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Forestland and Timber Donations: Challenging Management Opportunities for Foundations

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ABSTRACT

Over half of the forestland in the United States is in private hands. Just over 10 million individual and family owners control about 60% of this private forestland. Ownership of family forests changes on a regular basis; sometimes from generation to generation and sometimes to outside of the family. Often new owners are not interested in forest management and sell off the asset. Some owners attempt to ensure their family forest remains pristine and undeveloped. This is leading to timberland donations to entities that can be expected to hold the donated forest permanently and ensure sustainable forest management. University foundations and forestry schools are increasingly receiving timberland as donations. It is a way for donors to monetize the asset (with tax breaks) and protect it at the same time. Foundations have a problem with timberland as they often don't fully understand it as an investment. Certainly there are even times when a foundation should not accept it as a donation. The nature of timberland as an investment is explained, along with basic terminology that is common use. Age class distribution and the resulting cash flow distribution is explained, as well as timber volume, harvest scheduling, timberland investment analysis, timber value, timber sales, and timber contracts. All of these are tools foundation board members need to evaluate timberland donations.

KEYWORDS

Foundation; University Foundation; Donation; Timberland Donation; Forestry Investment

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