

CALIFORNIA RANGELAND *Trust*

Our mission is to conserve the open space, natural habitat and stewardship of California's ranches.

2009-2010 FISCAL YEAR ANNUAL REPORT

ONE MILLION ACRES FOREVER PROTECTED

The California Rangeland Trust (Rangeland Trust) is committed to keeping family ranches thriving in our great state. Sound science, real estate and business expertise ~ combined with ranching leadership and our dedicated staff and supporters ~ make this important work possible.

This last year we have achieved unprecedented results towards our shared dream of a California still filled with thriving, working ranches. We received our largest donation ever, the 13,000-acre Deer Valley Ranch; we protected the future of the Running Deer Ranch with a conservation easement; we are leveraging private donations to protect nine other ranches with conservation easements in the coming year; and our work was honored by a James Irvine Foundation Leadership Award. We believe the Rangeland Trust can realize our shared dream for California ranching: *One Million Acres Forever Protected*.

This report features our accomplishments and audited financials based on our fiscal year, but several noteworthy achievements occurred late in 2010 and are worth mentioning within this report. One of these is our most significant organizational achievement, earning national accreditation from the Land Trust Accreditation Commission, an independent program of the Land Trust Alliance. Our land trust is a stronger organization today having gone through the rigorous accreditation program. Land owners as well as all Californians can count on the Rangeland Trust to employ the highest organizational standards in the protection of our remaining rangeland resources.

As of June 30, 2010, the Rangeland Trust has conserved 32 ranches totaling 207,747 acres in 20 counties - *an area greater than six times the size of San Francisco*. With much needed support we could immediately protect nearly a half-million additional acres. Ranching families ~ more than 100 of them ~ have asked for our help to permanently protect their ranches from the pressures of development and we are focused on achieving the help they desire.

OUR FOCUS

Our targeted conservation program in the Bay Area continues to grow and we are aggressively reaching out to Bay Area residents through myriad events such as the Cow Palace, stakeholder meetings, foundation partnerships, and collaborative work with the Bay Area Open Space Council. Using the collective resources of an influential region such as this allows the Rangeland Trust to build successful collaborative models for outreach that will ultimately help us protect the many ranches waiting for our help in every region of the state.

Additionally, the Rangeland Trust and many of our conservation partners have worked diligently to ensure that estate tax reform, including significant tax benefits for easement donations, remained a provision of the recently extended Tax Relief Act. Estate tax reform, which was scheduled to expire on December 31, 2010, is one of the most critical issues facing American farmers and ranchers. This relief, for the next two years, will help generations of ranchers remain on their land, continuing to provide the public with the many economic, social and cultural benefits of California agriculture.

As we begin our 2010/11 fiscal year, we are building our vision of a California that collectively supports rangeland conservation, recognizing that working ranches provide the clean water, fresh air and open space that is vital for every one of us.

OUR FUNDING

Significant progress has been made to reach our goal of diversifying our funding mechanisms and conservation partners. Private and family foundation grants have more than doubled over our 2008/09 totals, from \$200,000 to over \$475,000. This increase reflects the addition of several new foundations to our list of supporters. Easement donations have also been on the rise and our work this last year has paved the way for several easement and land donations to be completed by June 30, 2011. Public funding from both state and federal agencies remains an important component to conserving critical rangeland properties with almost \$5.5 million in project funding this year.

We are pleased to once again offer a graphical representation of our audited financials from our 2009/10 fiscal year on the facing page of this report. For details, please refer to the narrative associated with the financial charts.

PROJECTS

Central Valley Project – As tax legislation has incentivized easement donations, late in 2009 we received a donation by a landowner (who wishes to remain anonymous) of an easement on a roughly 6,500-acre ranch in Fresno and San Benito Counties. This property boasts exceptional wildlife and rangeland habitat and will forever remain a cattle ranch supporting the industry and the surrounding rural community.

Deer Valley Ranch – In December of 2009 we received our largest donation ever, the 13,000 acre Deer Valley Ranch amassed by California inventor Stan Avery in southern Monterey County. Our members' support enabled us to maintain the ranch's original excellent stewardship while we work with a conservation buyer. This incredibly generous gift will provide long term support to the Rangeland Trust conservation program while assuring that a great cattle operation will remain forever, supporting families, Tule elk, kit fox, deer and migratory songbirds. Currently, 10,800 acres of this magnificent property are for sale with the remainder being offered at a later date due to its non-contiguous nature and existing ranch operation in place. Proceeds from the ultimate sale of this conserved property will be earmarked by the board of directors for support of our backlog of waiting ranchers who want to place easements on their properties. The donation will be a considerable help in our goal of creating an endowment that will ensure the long term sustainability of the organization.

Running Deer Ranch – In May, we placed a 1,275-acre conservation easement on one of the oldest continuously operating cattle ranches in the state, the Running Deer Ranch. Owned by John and Judy Ahmann of Napa County, the easement was made possible through a partnership with the California Department of Conservation, the U.S. Department of Agriculture's Farm and Ranch Lands Protection Program (FRPP) and the Napa Land Trust.

Sierra Valley – The Rangeland Trust continues to focus on the spectacular Sierra Valley region, the largest alpine valley of its kind in the country. Over the past year, our conservation unit has been hard at work to protect several ranches in this fast-growing region. Although work on funding the projects continues, the Rangeland Trust anticipates closing on three projects over the next 12 months that will account for an additional 7,000 acres of conserved rangeland.

PROGRAMS, OUTREACH AND POLICY

New Staff – The California Rangeland Trust is pleased to bring onboard two new staff members to the staff team: Michael Delbar, Chief Operating Officer and Marshall Cook, Transaction Director.

America Great Outdoors – In mid-April, Nita Vail represented the rangeland conservation community amidst a select group of industry leaders invited to attend the White House Conference on America's Great Outdoors. This is the first initiative of the Obama administration with a focus on land conservation.

Land Water and Conservation Funding (LWCF) – The Rangeland Trust, working with the Partnership of Rangeland Trusts (PORT) and several national partners, has been working tirelessly to change proposed federal legislation that would limit third party holding of conservation easements funded through the LWCF.

Williamson Act – In Sacramento, staff has been working hard to rescue the California Land Conservation Act, better known as the Williamson Act, from being a short-sighted casualty of our state's fiscal battles.

Hotel Vitale Event – In January the Rangeland Trust hosted a gathering at Hotel Vitale in San Francisco bringing together ranchers and honored guests from throughout California to hear about our Bay Area Initiative and our work to conserve the 1.7 million acres of privately owned rangeland still remaining in the Bay Area.

A Western Affair – The 9th annual "A Western Affair" was held June 5, at the Wente Ranch and Vineyards in the Livermore Valley. More than 250 guests joined the Rangeland Trust in supporting rangeland conservation throughout the state.

Conservationist of the Year – The third annual Conservationist of the Year Award was given to the Koopmann Family during the "A Western Affair" event this June. This award is the highest honor bestowed by the Rangeland Trust and was given to the Koopmann's for their unwavering support of our organization and their dedication to rangeland conservation throughout the Bay Area and the state.



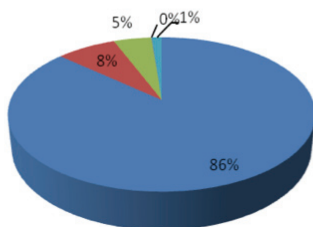
KOOPMANN RANCH, SUNOL. PHOTO: CALIFORNIA BEEF COUNCIL

AUDITED FINANCIALS

THE RANGELAND TRUST'S FISCAL YEAR EXTENDS FROM JULY 1, 2009 THROUGH JUNE 30, 2010.

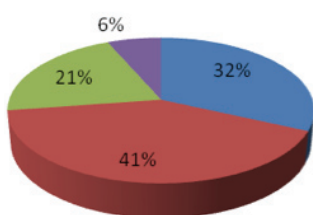
Revenues and Other Support

CONTRIBUTIONS	\$9,476,142
FUNDING DEVELOPMENT RIGHTS	\$900,000
GRANTS	\$567,697
INVESTMENT INCOME	\$4,540
OTHER	\$172,536
TOTAL	\$11,120,915



Expenses

ADMINISTRATIVE	\$700,243
PURCHASE OF DEVELOPMENT RIGHTS	\$900,000
OTHER PROGRAM EXPENSE	\$458,095
FUNDRAISING	\$144,018
TOTAL	\$2,202,356



The financial charts above reflect the audited financials for the fiscal year of July 1, 2009 through June 30, 2010. During this fiscal year the Rangeland Trust is pleased to report that there has been an addition in net asset value of \$8,918,559, due in large part to land donations to the organization. This brings an increase of total net assets and liabilities to \$17,478,078 from \$8,404,480 for the prior year. This net asset value includes unrestricted, temporarily restricted and permanently restricted endowments for monitoring of easements and funds designated for specific project-related purposes. Though most investment portfolios across the nation have taken a turn for the worse during this economic downturn, we are pleased to show a positive standing on investment income.

The donation to the Rangeland Trust of the Deer Valley Ranch is reflected in the financial reports as a contribution at the 12/31/09 appraised valuation, without the encumbrance of a conservation easement. The actual market value will not be realized until such time as the property is sold with the conservation easement in place.

During this fiscal year in late 2009, a landowner, who chooses to remain anonymous, donated a conservation easement on a roughly 6,500 acre ranch in the Central Valley. In lieu of financial compensation for his development rights the landowner received significant tax benefits. An additional purchased easement is reported in these figures.

These pass through dollars for all easement transactions are shown in our financial reporting. These funds pass through the Rangeland Trust and are immediately transferred to the landowner for the purchase of development rights. This figure is depicted on both the operating revenue and the operating expense charts as 'funding of development rights' and 'purchase of development rights' respectively. These development rights figures are down from prior years due to the currently depressed economic environment, and perhaps most prominently, the freeze on state bond funds enacted in late 2008 and in place through June 2010, with only some limited bond funding having been released since June.

For more information regarding our financial statements contact Michael Delbar, Chief Operating Officer at either (916) 444-2096 or mdelbar@rangelandtrust.org.

HIGHLIGHTS

FROM SECOND HALF OF 2010 (NOT REFLECTED IN FISCAL YEAR 2009-2010 FINANCIALS)

Ride and Talk Series – The Rangeland Trust launched a series of horseback forums in September to discuss the future of California rangelands with diverse California leaders. To kick off the program, Assemblywoman Fiona Ma, a state representative from San Francisco and a member of the legislature's Agriculture Committee, saddled up for a ride with local ranch owner Tim Koopmann and his family, Rangeland Trust staff, and Seth Doulton from the Cow Palace.

A Day on Cowboy Island – In early October the Vail and Vickers families, along with the California Rangeland Trust, hosted over 125 guests on Santa Rosa Island, home of the Vail & Vickers ranching operation for nearly 100 years. 2011 will be the last trip to Santa Rosa Island hosted by the families and the Rangeland Trust.

Cow Palace – The Rangeland Trust partnered with Seth Doulton at the Cow Palace, Pfizer Animal Health, California Cattlemen's Association and the California Beef Council to put together a three-minute video featuring rangeland conservation. The video was shown on the big screens each night before the Cow Palace rodeo. The Rangeland Trust also conducted a poll on Friday with the support of Lynn Huntzinger, a professor at UC Berkeley, and volunteers to get feedback on our messaging and what resonates with the Bay Area public about rangeland conservation.

Cross Creek Ranch – This smaller property in San Luis Obispo County was donated to the Rangeland Trust by Howard Jacobs. The property is currently on the market and proceeds from the sale will be used to further the Rangeland Trust's mission of conserving our precious rangeland resources. The generosity of this landowner is part of the spirit that fills each project we work on and why our circle of supporters continues to grow.

National Accreditation – The California Rangeland Trust earned national accreditation by the Land Trust Accreditation Committee in late 2010. This means our process and methods for ensuring rangeland conservation are anchored in the best management practices possible and meet the highest standards in the nation.

Carrizo Ranch – The owner of the 20,200 acre Carrizo Ranch in San Luis Obispo County generously donated a conservation easement over her property, taking advantage of recently extended tax benefits, which will forever protect the stewardship of this remarkable ranch. It has excellent conservation values including significant water resources, open grasslands, and oak woodlands. After much work from the landowner and Rangeland Trust, we are very pleased to have this ranch in our portfolio and ensured its existence in perpetuity.

CALIFORNIA RANGELAND TRUST

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