



Annual Report 2013

Equity Trust, Inc.

Promoting equity in the world
by changing the way people think about and hold property



Dear Friends,

Preparing the annual report is a great opportunity to pause the activities of the moment to reflect on the prior year. Some years are easy to define with a particular event or project. Others are more amorphous. 2013 was the latter, with existing programs growing and new initiatives seeded, to bear fruit in the coming years.

We're very pleased with continued growth of the Equity Trust Fund. For the third year in a row, almost a dozen new lenders joined the fund—Welcome and thanks! And for the fourth straight year, we've increased lending to farms and community organizations, providing almost \$700,000 in new loans in 2013.

After two years preparing the ground, our Hudson Valley Farm Affordability Program was begun with funding from NoVo Foundation. This gives our work a significant boost and represents a strong vote of confidence in our approach to whole farm protection, described in the following pages.

Late in the fall, we welcomed Jo Rosen as our fourth staff member. She will aid our farm protection work and help with a new initiative: addressing land access for urban farms and gardens.

It's been a rewarding year. The staff and board of Equity Trust are pleased to share this report, and our thanks, with all our donors, lenders, borrowers, colleagues, and partners.

Jim Oldham, Executive Director

Front cover photos: Scatter Creek Community Farm, WA (©Fletcher Ward); North Amherst Community Farm, MA.

Equity Trust, Inc.

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Jim Oldham, Executive Director
Rebecca Fletcher, Project Manager
Johanna Rosen, Program Associate
Rob Crowner, Loan Fund Manager

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Farms for Farmers

Equity Trust focuses on farm conservation that keeps farms in commercial production and affordable to farmers.

Interest in farm affordability is increasing, and new allies are calling attention to the issue. In 2013, the National Young Farmers Coalition released a report, Farmland Conservation 2.0: How Land Trusts Can Protect America's Working Farms, showing that farms protected for conservation aren't necessarily available to farmers. Land For Good's Land Access Project produced a 2013 report entitled Does the Option at Agricultural Value Protect Farmland for Beginning Farmers? concluding that even programs securing options when farmland is protected haven't always preserved affordability for beginning farmers. If farms with traditional conservation easements and an option to buy at agricultural value are still inaccessible to young farmers, what other tools can we use?

Partnering with farmers, land trusts, and community groups, Equity Trust uses a suite of tools to support the success of projects emphasizing the goals of continued commercial production and continued affordability for farmers. We use, and build upon, the following two ownership structures:

Ground Lease—Nonprofit-owned land, a long-term (typically 99-year) ground lease for the farmer, and farmer-owned buildings subject to the ground lease. The nonprofit monitors and enforces compliance.

Conservation Easement—Farmer-owned land and buildings. The nonprofit holds, monitors, and enforces a conservation easement.

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WELCOME TO JOHANNA ROSEN Jo joined the staff of Equity Trust in 2013 to help us explore opportunities to address land tenure issues facing urban farmers and to support our Hudson Valley and Farms for Farmers programs. She has over fifteen years of farming experience, including eight years as Director of Mill Creek Farm, a nonprofit educational urban farm in Philadelphia that she co-founded. Jo is on the Board of Grow Food Northampton, is a senior fellow in the Environmental Leadership Program, and served on the Mayor's Food Policy Advisory Council in Philadelphia and other boards.



Farms for Farmers, cont'd.

Equity Trust typically includes the following elements in both ground lease and easement projects:

- *Restrictions on resale price* ensure that the initial subsidy invested in the farm buildings and land stays with the property through resales, so the farm remains within the means of future farmers.
- *An Option to Purchase at Agricultural Value* enables enforcement of affordability restrictions, transfer restrictions, or even an active farming requirement.
- *Protection of the farmhouse* from being separated from the fields, or from being sold for a higher-than-affordable price, supports the farm's economic viability.



Young farmers at Crimson & Clover Farm, MA

- *Requiring transfer only to a "qualified farmer"* helps maintain active agriculture. Certain transfers, such as to an heir, may be exempt.
- *An active farming requirement* stipulates that active food production must continue at a commercial scale on site, and obligates the owner or holder of the ground lease to derive a dollar amount or percentage of their income from farming the land personally.
- *An owner occupancy requirement* can help the property to remain a stand-alone farm instead of being absorbed by an established farmer expanding.

Interest in these approaches is growing. The National Young Farmers Coalition report, for example, encourages land trusts to adopt strategies Equity Trust has promoted for years. In 2013, the coalition invited Equity Trust to join them in presenting the report and recommendations in workshops at the Land Trust Alliance's annual conference and at the National Young Farmers Conference, and our organizations will expand our collaboration in 2014 to promote understanding and use of tools to protect active agriculture and affordability for farmers.

2013 Highlights

Concord, NH—In April, **Dimond Hill Farm**, a historic, 108-acre working farm, grew by 24 acres. The farm was initially protected in 2006 using historic and conservation easements, with Equity Trust holding title to make it available to farmers. Now, thanks to the leadership of Five Rivers Conservation Trust and the generosity of many donors, an abutting property was acquired, protected, and transferred to Equity Trust to expand the farm. With more prime acres, the farm business will be stronger economically and able to produce more food.

Greenwich, NY—In July, with Equity Trust financing, organizers of the **Soliphilia Farm Project** purchased the 100 acres they aim to protect, removing the land from the market, affording the farmers the opportunity to get on the land, and the project the time to build the support and funding needed to complete the farm protection. Equity Trust continues to provide technical assistance for this project.

New York State—In September, NoVo Foundation committed multi-year

grant and investment funding for an **Equity Trust Hudson Valley Farm Affordability Program** promoting a regional effort for the preservation of affordable working farms. The program builds on the work Equity Trust has done nationally for two decades and is designed to complement the farmland protection efforts of the



Cooperative workday at Soliphilia Farm, NY

many conservation groups working in the Hudson Valley. Funding allows Equity Trust to offer technical assistance in support of farm protection projects, grant money to pay for permanent affordability restrictions on farms in the region, and low interest investment funds for land acquisition bridge loans.

Thurston County, WA—In October, South of the Sound Community Farm Land Trust established their first permanently affordable working farm: **Scatter Creek Community Farm**. Acquisition of the 147-acre

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former dairy in partnership with Creekside Conservancy protected farmland and natural habitat. Kirsop Farm CSA has purchased ownership in some farm buildings and uses 66 acres under a long-term ground lease developed with help from Equity Trust. A non-profit farm incubator will start soon on another portion of the property.

New England—2013 was the final year of Land For Good's **Land Access Project**, a three-year, six-state initiative working to improve access to land for beginning farmers. Equity Trust was one of about 30 organizations who collaborated to produce more than a dozen new print and online educational materials, seven research and policy reports, eleven workshops, and a variety of other resources for farm seekers, service providers, transitioning farm families, and non-farming landowners.



WORKSHOPS AND PRESENTATIONS 2013

- Bard College, NY: Winter-term class on “Farmland Protection and Land Trusts” (January).
- Harvest New England Agricultural Marketing Conference and Trade Show, Sturbridge MA: Farm Finance panel (February).
- MIT, Boston: Panelist at an early cut showing of *The Last Crop*, a documentary that tells the story of Jeff and Annie Main’s efforts to permanently protect Good Humus Farm in Capay, California (April).
- Northeast Organic Farming Association Summer Conference, MA: “Strategies and Tools for Saving Local Farms” (August).
- Land Trust Alliance Rally, New Orleans: “Transitioning Farmland to New Farmers: The options and challenges for land trusts” (September).
- Farm Viability Conference, Middlebury, VT: “Innovative Financing Mechanisms and Tenure Models for Gaining Access to Land” (September).
- Farmland Advisors Conference, Albany, NY: “Affordability Mechanisms for Farmland Access” (November).
- Young Farmers Conference, Stone Barns, NY: “Finding Affordable Farmland: How land trusts can help you find land” with National Young Farmers Coalition (December).

Equity Trust Fund

In 2013, we welcomed eleven new lenders, increasing funds available by \$215,000, and made six new loans totaling \$690,000.

Cumulative activity since 1991:

137 lenders totaling \$3,228,921 and 90 borrowers totaling \$4,940,507.



Walking the land at Soliphilia Farm

SOLIPHILIA FARM is a cooperative farm enterprise practicing biodynamic farming techniques and permaculture in the upper Hudson Valley. Our loan enabled them to purchase and remove from market about one hundred acres while the cooperative gets established and a capital campaign is launched to raise the funds for permanent protection of the farm's affordability. Equity

Trust has been providing technical assistance for the development of the ownership structure, stewardship plan, and capital campaign.

LOCKHART FAMILY FARM is a small permaculture farm in Virginia with a triple-bottom-line business plan. It specializes in raising heritage pigs and turkeys on a CSA-like model in which consumers purchase an animal at the beginning of the growing



Farm tour at Lockhart Family Farm & Learning Centre

season and make regular payments to support the farm throughout the year. The Lockharts conduct farm-to-school and homesteading workshops, with places reserved for low-income and disadvantaged attendees; donate produce to local food banks; and will soon be offering internships and on-the-job skills training for refugees, veterans, and long-term unemployed people.



Crimson & Clover farmers

CRIMSON & CLOVER FARM is the CSA farm chosen by Grow Food Northampton to lease a portion of the Northampton Community Farm that

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Equity Trust played a key role in helping to create, using strategies we developed over many years. As the final part of that process, Crimson & Clover received a loan to purchase a leasehold interest in the barns and other structures on the farm. State Agricultural Preservation Restrictions preclude the sale of the buildings, so Equity Trust worked with the farmers and Grow Food Northampton to craft an agreement that enables the farmers to hold and build equity in the farm and then transfer it to subsequent farmers for the full agricultural value of the barns.

STONE SOUP is a coalition of community groups, grassroots activists,



Stone Soup community members pitching in to rebuild

and artists who collectively own and run a community center in a disadvantaged neighborhood in Worcester, MA. The building was badly damaged in an electrical fire in 2009, and since then Stone Soup has collaborated with an impressive list of partners including Youth Build Boston, Coop Fund of New England,

Worcester Common Ground CDC, and the local carpenters' union to rebuild and expand the structure. It will eventually offer a two-bedroom apartment affordable for a low-income household. An Equity Trust loan provided the final piece of funding needed to complete the project.

NEW LONDON HOMELESS HOSPITALITY CENTER (NLHHC)

is a non-profit agency that provides a variety of services, including housing, to homeless and at-risk people, including veterans, in Southeastern Connecticut. Since 2011, it has been the recipient of five loans from the Francis Fund, a joint project of Equity Trust and the Saint Francis House in New London, including two in 2013.

The first loan financed the purchase of a multi-family home to be used for low-income rental housing for people emerging from homelessness. The second enabled final renovations of the new NLHHC offices and hospitality services center in a former church and rectory.



New home of the New London Homeless Hospitality Center

Ari Rosenberg: Why I lend to Equity Trust

I started working on farms when I was 17. I fell in love immediately: being outside, working the land while working my body, connecting with my food. The work is so nourishing and vital and yet, as the US becomes more and more developed, farmland is becoming a scarce commodity.

I've devoted my work life to increasing access to food in urban settings and teaching children and youth not only about the importance of eating healthfully and how to grow food, but also about the importance of being an active community member and speaking up for what's right.

When I learned about Equity Trust's work, I was excited to become an investor because, although I focus my paid work in urban environments, I believe strongly that rural farms are the backbone to a sustainable and thriving food system. I appreciate Equity Trust's focus on using different ownership models to ensure that farms will continue to exist to inspire and fulfill the next generation of workers (and eaters). I'm glad that there is a way I can support that work.



Ari Rosenberg, of Philadelphia, is the Urban Farmer and Educator at the Center For Environmental Transformation in Camden, NJ. In that role, she participates in Equity Trust's new urban agriculture initiative.

Neighbors Helping Farmers

Equity Trust joined with local nonprofit Community Involved in Sustaining Agriculture (CISA) to offer small zero-interest loans when a blizzard collapsed greenhouses at three Western Massachusetts farms in February 2013. The CISA Emergency Farm Fund was originally created in the aftermath of Hurricane Irene in 2011 from donations to CISA made by businesses and individuals, with Equity Trust providing administrative services on almost \$100,000 in loans to area farmers affected by that storm. When another storm struck last year, CISA decided to reloan funds that had been repaid in the first round, and we again assisted in review of loan requests and loan administration.



Rob Crowner with CISA Director Phil Korman and Farm Fund borrowers



STATEMENT OF FINANCIAL POSITION December 31, 2013
(with comparative totals for 2012)

ASSETS	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$2,062,497	\$1,253,980
Interest receivable	10,936	9,726
Pledges receivable	2,995	5,148
Other receivables	14,410	4,088
Net loans receivable—current portion	<u>424,594</u>	<u>462,718</u>
Total current assets	<u>2,515,431</u>	<u>1,735,912</u>
Noncurrent assets:		
Net loans receivable—noncurrent portion	1,532,589	1,032,288
Donated and acquired real property	<u>131,637</u>	<u>134,578</u>
Total noncurrent assets	<u>1,664,226</u>	<u>1,166,866</u>
Total assets	<u>\$4,179,657</u>	<u>\$2,902,778</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 17,954	\$ 1,967
Accrued interest	7,957	7,483
Advance funds received	56,250	5,000
Loans payable—current portion	<u>499,387</u>	<u>513,596</u>
Total current liabilities	<u>581,549</u>	<u>528,046</u>
Noncurrent liabilities:		
Loans payable—noncurrent portion	<u>1,824,058</u>	<u>1,634,304</u>
Total noncurrent liabilities	<u>1,824,058</u>	<u>1,634,304</u>
Total Liabilities	2,405,607	2,162,350
Net assets:		
Unrestricted	45,619	10,281
Temporarily restricted	1,728,430	730,147
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>1,774,050</u>	<u>740,428</u>
Total liabilities and net assets	<u>\$4,179,657</u>	<u>\$2,902,778</u>

STATEMENT OF ACTIVITY For the year ended December 31, 2013
(with comparative totals for 2012)

	<u>2013</u>			<u>2012</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributed support	\$ 35,216	\$ 23,015	\$ 58,230	\$ 29,638
Asset contributions		41,000	41,000	-
Conference and rental fees	994	17,220	18,214	18,524
Grants	63,750	1,008,500	1,072,250	16,000
Interest income	145	91,266	91,411	85,549
Services provided and miscellaneous	13,607		13,607	14,352
Donated services	46,715		46,715	20,415
Net assets released from restrictions (satisfaction of program restriction)	<u>182,717</u>	<u>(182,717)</u>	-	-
Total Revenues and other support	<u>343,144</u>	<u>998,284</u>	<u>1,341,428</u>	<u>184,468</u>
EXPENSES				
Programs:				
Program services	233,526	-	233,526	160,913
Project grants	-	-	-	-
Interest	<u>20,078</u>	-	<u>20,078</u>	<u>18,683</u>
Total Program	<u>253,604</u>	-	<u>253,604</u>	<u>179,596</u>
Management and general	11,351	-	11,351	21,794
Fundraising	<u>1,854</u>	-	<u>1,854</u>	<u>9,061</u>
Total Expenses	<u>266,809</u>	-	<u>266,809</u>	<u>210,451</u>
Change in net assests before adjustment	<u>76,335</u>	<u>998,284</u>	<u>1,074,619</u>	<u>(25,983)</u>
Adustment-revaluation of real property	-	<u>(41,000)</u>	<u>(41,000)</u>	-
Change in net assets	<u>76,335</u>	<u>957,284</u>	<u>1,033,619</u>	<u>(25,983)</u>
Net assets- beginning of year	<u>10,282</u>	<u>730,147</u>	<u>740,428</u>	<u>766,411</u>
Net assets- end of year	<u>86,617</u>	<u>1,687,431</u>	<u>1,774,048</u>	<u>740,428</u>

**Equity Trust, Inc.
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Starting young at Crimson & Clover Farm.

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