

DOVETAIL PARTNERS, INC.



ANNUAL REPORT 2008

DOVETAIL PARTNERS INC.
A Trusted Source of Environmental Information



***“Everything should be made as simple as possible
... but not simpler.”***

- Albert Einstein (1879-1955)

Letter from the Chair....

I am pleased to report that 2008 was another growth year for Dovetail Partners, with both the organization as a whole and each individual program achieving greater breadth and depth. Key activities included a complete redesign of our website with new options for searching out report contents.

We also increased the breadth of our giving programs, with greater participation from individuals than ever before. This growth is of special benefit to Dovetail, as individual donations are a key component of how we are able to bring expanded value to our programs. To the extent possible, we use individual donations to cover overhead and administrative expenses.

Finally, the Dovetail team has continued to expand and we participated with more partner organizations in 2008 than ever before. It is through our partnerships that we bring value, and we are honored by the quality of institutions and organizations we have been able to work with this past year.

Jeff

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

Land Use

Project Report:

70-Mile Trail

Publications & Newsletters:

Commentaries

Reports

Dovetail Board, Staff, Interns &
Advisors

Financial Statement

ECO-AFFORDABLE HOUSING

In 2008 the Eco-Affordable Housing program saw a downturn in construction activities, but an increase in green building educational needs for communities. Some highlights of 2008 included participation in the Blandin Foundation's "From Forest to Showroom Floor" video, planning of the City of Morris' green neighborhood development, involvement in the Minnesota GreenStar Technical Advisory Board and participation in the International Forestry Partnerships Program in Quebec, Canada. New partnerships formed in 2008 included collaborations with Philadelphia Community Farm in Osceola, Wisconsin to develop land management planning resources and green building activities; and Habitat for Humanity of Minnesota to aid in the "greening" of their residential facilities and programs. Community education in Morris, Warren, and Aitkin, Minnesota included pursuing Minnesota-Made projects upon the turn of the housing industry. Some other educational events in 2008 included a lecture at the University of Crookston, a presentation at Eagle Bluff Environmental Learning Center in Lanesboro, MN, a presentation at the Education Conference for Sustainable Building Practices in Lakeville, MN, and a tour of the Aitkin FSC Home during a Sustainable Forestry Tour for Guatemalan Cochran Fellows.



Participants in the Sustainable Forestry Tour for Cochran Fellows, (left to right): Andres Bosch, Forestry Association of Guatemala, Alison Lindburg, Dovetail Partners, Ross Wagner, Aitkin County Economic Development, Dennis Thompson, Aitkin County Soil and Water District, Francisco Escobedo, General Manager of the Forestry Association of Guatemala, Bob Kangas, Aitkin County Land Department, and Dave Perez, USDA Forest Service.

RESPONSIBLE TRADE & CONSUMPTION

The Responsible Trade and Consumption Program continues to monitor and report on current and emerging trends, provide perspectives and policy considerations, and identify market-based opportunities relative to responsible trade and consumption. Areas of emphasis in 2008 included green building programs and environmentally preferable building materials, carbon storage in wood products, and opportunities for profitably implementing green in business and industry. In 2008, Dovetail collaborated with Mississippi State University and the University of Missouri to complete a study of forest sector business clustering, a project funded by The U.S. Endowment for Forestry & Communities.

CERTIFICATION

Forest management and chain-of-custody certification activities in 2008 included Dovetail's participation in the FSC-US Standards Working Group. The group is tasked with revising and crafting indicators and the national standard for Forest Stewardship Council (FSC) forest management certification in the U.S. Dovetail also hosted an April 2008 meeting of the FSC Family Forests Working Group to support the development of standards and guidance that increase family landowner access to FSC certification. In May 2008, Dovetail helped plan and facilitate an international meeting in Lisbon, Portugal to advance the interests of small holders and community-based forestry operations. The meeting identified actions needed to reduce costs, increase benefits and improve communications, and resulted in member supported policy changes during the FSC's General Assembly in November 2008.



Touring Finnish forestry with the *Seeing the Forest AND the Trees* study tour (left to right): Jim Bowyer, Dovetail Partners, Jack Rajala, Rajala Companies, Loren Solberg, Minnesota Representative, District 3B.

LAND USE

From 2007 – 2008, Dovetail Partners participated in the *Seeing the Forest AND the Trees* international study tour hosted by the Blandin Foundation's Vital Forests/Vital Communities Initiative, an effort designed to influence forestry practices and land use alternatives in Minnesota. The tour included visits to managed forests, research institutions and meetings with natural resource leaders in Minnesota, Canada, Finland and Sweden. Dovetail Partners was influential in the development of the tour and its objectives, and prepared communication tools associated with the project.

70-MILE TRAIL PROJECT

Demonstrating Responsible Land Use Planning



The trail is designed to be environmentally sensitive, economically beneficial, and community supported.

In 2008, Dovetail Partners served as project coordinator for the 70-Mile Trail Project. The project includes the development of an extensive, first-rate ATV/OHV trail system in Aitkin and Itasca Counties, Minnesota. The trail routes are designed to be environmentally sensitive, economically beneficial, and community supported.

The 70-Mile ATV/OHV Trail Project goals are to:

- Focus the increasing ATV user base on an existing extensive (420+ miles) and attractive trail system within 2 hours of the Twin Cities. This should reduce potential negative impacts on natural resources, often caused by unregulated cross-country travel, by providing a well advertised "place to go" and by linking trail segments in environmentally sensitive ways
- Connect major recreation destinations via an ATV trail to promote tourism and its associated economic impacts.
- Revitalize local communities along and near the trail system. These communities benefit economically from seasonal snowmobile use; expanding a similar clientele (ATV users) to a larger segment of the year could have significant benefits to these small communities.

The 70-Mile Trail Oversight Committee has directed the project, with 19 members representing diverse interests and experiences from throughout the project area. Dovetail Partners has served as project coordinator and provided services including conducting stakeholder consultation, preparation of an Environmental Assessment Worksheet (EAW), planning and delivering public meetings, managing project records, maintaining a project website, responding to information inquiries and preparing project progress reports. Several interns and volunteers at Dovetail have assisted with the project. Trail construction has begun for the Phase I routes and planning continues for Phase II. The findings of this project are helping to inform land use planning in other parts of the state and country.

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.

READER FEEDBACK

In August 2008, Dovetail Partners distributed a questionnaire to gather feedback about the opportunities to expand report distribution methods and to better understand reader preferences. More than 250 questionnaires were completed, and the results include:

- 84% of readers have downloaded a Dovetail Report
- 71% of readers have shared a Dovetail Report with a friend or colleague

The top 5 areas of interest for readers are:

1. Biomass Energy and Biofuels (86% very interested or interested)
2. Green Building (85%)
3. Green Products and Responsible Materials (82%)
4. Forest Certification (80%)
5. U.S. Forestry Trends (78%)

- 99% of readers are interested in reports being available as electronic files that can be downloaded
- 74% are interested in Powerpoint style presentations that summarize reports
- 55% are interested in interactive CD-ROMs addressing a topic area
- 54% are interested in audio files
- 50% are interested in hardcopies of reports

Reader comments:

"Dovetail's reports are exceptionally well done, and constitute one of the best sources of information on energy, green building, and certification."

"The articles by Dovetail are the smartest and most relevant reading for the topics they cover that I have found anywhere."

"Your reports are timely, credible and unbiased."

"Dovetail's newsletter is the only on-line newsletter that I always read."

To respond to the results of the questionnaire, reports in 2009 will address the top areas of interest for our readers. We will also be exploring opportunities to post slideshow presentations and other delivery tools that make the information more accessible and user-friendly. We'll continue our current policy of making the electronic files of our reports available for free at our website and hardcopies available for \$7 (+S&H) upon request.

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. Dovetail was cited in the July 2008 **Congressional Research Service (CRS) Report** for Congress addressing *Forest Carbon Markets: Potentials and Drawbacks*.

Examples of "Dovetail in the News" in 2008 include:

- *"Green" Presentation at the Beanery*
Aitkin Age, 24 January 2008
- *City of Warren Going Green!*
KROX Crookston, 33 March 2008
- *Dovetail Partners Says Carbon Credits Should be More Inclusive*
Forest News WIRE, 28 April 2008
- *Defining Green*
Engineered Wood Journal, Spring 2008.
- *Dovetail Partners report calls for recognition of carbon stored in wood products*
Forest Products Journal, 1 May, 2008
- *Get Your Eco-Friendly Answered When You "Ask the Green Doctor!"*
BuildingOnline, 20 August 2008 eUpdate
- *Dovetail Partners and Aitkin County host international forestry and green building tour.*
TimberBuySell.com, 5 September 2008
- *Guatamalans tour Aitkin County forests*
Aitkin Age, 17 September 2008
- *Mini-Conference here Saturday on Green Building Materials*
The Warren Sheaf, 17 September 2008.
- *Responsible Materials and the Triple Bottom Line.*
Sawmill and Woodlot Magazine, October 2008.
- *The Green Movement and the Forest Products Industry – Part One.*
Hardwood Matters, December 2008.
- *What's New in Eco-Affordable Housing?*
Doors and Hardware, December 2008.
- *Bioenergy Development – Alignment of Assumptions and Targets is Essential.*
BioEnergy Technologies Quarterly, Winter 2008

Dovetail also produced articles for publication by other organizations, including EcoLinks published by the Temperate Forest Foundation, GreenScene columns for *Independent Sawmill and Woodlot Management* and articles for the membership of the Northwestern Lumber Association.

COMMENTARIES 2008

- Is FSC the Apple of my eye?
- Green Building Blues: Is Wood Getting A Raw Deal?
- Reader Response: Life Cycle Assessment – Is Its Potential Being Overstated?
- In Choosing Windows for Green Building, Old News is Good News!
- Buying Local Versus Imported Food: Don't Throw the Baby Out With the Bath!

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

REPORTS 2008

Dovetail published fifteen reports in The Outlook newsletter in 2008.

- Greening Your Product Line - Where to Start
- Portland Cement as a Construction Material: How Does It Compare to Wood, Steel?
- Forest Certification Update: The Forest Stewardship Council (FSC)
- Green Building Programs in the U.S.: A Review of Recent Changes Related to Designation of Environmentally Preferable Materials
- Urban Tree Utilization and Why It Matters
- Paper Recycling in the United States and Beyond: An Update
- Creating Collaboration Out of Chaos: Using Conflict Resolution Processes to Bring Diverse Groups Together
- Ecosystem Markets: New Mechanisms to Support Forestry
- Firewood Movement and the Emerald Ash Borer
- Wood Products and Carbon Protocols: Carbon Storage and Low Energy Intensity Should Be Considered
- Green Building Materials: Made in Minnesota
- The Great Lakes Region: A Forest Certification Hub, A 6-Month Status Report
- Trends in Forest-Based Carbon Sequestration in Asia: Implications for the United States
- Learning through Comparisons: A Look at Forestry in Minnesota, Ontario, Finland and Sweden
- Family Forest Certification in the United States: Program and Activity Updates

<http://dovetailinc.org/reports>

NEWS RELEASES 2008

- 02/15/2008 - 70-Mile Trail Project Moves Forward
- 03/19/2008 - As a City Rebuilds, Green is the Way to Go
- 04/16/2008 - Family Forest Certification Moves Forward
- 04/28/2008 - Dovetail Partners Says Carbon Credits Should be More Inclusive
- 05/27/2008 - FSC Identifies Next Steps for Family Forest Certification
- 06/06/2008 - Mississippi State to Lead Exploration of Forest Sector Business Clustering
- 06/23/2008 - Great Lakes Surges in Forest Certification
- 07/28/2008 - Aitkin-Itasca 70-Mile OHV Trail EAW Now Available
- 08/08/2008 - Got Questions About Green? Ask the Green Doctor!
- 08/19/2008 - Aitkin County to Develop Comprehensive Recreation Trail Plan
- 08/25/2008 - Environmental Awareness Could Lead to Wood Re-emerging as the Green Material of Choice
- 09/04/2008- Green Building Mini-Conference to be held September 20th in Warren, Minnesota
- 09/05/2008 - Dovetail Partners and Aitkin County host international forestry and green building tour
- 10/07/2008 - Mini-Conference in Warren Provides Green Building Tips for Homeowners
- 10/17/2008 - Alison Lindburg selected for Sweden Group Study Exchange
- 10/29/2008 - Family Forests Alliance Year-End Report
- 11/02/2008 - Education Conference for Sustainable Building Practices
- 11/19/2008 - New Partnership to Explore Ecosystem Service Markets for Northern Minnesota

<http://dovetailinc.org/content/news-releases>

DOVETAIL BOARD, STAFF & INTERNS

Dovetail Board of Directors 2008

Jeffrey Howe, Ph.D., Chairman of Dovetail Partners, CEO of Fullerton Companies

Brian Adams, Senior Vice President, Bremer Bank

Eric Bloomquist, Former CEO of Colonial Craft, Retired

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 2008

Kathryn Fernholz, Executive Director

Jim Bowyer, Director of Responsible Materials Program

Steve Bratkovich, Project Manager for Recycling and Reuse

Alison Lindburg, Director of Eco-Affordable Housing Program

Don Heise, Project Manager, Eco-Affordable Housing Program

Matthew Wenban-Smith, Director of Certification Program

Stephanie Berkland, Research Assistant

Anna Jacobson, Project Assistant

Dovetail Interns 2008

Lauren Ballewske, Macalester College

Andrea Evans, Augsburg College, Higher Education Consortium for Urban Affairs (HECUA)

Dovetail Board of Advisors 2008

William Banzhaf, President, Sustainable Forestry Board

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

R. Philip Guillery, Forestry Consultant

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, 2008

Assets:		
Cash and cash equivalents		\$203,448
Investments		144,866
Grants and contracts receivable		30,104
Prepaid expenses		654
Total Current Assets		379,072
Property and Equipment - Net		20,232
Total assets		\$399,304
Liabilities and net assets:		
Liabilities:		
Accounts payable		\$12,724
Accrued wages and payroll taxes		3,561
Funds held for others		64,699
Total current liabilities		80,984
Net assets:		
Unrestricted		199,076
Temporarily restricted		119,244
Total net assets		318,320
Total liabilities and net assets		\$399,304

Dovetail Partners, Inc.
 Statements of Activities and Changes in Net Assets
 December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenues			
Grants and contributions	\$19,535	\$119,244	\$138,779
Fees for services	267,421	-	267,421
Interest Income	4,275	-	4,275
Miscellaneous	130	-	130
Satisfaction of program restrictions	70,000	(70,000)	70,000
Total revenues	361,361	49,244	410,605
Expenses:			
Program Services	295,018	-	295,018
Management and general	25,246	-	25,246
Fundraising	10,272	-	10,272
Total expenses	330,536	-	330,536
Increase (decrease) in net assets	30,825	49,244	80,069
Net assets - beginning of period	168,251	70,000	238,251
Net assets – end of period	<u>\$199,076</u>	<u>\$119,244</u>	<u>\$318,320</u>

Dovetail Partners, Inc.
Statement of Functional Expenses
December 31, 2008

	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries	\$106,255	\$5,766	\$5,765	\$117,786
Payroll taxes	8,489	461	461	9,411
Total Personnel Costs	114,744	6,227	6,226	127,197
Consulting	147,728	-	3,015	150,743
Occupancy	7,068	393	393	7,854
Telephone and Internet	4,193	233	233	4,659
Office supplies	1,596	89	89	1,774
Board Expense	-	5,456	-	5,456
Printing and Copying	4,096	228	228	4,552
Staff Mileage and Travel	11,406	-	-	11,406
Dues and Subscriptions	1,439	-	-	1,439
Accounting	-	12,403	-	12,403
Insurance	1,162	129	-	1,291
Miscellaneous expenses	1,460	81	81	1,622
Depreciation	126	7	7	140
Total Expenses	295,018	25,246	10,272	330,536

Dovetail Partners, Inc.
Statements of Cash Flows
December 31, 2008

Cash flows from operating activities:	
Increase (decrease) in net assets	80,069
Total Adjustments	16,345
Net cash provided by operating activities	96,414
Cash flows from investing activities:	
Purchase of property and equipment	(20,372)
Purchase of Short-term Investments	(3,519)
Net cash provided (used) by investing activities	(23,891)
Cash flows from financing activities:	
Loan proceeds	-
Loan repayments	-
Net cash flows from financing activities	-
Increase in cash and cash equivalents	72,523
Cash and cash equivalents – beginning of year	130,925
Cash and cash equivalents – end of year	\$203,448

Special Thanks to Our Supporters!

Alexis Bloomstrand, New Morning Windows
Blandin Foundation
Boise Cascade, LLC
The Caldrea Company
Certified Wood Products, Inc.
Forest Products Management Development Institute, University of Minnesota
F.R.E.E Network
Fullerton Companies
Innovative Natural Resource Solutions, LLC
James R. Marshall
Jim and Ruth Bowyer
Susan Marvin, Marvin Windows & Doors
McKnight Foundation
Minnesota Department of Natural Resources - Division of Forestry
Natural Resources Conservation Service - USDA
Northwestern Lumber Association
Otto Bremer Foundation
Robert J. Hrubes, Scientific Certification Systems
Shaw/Stewart Lumber Co.
Snowy Pines Reforestation
Structural Wood Corporation
Surdna Foundation
The Remodeler's Choice, Inc., a Division of Fullerton Companies
University of Minnesota
UPM, Blandin Paper
USDA Forest Service
Weekes Forest Products, Inc.
Weyerhaeuser Family Foundation
William E. Hayward, Hayward Lumber
..and additional anonymous donors.

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