U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries

Independent Auditor's Report, Consolidated Financial Statements, and Supplementary Information

December 31, 2024 and 2023

Contents

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Independent Auditor's Report

The Board of Directors
U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Greenville, South Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries (the "Endowment"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Endowment as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Endowment and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Endowment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating statement of financial position, the consolidating statement of activities, the consolidating statement of functional expenses, and the consolidated schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025 on our consideration of the Endowment's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Endowment's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Greenville, South Carolina
August 29, 2025

U. S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 9,001,809	$ 4,572,109
Restricted cash	4,668,110	4,532,893
Grants receivable	1,991,700	2,216,443
Other receivables	203,227	2,491,418
Other assets	552,205	836,114
Notes receivable, net of allowance of approximately $2,194,000 in 2024 and $1,296,000 in 2023	2,958,989	1,799,438
Investments	272,222,000	263,387,282
Operating lease right-of-use assets, net	928,369	1,575,669
Property and equipment, net	7,634	19,574,550
Total assets	$ 292,534,043	$ 300,985,916
LIABILITIES AND NET ASSETS		
Accounts payable and other accruals	$ 3,671,290	$ 3,325,478
Operating lease liabilities	946,766	1,581,101
Line of credit	-	1,200,000
Other liabilities	4,668,110	4,532,894
Total liabilities	9,286,166	10,639,473
Net assets:		
Net assets without donor restrictions:		
Without donor restrictions	6,853,779	23,119,304
With donor restrictions	276,394,098	267,227,139
Total net assets	283,247,877	290,346,443
Total liabilities and net assets	$ 292,534,043	$ 300,985,916

U. S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Consolidated Statements of Activities
For the Years Ended December 31, 2024 and 2023

	2024	2023
Without donor restrictions:		
Interest and dividend income, net of investment fees	$ 373,176	$ 127,613
Federal support	11,067,846	12,028,685
Private support	1,312,698	970,567
Other income	502,509	649,041
Gain on sale of property and equipment, net	468,771	-
Net assets released from restrictions	17,526,876	13,687,676
Total support, revenues and gains	31,251,876	27,463,582
Expenses:		
Program	46,234,337	25,849,620
Supporting services	1,283,064	1,131,643
Total expenses	47,517,401	26,981,263
Increase (decrease) in net assets without donor restrictions	(16,265,525)	482,319
With donor restrictions:		
Interest and dividend loss, net of investment fees	(966,097)	(407,731)
Net realized and unrealized gains on investments	24,971,815	28,774,721
Private support	2,688,117	3,253,460
Net assets released from restrictions	(17,526,876)	(13,687,676)
Increase in net assets with donor restrictions	9,166,959	17,932,774
Total increase (decrease) in net assets	(7,098,566)	18,415,093
Net assets at beginning of year	290,346,443	271,931,350
Net assets at end of year	$ 283,247,877	$ 290,346,443

See accompanying notes.

U. S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase (decrease) in net assets	$ (7,098,566)	$ 18,415,093
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Net realized and unrealized gains on investments	(24,971,815)	(28,774,721)
Depreciation	1,317,833	622,984
Noncash operating lease expense	159,500	175,000
Forgiveness of note and interest payable	-	(242,192)
Gain on disposal of property and equipment	(468,771)	-
Loss on disposal of property and equipment	18,391,566	639,833
Provision for credit losses on notes receivable	897,526	1,296,296
Net changes in operating assets and liabilities:		
Grants receivable	224,743	845,139
Other receivables	2,288,191	(1,639,432)
Other assets	(586)	(419,827)
Notes receivable	(2,057,077)	(1,248,806)
Accounts payable and other accruals	345,812	823,873
Operating lease liabilities	(146,535)	(168,369)
Other liabilities	197,785	118,022
Net cash used by operating activities	(10,920,394)	(9,557,107)
Cash flows from investing activities:		
Sales of investments	114,673,092	151,567,232
Purchases of investments	(98,535,995)	(138,544,500)
Proceeds from sale of property and equipment	673,700	-
Purchases of property and equipment	(62,917)	(881,485)
Net cash provided by investing activities	16,747,880	12,141,247
Cash flows from financing activities:		
Proceeds from line of credit	-	6,350,000
Repayments of line of credit	(1,200,000)	(8,300,000)
Repayment of mitigation fund liability (other liabilities)	(62,569)	(245,293)
Net cash used by financing activities	(1,262,569)	(2,195,293)
Net increase in cash and cash equivalents	4,564,917	388,847
Cash and cash equivalents at beginning of year	9,105,002	8,716,155
Cash and cash equivalents at end of year	$ 13,669,919	$ 9,105,002
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 9,001,809	$ 4,572,109
Restricted cash	4,668,110	4,532,893
	$ 13,669,919	$ 9,105,002
Supplemental disclosure of cash flow information:		
Property and equipment acquired through operating lease	$ -	$ 1,110,608

U. S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Program	**Supporting Services**	**Total**	**Program**	**Supporting Services**	**Total**
ForesTrust and Restoration Fuels	$ 4,370,635	$ -	$ 4,370,635	$ 3,845,561	$ -	$ 3,845,561
All other programs	20,677,663	-	20,677,663	19,309,435	-	19,309,435
Compensation - officers	372,601	93,150	465,751	361,285	90,321	451,606
Compensation - non-officers	1,603,545	703,956	2,307,501	1,530,638	565,841	2,096,479
Training/Recruitment	29,403	9,101	38,504	15,159	4,632	19,791
Employee benefits	453,558	140,389	593,947	444,896	135,953	580,849
Travel	99,268	93,685	192,953	64,484	58,683	123,167
Communications	55,937	17,314	73,251	56,165	17,163	73,328
Utilities/Supplies/Other	139,494	43,177	182,671	165,979	50,719	216,698
Professional services	15,118	149,958	165,076	21,346	103,463	124,809
Insurance	25,549	7,908	33,457	34,672	10,595	45,267
Interest expense	-	7,184	7,184	-	69,697	69,697
Taxes/other	-	17,242	17,242	-	24,576	24,576
Loss on sale of property and equipment	18,391,566	-	18,391,566	-	-	-
	$ 46,234,337	$ 1,283,064	$ 47,517,401	$ 25,849,620	$ 1,131,643	$ 26,981,263

See accompanying notes.

Note 1. Description of Organization and Summary of Significant Accounting Policies

Organization

U.S. Endowment for Forestry and Communities, Inc. is a not-for-profit organization incorporated and established in 2006 at the request of the governments of the United States and Canada in accordance with the terms of the Softwood Lumber Agreement ("SLA") between the two countries. The U.S. Endowment for Forestry and Communities, Inc. is one of three entities designated to share in a one-time infusion of funds to support "meritorious initiatives" in the United States. It was endowed with $200 million under the terms of the SLA. The U.S. Endowment for Forestry and Communities, Inc. has been chartered with two purposes: 1) educational and charitable causes in timber-reliant communities; and 2) educational and public-interest projects addressing forest management issues that affect timber-reliant communities, or the sustainability of forests as sources of building materials, wildlife habitat, bio-energy, recreation and other values.

The U.S. Endowment for Forestry and Communities, Inc. has a wholly owned subsidiary, Restoration Fuels, LLC ("RF"). The purpose of RF is to advance forest health through production of environmentally-friendly fuel for energy. RF became operational in January 2018 and its activity has been consolidated in the consolidated financial statements for the years ended December 31, 2024 and 2023. During 2024, RF ceased operations and closed the plant. As a result of the closure, the U.S. Endowment for Forestry and Communities, Inc. forgave the full principal balance of the note payable, including any accrued interest, and intercompany payables for amounts due between RF and the U.S. Endowment for Forestry and Communities, Inc. See Note 6 for further discussion of the sale of plant assets in 2024.

The U.S. Endowment for Forestry and Communities, Inc. has a wholly owned subsidiary, ForesTrust, LLC ("FT"). The purpose of FT is to provide a cost-effective network to accurately and efficiently track wood and wood fiber from the forest to the consumer. FT became operational in September 2020 and its activity has been consolidated in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Principles of Consolidation

The consolidated financial statements include the accounts of the U.S. Endowment for Forestry and Communities, Inc. and the Subsidiaries (collectively, the "Endowment"). All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements. Estimates could also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Endowment considers unrestricted highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

At times throughout the year, the Endowment may temporarily maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits. Management attempts to minimize this exposure by minimizing un-invested cash balances and monitoring the strength of the financial institutions with which it has accounts.

Restricted Cash

Restricted cash consists of funds received from the Commonwealth of Virginia and Mountain Valley Pipeline, LLC that are to be used to provide mitigation of the forest fragmentation impacts from the Mountain Valley Pipeline project. The Endowment is required to hold the funds, together with any interest and investment returns thereon, in a separate account to be used for funding of the forest mitigation projects.

Grants Receivable

Grants receivable consist of unsecured balances due from grantor agencies for reimbursement of allowable grant expenditures and do not bear interest.

Notes Receivable

Notes receivable are due primarily from for-profit organizations that are working on various projects related to the Endowment's purpose and are recorded at estimated net realizable value. Credit is extended to the for-profit organizations and collateral is not required in some cases. Notes are due between fiscal years of 2024 to 2034. Interest rates on the notes vary based on the terms of the note.

Notes receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. In determining the amount of the allowance as of the consolidated statement of financial position date, the Endowment develops a loss rate for each note receivable. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions of each organization.

Changes in the allowance for credit losses for the year ended December 31, 2024 were as follows:

Balance, January 1, 2023	$ -
Impact of the adoption of the new credit loss standard	1,296,296
Balance, January 1, 2024	1,296,296
Provision charged to expense	897,526
Balance, December 31, 2024	$ 2,193,822

Investments

The Endowment's investments are recorded at fair value.

The fair values of investments in publicly traded money market funds which are valued at $9,037,433 and $1,498,759 at December 31, 2024 and 2023, respectively, are determined based upon quoted market prices.

The fair values of investments in publicly traded mutual funds which are valued at $14,454,455 and $15,972,107 at December 31, 2024 and 2023, respectively, are determined based upon quoted market prices.

Investments in equity, fixed income and real asset common and commingled trust funds, directional hedge funds, and certain limited partnerships which are valued at $149,153,872 and $155,163,249 at December 31, 2024 and 2023, respectively, do not have quoted market prices. The fair value of such investments is based upon the net asset value of the respective funds, which are based upon the estimated fair values of the underlying investments. The fair values of the underlying investments are based upon quoted market prices, where applicable, or upon estimated fair values determined by the respective fund managers and are subject to review by the Endowment and independent annual financial statement audits.

The consolidated statements of financial position also include investments in certain private limited partnerships valued at $99,576,240 and $85,415,964 at December 31, 2024 and 2023, respectively. The recorded market price for such investments is estimated by the individual investment manager of the funds taking into account such factors as the financial condition of each investee, economic and market conditions affecting their operations, any changes in management, the length of time since the initial investment, recent arm's-length transactions involving the securities of the investee, the value of similar securities issued by companies in the same or similar businesses, and limited marketability of the portfolio. The fair value of such investments is subject to review by the Endowment and independent annual financial statement audits.

See Note 4 for further discussion of the measurements and methodology used by the Endowment to determine the fair value of investments.

Investment securities are exposed to several risks, such as changes in interest rates, market fluctuations, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Endowment's consolidated financial statements.

Operating lease right-of-use assets

Lease assets are recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. The Endowment elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all and to use the risk-free discount rate. Also, the Endowment has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term and any variable lease payments are recognized in the period the payments occur.

Property and Equipment

Property and equipment are reported at cost, if purchased, or fair value at the date of donation. The Endowment's policy is to capitalize property and equipment with value greater than $5,000. Depreciation is computed on a straight-line basis over the estimated useful life of the assets. Depreciation expense was $1,317,833 and $622,984 for the years ended December 31, 2024 and 2023, respectively.

Net Assets

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

> *Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions. Net assets may be designated for specific purposes by the Endowment or may otherwise be limited by contractual agreements with outside parties.
>
> *With Donor Restrictions* - Net assets whose use by the Endowment is subject to donor-imposed stipulations that can be fulfilled by actions of the Endowment pursuant to those stipulations or that expire by the passage of time, as well as net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Endowment.

Revenue and Support

Contributions received are recorded as without donor restrictions revenue and support or with donor restrictions revenue and support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

Functional Expenses

The cost of providing various programs and supporting services has been reported on a functional basis on the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Some expenses, including supplies and materials, are directly identifiable and are charged to accordingly. Allocations of significant costs, including compensation and related expenses, contractors, and professional and consultant fees, are based on estimates of time and effort and other reasonable methods.

Fair Value of Financial Instruments

The fair value of the financial instruments of the Endowment are set forth as follows:

Cash and cash equivalents, restricted cash, grants and other receivables, other assets, accounts payable and other accruals, and other liabilities - The carrying amounts approximate fair value due to the immediate or short-term maturity of these instruments.

Notes receivable - Notes receivable amounts to approximately $2,959,000 and $1,799,000 as of December 31, 2024 and 2023, respectively. The fair value of notes receivable is estimated to be approximately $2,424,000 and $1,509,000 as of December 31, 2024 and 2023, respectively. The fair value was estimated using discounted cash flow analyses, using interest rates for corporate bonds with similar maturities for borrowers of similar credit quality.

Investments - Investments are carried at fair value as determined by quoted market prices or other available information (see Note 4).

Income Taxes

The Endowment has obtained tax exempt status under Internal Revenue Code Section 501(c)(3), and as such, is exempt from income taxes except on unrelated business income. Accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for Federal and state income taxes. The Endowment has determined that there are no material unrecognized tax benefits or obligations as of December 31, 2024.

RF is a limited liability company under the Internal Revenue Code. RF has not generated unrelated business income for the years ended December 31, 2024 and 2023, therefore, no tax expense has been recorded.

FT is a limited liability company under the Internal Revenue Code. FT has not generated unrelated business income for the years ended December 31, 2024 and 2023, therefore, no tax expense has been recorded.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

Financial assets at December 31:

	2024	2023
Cash and cash equivalents	$ 9,001,809	$ 4,572,109
Grants receivable	1,991,700	2,216,443
Other receivable	203,227	2,491,418
	$ 11,196,736	$ 9,279,970

As noted in Note 11, the endowment funds consist of donor-restricted endowments specified for a variety of purposes. Income from donor-restricted endowments is restricted for specified purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Endowment's liquidity management plan, cash in excess of daily requirements is invested in short-term investments.

Note 3. Investments

The estimated fair values of investments at December 31 are as follows:

	2024	2023
Cash held in brokerage accounts	$ -	$ 5,337,203
Money market funds	9,037,433	1,498,759
Mutual funds	14,454,455	15,972,107
Equity common and commingled trust funds	85,262,979	87,463,930
Fixed income common and commingled trust funds	27,917,767	34,082,054
Real asset common and commingled trust funds	2,061,261	1,778,484
Directional hedge funds	28,331,583	25,883,125
Limited partnerships	5,580,282	5,955,656
Private limited partnerships	99,576,240	85,415,964
Total investments	$ 272,222,000	$ 263,387,282

The investments detailed above represent all investments held by the investment manager at December 31, 2024 and 2023, and do not include programmatic investments.

Other investment fees incurred for the direct sales and purchases of investments are recorded as transaction costs and are netted with interest and dividend income (loss).

Note 4. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. All assets reported at fair value have been valued using a market approach, except for Level 3 assets.

For level 3 assets, management consults with its investment committee and a third-party investment advisory firm, to establish fair value measurement valuation policies and procedures. At least annually, management and the investment committee determines if the current valuation techniques used in the fair value measurements are still appropriate and evaluates and adjusts unobservable inputs used in the fair value measurements based on current market conditions and third-party information. There were no changes in the valuation techniques during 2024.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Endowment believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level within the fair value hierarchy the Endowment's assets accounted for at fair value on a recurring basis as of December 31, 2024 and 2023:

		Fair value measurements at December 31, 2024 using:		
	Fair value at December 31, 2024	Level 1	Level 2	Level 3
Assets measured at fair value:				
Money market funds	$ 9,037,433	$ 9,037,433	$ -	$ -
Mutual funds	14,454,455	14,454,455	-	-
Private limited partnerships	99,576,240	-	-	99,576,240
Total investments included in the fair value hierarchy	123,068,128	$ 23,491,888	$ -	$ 99,576,240
Investments at net asset value	149,153,872			
Total investments	$ 272,222,000			

Investments, described in Note 3, are held at fair value and included in the table above except cash held in brokerage accounts totaling $-.

	Fair value at December 31, 2023	Fair value measurements at December 31, 2023 using: Level 1	Level 2	Level 3
Assets measured at fair value:				
Money market funds	$ 1,498,759	$ 1,498,759	$ -	$ -
Mutual funds	15,972,107	15,972,107	-	-
Private limited partnerships	85,415,964	-	-	85,415,964
Total investments included in the fair value hierarchy	102,886,830	$ 17,470,866	$ -	$ 85,415,964
Investments at net asset value	155,163,249			
Total investments	$ 258,050,079			

Investments, described in Note 3, are held at fair value and included in the table above except cash held in brokerage accounts totaling $5,337,203.

The following table sets forth a summary of the Endowment's investments with a reported estimated fair value using net asset value per share at December 31, 2024 and 2023:

	Fair value at December 31, 2024	Fair value at December 30, 2023	Redemption Frequency	Redemption Notice Period	Redemption Terms
Equity common and commingled trust funds (a)	$ 85,262,979	$ 87,463,930	monthly	5 – 30 days	none
Fixed income common and commingled trust funds (b)	27,917,767	34,082,054	weekly, monthly	5 days, 5 – 30 days 5 – 90 days	none
Real asset common and commingled trust funds (c)	2,061,261	1,778,484	monthly	5 days	none
Diversifying (d)	28,331,583	25,883,125	quarterly	120 days	Redeem 25% of shares
Partnerships measured at NAV:					
Limited partnership (e)	5,580,282	5,955,656	manager's discretion	N/A	10-year maturity with potential 2 one-year extensions
Total investments at net asset value	$ 149,153,872	$ 155,163,249			

(a) The funds include various U.S domestic large, mid and small cap securities and international equity securities including equity securities of companies located in the less developed countries of the world.
(b) The funds include various fixed income investments in the sovereign bonds and other fixed income securities in the U.S and worldwide in an attempt to outperform both the broad U.S. bond market and the broad worldwide bond market. These funds also invest in investment grade inflation-indexed securities, including U.S. Treasury inflation indexed securities and non-U.S. dollar denominated inflation-indexed securities.
(c) The funds include various assets across a broad spectrum of commodity and natural resource-oriented asset categories pursuing a multi-strategy approach to investing in the commodities and natural resource markets, which include futures, options on futures and forward contracts on exchange traded agricultural goods, metals, minerals, energy products, natural resources and foreign currencies.

(d) The funds seek to provide investors with a marketable alternative strategies investment program capable of producing consistently positive returns regardless of the direction of the broader markets. The long-term return objective is to outperform 3-month Treasury bills by more than 400 basis points annually, net of fees and expenses. The goal of the Fund is to offer access to a moderate volatility investment program with little or no net market exposure, yielding consistent returns independent of market direction. The Fund allocates assets to investment funds managed by third party investment managers ("Third Party Investment Funds") in four broad investment categories: event-driven, credit, equity market neutral and absolute return multi-strategy managers. Some or all of the marketable alternative strategies may be deployed across U.S. and non-U.S. markets.

(e) The funds' investment objective is to generate long-term capital appreciation across management buyouts, leveraged acquisitions, build-ups, recapitalizations, control restructurings growth equity transactions, and pre-public offering opportunities.

The fair values of investments in money market funds are determined based upon market closing process, using a market approach.

The following table illustrates the activity of Level 3 assets measured at fair value on a recurring basis from December 31, 2023 to December 31, 2024:

	Fair Value Measurements Using Unobservable Inputs (Level 3)									
	Private Credit Fund	Real Estate Opportunity Fund	Natural Resources Partnerships	Private Equity Partnerships	Venture Capital Partnership	Distressed Debt Partnership	Offshore Limited Partnership	Environmental Sustainability Partnership	Secondary Partnership	Total
Beginning balance, December 31, 2023	$ 8,533,129	$ 21,210,532	$ 4,101,635	$ 24,027,494	$ 19,358,743	$ 22,468	$ 1,674,909	$ 3,197,369	$ 3,289,685	$ 85,415,964
Total gains or losses included in changes in net assets:										
Unrealized gains (losses)	709,727	1,424,857	365,849	1,986,871	1,433,776	295	(55,224)	202,771	(29,832)	6,039,090
Purchases, issuances/subscriptions, and sales:										
Purchases	1,760,005	5,115,238	1,830,000	4,603,750	2,617,500	-	-	825,000	200,000	16,951,493
Sales/distributions	(1,108,391)	(4,721,873)	(554,511)	(1,437,968)	(456,022)	-	(292,283)	-	(259,259)	(8,830,307)
Ending balance, December 31, 2024	$ 9,894,470	$ 23,028,754	$ 5,742,973	$ 29,180,147	$ 22,953,997	$ 22,763	$ 1,327,402	$ 4,225,140	$ 3,200,594	$ 99,576,240

The following table illustrates the activity of Level 3 assets measured at fair value on a recurring basis from December 31, 2022 to December 31, 2023:

	Fair Value Measurements Using Unobservable Inputs (Level 3)									
	Private Credit Fund	Real Estate Opportunity Fund	Natural Resources Partnerships	Private Equity Partnerships	Venture Capital Partnership	Distressed Debt Partnership	Offshore Limited Partnership	Environmental Sustainability Partnership	Secondary Partnership	Total
Beginning balance, December 31, 2022	$ 5,990,194	$ 20,566,989	$ 3,614,431	$ 18,207,797	$ 16,467,240	$ 82,789	$ 1,976,210	$ 2,063,118	$ 2,631,885	$ 71,600,653
Total gains or losses included in changes in net assets:										
Unrealized gains (losses)	679,187	347,895	626,329	2,782,100	321,242	2,712	-	(35,749)	297,800	5,021,516
Purchases, issuances/subscriptions, and sales:										
Purchases	1,900,473	2,522,078	285,000	4,207,500	2,925,000	-	-	1,170,000	560,000	13,570,051
Sales/distributions	(36,725)	(2,226,430)	(424,125)	(1,169,903)	(354,739)	(63,033)	(301,301)	-	(200,000)	(4,776,256)
Ending balance, December 31, 2023	$ 8,533,129	$ 21,210,532	$ 4,101,635	$ 24,027,494	$ 19,358,743	$ 22,468	$ 1,674,909	$ 3,197,369	$ 3,289,685	$ 85,415,964

Alternative investments include all investments for which a readily determinable fair value does not exist. For the Endowment, alternative investments, whose fair values are estimated using net asset value per share or its equivalent in accordance with accounting principles generally accepted in the United States, include its investments in common and commingled equity, fixed income common and comingled, and real asset common and comingled trust funds, diversifying funds, and private equity partnerships. Unless it is possible that all or a portion of the investments will be sold for an amount different from net asset value, the Endowment applies a practical expedient and concludes that the net asset value reported by the underlying funds approximates the fair value of these investments.

Level 3 alternative investments whose fair values are estimated using unobservable inputs include private credit funds, real estate opportunity funds, natural resources partnerships, private equity partnerships, venture capital partnerships, distressed debt partnerships, offshore limited partnerships, environmental sustainability partnerships, and secondary partnerships. The Endowment has estimated the fair value of its alternative investments, such as partners' capital per share, without adjustment. The following are descriptions of each alternative investment:

The Endowment has an investment in a private credit fund of $9,894,470 and $8,533,129 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $17,750,000 and has unfunded commitments of $9,309,476 and $11,069,481 as of December 31, 2024 and 2023, respectively. These funds are ineligible for redemption and the typical lives of the partnerships are 9 years and 10 years from the date of formation but can be extended under certain circumstances. The partnership invests primarily in U.S. corporate middle market direct lending, with some exposure to non-U.S. corporate middle market direct lending, real estate lending and private credit opportunities.

The Endowment has an investment in a real estate opportunity fund of $23,028,754 and $21,210,532 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $40,000,000 and $30,000,000 and has unfunded commitments of $14,800,258 and $9,928,643 as of December 31, 2024 and 2023, respectively. These funds can be redeemed quarterly with 120 days advance notice prior to the last business day of the calendar quarter. The partnership invests primarily in non-core private real estate funds. The objective of the fund is to deliver non-core real estate exposure primarily through external real estate managers.

The Endowment has an investment in a natural resources partnership of $5,742,973 and $4,101,635 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $10,000,000 and has unfunded commitments of $4,625,000 and $6,455,000 as of December 31, 2024 and 2023, respectively. These funds are ineligible for redemption and the typical life of the partnership is 12 years from the date of formation but can be extended under certain circumstances. The partnership invests primarily in limited partnerships, which in turn, make oil, gas, and other natural resource-related investments with the objective of obtaining long-term growth of capital.

The Endowment has investments in international and domestic private equity partnerships of $29,180,147 and $24,027,494 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $41,500,000 and has unfunded commitments of $13,691,250 and $18,265,000 as of December 31, 2024 and 2023, respectively. These funds are ineligible for redemption and the typical life of the partnerships are 12 years from the date of formation but can be extended under certain circumstances. These partnerships generally seek to generate higher returns over the long-term than those generally available on the foreign and domestic securities exchanges through investments in a diversified portfolio of international and domestic private capital funds.

The Endowment has an investment in a venture capital partnership of $22,953,997 and $19,358,743 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $25,500,000 and has unfunded commitments of $6,945,750 and $9,563,250 as of December 31, 2024 and 2023, respectively. These funds are ineligible for redemption and the typical life of the partnership is 12 years from the date of formation but can be extended under certain circumstances. This partnership seeks to earn returns above those on publicly traded stocks by investing in early stage, high growth private companies, principally in the information technology and life sciences/healthcare fields.

The Endowment has an investment in a distressed debt partnership of $22,763 and $22,468 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $2,000,000 and has unfunded commitments of $305,200 as of December 31, 2024 and 2023. The Endowment may redeem certain portions of its investment on each December 31, provided the fund has not commenced a general liquidation; however, interests in the fund with respect to longer-term investments as defined by the offering memorandum, are not redeemable by the Endowment until the corresponding longer-term investments are realized. The partnership seeks to pursue an investment program comprised of performing restructured debt, stressed debt, distressed debt and mezzanine debt investments that seeks to provide a net internal rate of return in the mid-teens.

The Endowment has an investment in an offshore limited partnership fund of $1,327,402 and $1,674,909 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $5,000,000 and has unfunded commitments of $948,838 as of December 31, 2024 and 2023. The Endowment may not withdraw capital from the fund during the investment period (3 years) and the post-investment period (3 years with two 1 year extensions). The partnership seeks to acquire secured debt assets to provide 6% annual cash distributions paid quarterly.

The Endowment has an investment in an environmental sustainability partnership fund of $4,225,140 and $3,197,369 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $7,500,000 and $4,500,000 and has unfunded commitments of $3,705,000 and $1,530,000 as of December 31, 2024 and 2023, respectively. The Endowment may not withdraw capital from the fund during the investment period except under certain limited circumstances. The partnership seeks to provide investors the opportunity to invest in target funds, which in turn, make investments that provide environmental and sustainability benefits to society.

The Endowment has an investment in a secondary partnership fund of $3,200,594 and $3,289,685 at December 31, 2024 and 2023, respectively. The Endowment has committed a total of $4,000,000 and has unfunded commitments of $1,400,000 and $1,600,000 as of December 31, 2024 and 2023, respectively. The Endowment may not withdraw capital from the fund during the investment period except under certain limited circumstances. The partnership seeks to acquire investments principally in secondary market transactions in leveraged buyout, growth equity, distressed securities, mezzanine financing, natural resources, and venture capital investment funds on a global basis.

Total net gains or losses for level 3 assets for the periods above are included in net realized and unrealized gains on investments on the consolidated statements of activities. There were no transfers in or out of Level 3 for the years ended December 31, 2024 and 2023.

Note 5. Leases

The Endowment leases certain buildings under the terms of non-cancellable operating leases. Operating lease expense is recognized in operations on a straight-line basis over the lease term. In determining lease asset values, the Endowment considers fixed payment terms, incentives, and options to extend or terminate. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. Variable payments, such as variable common area maintenance, are expensed in the period incurred and not included in the lease asset or liability values.

The components of lease expense and related classification in the accompanying consolidated statement of activities was as follows during 2024 and 2023:

	2024	2023
Operating lease cost (utilities/supplies/other):		
Fixed lease cost	$ 205,631	$ 223,942
Short-term lease cost	14,197	13,068
Variable lease cost	26,970	32,364
Total operating lease cost	$ 246,798	$ 269,374

Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31 is as follows:

	2024	2023
Operating cash used by operating leases	$ 205,631	$ 223,942

The following table presents operating lease-related assets and liabilities at December 31:

	2024	2023
Operating leases:		
Operating lease right-of-use assets, net	$ 928,369	$ 1,575,669
Operating lease liabilities	$ 946,766	$ 1,581,101

Operating lease liability maturities at December 31, 2024 are as follows:

2025	$ 122,849
2026	126,453
2027	130,166
2028	133,990
2029	137,928
Thereafter	463,814
Total	1,115,200
Less: Interest	(168,434)
Operating lease liabilities	$ 946,766

Other information:

	2024	2023
Weighted-average remaining lease term – operating leases	8.28 years	8.15 years
Weighted-average discount rate – operating leases	4.01%	4.36%

Note 6. Property and Equipment

Property and equipment at December 31, 2024 and 2023 consists of the following:

	2024	2023
Land	$ -	$ 621,858
Building	-	332,368
Machinery and equipment	8,851	20,384,676
Total property and equipment	8,851	21,338,902
Less: accumulated depreciation	(1,217)	(1,764,352)
	$ 7,634	$ 19,574,550

During 2023, RF experienced a fire that damaged various equipment held within the plant. The carrying value of equipment damaged was approximately $640,000 and insurance proceeds received were approximately $556,000 which resulted in a net loss on involuntary conversion of approximately $84,000.

During 2024, RF closed the plant and sold off all plant assets for a purchase price of $10. This resulted in a loss on the sale of plant assets of approximately $18,000,000 that is recorded in program expenses on the consolidated statements of functional expenses for the year ended December 31, 2024.

Note 7. Line of Credit

In February 2017, the Endowment entered into a line of credit with a financial institution. The principal amount of the line of credit is $5,000,000 with monthly interest payments; interest rate is Term Secured Overnight Financing Rate ("SOFR") market index (4.5% and 5.3% as of December 31, 2024 and 2023, respectively) plus 1.60%. The balance on the line of credit was $- and $1,200,000 as of December 31, 2024 and 2023, respectively. The line of credit was renewed in October 2024 and expires on November 1, 2026. The line of credit is secured by investments.

Note 8. Other Liabilities

In January 2018, the Endowment received $5 million as the custodial partner attendant to an impact directed environmental agreement in connection to the Endowment's mission to support forestry in North America. The Endowment acts as custodian of the funds; the funds will be reflected as an asset and liability on the consolidated statements of financial position and investment income is recorded as both an asset and liability when earned. Management fees are earned by the Endowment in connection with the agreed level of custodial activities. As of December 31, 2024 and 2023, approximately $4,668,000 and $4,533,000, respectively, was recorded within other liabilities on the consolidated statements of financial position, with an offsetting asset recorded in restricted cash.

Note 9. Employee Benefit Plan

The Endowment sponsors a Simplified Pension Plan whereby deposits in an amount equal to 11% of each employee's gross pay is deposited into a self-directed individual retirement account. Employees are eligible to participate in the plan from the first day of employment and are fully vested in all funds deposited into their accounts. The Endowment's contribution totaled approximately $275,000 and $266,000 for the years ended December 31, 2024 and 2023, respectively.

In March 2014, the Endowment began sponsoring a 457(b) Deferred Compensation Plan for certain of its management employees. Contributions are based on agreements between individual employees and the Endowment and may not exceed the lesser of $17,500 or 100% of employee compensation. Amounts accrued on deferred compensation are payable to plan participants upon separation from employment or attaining age 70 ½. During 2023, the 457(b) Deferred Compensation Plan was closed and the Endowment paid out approximately $38,000 to employees as a result.

Note 10. Net Assets

Net assets with donor restrictions are restricted for the following purposes at December 31, 2024 and 2023:

	2024	2023
Cellulosic Nanofibrils GRAS Study	$ 1,323	$ 293,120
NRCS – DoD Forest Conservation	27,500	27,500
Endowment earnings to support ongoing programs (See Note 11)	72,222,000	63,387,282
Forest Conservation Fund	710,196	1,032,696
Savannah River Project	1,357	2,505
Sustainable Forestry and Land Retention	2,946,564	2,237,773
Other	485,158	246,263
	$ 76,394,098	$ 67,227,139

Net assets with donor restrictions that are endowed consists of a $200,000,000 endowment received as a result of the SLA to be invested in perpetuity with the investments gains and investment earnings to be used for the Endowment's set purpose as described in Note 1.

Note 11. Endowment Funds

The Endowment was organized to support educational and charitable causes in timber-reliant communities and educational and public interest projects addressing forest management issues that affect timber-reliant communities, or the sustainability of forests as sources of building materials, wildlife habitat, bio-energy, recreation, and other values. The Endowment's funds include donor-restricted endowment funds classified as net assets with donor restrictions.

The investment objectives of the donor-restricted endowment funds have been established in conjunction with a comprehensive review of the current and projected financial requirements. The investment objectives are:

- To achieve a favorable long term, real rate of return primarily through capital appreciation.
- To preserve principal through reasonable efforts, but preservation of principal shall not be imposed as a requirement on each individual investment.
- To produce current income, but only as a secondary consideration.
- To reduce risk by diversifying among markets, managers and time frames.

Interpretation of Relevant Law

The Board of Directors of the Endowment has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Endowment follows the laws of UPMIFA in Delaware, the incorporation state, and South Carolina, the state in which the Endowment is headquartered. The Endowment has classified as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the required accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions, in perpetuity is classified as net assets with donor restrictions, if positive, until those amounts are appropriated for expenditure by the Endowment in a manner consistent with the standard of prudence prescribed by UPMIFA.

Donor-restricted endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	Net Assets With Donor Restrictions- Time Restricted	Net Assets With Donor Restrictions- In Perpetuity	Total
Donor-restricted endowment funds	$ 72,222,000	$ 200,000,000	$ 272,222,000

Changes in donor-restricted endowment net asset for the year ended December 31, 2024 are as follows:

	Net Assets With Donor Restrictions- Time Restricted	Net Assets With Donor Restrictions- In Perpetuity	Total
Endowment net assets, December 31, 2023	$ 63,387,282	$ 200,000,000	$ 263,387,282
Investment return:			
Investment fees, net	(966,097)	-	(966,097)
Net unrealized and realized investment gains	24,971,815	-	24,971,815
Total investment return	24,005,718	-	24,005,718
Appropriation of assets for expenditures	(15,171,000)	-	(15,171,000)
Endowment net assets, December 31, 2024	$ 72,222,000	$ 200,000,000	$ 272,222,000

Donor-restricted endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	Net Assets With Donor Restrictions- Time Restricted	Net Assets With Donor Restrictions- In Perpetuity	Total
Donor-restricted endowment funds	$ 63,387,282	$ 200,000,000	$ 263,387,282

Changes in donor-restricted endowment net asset for the year ended December 31, 2023 are as follows:

	Net Assets With Donor Restrictions- Time Restricted	Net Assets With Donor Restrictions- In Perpetuity	Total
Endowment net assets, December 31, 2022	$ 47,635,293	$ 200,000,000	$ 247,635,293
Investment return:			
Investment fees, net	(407,731)	-	(407,731)
Net unrealized and realized investment gains	28,774,721	-	28,774,721
Total investment return	28,366,990	-	28,366,990
Appropriation of assets for expenditures	(12,615,001)	-	(12,615,001)
Endowment net assets, December 31, 2023	$ 63,387,282	$ 200,000,000	$ 263,387,282

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Endowment to retain as a fund of perpetual duration. There were no deficiencies of this nature reported in net assets without donor restrictions as of December 31, 2024 and 2023.

Return Objectives and Risk Parameters

The Endowment has adopted investment and spending policies for endowment assets that are intended to provide an ongoing stream of funding of the Endowment's set mission. Endowment assets include those assets of donor-restricted funds that the Endowment must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Endowment relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment targets a diversified asset allocation that places a greater emphasis on equity and fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Endowment's Board of Directors seeks to address twin objectives of deploying resources to achieve its mission and operating as prudent fiduciaries. The Endowment's Board of Directors adopted changes to its investment and spending policies in July 2017. Under the policies the near-term target is to distribute grants or program investments of up to 3.5% and provide for operating expenses of .375% of the investment corpus annually against an overall expected return of 6.5%. Beginning in the third quarter of 2022, the spending policy is equal to 5% of the corpus with the target to distribute grants or investments with dollars remaining after covering overhead costs annually against an overall expected return of 6.5%. The amended policy does not supersede a "downside policy" adopted in May 2008 to address significant market declines. Under those circumstances, a spending rate of not more than 2.5% of corpus would go into effect in the event of a decline below the $200 million corpus, and that policy further called for the Board to revisit the policy in the face of "exceptional downturns," defined as declines in the fair value of assets to below $190 million. In April 2022, an additional threshold was established that if the fair value of assets should drop below $220 million, a spending rate of not more than 3% of the corpus would go into effect. The Board will review the policy annually.

Note 12. Commitments

The Endowment makes multi-year commitments to fund specific research and public interest projects with other nonprofit organizations and universities. Committed funds totaled approximately $35,252,000 at December 31, 2024. These contracts are committed for varying dates through 2030.

Note 13. Contingencies

From time to time, the Endowment is a defendant in legal actions involving claims arising in the normal course of business. Management believes that, as a result of legal defenses, none of these activities should have a material adverse effect on its consolidated financial condition. However, the ultimate outcome of these matters cannot be estimated at the present time. The Endowment purchases general liability insurance with coverage up to $5,000,000 in the aggregate and $10,000 on a per claim basis.

Note 14. Subsequent Events

The Endowment evaluated the effect subsequent events would have on the consolidated financial statements through August 29, 2025, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

U. S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Consolidated Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
U. S. Department of Agriculture				
Direct Program:				
Wood Utilization Assistance	10.674		$ 905,810	$ 244,481
Infrastructure and Investment Jobs Act Financial Assistance to Facilities that Purchase and Process Byproducts for Ecosystem Restoration	10.725		1,244,835	1,244,835
Inflation Reduction Act Landscape Scale Restoration	10.731		275,533	271,795
Agricultural Conservation Easement Program	10.931		114,101	-
Bipartisan Infrastructure Law - Removal and Production of Flammable Vegetation to Produce Biochar and Innovative Wood Products	10.733		1,419,220	4,800
Passed through South Carolina Forestry Commission:				
Cooperative Forestry Assistance	10.664	N/A	684,275	317,135
Passed through Clemson University:				
Partnerships for Climate - Smart Commodities	10.937	NR23-3A75-0004G0049	146,582	-
Research and Development Cluster:				
Forestry Research	10.652		$ 598,264	$ 598,264
Total Research and Development Cluster			$ 598,264	$ 598,264
Total U.S. Department of Agriculture			$ 5,388,620	$ 2,681,310

The accompanying notes are an integral part of this Schedule.

U. S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Consolidated Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Defense				
Direct Program:				
Fort Huachuca Sentinel Landscapes for Military Training	12.004		$ 18,774	$ -
Readiness and Environmental Protection Integration (REPI) Program	12.017		2,331,415	-
Legacy Resource Management Program	12.632		287,588	-
Total U.S. Department of Defense			$ 2,637,777	$ -
Total expenditures of federal awards			$ 8,026,397	$ 2,681,310

The accompanying notes are an integral part of this Schedule.

Note 1. Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries (the "Endowment") under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Endowment, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Endowment.

The consolidated Schedule includes the accounts of the Endowment and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Endowment has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Contingencies

The Endowment's federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect its continued participation in specific programs. The amount, if any, of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time. However, the Endowment expects such amounts, if any, to be immaterial.

Note 4. Categorization of Expenditures

The categorization of expenditures by program included in the schedule is based upon the grant documents. Changes in the categorization of expenditures occur based upon revisions to the Assistance Listing, which is issued in June and December of each year. The schedule for the year ended December 31, 2024 reflects Assistance Listing changes issued through May 2024.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Board of Directors
U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries (the "Endowment") which comprise the Endowment's consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Endowment's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Endowment's internal control. Accordingly, we do not express an opinion on the effectiveness of the Endowment's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Endowment's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Endowment's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Endowment's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Greenville, South Carolina
August 29, 2025

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

The Board of Directors
U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries
Greenville, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited U.S. Endowment for Forestry and Communities, Inc. and Subsidiaries (the "Endowment") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Endowment's major federal programs for the year ended December 31, 2024. The Endowment's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Endowment complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Endowment and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Endowment's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Endowment's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Endowment's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Endowment's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Endowment's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Endowment's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Endowment's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

Greenville, South Carolina
August 29, 2025

Section I – Summary of Auditor's Results

Consolidated Financial Statements

1. Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:
   Material weaknesses identified? ☐ Yes ☒ No
   Significant deficiencies identified? ☐ Yes ☒ None reported

3. Noncompliance material to the consolidated financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:
   Material weaknesses identified? ☐ Yes ☒ No
   Significant deficiencies identified? ☐ Yes ☒ None reported

5. Type of auditor's report issued on compliance for major federal award programs:
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
10.674	Wood Utilization Assistance
10.725	Infrastructure and Investment Jobs Act Financial Assistance to Facilities that Purchase and Process Byproducts for Ecosystem Restoration

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II— Consolidated Financial Statement Findings

No matters are reportable.

Section III— Federal Award Findings and Questioned Costs

No matters are reportable.

Reference Number	Summary of finding	Status

No matters are reportable.