

## Dedicated Funds

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### PURPOSE:

This policy establishes Temporarily Restricted and Permanently Restricted funds and their sources, and uses.

### POLICY:

The land trust has a perpetual obligation to steward conservation easements and manage lands they hold in fee for conservation purposes, and to defend these conservation lands. Funds donated or granted for the purpose of land acquisition and stewardship must be managed prudently. The Land Trust is ethically and legally required to use funds for the purposes for which they were raised. The land trust will maintain the following Temporarily Restricted and Permanently Restricted funds for these purposes. To ensure prudent management of these funds WCLT will:

1. **Maintain a Legal Enforcement Fund, a Temporarily Restricted Fund, for the purpose of covering major expenses needed to enforce a conservation easement.**
  - a. **Fund Source:** The primary source of funds is easement stewardship donations given by conservation easement donors. For acquisitions of publically-held properties, where WCLT holds a conservation easement, an easement stewardship donation will be included as a project acquisition cost and funded through donations. (See *Policy 11A(1) Funding Easement Stewardship.*)
  - b. **Fund Use:** Expenses can be paid from this fund for the purposes of preventative action or compliance enforcement for legal defense when approved by a majority of the board.
  
2. **Maintain Stewardship Funds, Temporarily Restricted Funds, for the purpose of ongoing management, maintenance and restoration of property owned in fee, or conservation easements on publically-held acquisition projects.**
  - a. **Fund Source:** The primary source of funds is through private donations as part of the project acquisition cost and ongoing restricted donations, and through public or private grants.
  - b. **Fund Use:** Expenses can be paid from this fund for activities covered under a property management plan and budget approved by the board, or when covered as part of the scope of work funded through a grant.
  - c. **Fund Tracking:** Stewardship funds and expenses will be tracked and reported by project.

3. **Maintain Acquisition Funds, Temporarily Restricted Funds, for the purpose of covering costs associated with acquisition projects approved by the board.**
  - a. **Fund Source:** The primary source of funds is through private donations, and through public and private grants.
  - b. **Fund Use:** Expenses can be paid from this fund for activities covered under an acquisition project budget approved by the board, or when covered as part of the scope of work funded through a grant.
  - c. **Fund Tracking:** Acquisition funds and expenses will be tracked and reported by property.
  
4. **Maintain other Temporarily Restricted funds for the purpose for which they are established by the Board.**
  - a. **Fund Source:** The primary source of funds is through private donations, and through public and private grants for specific restricted purposes.
  - b. **Fund Use:** Expenses can be paid from these funds for activities covered by donor intent, or when covered as part of the scope of work funded through a grant.
  - c. **Fund Tracking:** Other Temporarily Restricted funds and expenses will be tracked and reported by project or source as appropriate.
  
5. **Establish through approval by the Board, when appropriate, Permanently Restricted Funds for any, or all, of the following purposes: ongoing operations, land and conservation easement acquisitions, stewardship and legal enforcement.**
  - a. **Fund Source:** The primary source of funds is through private donations and bequests.
  - b. **Fund Use:** Expenses can be paid from these funds for activities covered by donor intent. Up to 5% of the market value of the endowment fund, calculated each December 31 based on a 12-quarter rolling average, can be spent annually as directed by the board. The percentage chosen up to 5% for use in operating funds will be based on the budget requirements of the organization and the return achieved by the endowment fund over the 12-quarter historical period.
  - c. **Fund Tracking:** Permanently Restricted Funds and expenses will be tracked and reported by fund.
  
6. **Invest Temporarily Restricted and Permanently Restricted funds according to the following investment parameters, ensuring cash flow to support the fund's purpose:**

FUND TYPE	Short-Term Investment Funds	Intermediate Investments Funds	Long-Term Investments Funds
Legal Enforcement Fund	25% - 50%	50% - 75%	0%
Stewardship Funds	50% - 75%	25% - 50%	0%
Acquisition Funds	100%	0%	0%

Other Temporarily Restricted Funds (Based on fund(s) purpose/uses)	50% - 100%	Up to 50%	0%
Permanently Restricted Funds	0%	0%	100%

7. **Assign funds received through a bequest or other planned gift to the appropriate fund in accordance with the donor's specified wishes.** Funds from any bequest or other planned gift that are not designated for a particular use or purpose will be placed in the Legal Enforcement or a Stewardship Fund, unless otherwise directed by the board in a specific case.
  
8. **Assign interest and/or dividends earned from Temporarily Restricted funds as Unrestricted Funds.** As part of the annual budgeting process the Board will determine the allocation and use of these funds.

**Rev.1 Approved:** January 2, 2006

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 President, Board of Directors