



Central Valley Farmland Trust

2009 Fiscal Year End

Annual Report

Management Report

Central Valley Farmland Trust's fiscal year ended on March 31, 2009. CVFT's auditor again provided an "unqualified" opinion of CVFT's overall financial condition as of fiscal year end, which affirms CVFT continues to properly manage its financial affairs at the highest professional level.

CVFT's total assets grew from \$1.6 million in fiscal year 2008 to \$3.7 million in fiscal year 2009, due mainly to receipt of farmland mitigation fees received from several different jurisdictions. These funds are 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, summarized as follows:

1. Agricultural Conservation Easements (ACE) Projects

CVFT permanently protected six properties with ACEs totaling approximately 699 acres in Merced and Stanislaus Counties. Five of the six projects utilized funding by grants from the Department of Conservation through its California Farmland Conservancy Program and the Packard Foundation, administered by the Great Valley Center. One of those six projects (39 acres in Merced County) also utilized grant funding by the Natural Resource Conservation Service through its Farm and Ranchland Protection Program. The 155 acre project in Stanislaus County also utilized funds donated by a private individual and Kaiser Hospital. Another 39 acre project in Merced County was a full donation of the ACE. Commodities grown on the six properties included almonds, walnuts, tree fruit, corn, and alfalfa.

At fiscal year-end CVFT held 11,224 acres of ACE's and was actively processing 12 new ACE projects totaling approximately 1,865 acres.

2. Public Policy and Outreach

CVFT continues to expend time and resources meeting and discussing farmland protection initiatives with farmland owners, 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. New ACE applications received from landowners in San Joaquin County increased from the prior fiscal year end (e.g., two in 2008 to seven in 2009). Other municipalities in Merced and Stanislaus counties have requested CVFT to provide

direct input on certain farmland protection initiatives and on specific projects requiring farmland mitigation.

3. Stewardship and Monitoring

Annual monitoring was completed on sixteen ACE's totaling approximately 8,668 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 funders of the respective ACE's. All monitoring is current.

4. Trust Administration

During this fiscal year the respective committees recommended and the Board affirmed 19 existing policies.

CVFT completed the accreditation process and was awarded accreditation through the Land Trust Accreditation Commission in September 2008. This further affirms that CVFT is performing within the highest industry standards for the operation of a land trust.

Bill Martin, Executive Director

President's Message

I am pleased to report that the Central Valley Farmland Trust was awarded accredited status by the Land Trust Accreditation Commission in September 2008. We were one of 38 land trusts accredited at that time and the only agricultural land trust in the Central Valley of California receiving this important distinction.

The economic downturn has presented many challenges, and our board and staff have responded by working harder and more efficiently to make our limited resources go farther. We will continue to work with landowners and funding partners to ensure maximum farmland protection.

We permanently protected six properties in Merced and Stanislaus Counties. It was extremely rewarding to be able to conserve 155 acres of prime farmland near the City of Modesto. This was our first project in Stanislaus County, and the result of many years effort on the part of the landowner, our volunteers, outside consultants and staff.

We appreciate your continued support of farmland preservation. Our board continues to reach out to those interested in volunteering to help us achieve our mission to protect California's most valuable farmland. If you are interested please give us a call.

Maxwell Norton, President



David E. Vaughn CPA

(209) 957-5506, fax (209) 957-9589

2495 W. March Lane, Suite 75, Stockton, Ca. 95207-5207

INDEPENDANT AUDITOR'S REPORT

To the Board of Directors
Central Valley Farmland Trust, Inc.
(A Nonprofit Corporation)
Elk Grove, California



CENTRAL VALLEY
FARMLAND TRUST

8788 Elk Grove Blvd.
Building 1, Suite I
Elk Grove, CA 95624

(916) 687-3178 phone
(916) 685-1041 fax

www.valleyfarmland.org

Bill Martin,
Executive Director

Susan Hooper,
Associate Director



I have audited the accompanying statement of financial position of Central Valley Farmland Trust, Inc. (A Nonprofit Corporation) as of March 31, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Central Valley Farmland Trust, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in my report dated August 15, 2008, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial position of Central Valley Farmland Trust, Inc. (A Nonprofit Corporation) as of March 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

David E. Vaughn
September 8, 2009
Stockton, California



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

STATEMENT OF FINANCIAL POSITION

March 31, 2009
(with Comparative Totals for March 31, 2008)

| ASSETS | <u>2009</u> | <u>2008</u> |
|--|---------------------|---------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 224,484 | \$ 708,325 |
| Marketable securities | 3,356,309 | 891,542 |
| Accounts receivable | 131,255 | 21,590 |
| Total current assets | <u>\$ 3,712,048</u> | <u>\$ 1,621,457</u> |
| Property and equipment, at cost | | |
| Furniture and equipment, net of accumulated depreciation of \$6,183 & \$4,563 | 3,266 | 4,886 |
| Total assets | <u>\$ 3,715,314</u> | <u>\$ 1,626,343</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable & accrued expenses | \$ 4,515 | \$ 5,998 |
| Mitigation advances deferred | 3,079,693 | 1,120,166 |
| Bank line of credit (Note 2) | — | 74,887 |
| Total current liabilities | <u>\$ 3,084,208</u> | <u>\$ 1,201,051</u> |
| Net assets | | |
| Unrestricted | \$ 38,476 | \$ 20,556 |
| Designated for stewardship & legal defense | 592,630 | 404,736 |
| Total net assets | <u>\$ 631,106</u> | <u>\$ 425,292</u> |
| Total liabilities and net assets | <u>\$ 3,715,314</u> | <u>\$ 1,626,343</u> |

SEE NOTES TO FINANCIAL STATEMENTS.



Central Valley Farmland Trust, Inc.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended March 31, 2009

(with Comparative Totals for Year Ended March 31, 2008)

| | 2009 | 2008 |
|--------------------------------------|--------------------------|--------------------------|
| REVENUES & PUBLIC SUPPORT | | |
| Contributions | \$ 164,568 | \$ 92,291 |
| Mitigation fees | 157,767 | 82,202 |
| Investment income | 34,108 | 41,557 |
| Service fees & other income | 25,016 | 19,918 |
| Membership fees | 22,739 | 18,656 |
| Transfer fees | 58,180 | - |
| Total revenues & public support | <u>\$ 462,378</u> | <u>\$ 254,624</u> |
| EXPENSES | | |
| Salaries and wages | \$ 133,330 | \$ 127,518 |
| Payroll taxes & employee benefits | 34,989 | 37,272 |
| Contract & professional services | 17,959 | 21,415 |
| Office rent | 14,976 | 23,532 |
| Other expenses | 6,732 | 1,581 |
| Printing & reproduction | 6,041 | 8,271 |
| Telephone & communications | 5,783 | 6,337 |
| Travel | 5,687 | 6,077 |
| Office supplies | 5,153 | 3,225 |
| Vehicle mileage & related | 4,800 | 4,800 |
| Dues & subscriptions | 4,699 | 4,779 |
| Interest expense | 3,285 | 3,167 |
| Liability & D&O insurance | 3,135 | 2,757 |
| Meals & entertainment | 2,263 | 1,909 |
| Postage & delivery | 1,908 | 2,663 |
| Depreciation | 1,620 | 1,620 |
| Equipment rental | 1,295 | 1,438 |
| Utilities | 1,256 | 1,132 |
| Meetings & conferences | 1,230 | 3,416 |
| Training | 320 | 904 |
| Fees | 103 | 2,147 |
| Total expenses | <u>\$ 256,564</u> | <u>\$ 265,960</u> |
| Change in net assets | \$ 205,814 | \$ (11,336) |
| - | | |
| Net assets, beginning of year | 425,292 | 436,628 |
| Net assets, end of year | <u>\$ 631,106</u> | <u>\$ 425,292</u> |

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL VALLEY FARMLAND TRUST
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended March 31, 2009
(with Comparative Totals for Year Ended March 31, 2008)

| | <u>2009</u> | <u>2008</u> |
|--|----------------------|--------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 205,814 | \$ (11,336) |
| Adjustments to reconcile operating income to net cash provided by operating activities | | |
| Depreciation | 1,620 | 1,620 |
| Changes in assets and liabilities | | |
| (Increase) Decrease in accounts receivable | (109,665) | (19,840) |
| (Decrease) Increase in accounts payable & accrued expenses | (1,483) | 3,660 |
| (Decrease) Increase in mitigation advances deferred | 1,959,527 | 639,903 |
| | <u>1,959,527</u> | <u>639,903</u> |
| Net cash provided by operating activities | \$ 2,055,813 | \$ 614,007 |
| Cash flows from investing activities | | |
| Purchase of capital assets | \$ - | \$ - |
| Investment in marketable securities | (2,464,767) | (73,717) |
| | <u>(2,464,767)</u> | <u>(73,717)</u> |
| Net cash used in investing activities | \$(2,464,767) | \$ (73,717) |
| Cash flows from financing activities | | |
| Proceeds from line of credit | \$ - | \$ 75,000 |
| Repayments to line of credit | (74,887) | (113) |
| | <u>(74,887)</u> | <u>(113)</u> |
| Net cash provided by financing activities | \$ (74,887) | \$ 74,887 |
| Net increase (decrease) in cash and cash equivalents | \$ (483,841) | \$ 615,177 |
| Cash: | | |
| Beginning | 708,325 | 93,148 |
| Ending | <u>\$ 224,484</u> | <u>\$ 708,325</u> |
| Supplemental disclosures of cash flows information | | |
| Cash payments for: Interest | <u>\$ 3,285</u> | <u>\$ 3,167</u> |

SEE NOTES TO FINANCIAL STATEMENTS.



NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Operations and Program Description:

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.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation:

The Organization has adopted (FAS-117) "Financial Statements of Not-for-Profit Organizations." Under FAS 117, 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.

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.

Investments:

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, 2009.

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 \$1,000 are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

| | Years |
|-----------|-------|
| Furniture | 7 |
| Equipment | 5 |

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes:

The Central Valley Farmland Trust, Inc. is exempt from federal income taxes under IRC Sec. 501(c)(3) and state income tax under section 23701 of the California Revenue and Taxation Code.

Allocation of Expenses:

The Organization allocates its expenses on a functional basis between its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural classification. Any expenses that are common to several functions are allocated among the program and support services benefited. For the current year expenses, approximately 72% are program expenses, 22% are management and general and 6% are fundraising expenses.

Mitigation Advances Deferred & Mitigation Fees:

Deferred revenue represents agricultural mitigation fees received but not used for their specific purpose by the end of the Trust's fiscal year. Such fees are generated when farmland is taken out of production for development purposes in jurisdictions where farmland mitigation ordinances or programs are in place and remitted to the Trust on a quarterly basis. The advances will be used by the Trust to incur specific conservation program expenses as directed under the terms of the formal agreements between the trust and various municipalities.

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 long-term investments and are purchased with a maturity of three months or less as cash on the accompanying statement of financial position.

Note 2. Line of Credit

The Trust has a \$75,000 (maximum) line of credit with a local bank which expires in August, 2009. The interest rate is variable.

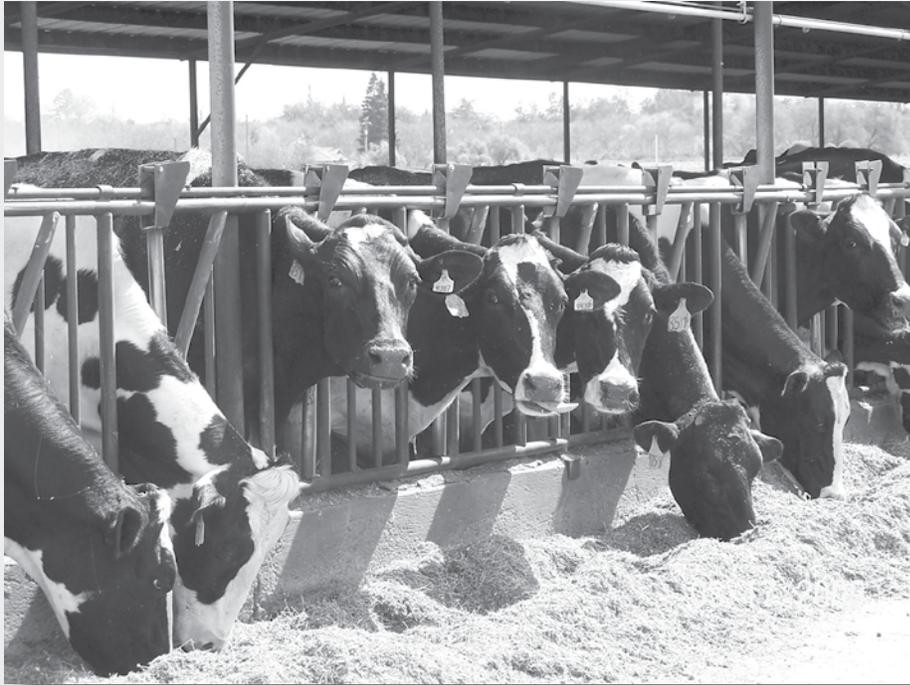
Note 3. Agriculture Conservation Easements

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

As of March 31, 2009, 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., 1999 | 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 |
| | <hr/> | | |
| | 11,224.2 | | |

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.

