

Background: Our Home Community

Why Grand Rapids?

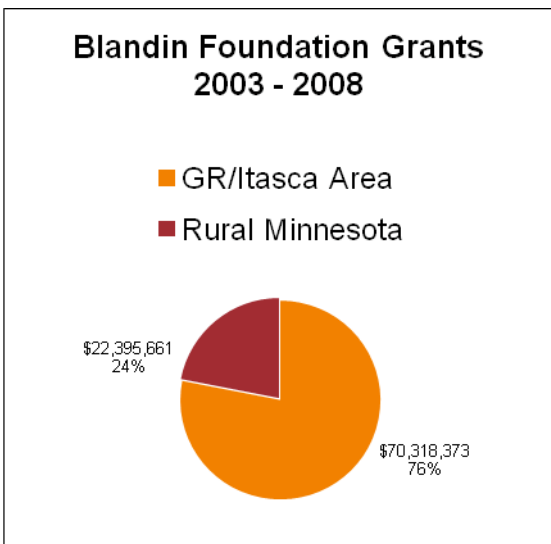
Grand Rapids, Minnesota, is our home community of the Blandin Foundation. It also is the home of Blandin Paper Company, formerly owned by the Foundation's benefactor Charles K. Blandin who lived here a good portion of his life.

Mr. Blandin's Legacy

Because of his interest in supporting the Grand Rapids area and other rural communities around Minnesota, Charles K. Blandin established a private foundation to carry on his vision of strengthened communities. Mr. Blandin's direction was that his estate be used for work that led to community self-sufficiency, versus dependency, especially in the region about which he cared so deeply. Today, Mr. Blandin's legacy leverages the proceeds of a trust that has grown considerably, especially since the Blandin paper mill was sold in 1977 (from a value of \$60 million in 1977 to \$331 million at the end of 2008).

Especially Grand Rapids

The mission of the Foundation calls out the Grand Rapids area as its special focus. Mr. Blandin also recognized, however, that lessons learned in Grand Rapids could be applied across rural Minnesota, and vice versa. Today,



- More than 55% of grants are dedicated to the Grand Rapids area (in actuality over the past six years it has been closer to 76%)
- Strategic priorities are framed through a Grand Rapids lens, although recognizing that our home community is not an island unto itself—e.g., nationally acclaimed Vital Forests/Vital Communities Initiative, highest concentration of Blandin Community Leadership Program-trained leaders in the state, etc.
- The Foundation's trustees and staff bring their expertise and passion to community-driven initiatives within our home community—United Way, Chamber of Commerce, Itasca Economic Development Corporation, KOOTASCA Community Action programs, YMCA, etc.

Transparency

Mr. Blandin, in his will, asked that the Ramsey District Court provide oversight to the Foundation's work, including its obligation to serve the needs of our home community. Our Board of Trustees also brings that frame of reference to its work. And we work with a court-appointed Special Master to ensure, specifically, that we are living up to our promise of at least 55% of grants going to the Grand Rapids area as measured on a six-year rolling average. Our internal culture, as well, is one of assessment and learning, always improving for the benefit of our stakeholders. For example, the national Center for Effective Philanthropy recently

conducted its second evaluation of grantee perceptions of our work, showing that the Foundation had embraced and effectively responded to concerns raised in 2005.

Foundation Goals

The Blandin Foundation delivers its mission of healthy rural Minnesota communities in three primary ways: grant-making, leadership training and public policy initiatives. The work of the Foundation is organized around:

Community Capacity

Supporting the capacity of communities to identify issues and opportunities, and to mobilize resources.

Community Change

Helping communities value and mobilize diversity of ideas, opportunities, experiences and people.

Internal Capacity

Increasing the capacity of the Foundation to accomplish its mission.

Areas of Focus

In 2007, the Foundation refined its focus and instituted the following areas of focus:

1. Increased educational attainment for all, especially for disadvantaged populations
2. Development of diverse leaders
3. Fairness and opportunity for disadvantaged populations
4. Community and regional economic initiatives that capitalize on diverse assets
5. Strengthened voice of rural Minnesota
6. Strengthened intercultural competencies within our communities

Looking ahead, the Foundation expects to further focus on priorities related to education, economy and inclusiveness.

Financial Stability

The policy of the C.K. Blandin Residuary Trust is to manage Mr. Blandin's assets for perpetuity. This does, and always has, set the Foundation on a course of balancing present need with long-term sustainability of the trust assets. As the primary source of revenue for the Blandin Foundation, stress on the market-based proceeds of the trust has challenged trustees and staff alike to make choices that best support its mission.

Between December 2007 and December 2008, assets of the Trust (and, thus, revenue to the Foundation) declined by 30%. Corresponding reductions in grants (primarily for new grants and for those outside the Foundation's home area) and programs and operations (including staff furloughs) have taken place in 2009 and will continue at least into 2010.

The Foundation, like its peers across the country, expects that it has experienced a "re-set" and that many recent changes will be in place for several years. Despite these difficult choices (and, indeed, because of them), most established local grantees can expect the Foundation to be a source of stable funding even amid uncertain economic times. Moody's Investors Service recently agreed with this assessment, and declared the Foundation's ability to financially deliver on its mission as "stable," affirming its bond rating of A3 (the Foundation had issued bonds in support of the Grand Itasca Hospital in 2004).