



September 25, 2017

District Court Judge
Ramsey County District Court
1430 Ramsey County Courthouse
15 West Kellogg Boulevard
St. Paul, MN 55102

RE: Charles K. Blandin Foundation 2016 Independent Auditor Verified Self-Reporting
Court File No. C5-58-302795

Dear Judge of District Court:

Pursuant to Judge Margaret Marrinan'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. We also file a copy with the Clerk of Court, provide a copy to the Minnesota Attorney General's Office and post the Report on the Blandin Foundation web page. We have been informed by our legal counsel, Neal Buethe of Briggs and Morgan, P.A., that with Judge Marrinan's retirement, the Clerk of Court instructs that the letter that has been going directly to Judge Marrinan now goes to "Judge of District Court" until such time as the Blandin file is formally re-assigned. Therefore, we have followed this process.

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 2016.

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.

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 Peter Ulmen during his tenure as special master.

The Foundation's report shall be provided to the Court on or before 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 2016 audited annual financial statements in the supplemental information and the management discussion and analysis section on Pages 23 through 33. These financial statements have a clean auditor's opinion as identified in the Independent Auditor's Report of RSM US LLP dated June 16, 2017.

As confirmed on Page 23 of the 2016 Report during the 2011-2016 6-year rolling period, 72% of all Foundation grants were distributed to the Grand Rapids area and 28% to rural Minnesota.

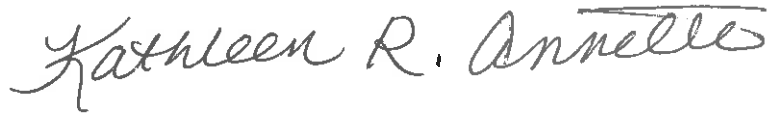
The Foundation has complied with all required April 2015 Order reporting and the 2016 Report has been reviewed and confirmed by the Foundation Board of Trustees as well as the Trustees of the Residuary Trust and the Foundation's legal counsel. There were no significant changes to the grant-making and charitable distribution practices of the Foundation.

Reference in the management discussion and analysis section to "unaudited" is standard language and refers to management comments on data, and not to the paid grant data and other historical financial data which is audited by the independent auditor as required in the April 2015 Order.

Any questions regarding the Foundation's annual report for 2016 can be directed to the Foundation's President/CEO Dr. Kathleen Annette via email - 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 2016 Report has been posted on the Foundation's web site at www.blandinfoundation.org.

Please contact me or our legal counsel if you should have any questions. We assume this will be part of the Court file and available to review by the next assigned Judge. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen R. Annette". The signature is written in dark ink and is positioned above the printed name and title.

Kathleen R. Annette
President/CEO

cc: Ben Velzen, 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 Shehla Tauscher, Briggs and Morgan, P.A.