DOVETAIL PARTNERS, INC.



Annual Report 2010

DOVETAIL PARTNERS INC.

A Trusted Source of Environmental Information

"If we did all the things we are capable of, we would literally astound ourselves."

- Thomas Edison, 1847-1931

LETTER FROM THE CHAIR....

2010 was clearly one of the best years yet in the growth of Dovetail. Major changes include:

- Added Environmental education position Janet Bratkovich
- Added Ecology expert position Sarah Stai
- Added Forest Leadership and planning activities position Jeff Howe

The year began with the tough decision to eliminate our Eco-Affordable Housing program director position. Although we were very sorry to lose Alison, we were able to refocus our resources into multiple areas with significant positive impacts. We were also able to maintain green building related activities through our interns that have contributed significantly and will continue to do so in the future. The shift in our green building work in 2010 reflected our view that current green building activities had matured.

The Dovetail team thrives on a diverse set of skills, experience and knowledge. Over the years, the students and individuals participating in our internship programs have become important members of the team. We must continue to recognize the important role that these interns serve in the Dovetail organization, the quality of research and performance that they provide, and the benefits many of them gain from this experience. It is truly an area of great success and one we want to continue to expand on as a strategic skill and asset to the public at large.

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Jeffrey L. Howe

President and Chairman of the Board

Dovetail Mission Statement

Dovetail Partners provides authoritative information about the impacts and trade-offs of environmental decisions, including consumption choices, land use, and policy alternatives.

Table of Contents

Letter from the Chair Mission Statement

Programs:

Eco-Affordable Housing Certification Responsible Trade & Consumption

Project Report:

Land Use

Working Forests & Carbon Workshop

Publications & Newsletters:

Commentaries

Reports

Dovetail Board, Staff, Interns & Advisors

Financial Statement

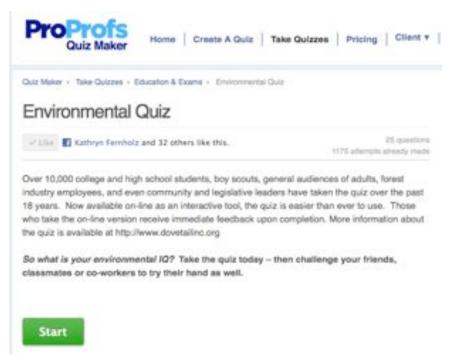
Eco-Affordable Housing/Green Building

In 2010, after several successful demonstration projects, including a home built in Aitkin and collaborations with diverse partners, the decision was made to change the focus of Dovetail's work in green building. The Eco-Affordable Housing Program ended in January 2010 and focus shifted to the emerging trends in green building codes and the potential significant shifts in how green building is practiced and implemented as it moves beyond voluntary programs. In April 2010, Dovetail released the report "Potential Game Changers in Green Building" which summarized the shifts from voluntary to regulatory programs.

Dovetail also worked to support local green building efforts and the sourcing of responsible materials. In August 2010, Dovetail completed a set of tools related to identifying "Minnesota-Made Building Materials". The materials are available at the Dovetail website and include a report on available materials, interactive on-line maps for material suppliers and a database available for download.

Responsible Materials

An accomplishment of the Responsible Materials Program in 2010 was the release of an updated "Environmental Quiz". Over 10,000 college and high school students, boy scouts, general audiences of adults, forest industry employees, and even community and legislative leaders have taken the quiz over the past 18 years. Along with the updated quiz materials for use in the classroom, for the first time the quiz was also made available on-line as an interactive tool, making the quiz easier than ever to use. Those who take the on-line version receive immediate feedback upon completion. More than 1,100 quiz attempts have been made since it was launched.



http://www.proprofs.com/quiz-school/story.php?title=environmental-quiz 3

Certification



In 2010, Dovetail Partners provided a report that addressed the recent changes in the dominant forest certification programs used in North America. Dovetail's executive director was invited to contribute to the Annual Forest Products Market Review produced each year by the United Nations Economic Commission for Europe (UNECE). The review includes a chapter that addresses forest certification within the region, and Kathryn presented the information from the chapter at the UNECE meeting in Geneva, Switzerland in October 2010. Jim Bowyer, Director of Dovetail's Responsible Materials Program was also a keynote speaker at the meeting.

Photo: Kathryn Fernholz, October 2010 at the UNECE meetina

Land Use

In June 2010, the first segments of the Northwoods Regional ATV Trail System opened in Aitkin and Itasca counties in north-central Minnesota. Dovetail has been working with the counties and other partners since 2007 to demonstrate opportunities to manage recreation trails responsibly. The goals of the project have been to develop at least 70 miles of new trail that is environmentally sensitive, community-supported and economically beneficial. Phase I of the project is nearly complete and planning continues on Phase II.





Participating in the ribbon cutting at the trail head were (left to right) State Senator Tom Saxhaug, Dovetail Executive Director Katie Fernholz, Aitkin County Commissioner Paul Bailey, Commissioner Galen Tveit, Commissioner Brian Napstad, State Representative Loren Solberg, Commissioner Laurie Westerlund, Land Commissioner Mark Jacobs and Deputy DNR Commissioner Laurie Martinson. Kathleen Pakarinen photo, Aitkin Independent Age

Project Report: Working Forests & Carbon Workshop





In June 2010, Dovetail collaborated with diverse partners to host a workshop that addressed carbon credit project opportunities for working forests in Minnesota.

The project brought together landowners and managers; researchers, carbon project developers and others to explore barriers and opportunities for developing carbon offset projects in the region.

Speakers at the event included Dr. Jim Bowyer of Dovetail Partners, the Executive Director of the Forest Guild and representatives of leading carbon standards and programs, including the Climate Action Reserve (CAR) and the American Carbon Registry (ACR).

The event included a field tour to demonstrate different forest management strategies that can provide wood and fiber supplies while also increasing carbon storage potentials and overall economic productivity.

The event was supported with funding from the Blandin Foundaiton and collaborations with the Aitkin County Land Department, Northeastern Area – US Forest Service, Great River Energy and other partners.

Publications & Newsletters

Dovetail offers several different publications and a monthly e-newsletter.

Commentaries

Commentaries are briefs presenting the opinions and ideas of Dovetail Staff and Associates.

Reports

Dovetail Reports address a wide range of topics and issues related to sustainable forestry, responsible materials, and responsible trade and consumption.

Newsletter

Dovetail publishes a monthly e-newsletter, The Outlook, with information about our latest publications, news and events.

Dovetail in the news

Dovetail's commentaries, reports and news releases are often reprinted and referenced in the media, journal articles, and newsletters and publications from diverse organizations.

Examples of "Dovetail in the News" in 2010 include:

- Is biomass energy in Cook <u>County's future?</u>
 WTIP North Shore Community Radio December 23, 2010
- Comments being taken on county trails plan
 Brainerd Dispatch December 16, 2010
- Hearing set in Cook County on bioenergy production
 Duluth News Tribune November 29, 2010
- <u>Builders' GreenStar initiative</u>
 <u>falters</u>
 StarTribune November 26, 2010
- ATV topic draws crowd to meeting Brainerd Dispatch August 26, 2010
- Initiative Supports Ecosystem
 Markets
 Finance and Commerce August 24, 2010
- Bratkovich leads environmental ed at Dovetail Partners
 Finance and Commerce August 5, 2010
- <u>Public Input Sought on Forest</u>
 <u>Assessment</u>
 Brainerd Dispatch July 28, 2010
- <u>Leading the way into the loop</u>
 Aitkin Independent Age July 21, 2010

- Celebration set for new ATV trail
 in Aitkin, Itasca County
 Duluth News Tribune July 13, 2010
- The Rise of the Urban Forest
 GreenWood June 14, 2010
- Harvesting the 'urban forest' WorldNews June 8, 2010
- Webinar Series Examing
 Fundamentals of Sourcing and
 Selling Certified Wood Continues
 February 25
 BuildingOnline February 17, 2010
- Green Product Webinar Examines
 Chain-of-Custody Certification
 Eco Factory February 9, 2010
- Minnesota Green Building Map twin cities design scene February 2010
- Survey Shows Minnesotans Value Well-Managed Forests
 Pine Journal January 25, 2010
- Plan Brainerd Dispatch January 15, 2010
- An Environmental Quiz that can Open the Door to Inquiry and Learning NeLMA January 2010

Commentaries 2010

 Finding a Voice for Scientists and other Experts in Natural Resource Fields (May '10)

For many of us, careers in natural resource-based organizations began with a love of wild places. Over the years, with a combination of experience and a few degrees, I have come to think of myself as having at least an "informed opinion" on matters related to forestry and forest products – especially on environmental issues. And as I look around at my friends, acquaintances and colleagues in the field I see a group of highly dedicated people that have committed themselves to their professions and who are truly experts on many of the issues under discussion by policy makers today. Yet it seems that the views of this group are rarely represented in big picture discussions about things such as forest policy, climate change, cap and trade and the like – even though forests and the products and services derived from them are clearly part of the solution. I know change is hard and we are highly resistant to it; but I also know that for positive change to occur we can't throw away the learning's of many lifetimes. So, as we listen to policy makers discuss new and exciting solutions to the world's problems, and the positions being advanced, some of us recognize the need to speak up – but where do we start?

Is green the big Threat to wood? (March '10)

The growth of green building is great news for society as well as for those specific individuals who benefit from living in a home designed with both their needs and the environment in mind. To be successful, green building programs need to be accountable for actual changes in the behavior patterns of the population related to buildings. From the accompanying article about the carbon footprint of the U.S. it can be seen that there are some real low hanging fruit - meaning that there are many countries with higher standards of living that engage in behaviors that use less energy and have fewer impacts on the environment, and can act as models for success. IF, we can hold ourselves accountable with the aid of green building guidelines, then the result could be buildings more in synch with their environment and dominantly self-sufficient with local resources. The result would be real change, and we won't be looking back in another thirty years saying, "well sure it's bad, but it could have been so much worse," ...again.

http://www.dovetailinc.org/content/dovetail-commentaries

Reports 2010

- 2010 Update of Environmental Quiz Released
- Recognition of Carbon Storage in Harvested Wood Products: A Post-Copenhagen Update
- Forest Certification: A Status Report
- Potential Game Changers in Green Building
- Wood-Plastic Composite Lumber vs. Wood Decking
- Using Industrial Clusters to Build An Urban Wood Utilization Program
- Minnesota-Made Building Materials
- Marketing As A Process, Not Voodoo
- Green Marketing Growing Sales in Growing Markets
- <u>Urban Forestry: An Evolving Discipline</u>
- What is PassivHaus?
- <u>Urban Wood Utilization and Industrial Clusters: A Twin Cities Case Study</u>

http://dovetailinc.org/reports

Dovetail Board, Staff, Interns & Advisors

Dovetail Board of Directors 2010

Jeffrey Howe, Ph.D., Chairman of Dovetail Partners

Brian Adams, Senior Vice President, Bremer Bank

Jim Bowyer, Ph.D., Bio-products and Environmental Consultant

Kim Carlson, Founder, EarthSmart LLC

Edwin Chanin, Attorney, Maslon Edelman Borman & Brand

Jill Koosmann, CEO, HRK Group, Inc.

Dovetail Staff 2010

Jeffrey Howe, President

Kathryn Fernholz, Executive Director

Jim Bowyer, Director of Responsible Materials Program

Steve Bratkovich, Project Manager for Recycling and Reuse

Janet Bratkovich, Director of Environmental Education

Sarah Stai, Associate Ecologist

Matt Frank, Program Assistant

Adam Birr, Project Assistant

Don Heise, Project Manager

Dovetail Interns 2010

Michelle Duffy, Green Building

Megan Glaeser, Green Building & Certification

Carrie Kothlow, Green Building Ben Kaldunski, Green Building &

Responsible Materials

Lu Zhang, Research

Patrick Kemp, Renewable Energy

Anna Boykis, Communications

David Werley, Policy

Dovetail Board of Advisors 2010

William Banzhaf, President, Sustainable Forestry Board

Paul DeLong, Wisconsin State Forester, Wisconsin Department of Natural Resources

R. Philip Guillery, Forestry Consultant

Reginaldo Hasslett-Marroquin, Director, Rural Enterprise Center

Don Heise, Architectural Wood Specialties

Robert Hrubes, Ph.D., Senior Vice President, Scientific Certification Systems

Douglas MacCleery, Senior Policy Analyst, National Forest System, Washington, D.C.

Patrick O'Brien, Organizational Development Consultant

Financial Statement

Dovetail Partners, Inc.

Statements of Financial Position

December 31, 2010

Assets:	
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Cash and cash equivalents	\$84,112
Investments	105,595
Grants and contracts receivable	106,515
Prepaid expenses	-
Total Current Assets	296,222
Grants and Contracts Receivable	55,000
Property and Equipment - Net	12,240
Total assets	\$363,462

Liabilities and net assets:

Liabilities:

Accounts payable	\$15,298
Accrued wages and payroll taxes	6,856
Funds held for others	29,670
Total current liabilities	51,824

Net assets:

Unrestricted	180,791
Temporarily restricted	130,847
Total net assets	311,638
Total liabilities and net assets	\$363,462

Dovetail Partners, Inc. Statements of Activities and Changes in Net Assets December 31, 2010

Support 8		Unrestricted	Temporarily Restricted	Total
Support & Revenues				
	Grants and contributions	\$24,658	\$176,856	\$201,514
	Fees for services	180,689	-	180,689
	Interest Income	820	-	820
	Miscellaneous	-	(00.767)	-
	Satisfaction of program restrictions	92,767	(92,767)	-
	Total support and revenues	304,543	84,089	388,632
Expenses:	Program Services Support Services:	321,797	-	321,797
	Management and general	30,962	_	30,962
	Fundraising	5,649	-	5,649
	Total Support Services	36,611	-	36,611
	Total expenses	358,408	-	358,408
Change in Net Assets		(53,865)	84,089	30,224
Net assets - beginning of period		234,656	46,758	281,414
Net assets – end of period		<u>180,791</u>	130,847	<u>311,638</u>

Dovetail Partners, Inc. Statement of Functional Expenses December 31, 2010

_	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries	\$66,437	10,533	4,051	81,021
Payroll taxes	5,057	802	308	6,167
Total Personnel Costs	71,494	11,335	4,359	87,188
Consulting	212,306	-	-	212,306
Staff Mileage and Travel	9,132	-	-	9,132
Board Expense	-	8,578	-	8,578
Occupancy	6,712	1,064	409	8,185
Accounting	-	7,696	-	7,696
Telephone and Internet	5,213	827	318	6,358
Education and Training	4,434	-	-	4,434
Office supplies	2,565	407	156	3,128
Program Expense	2,349	-	-	2,349
Insurance	1,802	286	110	2,198
Miscellaneous	993	157	61	1,211
Dues and Subscriptions	937	-	-	937
Printing and Copying	583	93	36	712
Depreciation	3,277	519	200	3,996
Total Expenses _	\$321,797	\$30,962	\$5,649	\$358,408

Dovetail Partners, Inc. Statements of Cash Flows December 31, 2010

Increase (Decrease) in Cash and Cash Equivalents

Cash	flows	from	operating	activities:
Casii	110443	110111	operating	activities.

Cash flows from operating activities:	
Change in Net Assets	\$30,224
Total Adjustments	(108,714)
Net cash used by operating activities	(78,490)
Cash flows from investing activities:	
Proceeds from Sale of Short-term investments	-
Purchase of Short-term Investments	(563)
Net cash provided (used) by investing activities	(563)
Cash flows from financing activities: None	-
Net (Decrease) in Cash and Cash Equivalents	(79,053)
Cash and cash equivalents – beginning of year	163,165

Cash and cash equivalents – end of year

84,112

Special thanks to our supporters! Thank you for your donation!

Foundations & Grant Making Organizations

Blandin Foundation

Blue Rock Charitable Fund of The Minneapolis

Foundation

The Everwood Foundation

Forest Stewardship Program - Minnesota

F.R.E.E Network

HRK Foundation

Minnesota Department of Natural Resources -

Division of Forestry

Natural Resources Conservation Service - USDA

Otto Bremer Foundation

USDA Forest Service - Wood Education and

Resource Center

Wisconsin Department of Natural Resources

Xcel Energy Foundation

Individuals

Alexis Bloomstrand, New Morning Windows

Alison Lindburg

Beth Waterhouse

B.R. Zumbahlen

Brian Adams

Cassie Phillips

Eric Bloomquist

Gerald Mich

Greg Nolan & Marcia Rapatz, In Honor of Our

Grandchildren

James R. Marshall

Jessica Basilio

Jill and Charles Koosmann

Jim and Ruth Bowver

John and Lori Gunn

Kim E. Carlson, EarthSmart, LLC.

Kim Chapman, Applied Ecological Services

Susan Marvin, Marvin Windows & Doors

Michael Anschel, In Honor of Peter Lytle

Patrick de Freitas

Paula Westmoreland

Robert J. Hrubes, Scientific Certification Systems

Robert Sonnenberg

Shawn Markham

Stephanie Berkland

Steve and Janet Bratkovich

Steven and Nancy Rosenberg

Steven Fenster

Susan Odell

Thomas and Mary Kroll

William E. Hayward, Hayward Lumber

Businesses, Land Managers and Other Organizations

Beltrami County Natural Resource Management

Boise White Paper, LLC.

Carlton County Land Department

Certified Wood Products, Inc.

Clearwater County Land and Forestry Department

Columbia Forest Products

Forest Products Management Development Institute,

University of Minnesota

Fullerton Companies

Hanley Wood Business Media

Innovative Natural Resource Solutions, LLC

Interforest, LLC

Koochiching County, Land and Forestry Department

Minnesota Forestry Association

Minnesota Power

National Cooperative Grocers Association

Norbord Industries

Northwestern Lumber Association

Resource Management Service, LLC.

Shaw/Stewart Lumber Co.

Snowy Pines Reforestation

Structural Wood Corporation

The Remodeler's Choice, Inc., a Division of Fullerton

Companies

UPM, Blandin Paper Co.

Vital Systems, Inc.

Weekes Forest Products, Inc.

Wood from the Hood

...and additional anonymous donors.



DOVETAIL PARTNERS, INC.

528 Hennepin Ave, Suite 703

Minneapolis, MN 55403

www.dovetailinc.org