

**Carl Siemon Family Charitable Trust
Annual Report for 2008
For Annual Meeting on September 18th, 2009**

1. **CSFCT conformance to IRS Private Operating Foundation Rules:** Kasi Hoffman, CPA with Moose Mountain Public Accounting, LLC prepared our tax return for 2008. The tax return was filed by the May 15th deadline. A copy of the tax return was also sent to NH Department of Justice along with the Annual Report certificate and annual filing fee.

Kasi Hoffman and CSFCT financial planner Carolyn Settzo agree that the CSFCT met all IRS test for 2008.

In 2008 the Trust had negative revenue of \$43,661 which included \$90,011 of dividend income and \$125,913 of capital losses. The Trust had \$348,152 in total expenses and a net loss of \$391,813.

Of the \$348,152 total expenditures, \$284,958 were expenses for the Trust's charitable purpose, \$15,521 were considered program related investments (land improvements) and \$13,737 were other capital expenses. This resulted in total qualifying distributions of \$314,508.

The federal tax law requires the Trust in 2008 to make qualifying distributions greater than
a. 85% of the trust's adjusted gross income (negative \$19,889 in 2008) or
b. 3.33% of monthly average invested assets (\$174,612 in 2008), whichever is larger.

The Qualifying Distributions for 2008 met the above requirements.

2. **2008 Financial Reports:** See attached Profit and Loss and Balance Sheet Reports.
3. **Investment Summary Report,** Investment Performance by Year, and Investment Trend Reports provided by Carolyn Settzo.
4. **Accomplishments of Purposes:**

CSFCT's mission statement was written by Carl Siemon in 1996: *"Our mission is to purchase land, to produce quality products on the land, to share the land, and to protect the land. To teach through these acts sound forestry and conservation and agricultural practices. To educate others of the need for these practices by sharing the joys which the managed land's multiple uses provide."*

Purposes of the Carl Siemon Family Charitable Trust from Article II of Trust's Organizational Document:

- i. to provide educational programs to the public concerning the preservation of fields, forests and wildlife;
- ii. to preserve, protect, and maintain the fields and forests located on the Real Property;
- iii. to preserve, protect and enhance the variety of native wildlife located on the Real Property;

- iv. to preserve, protect and enhance the quality of other natural resources and features of the Real Property including but not limited to air and water; and
- v. to provide multiple public use of the Real Property provided that such use is not detrimental to the purposes set forth above.

Educational Programs to the Public:

- **Fourth Annual Branch River Paddle** was held on Sunday, May 31st, and hosted cooperatively by Branch Hill Farm, Moose Mountains Regional Greenways, and UNH Cooperative Extension. UNH Cooperative Extension Educator Robert Craycraft and Deborah Goard described the importance woodland buffers to the river, wetlands, and other habitats along the 4 mile paddle down the Branch River, and up the Salmon Falls river for the approximately 45 participants. The paddlers disembarked on Branch Hill Farm’s Sandy Beach for a cook-out provided by Branch Hill Farm.
- **The Sixth Annual Woods, Water, Wildlife Festival** was held at Branch Hill Farm on Saturday, August 2nd. This event is underwritten by the Carl Siemon Family Charitable Trust (Branch Hill Farm) and the Siemon Company. Both organizations pledged to donate \$7,500 to MMRG provided that matching funds are raised by local businesses and citizens to support the conservation mission of Moose Mountains Regional Greenways. Several local businesses signed up to sponsor one of the many educational events that are organized for the day. Managing Trustee Cynthia Wyatt contracted with Kari Lygren, Educational Program Director of MMRG to help organize the educational events, to set up the educational booths, provide publicity and advertising, and to help the day of the Festival. Approximately 300 people attended the event during the course of the day.

The following were the sponsored educational events that took place at the WWW Festival:

- *New Hampshire Estuaries’ “Hayrides to the Salmon Falls River”
- *NH Farm Museum’s “Down on the Farm” Display
- *UNH Cooperative Extension’s “Wonders of Wildlife”
- *Squam Lakes Natural Science Center’s “Have to Have a Habitat”
- *Traveling Barnyard – interactive educational display of farm animals
- *UNH Cooperative Extension’s “Working Your Wood Lot”
- *UNH Thompson’s School’s “Cut & Paint a Tree Cookie”
- *Division of Forest and Land’s “Logs to Lumber”
- *UNH Marine Docents’ “What is a Watershed”
- *SPNHF’s “Hike Jones Forest at the NH Farm Museum”

Preservation, Protection, and Maintenance of fields and forests:

Sustainable Management of Woodlots:

Contracted with 2 new Consulting Foresters: As reported last year, the directors voted to contract with 2 new consulting foresters last fall. Charlie Moreno is the consulting forester for the 2,700 acres in Strafford County, and Dan Stepanauskis is the consulting forester for the 550 acres in Carroll County. Last year, the directors voted to support the

proposal to budget \$30,000/year for carrying out projects that may range from boundary line demarcation, timber stand improvement, invasive plant control, commercial harvest preparation and supervision, forest inventory and mapping, operations planning, and educational work.

This is an important step for us in managing our properties in a sustainable way. For the past 5 years, we have been relying on the logger for making all of the decisions regarding where and how much to harvest. Since we are a conservation organization with conservation purposes, it is important that we have updated management plans for all of our holdings. The costs for contracting Dan and Charlie will most certainly count as a **direct charitable distribution**, and will become part of our annual operating budget.

Attached is the summary sheet written by Charlie Moreno for forest management work accomplished in the fall of 2008 and 2009, and a copy of the Jones Brook Reforestation Plan. The CSFCT paid Charlie \$14,000 for work done in 2008, and reduced to \$6,000 in 2009 due to the drop in our endowment value. All timber harvests are now marked and supervised by our consulting foresters. Both Dan and Charlie helped us apply for cost sharing from the NRCS offices in Carroll and Strafford Counties to help pay for management plans.

2008 Timber harvest: Royle Timber Harvesting performed timber harvest on the following properties for the purposes of timber stand improvement.

- Milton Forest Associates off of Mason Rd.: Timber: 107.74 BF
Hardwood Pulp: 1984.71 tons
Hemlock Pulp: 872.98 tons
Cordwood: 20

- Jones Brook Biomass operation: Hardwood Pulp: 440.42 tons
Hemlock Pulp: 134.38 tons
Cordwood: 132 cords
Whole tree chips: 1708.04 tons

Total Revenue Pulp: \$18,270.53

Total Revenue timber/cordwood: \$4,757.22

Pledged Permanent Conservation of 380 acres of CSFCT property:

In June of 2006, and reaffirmed in June of 2008 in MOU's to NH Fish & Game, the CSFCT directors agreed to donate a conservation easement on approximately 380 acres within the core focus areas of NH's Coastal Watershed Plan to NH Fish & Game. The assessed valuation of the donation is roughly \$500,000, and provided a match for grants funds from NH Land and Community Heritage Investment Program, the US Fish and Wildlife Service's North American Wetlands Conservation Act, and NH Fish & Game Landowner Incentive Program. The grant funds enabled SPNHF to purchase 248 acres along the Salmon Falls River in Milton Mills in September of 2008 for a bargain sale price of \$500,000. This property is only a few miles away from the CSFCT properties. The whole conservation package involving several private landowners comprises 787 acres and is valued at 1.3 million. The CSFCT donated easement encompasses the 214 acre Jones Brook parcel, 130 acre Crowe parcel, 25 acre Fitts parcel, and contiguous 5 and 7.5 acre parcels all along the Jones Brook, a tributary of the Branch River which flows into the Salmon Falls River. These parcels buffer nearly 1.5 miles of shoreline and include peatland, marsh, riverine, and forest habitats. All these newly conserved properties are important pieces of the greenway puzzle we are striving to piece together

to ensure the preservation of neighboring properties which will greatly contribute to the health and welfare of CSFCT properties for wildlife and recreation, and clean air and water.

NH Fish & Game donates 9.8 acre Jones Brook Wildlife area to CSFCT.

NH Fish & Game owns 9.8 acres adjacent to the pledged easement properties. The Dept. made an application to the State Council on Resources and Development to exchange this property for the 380 acre donated easement also along the Jones Brook. This property is noted in Milton's NRI as a site of natural resource and historic significance. The property was purchased by the F&G in 1934, and used as a fish hatchery. There is a remaining raceway off the Jones Brook and earthen mounds built to hold water for fish rearing.

USDA' EQIP (Environmental Quality Incentive Program): 2008 is Branch Hill Farm's fifth year of participation in the 10 year EQIP federal cost sharing program. CSFCT contracted with Royle Timber Harvesting to improve a 2,325 foot woodland road on the Jones Brook Property. The improved road is an extension of the new road built in 2007, and provides access to the historic mill site on the Jones Brook. The total cost for improving this road was \$12,924.98. The USDA reimburses Branch Hill Farm for approximately 50% of the cost of construction on an established rate of \$6.50 per linear foot. The USDA cost shared in the amount of \$6,462.49.

Maintenance of access roads: In 2008, as in every year, employee Bob Wagner clears fallen logs, hanging branches, and mows our 40 miles of access roads. He has placed iron gates that he has welded and painted on the new Teneriffe Mt. woodland road, and the new Piggot Hill Rd. The large steel gates prevent wheeled vehicles from entering the property, and destroying the road system. The access roads not only allow us to manage our woodlots, but also provide an access for fire equipment in case of forest fires. Branch Hill Farm also picks up garbage and debris that is dumped along the property, especially on Branch Hill Road which is a Class 6 road. This year, we have cleaned up tires, car engines, gas grills, building debris and household garbage that people dumped in the wetlands.

Marking Boundaries: Bob Wagner continues to mark our boundaries with aluminum boundary marker signs.

Adopt-A-Highway: The CSFCT is still a participant in the Adopt-A-Highway program, and keeps litter picked up on the land along Applebee Rd.

Management of Fields: We work closely with UNH Cooperative Extension soil scientist who has analyzed soils from all of our fields every other year for the past 10 years. Because of the high cost of commercial fertilizer, we have changed to organic fertilizers for the second year in a row. UNH Coop. Extension suggested with top dress with cow manure 12-15 tons per acre in the fall. We followed these recommendations, and had 23 tractor trailer loads of cow manure delivered to our fields in the fall of 2008 at a cost of approximately \$250 a load, total cost of approximately \$6,000. We are spending less on fertilizer, while improving the quality of the soils. Hopefully, this change will improve the yield of our fields, but it might take a few years to build up the organic matter on our typically sandy soils.

We have also continuing a program of re-seeding fields. In 2008, we harrowed and reseeded 50% of the Parker field, and a new 3 acre field which we purchased from the Wilkins family several years ago, and is contiguous with the Parker field.

We produced approximately 4,100 bales of hay with income of \$12,500. Yield was down due to wet weather disallowing access to portions of fields, and also because of the reseeded of the Parker field.

Preserve, Protect, and Enhance the variety of native wildlife:

The large contiguous tracts of CSFCT lands in conservation, such as the 800 acres with the pristine Jones Brook, and associated meadows, wetlands, peat bogs sustain larger species of wildlife such as bobcats, moose and bear, all which have been sited. The mix of habitat including forest, wetlands, and riparian corridors provide a rich diversity of habitat, attracting and sustaining a large variety of species.

- The newly seeded woodland roads, along with the mowed 40 miles of access roads provide graze for wildlife.
- CSFCT timber harvesting management practices typically leave mast oak and beech trees for wildlife, and groves of hemlock for deeryards, and plentiful poplar for grouse.
- The Fish & Game representatives that went on the Branch River Paddle reported that the river is in a very healthy condition. They pointed out several wildlife species along the edges of the river such as kingfisher, mergansers, ducks, geese, herons, and several fish in the clear river water. They pointed out plentiful mussels, another indicator of a healthy river, and noted that there were no sightings of invasive species.
- CSFCT Managing Trustee's collaborative work with Moose Mountains Regional Greenways, and Society for the Protection of NH Forests promoting connections with other conservation lands close to and adjacent to CSFCT lands is one of the most effective strategies in preserving, protecting, and enhancing the wildlife on the Trust's property. According to wildlife experts, the best way to sustain the native wildlife is by permanently preserving large corridors of wildlife habitat. By joining greenways that potentially connect our conservation lands with other conservation lands in the region, we are providing migratory corridors of a mix of habitat for all varieties of wildlife. Our collaboration with SPNHF and MMRG to protect the almost 800 acres Salmon Falls watershed, which is less than 2 miles from our conservation lands in both Wakefield and Milton Mills is a perfect example of our success in enhancing a variety of wildlife by permanently protecting wildlife corridors of neighboring properties.
- On August 20th, 2008 CSFCT Managing Trustee received the prestigious **Ellis R. Hatch Award of Excellence** "for excelling in efforts to promote, enhance or benefit fish, wildlife resources of the Department's mission through a variety of involvement."

Preserve, Protect and Enhance the quality of other natural resources and features such as air & water:

Promoting the preservation of lands adjacent to and which share the same watershed as the CSFCT is critical to this mission. In addition to managing the CSFCT, I am also chair of Milton Conservation Commission, and Vice-chair of Moose Mountains Regional Greenways. My work with these organizations involves developing strategies to work with local landowners of the most important natural resource lands to protect the area's watershed, which protects, preserves, and enhances the quality of the water flowing through CSFCT properties. These projects keep land open and forested, and surface waters buffered, all of which help to mitigate water degradation, and air pollution on CSFCT lands.

As Chair of Milton Conservation Commission, CSFCT managing trustee helped garner town financial support for this land protection projects in the same watershed as CSFCT :

***Salmon Falls Headwater Project:** Mr. Howard Jappe owns 284 acres of property along the Salmon Falls River in Milton Mills. The protection of this important watershed will also help ensure the water quality of the Salmon Falls River which flows alongside nearly 5 miles of CSFCT property. The Salmon Falls also supplies Milton's public drinking water, and replenishes the Milton Three Ponds. The Milton Conservation Fund contributed \$25,000 to this project.

***Applied for Awarded \$8,500 New Hampshire Estuaries Community Technical Assistance Grant:** MCC has contracted with professional planner to develop an shoreland ordinance to provide buffers along Milton designated surface waters as a proactive planning measure to ensure water quality as Milton continues to grow and develop properties.

***MMRG helps MCC to develop an Open Space Plan:** The MCC assisted by MMRG director of Land Conservation developed a list of lands high conservation value, and worked with SRPC to develop of map with several layers of conservation data to assist Milton in prioritizing land for protection, many of which are upstream from the Trust's properties.

As Vice Chair of Moose Mountains Regional Greenways, the managing director has been an officer on the board for 8 years. CSFCT and MMRG coordinate many educational workshops together. MMRG has helped conserve a total of approximately 4000 acres, most of which is in the Salmon Falls Watershed which directly benefits the conservation values of the CSFCT, most especially water and air. In 2008, MMRG helped facilitate:

*800 acre Salmon Falls Headwater Project inclusive of CSFCT pledged match properties.

*70 acre Lavender property in Brookfield

*120 acre Remick property in Wakefield, with large beaver bog which drains into Lovell Lake upstream from the CSFCT property.

*33 acre Holm property in New Durham

Provide multiple public use of the Real Property provided such use is not detrimental to the purposes of the Trust:

- All of the CSFCT lands are open for multiple recreational use, except for motorized wheeled vehicles. Most gates are marked with a Land Share sign welcoming people onto the land.
- The new woodland trails provide recreational enjoyment of local communities for hiking, cross country skiing, and snowmobiling.
- We now have GPS maps of all the trails, and many people stop in for them.
- We have groups on the property for geo-caching – finding hidden treasures using GPS.
- The Wentworth Hunt and Piscataqua Hounds ran 8 events on the property, including the Benefit Ride on WWW Day for MMRG.
- CSFCT has developed a good relationship with the local Evergreen Valley snowmobile club. They have our permission to build sheds with maps, and they have a key to groom the trails. In return, they help do some maintenance work on the trails.

5. Planning Operating Budget

The severe stock market decline in late 2008 into 2009 had a devastating impact on the CSFCT endowment. In August of 2008, the endowment value was at a healthy 8 million generating interest income for CSFCT approximate \$300,000 operating budget. In February of 2009, the value hit bottom at \$4.7 million. This unprecedented drop in value created serious concern for the continued operations of the CSFCT. For this reason, the following decisions were made:

- The Managing Trustee volunteered a 20% reduction in salary, from \$100,000 to \$80,000.
- Employee Robert Wagner's hours were reduced, and he received no bonus for the first time in 10 years.
- Summer help wages were kept at the 2007 wage.
- Consulting Foresters forest management budget was reduced from \$30,000 to \$7,000 for 2009.
- Application were made and approved to Strafford and Carroll County's NRCS/USDA agencies for Forest Management Plan cost sharing.
- CSFCT Directors met and made changes to our Investment & Spending Policy Statement to balance growth with income, so that we will always have approximately \$300,000 in cash, which will be placed in laddered CDs.

6. Potential land purchases that will count as qualifying charitable distributions:

1. Three 5 acre paper subdivision lots off of Piggot Hill Rd. owned by William French 13/24, 13/16, 13/17 which are all adjacent to CSFCT property. The owner is asking assessed tax value of \$17,500 each.
2. 15 acre Ralph Wilkins Property on Applebee Rd. This property is adjacent to the CSFCT's Parker field, and is on the Salmon Falls River. Family is asking \$300,000, but no action as of yet.
3. 6.4 acres owned by Richard Thayer
4. 1.55 acres owned by Thomas Towle

7. Housekeeping:

1. Vote of support for contracting with Carolyn Settzo to provide financial planning services to the CSFCT @\$125/hour. Carolyn estimated that she will work 6 hrs per quarter, totaling approximately \$3,000 per year.
2. Vote of support for the donation of a conservation easement on approximately 382.01 acres, inclusive of the 130.7 Crowe properties, 214 acre Jones Brook property, 5 acre "14 Piggot Hill Rd." property, 25 acre Fitts property, and 7.5 acre Locke property to NH Fish & Game. This negotiation will include the transfer of 9.8 acre parcel from Fish & Game to the CSFCT.
3. Vote to approve the changes made to the CSFCT Investment and Spending Policy Statement which attempts to better balance growth and income to cover operating expenses in case of precipitous drops in the stock market as we recently had.
4. Check out the proposed map for the CSFCT website.

Respectfully Submitted,
Cynthia Siemon Wyatt, Managing Trustee