

Central Valley Farmland Trust

2011 Fiscal Year End

Annual Report

Management Report

Central Valley Farmland Trust's fiscal year ended on March 31, 2011. For the sixth 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 decreased from \$4.7 million in fiscal year 2010 to \$4.2 million in fiscal year 2011. This was due mainly to the acquisition of two agricultural conservation easements within San Joaquin County. Farmland mitigation fees received from several different jurisdictions were used to assist in the funding. These funds are strictly relegated to the collective costs incurred to acquire agricultural conservation easements (ACE). Operating income exceeded expenses by \$96,519.

During the fiscal year, CVFT's volunteers, paid staff, and outside consultants were able to assist in the closing of two ACEs and helped lay the groundwork to close five additional ACEs shortly after fiscal year end:

Agricultural Conservation Easements (ACE) Projects

CVFT negotiated and secured funding for seven ACE projects totaling approximately 1,393 acres in Merced, Stanislaus, and San Joaquin Counties. Two of the seven projects totaling 291 acres closed during the fiscal year. Project funding was from the Department of Conservation through its California Farmland Conservancy Program, the Natural Resource Conservation Service through its Farm and Ranchland Protection Program, and farmland mitigation funding from certain jurisdictions within San Joaquin County. The remaining five projects had been held up for a couple years 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 were able to close all five projects. Commodities grown on the properties include almonds, walnuts, cherries, sweet potatoes, wine grapes, and alfalfa hay.

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 resulted in the closing of two ACE projects totaling 291 acres with two additional ACEs

totaling 390 acres closing shortly after fiscal year end. 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 has been acknowledged as a valuable entity in assisting the California High Speed Rail Authority in mitigating for the loss of farmland in the San Joaquin Valley. CVFT's executive director serves as a part time faculty member at California State University, Stanislaus teaching ag policy and planning.

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 landowners and original project funders of the respective ACEs.

Trust Administration

CVFT maintains current policies, procedures, and guidelines in accordance with accepted industry standards and or LTA's Standards and Practices. All policies, procedures, and guidelines are reviewed on a periodic basis and amended as necessary. During this fiscal year the respective committees recommended and the Board affirmed four existing policies. All staff, volunteers, and outside consultants are well trained and fully qualified to complete the myriad of tasks necessary to operate a successful land trust.

CVFT was accredited through the LTA Accreditation Commission in September 2008 and is in the preliminary stages of preparing for renewal of our accreditation status in 2013.

Bill Martin
Executive Director



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CENTRAL VALLEY
FARMLAND TRUST

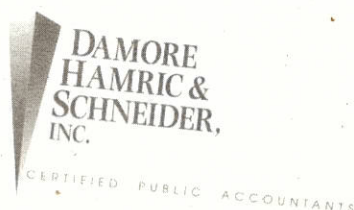
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Bill Martin,
Executive Director

Susan Hooper,
Associate Director



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, 2011, 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 2010 financial statements, and, in our report dated July 14, 2010, we expressed an unqualified opinion on those 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 Central Valley Farmland Trust, Inc. at March 31, 2011, 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
May 18, 2011

President's Message

It was a busy and exciting year, and I am proud of what CVFT accomplished. We closed two easements during this fiscal year, but the majority of the work was completed on five other projects. These projects closed just subsequent to this fiscal year end, spanned three counties, and employed multiple funding sources. The board did an outstanding job refining our accounting practices and auditing oversight to ensure that we are serving our funders and donors correctly. Funds received from several jurisdictions through the collection of mitigation fees are accounted for separately but managed jointly. We feel it is our duty to handle all funds received carefully, and considerable thought goes into our investment strategy. We earn low interest on our money, but it is invested in very secure places. As you review this annual report, please keep in mind that we take our fiduciary responsibility very seriously, which is reflected in the way we manage these funds. Every year we look thoroughly at our budget to be sure that the trust is on solid ground. During this tough economic time we have been able to continue our work, preserving the most valuable farm land in the world. With your generous ongoing support we will continue to work hard to secure more funding to protect even more land. I look forward to the year ahead and more success stories for CVFT! Thank you for your support.

Ken Oneto, President

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

STATEMENT OF FINANCIAL POSITION

March 31, 2011
With Comparative Totals for 2010

ASSETS

Current Assets:

	2011	2010
Cash and Cash Equivalents	\$ 1,409,057	\$ 1,135,275
Marketable Securities	2,130,643	2,918,897
Accounts Receivable	706,404	706,404
Total Current Assets	\$ 4,246,104	\$ 4,760,576

Property and Equipment at Cost
Furniture and Equipment, Net of Accumulated
Depreciation of \$9,085 and \$7,889
Agriculture Conservation Easements (Note 4)

	1,882	2,298
Total Assets	\$ 4,247,986	\$ 4,762,874

LIABILITIES

Current Liabilities:

Accrued Vacation	\$ 5,337	\$ 3,187
Mitigation Advances Deferred	3,555,321	4,168,878
Total Current Liabilities	\$ 3,560,658	\$ 4,172,065

Net Assets:

Unrestricted	\$ 41,740	(\$1,821)
Designated for Monitoring Fund	645,588	592,630
Total Net Assets	\$ 687,328	\$ 590,809

Total Liabilities and Net Assets	\$ 4,247,986	\$ 4,762,874
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.



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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended March 31, 2011
With Comparative Totals for 2010

	2011	2010
Revenues & Public Support:		
Contributions	\$ 146,387	\$ 2,965
Mitigation Fees	57,907	133,209
Interest Income	25,413	25,102
Investment Income	14,056	12,588
Service Fees & Other Income	137,999	29,581
Membership Fees	15,392	19,131
Special Events (Net of \$7,920 direct expense in 2010)		11,980
Unrestricted Grants	2,500	
Total Revenues & Public Support	\$ 399,654	\$ 234,556
Expenses:		
Salaries and Wages	\$ 134,820	\$ 134,820
Payroll Taxes & Employee Benefits	35,990	35,338
Contract & Professional Services	77,897	45,378
Office Supplies & Other Expenses	6,982	5,032
Liability and D&O Insurance	3,127	2,888
Special Events	50	2,049
Office Rent	12,000	12,000
Printing & Reproduction	3,367	4,522
Telephone & Communications	4,711	5,259
Travel	3,401	5,837
Vehicle Mileage & Related	4,800	4,800
Dues & Subscriptions	3,735	4,410
Meals & Entertainment	2,161	1,757
Postage & Delivery	2,243	2,474
Equipment Rental	1,324	1,337
Utilities	906	1,405
Interest Expense		
Meetings & Conferences	726	939
Training	994	826
Depreciation	1,196	1,706
Fees	2,705	2,076
Total Expenses	\$ 303,135	\$ 274,853
Change in Net Assets Before Changes Related To Easements Not Capitalized	\$ 96,519	(\$ 40,297)
Changes Related to Easements Not Capitalized:		
Proceeds Used to Acquire Easements	1,066,284	
Easements Purchased	(1,066,284)	
Change in Net Assets	\$ 96,519	(\$ 40,297)
Net Assets, Beginning of Year	590,809	631,106
Net Assets, End of Year	\$ 687,328	\$ 590,809

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CENTRAL VALLEY FARMLAND TRUST
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended March 31, 2011

	Program	Fundraising	Management and General	Total 2011	Total 2010
Salaries and Wages	\$ 98,087	\$ 9,769	\$ 26,964	\$ 134,820	\$ 134,820
Payroll Taxes & Employee Benefits	26,081	2,711	7,198	35,990	35,338
Contract & Professional Services	74,002	1,558	2,337	77,897	45,378
Office Supplies & Other Expenses	3,656	304	3,022	6,982	5,032
Liability and D&O Insurance	1,251		1,876	3,127	2,888
Special Events		50		50	2,049
Office Rent	9,000	600	2,400	12,000	12,000
Printing & Reproduction	1,347	673	1,347	3,367	4,522
Telephone & Communications	3,533	330	848	4,711	5,259
Travel	2,551	204	646	3,401	5,837
Vehicle Mileage & Related	3,600	336	864	4,800	4,800
Dues & Subscriptions	1,868		1,867	3,735	4,410
Meals & Entertainment	1,837	108	216	2,161	1,757
Postage & Delivery	897	449	897	2,243	2,474
Equipment Rental	662	132	530	1,324	1,337
Utilities	453	91	362	906	1,405
Meetings & Conferences	363	73	290	726	939
Training	845	50	99	994	826
Fees			2,705	2,705	2,076
Total Expense Before Depreciation	\$ 230,033	\$ 17,438	\$ 54,468	\$ 301,939	\$ 273,147
Depreciation	911	69	216	1,196	1,706
Total Functional Expenses	\$ 230,944	\$ 17,507	\$ 54,684	\$ 303,135	\$ 274,853

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



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CENTRAL VALLEY FARMLAND TRUST
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STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2011
With Comparative Totals for 2010

Cash Flows From Operating Activities:

Change in Net Assets
Adjustments to Reconcile Operating Income to Net Cash
Provided by Operating Activities:
Depreciation
Changes in Net Assets and Liabilities:
(Increase) in Accounts Receivable
Increase/(Decrease) in Accrued Expenses
Increase/(Decrease) in Mitigation Advances Deferred

2011	2010
\$ 96,519	(\$ 40,297)
1,196	1,706
	(575,149)
2,150	(2,066)
(614,337)	1,089,185
(\$ 514,472)	\$ 473,379

Cash Flows From Investing Activities:

Sales of Marketable Securities

\$ 788,254	\$ 437,412
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Net Increase in Cash and Cash Equivalents

\$ 273,782	\$ 910,791
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Net Cash, Beginning of Year

1,135,275	224,484
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Net Cash, End of Year

\$ 1,409,057	\$ 1,135,275
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Supplemental Disclosure:

Interest Paid in Cash
Income Taxes Paid

\$ 0	\$ 0
\$ 0	\$ 0

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



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.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2011

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 - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Trust and changes therein are classified and reported as follows:

A. Unrestricted Net Assets - Net assets that are not subjected to donor-imposed stipulations.

B. Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Trust and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at March 31, 2011.

C. The Trust did not have permanently restricted net assets at March 31, 2011.

Designated Net Assets - The Trust has designated \$645,588 of its cash assets to be used for future monitoring of its agricultural conservation easements. Generally, landowners make donations to help support the monitoring fund.

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.

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, 2011.

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 2010 amounts have been reclassified to conform to the 2011 financial statement presentation.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and 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.

Allocation of Expenses - The Trust 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.

Mitigation Advances Deferred & Mitigation Fees - Mitigation Advances 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.

Statement of Cash Flows - 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, 2011. At times during the year ended March 31, 2011 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, 2011 balances on deposits at the investment companies exceeded SIPC insured limits.

NOTE 3 INVESTMENTS:

Investments consist of:

Money Market Fund	\$ 1,123,772
Mutual Funds	606,846
Fixed Income (Laddered CDs)	400,025
	<u>\$ 2,130,643</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31, 2011:

Investment & Dividend Income	
(Less Investment Fees of \$66)	<u>\$ 14,056</u>

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, 2011, 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., 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
Sep., 2010	48.8	San Joaquin	Easement Purchase
Mar., 2011	<u>241.8</u>	San Joaquin	Easement Purchase
	<u>11,514.8</u>		

NOTE 5 FAIR VALUE MEASUREMENTS:

Fair values of assets measured on a recurring basis at March 31, 2011 are as follows:

	2011			
	Fair Value	Level 1	Level 2	Level 3
Money Market Fund	\$ 1,123,772	\$ 1,123,772	\$ -	\$ -
Mutual funds	606,846	606,846	-	-
Fixed Income (CDs)	400,025	400,025	-	-
Total	<u>\$ 2,130,643</u>	<u>\$ 2,130,643</u>	<u>\$ 0</u>	<u>\$ 0</u>

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Trust held no financial assets valued using level 2 or level 3 inputs as of March 31, 2011.

NOTE 6 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, 2011.

NOTE 7 SUBSEQUENT EVENTS:

Management has evaluated subsequent events through May 18, 2011, the date the financial statements were available to be issued.