



U.S. Endowment
for Forestry and Communities

CLEARER VISION 20 / 20

2020 / ANNUAL REPORT

► A LETTER FROM THE CHAIRMAN

EACH GENERATION HAS at least one defining event that leaves an indelible mark in one's memory and the history books. The Greatest Generation experienced the Great Depression and World War II. For their children, the Baby Boomers (my generation), it was the Vietnam War and the civil rights movement. Today, the frequency of life-changing events seems to be gaining speed: 9/11, the Great Recession, and now, the global pandemic—in just the past 20 years!

Twenty-twenty began normally enough with headlines touting twin records—the longest bull market and the lowest unemployment in 50 years. How quickly things changed with Covid-19. Then the year seemed to go into slow motion.

As an organization designed to endure in perpetuity, and with a planning horizon of not months but decades, we immediately implemented fiscal policies created for situations such as these. Despite a short-term drop in our corpus of 16 percent, I am pleased to report that we have recovered from the financial losses due to the pandemic and have honored all commitments to our partners and grantees. Now, more than ever, it is vital that the Endowment continue to support the organizations and programs that are so important to the forest sector and rural communities. Thanks to the guidance from our stellar Board and exceptional professionalism of our dedicated staff, we haven't missed many steps. Like the rest of the world, we quickly learned to operate remotely and to adopt virtual meeting technologies to keep things moving.

Although Covid-19 was unplanned, the year was also exceptional in the level of mostly planned change, as five of our long-serving Board members stepped down. Jeff Hearn, who had just been elected to a second term, found it necessary to resign for personal reasons. Four others—John Cooper, Jr., Jim Hoolihan, Colin Moseley, and Andrea Tuttle—completed service under our term limit policy. To all five we offer our sincere thanks for dedicated service.

As has been the Endowment's good fortune, we had outstanding recruits ready to join the team. In May, stepping in behind Jeff, we added Chris McIver of West Fraser Timber Company of Vancouver, British Columbia. In November we welcomed a whole new class. Caroline Dauzat of Rex Lumber joined Curtis Wynn of the Roanoke Electric Coop in North Carolina. Each brings rich and diverse

experience and unbridled enthusiasm for the Endowment's mission. We marked a major turning point as our founding executive, Carlton Owen, opted to retire at year end after 14-plus years of service. Carlton saw us through our start-up and helped lead the organization to be what he often terms "the sector's risk capital" and "change agent." The Endowment, under his leadership, has become recognized by our many partners as vital to a brighter future for the greater forest sector. I'd also like to recognize Florence Colby, who also retired in 2020. She has been with the Endowment from the start and has been an invaluable team member. We'll miss her.

Good planning and a sound reputation helped us to recruit our next leader, Pete Madden. Pete has over 30 years' experience in the forest products sector, mostly with Plum Creek Timber and more recently as President and CEO of Drax Biomass, Inc. Pete has spent nearly all of 2020 talking with partners and supporters of our mission and learning about the many programs that are core to the Endowment.

So, here we are, at the end of 2020, looking with pride to our past and with excitement toward the future. I must admit that when I joined the Endowment Board in 2016, I thought I knew the organization and its work. But, the more I learn, the more I understand the power and potential of this rare gem. As just one example of the Endowment's legacy in its relatively short history, I turn to my own brother George for testimony. In comments to his peers on the Softwood Lumber Board, he noted the Endowment's pivotal role creating the organization.

Finally, I want to echo what our founding exec said as he made calls to dozens of our partners in industry, government, academia, and the non-profit arenas to announce his plans to retire at year end: the Endowment would not be where it is without the unwavering trust, support, and engagement of our partners. To you we pledge our continued commitment.



A stylized, handwritten signature in green ink that reads "Mark Emmerson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

MARK EMMERSON
CHAIRMAN

LETTER FROM THE CHAIRMAN / INTRODUCTION A CONVERSATION BETWEEN PETE MADDEN AND CARLTON OWEN 1

ECOSYSTEM MARKETS INITIATIVE	2
ASSET CREATION INITIATIVE	4
TRADITIONAL MARKETS INITIATIVE	6
FUTURE MARKETS INITIATIVE	8
FOREST RETENTION AND HEALTH INITIATIVE	10
FOREST RETENTION THROUGH MARKETS (FEATURE)	12
BOARD OF DIRECTORS	13
STATEMENT OF FINANCIAL ACTIVITY	14

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.

VISION

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

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.

THEORY OF CHANGE

The Endowment operates under a theory of change that focuses on work in three areas: retaining and restoring healthy working forests; promoting and capturing multiple value streams; and enhancing community capacity, collaboration, and leadership. Although many of our programmatic investments don't lend themselves to simple characterization, all are closely aligned and integrate well under this theory.

Pete: Carlton, what were early days at the Endowment like?

Carlton: We were established as a public charity under a trade settlement by two sovereign governments. On the Canadian side we faced skepticism about how the funds would be used. On the U.S. side we had to fend off well-meaning suggestions from segments of the forest sector with divergent views of what we should do and where we should spend the money. I urged our first Board to take a slow approach, and we grew organically as our vision and the needs became clear. From the beginning, our Boards have held firm to the unique things that fit the Endowment.

What's different now, 14 years on?

Today the Board and the small but experienced staff are clear about what the Endowment is—and isn't. We're the sector's risk capital, or as we often put it, "We do what others can't or won't." The Endowment is now a well-respected and recognized change agent for the sector.

Of all the Endowment's programs, Carlton, which would you point to as particularly effective?

I'll share a few examples of the projects and results of which I'm most proud.

- Studying and catalyzing the sector's first USDA Research and Promotion programs: the Softwood Lumber Board and the Paper Board. These "checkoff" programs are generating \$40 million per year to promote and grow markets for wood, the most sustainable of products.
- Advancing work to stem the loss of African American family forests, which have declined 95 percent over the past century. Today more than 1,250 Black families are in the forest management pipeline. With partners, we saw the need and developed a solution. Now, we've passed the torch to our sister organization, American Forest Foundation.
- Initiating the most audacious project in our history: Restoration Fuels, LLC, in John Day, Oregon. If it can create a market for the low-value trees that are choking our national forests and fueling catastrophic wildfires, we will have an economic lever to advance forest restoration and a new market for the growing piles of sawmill residuals that once were used in papermaking.

OK, one last question. What has made the Endowment so successful in such a short time?

A strong and supportive Board of Directors; a deeply dedicated and aligned staff; fidelity to our mission and vision; a willingness to take risks, accept occasional failures, and learn from both successes and missteps; great partners in the public and private sectors; a creative approach—

Let me stop you there, Carlton, before we run out of space! Under your strong leadership, the Endowment has positioned itself as a trusted, capable force for supporting the North American forest industry. We have an experienced and dedicated team. We work with a world-class network of partners that are excited about advancing sustainable forestry, developing new markets, ensuring healthy watersheds, and keeping the working forests that will provide benefits for generations. We have demonstrated prudent management and fiduciary responsibility and have grown our corpus. Using our capital to encourage partners to invest alongside us, we have leveraged our dollars for greater impact. As we look ahead, we are all standing on your shoulders so that we can reach even higher to achieve our mission—catalyzing innovation that invigorates forest-rich rural communities in a transformative way.



Pete Madden

PETE MADDEN
PRESIDENT AND CEO



Carlton N. Owen

CARLTON N. OWEN
CEO EMERITUS

CREATIVE FINANCING HELPS PROTECT FORESTED WATERSHEDS ◀

20/20
VISION

COMMUNITIES AND WATER UTILITIES INNOVATE EFFECTIVE FINANCING MECHANISMS TO MANAGE THEIR UPLAND WATER SOURCES.



THE ENDOWMENT HAS PROVIDED 56 grants totaling nearly \$10 million since 2016 for visionary watershed protection projects across the country, in partnership with the U.S. Environmental Protection Agency and the USDA Natural Resources Conservation Service. In one example, Western Rivers Conservancy and the Yurok Tribe teamed up to conserve 47,000 acres of California's Blue Creek watershed as a community forest and salmon sanctuary. They tapped into New Market Tax Credits, state revolving fund loans, carbon credits, and other financing to make this happen. The watershed's potable water and forest sector jobs benefit rural communities, and the creative funding is now a model for other groups.

THE ENDOWMENT ALWAYS HAS ONE EYE ON THE FUTURE. PROBING WAYS TO COMPENSATE LANDOWNERS FOR PROTECTING AND MANAGING THE FORESTS IN WATERSHEDS WILL HELP KEEP FRESHWATER SUPPLIES CLEAN, ABUNDANT, AND AFFORDABLE.

– G. Tracy Mehan III

*Executive Director of Government Affairs,
American Water Works Association*

20/20
VISION

ATTRACT PRIVATE SECTOR FINANCE THAT FOCUSES ON ECONOMIC, ENVIRONMENTAL, AND SOCIAL RETURNS.



photo: Mac Stone

THE FUTURE OF FOREST FINANCE

TO ENSURE HEALTHY, well-managed forests and watersheds for the future, new sources of funding beyond traditional grants are needed. With the USDA Forest Service National Partnership Office and National Forest Foundation, 10 grants were awarded in 2020 totaling \$1.8 million to explore innovative finance mechanisms to benefit our national forests and adjacent lands. Environmental impact bonds, partnerships with the insurance industry, and investment funds for community biomass projects are being explored. One recipient, Blue Forest Conservation, created the first Forest Resilience Bond, attracting private sector financing for a forest health project that otherwise might not have been implemented. The benefits? Wildfire risk is reduced, water supplies are protected, and investors earn an acceptable return. New funding allows Blue Forest Conservation to scale its model in additional forested watersheds.

GREAT LAKES IMPACT INVESTMENT PLATFORM

20/20
VISION

BUSINESSES SUSTAIN NATURAL RESOURCES AND THE COMMUNITIES THAT RELY ON THEM.

A FIRST-OF-ITS-KIND investment vehicle promotes sustainable forestry and reduces nutrients flowing into water supplies, thanks to funding from the Endowment and USDA Forest Service. State governors and provincial premiers in Great Lakes and St. Lawrence jurisdictions developed the Great Lakes Impact Investment Platform. It seeks investment capital for a multi-asset portfolio of projects and other real assets that contribute to the vitality of the region's waters while generating competitive, market-based financial returns. The platform model could be applied to other natural resources opportunities across the country.



SUPPORT THE SUSTAINABLE FORESTRY AND AFRICAN AMERICAN LAND RETENTION NETWORK



CONTINUE TO GROW THE SUSTAINABLE FORESTRY AND AFRICAN AMERICAN LAND RETENTION NETWORK.

THE SUSTAINABLE FORESTRY and African American Land Retention Program (SFLR) addresses heirs' property and land retention issues to help landowners realize the value of sustainably managing their forestland. Launched in 2012, the Endowment and partners support grassroots anchor organizations in eight states who work to build trust and engage landowners in asset creation through sustainable forest management and access to legal services and resources. Currently, more than 1,250 landowners, collectively managing 90,000+ acres of forestland, participate in the SFLR program. The Endowment, the USDA Natural Resources Conservation Service, and the USDA Forest Service provided an initial \$8 million investment; additional support comes from the JPB Foundation, Mary Reynolds Babcock Foundation, and American Forest Foundation.



HISPANIC AMERICANS' FORESTLAND OWNERSHIP COMES INTO FOCUS



BUILD THE UNDERSTANDING OF HISPANIC FORESTLAND OWNERSHIP AND SUPPORT OPPORTUNITIES.

DESPITE THE IMPORTANCE of diversity in forestry, few national studies consider underrepresented family forest owners. The Endowment's Sustainable Forestry and African American Land Retention Program's learnings can be applied to Hispanic forestland ownership. Focus areas include the current demographic landscape (population totals and acres), potential barriers to

owning land, how Hispanic forestland owners can be supported to keep working forests working, and how agencies and philanthropies can help these landowners build wealth for themselves and their communities. Existing data are scarce and unreliable; this project will start to separate fact from perception. The USDA Forest Service is a lead partner.



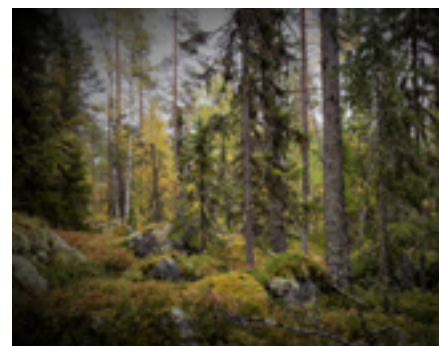
— PARTNERSHIP TESTS DIFFERENT APPROACHES FOR ECONOMIC DEVELOPMENT IN THE NORTHEAST

THIS PROJECT TARGETS economic development in rural, forest-dependent communities in Maine, New Hampshire, Vermont, and New York. It showcases the role of the Economic Development Administration (EDA) as an integrator and multiplier of federal resources. As lead partner, the Northern Forest Center (NFC) engages industry stakeholders to help the forest supply chain remain viable and support regional fiber markets.

The Endowment is NFC's fiscal agent and partner on a \$3 million EDA grant to pilot new economic development approaches. The Endowment's \$300,000 in matching funds will allow 100 percent of the EDA funds to go to on-the-ground projects. To date, four awards totaling \$2 million have been granted. The program builds on the Northern Forest Investment Zone Initiative, led by NFC and funded by the Endowment from 2008 to 2013.



NEW MARKETS FOR FOREST PRODUCTS SUPPORT WEALTH CREATION AND FOREST RETENTION.



AS A DIRECT RESULT OF OUR PARTNERSHIP WITH THE ENDOWMENT, THE FOREST SERVICE IS SUSTAINING OUR NATION'S FORESTS AND DELIVERING BENEFITS TO AMERICANS. THE ENDOWMENT'S LEADERSHIP, VISION, AND PARTNERSHIP SPIRIT HAS CHANGED HOW OUTREACH, PROGRAMS, AND RESOURCES ARE DELIVERED ON THE GROUND, RESULTING IN EXPANDED IMPACTS AND OUTCOMES FOR AFRICAN AMERICAN LANDOWNERS IN THE SOUTHERN STATES.

— Amadou Diop
R8 Outreach Liaison, USDA Forest Service

FORUM FOR WOMEN IN FOREST SECTOR CONVENES

ADDRESSING THE GENDER DIVERSITY gap creates room for innovative problem solving to combat the forest sector's most pressing challenges. Responding to the clear need for a forum developed by women for women, the Endowment is partnering with Weyerhaeuser, American Forest Foundation, American Forests, and others to launch the Women's Forest Congress. The initial

convening in 2020 included a diverse group of 70 women representing the forest and wood product sectors. As the network expands, professionals will share experiences, discuss challenges and trends, shape the latest innovations and developments, consider how women's perspectives



WOMEN'S FOREST CONGRESS AMPLIFIES THE VOICE OF WOMEN IN FORESTRY AND WOOD PRODUCTS.

and actions can improve the future of forests, and build a stronger network of professionals.

TIMBERHAULING.COM BUYERS' GROUP HARVESTS THE POWER OF NUMBERS

“

THE ENDOWMENT FOCUSES ON OPPORTUNITIES WHEN OTHERS CAN'T OR WON'T. DEVELOPING A NATIONAL PLATFORM THAT WILL SAVE MONEY FOR INDEPENDENT LOGGERS AND HAULERS WILL MAKE THEM MORE COST-COMPETITIVE AND EFFICIENT.

— Ewell Smith

*Executive Director,
Carolina Loggers Association*

photo: Ed Lallo

20/20
VISION

AN “AMAZON-LIKE” PLATFORM KEEPS STRUGGLING TRUCK DRIVERS AND WOOD HAULERS COMPETITIVE.

An estimated 70 percent of timber haulers and truck drivers are losing money or, at best, just breaking even. If they exit the industry, a critical part of the timber supply chain vanishes. TimberHauling.com is a fast-growing national buyers' group that provides savings on products and services to the sector's tens of thousands of independent small trucking and hauling businesses. The Endowment uses its sector-wide vision, risk capital, and bridge-building competencies to drive savings to individual timber

hauling firms. In return for a modest annual membership fee, haulers enjoy discounts and savings on parts and services (think Amazon).

This platform also strengthens the capacity of state and regional forestry trade associations to deliver services. The program is being piloted in North Carolina, South Carolina, and Virginia in partnership with state logging associations.

75

60

45

30

15

120

105

90

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180

165

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6

105

MASS TIMBER PRODUCTS AND WOOD BUILDINGS SEQUESTER CARBON AND SLOW CLIMATE CHANGE

20/20
VISION

THE WIDESPREAD ADOPTION OF ENGINEERED LUMBER ACCELERATES.

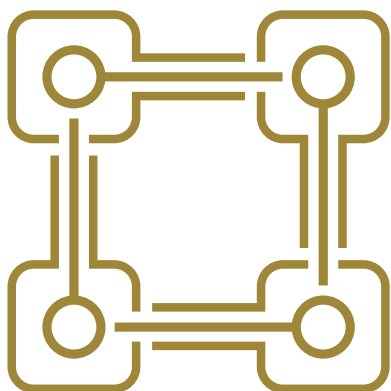
GROWING THE MARKET for mass timber construction meets the Endowment's goal of positioning the forest sector as a major player in climate change mitigation. Building code changes that allow 18-story mass timber buildings was a big step toward this goal. Now, to accelerate the construction of these and other mass timber structures, the Endowment is investing in training the workforce that will build the climate-friendly structures, refining connection technology (the screws and plates that join cross-laminated timber) suited to the U.S. market, and demonstrating safety through earthquake testing and fire resistance. The next step is to engage companies that are eager to address climate change through mass timber construction and achieve long-term carbon sequestration. To meet corporate demands, the Endowment invests in life-cycle analysis, environmental product declaration development, and other tools to tell the carbon story of forest products.



BLOCKCHAIN TAKES THE PROFIT OUT OF ILLEGAL LOGGING

20/20
VISION

TECHNOLOGY SECURES THE CHAIN OF CUSTODY FOR CERTIFIED SUSTAINABLE LUMBER.



IT'S ESTIMATED THAT illegal logging depresses world timber prices by 7 to 16 percent, costing the U.S. forest products industry about \$1 billion annually in lost exports and low wood prices. Illegal logging also involves falsely labeling products as certified and making fraudulent claims regarding sustainable wood sourcing and chain of custody. To address this challenge, the Endowment, IBM, and other partners created ForesTrust, LLC, to use blockchain technology to establish a verifiable, single source of truth

throughout the forest products supply chain. ForesTrust offers participants automated credit transactions between chain-of-custody certificate holders. The platform can optimize the certification process for participants, providing supply chain transparency and lower cost certification for landowners. ForesTrust helps prevent the trade and sale of illegal wood and creates a larger market and appetite for sustainably sourced wood, which ultimately improves the well-being of forests and wildlife.

LOW-VALUE BIOMASS FROM FOREST THINNINGS CAN BE CONVERTED INTO HIGH-ENERGY FUEL

20/20
VISION

TORREFIED WOOD DEMONSTRATES ITS POTENTIAL AS A LOWER-EMISSION FUEL AND A TOOL TO RESTORE FOREST HEALTH.

WITH THE USDA FOREST SERVICE as a partner, the Endowment is making its most audacious investment yet: commercializing torrefied fuel production. The torrefaction process roasts wood—not unlike roasting coffee beans—to create an energy-rich coal substitute. In 2019, the Endowment’s subsidiary, Restoration Fuels, LLC, began building one of the world’s first commercial-scale torrefaction facilities; operation is scheduled to begin in 2021. Restoration Fuels is co-located with Malheur Lumber, the last remaining sawmill in Grant County, Oregon. Together they will create a market for low-value biomass that will strengthen the forestry infrastructure and enhance the local restoration economy. This project is a model for creating a market that approaches the scale needed to address the forest health crisis in the West.



THE RICHARD KING MELLON FOUNDATION IS PLEASED TO PARTNER WITH THE ENDOWMENT AND QUANTIFIED VENTURES TO EXPLORE THE USE OF INNOVATIVE CONSERVATION FINANCE TO SUPPORT SUSTAINABLE RURAL ECONOMIC DEVELOPMENT IN LANDSCAPES WHERE THE FOUNDATION HAS MADE PAST INVESTMENTS. THIS WILL ALLOW US TO ADVANCE THE USE OF NEW FINANCIAL INSTRUMENTS TO BENEFIT FORESTS AND NEARBY COMMUNITIES.

– Sam Reiman

Director, Richard King Mellon Foundation

CREATING VALUE FOR FOREST-RICH COMMUNITIES

HELPING COMMUNITIES BENEFIT economically from their forest assets is a priority for the Endowment and the Richard King Mellon Foundation (RKMf). Markets for recreation and other services could enable communities to reap more economic benefit from their forests. But, financing the infrastructure needed to develop these new markets is expensive. Private investors could be one solution. Outcomes-based financing links payments to a project’s

20/20
VISION

PRIVATE SECTOR INVESTMENTS
FORESTS BENEFIT RURAL AREA

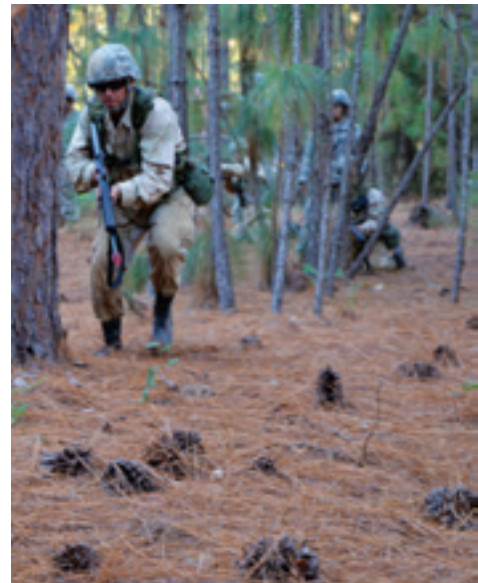
measurable results. Private investors finance projects and receive returns based on project performance—such as increasing visits to forest trails and campgrounds. The Endowment is the fiscal sponsor for a RKMf grant to Quantified Ventures to explore such pay-for-success opportunities.

RETURN TO A WOODEN FLEET? NO, BUT THE MILITARY STILL NEEDS TREES

20/20
VISION

FORESTS AND WOOD PRODUCTS ENHANCE MILITARY READINESS.

FORESTS MAKE EXCELLENT NEIGHBORS for military bases—trees don't complain about noise or create light pollution that hampers nocturnal training. Encouraging the military to use wood can help improve climate resilience and drive markets for forest products. For years, the Endowment has partnered with the Department of Defense Readiness and Environmental Protection Integration Program and the USDA Natural Resources Conservation Service to use conservation easements that retain forests around military installations. But forests can provide other military assets as well. Cross-laminated timber can meet military blast requirements for structures and reduce carbon emissions relative to other building materials. Cellulosic nanomaterials can enhance the strength and environmental sustainability of composites, paints, next-generation electronics, and other materials. Forests are a true "force multiplier."



WE'VE SEEN THE FUTURE FOR CONCRETE. IT'S CELLULOSIC NANOMATERIALS

20/20
VISION

CELLULOSIC NANOMATERIALS BEGIN TO HELP ENGINEERS STRENGTHEN CONCRETE AND REDUCE ITS CARBON FOOTPRINT.



COMMERCIALIZING THE USE of cellulosic nanomaterials (CN) in concrete will reduce CO₂ emissions by up to 20 percent and create new markets for forest products. Concrete production represents almost eight percent of worldwide CO₂ emissions. Adding a small amount of cellulosic nanomaterials can increase the strength of concrete by as much as 20 percent, so less cement is needed. Since cement accounts for the bulk of CO₂ emissions from concrete production, a 20 percent reduction

in CO₂ is a big deal. The Endowment is testing CN-enhanced concrete mixtures in sidewalks, parking lots, and precast concrete materials to gauge market potential. In 2020, the Endowment made the world's first CN-enhanced concrete bridge; it carries traffic across a river in Siskiyou County, California.

FOREST CONSERVATION FUND HELPS RETAIN BOTTOMLAND HARDWOOD FORESTS

MORE THAN 27,000 ACRES of the coastal plain of North Carolina and Virginia—including 17,500 acres of bottomland hardwood forests—is being permanently protected in conservation easements. These forests won't be converted to nonforest uses that threaten the ecosystem services they provide. In 2015, to encourage landowners to permanently retain the ecosystem and economic values provided by bottomland hardwood forests, Enviva LP and the Endowment launched the Enviva Forest Conservation Fund. This \$5 million, 10-year program awards matching grants to compensate landowners who protect sensitive bottomland hardwood forests and adjoining working forest uplands that provide superior flood mitigation, water quality, recreation, biological diversity, and other benefits.

20/20
VISION

FINANCIAL INCENTIVES COMPENSATE LANDOWNERS WHO PROTECT FORESTS THAT DELIVER HIGH-VALUE ECOSYSTEM SERVICES.



photo: Mac Stone

GEORGIA CONSERVATION INITIATIVE SEEKS TO AVOID FOREST MANAGEMENT CHALLENGES LINKED TO ENDANGERED SPECIES

20/20
VISION

A LISTING FOR THE GOPHER
TORTOISE THAT COULD
COMPLICATE FORESTRY
OPERATIONS IS AVERTED.

THE GEORGIA GOPHER TORTOISE INITIATIVE is protecting tortoise populations so that a federal Endangered Species Act listing shouldn't be necessary. That's good news for tortoises, forests, military installations, and the southern economy. Gopher tortoises can thrive in sustainably managed forests. If, as proposed, the eastern population of tortoises is listed as endangered, forestry operations could be curtailed. The Endowment joins partners at the USDA Natural Resources Conservation Service (NRCS), the Department of Defense Readiness and Environmental Protection Integration Program,



photo: Mac Stone

the Georgia Department of Natural Resources, and others. The Endowment has secured NRCS Regional Conservation Partnership Program awards totaling more than \$22 million to help implement the initiative.

CANADA-U.S. FOREST HEALTH AND INNOVATION SUMMIT V ADDRESSES CROSS-BORDER CHALLENGES

20/20
VISION

COLLABORATION BETWEEN OUR TWO
NATIONS ENHANCES COST-EFFECTIVE
RESEARCH.

THE ENDOWMENT'S
SUPPORT FOR INITIATIVES
THAT STRENGTHEN
INNOVATION AND EXPAND
THE OVERALL MARKET FOR
LUMBER PRODUCTS IS
UNDOUBTEDLY BENEFICIAL
FOR NORTH AMERICAN
LUMBER PRODUCERS.

— Kirsten Hillman
Canada's Ambassador
to the United States

AMID ONGOING TRADE DISPUTES, election diversions, and a pandemic, the Endowment provided a safe space for cooperation by the two federal forest agencies and the Canada-U.S. forest sector. Individual scientists have always collaborated across borders; the summits drive strategic partnering at the institutional level. Canadian Forest Service Assistant Deputy Minister Beth MacNeil and her counterpart, Vicki Christiansen, Chief of the USDA Forest Service, shared views about changing priorities and increasing cross-border efforts to advance progress on forest health, wildland fires, and the role of forests in mitigating climate change. Four cross-border teams also presented solutions to vexing forest challenges. Summit V was held virtually in November 2020. It was the fifth time in a decade that the Endowment convened the Canada-U.S. Forest Health and Innovation Summit.

FOREST RESTORATION THROUGH MARKETS

RESTORATION FUELS, LLC is the Endowment's boldest bet yet—to prove the theory that a viable market for low-value biomass can increase the pace and scale of forest restoration. With investment from the USDA Forest Service, we are building the Nation's first commercial torrefaction facility in John Day, Oregon.

Reversing the trends for increasing wildfire and declining forest health demands accelerating forest restoration treatments. The Endowment's approach is to develop markets for biomass that will support sustainable forest management.

Restoration Fuels integrates with existing infrastructure and provides a new market for sawmill residuals, helping keep these important businesses viable. Markets for biomass may provide transformative economic opportunities in the communities where we work. 

Restoration Fuels, LLC Torrefaction Facility

John Day, OR

CURRENT DIRECTORS

Adrian Blocker Seattle, WA	Rachel Jacobson Chair, Governance and Nominating Committee Washington, DC
John T. Cooper, Jr.*** College Station, TX	Soile Kilpi New York, NY
Caroline Dautat**** Graceville, FL	Peter Madden**** President and Secretary Greenville, SC
Mark Emmerson Chairman Redding, CA	Chris McIver** Vancouver, BC, Canada
James Farrell Canadian Liaison and Chair, Audit Committee Ottawa, ON, Canada	Colin Moseley*** Past Chairman Seattle, WA
Jeff Hearn* Raleigh, NC	Carlton Owen*** President and Secretary Greenville, SC
Jim Hoolihan*** Grand Rapids, MN	

Mark Reed New York, NY
Kevin Schuyler Chair, Investment Committee Charlottesville, VA
Cris Stainbrook Little Canada, MN
Andrea Tuttle*** Arcata, CA
Curtis Wynn**** Roanoke Rapids, NC

PREVIOUS DIRECTORS

Peggy Clark	Bruce Miles+
Alicia Cramer	Dick Molpus
Tamar Datan	Jim Rinehart
David Dodson	Stephane Rousseau
Mil Duncan	Karl Stauber
Kent Gilges	Judith Stockdale
Mack Hogans	David Thorud
John Kulhavi	Jon Voigtman
Chuck Leavell	John Weaver
Duane McDougall	

* Completed service, 5 / 20

** Began service, 5 / 20

*** Completed service, 11 / 20

**** Began service, 11 / 20

+ Deceased

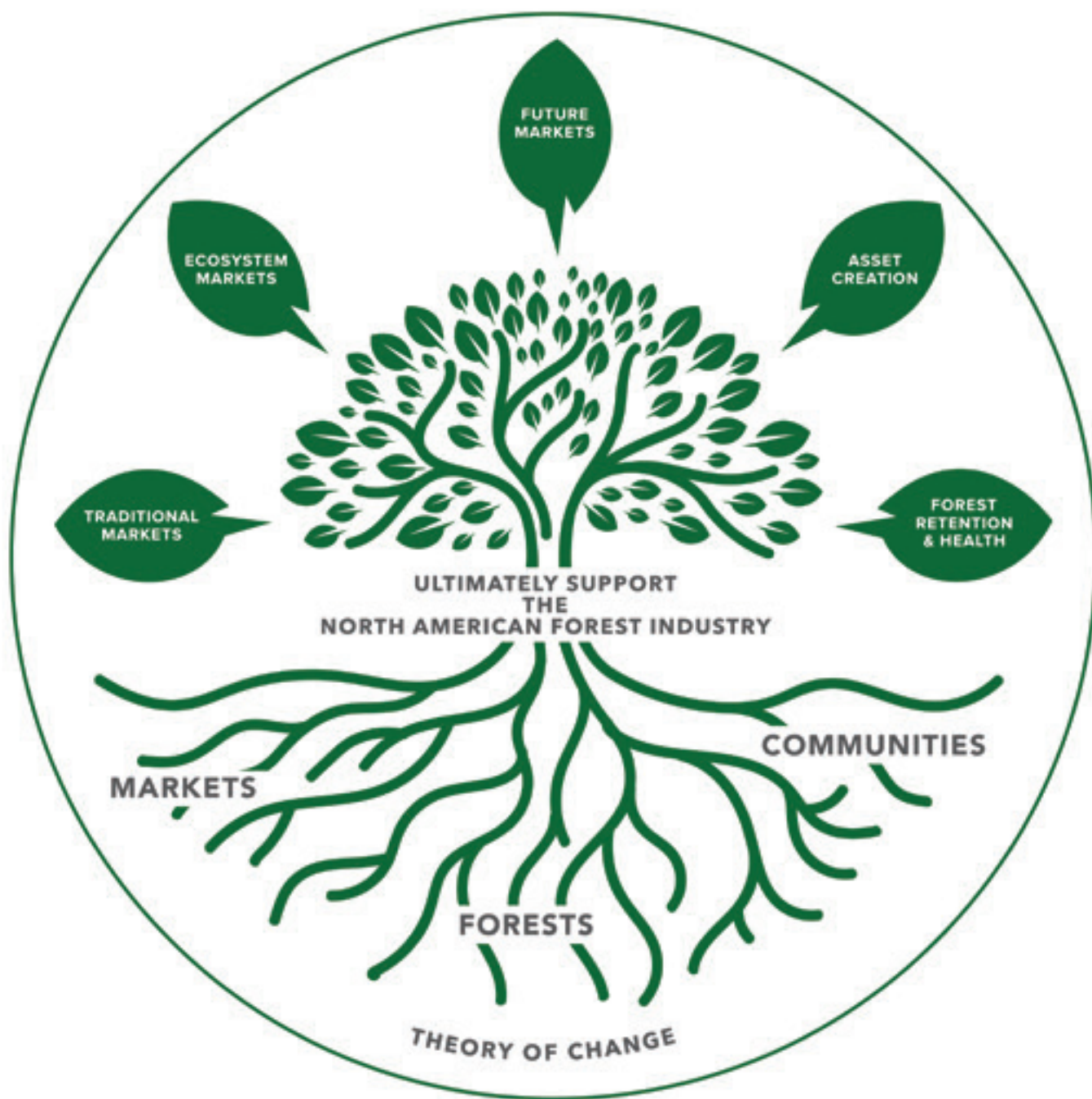
STAFF

Signe Cann Chief Financial Officer Greenville, SC	Willie Hillstock Staff Accountant Greenville, SC	Carlton Owen** Chief Executive Officer Greenville, SC	* Began service, 2 / 20
Alicia Cramer Senior Vice President Loganton, PA	Matt Krumenauer Vice President, Special Projects Salem, OR	Aleta Rogers Manager, Grants and Contract Compliance Greenville, SC	** Completed service, 12 / 20
Florence Colby** Manager, Organizational Support Greenville, SC	Pete Madden* President and Chief Executive Officer Greenville, SC	Peter Stangel Chief Operating Officer Aiken, SC	*** Completed service, 7 / 20
Michael Goergen Vice President, Innovation; Director, P3 Nano Bethesda, MD	Joie Moré Finance Director Greenville, SC	Nomonde Gila*** Impact Intern Greenville, SC	

STATEMENT OF FINANCIAL ACTIVITY

	2020*	2019	2018
PROGRAM INVESTMENT			
Partner investment (public and private support)	\$10,485,500	\$10,958,300	\$9,137,100
PROGRAM EXPENDITURES			
Grants and contracts	\$16,688,900	\$16,771,900	\$15,018,900
Impact investments (\$38,000,000 cumulative)	\$6,800,000	\$11,547,300	\$7,100,000
Total	\$23,488,900	\$28,319,200	\$22,118,900
OPERATION EXPENSE			
Personnel, general, and administrative	\$817,900	\$750,200	\$738,000
INVESTMENT ACTIVITY			
Income, realized and unrealized gains (losses)	\$13,203,900	\$37,550,200	-\$11,283,100
Total increase (decrease) in net assets	\$6,182,600	\$30,986,400	-\$17,902,900
Net assets at beginning of period	\$255,393,900	\$224,407,500	\$242,310,400
Net Assets at End of Period	\$261,576,500	\$255,393,900	\$224,407,500
CUMULATIVE LEVERAGE (2007–2019)			
Endowment investments of \$90 million leveraged \$757 million in partner and external funds for a cumulative impact of \$847 million.	Endowment Investment	\$89,584,000	
	Partner Investment	\$124,173,000	
	External Investment	\$632,810,000	
		\$846,567,000	

*2020 information is preliminary pending completion of year-end closing and audit procedures.



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