

CHARLES K. BLANDIN FOUNDATION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2009 AND 2008

**CHARLES K. BLANDIN FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	21
SCHEDULES OF PROGRAM EXPENSES	22
SCHEDULES OF ADMINISTRATIVE EXPENSES	23
CHART ON CHARITABLE ACTIVITIES	23
CHARTS ON PAID GRANTS	24
MANAGEMENT'S DISCUSSION AND ANALYSIS	26

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Charles K. Blandin Foundation
Grand Rapids, Minnesota

We have audited the accompanying statements of financial position of the Charles K. Blandin Foundation (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We have conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charles K. Blandin Foundation as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
May 18, 2010

**CHARLES K. BLANDIN FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	<u>Note</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Cash and Cash Equivalents		\$ 122,362	\$ 254,620
Investments at Fair Value	2	50,817,244	45,164,520
Investment Income Receivable		601,705	565,858
Beneficial Interest in Blandin Residuary Trust	1	326,177,264	276,441,513
Collateral - Securities Lending Agreement	4	2,026,231	5,869,621
Payable - Securities Lending Agreement	4	(2,422,799)	(6,468,249)
Program Related and Directed Investments	5	4,512,926	5,534,277
Other Assets		1,543,133	1,592,571
Property and Equipment	6	2,788,101	2,870,904
		<u>\$ 386,166,167</u>	<u>\$ 331,825,635</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses		\$ 1,625,419	\$ 1,581,272
Grants and Scholarships Payable	10	21,109,621	12,162,843
Long-Term Debt	7	14,885,000	15,960,000
Total Liabilities		<u>37,620,040</u>	<u>29,704,115</u>
NET ASSETS			
Unrestricted	1	945,863	3,730,007
Unrestricted - Board Designated		21,423,000	21,950,000
Total Unrestricted		<u>22,368,863</u>	<u>25,680,007</u>
Permanently Restricted	1	326,177,264	276,441,513
Total Net Assets		<u>348,546,127</u>	<u>302,121,520</u>
Total Liabilities and Net Assets		<u>\$ 386,166,167</u>	<u>\$ 331,825,635</u>

See accompanying Notes to Financial Statements.

**CHARLES K. BLANDIN FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

	2009				
	Note	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
GAINS, REVENUES, LOSSES, AND CONTRIBUTIONS					
Contribution from Blandin Residuary Trust		\$ -	\$ 15,559,739	\$ -	\$ 15,559,739
Investment Income		799,268	-	-	799,268
Net Realized and Unrealized Investment Gains (Losses)	2	5,797,810	-	-	5,797,810
Increase (Decrease) in Beneficial Interest of Perpetual Trust	1	-	-	49,735,751	49,735,751
Grant Income		445,582	-	-	445,582
Change in Swap Value		520,574	-	-	520,574
Loss on Disposal and Other Income		29,600	-	-	29,600
Net Assets Released from Restrictions		15,559,739	(15,559,739)	-	-
Total Gains, Revenues, Losses, and Contributions		23,152,573	-	49,735,751	72,888,324
EXPENSES					
Charitable Activities:					
Grants		18,081,844	-	-	18,081,844
Scholarships		857,734	-	-	857,734
Programs	11	4,275,830	-	-	4,275,830
Total Charitable Activities		23,215,408	-	-	23,215,408
Administrative		3,248,309	-	-	3,248,309
Total Expenses		26,463,717	-	-	26,463,717
CHANGE IN NET ASSETS		(3,311,144)	-	49,735,751	46,424,607
Net Assets - Beginning of Year		25,680,007	-	276,441,513	302,121,520
NET ASSETS - END OF YEAR		\$ 22,368,863	\$ -	\$ 326,177,264	\$ 348,546,127

See accompanying Notes to Financial Statements.

**CHARLES K. BLANDIN FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008**

	2008				
	Note	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
GAINS, REVENUES, LOSSES, AND CONTRIBUTIONS					
Contribution from Blandin Residuary Trust		\$ -	\$ 17,727,822	\$ -	\$ 17,727,822
Investment Income		1,539,930	-	-	1,539,930
Net Realized and Unrealized Investment Gains (Losses)	2	(16,889,898)	-	-	(16,889,898)
Increase (Decrease) in Beneficial Interest of Perpetual Trust	1	-	-	(120,177,301)	(120,177,301)
Grant Income		750,000	-	-	750,000
Change in Swap Value		(921,500)	-	-	(921,500)
Loss on Disposal and Other Income		(85,986)	-	-	(85,986)
Net Assets Released from Restrictions		17,727,822	(17,727,822)	-	-
Total Gains, Revenues, Losses, and Contributions		2,120,368	-	(120,177,301)	(118,056,933)
EXPENSES					
Charitable Activities:					
Grants		11,670,428	-	-	11,670,428
Scholarships		815,625	-	-	815,625
Programs	11	4,505,006	-	-	4,505,006
Total Charitable Activities		16,991,059	-	-	16,991,059
Administrative		3,349,621	-	-	3,349,621
Total Expenses		20,340,680	-	-	20,340,680
CHANGE IN NET ASSETS		(18,220,312)	-	(120,177,301)	(138,397,613)
Net Assets - Beginning of Year		43,900,319	-	396,618,814	440,519,133
NET ASSETS - END OF YEAR		\$ 25,680,007	\$ -	\$ 276,441,513	\$ 302,121,520

See accompanying Notes to Financial Statements.

**CHARLES K. BLANDIN FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from C.K. Blandin Residuary Trust	\$ 15,559,739	\$ 17,727,822
Interest and Dividends Received	1,128,227	1,229,388
Cash Paid for Administrative Expenses	(2,175,193)	(3,244,178)
Cash Paid for Interest on Long-Term Debt	(749,560)	(887,177)
Cash Paid for Operating Programs	(4,275,830)	(4,505,006)
Cash Paid for Grants and Scholarships	(9,217,800)	(12,165,649)
Net Cash Provided (Used) by Operating Activities	<u>269,583</u>	<u>(1,844,800)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment and Building	(146,202)	(86,795)
Proceeds from Sale of Investments	50,890,040	23,480,049
Purchase of Investments	(50,023,151)	(20,321,635)
Cash Restricted for Debt Payment	(47,528)	53,029
Net Cash Provided by Investing Activities	<u>673,159</u>	<u>3,124,648</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	<u>(1,075,000)</u>	<u>(1,055,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(132,258)	224,848
Cash and Cash Equivalents - Beginning	<u>254,620</u>	<u>29,772</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 122,362</u>	<u>\$ 254,620</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 46,424,607	\$(138,397,613)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	226,314	240,895
Amortization	38,244	38,244
Loss on Disposal of Fixed Asset	2,691	91,036
Loan Conversion	-	1,152,169
Write off of Program Related Investments	775,000	-
Change in Value of Blandin Residuary Trust	(49,735,751)	120,177,301
Net Realized and Unrealized Investment (Gains) Loss	(6,221,673)	16,760,060
(Increase) Decrease In Current Assets:		
Interest and Dividends Receivable	(35,847)	(7,895)
Prepaid Expenses and Other Receivables	58,722	1,000,668
Program-Related and Directed Investments	(253,649)	(2,338,615)
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Accrued Expenses	44,147	443,535
Grants and Scholarships Payable	8,946,778	(1,004,585)
Net Cash Provided (Used) by Operating Activities	<u>\$ 269,583</u>	<u>\$ (1,844,800)</u>
SUPPLEMENTAL INFORMATION		
Excise Taxes Paid	<u>\$ 35,904</u>	<u>\$ 72,000</u>

See accompanying Notes to Financial Statements.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

The Charles K. Blandin Foundation (the "Foundation"), incorporated under the laws of Minnesota, awards grants, operates programs, and brings research, people, and organizations together to address opportunities that strengthen the Grand Rapids area and rural communities throughout Minnesota. The Foundation has agreed to distribute 55% of its grants paid to the Grand Rapids area over a six-year rolling period beginning January 1, 2003.

The Blandin Foundation's mission is to strengthen communities in rural Minnesota, especially the Grand Rapids area. The vision is to be the premier partner for building healthy rural communities, grounded in strong economies, where the burdens and benefits are widely shared. Blandin Foundation helps communities provide choice and opportunity for all, especially people facing social and economic challenges. Through grant-making, leadership development and public policy initiatives, goals are to support capacity of communities to identify issues and opportunities and help communities value and mobilize diverse ideas, opportunities, experiences, and people.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Foundation considers all short-term, highly liquid money market investments to be cash equivalents, except for funds held for investment purposes. At times, cash investments at financial institutions may be in excess of the FDIC insurance limit.

Investments

Investments in debt and equity securities with readily determinable fair values are carried at quoted market value. Partnership investments are stated at fair market value, which is determined by the partnership general partner. The net changes in market prices and the realized gains and losses on investments sold are reflected in the statements of activities as net realized and unrealized gains or losses on investments.

The Foundation invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Foundation follows *Fair Value Measurements* which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The pronouncement defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The Foundation accounts for its investments at fair value. The Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy depending upon the transparency of inputs to the valuation of an asset or liability.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the Statements of Financial Position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 - Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

The Foundation follows *The Fair Value Option for Financial Assets and Liabilities*, which allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value which were not previously required to be at fair value. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

At December 31, 2009 and 2008, the fair value of all financial instruments approximates carrying value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments and Beneficial Interest in Residual Trust – Fair value is based on quoted market prices or estimated fair value at the reporting date.

Long-Term Debt – Carrying value is a reasonable estimate of fair value since the long-term debt is valued based on the borrowing rates currently available to the Foundation for long-term borrowing with similar terms and average maturities. During 2006, the Foundation entered into an interest rate swap agreement, in which the interest rate is fixed at 5.071%. The value of the swap was a liability as of December 31, 2009 and 2008 of approximately \$725,926 and \$1,246,500, respectively, and recorded in accrued expenses.

All Other – Carrying value is a reasonable estimate of fair value for all other financial instruments due to the short-term nature of those financial instruments.

Program-Related and Directed Investments

Program-related investments consist of debt positions in 501(c)(3) organizations that conduct activities that fulfill the charitable purposes of the Foundation. Program-related investments are initially recorded on the statement of financial position at cost when approved. Uncollected interest earned on program-related investments with a debt position is recorded as earned and included in the investment account. These investments are recoverable over periods ranging up to 10 years. In the event that a program-related investment is subsequently determined to be uncollectible or the value is permanently impaired, the Foundation may record the uncollectible amount as a grant appropriation or record an impairment reserve. The Foundation had one \$775,000 write off of a Program-Related investment as of December 31, 2009 and \$-0- in 2008. New program-related investments totaling \$-0- and \$425,000 were approved in 2009 and 2008, respectively. Distributions of program-related investments were \$150,000 and \$425,000 in 2009 and 2008, respectively.

Property, Furniture and Equipment

Property, furniture and equipment are recorded at cost and depreciated over their estimated useful lives, as shown below, using the straight-line method of depreciation. The Charles K. Blandin Foundation capitalizes all assets with a cost in excess of \$1,000, provided those assets have a useful life extending beyond one year.

Building and Improvements	10 - 30 Years
Furniture and Equipment	5 - 10 Years
Vehicles	5 Years

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Perpetual Trust

The Charles K. Blandin Foundation is the sole beneficiary of the Charles K. Blandin Residuary Trust (the "Trust"), the assets of which are not in the possession of the Foundation. Substantially all of the Foundation's non-investment income is received from the Trust.

The Foundation's beneficial interest in the Trust is valued at the current market value of the net assets held by the Trust and is shown as permanently restricted as these assets are currently unavailable for distribution. Market value fluctuations in the Trust are reflected on the Statement of Activities, as a change in permanently restricted net assets.

Other Assets – Deferred Debt Acquisition Costs and Reserve Funds

Included in other assets are deferred debt acquisition costs and debt reserve funds. The deferred debt acquisition costs are being amortized on a straight-line basis over the term of the bonds of 15 years. Deferred debt acquisition costs were \$573,644 less accumulated amortization of \$216,710 and \$178,467 for the years ended December 31, 2009 and 2008, respectively. Amortization expense totaled \$38,244 for the years ended December 31, 2009 and 2008. Bond reserve funds were \$958,383 and \$910,856 for the years ended December 31, 2009 and 2008, respectively.

Net Assets

Net assets are classified based on donor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted – Represents assets over which the Foundation Board of Trustees has discretionary control. The Foundation's Board of Trustees adopted a policy whereby a portion of unrestricted net assets is designated in the amount of the minimum financial covenant on the Variable Rate Demand Revenue Bonds, Series 2004B (see Note 6), plus an amount up to the equivalent of next year's adopted operating expenses, plus an additional amount up to \$4,000,000 for Board-selected programs or projects.

Temporarily Restricted – Represents resources subject to donor imposed restrictions which will be satisfied by actions of the Foundation or the passage of time.

Permanently Restricted – Assets of the Charles K. Blandin Residuary Trust are permanently restricted at the donor's request. The Trust is required by IRS regulations to distribute annually, 5% of the average market value of its previous year net assets or, according to the Trust documents, distribute 100% of Trust income, whichever is greater. For the years ended 2009 and 2008, the Residuary Trust actually calculates the required 5% distribution to the Foundation on the current year net asset values of the Trust. If the earnings on the assets of the Trust are not greater than or equal to the Trust's required 5% distribution, a portion of the corpus of the Trust will be paid out to cover the remaining distribution requirement.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets Released from Restrictions

Net assets released from restrictions are released based on the passage of time.

Grants Payable

Grant commitments are charged to operations at the time the grants are approved by the Board of Trustees. Grants are cancelled at the time of Board of Trustee action.

Functional Allocation of Expense

Salaries and related expenses are allocated based on estimates of time spent on various programs. Other expenses, not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Uncertain Tax Positions

The Foundation has adopted guidance in the income tax standard regarding the recognition of uncertain tax positions. The guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax filing that are not certain to be realized. The implementation of this guidance had no impact on the Foundation's financial statements. The Foundation's tax filings are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that would jeopardize its tax exempt status, nor any additional that are subject to tax on unrelated business income, or other taxes. The filings for the years ending 2006 to 2009 are open to examination by federal and state authorities.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 18, 2010, the date the financial statements were approved to be issued.

Reclassifications

Certain 2008 amounts in the accompanying financial statement have been classified to conform to the 2009 presentation. Such reclassifications had no impact on net assets or the change in net assets.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 2 INVESTMENTS

Cost, market value and net appreciation (depreciation) of investments is as follows:

	2009			2008		
	Cost	Fair Value	Unrealized (Depreciation) Appreciation	Cost	Fair Value	Unrealized (Depreciation) Appreciation
Domestic-Large Cap Equities	\$ 8,673,441	\$ 8,790,400	\$ 116,959	\$12,757,273	\$ 8,980,009	\$ (3,777,264)
Domestic - Small Cap Equities	3,133,249	3,639,426	506,177	4,943,464	3,606,262	(1,337,202)
Domestic - Midcap Equities	3,711,227	4,212,317	501,090	5,945,209	5,135,327	(809,882)
International Equities	7,338,448	8,991,924	1,653,476	9,229,103	8,158,675	(1,070,428)
Bonds	5,735,799	5,981,730	245,931	7,093,016	7,771,630	678,614
Alternative Investments	10,790,892	10,641,212	(149,680)	11,590,806	10,848,465	(742,341)
Mutual Funds	533,421	728,726	195,305	-	-	-
Cash	7,831,509	7,831,509	-	664,152	664,152	-
	\$47,747,986	\$ 50,817,244	\$ 3,069,258	\$52,223,023	\$ 45,164,520	\$ (7,058,503)

	2009	2008
Net Realized Loss on Investments	\$ (3,341,732)	\$ (1,239,501)
Net Unrealized (Gain) Loss on Investments	9,361,345	(15,347,750)
Investment Fees	(221,803)	(302,647)
	5,797,810	(16,889,898)
Interest and Dividends	799,268	1,539,930
Net Investment Income Gain (Loss)	\$ 6,597,078	\$ (15,349,968)

As of December 31, 2009 and 2008, the Foundation has future capital call requirements of approximately \$1,200,000 and \$1,600,000, respectively.

NOTE 3 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. The Beneficial Interest in Blandin Residuary Trust is a level 3 asset due to lack of observed markets for the trust interest. However, according to the unaudited financial information provided from the Residuary Trust the underlying investments would be categorized at December 31, 2009, approximately 186 million (57%) level one and \$141 million (43%) level three.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Domestic Large Cap	\$ 6,853,315	\$ -	\$ 1,937,085	\$ 8,790,400
Domestic Small Cap	3,639,426	-	-	3,639,426
Domestic Mid Cap	4,212,317	-	-	4,212,317
International Equity	3,638,943	-	5,352,981	8,991,924
Bonds	5,981,730	-	-	5,981,730
Mutual Funds	728,726	-	-	728,726
Alternative Investments	-	-	10,641,212	10,641,212
Beneficial Interest in Blandin Residual Trust	-	-	326,177,264	326,177,264
Collateral - Securities Lending Agreement	-	2,026,231	-	2,026,231
Interest Rate Swap	-	-	(725,926)	(725,926)
Total	<u>\$ 25,054,457</u>	<u>\$ 2,026,231</u>	<u>\$ 343,382,616</u>	<u>\$ 370,463,304</u>

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value. The table provides a summary of changes in fair value of the Foundation's Level 3 financial assets and liabilities for the year ended December 31, 2009:

	Domestic Large Cap	International Equity	Alternative Investments	Beneficial Interest	Interest Rate Swap	Total
Beginning Balance, January 1, 2009	\$ 1,974,151	\$ 5,065,658	\$ 8,083,891	\$ 276,441,513	\$ (1,246,500)	\$ 290,318,713
Net Realized Gains (Losses)	(350,045)	(206,242)	1,297,419	-	-	741,132
Change in Unrealized Depreciation	20,065	160,439	(475,838)	-	-	(295,334)
Net Purchases (Sales)	292,914	333,126	1,735,740	-	-	2,361,780
Change in Value of Swap	-	-	-	-	520,574	520,574
Increase (Decrease) in Value of Beneficial Interest	-	-	-	49,735,751	-	49,735,751
Ending Balance, December 31, 2009	<u>\$ 1,937,085</u>	<u>\$ 5,352,981</u>	<u>\$ 10,641,212</u>	<u>\$ 326,177,264</u>	<u>\$ (725,926)</u>	<u>\$ 343,382,616</u>

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2008:

	Level 1	Level 2	Level 3	Total
Domestic Large Cap	\$ 7,005,858	\$ -	\$ 1,974,151	\$ 8,980,009
Domestic Small Cap	3,606,262	-	-	3,606,262
Domestic Mid Cap	5,135,327	-	-	5,135,327
International Equity	3,093,017	-	5,065,658	8,158,675
Bonds	7,771,630	-	-	7,771,630
Mutual Funds	-	-	-	-
Alternative Investments	2,764,574	-	8,083,891	10,848,465
Beneficial Interest in Blandin Residuary Trust	-	-	276,441,513	276,441,513
Collateral - Securities Lending Agreement	-	5,869,621	-	5,869,621
Interest Rate Swap	-	-	(1,246,500)	(1,246,500)
Total	<u>\$ 29,376,668</u>	<u>\$ 5,869,621</u>	<u>\$ 290,318,713</u>	<u>\$ 325,565,002</u>

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value. The table provides a summary of changes in fair value of the Foundation's Level 3 financial assets and liabilities for the year ended December 31, 2008:

	Domestic Large Cap	International Equity	Alternative Investments	Beneficial Interest	Interest Rate Swap	Total
Beginning Balance, January 1, 2008	\$ 1,469,988	\$ 5,040,898	\$ 11,949,534	\$ 396,618,814	\$ (325,000)	\$ 414,754,234
Net Realized Gains (Losses)	272,450	61,224	303,074	-	-	636,748
Change in Unrealized Depreciation	(694,205)	(2,598,758)	(2,644,575)	-	-	(5,937,538)
Net Purchases (Sales)	925,918	2,562,294	(1,524,142)	-	-	1,964,070
Change in Value of Swap	-	-	-	-	(921,500)	(921,500)
Increase (Decrease) in Value of Beneficial Interest	-	-	-	(120,177,301)	-	(120,177,301)
Ending Balance, December 31, 2008	<u>\$ 1,974,151</u>	<u>\$ 5,065,658</u>	<u>\$ 8,083,891</u>	<u>\$ 276,441,513</u>	<u>\$ (1,246,500)</u>	<u>\$ 290,318,713</u>

CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 4 SECURITIES LENDING

The Foundation participates in securities lending through a program run by its custodial bank. Under the terms of its securities lending agreement, the program requires brokers who borrow securities from the Foundation to provide collateral of a value at least equal to 102% of the then fair value of the loaned securities and accrued interest, if any. This collateral is then reinvested on behalf of the Foundation by the custodial bank. The custodial bank has stated that the prime considerations of the collateral pools in which the collateral has been reinvested are "safety of principal and liquidity requirements," including "daily liquidity."

In addition, some of the securities in these collateral pools are subject to credit risk, including certain securities that are in receivership. Therefore, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Valuations of the collateral pools are provided to the Foundation by the custodial bank. For purposes of determining the values of collateral investments reflected on a balance sheet, the custodial bank uses financial models or other inputs where quoted prices in an active market are not available. Such valuations reflect hypothetical transactions, are subject to uncertainties, and accordingly do not reflect the amount that would be realized in a current sale. In addition, in light of the judgment involved in fair value decisions by the custodial bank, and given the current market conditions, the illiquidity of many of the securities in the collateral pool, and the credit risk associated with securities in the collateral pools, there can be no assurance that a fair value assigned to a particular security by the custodial bank is accurate.

At December 31, 2009, the Foundation had equity and fixed income securities with fair values of \$2,026,231 on loan. At December 31, 2008, the Foundation had equity and fixed income securities with fair values of \$5,869,621 on loan. The Foundation reflects the collateral received for securities on loan as an asset on its balance sheet and its obligation to return the collateral as a liability on its balance sheet. An asset of approximately \$2,026,231 and \$5,869,621, and the related liability representing the obligation to return collateral received of \$2,422,799 and \$6,468,249 are reflected on the balance sheet as of December 31, 2009 and 2008, respectively. The Foundation recorded an unrealized loss of \$396,568 at December 31, 2009 and \$598,628 at December 31, 2008.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 5 PROGRAM –RELATED AND DIRECTED INVESTMENTS

Program-related investments consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Program-Related Investments	\$ 5,131,214	\$ 5,925,000
Directed Investments	1,575,500	1,405,500
Less: Discounts on Program-Related Investments	(693,788)	(796,223)
Less: Allowance on Program-Related Investments	(500,000)	-
Less: Allowance on Directed Investments	(1,000,000)	(1,000,000)
Program-Related and Directed Investments, Net	<u>\$ 4,512,926</u>	<u>\$ 5,534,277</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Land, Building and Improvements	\$ 5,352,951	\$ 5,308,194
Furniture, Equipment and Vehicles	1,907,743	1,824,383
Total	<u>7,260,694</u>	<u>7,132,577</u>
Less: Accumulated Depreciation	<u>(4,472,593)</u>	<u>(4,261,673)</u>
Net Property and Equipment	<u>\$ 2,788,101</u>	<u>\$ 2,870,904</u>

NOTE 7 LONG-TERM DEBT

Debt obligations of the Charles K. Blandin Foundation consisted of the following at December 31, 2009 and 2008, respectively:

<u>Description</u>	<u>2009</u>	<u>2008</u>
County of Itasca, Minnesota, Demand Revenue Bonds Series 2004A, interest payable semi-annually on November 1 and May 1, principal payable annually on May 1 through 2019. Bond secured by Bond Reserve Fund.	\$ 7,285,000	\$ 7,860,000
Charles K. Blandin Foundation, Variable Rate Demand Revenue Bonds Series 2004B, interest payable monthly, principal payable annually on May 1 through 2019. Bond secured by letter of credit.	<u>7,600,000</u>	<u>8,100,000</u>
Total	<u>\$ 14,885,000</u>	<u>\$ 15,960,000</u>

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 7 LONG-TERM DEBT (CONTINUED)

The summary of annual future maturities of principal on bonds as of December 31, 2009 is as follows:

<u>Year Ending December 31,</u>	<u>Scheduled Payment</u>	<u>Contractual Payment</u>
2010	\$ 1,200,000	\$ 8,200,000
2011	1,220,000	620,000
2012	1,250,000	650,000
2013	1,375,000	675,000
2014	1,405,000	705,000
2015	1,535,000	735,000
2016	1,570,000	770,000
Thereafter	5,330,000	2,530,000
Total	<u>\$ 14,885,000</u>	<u>\$ 14,885,000</u>

Bond Reserve Fund

As part of the issuance of the County of Itasca demand revenue bonds, the Foundation is required to deposit a balance in the bond reserve fund equal to the reserve requirement. The reserve requirement is the lesser of the maximum principal and interest requirements on outstanding bonds payable during the then current or any succeeding fiscal year or 10% of the original principal amount of the bonds. The bond reserve serves as collateral for the bonds. The balance of the bond reserve fund was \$958,383 and \$910,856 for the years ended December 31, 2009 and 2008, respectively, and is recorded in other assets on the statement of financial position.

Revenue Bond – Series 2004A

During 2004, the County of Itasca, Minnesota issued \$9,980,000 of Tax Exempt Demand Revenue Bonds, Series 2004A. The interest rate of the bonds at December 31, 2009 and 2008 was 3%. The County of Itasca has entered into a repayment agreement with the Charles K. Blandin Foundation for repayment of the bonds. The bonds are secured solely by the bond reserve fund. Bonds due on or after May 1, 2010 are subject to redemption by the issuer at a redemption price equal to the principal amount plus accrued interest to the date of redemption.

Revenue Bond – Series 2004B

During 2004, the Charles K. Blandin Foundation issued \$10,000,000 of Variable Rate Demand Revenue Bonds, Series 2004B. The bonds are at variable rate; however the Foundation entered into a swap agreement in 2006, fixing the rate at 5.071% as of December 31, 2009 and 2008.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Revenue Bond – Series 2004B (Continued)

The bonds are the sole responsibility of the Foundation and are secured through a \$7,739,729 letter of credit. On June 29, 2009, the Letter of Credit and Reimbursement Agreement was amended. The executed amended letter of credit expires on October 31, 2010, with automatic 1 year extensions through October 31, 2014. However, it is subject to non-renewal with a 90-day advance written notice from the bank.

Upon certain circumstances, the interest rate may be converted to a fixed rate. As long as the bonds carry a variable interest rate, they can be redeemed at the option of the bondholders. The Foundation has entered into an agreement that provides for the remarketing, to the extent possible, of the bonds in the event of redemption. In the event remarketing is unsuccessful, the letter of credit will be drawn upon to pay the trustee. The letter of credit is due the earlier of its expiration date or 366 days from the date of draw.

The Foundation has entered into a reimbursement agreement that provides for payments to the bank for draws, if any, that may be made upon the letter of credit. The reimbursement agreement contains a covenant requiring the Foundation to maintain unrestricted net assets less property and equipment of \$10 million. The Foundation is not aware of any violations of the covenants as of December 31, 2009.

Interest Rate Swap

The Foundation entered into an interest rate swap agreement (the Agreement) effective March 1, 2006. The purpose of the swap is to convert the variable rate interest on the Variable Rate Demand Revenue Bonds, Series 2004B (see Note 6) to a synthetic fixed rate of 5.071%. Under terms of the Swap Agreement, the Foundation began making fixed rate payments of interest on April 1, 2006. The notional amount of the Agreement is \$8,100,000 and gradually decreases to zero upon the termination of the Agreement on May 1, 2019. As of December 31, 2009 and 2008, the fair value of the swap agreement liability was approximately \$725,926 and \$1,246,500, respectively.

Swap agreement liability, determined in accordance with *Accounting for Derivative Instruments and Hedging Activities* accounting and reporting standards, was approximately \$726,000 and \$1,247,000 as of December 31, 2009 and 2008.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 8 FEDERAL EXCISE TAXES AND DISTRIBUTION REQUIREMENTS

The Charles K. Blandin Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. However, the Foundation is classified as a private foundation, and as such, is subject to a federal excise tax of 2% (reduced to 1% if certain requirements are met) on taxable net investment income, which principally includes income from investments plus net realized capital gains (net capital losses, however, are not deductible) less expenses incurred.

The federal excise tax provision and liability (refund) consists of the following as of December 31:

	2009	2008
Provision:		
Current Expense (Benefit)	\$ (19,496)	\$ (55,400)
Total	\$ (19,496)	\$ (55,400)
Liability:		
Deferred	61,405	-
Total	\$ 61,405	\$ -

The Foundation is subject to distribution requirements of the Internal Revenue Code. Accordingly, it must distribute, in the year immediately following receipt, 100% of the contribution received from the Trust and 5% of the previous years average market value of its assets as defined by the Internal Revenue Code. Failure to meet this distribution requirement subjects the Foundation to a 15% tax on the undistributed balance. The Foundation has complied with the distribution requirements through December 31, 2009.

NOTE 9 EMPLOYEE BENEFIT PLANS

Defined Contribution Plans

All employees of the Charles K. Blandin Foundation working a minimum of 1,000 hours in a plan year are covered by a defined contribution money purchase plan. The Foundation contributes 6% of each employee's annual compensation. All participants are entitled to a benefit equal to their vested percentage of the individuals pension account balance. The vesting schedule is based on the number of full years of service from zero to 100% vesting at six years.

The Foundation also contributes to a plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees who work a minimum of 1,000 hours in a twelve-month period. The Foundation contributes a matching contribution of up to 6% of gross compensation for all participating employees. All participants are immediately vested in contributions from the Foundation, employee deferral contributions and investment earnings thereon. Employee deferrals are subject to annual limits as defined by the Internal Revenue Code.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 9 EMPLOYEE BENEFIT PLANS (CONTINUED)

Foundation contributions related to these defined contribution plans was approximately \$215,000 and \$183,000 for the years ended December 31, 2009 and 2008, respectively.

NOTE 10 GRANTS AND SCHOLARSHIPS PAYABLE

Grants and scholarships payable are recorded when approved by the Foundation's Board of Trustees. Long-term grants and scholarships payable (payable in over one year) are discounted to the present value of future commitments using the prime rate of interest at year-end. Grants and scholarships have been approved and scheduled for payment as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 17,470,500
2011	3,103,200
2012	842,000
Total Grant Commitments	<u>21,415,700</u>
Discount to Present Value	(306,079)
Total Present Value of Grant Commitments	<u><u>\$ 21,109,621</u></u>

NOTE 11 CHARITABLE ACTIVITIES – PROGRAMS

The charitable programs listed separately below, represent the major programs which are internally administered by the Blandin Foundation, with other self-administered grant programs comprising the smaller charitable programs that are also internally administered.

	<u>2009</u>	<u>2008</u>
Charitable Activities - Programs:		
Leadership Development	\$ 2,622,680	\$ 2,275,937
Public Policy and Engagement	1,047,151	1,429,392
Grants and Scholarships	605,999	626,896
Other	-	172,781
Total Charitable Activities - Programs	<u><u>\$ 4,275,830</u></u>	<u><u>\$ 4,505,006</u></u>

Leadership Development – For more than 20 years, Blandin has developed 5,000 community leaders in 250 rural Minnesota communities and nine rural reservations through our Blandin Community Leadership Program (BCLP). This is a unique nationally-recognized program that builds competencies in three major areas: (1) framing opportunities and challenges that lead to effective action; (2) building social capital for collaboration and resource sharing and; (3) mobilizing a critical mass of resources to achieve specific outcomes. The program is designed for community teams that reflect diversity of their community from all walks-of-life. A combination of an intensive residential retreat, coupled with on-going workshops, trains leaders in communications, conflict management, networking and stakeholder analysis.

**CHARLES K. BLANDIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 11 CHARITABLE ACTIVITIES – PROGRAMS (CONTINUED)

Public Policy and Engagement – A Foundation program that brings research, people, and organizations together to address opportunities to strengthen rural Minnesota. The program encourages informed citizen action to assure that rural perspectives are well represented in public discourse. Blandin Foundation focuses resources on two critically important rural Minnesota policy issues: forest resources and broadband technology. Our Vital Forests/Vital Communities initiative champions the reciprocal relationship between healthy Minnesota communities and healthy forest eco-systems. Forestry is a key to the sustainability of many Minnesota communities. The Blandin Broadband Initiative: Keeping Communities Competitive focuses on broadband telecommunications, which is key to keeping communities competitive and thriving in a global economy.

Grants and Scholarships – Blandin Foundation grants, in conjunction with resources from other stakeholders, provide incentives to implement strategies that create healthy rural Minnesota communities. A minimum of 55% of grants are targeted to the Itasca County local giving area, with the balance used to support initiatives in other parts of rural Minnesota. Grants are focused on six major priorities according to the Foundation's strategic plan. Scholarships are awarded in the local giving area, focused on improving educational attainment of disadvantaged populations. The above costs are associated with the administration of the grant and scholarship making programs.

SUPPLEMENTARY INFORMATION

LarsonAllen[®] LLP

CPAs, Consultants & Advisors

www.larsonallen.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Board of Trustees of the
Charles K. Blandin Foundation
Grand Rapids, Minnesota

Our report on our audits of the basic financial statements of the Charles K. Blandin Foundation for 2009 and 2008 appears on page 1. We conducted our audits in accordance with U. S. generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of program expenses and administrative expenses and charts on charitable activities and paid grants are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in Management's Discussion and Analysis, which is of a nonaccounting nature, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
May 18, 2010

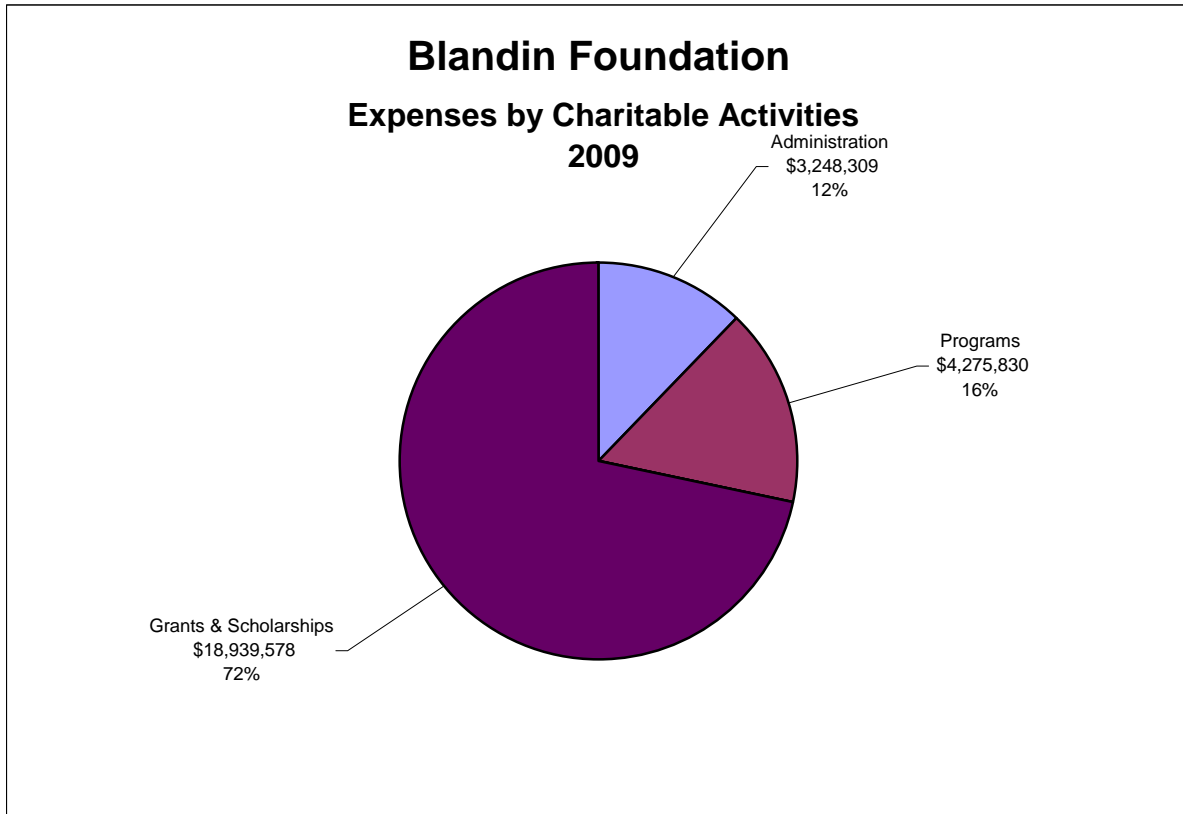
CHARLES K. BLANDIN FOUNDATION
SCHEDULES OF PROGRAM EXPENSES
YEARS ENDED DECEMBER 31, 2009 AND 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>2009</u>	<u>2008</u>
BLANDIN COMMUNITY LEADERSHIP PROGRAM		
Personnel	\$ 798,706	\$ 752,781
Program Operations	658,060	652,599
Communications	77,729	65,062
Professional Services	783,675	777,064
Building Operations	27,067	28,431
Additional leadership program expenses	277,443	-
Total Blandin Community Leadership Program	<u>2,622,680</u>	<u>2,275,937</u>
 PUBLIC POLICY AND ENGAGEMENT		
Personnel	542,377	486,047
Program Operations	94,441	189,995
Communications	64,891	59,687
Professional Services	330,442	675,771
Building Operations	15,000	17,892
Total Public Policy and Engagement	<u>1,047,151</u>	<u>1,429,392</u>
 GRANT MAKING		
Personnel	514,211	494,404
Program Operations	62,440	69,783
Communications	5,177	17,940
Professional Services	4,171	23,274
Building Operations	20,000	21,495
Total Grant Making	<u>605,999</u>	<u>626,896</u>
 OTHER		
Assessment and Opportunity Fund	<u>-</u>	<u>172,781</u>
 TOTAL PROGRAMS	 <u><u>\$ 4,275,830</u></u>	 <u><u>\$ 4,505,006</u></u>

CHARLES K. BLANDIN FOUNDATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2009 AND 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>2009</u>	<u>2008</u>
ADMINISTRATIVE EXPENSES		
Personnel	\$ 936,599	\$ 986,227
Organization Operations	212,457	311,882
Interest on Long-Term Debt	735,301	884,945
Communications	132,375	163,998
Professional Services	563,994	369,428
Building Operations	35,973	65,867
Trustee Expense	301,339	455,328
Taxes	103,957	(128,949)
Subtotal	<u>3,021,995</u>	<u>3,108,726</u>
Depreciation	226,314	240,895
Total Administrative Expenses	<u>\$ 3,248,309</u>	<u>\$ 3,349,621</u>

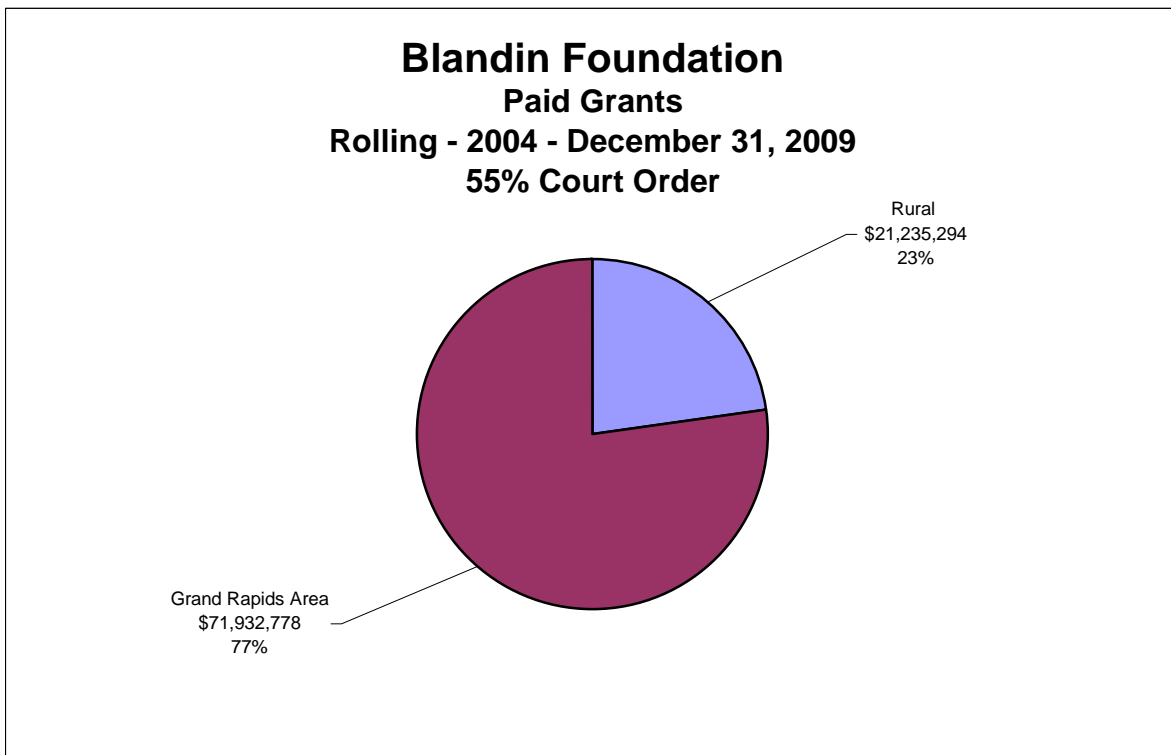
**CHARLES K. BLANDIN FOUNDATION
EXPENSES BY CHARITABLE ACTIVITIES
YEAR ENDED DECEMBER 31, 2009
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**



Accrual basis

**CHARLES K. BLANDIN FOUNDATION
PAID GRANTS
DECEMBER 31, 2004 – DECEMBER 31, 2009
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

In December 2003, the Foundation's Board of Trustees approved a resolution, ratified by the Ramsey County District Court, to distribute an average of at least 55% of all paid grants to the Grand Rapids area over a six-year rolling period beginning with 2003. This action resulted from objections brought to the court's attention that questioned the Foundation's compliance with the founder's will. The following chart indicates the level of grants paid to the Grand Rapids area starting 2004 through 2009.



**CHARLES K. BLANDIN FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

This is management's discussion and analysis of the Charles K. Blandin Foundation (the "Foundation") audited financial statements for the calendar year ended December 31, 2009. Please read it in conjunction with the auditor's report and audited financial statements, which are presented at the front of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces the Foundation's basic financial statements. The Foundation's basic financial statements are: (1) Statement of Financial Position; (2) Statement of Activities; (3) Statement of Cash Flow; and (4) Notes to the financial statements which focus on the entity as a whole, rather than reporting on separate fund groups.

The Statement of Financial Position (Balance Sheet) includes the Foundation's financial assets, liabilities, and net assets.

The Statement of Activities (Income Statement) is a compilation of all revenues from all sources and all expenses of the Foundation. The statement shows any excess of revenue over expenses. The audited financial statements require that the revenues and expenses are reported and classified as unrestricted, temporarily restricted, and permanently restricted.

The Statement of Cash Flows reports the sources and uses of the Foundation's cash. There are three main sections in the Statement of Cash Flows: (1) cash flows from operating activities; (2) cash flows from investing activities; and (3) cash flows from financing activities.

A complete set of financial statements includes footnotes that provide further information to the reader about the Foundation's financial policies and procedures. Footnotes are required and provide a great source of information.

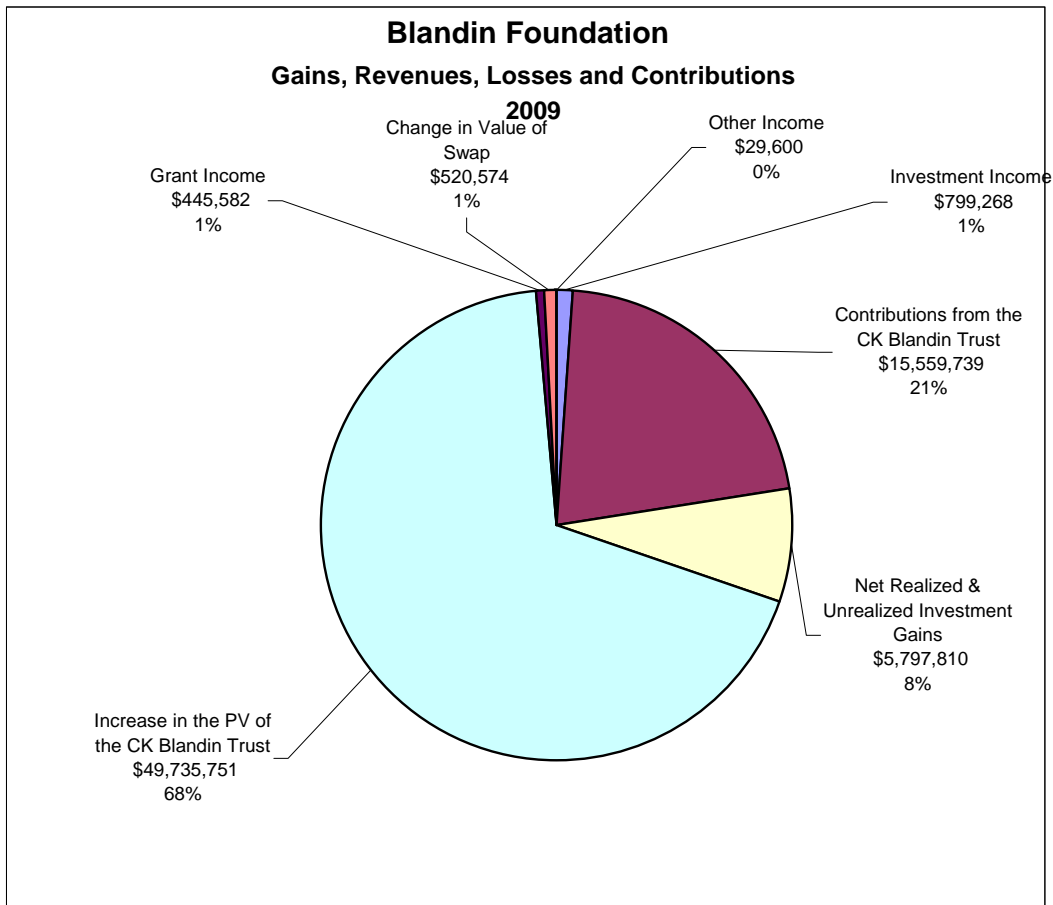
ABOUT THE CHARLES K. BLANDIN FOUNDATION

The Blandin Foundation's mission is to strengthen communities in rural Minnesota, especially the Grand Rapids area. The vision is to be the premier partner for building healthy rural communities, grounded in strong economies, where the burdens and benefits are widely shared. Blandin Foundation helps communities provide choice and opportunity for all, especially people facing social and economic challenges. Through grant-making, leadership development and public policy initiatives, goals are to support capacity of communities to identify issues and opportunities and help communities value and mobilize diverse ideas, opportunities, experiences, and people.

**CHARLES K. BLANDIN FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

FINANCIAL HIGHLIGHTS

- Total revenue exceeded expenses by \$46 million, of which \$50 million was the increase in the net change in the permanently restricted value of Charles K. Blandin Trust. There was a \$3.3 million decrease in the Foundation's unrestricted net assets.
- Permanently restricted net assets of the Foundation increased from \$276 million at 2008 year-end to \$326 million at 2009 year-end.
- The annual investment returns for the Foundation and the Charles K. Blandin Trust assets were 20.0% and 21.9%, respectively, for 2009.
- The Foundation received \$15.5 million in contributions from the Charles K. Blandin Trust for 2009.
- In 2009, the Foundation paid out grants and scholarships totaling \$9,217,800 of which \$6,359,616 or 69% were for the local area. The approved grants and scholarships, which is shown as an expense on the Foundation's Statement of Activities was \$18,939,578.
- The total 2009 expenses were \$26,463,717 – grants and scholarships accounted for 72% of the total, operating programs accounted for 16% and administration expenses 12%.



**CHARLES K. BLANDIN FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

REQUEST FOR INFORMATION

This financial report provides a general overview of the Blandin Foundation finances. Questions about this report or requests for additional financial information should be addressed to the Finance Director at The C. K. Blandin Foundation, 100 North Pokegama Ave., Grand Rapids, MN 55744. The annual audited financial report is also available on-line at www.blandinfoundation.org.