



SHAPING THE FUTURE OF FORESTRY

— 2023 ANNUAL REPORT —

LETTER FROM THE PRESIDENT AND CHAIRMAN

In his book *American Canopy*, author Eric Rutkow notes that forests played a critical role in our country's development. **From oak ship masts to lumber and clean drinking water, forests have been essential to our economy, environment, and culture.**

We see that trend continuing. By collaborating with diverse stakeholders, leveraging our resources, tackling what others can't or won't, and taking calculated risks, the Endowment helps shape the future of forestry in our three focus areas: forest communities, markets, and forest health and retention.

In 2023, our forest-reliant communities work gained momentum.

We released "Preparing Plan B: A Guidebook for Forest-Reliant Communities Facing Economic Transition" to increase a community's ability to anticipate change and shape a desired future. We are now taking recommendations to action and furthering learning by launching place-based pilot projects. We continue to collaborate with the Sustainable Forestry and African American Land Retention Network (SFLR) as they transition to an incorporated, stand-alone 501(c)(3). This will ensure the Network's autonomy and elevate SFLR into a prominent organization focused on forest conservation and land tenure for African American landowners.

Market-based approaches are core to our mission.

We concluded a partnership with the Northern Forest Center and the Economic Development Administration to drive regional wood demand, create jobs, and keep forests healthy—our nimble administration of federal funds was valuable in this collaboration. Supported by industry partners and the USDA Forest Service, the Endowment is developing a digital platform that highlights the carbon-saving potential of using wood over more carbon-intensive materials. This will aid architects and engineers in making environmentally conscious decisions and enhance transparency in carbon data reporting across the forest sector, positioning forests and forest products as a sustainability leader.



Chris McIver
Chairman



Peter Madden
President and Secretary

The Endowment helps shape the future of forestry in three focus areas:

- Forest-Reliant Communities
- Forest Markets
- Forest Health and Retention

Expanding forests and keeping them healthy drives our work.

A partnership with Bosland Growth seeks to finance reforestation of legacy mine lands through carbon credits. And, through a collaboration with the USDA Forest Service, we are investing with entrepreneurs who are innovating new financing structures to address the forest health crisis.

People are central to everything we do. We continue to lead the formation of the U.S. Forest and Wood Products Inclusion Council. The Council seeks to invite a growing community to explore, learn, and drive positive change in the forestry sector so we can shape a diverse workforce.

The future of forestry is bright. We will continue to collaborate with public and philanthropic partners to steward and shape the future of forests for all their environmental, societal, and economic benefits and values.

OUR IMPACT AREAS

FORESTS

Support working forests and the use of sustainable forest management practices for the health and retention of U.S. forests

COMMUNITIES

Work with trusted partners within rural forest-reliant communities to build economic prosperity and resilience

MARKETS

Support forest industry processes and products, both traditional (e.g., paper mills, sawmills) and emerging (e.g., biochar, carbon)

\$26.6M

Total amount awarded in 2023

32

States (and DC) where projects were awarded in 2023



100

Total awards in 2023

\$10K-\$1.8M

Range of amounts awarded in 2023

2023 FUNDING PARTNERS

Department of Defense, Economic Development Administration, USDA Forest Service, USDA Natural Resources Conservation Service, Softwood Lumber Board, Mountain Valley Pipeline, LLC, Enviva, and several private foundations.



OUR MISSION

The Endowment works collaboratively with partners in the public and private sectors to advance systemic, transformative, and sustainable change for the health and vitality of the nation's working forests and forest-reliant communities.



OUR VISION

America's forests are sustainably managed to meet broad societal objectives such as marketable products, clean waters, wildlife habitats, and other ecological services while ensuring healthy and vibrant forest-reliant communities.



OUR HISTORY

The U.S. Endowment for Forestry and Communities, Inc., is a not-for-profit public charity. It was established September 21, 2006, at the request of the governments of the United States and Canada in accordance with the terms of the 2006 Softwood Lumber Agreement between the two countries.

COMMERCIALIZING BIOCHAR

Shaping the future of forestry often requires a comprehensive approach to developing new products, such as biochar. Biochar can provide revenue to forest owners by generating carbon credits and for its value as a soil amendment for crops or as a water purifier. It offers a market-based approach for removing small-diameter trees that contribute to wildfire risk and forest health challenges.

WHAT IS BIOCHAR?

Created through pyrolysis or charring of wood from small-diameter trees and lumber mill residues, biochar is a charcoal-like substance that stores carbon for centuries, removing carbon dioxide from the atmosphere.



Matt Krumenauer, V.P. for Special Projects, in a pile of biochar

◀ The Endowment's commercial demonstration project produces large amounts of biochar each month from forest restoration treatments on National Forests — **permanent carbon sequestration equivalent to the annual CO2 emissions of over 200 cars.**

Learn more about our biochar-related investments and grants »



REFORESTING LEGACY MINE LANDS

Developing market-based solutions to reforestation and forestry-focused natural climate solutions is vital to creating a bright forestry future. That's why the Endowment supports partners like Bosland Growth that is spearheading the Legacy Mine Land Restoration Initiative throughout Pennsylvania, West Virginia, and Ohio.

The pilot project is estimated to sequester the carbon equivalent to removing emissions from 38,000 vehicles per year.

See how this landscape was transformed into a healthy forest and learn more about this initiative »



THE FUTURE FOREST ECONOMY INITIATIVE

Using a \$3 million Congressional appropriation to the U.S. Economic Development Administration, the Endowment partnered with the Northern Forest Center to launch the *Future Forest Economy Initiative* to **increase production, commercialization, and use of wood products in the Northeast and New York over five years.** Highlights from some of the 13 grants awarded include:

- In one of the first uses of cross-laminated timber fabricated from lumber sourced in the Northern Forest, the new Jesup Library in Bar Harbor, Maine, will benefit from regionally sourced wood, a reduced carbon footprint, and increased carbon storage.
- The *Feel Good Heat* campaign aims for a 50% increase in low-grade wood used for heat by 2028, generating rural jobs and saving customers money.
- Economic impacts as high as \$47 million plus 200 new jobs could be reaped in central New York as a result of the military's decision to use domestically grown and manufactured low-grade hardwood, such as red oak, in place of tropical species for decking in trailers and vehicles.

Learn more about the Future Forest Economy Initiative in this video »



KEY NUMBERS OVER THE 5-YEAR PARTNERSHIP

200
Regional Stakeholders

\$2.6 MM
Invested Across 13 projects

219
Businesses Benefited

53
Jobs Created and Retained

\$15 MM
in Private Investment Supported

10+
New Forest Products and Services Commercialized

Projected to generate demand for **8.1 million tons of wood per year**

PIONEERING TRANSPARENCY IN THE FOREST SUPPLY CHAIN

New technologies can streamline sustainable forest management for a better forest future. **ForesTrust, LLC, is a groundbreaking venture and collaboration between the Endowment, Chainparency, and consortium members.** It uses blockchain technology to support a secure and efficient forest product and fiber supply chain.

Through ForesTrust, the forest sector can tell the story of sustainability through real time supply chain data and verifiable carbon accounting.

Information on ecological benefits, such as water quality, biodiversity, and stored carbon accounting could be captured, reflecting forestry's environmental benefits. Anonymity is maintained, yet data is instantly available at the discretion of industry members.

ForesTrust creates cost and time savings, provides clarity of the supply chain, improves market and industry transparency, and helps ensure the health of forests while assuring customers of the sustainability of forest products.



Watch this video to learn more »

CREATING EQUITABLE WORKPLACES SO ALL CAN BENEFIT FROM FORESTS

In 2023, the Endowment led the formation of the U.S. Forest and Wood Products Inclusion Council. The Council's vision is to create equitable workplaces where people feel valued, safe, and that they belong, so that all people can sustain and benefit from forests. The 19-member Council, representing all facets of the forest sector, has aligned on a National Action Plan to:

Initiate a research and survey process to comprehend workforce challenges and diversity barriers within the sector.

Launch a series of Learning Labs to share diversity, equity, and inclusion best practices from forestry industry leaders.

Convene DEI practitioners, advocates, and champions from within the sector to build a community of practice around strengthening the sector workforce.

The Council invites the forest community to explore, learn, and drive positive change to shape a diverse workforce for the future of forestry.

Visit www.USInclusionCouncil.org to learn more or get involved »



SFLR: A LEADING VOICE FOR AFRICAN AMERICAN FOREST LANDOWNERS

For 10 years, the Endowment and the American Forest Foundation administered the Sustainable Forestry and African American Land Retention Network (SFLR). Now the members have agreed to incorporate as a standalone non-profit organization to better serve as a leading voice for African American landowners.

During this transition, the Network will hire its first Executive Director while the Endowment will provide coordination and fiscal management services. Network members will continue to operate as independent organizations, offering a variety of services in their respective geographic locations.

SFLR has assisted over 2,200 landowners, collectively owning 110,000+ acres of forests, providing legal services and forest conservation plans to landowners across the Southeast.



Members of the SFLR Network celebrating 10-year anniversary with Agriculture Secretary Tom Vilsack.

Key supporters include the JPB Foundation, the Doris Duke Foundation, the Rauschenberg Foundation, the American Forest Foundation, USDA Forest Service, and Natural Resources Conservation Service.

EXPANDING OUR IMPACT

Through a collaboration with the consulting group Gordian Knot Strategies, the Endowment launched an impact investing program with the intent to generate positive, measurable social and environmental impact while also earning a financial return.

In 2023, three pilot impact investing projects were awarded:

- 1 Climate Robotics**
Builds mobile pyrolysis units with the goal to durably sequester atmospheric carbon in the soil as biochar.
- 2 National Indian Carbon Coalition**
Helps tribal nations and members preserve land ownership, reduce the effects of climate change, and generate sustainable income.
- 3 Wakefield Agricultural Carbon, LLC**
Supports retail applications of biochar, including fabric dyes, carpeting tiles, and soil health amendments.

BOARD OF DIRECTORS

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Savannah, GA

BEATRIZ DA CUNHA

Summit, NJ

JO-ELLEN DARCY

Washington, DC

CAROLINE DAUZAT*

Graceville, FL

MARK EMMERSON*

Redding, CA

R. PAUL HOSSAIN**

Atlanta, GA

MARO IMIRZIAN

Federal Way, WA

SOILE KILPI

Chair, Governance & Nominating Committee
New York, NY

PETER MADDEN

President and Secretary
Greenville, SC

FRITZ MASON**

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CHRIS MCIVER

Chairman
Vancouver, BC, Canada

JOSHUA RAGLIN

Atlanta, GA

MARK REED

Vice Chairman
New York, NY

KEVIN SCHUYLER*

Treasurer, Chair,
Investment Committee
Charlottesville, VA

CRIS STAINBROOK

Chair, Audit Committee
Little Canada, MN

ANNA TORMA**

Spokane, WA.

* Ended service 11/23

** Began service 11/23

STAFF

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Program Officer
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and Director, P3 Nano
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Staff Accountant
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MATT KRUMENAUER

Vice President,
Special Projects
Salem, OR

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Chief Executive Officer
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ALETA ROGERS

Director, Grants and
Contracts Compliance
Greenville, SC

KELLY RYAN

Executive in Residence
Calumet, MI

PETER STANGEL

Chief Operating Officer
Aiken, SC

DELIE WILKENS

Program Officer
Nashville, TN.

All titles current as of 12/23

STATEMENTS OF FINANCIAL ACTIVITY

For the 12 months ended December 31.

	2023*	2022	2021
PROGRAM INVESTMENT			
Partner Investment (public and private support)	\$16,359,700	\$11,407,000	\$13,027,900
PROGRAM EXPENDITURES			
Grants and contracts	\$24,418,800	\$21,569,500	\$20,913,000
Impact Investments (\$49M Cumulative)	\$2,194,100	\$4,750,000	\$3,775,000
Total	\$26,612,900	\$26,319,500	\$24,688,000
OPERATION EXPENSE			
Personnel, general and administrative	\$1,131,600	\$843,400	\$841,400
INVESTMENT ACTIVITY			
Income, realized/unrealized gains (losses)	\$26,262,400	-\$26,022,900	\$44,577,400
Total Increase (decrease) in Net Assets	\$17,071,700	-\$37,028,800	\$35,850,900
Net Assets at Beginning of Period	\$271,931,300	\$308,960,100	\$273,109,200
Net assets at end of period	\$289,003,000	\$271,931,300	\$308,960,100

*2023 information is preliminary pending completion of audit

