

# Investment Guidance for Land Trusts



*Investments can be an important part of a land trust's financial sustainability. Each section of this brief guide concludes with hyperlinks to useful guidance and articles.*

## Strategy

Organizations would like to maximize their potential to receive a high rate of return on investments while minimizing the risk of losing money or receiving less than an acceptable minimum return. They can't have it both ways. Seeking a higher the rate of return increases the risk that the rate won't be achieved; seeking a lower rate decreases this risk, but also decreases money earned. Each organization must make its own decisions in balancing the pursuit of returns on investments and risks of those investments delivering insufficient or even negative returns.

Organizations also must consider their time horizons: are they prepared to lose money or receive minimal returns at times if there is a high probability that returns will be higher in the long run?

Some organizations may want to avoid investing in certain companies or industries that conflict with their mission and values. This is known as socially responsible investing. The intention is straightforward: by avoiding certain investments, an organization can ensure that it is not supporting endeavors counter to its values. (The efficacy of socially responsible investing is debated, but that discussion is beyond the scope of this guide.)

An organization's desired return on investments, tolerance for risk, available funds, cash flow needs, and interest (if any) in socially responsible investing will shape its overall investment strategy.

- [Prudent Investing for Nonprofit Organizations and Public Charities](#)
- [Nonprofit Guide to Prudent Investing](#)
- [On Nonprofit Investment Income](#)

## Policy

A written investment policy statement describes an organization's goals, guidelines, and decision-making processes regarding its investments. Practice 3.A.2.e.

of *Land Trust Standards and Practices* requires a land trust board to adopt:

written policies or procedures for the responsible and prudent investment, management and use of financial assets.

- [Investment Policies for Nonprofits](#)
- [Investment Policy Statements for Nonprofit Organizations](#)
- [Sample Nonprofit Investment Policies](#)

## Governance

Some organizations create a committee to oversee investments, composed of board members and, in some cases, financial professionals. Others rely on the board of directors to oversee investments.

- [Poll: Investment Governance Practices for Nonprofits](#)
- [The Roles and Responsibilities of Investment Committees of Nonprofit Organizations](#)

## Choosing an Advisor

Many organizations do not have the time or expertise to manage investments themselves, so they use a financial advisor. Others decide to invest through a local community foundation, which pools their assets with those of other nonprofits.

- [What Nonprofits Should Look for in Their Investment Advisor](#)
- [Questions to Ask Money Managers: A Guide for the Nonprofit Executive](#)
- [9 Essential Considerations When Choosing an Investment Advisor](#)
- [Community Foundation Locator](#)

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