

**2011 BLANDIN FOUNDATION  
GRAND RAPIDS AREA CHARITABLE ACTIVITIES  
January through December 2011**

**INTRODUCTION**

This Annual Report is filed with the Court pursuant to the Court's directives at the 2010 Informational Meeting for a formal annual update on the Blandin Foundation's Grand Rapids area giving commitment. This Report, which was proposed to the Court by the Blandin Board of Trustees, is especially important during this era of economic challenges when the Foundation's perpetual and primary role in the local community, as envisioned by Charles Blandin, must be clearly apparent and foremost on the mind of the Foundation.

This report presents information on grants approved by the Foundation during calendar year 2011. The report is based on approvals rather than cash payouts, because it provides a more accurate, real-time record of the Foundation's giving activities. This complements the Special Master's report, which uses a cash basis to make the determination as to whether the Foundation is in compliance with its commitment to provide a minimum of 55 percent of grants in the local giving area (Itasca County communities, plus neighboring Blackduck, Hill City, Northome and Remer).

**STRATEGIC COMMITMENT**

The Blandin Foundation's core commitment to the wellbeing of the local giving area is specifically articulated in its mission, "To strengthen communities in rural Minnesota, especially the Grand Rapids area" and the four priorities in its strategic plan:

- *Commitment to Home*: Optimize the work of the Blandin Foundation in its home communities of the Itasca County area.
- *Invest in Leaders*: Use leadership training, convening, financial support, and other resources to engage with people to strengthen rural communities.
- *Expand Opportunity*: Identify and develop activities that actively blend educational attainment, economic vitality, and greater inclusivity.
- *Effective Stewards*: Optimize the capacity of the Blandin Foundation to pursue its vision.

The Foundation Trustees have identified "Commitment to Home" as the top strategic priority of the Foundation. Not only is there a specific strategy related to the Foundation's work in the Grand Rapids area, but most of the activity under the "Expand Opportunity" strategy is occurring in the Grand Rapids area.

Declines in Trust and Foundation assets resulting from the recession prompted a 20 percent reduction in the Foundation's budget in 2009, with annual budgets remaining nearly flat since then at roughly \$18,600,000. In the face of reduced resources, the Foundation Trustees made the strategic decision to maintain local grant making at the same level as prior to the recession while making significant cuts in the amount of rural grants. This has allowed the Blandin Foundation to remain a consistent, dependable source of funding in the local giving area at a time of significant declines in revenue from other sources.

### **GRANT AND PROGRAM ACTIVITIES IN LOCAL COMMUNITY**

The Foundation's involvement in the local community includes grant making, serving as a convener on important community issues, training leaders, and serving as a significant employer and consumer of products and services from local vendors. The Foundation's ratio of budget resources being dedicated to grantmaking, to programs and administration has remained consistent.

As the following table indicates, 81 percent of grants approved by the Foundation in 2011 were for the benefit of the local giving area, totaling nearly 11,000,000. Funded activities included scholarships, early childhood education, economic development, technology adoption in local school districts, domestic abuse services, hunger alleviation, emergency shelter, and a broad range of other charitable activities. Every year, roughly \$6,000,000 of Foundation grant making is dedicated to long-term historical grantees in the local community with the balance of grants being invested in new, shorter-term opportunities to improve the community. A detailed list of approved grants is attached. Please note the attachment includes nearly \$519,305 of broadband grants funded by federal and state government sources which are not reflected in the table below and are not included in the Foundation's calculation of the percentage of grants made in the local community.

**Grants and Scholarships Approved  
January through December 2011**

	<b>Amount Approved</b>	<b>Percent</b>
<b>March 2011</b>		
Local	\$741,549	
Rural	\$950,170*	
*Does not include \$218,000 in Broadband grants funded by state and federal government		
<b>June 2011</b>		
Local	\$4,841,865	
Rural	\$875,580	
<b>September 2011</b>		
Local	\$1,865,000	
Rural	\$ 0	
<b>December 2011</b>		
Local	\$3,442,360*	
Rural	\$689,728*	
*Does not include Broadband grants of \$50,000 for local and \$251,305 for rural funded by state and federal government.		
<b>Total-Local</b>	<b>\$10,890,774</b>	<b>81%</b>
<b>Total-Rural</b>	<b>\$ <u>2,515,478</u></b>	<b>19%</b>
	<b><u>\$13,406,252</u></b>	

As part of its commitment to the local nonprofit community, roughly \$150,000 has been invested in their capacity building and organizational development. The nonprofit community itself identified two priorities for skill building to help overcome the current economic challenges: increased ability to work collaboratively and improved board governance. More than 60 area entities have participated in capacity building activities through individualized coaching and educational seminars.

The Foundation's Public Policy and Engagement department has made heavy investments of staff capacity over the past year facilitating community engagement projects on the topics of increased educational outcomes for all students in the local community, increased broadband availability and adoption, and transportation options for low income populations. Examples of other non-grant investments include twice convening Blandin leadership training alumni to identify opportunities to strengthen both Itasca County and Northeast Minnesota as a region, extensive volunteer activity in the community by Foundation staff and board, and research/survey work on issues of concern in the local community.

## PERFORMANCE ASSESSMENT

The Foundation has established an annual practice of assessing the organization's performance and making adjustments to its operations based on lessons learned. This year, the Foundation commissioned two surveys that yielded data regarding the performance and perception of the Foundation in the local community.

One survey, conducted by the Center for Effective Philanthropy, is a Grantee Perception Report which compares the perceptions of Blandin Foundation grantees to the perceptions of the grantees of nearly 300 other foundations in the U.S. This is the third time the Perception Report has been administered since 2005. The results of the first Perception Report showed that Blandin compared very poorly with other foundations. However, the two subsequent Perception Reports have demonstrated steady and dramatic improvement in the relationship between the Blandin Foundation and its grantees in the local community and across the state. Key findings from the 2011 Perception Report include:

- Blandin Foundation ranks above the median in 7 of 8 composite measures in the survey, placing it in the top fifth of foundations taking the survey.
- Blandin ranks above 75 percent of foundations in the quality of relationships with its grantees including fairness, approachability, responsiveness, clarity of communications, and consistency.
- Grantees in the local community rate the Blandin Foundation's impact on the community above nearly all other foundations taking the survey.
- When asked how grantees' recent experience with the Blandin Foundation compares to that of other funders, Blandin is rated above 90 percent of other foundations.

The second study that has provided insights regarding the Foundation's standing in the home giving area is a reputational survey conducted in July 2011 by Russell Herder. Of the 250 people surveyed, three-quarters of respondents rate the Foundation as "excellent" or "good" in cooperation, collaboration, and partnership; in honesty and trustworthiness; and in innovation for learning and change. Two-thirds rate it as "excellent" or "good" in respectfulness and listening. Over 9 out of 10 believe the Foundation works in the best interest of the Itasca County area, and 85 percent believe it helps to expand opportunity in the local area. This study provided a 95% confidence level with a statistical reliability of +/-5.3%.

The results of both the Grantee Perception Survey and the reputational survey have yielded similarly positive data about the Foundation. They provide strong indications of local confidence in the Foundation as an effective, trusted, respectful, and engaged local partner.

## CONCLUSION

The purpose of this Report is to give the Court the background to the grant numbers and provide the Court and community information on the Foundation's strong, primary and perpetual commitment to the Grand Rapids area. Grant performance plus assessment data demonstrate empirically the Foundation's focus on meeting the needs of home giving area communities. The Foundation's door is always open to community comments and concerns and the conversations that occur are informative, positive and ongoing. The new Foundation administration is fully informed of the legal, mission-based and Court-based importance of the local commitment as embodied in the Strategic Plan and is dedicated to the task.

Marian Barcus  
Chair, Blandin Foundation Board

Dr. Kathy Annette  
President, Blandin Foundation

Wade Fauth  
Vice President/Grants Director