storage. Stewardship also keeps copies of critical landowner correspondence, such as notices, approvals, acknowledgements of notice, and notices of non-compliance, in the monitoring notebooks for the particular property, and scans them and backs them up digitally in a shared common drive on the Topsham server, backed up daily onto removable hard disks that are taken offsite nightly. Stewardship also scans and keeps digital copies of all title policies and title reports in the shared common drive on the Topsham server, and redundant paper copies of the same are kept in the “completed project files” in the office of the responsible project manager.

- Copies of Gift acknowledgements and Forms 8283;

MCHT keeps working copies of gift acknowledgments and IRS Form 8283 signed by MCHT as holder of conservation easement or owner of gifted fee lands, in the “completed project file” for each project, in the office where the project originates. Since 2007, all items in the “completed project file” are backed up digitally, and saved offsite daily. The working “completed project file” will be converted to a “shared project file” after project completion, for use by Stewardship and Land Protection. Gift acknowledgements and 8283 forms in the shared project file will be backed up digitally and saved to external hard disks daily for removal from the respective offices.

- Copies of other legal agreements, including purchase contracts, options, leases, promissory notes, and mortgages;

MCHT General Counsel keeps final and interim drafts of conservation easements and amendments, as well as purchase contracts, options, leases and promissory notes in paper files and on the hard drive of her laptop, since 2002. Mortgages are recorded at the local registry of deeds. The General Counsel’s electronic files are backed up daily on the Topsham Server, which is backed up nightly onto removable hard disks that are

taken offsite nightly. MCHT does not consider interim drafts of agreements and easements to be essential to the defense of its rights, since final originals are available and control in any event, but MCHT has decided to keep copies of interim drafts in order to recreate the history of a project if warranted. MCHT also retains critical information on land projects in its MCHT Data Base, which is stored on the Topsham Server, and is backed up nightly to the MDI Server. The Topsham Server is also backed up daily onto removable hard disks that are removed from the premises nightly.

## **B. Financial Operations Records**

As a public charity and an organization responsible for easement defense in perpetuity, MCHT must manage its finances and assets in a responsible and accountable manner. To that end, it is the policy of the MCHT to maintain complete, accurate and credible documentation of its financial management activities.

MCHT staff will follow generally accepted non-profit accounting principles to ensure clear and credible financial records. Additionally, it is crucial that an internal control system is established and followed to prevent misappropriations and to inspire confidence. Also, to that end, an annual independent audit by a certified public accountant is performed. The auditor's reports are made available to funders, members, and donors.

The types of financial records maintained by the Staff Accountants under the supervision of the Director of Operations include MCHT's accounting software (Financial Edge); monthly, quarterly, and annual reports; balance sheets; budgets; payroll; reconciliations and cancelled checks; invoices and receipts of payables; copies of checks deposited. Financial Edge and all reports are stored on the Topsham Server, which is backed up nightly to the MDI Server. The Topsham Server is also backed up daily onto removable hard disks that are taken offsite nightly. For MCHT's preserve at Aldermere Farm in Rockport, copies of checks received and deposited for farm operations and retail sales are retained in the Rockport Office. All other financial records for Aldermere, including: quarterly and annual reports and balance sheets, budgets, reconciliations and cancelled checks, invoices and receipts of payables and copies of checks deposited- are kept in Topsham, with back up on the Topsham Server, which is backed up to disk and removed offsite nightly.

Access to these records is limited to the Director of Operations, Staff Accountants, the President and the Board of Directors. Specific reports that do not contain confidential

information will be made available to staff as needed (e.g. past event expenses). The accounting software is password protected, as are certain digital financial reports.

Current storage arrangements are identified below:

- Current year financial records are maintained on Financial Edge and daily disk backup. Paper copies are kept in files at the office of the Director of Operations. Paper copies of the last 12 month's bank statements are maintained by MCHT's investment advisors and banks. Prior year financial records are maintained on Financial Edge and daily disk backup.
- Hard copies of all bills, bank statements and other records of income and expenditures, dating from 2001 to present are maintained in hard copy at Topsham.
- Item by item accountings of income and spending have been maintained digitally, since 1999, in the form of Financial Edge and daily disk backup.
- Annual financial audits since 1975, and all Form 990's since 1998, and other audit related memos and correspondence are maintained digitally and in the office of the Director of Operations at Topsham, MCHT's principal office.

### **C. Personnel Records**

Personnel files contain each employee's personal information and work-related information. Personnel records are maintained for each employee and will be held confidential. To that end, access to personnel files is limited to the Director of Operations and the President, except as provided immediately below. Employees will be given access to their individual files, except that some documents may be restricted to the President and Director of Operations. Physical personnel records are stored in the office of the Director of Operations in a locking file cabinet. Digital copies of personnel records are in the process of being created, and will be available only to the President and Director of Operations, and General Counsel in certain situations, under password protection.

### **D. Fundraising Records**

As a public-supported charitable organization, MCHT is committed to raising funds in an ethical and accountable manner. Quality recordkeeping of the fundraising program will demonstrate that MCHT accurately represents its claims and intended use of funds,

and uses restricted funds as specified by donors. To that end, it is the policy of MCHT to maintain accurate and complete records regarding fundraising activities. Fundraising records are maintained on the Raiser's Edge database, on the Topsham Server, which is backed up nightly to the MDI Server. The Topsham Server is also backed up daily onto removable hard disks that are removed from the premises nightly. The Director of Development is the custodian of Fundraising Records.

All of MCHT's computerized donor records are maintained on servers with firewall protection.

#### **E. Administrative Records Management**

In order to practice sound business procedures, it is the policy of MCHT to maintain records of its business activities, board meetings, and office administration, and to carefully maintain these records in a secure manner. It is also MCHT's policy to diligently protect and secure all digital records and the organization's computer system through use of current and complete security tools and equipment. Administrative records are maintained on the Topsham office server and external hard disk backup that is removed from the premises nightly. This includes all archived email, GIS data, public and private data folders and all lands/stewardship files. Current organizational policies and procedures manuals are maintained at MCHT's Topsham office, with digital backup. Copies of annual Financial Audit Reports, IRS Form 990 Reports, and annual filings with the State of Maine are maintained in digital form on the Topsham Server, with back-up as stated above; and hard copies of filings for the past four years are kept in files at MCHT's Topsham Office for access by the general public. Hard copies of these organizational documents and government filings through 2005 are kept in back-files in the basement of the Topsham office for historic interest. Duplicate originals of Board Packets and Board Meeting Minutes are kept at both locations, Topsham and MDI, in bookshelves. Minutes of committee meetings are kept by the respective committee chair, with copies held by the staff member assigned to work with each committee. Minutes of Conservation Limited Development, LLC., an entity that is wholly owned by MCHT, are kept by its Secretary, Susan Connolly, and by the president of the LLC. These are also backed up on the Topsham server.

### **III. DIGITAL BACKUP**

As of 2008, MCHT maintains a back-up system for all digital data. The purpose of this system is: (1) to create reliable, retrievable data in the case of computer malfunctions, (2) to create copies for historical purposes, since it is physically

unmanageable to archive every document, and (3) to preserve digital copies of physical documents and photographs that may deteriorate over time. Data is backed up nightly. An external hard disk copy of the material on the Topsham server is created daily and removed from the premises. As of April 1, 2009, an archive of all data files on the Topsham Server that are more than four years old, will be backed up and copied to an external hard disk on a bi-monthly basis, which disk will be archived at an off-site storage facility such as a safe deposit box. This archived data will also be available to staff, as appropriate, in a separate location on the Topsham server.

#### **IV. RECORD RETENTION SCHEDULE**

It is the policy of MCHT to retain files as follows:

##### **Indefinitely**

- Audit reports by accountants
- Cancelled checks for major items while still owned
- Capital stock and bond records
- Financial Statements, year-end
- General and private ledgers
- Insurance records
- Board of Director and Committee Minute books
- Articles of Incorporation, By-Laws
- Form 990 tax returns and supporting documentation
- Bills of Sale and personal property and vehicle titles, while still owned
- Payroll and related records
- IRS determination as 501(c)(3)
- Lease Agreements for offices while occupying
- Automobile and Boat Titles
- Promissory Notes, mortgages and other security instruments while active
- Board documents authorizing conservation transactions (Board Package, Minutes, Board Resolution)
- Fee deeds; easements; easement amendments, easement acknowledgements;
- Transfer deeds, for easements and fee transferred to government or another land trust
- Waivers; subordinations
- Other legal agreements, including purchase contracts, options, rights of first refusal, grant agreements
- Title reports and policies, Form 8283s, appraisals, appraisal summaries

- Baseline documentation reports
- Fee Property monitoring condition reports
- Easement monitoring reports
- Correspondence with easement landowners (including correspondence in preparation for and following site visits and enforcement correspondence).
- Land management plans

### **For Seven Years**

- Accident reports and claims for settled cases
- Accounts payable and receivable ledgers
- Cancelled checks, unimportant items
- Cancelled stock and bond certificates
- Contracts and leases that have expired
- Employee W-4 forms
- Expired option records
- Notes receivable ledgers
- Time sheets
- Correspondence, except that correspondence between MCHT and landowners relevant to recorded conservation easements shall be kept indefinitely.
- Employment applications
- Employment personnel records (after termination)
- Expired Insurance policies

### **For One Year**

- Bank Reconciliations
- Duplicate Deposit Slips

Destruction of business records after the prescribed holding periods expire shall be completed by the staff accountants under the direction of the Director of Operations. Expired business records shall be burned or shredded to ensure the privacy of records.