



# Central Valley Farmland Trust

2008 Fiscal Year End

## *Annual Report*

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### *Management Report*

Central Valley Farmland Trust's fiscal year ended on March 31, 2008. The results of the financial audit are included in this annual report. Like last year, CVFT's auditor provided an "unqualified" opinion of CVFT's overall financial condition as of fiscal year end. This means CVFT continues to properly manage its financial affairs at the highest professional level.

We can be proud of this accomplishment and it allows CVFT to continue to build on a solid financial base. It is also important to note that CVFT's total assets grew from \$919,000 in fiscal year 2007 to \$1.6 million in fiscal year 2008, due mainly to receipt of farmland mitigation fees generated in San Joaquin County.

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 four properties with ACEs totaling approximately 382 acres in Merced and Sacramento Counties. Of the four projects, three were acquired with grant funds from the Department of Conservation through its California Farmland Conservancy Program and the Packard Foundation, administered by the Great Valley Center. One project in Sacramento County was a full donation of the ACE. The commodities grown on the four properties included almonds, tree fruit, and alfalfa.

At fiscal year end CVFT held 10,564 acres of ACE's and was actively processing 14 new ACE projects totaling approximately 1,804 acres.

#### **2. Public Policy and Outreach**

CVFT continues to expend considerable 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. Focused outreach will be directed to strategic areas within San Joaquin County. 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 twelve ACE's totaling approximately 3,199 acres. The monitoring was completed by qualified staff and volunteers in accordance with established standards and guidelines. Copies of the monitoring reports were provided to the original funders of the respective ACE's.

#### **4. Trust Administration**

CVFT committees systematically review existing policies and procedures on an annual basis and recommend new policies and procedures when necessary and appropriate. During this fiscal year the respective Committees recommended and the Board affirmed nine existing policies and approved five new policies.

CVFT continues the lengthy and exhaustive process, commenced in the prior fiscal year, to become accredited through the Land Trust Accreditation Commission. Accreditation ensures that CVFT meets the highest industry standards for the responsible operation of a land trust. This greatly enhances our operational capabilities and credibility. All required information has been submitted and we have responded to questions from the commission and requests for additional documentation. Accreditation determination will be announced at the LTA Rally in late September, 2008.

Bill Martin

### *President's Message*

The Central Valley Farmland Trust is moving through a critical period in our development. Over the last two years, as part of the accreditation process, our staff and board has thoroughly reviewed and "tightened up" all of our operational procedures and guidelines. We are a much stronger organization as a result. The "unqualified" opinion issued by our auditor serves as clear testimony to this fact.

We continue to have many requests from land owners for assistance in ag conservation easements (ACE). Finding funding sources for all the requests will always be a challenge but our executive director has worked hard to put together creative funding arrangements that exploit our unique position as the premier farmland trust in North San Joaquin Valley.

Fundraising for general operations, education and outreach is always a challenge. This is common to all non-profit organizations. Our board continues to reach out and look for those who can become partners in this noble effort to save our state's most valuable farmland.

Maxwell Norton, President



David E. Vaughn CPA

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## INDEPENDANT AUDITOR'S REPORT

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



CENTRAL VALLEY  
FARMLAND TRUST

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Bill Martin,  
*Executive Director*

Susan Hooper,  
*Associate Director*

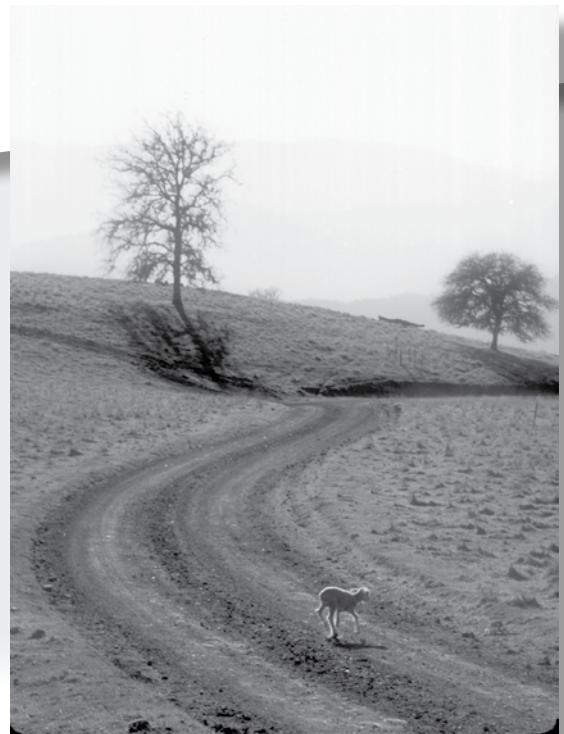


I have audited the accompanying statement of financial position of Central Valley Farmland Trust, Inc. (A Nonprofit Corporation) as of March 31, 2008, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Central Valley 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 2007 financial statements and, in my report dated August 3, 2007, 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 statements referred to above present fairly, in all material respects, the financial position of Central Valley Farmland Trust, Inc. (A Nonprofit Corporation) as of March 31, 2008, 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.

August 15, 2008  
Stockton, California



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

STATEMENT OF FINANCIAL POSITION

March 31, 2008  
(with Comparative Totals for March 31, 2007)

	2008	2007
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 708,325	\$ 93,148
Marketable securities	891,542	817,825
Accounts receivable	21,590	1,750
Total current assets	\$ 1,621,457	\$ 912,723
Property and equipment, at cost		
Furniture and equipment, net of accumulated depreciation of \$4,563 & \$2,943	4,886	6,506
Total assets	\$ 1,626,343	\$ 919,229
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable & accrued expenses	\$ 5,998	\$ 2,338
Mitigation advances deferred	1,120,166	480,263
Bank line of credit (Note 3)	74,887	-
Total current liabilities	\$ 1,201,051	\$ 482,601
Net assets		
Unrestricted	\$ 20,556	\$ 106,683
Designated for stewardship endowment	404,736	329,945
Total net assets	\$ 425,292	\$ 436,628
Total liabilities and net assets	\$ 1,626,343	\$ 919,229

SEE NOTES TO FINANCIAL STATEMENTS.



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

STATEMENT OF ACTIVITIES

Year Ended March 31, 2008  
(with Comparative Totals for Year Ended March 31, 2007)

	2008	2007
<b>REVENUES &amp; PUBLIC SUPPORT</b>		
Contributions	\$ 92,291	\$283,702
Mitigation fees	82,202	41,748
Investment income	41,557	36,702
Service fees & other income	19,918	4,655
Membership fees	18,656	15,511
Merger (Note 2)	-	144,665
Total revenues & public support	\$ 254,624	\$ 526,983
<b>EXPENSES</b>		
Salaries and wages	\$ 127,518	\$ 124,447
Payroll taxes & employee benefits	37,272	37,338
Office rent	23,532	22,692
Contract & professional services	21,415	29,613
Printing & reproduction	8,271	2,699
Telephone & communications	6,337	5,354
Travel	6,077	8,713
Vehicle mileage & related	4,800	4,800
Dues & subscriptions	4,779	3,124
Meetings & conferences	3,416	2,017
Office supplies	3,225	3,204
Interest expense	3,167	-
Liability & D&O insurance	2,757	2,084
Postage & delivery	2,663	1,290
Fees	2,147	-
Meals & entertainment	1,909	1,613
Depreciation	1,620	1,620
Miscellaneous	1,581	3,128
Equipment rental	1,438	1,308
Utilities	1,132	679
Training	904	829
Marketing & advertising	-	1,110
Total expenses	\$ 265,960	\$ 257,662
Change in net assets	\$ (11,336)	\$ 269,321
Net assets, beginning of year	436,628	167,307
Net assets, end of year	\$ 425,292	\$ 436,628

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL VALLEY FARMLAND TRUST  
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended March 31, 2008  
(with Comparative Totals for Year Ended March 31, 2007)

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ (11,336)	\$ 269,321
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	(19,840)	20,402
(Decrease) Increase in accounts payable & accrued expenses	3,660	(5,343)
(Decrease) Increase in mitigation advances deferred	639,903	74,476
Net cash provided by operating activities	\$ 614,007	\$ 360,476
<b>Cash flows from investing activities</b>		
Purchase of capital assets	\$ -	\$ -
Investment in mutual funds	(73,717)	(299,426)
<b>Net cash used in investing activities</b>	\$ (73,717)	\$ (299,426)
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	\$ 75,000	\$ 15,000
Repayments to line of credit	(113)	(15,000)
<b>Net cash provided by financing activities</b>	\$ 74,887	\$ 0
Net increase (decrease) in cash and cash equivalents	\$ 615,177	\$ 61,050
<b>Cash:</b>		
Beginning	93,148	32,098
Ending	\$ 708,325	\$ 93,148
Supplemental disclosures of cash flows information		
Cash payments for: Interest	\$ 3,167	\$ -

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. The unrestricted operating net assets represent revenues and expenses related to the operation and management of the Organization's primary programs and supporting services.

#### 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, 2008.

#### 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 effect 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 72.0% are program expenses, 22.0% are management and general and 6.0% are fundraising expenses.

#### Mitigation Advances Deferred & Mitigation Fees:

Deferred revenue represents mitigation fees received but not used for their specific purpose by the end of the Trust's fiscal year. The advances will be used by the Trust to incur specific conservation program expenses as directed under the terms of the specific award. Generally these mitigation advances result from settlements reached by parties involved in litigation. Unrestricted Mitigation fees are recognized upon the close of escrow of the related property.

**Temporarily Restricted Net Assets:**

At March 31, 2007 the organization had classified \$229,945 as temporarily restricted net assets which represented stewardship endowment contributions received which were initially considered restricted as to purpose. Upon further consideration, the organization has reclassified these amounts to designated for future monitoring and defense of conservation easements.

**Designated Net Assets:**

The Trust has designated \$100,000 of its general unrestricted net assets and \$304,736 of its unrestricted mitigation fees be used for future stewardship monitoring and defense of conservation easements.

**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. Merger**

During the previous fiscal year, two unrelated nonprofit land trusts were merged into Central Valley Farmland Trust, Inc. The merger of 100% of the Merced County Farmland and Open Space Trust and the Sacramento Valley Ag Land Conservancy with total combined net assets of \$144,665 in cash was completed on September 7, 2006. Included in the temporarily restricted net assets is \$119,100 which was temporarily restricted for stewardship endowment purposes.

**Note 3. 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 and was approximately 6.5% at the end of the year.

**Note 4. 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, 2008, the Trust had the following agriculture conservation easement (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
	10,564.2		



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.

