

ANNUAL REPORT 2011

DOVETAIL PARTNERS, INC.

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"Everybody is a genius. But if you judge a fish by its ability to climb a tree, it will live its whole life believing that it is stupid."

- Albert Einstein, 1879-1955

LETTER FROM THE CHAIR....

Hi All,

2011 was the best year in Dovetail Partners history, to date. Key accomplishments were:

- Launching a Speaker's Bureau,
- Expanded partnerships to support responsible business development and planning with small businesses throughout the Northeastern United States,
- Expanded partnerships for delivering green building and responsible materials education, and
- A new partnership to support education and outreach related to growing college student's interests in natural resource careers.

We have always stated that the key to Dovetail's success is in the development of and strategic alignment with key partners. In 2011 we were very successful in growing relationships particularly with the forest and forest products sectors. The key to the future is to expand our relationships to further include organizations from a broad sector that ensure that we remain well informed and trusted in our purveyance of science-based information.

The relationships developed through activities started in previous years have resulted in major projects for 2012-13, and we are looking forward to continued growth in our programs and projects.

The addition of important staff and associates in the past year, including my increased time with Dovetail, have been a significant part of the growth in opportunities and capacity within the organization. We expect great things in years to come.

1eff

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.

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PROGRAMS

Green Building

Dovetail Partners provides information and assistance with many of the currently available green building programs. Staff is experienced with green building practices, program standards, and project registration and certification processes. Dovetail Partners is a member of the United States Green Building Council (USGBC) and active in a number of green building programs including Minnesota GreenStar, Minnesota Green Communities, and LEED. Dovetail Partners is also a member of the Sustainable Furnishings Council. Recent activites related to green building have included reviews and reports addressing the development of the International Green Construction Code.

Responsible Materials

Dovetail creates and supports incentives that recognize the full spectrum of ecological attributes found in the forest and the social benefits provided by these forests. Dovetail hosts a "Responsible Materials Initiative" to summarize information about materials in a way that best helps organizations and individuals to make sustainable choices that they wholly understand. In 2011, Dovetail joined the NSF Joint Committee on Dimensional Stone Sustainability to support the development of responsible production standards for these materials.

Certification

In 2011, Dovetail's work related to certification included the release of a report on the differences between the Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) certification standards that are applied to forest management operation and audits in the United States. The report focused on recent changes made to each program and was cited in a Congressional Research Service report released in September 2011 that addressed the issue for applying forest certification to the management of national forests.

Land Use

Throughout 2011, Dovetail continued to support responsible land use through the diverse partnerships on several projects. The Northwoods Regional ATV Trail System project continues to make progress while being environmentally sensitive, economically beneficial, and supported by the surrounding community. Dovetail is also continuing efforts to identify market opportunities for forest-based carbon credits as well as other ecosystem service markets for land managers in Northern Minnesota. Two other recent land use projects include the development of an Aitkin County Comprehensive Recreation Trail Plan and a similar comprehensive plan for county-managed public lands in Crow Wing County, Minnesota. Also in 2011, new work began on the project "Supporting Community-Driven Sustainable Bioenergy Projects" with funding provided by the *Minnesota Environment and Natural Resources Trust Fund* as recommended by the Legislative-Citizen Commission on Minnesota Resources (LCCMR).

Project Report:

Dovetail Partners' Speakers Bureau



In 2011, Dovetail Partners launched a Speakers Bureau to provide access to experts on diverse environmental topics and to deliver information to a full range of audiences.

The listing of speakers includes experts on a full range of topics – including sustainable forestry and land management, environmental policy, responsible consumption, green building, green marketing, environmentally-focused business management, systematic assessment of environmental impacts, urban forestry and agriculture, bio-energy and many other topics.

The Speakers Bureau provides online access to information about available presenters. A list of potential presentations, areas of expertise and keynote topics are provided. Speaker biographies and brief YouTube videos provide additional information.

The current line-up of Dovetail Speakers includes several staff and associates, and additional experts will be added to the Speakers Bureau in the future.

http://www.dovetailinc.org/speakers

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.

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 2011 include:

- "Positive Reforms" Needed to Encourage Biomass Use says Society of American Foresters Renewable Energy Magazine December 27, 2011
- Active, responsible forest management, including use of wood products, provides greater carbon mitigation benefits than no management, finds new report Industry Intelligence November 15, 2011
- Home remodelers discover 'urban timber'
 Washington Post November 11, 2011
- Geothermal 101: The Basics and Applications of Geothermal Energy Sun E News October 2011
- Green Claims: The Rise and Significance of Environmental Product Declarations Engineered Wood Journal Autumn 2011
- <u>Demand Increasing for</u>
 <u>Environmental Transparency</u>

 <u>among Building Materials</u>
 <u>MarketWatch October 5, 2011</u>
- Bamboo: can it live up to the 'green gold' hype? Ecologist 30 August 2011

- Consortium to help wood manufacturers "green" their bottom line Forest Business Network August 2011
- <u>Dovetail Partners Releases New</u>
 <u>Report on Bioenergy</u>
 SFGate August 2011
- Model Forest Dedicated in Aitkin County
 Aitkin Independent Age June 2011
- Growing Talent in the Lumber
 <u>Business</u>
 Building Products.com May 2011
- Environmental Product
 Declarations Hold Potential as

 Standardized Comparisons
 Sun Herald April 22, 2011
- SFC Names 4 New Board
 Members
 Home Furnishings Business April 1, 2011
- <u>Upstaging the ash borer</u>
 Star Tribune January 26, 2011
- Biomass feasibility study underway
 Cook County News Herald January 1, 2011

Commentaries 2011

What do Trees and People have in Common? – Lots!

Climate change is a hot environmental topic, and carbon sequestration, reducing carbon footprints, and carbon trading are among the solutions that are being discussed to mitigate man's impact on global climate. For the past two hundred years man has poured literally billions of tons of carbon based "greenhouse" gases such as carbon dioxide and methane into the atmosphere. While there is still some debate (in some regions) over the degree to which man actually can influence the global environment, there appears to be general alignment behind the idea that behaviors that lead to increased long-term storage of carbon, particularly of atmospheric carbon, are a good thing. Some have even been suggested that halting the harvest of trees might be an effective way to increase carbon storage. However, this simplistic solution to the atmospheric carbon problem is misguided.

Renewable Versus Nonrenewable: Can there even be a Question?

Today, as we discuss strategic use of materials and various green behaviors, the terms renewable and nonrenewable are tossed around rather carelessly. To a certain extent, renewable has become more of a catchphrase than a term with important and critical meaning. Perhaps a good way to compare and contrast the terms "non-renewable" and "renewable" is to look at examples of each type of material and explore what it means to be renewable.

Do Well by Doing Good

As part of a mission to foster sustainability and responsible behavior, Dovetail has made the training and development of leaders of organizations focused on social and environmental responsibility a high priority. In the past the definition of those companies has been ascribed either to their nonprofit status or been somewhat subjective. Recently, however, a new business sector, which some have described as the Fourth Sector, has arisen as a means to characterize firms for whom business is about more than money.

· What's the Difference Between a Green Building and a Loaf of Bread

Earlier this year, we published a report on green marketing that discussed some of the various market segments and their interests and involvement in green products as well as some strategies for getting involved in the green marketplace. In this commentary we want to address one of the most frequently asked questions in green marketing: "will people pay more for green products?"

Read the complete commentaries online at:

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

Reports 2011

- An Introduction to Urban Agriculture
- Building Codes: Barriers to Green Innovation
- Managing Forests for Carbon Mitigation
- Geothermal 101
- Carbon Sequestration in Solid Wood Products from Urban Forests
- Life Cycle Impacts of Forest Management and Bioenergy Production
- Carbon and Carbon Dioxide Equivalent Sequestration in Urban Forest Products
- Potential Impacts of Climate and Energy Policy on Forest Sector Industries
- Limits to Global Petroleum Production an Update on Recent Analyses
- Utilizing Urban Forests for Fruit Production
- Differences between the FSC and SFI Certification Standards
- Working Lands Conservation Offers Path to Sustainable Land Use
- Effective Communication
- Environmental Product Declarations (EPDs) Are Coming Is Your **Business Ready?**

Access the complete reports online at: http://dovetailinc.org/reports

Dovetail Board, Staff, Interns & Advisors

Dovetail Board of Directors 2011

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, Chanin Law Firm Jill Koosmann, CEO, HRK Group, Inc.

Dovetail Staff 2011

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 & Research Assistant

Don Heise, Project Manager

Jeff Bowyer, Associate

Dovetail Interns 2011

Adam Zoet, Renewable Energy Policy
Jennifer Garman, Green Building
Grace Giampietro, Environmental Policy
Kelsey Reinke, Green Building
Olivia Allen, Communications
Ryan Radzak, Research
David Werley, Policy

Dovetail Board of Advisors 2011

William Banzhaf, Former President, Sustainable Forestry Board, Retired

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

R. Philip Guillery, Systems Integrity Director, FSC

Reginaldo Hasslett-Marroquin, Director, Rural Enterprise Center

Don Heise, Architectural Wood Specialties

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

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

Patrick O'Brien, Organizational Development Consultant

Financial Statement

Dovetail Partners, Inc.

Statements of Financial Position

December 31, 2011

Assets:

Cash and cash equivalents	\$249,745
Investments	-
Grants and contracts receivable	44,359
Prepaid expenses	-
Total Current Assets	294,104
Grants and Contracts Receivable	-
Property and Equipment - Net	8,244
Total assets	\$302,348

Liabilities and net assets:

Liabilities:

Accounts payable	\$52,754
Accrued wages and payroll taxes	7,527
Funds held for others	15,233
Total current liabilities	75,514

Net assets:

Unrestricted Temporarily restricted Total net assets	166,834 60,000 226,834
Total liabilities and net assets	\$302,348

Dovetail Partners, Inc. Statements of Activities and Changes in Net Assets December 31, 2011

		Unrestricted	Temporarily Restricted	Total
Support & Revenues				
	Grants and contributions Fees for services Sales Interest Income Miscellaneous	\$24,052 466,861 1,536 715 133	\$ - - - -	\$24,052 466,861 1,536 715 133
	Satisfaction of Program restrictions Satisfaction of Time Restrictions Total support and revenues	65,847 5,000 564,144	(65,847) (5,000) (70,847)	- - 493,297
Expenses:	Program Services Support Services: Management and general Fundraising Total Support Services Total expenses	545,590 25,736 6,775 32,511 578,101	- - - -	545,590 25,736 6,775 32,511 578,101
Change in N	Net Assets	(13,957)	(70,847)	(84,804)
Net assets -	Beginning of Year	180,791	130,847	311,638
Net assets -	- End of Year	<u>\$166,834</u>	<u>\$60,000</u>	\$226,834

Dovetail Partners, Inc. Statement of Functional Expenses December 31, 2011

_	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries	\$85,319	13,526	5,202	\$104,047
Payroll taxes	6,576	1,043	401	8,020
Total Personnel Costs	91,895	14,569	5,603	112,067
Consulting	420,770	-	-	420,770
Staff Mileage and Travel	7,199	-	-	7,199
Board Expense	-	210	-	210
Occupancy	7,949	1,260	485	9,694
Accounting	-	7,912	-	7,912
Telephone and Internet	3,298	523	201	4,022
Education and Training	3,796	-	-	3,796
Office supplies	1,448	229	88	1,765
Program Expense	1,308	-	-	1,308
Insurance	1,333	211	81	1,625
Miscellaneous	848	134	52	1,034
Dues and Subscriptions	1,402	-	-	1,402
Printing and Copying	1,067	169	65	1,301
Depreciation	3,277	519	200	3,996
Total Expenses _	\$545,590	\$25,736	\$6,775	\$578,101

Dovetail Partners, Inc. Statements of Cash Flows December 31, 2011

<u>Increase</u>	(Decrease)	in Cash and	Cash Ed	<u>uivalents</u>

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Casn	Flows	Trom	Op	erating	J ACU	vities:

Change in Net Assets	\$(84,804)
Total Adjustments	144,842

Net Cash (Used) by Operating Activities 60,038

Cash Flows from Investing Activities:

Proceeds from Sale of Short-term Investments	105,670
Purchase of Short-term Investments	(75)
Net Cash Provided (Used) by Investing Activities	105,595

Cash Flows from Financing Activities:

None

Net (Decrease) in Cash and Cash Equivalents	165,633
Cash and Cash Equivalents – Beginning of Year	84,112
Cash and Cash Equivalents – End of Year	\$249.745

Special thanks to our donors and supporters!

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

Adam Zoet

Alexis Bloomstrand, New Morning Windows

Alison Lindburg

Beth Waterhouse

Brett Emmons

Brian Adams

Cassie Phillips

Charles H. Thompson

Cynthia and Rick Siewert, Wood from the Hood

Donald Seawater

Edwin Chanin

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 Bowyer

John and Lori Gunn

Judie Johnson

Kari Wenger and Peter Henry

Kathleen D. Hiltsley

Keith Komro, Vital Systems, Inc.

Kim E. Carlson, EarthSmart, LLC.

Kim Chapman, Applied Ecological Services

Mark H. Jacobs

Michael Anschel, In Honor of Peter Lytle

Norman and Susan Moody

Patrick de Freitas

Paula Westmoreland

Rick Larson

Robert J. Hrubes, Scientific Certification Systems

Robert Sonnenberg

Sam Sherrill

Sarah Stai, EcoSmith Consulting

Shawn Markham

Stephanie Berkland

Stephen H. Kaiser

Steven and Nancy Rosenberg

Steven Fenster

Susan Audette

Susan Marvin, Marvin Windows & Doors

Susan Odell

Thomas and Mary Kroll

Thomas McLain

Timothy Tracy

W. R. Beer

William H. Banzhaf and Adela Backiel

William E. Hayward, Hayward Lumber

William F. Wieger

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

Hedstrom Lumber Company, Inc.

Innovative Natural Resource Solutions, LLC

Interforest, LLC

Koochiching County, Land and Forestry Department

Minnesota Forestry Association

Minnesota Power

National Cooperative Grocers Association

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

Universal Forest Products, Inc.

UPM, Blandin Paper Co.

Weekes Forest Products, Inc.

...and additional anonymous donors.



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