Fiscal Year 2012 Annual Report

Advancing Thriving Communities and Healthy Forests
The Center advocates for the Northern Forest region and helps its communities benefit from forest-based economic and conservation initiatives.

With partners across the region, The Center is creating a new generation of conservation tools to provide economic incentives for good forest stewardship and reinvigorate the region’s economy.

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The Northern Forest

A region on the verge

How would you describe the state of the Northern Forest today?
We’d say the Northern Forest is on the verge.

There is great momentum in the region. Communities are rallying to purchase and manage their own forests so they can benefit directly from its many values. Entrepreneurs are adding value to the forest’s natural resources and creating new businesses. Policy makers are beginning to understand that rural forest-based communities need new policies and new sources of capital to support their economic transformation.

But when you’re on the verge, things can tip in either direction.

If we don’t keep up the momentum, we could see more of the problems and challenges that have plagued the region. We could see more long-time employers close their doors. Watch as more families and businesses struggle to pay their heating bills. See more lakefronts developed or lose access to more of our favorite hunting and fishing areas.

This is what it means to be on the verge. Right now, the Northern Forest region can tip in either direction, and we are doing everything we can to move toward a stronger economy, thriving communities and a healthy forest. Highlights since the beginning of Fiscal Year 2012 include:

• The Model Neighborhood Project reduced oil consumption, increased demand for wood pellets and generated $45,000 total impact for the region’s economy by helping homeowners replace oil furnaces with automated wood pellet boilers;

• The New Markets Tax Credit financing safeguarded 12,000 acres of working forestland from development;

• The Regional Wood Products Consortium spurred investment of more than $440,000 in innovations to help wood product companies grow and prosper;

• The Maine Woods Tourism Training Initiative delivered training to hundreds of tourism-based businesses and their employees to strengthen employment prospects in the industry;

• The launch of the Northern Forest Carbon Exchange which allows visitors to offset their carbon emissions by funding in-region tree planting for carbon sequestration and river protection;

• Northern Forest federal advocacy secured more than $800,000 in new investment for the region through the US Department of Agriculture and other federal agencies.

To maintain momentum in the region, The Center and its subsidiary Sustainable Forest Futures work on multiple levels, starting at “30,000 feet,” where we provide long-range regional leadership, coordination and strategy as a framework for numerous initiatives across the Northern Forest. (See page 9.)

At “10,000 feet,” The Center brings together multiple strategies, partners and resources to generate tangible community and ecological benefits. (See pages 10–11).

And “On-the-Ground,” The Center increasingly works with individual communities, businesses and organizations to help them find new ways to use and benefit from their forest resources and to conserve the forest for future generations. (See pages 12–18.)

Through every program, working at all 3 levels, The Center is committed to building on the hard-won momentum clearly seen across the region. We will forge ahead with bold leadership and tangible projects that foster thriving communities and healthy forests.

Your support helps maintain the momentum. We cannot deepen our impact without your continued involvement. Thank you.

Katharine Eneguess, Chair
Rob Riley, President
Since the start of FY2012, The Center has worked on the following initiatives:

**Public Policy:**
Advocating for the needs of the Northern Forest’s communities and private landowners. The Center brings a unique perspective to our congressional delegation and key staff in agencies such as the US Department of Agriculture and the Economic Development Administration and has helped shape public policy and secure dollars for the region.

**Northern Forest Investment Zone & Androscoggin Valley – Mahoosuc Region Pilot:**
Generating economic activity and enhancing forest stewardship through the development of Community Forests, increased use of biomass energy, and assistance to wood products companies.

**36 Wood Product Innovation Projects:**
Investing in 36 wood products manufacturers to catalyze innovation and increase competitiveness. By providing advice, referrals, workshops and financial assistance, The Center is helping businesses become more competitive, enabling them to sustain living-wage jobs and create new jobs in the industry.

**6 Tourism Projects:**
Strengthening the recreation tourism sector to enhance visitor experiences and improve the quality of related jobs.
Regional Investment:
Coordinating a regional effort to identify new sources of capital and innovations, such as New Markets Tax Credit financing, to support projects that will enhance the environment and support local and regional economies.

Regional Strategy & Leadership:
Supporting the development and implementation of networks delivering projects across the 4-state region. The Center helps to build the region’s capacity by bringing diverse partners together to work on similar issues and succeed together.

6 Heritage Projects:
Promoting the heritage and strengthening the regional identity of the Northern Forest through The Center’s Ways of the Woods exhibit, on display at 6 partner organizations and other venues in New Hampshire and New York.

Northeast Kingdom – Western Coös County Pilot:
Replicating a proven model of coordinated projects in a focused geographic region, including biomass energy conversion, wood products innovations, community forest ownership and carbon and watershed market enhancement.

2 Carbon & Water Services Projects:
Creating new ways for Northern Forest visitors to offset their carbon impact in a way that directly benefits local conservation projects.

14 Biomass Projects:
Helping communities, businesses, affordable housing agencies and homeowners assess and acquire biomass heating systems to meet their needs, support the regional economy and reduce CO₂ emissions.

9 Community Forest Projects:
Assisting communities to create locally-owned and managed forests that generate economic and community benefits and forestland conservation.
## Projects by County

### Fiscal Year 2012 and Current Projects

#### NEW YORK

**Clinton County**
- **Biomass** community assessment, Saranac

**Essex County**
- **RWPC assistance:** Pallet and Pellet, Keeseville

**Franklin County**
- **Biomass Projects**
  - Preparation for Model Neighborhood Project, Tupper Lake
  - Assessment, Visitor Interpretive Center (VIC), Paul Smiths
- **Ways of the Woods** exhibition, Paul Smiths

**Hamilton County**
- **Biomass** technical assistance, Long Lake

**Herkimer County**
- **RWPC assistance:** F.E. Hale Manufacturing, Herkimer

**Lewis County**
- **RWPC assistance:** Quibica AMF, Lowville

**Oneida County**
- **RWPC assistance:** Harden Furniture, McConnellsville

**Saratoga County**
- **RWPC assistance:** Nikita Indoor Outdoor, Saratoga

**Warren County**
- **Biomass** technical assistance, Town of Chester

**Washington County**
- **RWPC assistance:** Telescope Casual Furniture, Granville

### State Partnerships

- Adirondack Partnership
- Common Ground Alliance
- NYSERDA Cleaner Greener Communities Grant Program
- Adirondack Climate & Energy Action Plan (ADKCAP)

#### VERMONT

**Addison County**
- **RWPC assistance:** Maple Landmark Woodcraft, Middlebury

**Essex County**
- **Community Forest:** Canaan

**Lamoille County**
- **Northern Forest Carbon Exchange,** Stowe

**Orleans County**
- **Biomass assessment**, Jay

**Essex County**
- **Northern Forest Carbon Exchange,** Jay
- **RWPC assistance:** Newport Furniture Parts, Newport

**Chittenden County**
- **RWPC assistance:**
  - Vermont Furniture Designs, Winooski
  - Amoskeag Woodworking, Cocheste

**Essex County**
- **Community Forest:** Canaan

**Lamoille County**
- **Northern Forest Carbon Exchange,** Stowe

**Orleans County**
- **Biomass assessment**, Jay

**Essex County**
- **Northern Forest Carbon Exchange,** Jay
- **RWPC assistance:** Newport Furniture Parts, Newport

**Washington County**
- **RWPC assistance:**
  - Vermont Wildwoods, Marshfield
  - Wallgoldfinger, Northfield

**Northeast Kingdom**
- **Western Coos County – Northeast Kingdom Pilot**

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**Program Key**
- NMTC — New Markets Tax Credit Financing
- RWPC — Regional Wood Products Consortium
- Tourism Training — Maine Woods Tourism Training Collaborative

**Note:** The work of the Regional Wood Products Consortium and the Community Forest Collaborative extends south of the Northern Forest; those projects are not listed here.
Coös County
Biomass
• District heating assessment, Colebrook
• Model Neighborhood Project, Berlin
• Berlin Housing Authority installation, Berlin
• St. Kieran’s Art Center installation, Berlin
• Mt. Washington Resort assessment, Carroll

Community Forest:
• 13 Mile Woods, Errol
• Milan Community Forest, Milan

Ways of the Woods exhibitions:
• Consolidated School, Errol
• Heritage Day, Errol
• Northern Forest Heritage Park, Berlin
• Weeks Act Centennial, Lancaster
• White Mountains Community College, Berlin

RWPC assistance: Brown Street Furniture, Whitefield
NMTC: 13 Mile Woods, Errol

Western Coos County – Northeast Kingdom Pilot
Androscoggin Valley – Mahoosuc Region Pilot

Grafton County
Community Forest:
Cooley-Jericho Community Forest, Easton – Sugar Hill

RWPC assistance:
• Rochester Shoe Tree Company, Rochester
• Precision Lumber, Wentworth

Androscoggin County
Community Forest:
Androscoggin Greenway, Livermore Falls

RWPC assistance:
• Uni-Sim Corporation, Lisbon Falls
• Thos. Moser Cabinetmakers, Auburn
• PalletOne, Livermore Falls

Aroostook County
NMTC: East Grand Lake Woodlands, Orient and Weston
Tourism Training: Countywide

Franklin County
Community Forest:
Androscoggin Greenway, Jay

RWPC assistance:
• W.A. Mitchell Fine Furniture, Farmington
• Maine Wood Concepts, New Vineyard

Maine Woods Discovery, destination tourism marketing, Kingfield and Rangeley
Tourism Training: Countywide

Kennebec County
RWPC assistance:
Duratherm Window Corporation, Vassalboro

Oxford County
Biomass
• Bethel Town Office, technical and installation assistance, Bethel
• Newry Town Office, technical assistance, Newry

Community Forest:
• Androscoggin Greenway, Canton
• Crooked River Forest, Harrison and Otisfield

RWPC assistance:
• Mahoosuc Woodworks, Rumford
• Maine Made Furniture, Rumford

Oxford County continued
RWPC assistance, continued:
• Saunders Brothers, Greenwood

Maine Woods Discovery, destination tourism marketing, Bethel
Tourism Training: Countywide
Androscoggin Valley – Mahoosuc Region Pilot

Penobscot County
Community Forest: Holden Community Forest, Holden

RWPC assistance: Vic Firth Company
Maine Woods Discovery, destination tourism marketing, Millinocket
Tourism Training: Countywide

Piscataquis County
Maine Woods Discovery, destination tourism marketing, Greenville
Tourism Training: Countywide

Somerset County
Maine Woods Discovery, destination tourism marketing, The Forks

Washington County
Community Forest:
• 2 Rivers, Machias
• West Grand Lake, Grand Lake Stream

NMTC: West Grand Lake, West Grand Lake
Tourism Training: Countywide

State Partnerships
• Androscoggin High Peaks Collaborative
• Keeping Maine Forest Implementation Committee
• Maine Woods Consortium

Northern Forest Center Annual Report, Fiscal Year 2012
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 collaborations 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.
Policy agenda brings new funds to region

The Center’s federal policy work is strengthened by its unique ability to leverage interest and participation from among the 16 members of the region’s four-state congressional delegation. The Center works closely with in-state and Washington-based delegation and agency staff to:

- Be a persistent and active voice for the region’s communities and private working lands;
- Press for new, integrated and regional approaches for federal investment; and
- Advocate for rural development and conservation programs in the all-encompassing Farm Bill.

Strong relationships with agency leaders helped The Center and partners secure a multi-agency rural investment grant—**one of only 13 awarded nationwide** (read more at right)—and earn a spot for the Western Maine Mountains in the America’s Great Outdoors Initiative.

USDA Rural Development pledged $150,000 of multi-year support to The Center’s Androscoggin Valley – Mahoosuc Region Pilot project to invest in renewable energy, wood products and other forest-based initiatives.

Over the course of the past year, The Center also actively followed the 1,000-plus-page Farm Bill through Congress, providing timely and concise updates on the process and legislation itself to regional stakeholders, and equipping partners to testify at hearings in support of programs that advance the region’s priorities.

**The Center’s Policy efforts helped bring new funding to the region:**

- **$708,750 Northern Tier Farm & Forest Jobs Accelerator grant for 8 counties in Maine, New Hampshire and Vermont** through USDA Rural Development and the U.S. Department of Commerce’s Economic Development Administration
- **$150,000 through the USDA Rural Business Opportunities Grant program**

In April, The Center secured a visit from Doug O’Brien, Deputy Undersecretary for Rural Development of the US Department of Agriculture (USDA), to see some of the important initiatives underway in northern New Hampshire. Center staff toured O’Brien and Molly Lambert, Vermont–New Hampshire state director for USDA Rural Development, through a biomass energy forum at White Mountains Community College, a furniture manufacturer, and a visit to the Berlin Housing Authority, which is installing biomass boilers for one housing complex with the help of The Center’s Model Neighborhood Project.

These visits were instrumental in helping shape innovative public policies and securing one of 13 rural cluster grants awarded nationally. The Northern Tier Farm and Forest Jobs Accelerator project is a collaborative effort that will draw on the expertise of The Center, the Northern Community Investment Corporation, White Mountains Community College, Sustainable Forest Futures, and Vermont Sustainable Jobs Fund. The nonprofits will match the $708,750 federal grant with at least that much in private funding.

The grant will support job development through increased use of biomass energy, better marketing of wood products, increased production of value-added farm and forest products, and improved infrastructure, all of which are expected to create and sustain more than 500 jobs in 8 counties of Vermont, New Hampshire and Maine.
In December, The Center used New Markets Tax Credit (NMTC) financing to help put an important part of the outdoor recreation landscape in Eastern Maine beyond the reach of real estate speculators, opening the door to future permanent protection of 12,013 acres.

This was the fourth time The Center, as a working partner of CEI Capital Management, used New Markets Tax Credit financing to advance economic development, community benefits and environmental sustainability in the Northern Forest. In 2005, the first of these projects created the 13 Mile Woods Community Forest in Errol, N.H.

The latest project enabled The Conservation Fund to purchase the East Grand Woodlands in Orient and Weston, Maine, in southern Aroostook County. The acquisition secures working forestland and 30 miles of undeveloped shoreline.

The local Woodie Wheaton Land Trust initiated the project and brought both The Conservation Fund and The Center into the project.

A key long term objective of the project is to permanently protect the East Grand Woodlands. The Conservation Fund will seek to raise sufficient funds to place working forest conservation easements on the property. While securing these conservation easements is expected to be a multi-year process, a Forest Legacy application for the Orient portion of the forestland has been ranked fifth nationally by the Obama Administration in its priority list as part of its FY 2013 budget proposal.

Other project goals include supporting local economic development in the Chiputneticook Lakes Region of Maine and generating community benefits.

Through New Markets Tax Credit financing, The Center has:

- **Facilitated 4 NMTC deals, covering 315,000 acres of working forestland, with $67.5 Million in NMTC financing**

Name: Bill Freedman  
Occupation: Hotel owner, flyfisherman  
Location: Errol, New Hampshire  
Project: 13 Mile Woods

Seven years ago, the town of Errol, N.H., population 300, made a bold move. With the help of The Center, the town pioneered the use of New Markets Tax Credit (NMTC) financing—something few people had heard of—to gain ownership of local forest land.

The conservation experiment paid off. The original 5,269 acres is providing a host of benefits, including timber sales, recreation and permanent public access. With the tax credit financing and some timber sales, the town bought the property without raising taxes.

“13 Mile Woods has helped to keep Errol beautiful,” says Bill Freedman, who was a selectman when the deal was put together. “It’s conserved the character of the town. Our only economic drivers up here are our forest products and recreation. To bring people here, there’s got to be something to see. It’s very important to have land conservation—people want to see moose, osprey, eagles; they want to fish and hike. And when they come up here, the town benefits.”

Volunteers have managed the tract for sustainable forestry, built 11 new miles of snowmobile trail, and are working toward certification as a Tree Farm. “We couldn’t have done all this without your help,” says Bill.

“The Town can harvest growth to produce revenue. We can use it to mitigate the tax rate or to fund specific projects. It will be a fun discussion about how to use the income beyond paying off the loan.”
Elbridge Cleave, president of the Woodie Wheaton Land Trust and a native of Weston, Maine, had a personal vision, one the land trust shared. He wanted to conserve the undeveloped character of East Grand Lake for its quiet and solitude, for its ecological importance, and because it is the economic engine of this town of less than 200.

“If you look around the lake, it is healthy natural resources and an unspoiled environment that fuels our local economy,” says Elbridge. “They provide jobs for guides and hospitality staff, help sustain timber and logging concerns, and draw people to live and invest here, which supports community and service related businesses. It is this special quality of place that we want to preserve while making sure everyone has an opportunity to enjoy these lands and waters.”

But even with a willing seller who shared the vision of conservation for their land, the project was too big for the small land trust to manage alone. The land trust brought the project to The Conservation Fund and also explored using New Markets Tax Credits (NMTC) to help with the financing.

“We had seen the tangible economic benefits that came from the Grand Lake Stream conservation project when they used NMTC financing. It’s wonderful to be able to address conservation in its full sense, to sustain our rural community—address the economic, ecological and community needs,” says Elbridge.

“We never could have done this project without every one of the players, without their commitment and expertise.”
On-the-Ground

Model Neighborhood Project keeps money in the Northern Forest

In Nov. 2011, The Center launched the Model Neighborhood Project to help the Northern Forest region move away from dependence on imported oil toward a local energy source that will create jobs and strengthen the forest economy.

The project is subsidizing the purchase and installation of state-of-the-art wood pellet heating systems in up to 40 homes, plus installations at affordable housing units and municipal buildings in Berlin, N.H.

The first 17 pellet boilers installed have saved homeowners $12,000 on fuel, and the money they do spend—and save—stays in the Northern Forest. The purchase of pellets supports jobs in forest-based businesses and provides a market for low-grade wood. Burning wood pellets instead of oil also cuts down on the amount of carbon dioxide produced.

The Center launched the Model Neighborhood Project in collaboration with Berlin BetterBuildings, the City of Berlin and Maine Energy Systems. The homeowners who have joined the project are showcasing the efficiency and reliability of the new boiler systems, helping to build the demand for wood pellets as an alternative source of heating fuel.

Between Feb. 2012 and Aug. 21, 2012:

**17 boilers installed**

**$12,203 Homeowner savings on fuel**

**$25,123 Direct economic impact**

**$45,221 Total economic impact**

**80 tons of carbon dioxide avoided**

Jayco and Sophie Laughton moved into their new home in Berlin, N.H. last June, and by winter found themselves buying 175 gallons of oil a month to heat the former 2-family house and keep the hot water flowing.

“The previous owner spent $6,000 a year on oil. At the rate we’re using pellets, we’ll save $2,000 – $3,000 a year, maybe more,” says Jayco.

But what really sold Jayco—who has served in the Army National Guard for 13 years, including duty in Iraq and Afghanistan, and deploys again in February—was the automatic feeding system that moves pellets from the storage hopper into the boiler.

“I couldn’t leave Sophie here to deal with a system where she had to haul bags of pellets and load the boiler,” he says. “This system is self-contained, it’s very convenient, and Maine Energy Systems is very quick with pellet delivery,” which loads pellets directly from the delivery truck into the hopper.

“This is a good size house. We can take showers and run the dishwasher and washing machine at the same time and there’s plenty of hot water,” says Sophie.

As with all homeowners in the Model Neighborhood Project, Jayco and Sophie first worked with Berlin BetterBuildings to get an energy audit and completely insulate the house.

“We couldn’t have afforded it without the financial assistance from The Center and others,” says Jayco.
With 3 teenage boys, a toddler and a baby in the house, Matt & Lisa Smith were going through a lot of oil. “Since we installed the pellet boiler at the end of March, we’ve had one pellet delivery,” explains Matt, “when before we would have needed two oil deliveries. That saved us about $1,100.”

“Every time I tell someone about the boiler, they confuse it with a pellet stove. I tell them this is different, it’s a boiler system replacing a furnace. It’s hard for people to grasp. This is a large place—3,400 square feet of living space, and I don’t use oil to heat it anymore. When I say I’m replacing oil, they eventually get it.”

“We were lucky to have the help of The Center and the state rebate program,” says Lisa. “The financial incentives were a reason to do it, but I also like that it’s cleaner than oil.”

“It’s important to me that the money is staying locally,” adds Matt. “I think it’s great what you are doing up here, trying to make it as easy as buying a car, with the financing and incentives. We had a budget for energy improvements. If your program wasn’t available, then there’s no chance we could have gotten the pellet boiler.”

—Matt Smith, homeowner

**Program Impact: Looking Ahead**

When the Model Neighborhood Project is fully implemented in Berlin, NH, at the end of 2013, it will have 40 homes participating as well as several municipal and other commercial-scale installations. Over the 25-year life of the boilers, we expect to achieve:

- $1.5 million homeowner savings on fuel
- $2.3 million wealth retained in region
- $5.4 million total economic impact
- 9,567 tons of carbon dioxide emissions avoided
- 855,000-gallon decrease in oil use
- 7.6 jobs sustained for 25 years
- $1 million total capital investment in heating systems
Through the Regional Wood Products Consortium, The Center has worked with 45 wood products manufacturers to help the businesses adapt and become more competitive.

The Consortium provides advice, referrals, workshops and financial assistance for companies that seek expert assistance to pursue innovations, such as lean manufacturing and mass customization, to increase efficiencies, access new markets and promote company growth. The goal is to sustain existing well-paying jobs in the industry and to create new jobs.

Although hard-hit by overseas competition, the wood products manufacturing industry still provides livable-wage jobs for more than 20,000 people in Maine, New Hampshire, Vermont and northern New York.

The wood products industry is an important component of a forest-based economy that supports sustainable forestry and long-term forest stewardship. It creates markets for all types and grades of wood, and supports employment in forestry, logging, trucking, manufacturing and related support businesses.

The Center collaborates with trade associations serving Maine, New Hampshire, Vermont, New York and the nation to facilitate innovation and access to markets through the Regional Wood Products Consortium. Program results:

45 companies pursuing innovations
$440,000 being invested in innovation expertise
125 companies participated in workshops and other in-person Consortium educational events

Jim Benson’s grandfather bought F. E. Hale Manufacturing Company in 1952, and Jim and his brother now run the furniture maker. In a tight economy, he’s thinking carefully about how to position the company, where the 4th generation now also works.

“We felt the pinch of offshore competition 15 years ago and decided to expand into the library furniture market, but it’s been tougher to break into than we anticipated,” says Jim. “The consultant we’re working with is excellent at painting the broader picture. He helps us know where to focus. We’re putting a marketing strategy in place that we think will make a big difference.

“We’d like to double our business in 5 years,” says Jim. “We have the capacity here to do it in this building. I think it’s doable. We’re all concerned about the economy, but there’s work out there.”

F.E. Hale has taken advantage of the Regional Wood Products Consortium’s financial and technical assistance to help the company plan for the future.

“We have limited resources, so any help along the way is a great benefit,” says Jim. “Your assistance has made it possible for us to do this work.”
In recent years, 75% of Newport Furniture Parts' customers have gone out of business. Like many companies, Newport downsized through attrition.

“People ended up doing a lot, but not doing it well,” says Dave Laforce, chief executive officer. “Last spring, we had a lot of conflict and communication gaps. We needed help.”

The Regional Wood Products Consortium provided direct assistance and helped secure additional support from the Northern Community Investment Corporation and Northeastern Vermont Development Association so that the company could contract with one of the consortium’s innovation consultants to make some major changes.

“We looked at what we had, and what we were missing,” says Dave. “That list pointed to where we needed real change. We’re focusing on the top 15 issues for the year.

“We held a leadership retreat and developed a new vision and values before Christmas. On Jan. 1 we hit the ground running. It’s amazing—I can’t describe the change. People enjoy working here now; they feel appreciated. We have new systems, structure, the whole gamut.

“We’ve grown 25% in revenue year-to-date. Our workforce has grown 30% since January. Our relationships with vendors and customers and all employees have really strengthened. It’s been a great journey. We’d be in real financial problems right now if we hadn’t gone through this process.”

“I was pushing for this, but without the Consortium’s contribution, we couldn’t have made these changes. The assistance you provide is valuable, and it’s working.”

“We’ve grown 25% in revenue year-to-date. Our workforce has grown 30% since January... It’s been a great journey. We’d be in real financial problems right now if we hadn’t gone through this process.”

—Dave Laforce, CEO
Newport Furniture Parts
On-the-Ground

Tourism trainings create better jobs in growth

The Center has invested in two approaches to strengthening the tourism sector—and related job opportunities—in the Northern Forest:

- Coordinating the Maine Woods Consortium, which provides training and marketing programs through the Maine Woods Tourism Training Initiative, Maine Woods Discovery and other quality-oriented programs; and
- Coordinating the regional Northern Forest Tourism Network strategy (with the Northern Forest Canoe Trail), which is dedicated to improving tourism outcomes across the region.

The Center’s goal is to improve wages, benefits and job stability for people who work in tourism by helping businesses succeed with a model of improved experiences for their visitors.

Tourism is one of the few Northern Forest economic sectors to see consistent job growth in recent years.

- Tourism employs 1 in 10 Northern Forest workers, second only to health-care services;
- Tourism directly generates about 7 percent of the region’s gross state product.

The Center coordinates the Maine Woods Consortium and the Maine Woods Tourism Training Initiative which, since the start of Fiscal Year 2012, have delivered:

- **35 Tourism workshops**
- **Training for 340 participants**
- **Training services to 120 Businesses**
- **A first-ever Maine Woods tourism stakeholder retreat, Profiting from Quality Maine Woods Vacation Experiences**, serving 70 participants

The Northern Forest Center secured a USDA Rural Business Enterprise Grant to help fund Welcome ME, which was produced by the Center for Tourism Research and Outreach. More than 300 people have used the program since it launched, including all Maine Tourism Association employees at state visitor centers.

"Welcome ME has the potential to set Maine apart with its unique focus on the visitor and the importance of GREAT customer service,” says Vaughn Stinson, chief executive officer of the Maine Tourism Association. “It is on-line, it has something for everyone at every point in their tourism career to learn, and it’s FREE!”

Rob Miller and his staff have participated in several training sessions through the Maine Woods Tourism Training Initiative and they’re ready for more. “We’re planning to have our desk staff go through Welcome ME,” an online customer service training program launched as part of the initiative in 2012. “If they earn the ‘Welcome ME’ certificate and pass an internal test, they’ll get a 50-cent-an-hour raise.”

"This program has the potential to set Maine apart with its unique focus on the visitor and the importance of great customer service. It’s on-line, it has something for everyone at every point in their tourism career to learn, and it’s free!”

—Vaughn Stinson, CEO Maine Tourism Association
Program Impact: Looking Ahead

The Maine Woods Tourism Training Initiative will, in its initial span of 3 years:

- Serve 6 counties in Maine
- Provide training services to 450 businesses
- Train 1,000 Maine tourism employees
- Help create new online training programs
- Promote tourism packages through the Maine Woods Discovery project

Name: Shelley Roberts
Occupation: General Manager, Machias Motor Inn
Location: Machias, Maine

At 38 units, the locally owned Machias Motor Inn is larger than most hotels in the area, and it works hard at providing great customer service and a satisfying experience for guests.

“A lot of our clerks are not from here, but guests always ask us about things to do. The Rural Destination Tourism training was really good,” says Shelley Roberts, referring to one of the Maine Woods Tourism Training Initiative programs.

“I’ve lived here my whole life, but I learned things. I made all kinds of flyers for our guests: free things to do, rainy day activities, things to see from east to west. We sent several clerks to the training, and they all found it very helpful.”

Shelley also participated as a panelist in one of the Maine Woods Tourism Training Initiative’s customer service trainings. “Customer service is so important to your business,” she says. “In these days of social networking, one bad review can really hurt you.”
Local Carbon program rooted in Vermont

This year The Center launched the Northern Forest Carbon Exchange project to create opportunities for visitors to the region to offset their carbon and benefit the forests and rivers of Vermont.

The program, created in partnership with Conservation Collaboratives and Manomet Center for Conservation Sciences, is recruiting recreation-based businesses, universities, conference centers and other businesses whose customers are local, national and international. These businesses will offer their clients the opportunity to add a small surcharge to their bill to offset their carbon emissions.

The big selling point of the program is that the Exchange will use the Clear Water Carbon Fund (www.clearwatercarbonfund.org) to invest in local projects in Vermont.

The impetus for this project is to capture some of the worldwide market in forest carbon offsets—currently $178 Million—and invest in the Northern Forest. Currently, none of that money is invested in the region.

Carbon sequestration is one of the many natural services that forests provide but which landowners are not compensated for.

Program Impact: Looking Ahead

In its 2-year pilot phase, the Carbon Exchange seeks to achieve:

- 1,000 tons of carbon offsets sold from forest projects
- 1 mile of increased riverbank stabilization, water quality and wildlife habitat protection
- 4 institutions selling locally-generated forest carbon offsets

Names: Bill Stenger, Tom McGrail

Occupations: Bill: Owner, Jay Peak Resort; Tom: Risk Manager

Location: Jay, Vermont

When The Center approached Jay Peak to propose that the resort sign on as a carbon buyer in The Center’s new Carbon Exchange program, they were more than ready. “It was a no-brainer to me,” says Tom McGrail, whose responsibilities at the mountain are wide-ranging. “Reducing our carbon footprint has social and monetary benefits. It fits with the story of where we’re located and the natural resources we value here.”

Both Tom and his employer, resort owner Bill Stenger, are optimistic that skiers and other resort visitors will be just as eager to participate. “The demographics of skiers are that they are very environmentally minded,” says Tom.

“This kind of energy initiative is not always easy to understand,” adds Bill. “I think our visitors have a sensitivity to the environment. If they can see how to make a contribution, they will want to. We need to make it easy for them to understand and act on.”

“Carbon offsetting is very new to people,” says Bill. “Making the carbon investment locally is very important. Other programs that invest out West don’t have the same resonance.”

Payments will go into the Clear Water Carbon Fund, which will pay for planting and maintenance of trees near streams and rivers, ongoing monitoring and verification of carbon sequestration, and rental payments to land owners.

One local partner that will benefit from the program is the NorthWoods Stewardship Center. “Our contract with the Northern Forest Center will enable us to build relationships and establish tree planting project sites,” says Jayson Benoit, operations director and land manager. “These projects point out the carbon benefits of tree planting. It’s really exciting, because the idea of carbon markets is obscure for most people—but if it’s an investment in local, tangible projects, it makes it much more real.”
Philanthropy

Planned gift to benefit Center programs

In January 2012, The Center received a bequest from the estate of Natale Brown. This special gift allowed The Center to reach a new milestone and establish The Northern Forest Center Fund at the New Hampshire Charitable Foundation.

We recognize individuals who have named The Center in their wills or who have made a special legacy gift as members of the Northern Forest Heritage Society.

Everyone who contributes to the Northern Forest Center has the satisfaction of making a difference by helping The Center build a healthier region. Every gift contributes to sustaining jobs in the region, reducing oil consumption, stimulating the local economy, reducing carbon emissions, creating community forests and preserving the working forest.

You can make your contribution permanent and create a lasting legacy that reflects your beliefs and values by making a planned gift to The Center. Here are some of the ways you can make a gift that will have a continuing impact:

- Name The Center in your will
- Make a gift of securities
- Give a gift that provides lifetime income
- Gifts of retirement assets or insurance policies
- Give a gift of property

Please Let Us Know

If you have already included The Center in your estate plans, please let us know so that we can express our gratitude for your generosity and include you in The Northern Forest Heritage Society—our circle of legacy donors.

If you wish to discuss making a special gift to The Center, please contact us at any time:
Doreen Oliveira, director of philanthropy
603-229-0679, ext. 102 or by email to doliveira@northernforest.org.

Will and Nat Brown had a deep and abiding faith that, if given the opportunity, humankind would do the right thing. To that end, they were extremely generous in their lifetime and at their passing. Their love of people, rural life, and a concern for the future of the Northern Forest landscape inspired their bequest to The Center. With this gift, The Center established the Northern Forest Center Fund at the New Hampshire Charitable Foundation and will build this fund to help create new economic opportunities that will support Northern Forest communities and encourage conservation.

“Will loved the woods, especially the north woods,” says Steve Blackmer, founder of the Northern Forest Center. “He and Nat loved people and history. And they both loved making a difference. They cared about and believed in the Northern Forest Center. It’s wonderful that Will and Nat made a commitment to ensure they could continue making a difference to the people and places of the Northern Forest even after they were gone.”
Investment in the Northern Forest
Individual donors, foundations, corporations and government support

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

We could not do this important work without your continued investment. Thank you.

Gifts from Individuals

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Mary Elizabeth Abeles
Jim & Harriet Baldwin
Stephen & Gail Barba§
Barbara Barnes
Sylvia Bates & Tom Masland
George & Noelle Beatty
Charlotte Belser
Peter & Emily Benson
Richard Benton & Frances Strayer
Peter Bergh§ & Janet Prince
Aaron Bernstein & Susan Godhor
Marc & Francine Bigney
Suzanne Birchard
Keith Bisson
John & Pamela Blackford
Steve Blackmer & Kelly Short‡
Donald Blackmer
Chris & Beth Blair
Putnam & Marion Blodgett
Paul Bofinger§

Key

President’s Council
(donations of $1,000 or more)
§ Board member
‡ Employee

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Joseph and Ellen Ray
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Isabel Riley
Sarah Riley
Elisabeth & Jeff Robinson
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Mark & Susan Zankel

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Arquit Family Fund, Adirondack Community Trust
Charles & Lora Arter Fund, NH Charitable Foundation
Cashdan/Stein Great Grandmother Fund, VT Community Foundation
Warren & Brammie Cook Fund, Maine Community Foundation
Evergreen Fund, Adirondack Community Trust
Fieldstone 1793 Foundation, by Mrs. Henry A. Jordan
Thomas W. Haas Fund, NH Charitable Foundation
George W. Merck Fund, by Patience & Tom Chamberlin

**Foundations**
The Betterment Fund
The Jack & Dorothy Byrne Foundation
Davis Conservation Foundation
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High Meadows Fund
Horizon Foundation, Inc.
Jane’s Trust
Lovett-Woodsum Foundation
Neil & Louise Tillotson Fund
New Hampshire Charitable Foundation
Overhills Foundation
Sudbury Foundation
Neil & Louise Tillotson Fund of the NH Charitable Foundation
Neil Tillotson Trust
US Endowment for Forestry & Communities
Vermont Community Foundation
The Wapack Foundation

**Northern Forest Heritage Society (Planned Gifts)**
Willcox & Natale Brown
Jan Eastman & John Marshall
Genevieve Howe
Jacquelyn L. Tuxill

**In Memoriam**
We wish to recognize with fond remembrance the loss of these special people:
Natale Brown
Isabel Mundy
Margaret Post
Eugene Savage

**In-Kind Support**
Ciborowski and Associates
Devine, Millimet & Branch
Mary Ellen MacCoy
JS McCarthy Printers

**Corporate Support for the 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 Project in Berlin, NH. The award spans two State of New Hampshire fiscal years, 2012 and 2013. With appreciation, we acknowledge the following participating businesses:

Bank of New Hampshire
Citizens Bank
First Colebrook Bank
Global Forest Partners, LP
Grappone Automotive Group
Lyme Timber
Northway Forest Products
Northway Bank
Stonyfield Farm
TransCanada

Tax credits remain for the Fiscal Year ending June 30, 2013. Any company with a NH tax liability interested in supporting this project through tax credits or donations should contact Rob Riley, 603-229-0679, Ext. 115.

This list of donors reflects gifts received from May 1, 2011 through April 30, 2012, 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 Pallah Stimpson at 603-220-0679, ext. 108, or email her at pstimpson@northernforest.org, to notify us of any errors.
Increased investment in programs

Building on last year’s solid financial performance, The Northern Forest Center increased revenue, investment in programs, and pass-through support to partner organizations in Fiscal Year 2012.

- Income rose in every major category, including program income, to support program delivery to benefit the region.
- The Center invested 82.5% of total expenses in programs through direct implementation and grants to partner organizations.
- High visibility programs such as the Model Neighborhood Project—which is installing biomass pellet boilers in homes in Berlin, NH—inspired increased investment by individuals, corporations and foundations.
- Careful staff management and board oversight contained expenses at every opportunity to ensure maximum return on investment. The Center is proud to have again earned strong praise from independent auditors for our internal systems and fiduciary management.

To request a copy of complete audited financial statements for The Center or for Sustainable Forest Futures, please contact Jane Fink: jfink@northernforest.org or 603-229-0679, ext. 103.

Statement of Activities Fiscal Year 2012
(May 1, 2011 – April 30, 2012)

Audited statement for The Northern Forest Center, comparison of Fiscal 2012 to Fiscal 2011

<table>
<thead>
<tr>
<th>Income</th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>251,212</td>
<td>209,771</td>
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<tr>
<td>Corporations</td>
<td>61,000</td>
<td>138,450</td>
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<td>Foundations</td>
<td>776,669</td>
<td>1,055,712</td>
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<tr>
<td>Government</td>
<td>111,330</td>
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<tr>
<td>Program Income</td>
<td>22,437</td>
<td>32,953</td>
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<tr>
<td>Other</td>
<td>(3,696)</td>
<td>3,732</td>
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<td><strong>Total Income</strong></td>
<td>1,218,952</td>
<td>1,525,618</td>
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<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY2011</th>
<th>FY2012</th>
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<tbody>
<tr>
<td>Program</td>
<td>934,455</td>
<td>1,004,308</td>
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<tr>
<td>Operating</td>
<td>69,158</td>
<td>65,927</td>
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<td>Fundraising</td>
<td>147,354</td>
<td>147,003</td>
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<td><strong>Total Expense</strong></td>
<td>1,150,967</td>
<td>1,217,238</td>
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<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Beginning of Year</td>
<td>777,766</td>
<td>845,751</td>
</tr>
<tr>
<td>End of Year</td>
<td>845,751</td>
<td>1,154,131</td>
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<tr>
<td><strong>Change in Net Assets</strong></td>
<td>67,985</td>
<td>308,380</td>
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</tbody>
</table>

FY2012 Expenses by Area

- **Public Policy & Regional Investment** 9.5%
- **Sustainable Forestry & Wood Products** 7%
- **Ecosystem Services** 5.8%
- **Tourism** 9.1%
- **Place-Based Initiatives*** 15.4%
- **Renewable Energy** 17.3%
- **Network Support & Capacity Building** 18.4%
- **Operations** 5.4%
- **Philanthropy** 12.1%

*Place-based initiatives include the Androscoggin Valley – Mahoosuc Region Pilot project and specific projects within that geographic area.
The Northern Forest Center advocates for the Northern Forest region and helps its communities benefit from forest-based economic and conservation initiatives.

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Special thanks to retiring directors
Jennifer Huntington and Charles Clusen

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Pallah Stimpson, Development Coordinator
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*Indicates volunteers who are not current Board members

Sustainable Forest Futures, a non-profit subsidiary of the Northern Forest Center, promotes a competitive and sustainable forest economy in Maine, New Hampshire, Vermont and northern New York.

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The Center advocates for the Northern Forest region and helps its communities benefit from forest-based economic and conservation initiatives.

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Joe Short: page 9; back cover (ÖkoFEN boiler)
Mike Wilson: page 16
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