



# Central Valley Farmland Trust

BOARD OF SUPERVISORS

2010 OCT 12 | A 11:45

2010 Fiscal Year End

## Annual Report

### Management Report

Central Valley Farmland Trust's fiscal year ended on March 31, 2010. CVFT retained a new auditor for this fiscal year. For the fifth year in a row the auditor provided an "unqualified" opinion of CVFT's overall financial condition. This affirms CVFT continues to manage its financial affairs at the highest professional level.

CVFT's total assets grew from \$3.7 million in fiscal year 2009 to \$4.7 million in fiscal year 2010. This was due mainly to receipt of farmland mitigation fees received from several different jurisdictions. These funds are strictly relegated to the collective costs incurred to acquire agricultural conservation easements.

During the fiscal year, CVFT's volunteers, paid staff, and outside consultants were able to accomplish an enormous amount of work, even though no conservation easements were actually closed.

#### 1. Agricultural Conservation Easements (ACE) Projects

CVFT negotiated and secured funding for four ACE projects totaling approximately 785 acres in Merced, Stanislaus, and San Joaquin Counties. Projected funding is from the Department of Conservation through its California Farmland Conservancy Program, the Natural Resource Conservation Service through its Farm and Ranchland Protection Program, farmland mitigation funding from certain jurisdictions within San Joaquin County, as well as funds donated by Kaiser Hospital. The closing of these projects has been delayed for over a year due to the State of California's freeze on bond funding. But we are pleased to report that subsequent to our fiscal year end, we received word that bond funding will resume and the above projects are one step closer to becoming an exciting conservation reality. Commodities grown on the four properties include almonds, walnuts, cherries, sweet potatoes, wine grapes, and alfalfa.

#### 2. Public Policy and Outreach

CVFT continues to expend time and resources meeting and discussing farmland protection initiatives with farmland owners, other land trusts, and cities and counties within our region. CVFT has entered formal agreements with several municipalities in San Joaquin County to directly facilitate their respective farmland mitigation programs. ACE applications received from landowners in San Joaquin County increased and will result in four new projects covering approximately 675 acres which are

projected to close in 2011. Other municipalities in Merced and Stanislaus counties have requested CVFT to provide direct input on farmland protection initiatives and on projects requiring farmland mitigation. CVFT's executive director serves as a part time faculty member at California State University, Stanislaus teaching ag policy and planning.

#### 3. Stewardship and Monitoring

Annual monitoring was completed on all of CVFT's 23 ACEs totaling approximately 11,224 acres. All monitoring was completed by qualified staff and or volunteers in accordance with established standards and guidelines. Copies of the monitoring reports were provided to the original project funders of the respective ACEs.

#### 4. Trust Administration

During this fiscal year the respective committees recommended and the Board affirmed 13 existing policies. During fiscal year 2009 CVFT was awarded accreditation through the Land Trust Accreditation Commission. This further affirms that CVFT is performing at the highest industry standards.

Bill Martin  
Executive Director

### President's Message

Hi, I am Ken Oneto, the new President of the Central Valley Farmland Trust. I have been involved with the trust since its inception in 2004. When the idea of a four county trust came about, there was much interest and many people involved.

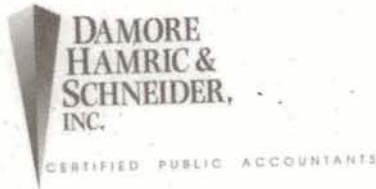
The trust had a goal that Merced, Stanislaus, San Joaquin and Sacramento counties would be equally represented on the board. Over the past seven years, the number of board members have shifted and declined. This year, the board is making a concerted effort to bring on new members. Our goal is to grow our board by two.

While I recognize that everyone's time is valuable, I also recognize the importance of agriculture in the Central Valley. A few more helping hands will make the process much easier and fulfilling for all. Consider helping us continue what we started just six years ago.

If I have piqued your interest, please contact our office at (916) 687-3178. We look forward to your support.

Ken Oneto





INDEPENDANT AUDITOR'S REPORT

To the Board of Directors  
Central Valley Farmland Trust, Inc.

We have audited the accompanying statement of financial position of Central Valley Farmland Trust, Inc. (the Trust) as of March 31, 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information was derived from the Trust's fiscal year 2009 financial statements, which were audited by other auditors whose report dated September 8, 2009 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust at March 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

DAMORE, HAMRIC & SCHNEIDER, INC.  
Certified Public Accountants

July 14, 2010



CENTRAL VALLEY  
FARMLAND TRUST

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Bill Martin,  
Executive Director

Susan Hooper,  
Associate Director



*Preserving farms that feed the world.*

CENTRAL VALLEY FARMLAND TRUST, INC.  
(A Nonprofit Corporation)

**STATEMENT OF FINANCIAL POSITION**

March 31, 2010  
With Comparative Totals for 2009

**ASSETS**

Current Assets:

	2010	2009
Cash and Cash Equivalents	\$ 1,135,275	\$ 224,484
Marketable Securities	2,918,897	3,356,309
Accounts Receivable	706,404	131,255
<b>Total Current Assets</b>	<b>\$ 4,760,576</b>	<b>\$ 3,712,048</b>

Property and Equipment at Cost  
Furniture and Equipment, Net of Accumulated  
Depreciation of \$7,889 and \$6,183  
**Total Assets**

2,298	3,266
<b>\$ 4,762,874</b>	<b>\$ 3,715,314</b>

**LIABILITIES**

Current Liabilities:

Accrued Vacation	\$ 3,187	\$ 4,515
Mitigation Advances Deferred	4,168,878	3,079,693
<b>Total Current Liabilities</b>	<b>\$ 4,172,065</b>	<b>\$ 3,084,208</b>

**Net Assets:**

Unrestricted	(\$ 1,821)	\$ 38,476
Designated for Stewardship & Legal Defense	592,630	592,630
<b>Total Net Assets</b>	<b>\$ 590,809</b>	<b>\$ 631,106</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,762,874</b>	<b>\$ 3,715,314</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.





CENTRAL VALLEY FARMLAND TRUST, INC.  
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**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2010  
With Comparative Totals for 2009

<b>Revenues &amp; Public Support:</b>	<b>2010</b>	<b>2009</b>
Contributions	\$ 2,965	\$ 164,568
Mitigation Fees	133,209	157,767
Investment Income	37,690	34,108
Service Fees & Other Income	29,581	25,016
Membership Fees	19,131	22,739
Special Events (Net of \$7,920 direct expense in 2010)	11,980	
Transfer Fees		58,180
<b>Total Revenues &amp; Public Support</b>	<b>\$ 234,556</b>	<b>\$ 462,378</b>
<b>Expenses:</b>		
Salaries and Wages	\$ 134,820	\$ 133,330
Payroll Taxes & Employee Benefits	35,338	34,989
Contract & Professional Services	45,378	17,959
Office Supplies	5,032	11,885
Liability and D&O Insurance	2,888	3,135
Special Events	2,049	
Office Rent	12,000	14,976
Printing & Reproduction	4,522	6,041
Telephone & Communications	5,259	5,783
Travel	5,837	5,687
Vehicle Mileage & Related	4,800	4,800
Dues & Subscriptions	4,410	4,699
Meals & Entertainment	1,757	2,263
Postage & Delivery	2,474	1,908
Equipment Rental	1,337	1,295
Utilities	1,405	1,256
Interest Expense		3,285
Meetings & Conferences	939	1,230
Training	826	320
Depreciation	1,706	1,620
Fees	2,076	103
<b>Total Expenses</b>	<b>\$ 274,853</b>	<b>\$ 256,564</b>
Change in Net Assets	(\$ 40,297)	\$ 205,814
Net Assets, Beginning of Year	631,106	425,292
<b>Net Assets, End of Year</b>	<b>\$ 590,809</b>	<b>\$ 631,106</b>

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CENTRAL VALLEY FARMLAND TRUST  
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STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended March 31, 2010

	Program	Fundraising	Management and General	Total 2010
Salaries and Wages	\$ 100,000	\$ 7,920	\$ 26,900	\$ 134,820
Payroll Taxes & Employee Benefits	26,500	1,838	7,000	35,338
Contract & Professional Services	43,100	918	1,360	45,378
Office Supplies	2,100	225	2,707	5,032
Liability and D&O Insurance	1,158		1,730	2,888
Special Events		2,049		2,049
Office Rent	9,000	600	2,400	12,000
Printing & Reproduction	1,800	922	1,800	4,522
Telephone & Communications	3,950	369	940	5,259
Travel	4,400	387	1,050	5,837
Vehicle Mileage & Related	3,600	336	864	4,800
Dues & Subscriptions	2,200		2,210	4,410
Meals & Entertainment	1,500	82	175	1,757
Postage & Delivery	990	494	990	2,474
Equipment Rental	670	132	535	1,337
Utilities	700	143	562	1,405
Meetings & Conferences	470	94	375	939
Training	700	43	83	826
Fees			2,076	2,076
Total Expense Before Depreciation	\$ 202,838	\$ 16,552	\$ 53,757	\$ 273,147
Depreciation	1,280	119	307	1,706
Total Functional Expenses	\$ 204,118	\$ 16,671	\$ 54,064	\$ 274,853

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.



CENTRAL VALLEY FARMLAND TRUST  
(A Nonprofit Corporation)

*S*STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2010  
With Comparative Totals for 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	(\$ 40,297)	\$ 205,814
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,706	1,620
Changes in Net Assets and Liabilities:		
(Increase) in Accounts Receivable	(575,149)	(109,665)
(Decrease) in Accrued Expenses	(2,066)	(1,483)
Increase in Mitigation Advances Deferred	<u>1,089,185</u>	<u>1,959,527</u>
Net Cash Provided by Operating Activities	<u>\$ 473,379</u>	<u>\$ 2,055,813</u>
<b>Cash Flows From Investing Activities:</b>		
Investment in Marketable Securities	<u>\$ 437,412</u>	<u>\$ (2,464,767)</u>
<b>Cash Flows From Financing Activities:</b>		
Repayments to Line of Credit	\$	\$ (74,887)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 910,791</u>	<u>(\$ 483,841)</u>
Net Cash, Beginning of Year	224,484	708,325
Net Cash, End of Year	<u>\$ 1,135,275</u>	<u>\$ 224,484</u>
<b>Supplemental Disclosures of Cash Flows Information:</b>		
Interest Paid in Cash	<u>\$</u>	<u>\$ 3,285</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.





CENTRAL VALLEY FARMLAND TRUST, INC.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2010

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Organization** - Central Valley Farmland Trust, Inc. is a nonprofit organization which was incorporated in the year 2000 to save productive farmland in the central valley of California. This regional land trust is actively engaged in farmland preservation by acquiring agriculture conservation easements and has an ongoing obligation to monitor the property once it has been conserved.

**Accounting Method** - The accompanying financial statements have been prepared on the accrual basis of accounting.

**Basis of Presentation** - The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

**Income Taxes** - Central Valley Farmland Trust is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d(c)(1) under California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in these statements.

**Unrestricted Net Assets** - For this current fiscal year calculation, "unrestricted net assets" is the net of "total assets" minus "current liabilities" and "net assets designated for stewardship/legal defense funds."

**Designated Net Assets** - The Trust has designated \$592,630 of its cash assets to be used for future stewardship monitoring and legal defense of its agricultural conservation easements. Generally, landowners make donations to help fund the stewardship and legal defense fund.

**Marketable Securities** - Marketable securities include investments in cash equivalents with readily determinable market values and are recorded at their fair market value which approximate cost at March 31, 2010. At March 31, 2010, all investments were cash equivalents.

**Property and Equipment** - Furniture and equipment are stated at cost. Donated equipment is stated at the estimated fair market value at the date of donation. Expenditures for improvements and equipment costing over \$500 are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives for the assets as follows:

Furniture	7 years
Equipment	5 years

**Reclassification** - Certain 2009 amounts have been reclassified to conform to the 2010 financial statement presentation.

**Cash and Cash Equivalents** - For the purpose of the cash flow statement, the Trust includes all cash accounts, which are not subject to withdrawal restrictions or are included in investments and are purchased with a maturity of three months or less as cash on the accompanying statement of financial position.

### NOTE 2 CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS:

Central Valley Farmland Trust maintains its cash balances with various financial institutions. The balance at each financial institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of March 31, 2010. At times during the year ended March 31, 2010 balances on deposits at the various institutions exceeded FDIC insured limits. Funds invested in money market accounts with investment companies, are classified as cash equivalents. These funds are protected (up to \$500,000) against institution failure by the Securities Investor Protection Corporation (SIPC). At times during the year ended March 31, 2010 balances on deposits at the investment companies exceeded SIPC insured limits.

**NOTE 3 AGRICULTURE CONSERVATION EASEMENTS:**

The Trust acquires agriculture conservation easements rights on property through purchase or donation and has adopted the policy of not capitalizing the acquisition of easements.

As of March 31, 2010, the Trust had the following agriculture conservation easements (ACE):

ACE Record Date	Acres	County Transaction	Type
June, 1999	6,983.0	Merced	Easement Donation
Sept., 2009	73.6	Merced	Easement Purchase
June, 2000	1,006.8	Merced	Easement Purchase
June, 2002	44.0	Merced	Easement Purchase
June, 2002	27.9	Merced	Easement Purchase
June, 2002	25.5	Merced	Easement Purchase
Sept., 2003	220.9	Sacramento	Easement Purchase
Nov., 2003	97.0	Sacramento	Easement Purchase
May, 2005	263.0	Merced	Easement Purchase
Jan., 2006	40.7	Merced	Easement Purchase
Jan., 2006	382.9	Merced	Easement Purchase
Jan., 2006	89.0	Merced	Easement Purchase
June, 2006	927.9	San Joaquin	Easement Donation
May, 2007	225.0	Sacramento	Easement Donation
June, 2007	79.0	Merced	Easement Purchase
Sept., 2007	39.0	Merced	Easement Purchase
Sept., 2007	39.0	Merced	Easement Purchase
Sept., 2008	79.0	Merced	Easement Purchase
Sept., 2008	62.0	Merced	Easement Purchase
April, 2008	39.0	Merced	Easement Purchase
Dec., 2008	287.0	Merced	Easement Purchase
Jan., 2009	155.0	Stanislaus	Easement Purchase
Jan., 2009	38.0	Merced	Easement Donation
	<u>11,224.2</u>		

**NOTE 4 OPERATING LEASE:**

The Trust leases office space under an agreement that expired on March 31, 2010. The agreement is currently on a month-to-month basis, at \$1,000 per month. Rent expense was \$12,000 for the fiscal year ended March 31, 2010.

**NOTE 5 SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through July 14, 2010, the date the financial statements were available to be issued.

*Preserving farms that feed the world.*

THE MISSION OF THE CENTRAL VALLEY FARMLAND TRUST IS TO WORK WITH  
 LANDOWNERS AND CONSERVATION PARTNERS TO PRESERVE AGRICULTURAL LANDS  
 IN THE CENTRAL VALLEY FOR FUTURE GENERATIONS.