



2012 Annual Report

Our Mission: To protect forested land and ecosystems and support rural communities through working forests; to raise awareness of the importance of preserving intact forested ecosystems; and to highlight sustainable forestry and practices for the benefit of the land.

The Board of Directors is pleased to provide this annual report that provides a brief look at the work of the Foundation over the past year and our plans for coming years.

A few of our notable achievements in 2012 are:

- The acquisition of 85 acres along Caldwell Creek in Southwest Township, Warren County. Caldwell Creek is a Class-A, cold-water fishery and includes a 1.4 mile catch-and-release fly-fishing only zone. With the acquisition, the Foundation's footprint in the stream corridor is nearly 800 acres, a result of committed bequests and promised donations. Foundation ownership ensures the land will forever remain forested, free from development and managed to the highest ecological standards, thereby protecting the stream in perpetuity.
- The Loving the Land through Working Forests Conference and expanding our outreach and educational programs. The conference was so successful the Board decided to make it an annual event. The 2013 conference is scheduled for Friday evening May 17 and all-day Saturday May 18.
- Taking the lead on a project in partnership with the Chautauqua Watershed Conservancy and others to protect more than 300 acres of wetlands and lakeside land in western, New York and continuing work on several other potential acquisitions. The projects remain works in progress, but all are hopeful of success.
- Initiation of a membership program and periodic newsletter in response to desires expressed at the Loving the Land through Working Forests Conference.
- Development of a formal memorandum of understanding with Allegheny College for the Foundation's Shared Gift program. Allegheny College is the first to formalize its involvement with the program that enables a donor to give or bequest forested land to the Foundation with the proviso that 50 percent of the net earnings off the land go to a nonprofit institution they designate.
- Strengthening and growth of our partnerships with other conservation organizations and land trusts.
- Completion and formalization of a succession plan that further ensures the perpetual protection of Foundation properties.

Where We Are

The 2011 annual report outlined several objectives for 2012 and a brief action plan for the year to achieve them. We believe progress was made on all of them in 2012 and they will continue to guide us through the coming year.



One action plan established under the goals for 2012 was development of a detailed fundraising plan to support operations and establish an acquisition fund. The Board met with two fundraising professionals to gain their input and after considerable discussion thought it best to put off a major fund drive until sometime in the future and instead focus 2013 fundraising on retiring the Foundation's land acquisition debt.

The Foundation moved aggressively in 2012 to acquire sensitive lands and work with donors and willing sellers to increase its holdings consistent with its mission. That will continue in 2013, as will efforts to raise awareness of the Foundation's work and the importance of preserving and properly managing our forested lands, public and private, for the benefit of the land and rural communities and people.

Our action plan for 2013 includes:

- Significantly reducing or retiring the Foundation's land acquisition debt.
- Having a successful second annual Loving the Land Through Working Forests conference in partnership with the Forest Guild, Allegheny College and others.
- Increasing our educational and outreach programs and our membership.
- Obtaining formal memorandum of understandings with additional community organizations, educational institutions and other nonprofits for the Shared Gift Program.
- Continuing and growing our partnerships with other land trusts and conservation organizations.
- Working with forested landowners to permanently protect their lands.
- Increasing the holdings of the Foundation through donations.

The Foundation's conservation model is unique among land trusts in Pennsylvania. The Foundation protects land primarily by owning it outright and managing it to create healthy, productive forests and ecosystems. Careful and selective timber harvests and other earnings from the land support the work of the foundation by helping cover the costs of land management and other general operations. It is a model whereby conservation becomes operationally self-sufficient.

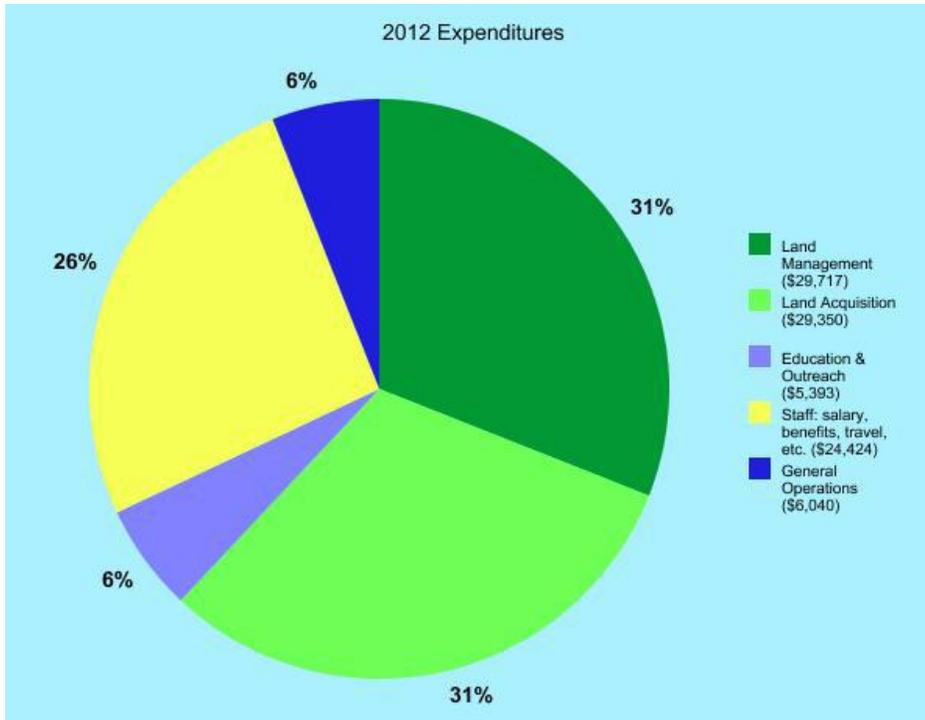
The Foundation's vision is an abundance of intact forest ecosystems that provide for the widest range of biodiversity possible, sustainable forest products, the economic viability of rural communities and recreational opportunities. Our management philosophy is to partner with nature.

Please visit us on the Web at www.FoundationForSustainableForests.org and like our Facebook Page at <https://www.facebook.com/#!/pages/The-Foundation-for-Sustainable-Forests/188562913152> or simply type our name into the Facebook search to find the page.

To contact the Foundation email Info@FoundationForSustainableForests.org .

Our 2012 Spending in Brief

The Foundation for Sustainable Forests is committed to being fiscally transparent. This graph is a snapshot of our 2012 spending. We would like to share a few notes on what is shown.



The land acquisition category represents actual payments made in 2012 and does not reflect the Foundation's total commitment or financial obligations for land purchases. Our land management cost does not reflect thousands of dollars of in-kind services donated by foresters and land managers. Clearly without those donated services our annual expenditures would be significantly higher.

Please also note that no staff related expenses are assigned to other categories, although they are often incurred directly on behalf of those categories.

On the earnings side, the Foundation had an income of \$99,201 in 2012, 68 percent of it produced by earnings from our lands, such as careful timber harvests and stand improvements.



The remainder represents donations and grants.

The Foundation was fortunate to have such significant earnings from its lands in 2012. However, timber harvests will only be carried out as they can be done in a fashion that benefits the land, supporting a healthy ecosystem and biodiversity. The Foundation does not anticipate any timber harvests in 2013, and perhaps not for several years.

As the Foundation grows and its land holdings increase the goal is for earnings from the land to cover all operating costs. It is a business model for conservation that makes conservation economically self-sustaining.

Forest Loss Predicted

A U.S. Forest Service report released in December 2012 points to the importance of the work of the Foundation. The report predicts a significant loss of privately owned forestland to development and fragmentation in coming decades, which will result in a corresponding loss of the benefits those forestlands provide, including wildlife habitat, biodiversity, clean drinking water, forest products, rural jobs and more. The full Future of America's forests and rangelands can be found on the Forest Service's Web site.

A Message from Troy Firth President and Founder FFSF

In 2011 the Foundation for Sustainable Forests made the decision to expand its efforts in land acquisition and also in educational activities with the assumption the two would complement each other. 2012 marked the year those efforts commended. The Board was expanded in 2011 and the new members responded with enthusiastic contributions to the past year's activities.



**Troy Firth at the 2012 Loving
the Land Through Working
Forests Conference**

The First Loving the Land Through Working Forests event was such a great success that we will now be challenged to match the program in 2013. The fact that we were able to have Wendell Berry participate did a tremendous amount to increase public awareness of the FFSF. The Foundation has had numerous meetings with and presentations to conservation and community groups throughout 2012 and we must continue that momentum in 2013.

The purchase of the 85-acre Savitz property on Caldwell Creek in Warren County fits well with our long-term goal of protecting significant acreage in that area. Our plans for the current year include securing funding for repayment of the loan used for the purchase of the Savitz

tract.

Our Challenge is to build upon 2012's successes and to introduce our concept of land protection through "working forests" to a larger circle of interested parties.