



September 28, 2018

Honorable Robyn A. Millenacker  
Ramsey County District Court  
15 West Kellogg Boulevard, 1550  
St. Paul, MN 55102

RE: Charles K. Blandin Foundation 2017 Independent Auditor Verified Self-Reporting  
Court File No. C5-58-302795

Honorable Judge Millenacker:

Pursuant to the Court's April 2015 Findings of Fact, Conclusions of Law and Order Discharging Special Master and Approving Independent Auditor Verified Self-Reporting Process ("April 2015 Order"), the C.K. Blandin Foundation is to annually provide the Court with an Annual Report regarding its compliance with the April 2015 Order's grant distribution requirements. This report is e-filed with the Court. We also post the Report on the Blandin Foundation web page.

This letter provides an overview to the Charles K. Blandin Foundation independent auditor's verified self-reporting and constitutes the Blandin Foundation's compliance with the Ramsey County District Court's requirements regarding self-reporting for calendar year 2017.

#### Background

In its April 2015 Order, the Ramsey County District Court approved the discharge of the special master and the substitution of verified self-reporting by the Foundation to start with the calendar year 2013. As was the case with the previous special master reports, the purpose of the Foundation's audited self-report is to confirm compliance by the Foundation with the requirements of the 2003 Stipulated Order of the Court and the April 2015 Order requiring that at least 60% of all Foundation grants be made to the Grand Rapids area (as defined by the order) over a rolling 6-year period (the 60% distribution requirement starts with the rolling 6-year period beginning on January 1, 2015, all prior 6-year rolling periods have a 55% distribution requirement).

Compliance with this grant-making formula is the Court-ordered criteria by which the Foundation meets its "perpetual and primary responsibility to distribute its funds to meet the reasonable needs of the Grand Rapids area," as required by our founder Charles K. Blandin. The 2003 Stipulated Order and April 2015 Order also require reporting any significant changes to the Foundation's grant-making and charitable distribution practices.

The Court's April 2015 Order requires that the Foundation's calculations be verified by the Foundation's independent auditors and Foundation management will present these calculations in the supplemental information of the annual audit or the management discussion and analysis section in a format consistent with the reporting format established by the special master prior to his discharge.

The Foundation's report shall be provided to the Court on or about September 30 of each year and said report shall be included in the Court's public files. In addition, the Foundation's report shall be prominently posted on the Foundation's website when it is filed with the Court.

### Conclusion

The information required by the April 2015 Order is set forth in the Foundation's 2017 audited annual financial statements in the supplemental information and the management discussion and analysis section on Pages 20 through 30. These financial statements have a clean auditor's opinion as identified in the Independent Auditor's Report of RSM US LLP dated June 25, 2018.

As confirmed on Page 20 of the 2017 Report during the 2012-2017 6-year rolling period, 73% of all Foundation grants were distributed to the Grand Rapids area and 27% to rural Minnesota.

The Foundation has complied with all required reporting under the April 2015 Order and the 2017 Report has been reviewed and confirmed by the Foundation Board of Trustees as well as the Trustees of the Residuary Trust and the Foundation's legal counsel. There were no significant changes to the grant-making and charitable distribution practices of the Foundation.

Reference in the management discussion and analysis section to "unaudited" is standard language and refers only to management comments on the data. The underlying data and other historical financial information were audited by the independent auditor as required in the April 2015 Order or taken from the Foundation's 990-PF, which was prepared by RSM US LLP.

Any questions regarding the Foundation's annual report for 2017 can be directed to the Foundation's President/CEO Dr. Kathleen Annette via email - [krannette@blandinfoundation.org](mailto:krannette@blandinfoundation.org); phone - 218-326-0523; or by mail or in person – 100 North Pokegama Avenue, Grand Rapids, MN 55744. Dr. Annette will respond within 10 business days, pursuant to the Foundation Policy adopted as a result of the April 2015 Order. The 2017 Report has been posted on the Foundation's web site at [www.blandinfoundation.org](http://www.blandinfoundation.org).

Please contact me or our legal counsel if you should have any questions. Thank you.

Sincerely,



Kathleen R. Annette  
President/CEO

cc: Sarah Gillapsey, Assistant Minnesota Attorney General  
James Rockwell, C.K. Blandin Residuary Trust  
James Hoolihan, C.K. Blandin Residuary Trust  
Brian Nicklason, Board Chair, Blandin Foundation  
Neal T. Buethe and Andrew Howard, Briggs and Morgan, P.A.