Dovetail Partners, Inc.

Annual Report 2010
“If we did all the things we are capable of, we would literally astound ourselves.”

- Thomas Edison, 1847-1931
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.

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.
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Financial Statement
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.

**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 meeting*

**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*

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 Foundation 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 County’s future?**
  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

• **Builders’ GreenStar initiative falters**
  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

• **Public Input Sought on Forest Assessment**
  Brainerd Dispatch July 28, 2010

• **Leading the way into the loop**
  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**
  BuildingOnline February 25

• **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

• **Input Sought on County Trails 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
- Urban Forestry: An Evolving Discipline
- What is PassivHaus?
- Urban Wood Utilization and Industrial Clusters: A Twin Cities Case Study

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$84,112</td>
</tr>
<tr>
<td>Investments</td>
<td>105,595</td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>106,515</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>296,222</strong></td>
</tr>
<tr>
<td>Grants and Contracts Receivable</td>
<td>55,000</td>
</tr>
<tr>
<td>Property and Equipment - Net</td>
<td>12,240</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$363,462</strong></td>
</tr>
</tbody>
</table>

Liabilities and net assets:

Liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$15,298</td>
</tr>
<tr>
<td>Accrued wages and payroll taxes</td>
<td>6,856</td>
</tr>
<tr>
<td>Funds held for others</td>
<td>29,670</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>51,824</strong></td>
</tr>
</tbody>
</table>

Net assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>180,791</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>130,847</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>311,638</strong></td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**       **$363,462**
Dovetail Partners, Inc.
Statements of Activities and Changes in Net Assets
December 31, 2010

<table>
<thead>
<tr>
<th>Support &amp; Revenues</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contributions</td>
<td>$24,658</td>
<td>$176,856</td>
<td>$201,514</td>
</tr>
<tr>
<td>Fees for services</td>
<td>180,689</td>
<td>-</td>
<td>180,689</td>
</tr>
<tr>
<td>Interest Income</td>
<td>820</td>
<td>-</td>
<td>820</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>92,767</td>
<td>(92,767)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support and revenues</strong></td>
<td><strong>304,543</strong></td>
<td><strong>84,089</strong></td>
<td><strong>388,632</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
</tr>
<tr>
<td>Support Services:</td>
</tr>
<tr>
<td>Management and general</td>
</tr>
<tr>
<td>Fundraising</td>
</tr>
<tr>
<td><strong>Total Support Services</strong></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
</tr>
</tbody>
</table>

| 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 | **180,791** | **130,847** | **311,638** |
## Statement of Functional Expenses

**December 31, 2010**

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$66,437</td>
<td>10,533</td>
<td>4,051</td>
<td>81,021</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>5,057</td>
<td>802</td>
<td>308</td>
<td>6,167</td>
</tr>
<tr>
<td><strong>Total Personnel Costs</strong></td>
<td>71,494</td>
<td>11,335</td>
<td>4,359</td>
<td>87,188</td>
</tr>
<tr>
<td>Consulting</td>
<td>212,306</td>
<td></td>
<td></td>
<td>212,306</td>
</tr>
<tr>
<td>Staff Mileage and Travel</td>
<td>9,132</td>
<td></td>
<td></td>
<td>9,132</td>
</tr>
<tr>
<td>Board Expense</td>
<td></td>
<td>8,578</td>
<td></td>
<td>8,578</td>
</tr>
<tr>
<td>Occupancy</td>
<td>6,712</td>
<td>1,064</td>
<td>409</td>
<td>8,185</td>
</tr>
<tr>
<td>Accounting</td>
<td></td>
<td>7,696</td>
<td></td>
<td>7,696</td>
</tr>
<tr>
<td>Telephone and Internet</td>
<td>5,213</td>
<td>827</td>
<td>318</td>
<td>6,358</td>
</tr>
<tr>
<td>Education and Training</td>
<td>4,434</td>
<td></td>
<td></td>
<td>4,434</td>
</tr>
<tr>
<td>Office supplies</td>
<td>2,565</td>
<td>407</td>
<td>156</td>
<td>3,128</td>
</tr>
<tr>
<td>Program Expense</td>
<td>2,349</td>
<td></td>
<td></td>
<td>2,349</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,802</td>
<td>286</td>
<td>110</td>
<td>2,198</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>993</td>
<td>157</td>
<td>61</td>
<td>1,211</td>
</tr>
<tr>
<td>Dues and Subscriptions</td>
<td>937</td>
<td></td>
<td></td>
<td>937</td>
</tr>
<tr>
<td>Printing and Copying</td>
<td>583</td>
<td>93</td>
<td>36</td>
<td>712</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,277</td>
<td>519</td>
<td>200</td>
<td>3,996</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$321,797</strong></td>
<td><strong>$30,962</strong></td>
<td><strong>$5,649</strong></td>
<td><strong>$358,408</strong></td>
</tr>
</tbody>
</table>
Dovetail Partners, Inc.
Statements of Cash Flows
December 31, 2010

**Increase (Decrease) in Cash and Cash Equivalents**

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 Bowyer
- 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.

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**Dovetail Partners, Inc.**
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Minneapolis, MN 55403
www.dovetailinc.org