Creating Economic Opportunity and Community Vitality from Healthy Working Forests

Northern Forest Center Annual Report — Fiscal Year 2014

- Forest stewardship and conservation provide clean air and water, wildlife habitat, carbon storage and forest products.
- Forests and a robust forest economy are vital to creating thriving communities.
- Forests create jobs and provide a renewable, local source of energy for efficient heating.
- Forests provide a landscape for tourism, recreation, education and personal enjoyment.

Northern Forest Center Guiding Beliefs

The Center embraces and promotes the following beliefs to advance its mission and achieve a widely shared vision for the Northern Forest region:

- A robust regional economy is central to the long-term health of the Northern Forest region's communities and forested ecosystems.
- Management and use of the region's forests should deliver direct benefits to people in Northern Forest communities.
- Sound forest stewardship and conservation of natural resources lie at the heart of effective local, state and regional development efforts.
- Leveraging the energy of networks and collaboration is the best way for the Center to help unlock the region's full intellectual, financial and creative capacity.
- Integrated thinking about economic, community and environmental issues is fundamental to reducing conflicts and uncovering new opportunities for the Northern Forest.
- Leadership and investment in potentially transformational ideas are essential to the region's ability to compete and succeed at the national and global scales.
What We Do

“30,000 Feet” Provide leadership and regional strategy for the 4-state Northern Forest.

“10,000 Feet” Coordinate programs and partners to increase resources and deliver maximum local impact.

“On the Ground” Help communities benefit from their forest resources and conserve them for the future.
The Center creates economic opportunity and community vitality from healthy working forests in Maine, New Hampshire, Vermont and New York.

How We Work

Locally: Helping forest-based businesses and communities create jobs and retain wealth locally.

Collaboratively: Supporting collaborative networks and engaging in a wide-range of state and regional forums to build the region’s capacity and deliver programs.

Regionally: Sharing knowledge and opportunities gleaned through engagement across multiple programs in 4 states to benefit the regional as a whole.

Where We Work

www.northernforest.org
Measuring Progress

Center President Rob Riley, immediate past Board Chair
Kathy Eneuga and current Board Chair Peter Bergh.

25 Years
Major changes across the region
✓ Sense of identity of the Northern Forest as a 4-state region with shared assets, heritage and challenges.
✓ New understanding that a sustainable future for the region would be built on economic, community and environmental well-being together; that they are inextricably linked and not in opposition to each other.
✓ Millions of acres of forestland conserved by conservation groups and public agencies through outright purchases and conservation easements.
✓ Public-private partnerships that invested millions of dollars in land conservation and economic development, including the birth of the Forest Legacy Program.
✓ Better forest stewardship with more than 325,000 acres of ecological reserves and improved forestry practices, including 7 million acres enrolled in third-party certification systems.
✓ Greater collaboration across interest groups and an end to the rancor that divided stakeholders.

5 Years
Results of the Northern Forest Investment Initiative
✓ 3 Model Neighborhood Wood Heating Projects established with $20 million in wood pellet boilers: 1) Maine $10 million for 2,000 homes; 2) Vermont $10 million for 2,000 homes; and 3) New Hampshire $10 million for 2,000 homes. 2) All 3 projects are now operational.
✓ 11 tree planting projects paid for through voluntary payments to offset carbon production. 3) 600,000 trees have been planted.
✓ 20 Community Forests completed or underway, representing nearly 40,000 acres.
✓ 24 communities assisted with wood heating conversion projects.
✓ 52 wood product manufacturers assisted to implement innovations.
✓ 33,500 acres of productive forestland conserved.
✓ $30 million invested in forest conservation, community development and new sustainable economic uses of the forest.

1 Year
Center Accomplishments
✓ Achieved the nation's highest local concentration of wood pellet boilers. 1) Northern Forest Center's WoodHeat Project in Berlin, NH, continues to show promise. 2) New investment in Maine and launched program in Vermont. 3) Provided technical and financial assistance for innovation to 21 wood products manufacturers to strengthen their businesses, help secure the nearly 1,000 jobs they provide, and create future employment opportunities.
✓ Promoted outdoor recreation and tourism in Maine to more than 5 million people through media coverage of the 150th Thayer-Wabanaki canoe tour, spearheaded by the Center.
✓ Helped communities establish 4 new Community Forests and advance 6 other Community Forest projects to conserve forestland and generate community benefits.
✓ Advanced worker training and career opportunities in the wood products industry by engaging 20 businesses and 10 schools in the Skilled Workforce Initiative.

How do you measure progress when trying to catalyze an innovative, forest-based economy that can support vibrant communities?

Our annual report captures a snapshot of the Center's recent accomplishments. We're very proud of the results we've achieved with partners and the support of individuals, foundations, businesses, and public agencies, but to gauge progress on work that takes decades, we need to look across multiple timeframes.

2014 gives us several milestones for perspective: the conclusion of the 5-year Northern Forest Investment Initiative, the 20th anniversary of the Northern Forest Land Council's recommendations for the region, and 26 years since the sale of huge blocks of forestland to developers prompted Congress to commission the Northern Forest Land Study in conjunction with a task force established by the governors of Maine, New Hampshire, Vermont, and New York.

Just as it's helpful to think of the Center's programs across multiple levels—see page 2 for a summary of the Center's programs at $10,000 feet (aka regional leadership), "100,000 feet" (coordinated, place-based strategies), and "on-the-ground" (direct benefits through program delivery)—it's important to see our progress over 25 years, 5 years, and 1 year.

Then and Now
Everyone who's been engaged in shaping the future of the Northern Forest region has reason to be proud of what we've accomplished together. Twenty-five years ago the region didn't have a name, today the Northern Forest has a shared sense of identity. Twenty-plus years ago, during the Northern Forest Land Council study, tension was so high that tires were slashed and council members received death threats. Today, people with varied points of view and interests collaborate to create solutions to common challenges. Most importantly, we've shifted away from a system of thinking that pits economy against environment and community. We now seek opportunities that will sustain a healthy working forest, strengthen our forest-based economy and create thriving communities.

The Journey
The Center contributed to this major shift in several ways, first as a trusted neutral convener that could bring people together to establish shared priorities, as we did with the Northern Forest Wealth Index, numerous Leadership Exchanges and the Sustainable Economy Initiative. The Initiatives process and recommendations on how to revitalize the region's economy have been used widely, informing the charter of the Northern Border Regional Commission and integrated strategies such as the Adirondack Common Ground Alliance, the Maine Woods Consortium, and the Northern Forest Investment Initiative.

The Center has also provided a regional perspective and engagement across multiple sectors, sharing knowledge and speeding adoption of successful strategies in renewable energy policy, tourism development, wood product manufacturing and payment to landowners for natural services provided by forests.

The Center has built regional capacity by coordinating federal public policy strategy, building collaborative networks and securing millions of dollars of investment for the region. We leveraged those investments by partnering with other organizations and directly funding projects as part of the 5-year Northern Forest Investment Initiative and our Tourism program.

The Year
In the last year, we made great progress across our key programs: catalyzing the market for high-efficiency wood pellet boilers, establishing Community Forests, strengthening the tourism experience in Maine, and helping wood products manufacturers innovate for success and improve worker skills.

Everything the Center achieved in 2013-14 is a direct result of generous support by individuals, foundations, and public agencies. We cannot overstate the value of working closely with the region's philanthropists and public partners—such as the US Department of Agriculture-Rural Development and Vermont's Working Lands Enterprise Board—to advance programs that create economic opportunity and community by viability across the region. Thank you to everyone who has made this work possible.

Peter Bergh, Chair
Rob Riley, President
Community Forests generate timber income and other community benefits from conserved, town-owned forestland.

new Model Neighborhood Wood Heat project launched in Vermont

place-based initiatives with concentrated programming: Northeast Kingdom – Western Coos County and the Androscoggin Valley – Mahoosuc Region

new Community Forests established

counties engaged in Maine Woods Discovery tourism development program

stand-alone biomass wood heat projects provided with fundraising or technical assistance and advice

wood products companies profiled for participation in the Skilled Workforce Initiative

wood products companies assisted financially to pursue manufacturing and marketing innovations

100+ projects, initiatives and strategic forums the Center is engaged in across the Northern Forest

152 partners collaborating on creating forest-based economic opportunity and community vitality

225 people and 168 businesses trained in customer service and marketing to enhance tourism businesses and support job creation in Maine

1,158 people subscribing to the weekly Northern Forest News Digest

1,900 trees planted with funding through the Clear Water Carbon Fund

$135,000 saved by Model Neighborhood Wood Heat Initiative participants in Berlin, NH, who switched to heating with high-efficiency wood pellet boilers instead of oil

$549,000 total economic impact of the Model Neighborhood Wood Heat Initiative in Berlin, NH and Farmington, Maine, since inception

$1.3 Million Center program investment in Northern Forest communities, forests and economic development

5 Million audience exposed to media coverage about outdoor recreation opportunities in Maine

$8.3 Million public funding, foundation grants, business investment and organizational resources leveraged by the Center’s program investment
The Northern Forest Center creates economic opportunity and community vitality from healthy working forests in Maine, New Hampshire, Vermont and New York.
2013-2014 Programs At a Glance
Map shows the location of Center projects, Tourism program partners and businesses, Wood Products businesses and educational partners, and key state and regional forums of engagement. See page 20 for a full list of partner organizations.

KEY
- Wood Heat Renewable Energy Projects
- Wood Products Program
  - Participating Companies
  - Educational Partners
- Tourism Program
  - Tourism Program Training Partners
  - 150th Thoreau-Wabanaki Tour Route
  - Maine Woods Discovery Partners
  - Ways of the Woods Forest Exhibits
- Community Forest Projects
- Tax Credit Financing Projects
- Carbon and Watershed Conservation Projects
- Public Policy and Engagement
Tourism program focuses on expanding job opportunities

Valued at $14.3 billion in 2013, forest-based recreation tourism plays a significant role in the four-state Northern Forest economy. Though its economic contribution is large, there is still great need to strengthen the tourism economy so it can provide better job opportunities—including year-round employment and benefits.

The Maine Woods Discovery program, a cooperative marketing initiative coordinated by the Center, enhances the ability of Maine Woods businesses to provide, brand, and promote high-quality experiences that attract new visitors to the region, command premium rates, and support good jobs in rural communities. Through Maine Woods Discovery, partners such as New England Outdoor Center, Northern Outdoors, Maine Huts and Trails, Appalachian Mountain Club, Mahoosuc Guide Service and others, set their own standards of quality and cooperatively market packaged tours.

In 2014, the Center spearheaded the idea of the 150th anniversary tour for the Thoreau/Wabanaki canoeist to commemorate the works of Henry David Thoreau. The Maine Woods and the Maine Woods Discovery program were a significant component of the unique recreation tourism opportunities available in “the Alaska of the East.”

The Center secured corporate sponsorship for the trip, organized participation by the more than 50 individuals, and developed a collaboration with the Maine Office of Tourism to secure high-profile media coverage.

The project has already put the Maine Woods and Maine Woods Discovery in front of more than 5 million potential visitors through coverage by CBS Sunday Morning, the Boston Globe, and Canoe & Kayak magazine, Bill Green’s Maine and many other outlets, with more to come including a 2015 feature in Yankee Magazine and ongoing promotion by the Maine Office of Tourism.

Online: www.mainewoodsdiscovery.com

“In my 30-plus years of running an adventure resort and outfitting business in Northern Maine, I have never seen an effort of this scale undertaken. Pulling all this together was nothing less than a Herculean task, and steady leadership and drive from the Northern Forest Center was key to our success. The trip will pay dividends to the forest-based tourism economy for years to come.”

—Matt Polstein, Licensed Maine Guide, owner of New England Outdoor Center, and one of the “Thoreauic Eight” who paddled the entire trip.

150th Thoreau-Wabanaki Tour
250-mile paddle showcases outstanding recreation opportunities in the Maine Woods

Eight days after “Ice out” in May, a group of Maine Guides, historians, and Penobscot Indians—brought together by the Center as part of Maine Woods Discovery—set off from Moosehead Lake on a 250-mile, 16-day canoe trip through the heart of the Maine Woods. This unusual group was on a two-part mission: to commemorate the 150th anniversary of the publications of Henry David Thoreau’s classic collection of essays, The Maine Woods, and to promote the outstanding recreational opportunities available in the Maine Woods today.

The 150th Anniversary Thoreau-Wabanaki Tour created a unique opportunity to highlight the Maine Woods as a destination for unforgettable guided experiences in a vast forest landscape remarkably unchanged from Thoreau’s time—and to encourage others to come and experience the quality of service, amenities and recreational opportunities this region has to offer.

With field leadership provided by Maine Woods Discovery partners Mahoosuc Guide Service and New England Outdoor Center, 50 people took part in the Thoreau-Wabanaki Tour—including the “Thoreauic eight” who completed the entire 250-mile trip—to follow the same route taken through the Maine Woods by Thoreau and his Penobscot guide Joe Polis more than 150 years ago. The group paddled across white-cap filled lakes and through working forests, navigated remote rapids, and drifted down-river on lazy sun-filled days.

As Kevin Slater of Mahoosuc Guide Service described it: “Reading The Maine Woods as you paddle through this country, it’s amazing to see how little it’s changed since he did his canoe trip over 150 years ago. It’s still wild, undeveloped and full of wildlife.”

Online: www.mainewoodsdiscovery.com/150thoreau
Projects strengthen Maine economy and communities

Community Forests
- Helped communities work toward establishing 8 Community Forests representing almost 30,000 acres in Maine. These Community Forests will permanently conserve forestland to provide recreation and educational opportunities, generate timber income, conserve wildlife and fish habitat, water quality and public access and other community benefits.
- Helped establish the 1,666-acre Perley Mills Community Forest in Bridgton, Danbury and Sabago, which consists of what the US Forest Service has called “the most vulnerable drinking water reservoir watershed in the Northeast.” The Community Forest will protect water quality, generate income from timber harvesting, and provide recreation and wildlife habitat.
- Helped establish the Machias River Community Forest. The 925-acre forest will conserve ecologically important areas for salmon and wildlife; preserve remnants of historical river drivers’ links to the school, hospital and river via a trail; and provide an outdoor classroom for environmental education.

Tourism
- Developed pioneering Maine Woods Discovery quality standards with business stakeholders to promote best practices among tourism and recreation businesses.
- Promoted outdoor recreation opportunities in the Maine Woods to more than 5 million people through the 150th Anniversary Thoreau-Wabanaki tour.
- Served 168 tourism-based businesses with training and marketing projects through coordination of the Maine Woods Consortium and Maine Woods Tourism Training Initiative.
- Launched development of an online Maine Woods Visitor Interpretation training for hospitality employees in conjunction with Maine Office of Tourism and University of Southern Maine.

Local Wood Heat
- Through the Model Neighborhood Wood Heat Initiative, the Center provided financial and technical assistance to 25 homeowners, 2 churches, 2 small businesses and a 4-H center to convert from oil to high-efficiency wood pellet boilers. The switch will retain more than $120,000 a year in the local economy through fuel savings and by retaining 100% of the money spent on pellet heating. The switch to wood pellet heating also reduces net carbon dioxide emissions.
- The Model Neighborhood wood heat project clustered in Farmington and Wilton, Maine, is projected to contribute $85 million to the regional economy over 25-year life of the pellet boilers. Increased demand for wood pellets creates jobs in pellet mills, forestry and trucking, and provides a market for low-grade wood to help landowners keep their forests as forests.

Carbon & Water
- The Center invested in the Clear Water Carbon Fund to help advance voluntary carbon offsets in local watersheds. Contributions to the fund enabled planting of more than 1,000 trees in the Androscoggin and Crooked River watersheds, which will offset 285 tons of carbon over the lives of the trees.
- Reforested streambanks will reduce carbon in the atmosphere, enhance habitat, reduce erosion and protect water quality. The Fund, managed by Manomet Center for Conservation Sciences, enables people and businesses to offset their carbon emissions.

Tax Credit Financing
- The Center invested considerable resources in developing New Markets Tax Credit financing for a potential forestland investment in Downeast Maine to promote working forestland conservation, boost the tourism and recreation industry, and implement habitat restoration.
- The Center previously packaged successful tax credit financing for the West Grand Lake Community Forest project and East Grand Woodlands, both of which have conserved working forest and recreational resources to support the local economy.

Steel Credit Financing
- Provided technical and financial assistance to 4 wood products manufacturers—including Maine Wood Concepts, Duratherm Window Corp., and Maine Mads Furniture—to implement innovations to strengthen their businesses, help secure the 260 jobs they provide, and create future employment opportunities in the industry.
- Advanced worker training and career opportunities in the industry through the Skilled Workforce Initiative, a partnership of the Center, the Woodwork Career Alliance and the Maine Wood Products Association. The Initiative assessed training and credentialing needs for 5 Maine wood products manufacturers and outlined plans for bolstering the skills needed for company success and to provide career paths for employees.
- To date, 49 students have been enrolled in the credentialing program through Eastern Maine Community College, with 9 graduates immediately placed in jobs.

Wood Products Innovation

The Benefits of Working Forests
Wood heat program boosts local economy, creates forest-based jobs

Use of wood pellets and chips for heat in the Northeast is on the rise, and that’s a good thing, because the region has a voracious appetite for fossil fuel, consuming 84 percent of the heating oil used in the United States. It’s estimated that the Northeast Forest region spends $6 billion per year on imported fossil fuel. Beyond concerns about cost, supply and the environment, over reliance on fossil fuel is a bad economic choice: 78 cents of every dollar spent on heating oil leaves our regional economy.

That’s why the Center has been advocating a “buy local” strategy for heating homes and other buildings in the Northeast Forest with high-efficiency wood pellet boilers and community-scale district heating systems that burn wood chips. These are not outdoor smoke-emitting boilers but indoor, clean burning central heating systems that enable users to heat with local wood, benefitting both our environment and our economy.

We believe 25 percent of New Forest homes can heat sustainably with wood, and doing so can build an energy economy that brings substantial economic benefits to rural communities, reduces dependence on heating oil, cuts net carbon dioxide emissions over time, and supports healthy, working forests.

Whether chips or pellets, wood fuel sourced from the Northeast Forest and manufactured locally keeps 100 percent of the money spent on heating fuel circulating in the local economy, benefiting local manufacturers, truckers, loggers, foresters and forestland owners. Demand for pellets creates an important market for lower grade wood, which helps landowners keep forests as forests.

The Center’s Wood Heat Initiative has strengthened the market for boilers and wood pellets and fostered an increase in qualified installers and technicians, bulk delivery pellet suppliers, acceptance by real estate and insurance industries, and supportive public policy—paving the way for efficient wood heating to change the energy economy of the Northeast Forest.

“The biggest thing is that we’re completely off oil and using the resources in our community—trees—and helping our community find jobs. Somebody’s got to harvest the tree. Then somebody has to take the harvested tree and turn that into pellets. Somebody delivers them to my house.

“It’s been a blessing all the way around. I feel very fortunate that we came into this. There’s no way we would have been able to do it without you.”

—Maurice Bergeron, retired, Berlin, NH

Model Neighborhood Wood Heat Initiative—Berlin, NH
Local wood heat delivers $514,000 in economic impact

As the first community to participate in the Center’s Model Neighborhood Wood Heat Initiative, Berlin, N.H., has shown that it works. Forty homeowners and two non-profits have converted to high-efficiency wood pellet heating, saving $135,000 on heating costs, reducing net greenhouse gas emissions by 790 tons and generating a $514,000 positive impact on the regional economy to date. Scale up those results and, after 25 years of operation, the total local economic benefit should exceed $6.5 million.

Equally important, the success of this demonstration project has inspired others to switch to wood pellet heating as well.

Imagine the benefits to our region if more homes and businesses make the switch. That’s why we’re working with partners to replicate the program across the region. Farmington and Wilton, Maine, boast 13 new pellet boilers, and the program launched this spring in Vermont’s Northeast Kingdom with a special focus on converting working-lands based businesses, such as farms, farm-to-table restaurants, maple producers, sawmills, and furniture makers. We’re developing a program for the Adirondacks too, which will focus on the communities of Saranac Lake, Saranac and Tupper Lake.

Beyond individual buildings, community-wide systems fueled by wood chips can generate similar benefits. The community of Colborne, N.H., with assistance from the Center, is pursuing development of a district heating system that could serve the heat and hot water needs of the downtown business district, hospital, schools, community facilities, industrial park and residences along the route. Reducing heating costs will help businesses be more profitable, save money for homeowners within the district, and lessen the burden on public budgets squeezed by oil prices.
Projects strengthen New Hampshire economy and communities

Wood Products Innovation

- Provided technical and financial assistance to 4 wood products manufacturers—including Littleton Millwork and Precision Lumber—to implement innovations to strengthen their businesses, help secure the 100 jobs they provide, and create future employment opportunities in the industry.
- Advanced worker training and career opportunities in the industry through the Skilled Workforce Initiative, a partnership of the Center and the Woodwork Career Alliance. The initiative assessed training and credentials needs for 5 New Hampshire wood products manufacturers and outlined plans for bolstering the skills needed for company success and to provide career paths for employees.
- Trained instructors at 3 schools in awarding industry-recognized credentials to their students in wood-working and building trade programs. Woodwork Passports will document for prospective employers the proficiency of students on a variety of manufacturing machines and tools.

Local Wood Heat

- Created the highest local concentration of wood pellet heat users in the nation through the Model Neighborhood Wood Heat Initiative In Berlin, NH. The project demonstrates the efficiency and economic benefits of heating with local wood and has helped build wider adoption of this renewable heat source that supports the local economy.
- Savings and local spending from the project have generated a $500,000 positive economic impact to data for the Northern Forest, and are projected to have a total $6.5 million economic benefit over the life of the boilers in Berlin. Increased demand for wood pellets creates jobs in pellet mills, forestry and trucking, and provides a market for low-grade wood to help landowners keep their forests as forests.
- Supported wood heating pellet boiler projects for community buildings in Milan, Dummer, Lancaster, and Berlin.

Public Policy & Engagement

- Advocated for a strong state rebate program for wood pellet boilers in commercial buildings to complement the existing residential boiler rebate and publicized the incentive to North Country businesses, schools and municipalities.
- The Center is a founding member of the New Hampshire Wood Energy Council, whose work is funded by the US Forest Service. The Center helped create and is part of delivering a program to provide technical advice and assistance to communities interested in implementing biomass wood heating projects.

Tax Credit Financing

- Supported the Colebrook Development Corporation and the Town of Colebrook as they pursued development of a centralized wood-fueled district heating system to serve an estimated 50 users in town. The Center raised resources, helped manage the project and is developing New Markets Tax Credit program financing for the project. The proposed system would replace an estimated 250,000 gallons of heating oil annually, generating substantial savings for businesses, community facilities, and homeowners.

The Benefits of Working Forests
Vermont invests in land-based enterprises

A working forest is a landscape of opportunity. Productive forestland provides timber for wood products, chips for wood pellet heat, and pulp for paper products. Forest that remains as forestland—undeveloped and unfragmented—also provides habitat for wildlife, terrain for the outdoorsperson, and a backdrop for visitors seeking nature’s beauty. In Vermont, the working forest employs nearly 21,000 people and contributes $3.4 billion to the state’s economy.

With 75 percent of the state’s land in use for forestry, Vermont passed legislation in 2012 to create the Working Lands Enterprise initiative, which is investing $1 million into agricultural and forestry based businesses. In its first two years of grant awards, the Working Lands initiative invested in three of the Center’s resource-based programs: wood pellet heating, Community Forests, and wood products innovation and workforce development.

The early success of these Center programs in Vermont and across the region has helped to raise awareness of working forests as a land-driven economic engine on par with agriculture in a state that is justifiably proud of its working landscape heritage.

Wood Pellet Heating

In June 2014, the Center launched its Model Neighborhood Wood Heat Initiative in the Northeast Kingdom to help homeowners, businesses and communities switch to heating with a renewable energy source—wood pellets—sourced from and manufactured in the Northern Forest. Working with the Northeastern Vermont Development Association, the Center helped secure a Working Lands grant to provide financial incentives to businesses that support working lands—such as farms, maple producers, farm-to-table restaurants, sawmills—to install high-efficiency wood pellet boilers.

These installations will help strengthen the connection between communities and Vermont’s working lands by creating demand for locally produced wood pellets and markets for landowners’ low-grade wood. It will also create a direct benefit to participating businesses, which will save 40% in fuel costs, helping to improve overall business profitability.

Wood products innovation and workforce development

The Center has worked with the Vermont Wood Manufacturers Association to secure grants from the Working Lands initiative to support both facets of the Center’s wood products program, encouraging innovation in manufacturing and helping to build a highly skilled workforce. The Center believes innovation and skills development are crucial for helping businesses be competitive and continue providing jobs that pay well.

The Center’s Skilled Workforce Initiative, pioneered in partnership with the Woodwork Career Alliance, provides a credentialing and training system that evaluates worker proficiency at multiple skill levels on 100 machines and tools used in modern wood manufacturing and gives each participating employee a “Woodwork Passport” to document his or her abilities.

The program helps manufacturers train, retain and promote qualified workers and creates a professionalized career path for woodworkers. To serve the specific needs of Vermont companies, the program has nearly doubled the number of wood tools and machines for which employees can earn credentials. Through the Transformational Innovation Assistance Initiative, the Center provides technical and financial assistance to help wood manufacturers identify and achieve the kind of change that can make them successful in today’s tough markets. The program prioritizes innovations that have the greatest potential to transform a business, such as lean manufacturing, mass customization, and organizational development.

Community Forests

Last year, the Center helped Canaan, Vermont, establish a 424-acre Community Forest to provide timber revenue, conserve water quality and serve as an outdoor classroom. Now the Forest Committee and the Canaan Schools are providing hands-on educational opportunities in working landscape occupations for both local high school students and adults. A Working Lands grant to the town has enhanced Canaan Schools’ Diversified Agriculture Career and Technical Education Program, enabling it to train a new generation of local entrepreneurs and workers for employment based on the working landscape.

‘‘Our working landscape is an incredible economic, environmental and community asset. The Center has developed programs that can boost income and create jobs in forest-based businesses and generate community benefits from the landscape. This is exactly what we’re striving to do in Vermont.”

—Michael Snyder, Commissioner, Vermont Forests, Parks & Recreation

Working lands businesses are an important part of Vermont’s economy.
Local Wood Heat

- Launched the Vermont Model Neighborhood Wood Heat Initiative, which will initially help 15 working land businesses and 15 homeowners convert to high-efficiency wood pellet heating. The project will create a dense network of wood pellet boiler users in the Lyndonville area in the Northeast Kingdom to demonstrate the reliability of the systems and hasten the development of services and infrastructure to support wider use of wood pellet heating.

- Over the working life of these 30 boilers, use of wood pellets instead of oil will help Vermonters retain $4.6 million in the local economy and generate a positive economic impact of $8 million for the region.

- Increased demand for wood pellets creates jobs in pellet mills, forestry and trucking, and provides a market for low-grade wood to help landowners keep their forests as forests.

Public Policy & Engagement

- Provided information and experience from other states to help the Clean Energy Development Fund shape its wood heat energy programs, including the Clean Heat Community Challenge Program, which is based on the positive results of the Center’s Model Neighborhood Wood Heat Initiatives in New Hampshire and Maine.

- Partnered with Vermont-based organizations and the Working Lands Enterprise Board to secure catalytic funding for programs that develop sustainable economic enterprises based on the state’s working forests.

- Provided the keynote address to frame the discussion for the Windham Foundation’s Conference on Vermont’s Forest Economy/Forest Products. Staff were also featured at the Vermont Summit on Working Lands, participating in biomass wood heating and wood products manufacturing panels to highlight innovations, opportunities and challenges in strengthening the forest economy in Vermont.

Carbon & Water

- The Center invested in the Clear Water Carbon Fund to help advance voluntary carbon offsets in local watersheds. Contributions to the fund enabled planting of more than 900 trees in the Memphremagog and White River watersheds, which will offset 257 tons of carbon over the lives of the trees.

- The Fund, managed by Manomet Center for Conservation Sciences, enables people and businesses to offset their carbon emissions. Reforested streambanks will reduce carbon in the atmosphere, enhance habitat, reduce erosion and protect water quality.

- Partnered with Jay Peak to provide opportunities for resort visitors to offset their carbon impact by contributing to the Clear Water Carbon Fund when booking accommodations, lift tickets and more.

Tourism

- Partnered with Northeast Kingdom Travel & Tourism Association to secure $100,000 from the US Department of Agriculture Rural Development for a new Tourism Destination Coordination & Marketing Initiative in Vermont’s Northeast Kingdom.

Wood Products Innovation

- Provided technical and financial assistance to 8 Vermont wood product manufacturers—including Mapleland Woodcrafts, Lyndon Furniture, Newport Furniture Parts and WallGoldfinger—leveraging more than $144,000 in innovations expertise to strengthen their businesses, help secure more than 250 jobs they provide, and create future employment opportunities in the industry.

- Advanced worker training and career opportunities in the industry through the Skilled Workforce Initiative, a partnership of the Center, the Woodwork Career Alliance and the Vermont Wood Manufacturers Association. The initiative assessed training and credentialing needs for 10 Vermont wood products manufacturers and outlined plans for bolstering the skills needed for company success and to provide career paths for employees. As of summer 2016, companies had enrolled 60 employees in the skills program.

- Certified instructors at 7 schools to award industry-recognized credentials to their students in wood working and building trade programs. Woodwork Passports will document for prospective employers the proficiency of students in a variety of manufacturing machines and tools.

KEY
- Wood Heat Renewable Energy Projects
- Wood Products Program
- Participating Companies
- Materials Partners
- Tourism Program
- Tourists’ Welcome Partners
- 150th Thomas/Wardell Tour Route
- Maple Sugar Discovery Tours
- Ways of the Woods Forest Exhibit
- Community Forest Projects
- Tax Credits Financing Projects
- Wood and Watershed Conservation Projects
- Public Policy and Engagement
New York works toward common ground

New York’s North Country has a legacy of timber and forest products production, world-renowned recreation, and vast tracks of forestland preserve in the Adirondack Park that provide breathtaking views and clean air and water. In the Adirondacks, the state’s ownership and designation of 45 percent of the 6-million-acre Adirondack Park as “forever wild” adds a layer of complexity to community development, economic development and conservation.

The Center is deeply engaged in Adirondack initiatives to bring people together around shared decisions and priorities. The Center’s Sustainable Economy Initiative inspired the Common Ground Alliance, which for eight years has convened regional business, community, conservation and advocacy groups to find common ground on Adirondack Park issues. The Center has participated each year, bringing its regional perspective to this productive forum.

As a member of the Adirondack Partnership, the Center brings the experience of proven projects and helps implement initiatives consistent with the Alliance and the two-year Adirondack Futures project. This past year, the Center advised on the development of the emerging Adirondack Park Economic Development Strategy to provide best practices and replicable projects to put ideas into action.

Center staff are engaged in a wide range of projects in New York, including helping well-known wood product manufacturers to explore and adopt innovations that will help them stay competitive (see box at right); counseling Paul Smith’s College as a member of its advisory committee about options for managing for its extensive forestland; serving on the New York Biomass Energy Alliance to advance the state’s strategy for modern wood heat; coordinating panels for the North Country Clean Energy Conference; and exploring opportunities to strengthen the tourism industry and the jobs it provides.

North Country communities have long depended on a healthy working forest for their livelihood. These forums are helping to move beyond conflict to shared priorities and implementation. We’re pleased to be able to contribute our 4-state perspective and to be leading innovative, on-the-ground projects to create jobs, retain dollars, and ensure we secure vibrant communities and healthy forests.

"The Center is working at both ends of the spectrum in New York to strengthen our forest-based economy. They bring regional experience to help shape new strategies, such as the Renewable Heat New York program, while at the delivery end, they are helping wood product manufacturers innovate to adapt and thrive."

—Ross Whaley, Senior Advisor, Adirondack Landowners Association
Projects strengthen New York economy and communities

Public Policy & Engagement

✓ In 2014 the Center helped shape the state’s Renewable Heat New York initiative, working with partners to steer policy makers and agency staff toward a renewable heat program that embraces high-efficiency wood heating as an alternative, renewable energy source (see sidebar “Public Policy Focus: Local Wood Heat” sidebar for details).

✓ Center staff serve on the board of the New York Biomass Alliance and bring both a regional and a local-implementation perspective to strategy discussions about increasing use of modern wood heat in New York.

✓ The Center participates in the Common Ground Alliance, an annual retreat of diverse stakeholders in the Adirondacks. The successful format of the Center’s Sustainable Economy Initiative inspired several New York members to create the Common Ground Alliance as a new forum in which to engage people with differing perspectives and concerns to identify common priorities and build a strong political voice for the Adirondacks. The Center has participated in this annual event since its inception.

✓ The Center is a member of the Adirondack Partnership, which was created as the implementation vehicle for the Common Ground Alliance. The Partnership secured resources to develop the Adirondack Park Economic Development Strategy, to which the Center provided significant input.

✓ Center staff served on the advisory group of Adirondack Businesses Creators (ABC), which sought to address the need for Adirondack entrepreneurial activity by creating or expanding suitable Adirondack businesses for local, national and international markets. With backing from the Adirondack Foundation, ABC identified five sectors for investment: renewable energy, tourism, rural/food distribution, patented light manufacturing, and beverages. This work resulted in creation of Point Positive, a stand-alone angel investor group to support entrepreneurial business start-ups in the Adirondack region.

Local Wood Heat

✓ Worked closely with the towns of Long Lake and Saranac to assess options for switching from fossil fuels to high-efficiency wood heat; shared learning from other states with numerous community leaders.

✓ The Center is in the final stages of developing its Model Neighborhood Wood Heat Initiative for the Adirondacks. The initial phase will direct financial and technical assistance to a minimum of 15 small non-residential buildings and 20 homes in Saranac Lake, Saranac and Tupper Lake to help them transition from fossil fuel systems to high-efficiency wood pellet boilers that use bulk-delivered, automatically-fed wood pellets and produce low emissions.

Wood Products Innovation

✓ Provided technical and financial assistance to 5 wood products manufacturers—Interax, Manufacturing, Harden Furniture, John Gillis Cabinetry, Manchester Wood and Nikita Indoor Outdoor—to implement innovations to strengthen their businesses, help secure the nearly 400 jobs they provide, and create future employment opportunities in the industry.

Public Policy Focus: LOCAL WOOD HEAT

The Center worked closely with numerous partners—including the Adirondack Association of Towns and Villages, the Adirondack Council, and the Adirondack Landowners Association—to help craft the Renewable Heat New York initiative announced in January and launched in July.

Center staff and board members shared lessons from the Center’s Model Neighborhood Wood Heat Projects in New Hampshire and Maine, and extensive information about pellet boiler reliability, availability of bulk pellet delivery, infrastructure needs, financing challenges and effective rebate programs for consumers.

Renewable Heat New York has identified some of the same key goals targeted by the Model Neighborhood Wood Heat Initiative, including catalyzing market demand for high-efficiency wood heating systems, retaining dollars in the state by using local, renewable wood for fuel, and saving homeowners, businesses and communities 40% or more on their heating costs.

Increased demand for wood pellets and chips will create new jobs in sustainable forestry, harvesting, trucking and pellet manufacturing, while providing important new markets for lower quality timber.

New York members of the Sustainable Economy Initiative (SEI) steering committee and other Adirondack leaders reunite in Blue Mountain Lake, NY, with the Center’s Board of Directors and staff to reflect on progress toward SEI’s goals and share perspectives on current priorities.
Donors Make It Happen — Thank You!

The Northern Forest Center is grateful to all the individuals, businesses, foundations and government donors who so generously support our work. Every gift, at every level, advances the Center’s mission: advocating for the Northern Forest region and helping its communities benefit from forest-based conservation and economic development.

Your generous contributions make possible the impact and results highlighted in this report. Thank you!

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Robin and Douglas Zinck

This list of donors reflects gifts received from May 1, 2013 through April 30, 2014, except as explained for the CDFA tax credits, and including payments on multi-year pledges. It is our intention to recognize all of our generous supporters. Please let us know if we have made any errors in compiling this list.

Please contact Kim Maynard at 603-220-0079, ext. 112, or email her at kmaynard@northernforest.org, to notify us of any errors.

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The Evergreen Society is a committed group of people who provide charitable gifts through recurrent monthly payments. Membership is growing, and you can be a member too!

“...we enjoy the convenience of dividing our gift into monthly payments—it works quite well for us. The Center can count on our support each month, and we count on our gift helping the Center’s work not miss a beat. We don’t need to remember to write and mail a check. Payments go directly to the Center, our bank provides a monthly statement, and we receive one gift receipt at the end of the year. It’s a great way to support work that we believe in.”

—Fred and Patricia Ficken, donors
Brookline, Massachusetts

It's easy to join. Sign up online to make a monthly recurring gift by credit card. Please visit www.northernforest.org and click the Donate button on the home page. Thank you!
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Genevieve Howe
Doreen Oliveira
Robert Riley and Tabitha Dears Riley
Jacqueline L. Tuxill

Corporate Support for Model Neighborhood Project

The New Hampshire Community Development Finance Authority (CDFA) Tax Credit Program awarded $400,000 in tax credits to support the Model Neighborhood Wood Heat Initiative in Berlin, NH. The award spanned two State of New Hampshire fiscal years, 2012 and 2013. With appreciation, we acknowledge the following participating businesses.

Bank of New Hampshire
H.E. Bergeron Engineers, Inc.
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Nathan Wechsler & Company
Northland Forest Products
Northway Bank
The Portsmouth Brewery
Stonefield Farms, Inc.
TransCanada Hydro Northeast, Inc.

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US Economic Development Administration

In-Kind Contributions
Caboroski & Associates
Nathan Wechsler & Company

Economy. Community. Forest Stewardship. Your Gift Makes So Much Possible

The Center’s programs are making a real difference in communities across the Northern Forest, and they need your support. If you’re not already a donor, or haven’t made a contribution this year, please consider making a donation to the Northern Forest Center.

Our ability to push the boundaries of innovation starts with your support and partnership. Together we can chart a new course for the Northern Forest—creating a robust regional economy built on forest stewardship and management that delivers benefits to the people and communities of the Northern Forest.

I hope you’ll join us now by sending your donation in the enclosed envelope.

And to all our donors, we say thank you again for your loyal support. You make so much possible.

Rob Riley, President

In Fond Remembrance

The Center wishes to acknowledge with sadness the deaths of four special friends of the organization: Harriet Baldwin, Nancy Grady, Jocelyn Gutchess and Richard Rockefeller. Their passion and generosity supported the Center’s growth and success for more than a decade and contributed enormously to the impact the Center has been able to achieve. Their advice and friendship will truly be missed.

Rob Riley, President

"My life and livelihood have been made in the Northern Forest. I love the place and the communities that sustain my family and me, so I appreciate the opportunity to serve them by my involvement with the Northern Forest Center. Helping create, enhance, and sustain vital communities and healthy forests is a vital mission—one I am grateful to be able to support."

—David Marvin, Board Member, Morrisville, VT
Strong individual giving helps Center maintain commitment to program delivery

The Center’s thoughtful planning and careful management have created a financially strong and stable organization that is delivering programs to create economic opportunity and community vitality from healthy working forests.

In Fiscal Year 2014, the Center directly invested $1.3 million in financial and technical assistance across the region, leveraging an additional $8.3 million in public and private support for projects in 36 counties. The Center also helped to secure more than $250,000 that went directly to partner organizations to help advance the Center’s mission.

As a relatively young organization that does not have an endowment, the Center must raise its entire operating budget each year to be able to help communities benefit from their forest resources, provide regional leadership, and increase resources for the region. Through a concerted effort to raise leadership gifts for wood energy, public policy and carbon and water programs, individual giving increased 68% over last year. Expanding this base of support is a critical step for the long-term financial stability of the Center.

Fiscal year 2014 was the final year of the $5-million Northern Forest Investment Initiative funded by the US Endowment for Forestry and Communities, resulting in a decline in program expenditures from year to year. The Center is grateful to all the donors and funding sources whose increased giving covered a significant portion of this change in income, ensuring continuity in all program areas. Also in Fiscal 2014, the Center invested in internal systems and capacity to support our work across the region, which resulted in an increase in operating expenses.

The Center continues its work to broaden the base of support for our programs and increase earned income opportunities associated with program delivery.

To request a copy of complete audited financial statements, please contact Carrie French: cfrench@northernforest.org or 603-229-0070, ext. 103.

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**Statement of Activities Fiscal Year 2014**

(May 1, 2013 – April 30, 2014)

Combined statement for the Northern Forest Center and its subsidiary, Sustainable Forest Futures; comparison of Fiscal 2013 to Fiscal 2014.

<table>
<thead>
<tr>
<th>Income</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>262,837</td>
<td>441,610</td>
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<tr>
<td>Corporations</td>
<td>118,325</td>
<td>99,225</td>
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<tr>
<td>Foundations</td>
<td>875,259</td>
<td>918,819</td>
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<td>Public Funding</td>
<td>437,621</td>
<td>100,393</td>
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<tr>
<td>Program Income</td>
<td>599,939</td>
<td>124,698</td>
</tr>
<tr>
<td>Other</td>
<td>4,275</td>
<td>5,021</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>1,798,756</strong></td>
<td><strong>1,689,766</strong></td>
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<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>1,453,462</td>
<td>1,326,649</td>
</tr>
<tr>
<td>Operating</td>
<td>154,784</td>
<td>175,798</td>
</tr>
<tr>
<td>Fundraising</td>
<td>163,337</td>
<td>180,568</td>
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<tr>
<td><strong>Total Expense</strong></td>
<td><strong>1,771,583</strong></td>
<td><strong>1,683,215</strong></td>
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<table>
<thead>
<tr>
<th>Net Assets</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Beginning of Year</td>
<td>1,412,163</td>
<td>1,439,336</td>
</tr>
<tr>
<td>End of Year</td>
<td>1,439,336</td>
<td>1,445,886</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td><strong>27,173</strong></td>
<td><strong>6,551</strong></td>
</tr>
</tbody>
</table>

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**FY2014 Expenses by Area**

- **Renewable Energy**: 18.6%
- **Carbon and Watershed Conservation**: 7.1%
- **Public Policy & Regional Investment**: 9%
- **Network Support**: 9.7%
- **Tourism**: 4.8%
- **Community Forests**: 10%
- **Operations**: 10.4%
- **Resource Development**: 10.7%
- **Regional Wood Products**: 19.6%
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New officers for Fiscal Year 2015
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Grateful thanks to our retiring directors:
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Ellen Pope
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Carrie French, Finance & Administration Manager (FY15)
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*Indicates volunteers who are not current Board members

All of the Center's programs—local wood heat, tourism partnerships, community forests, innovative wood products manufacturing assistance, and more—protect the forests and create much-needed jobs in some of the Northeast's most rural areas. It’s not “outside” dollars buying up land, but “hands on” support to local people—people with families, deep roots, and a strong desire to protect the landscape from which they earn their livelihoods.

—Peter Bergh, Board Chair, New Castle, NH
The Center collaborates with more than 150 other nonprofits, businesses and agencies to deliver programming across the Northern Forest. We are grateful for the expertise and resources each partner brings to our shared work.