**[LAND TRUST NAME]**

**POLICY FOR THE USES OF DEDICATED AND RESTRICTED FUNDS**

[LAND TRUST] maintains reserve funds for certain purposes. The policy outlines the allowable uses of the principal and income of these funds.

1. Operating Reserve. This is a “rainy-day” fund created to cover operating deficits and unanticipated operating expenses. It consists of funds dedicated for this purpose by the board of directors, [WHAT—CASH, SECURITIES, COMBO?] maintained [WHERE---BANK ACCOUNT, INVESTMENT ACCOUNT, ELSEWHERE?]. Both principal and income may be used for general operating expenses.
2. Temporarily Restricted Funds. [LAND TRUST] honors donors’ intent when they indicate that their contributions are to be used for certain specific purposes. Such contributions are recognized as temporarily restricted assets.
3. Permanently Restricted Funds. [LAND TRUST] honors donors’ intent when they indicate that their contributions are to be treated as a true endowment, i.e. the principal is not to be used, but the income may be used for certain specific purposes or treated as unrestricted income (as determined by the donor). Such contributions are recognized as permanently restricted assets.
4. Conservation Easement Stewardship and Defense Fund. [LAND TRUST] maintains a reserve for stewardship and defense of its conservation easements. This fund consists of temporarily restricted assets designated by donors for these purposes and may be augmented by unrestricted funds that are board-designated for this purpose. It is [LAND TRUST]’s intent that this reserve meet standards established by the Land Trust Alliance for funding easement stewardship and defense. The income from this fund may be used for stewardship and the principal can be invaded to cover expenditures for legal defense. Amounts drawn from the fund principal for legal defense shall be repaid as soon as practicable.
5. Land Management Fund. [LAND TRUST] maintains a reserve for managing lands it owns in fee. This fund consists of temporarily restricted assets designated by donors for this purpose and may be augmented by unrestricted funds that are board-designated for this purpose. It is [LAND TRUST]’s intent that this reserve meet standards established by the Land Trust Alliance for funding long-term stewardship of fee properties. The income from this fund may be used for stewardship and the principal can be invaded to cover emergency expenses related to land management and defense of title. Amounts drawn from the fund principal shall be repaid as soon as practicable.
6. Land Acquisition Fund. [LAND TRUST] maintains a reserve for the purchase of conservation easements and fee properties. This fund consists of temporarily restricted assets designated by donors for these purposes and may be augmented by unrestricted funds that are board-designated for these purposes.