



September 18, 2026

Honorable Stephen L. Smith
Ramsey County District Court
15 West Kellogg Boulevard, 1550
St. Paul, MN 55102

RE: Charles K. Blandin Foundation 2025 Independent Auditor Verified Self-Reporting
Court File No. C5-58-302795

Honorable Judge Smith:

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 of the Charles K. Blandin Foundation Annual Report and the Blandin Foundation's compliance with the Ramsey County District Court's requirements regarding self-reporting for calendar year 2025.

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 Annual 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 Annual 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 Annual 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 2025 audited annual financial statements in the supplemental information and the management discussion and analysis section on Pages 20 through 29. These financial statements have a clean auditor's opinion as identified in the Independent Auditor's Report of RSM US LLP dated August 31, 2026.

As confirmed on Page 20 of the 2025 Report during the 2020-2025 6-year rolling period, 65% of all Foundation grants were distributed to the Grand Rapids area and 35% to rural Minnesota.

The Foundation has complied with all required reporting under the April 2015 Order and the 2025 Annual 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 in 2025.

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 raised by any member of the Grand Rapids community regarding the Foundation's Annual Report for 2025 can be directed to the Foundation's President/CEO Tuleah Palmer via email - tspalmer@blandinfoundation.org; phone - 218-326-0523; or by mail – 100 North Pokegama Avenue, Grand Rapids, MN 55744. Ms. Palmer will respond to such questions within 10 business days, pursuant to the Foundation Policy adopted as a result of the April 2015 Order. The 2025 Report has been posted on the Foundation's web site at www.blandinfoundation.org.

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

Sincerely,

DocuSigned by:

2D8399565D214FF...
Tuleah Palmer
President/CEO

cc: Minnesota Charities Division

Marie Ruzek and Stacey Ackerman, C.K. Blandin Residuary Trust

James Hoolihan, C.K. Blandin Residuary Trust

Dustin Goslin, Board Chair, Blandin Foundation

Denise Rahne and Tim Billion, Robins Kaplan LLP

Charles K. Blandin Foundation

Financial Report
December 31, 2025

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Charles K. Blandin Foundation

Opinion

We have audited the financial statements of Charles K. Blandin Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited", has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information in Management's Discussion and Analysis marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for the portion marked "unaudited," the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM VS LLP

Des Moines, Iowa
August 31, 2026

Charles K. Blandin Foundation**Statements of Financial Position
December 31, 2025 and 2024**

	2025	2024
Assets		
Cash and cash equivalents	\$ 544,205	\$ 1,095,305
Investments at fair value	58,360,379	49,392,793
Accounts and investment income receivable	40,646	53,462
Beneficial interest in Charles K. Blandin Residuary Trust	479,971,919	445,188,830
Impact investments, net	3,879,278	4,210,062
Other assets	313,541	314,649
Property, furniture and equipment, net	5,634,849	6,071,022
Total assets	\$ 548,744,817	\$ 506,326,123
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 559,637	\$ 653,434
Grants and scholarships payable	9,578,550	4,409,204
Total liabilities	10,138,187	5,062,638
Net assets:		
Without donor restrictions:		
Unrestricted	50,304,711	47,474,655
Board designated	8,330,000	8,600,000
Total net assets without donor restrictions	58,634,711	56,074,655
With donor restrictions:		
Beneficial interest in Charles K. Blandin Residuary Trust	479,971,919	445,188,830
Total net assets	538,606,630	501,263,485
Total liabilities and net assets	\$ 548,744,817	\$ 506,326,123

See notes to financial statements.

Charles K. Blandin Foundation**Statement of Activities
Year Ended December 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
Gains, revenues, losses and contributions:			
Investment income, distributions from Charles K. Blandin Residuary Trust	\$ -	\$ 22,000,000	\$ 22,000,000
Investment income	1,189,916	-	1,189,916
Net realized and unrealized investment gain	8,240,654	-	8,240,654
Increase in beneficial interest of Charles K. Blandin Residuary Trust	-	34,783,089	34,783,089
Other loss	(34,008)	-	(34,008)
Net assets released from restrictions	22,000,000	(22,000,000)	-
Total gains, revenues and contributions	31,396,562	34,783,089	66,179,651
Expenses:			
Charitable activities:			
Grants	18,508,367	-	18,508,367
Scholarships	1,380,414	-	1,380,414
Programs	3,120,036	-	3,120,036
Total charitable activities	23,008,817	-	23,008,817
Administrative	5,827,689	-	5,827,689
Total expenses	28,836,506	-	28,836,506
Change in net assets	2,560,056	34,783,089	37,343,145
Net assets, beginning	56,074,655	445,188,830	501,263,485
Net assets, ending	\$ 58,634,711	\$ 479,971,919	\$ 538,606,630

See notes to financial statements.

Charles K. Blandin Foundation**Statement of Activities
Year Ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Gains, revenues, losses and contributions:			
Investment income, distributions from			
Charles K. Blandin Residuary Trust	\$ -	\$ 20,200,000	\$ 20,200,000
Investment income	1,085,317	-	1,085,317
Net realized and unrealized investment gain	4,555,245	-	4,555,245
Increase in beneficial interest of			
Charles K. Blandin Residuary Trust	-	7,417,348	7,417,348
Other loss	(178,173)	-	(178,173)
Net assets released from restrictions	20,200,000	(20,200,000)	-
Total gains, revenues and contributions	25,662,389	7,417,348	33,079,737
Expenses:			
Charitable activities:			
Grants	9,479,955	-	9,479,955
Scholarships	1,597,137	-	1,597,137
Programs	2,842,356	-	2,842,356
Total charitable activities	13,919,448	-	13,919,448
Administrative	5,149,420	-	5,149,420
Total expenses	19,068,868	-	19,068,868
Change in net assets	6,593,521	7,417,348	14,010,869
Net assets, beginning	49,481,134	437,771,482	487,252,616
Net assets, ending	\$ 56,074,655	\$ 445,188,830	\$ 501,263,485

See notes to financial statements.

Charles K. Blandin Foundation**Statements of Cash Flows****Years Ended December 31, 2025 and 2024**

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 37,343,145	\$ 14,010,869
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	438,311	234,916
Change in value of Charles K. Blandin Residuary Trust	(34,783,089)	(7,417,348)
Net realized and unrealized investment gains	(8,240,654)	(4,555,245)
Loss on sale of property, furniture and equipment	43,191	196,677
Decrease (increase) in assets:		
Accounts and investment income receivable	12,816	(12,416)
Other assets	1,108	(12,981)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(93,797)	137,312
Grants and scholarships payable	5,169,346	(4,576,154)
Net cash used in operating activities	(109,623)	(1,994,370)
Cash flows from investment activities:		
Purchase of property, furniture and equipment	(45,329)	(2,458,398)
Proceeds from sale of investments	15,532,012	50,927,271
Purchase of investments	(16,258,944)	(45,563,755)
Decrease (increase) in mission-related investments	330,784	(411,752)
Net cash (used in) provided by investing activities	(441,477)	2,493,366
Cash flows from financing activities:		
Proceeds from borrowings on line of credit	930,000	1,010,000
Repayments of borrowings on line of credit	(930,000)	(1,010,000)
Net cash provided by financing activities	-	-
Net (decrease) increase in cash	(551,100)	498,996
Cash and cash equivalents:		
Beginning	1,095,305	596,309
Ending	\$ 544,205	\$ 1,095,305
Supplemental information:		
Grants paid	\$ 13,358,270	\$ 14,320,860
Scholarships paid	\$ 1,608,024	\$ 1,484,037
Interest paid	\$ 1,638	\$ 4,748

See notes to financial statements.

Charles K. Blandin Foundation**Notes to Financial Statements**

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 a minimum of 60% of its grants paid to the Grand Rapids area over a six-year rolling period.

The Foundation's vision is rural Minnesota places that welcome diversity, address injustice and embrace change to create a sustainable and equitable future. The Foundation's mission is to connect, fund and advocate for ideas and people to inspire resourcefulness and move rural places forward. The Foundation's values are that we love rural, lead with compassion, show courage through change and plant seeds for the future.

Cash, cash equivalents and concentration of risk: 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 more than the Federal Deposit Insurance Corporation insurance limit. The Foundation has not incurred any losses because of this concentration.

Investments: Investments in debt and equity securities with readily determinable fair values are carried at quoted market value. The Foundation has elected to report the fair value of alternative investments using the practical expedient. The practical expedient allows for the use of net asset value, either as reported by the partnership general partner or as adjusted by the Foundation based on various factors, including contributions and withdrawals. 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.

Investment income: Interest and dividend income are recorded when earned. Realized gains and losses are recorded as the difference between historical cost and fair value when an investment is sold. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods. Interest, dividends, partnership distributions and other revenues earned but not yet received by the Foundation on its investments at the end of the year are reported as investment income receivable.

Beneficial interest in Charles K. Blandin Residuary Trust: The 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 the Foundation's noninvestment income is received from the irrevocable 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 net assets with donor restrictions. The net assets with donor restrictions are restricted in perpetuity as these assets are currently unavailable for distribution. Market value fluctuations in the Trust are reflected on the statements of activities as a change in beneficial interest in perpetual trust in the net assets with donor restrictions column.

Charles K. Blandin Foundation**Notes to Financial Statements**

Note 1. Summary of Significant Accounting Policies (Continued)

Fair value measurements: At December 31, 2025 and 2024, the fair value of investments 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 following methods and assumptions were used to estimate fair value:

Investments in equity and debt securities: Fair value is determined based on reference to quoted market prices on publicly traded exchanges.

Beneficial interest in Charles K. Blandin Residuary Trust: The Foundation is the sole beneficiary of the Trust. The fair value of the Trust is equal to net assets of the Trust. The net assets of the Trust are determined as the fair value of the investments of the Trust, less any obligations of the Trust. The Trust holds investments in equity and debt securities and investments, such as private equity, venture capital and real estate, that are valued using the practical expedient. The Foundation determines the fair value of investments held by the Trust in the same manner that investments it holds directly are valued. Obligations of the Trust are short-term in nature and are recorded as the amount due, with no discounts applied. The Trust is classified as a Level 3 asset as the Foundation has an interest in the Trust and does not own the underlying assets.

Impact investments: The purpose of the Foundation's impact investment activities is to increase the Foundation's charitable impact by utilizing a broader range of its financial assets in furtherance of mission, while maintaining prudent, long-term stewardship of assets that preserve its capacity to generate impact into the future. For the sake of making a clear distinction on the source of funds, the Foundation uses the following definition in its impact investment policies: investments made from the annual 5% mandatory charitable distribution of the Foundation for which there is an expectation of partial or full repayment are known as program-related investments for financial reporting purposes. Investments funded from the net assets without donor restrictions of the Foundation to achieve both a financial return and positive community impact in rural Minnesota are referred to as mission-related investments.

Program-related 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 statements of financial position at cost after approved and when a request for payment has been paid. 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. If a program-related investment is subsequently determined to be uncollectible or the value is permanently impaired, then the Foundation may record the uncollectible amount as a grant appropriation or record an impairment reserve. There were no new program-related investments approved or paid during the year ended December 31, 2025, and \$610,000 approved or paid during the year ended December 31, 2024.

Mission-related investments: Mission-related investments consist of investments that generate mission impact as well as sufficient financial return to meet the Foundation's long-term stewardship standard. These investments are initially recorded on the statements of financial position at cost after approved and when a capital call has been paid. During the years ended December 31, 2025 and 2024, there was \$72,000 and \$64,000, respectively, of capital invested through capital calls.

Charles K. Blandin Foundation**Notes to Financial Statements**

Note 1. Summary of Significant Accounting Policies (Continued)

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 Foundation capitalizes all assets with a cost more than \$5,000, provided those assets have a useful life extending beyond one year.

	<u>Years</u>
Building and improvements	10-30
Furniture, equipment and vehicles	5-10

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

Without donor restrictions: Represents assets over which the Foundation's Board of Trustees (Trustees) has discretionary control. The Trustees adopted a policy whereby a portion of undesignated net assets are designated in an amount equivalent to next year's budgeted operating expenses.

With donor restrictions: Represents resources subject to donor-imposed restrictions that will be satisfied by actions of the Foundation or the passage of time. The Foundation's net assets with donor restrictions consist entirely of assets of the Trust which are restricted in perpetuity and included in with donor restrictions. The Foundation is the sole beneficiary of Trust distributions and Trust assets are restricted at the donor's request. The Trust is required by Internal Revenue Service regulations to distribute annually, 5% of the average monthly ending market values of its previous year net assets or, according to the Trust documents, distribute 100% of Trust income, whichever is greater. For the years ended December 31, 2025 and 2024, the Trust calculated the required 5% distribution to the Foundation based 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. Distributions from the Trust totaled \$22,000,000 and \$20,200,000 during the years ended December 31, 2025 and 2024, respectively.

Grants and scholarships payable: Grant and scholarship commitments are charged to operations at the time the grants are approved by the Trustees. Grant cancellations, if any, are recognized at the time of Trustee action. 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.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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

Board compensation: In accordance with the provision of Charles K. Blandin's Will, Foundation Trustees are compensated. For both of the years ended December 31, 2025 and 2024, there were 12 board members and they were compensated \$269,900 and \$281,800, respectively.

Charles K. Blandin Foundation**Notes to Financial Statements****Note 1. Summary of Significant Accounting Policies (Continued)**

Income taxes: The Foundation has received an exemption from federal income taxes from the Internal Revenue Service under the provisions of Section 501(c)(3). The Foundation follows the accounting guidance for the recognition of uncertain tax positions. The Foundation is subject to federal and state income taxes to the extent it has unrelated business income. The Foundation has evaluated its material tax positions and determined there are no income tax effects with respect to its 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 items that are subject to tax on unrelated business income or other taxes.

Subsequent events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 31, 2026, the date the financial statements were available to be issued.

Note 2. Investments

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

	2025			2024		
	Cost	Fair Value	Unrealized Appreciation	Cost	Fair Value	Unrealized (Depreciation) Appreciation
Domestic large cap equities	\$ 3,652,709	\$ 9,797,108	\$ 6,144,399	\$ 3,950,781	\$ 8,671,383	\$ 4,720,602
International equities	169,848	376,255	206,407	197,322	365,650	168,328
Fixed income	6,616,696	6,738,484	121,788	8,435,986	8,399,625	(36,361)
Alternative investments	8,089,423	8,913,137	823,714	6,002,213	7,133,425	1,131,212
Equity mutual funds	26,152,098	30,444,159	4,292,061	21,132,212	23,200,107	2,067,895
Cash equivalents	2,091,236	2,091,236	-	1,622,603	1,622,603	-
	<u>\$ 46,772,010</u>	<u>\$ 58,360,379</u>	<u>\$ 11,588,369</u>	<u>\$ 41,341,117</u>	<u>\$ 49,392,793</u>	<u>\$ 8,051,676</u>

As of December 31, 2025 and 2024, the Foundation has future capital call requirements for investments of approximately \$5,492,000 and \$4,892,000, respectively.

Note 3. Fair Value Measurements

The Foundation follows the accounting guidance for fair value, which applies to reported balances that are required or permitted to be measured at fair value. The guidance 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 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.

Charles K. Blandin Foundation**Notes to Financial Statements****Note 3. Fair Value Measurements (Continued)**

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 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.

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The beneficial interest in Blandin Residuary Trust is a Level 3 asset due to lack of observed markets for the Trust interest.

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, 2025:

	Level 1	Level 2	Level 3	Total
Domestic large cap equities	\$ 9,797,108	\$ -	\$ -	\$ 9,797,108
International equities	376,255	-	-	376,255
Fixed income	6,738,484	-	-	6,738,484
Equity mutual funds	27,140,836	3,303,323	-	30,444,159
Beneficial interest in Charles K. Blandin Residuary Trust	-	-	479,971,919	479,971,919
Total	<u>\$ 44,052,683</u>	<u>\$ 3,303,323</u>	<u>\$ 479,971,919</u>	<u>527,327,925</u>

Investments valued at net asset value:

Alternative investments	8,913,137
	<u>\$ 536,241,062</u>

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended December 31, 2025:

	Beneficial Interest
Beginning balance, December 31, 2024	\$ 445,188,830
Increase in value of beneficial interest, net of distributions	<u>34,783,089</u>
Ending balance, December 31, 2025	<u>\$ 479,971,919</u>

Charles K. Blandin Foundation**Notes to Financial Statements****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, 2024:

	Level 1	Level 2	Level 3	Total
Domestic large cap equities	\$ 8,671,383	\$ -	\$ -	\$ 8,671,383
International equities	365,650	-	-	365,650
Fixed income	8,399,625	-	-	8,399,625
Equity mutual funds	20,848,859	2,351,248	-	23,200,107
Beneficial interest in Charles K. Blandin Residuary Trust	-	-	445,188,830	445,188,830
Total	<u>\$ 38,285,517</u>	<u>\$ 2,351,248</u>	<u>\$ 445,188,830</u>	<u>485,825,595</u>

Investments valued at net asset value:

Alternative investments	7,133,425
	<u>\$ 492,959,020</u>

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended December 31, 2024:

	Beneficial Interest
Beginning balance, December 31, 2023	\$ 437,771,482
Increase in value of beneficial interest, net of distributions	7,417,348
Ending balance, December 31, 2024	<u>\$ 445,188,830</u>

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2025 and 2024:

	Net Asset Value as of December 31, 2025	Net Asset Value as of December 31, 2024	Unfunded Commitments as of December 31, 2025 (if Currently Eligible)	Redemption Frequency	Redemption Notice Period
Venture capital (a)	\$ 1,712,947	\$ 958,744	\$ 5,833	None	NA
Real estate (b)	1,733,880	1,967,436	1,358,232	None	NA
Debt (c)	3,397,771	682,994	698,857	None	NA
Buyout (d)	265,311	292,010	65,017	None	NA
Special situation (e)	1,669,651	1,338,288	3,250,830	None	NA
International equity (f)	133,577	176,706	113,029	Monthly	3-6 days
Emerging market (f)	-	1,717,247	-	Monthly	30 days
	<u>\$ 8,913,137</u>	<u>\$ 7,133,425</u>	<u>\$ 5,491,798</u>		

- (a) Venture capital represents investments in startup firms and small businesses with perceived long-term growth potential. These are all partnership investments in which the Foundation plans to hold for the entire duration and are illiquid.

Charles K. Blandin Foundation**Notes to Financial Statements**

Note 3. Fair Value Measurements (Continued)

- (b) Real estate represents investments in land and related improvements, including buildings. The majority of these investments are partnership investments in which the Foundation plans to hold for the entire duration and are illiquid.
- (c) Debt includes investments in corporate bonds or government bonds that value their investments daily but impose certain liquidity restrictions on investors through periodic fund openings ranging from weekly to quarterly. Investing in corporate debt securities and government securities provides diversification, interest income and growth potential to the overall portfolio.
- (d) Buyout occurs when an acquiring investor gains controlling interest of another company. A leveraged buyout is when a company is purchased with a combination of equity and significant amounts of borrowed money, structured in such a way that the cash flows or assets are used as the collateral to secure and repay the money borrowed to purchase the company. The Foundation's investments are all partnership investments in which the Foundation plans to hold for the entire duration and are illiquid.
- (e) Special situations are private capital investments whose strategies are not fully described by the four traditional classifications of Venture, Buyout, Debt or Real Estate. This could mean a combination of the former four classifications, or a unique and/or opportunistic strategy that does not fit within any of the four traditional classifications. The majority of these investments the Foundation plans to hold for the entire duration and are illiquid.
- (f) International equity, domestic equity, and emerging market equity are funds with underlying investments in primarily publicly traded domestic and foreign stocks. Units are priced daily by the fund managers yet the fund manager may impose certain liquidity restrictions on investors.

Note 4. Impact Investments

Program-related investments have three characteristics as identified by the Internal Revenue Code (IRC) of 1986, as amended: (1) a charitable purpose is the primary motivation, (2) generating income is not a significant motivation and (3) program-related investments cannot be made with intent to influence legislation or a political election.

The Foundation uses program-related investments to further the mission of the Foundation; to connect, fund and advocate for ideas and people to inspire resourcefulness and move rural places forward.

The approved program-related investments are carried at cost basis on the statement of financial position at year-end. An allowance for program-related investments is established based on annual review by the Foundation's Investment Committee of the status of all program-related investments. If the Investment Committee determines that a specific program-related investment should have an allowance established, the Investment Committee recommends to the Trustees, who approves the allowance. At both December 31, 2025 and 2024, there was no allowance for current program-related investments.

Program-related investment interest is recorded annually as income earned per the terms of the specific individual program-related investment loan agreement. If no interest rate is stated in the program-related investment loan agreement, then the loan is discounted on an annual basis at a rate equivalent to the prime rate at end of the year when the loan was approved.

Charles K. Blandin Foundation**Notes to Financial Statements**

Note 4. Impact Investments (Continued)

Mission-related investments are used to further the Foundation's mission and are fundamentally a financial investment rather than a grant and must meet applicable prudent investor standards like more conventional investments. A mission-related investment is subject to similar investment policies and procedures as the other investments in which the Foundation invests according to the mission-related investment policy. At both December 31, 2025 and 2024, there was no allowance for mission-related investments. During the years ended December 31, 2025 and 2024, the Foundation did not write off any mission-related investments. The approved mission-related investments are carried at cost basis on the statements of financial position at year-end less any unfunded commitments.

At December 31, 2025 and 2024, the program-related and mission-related investments consisted of the following:

	2025	2024
Program-related investments	\$ 2,206,638	\$ 2,519,706
Less discounts:		
Beginning of year	(355,634)	(379,415)
Decrease	10,284	23,781
Subtotal program-related investments	1,861,288	2,164,072
Mission-related investments	2,017,990	2,045,990
Total mission-related investments, net	<u>\$ 3,879,278</u>	<u>\$ 4,210,062</u>

At December 31, 2025 and 2024, there were no unreserved past due program-related investments.

Note 5. Property, Furniture and Equipment

Property, furniture and equipment consist of the following at December 31, 2025 and 2024:

	2025	2024
Land, building and improvements	\$ 9,575,154	\$ 9,589,219
Furniture, equipment and vehicles	1,385,525	2,052,339
Total	10,960,679	11,641,558
Less accumulated depreciation	(5,325,830)	(5,570,536)
Net property, furniture and equipment	<u>\$ 5,634,849</u>	<u>\$ 6,071,022</u>

Note 6. Line of Credit

The Foundation has executed an agreement for an unsecured line of credit totaling \$2,000,000. The line of credit has a variable interest rate of 1.5 percentage points below *The Wall Street Journal* Prime rate and a minimum rate of 2.0% per annum (5.25% at December 31, 2025). As of December 31, 2025, and 2024, the outstanding borrowings were \$0. The aggregate outstanding principal and accrued unpaid interest are due in full on the commitment maturity date of December 20, 2028.

Charles K. Blandin Foundation**Notes to Financial Statements**

Note 7. Federal Excise Taxes and Distribution Requirements

The Foundation is classified as a private foundation, and as such, is subject to a federal excise tax of 1.39% 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) is reported in accounts payable and accrued expenses on the statements of financial position and consists of the following as of December 31:

	2025	2024
Benefit:		
Current	\$ (125,600)	\$ (140,710)
(Asset) liabilities:		
Current	\$ 22,349	\$ (29,091)
Deferred	161,078	111,918
	<u>\$ 183,427</u>	<u>\$ 82,827</u>

The Foundation is subject to distribution requirements of the IRC. Accordingly, it must distribute, in the year immediately following receipt, 100% of the contribution received from the Trust and 5% of the previous year's average monthly market value of its assets as defined by the IRC. Failure to meet this distribution requirement subjects the Foundation to a 30% tax on the undistributed balance. The Foundation has complied with the distribution requirements through December 31, 2025.

Note 8. Employee Benefit Plans

Defined contribution plans: The Foundation contributes to a plan qualified under Section 403(b) of the IRC. The plan covers all employees who work a minimum of 1,000 hours in a 12-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 IRC. The Foundation also contributes a non-elective contribution to the Plan for employees working a minimum of 1,000 hours in a plan year after their first year of service. 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.

Foundation contributions related to these defined contribution plans were approximately \$358,000 and \$363,000 for the years ended December 31, 2025 and 2024, respectively.

Charles K. Blandin Foundation**Notes to Financial Statements****Note 9. Grants and Scholarships Payable**

Grants and scholarships payable are recorded when approved by the 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 approved and scheduled for payment are as follows:

	2025	2024
Scholarships current liabilities (payable within one year)	\$ 810,766	\$ 911,916
Grants current liabilities (payable within one year)	6,346,320	3,210,320
Grants long-term liabilities (payable in year two)	2,702,680	315,000
Total grant and scholarship commitments	9,859,766	4,437,236
Discount to present value	(281,216)	(28,032)
Total present value of grant and scholarship commitments	\$ 9,578,550	\$ 4,409,204

Note 10. Charitable Activities—Programs

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

	2025	2024
Charitable activities—programs:		
Rural grantmaking	\$ 1,197,019	\$ 830,017
Innovation and design	496,855	763,069
Rural advocacy	748,048	621,912
Rural community building	678,114	627,358
Total charitable activities—programs	\$ 3,120,036	\$ 2,842,356

The Trustees approved a new strategic plan in 2022, which shifted the Foundation's strategic focus to better meet rural Minnesota's urgent challenges and to realign its current work with Charles Blandin's original vision. At the core of the Foundation's new programs is the belief that rural places and people have been held back by long-standing unfair structures, systems and practices based on place (where we live), race (who we are) and class (economic status). Through updated priority areas, the Foundation will strive toward equitable rural futures where policy creation, implementation and decision-making will include broader rural perspectives. Policies that reflect a wider range of economic, racial, cultural and geographic interests will better serve the entire state. The Foundation has refocused its grantmaking efforts on three areas where the biggest difference can be made toward those goals:

- **Community wealth-building:** Building the rural bases of knowledge, money, workforce, entrepreneurship and investment and keeping those powerful resources close to home.
- **Placemaking:** Bolstering the arts, culture, natural resources, creativity and opportunities to come together that help us feel connected, invested and proud of where we live.
- **Small communities:** Funding resources, skills and needed system changes in rural Minnesota's smallest communities.

Charles K. Blandin Foundation**Notes to Financial Statements**

Note 10. Charitable Activities—Programs (Continued)

These grantmaking activities will be integrated to advance these program areas:

- **Rural grantmaking:** Funding organizations that make change in our three impact areas: rural placemaking, community wealth building and small towns.
- **Rural advocacy:** Raising rural voices and perspectives in service to people and places pushed to the margins, who live the realities of outdated policies every day.
- **Rural community building:** Delivering programming to community champions so rural communities can identify and access the resources needed to thrive.

The Foundation's programmatic work is organized into four departments: Innovation and design, Rural grantmaking, Rural advocacy and Rural community building.

The innovation and design department includes research, evaluation and project management support to advance programmatic integration of the other three departments to achieve these outcomes:

- Rural grantmaking
- Rural advocacy
- Rural community building

Rural grantmaking: Blandin Foundation partners with community-focused organizations throughout rural Minnesota to inspire resourcefulness and move rural places forward. A minimum of 60% of grants are awarded in the Grand Rapids area over a six-year rolling period, with the remaining grant funds awarded in support of initiatives in other parts of rural Minnesota. To be eligible for a Foundation grant, organizations must be located in Minnesota, be a 501(c)(3) organization, unit of government or Tribal unit of government, and propose projects that align with the Foundation's mission and focus areas described previously.

Rural advocacy utilizes public policy research and strategic communications, to raise our voice to advance equity of race, place and class.

Rural community building department was organized in 2023 and renamed in 2025 to include:

(1) scholarship programming, (2) community relationships programming, (3) leadership engagement and development.

- **Scholarship programming** offers support to students as they navigate college exploration, application and transition from high school. This program focuses on low income and first-generation students.
- **Community relationships programming** supports placemaking strategies in the Grand Rapids area by ensuring utilization of our building aligns with our organizational goals.
- **Community engagement and leadership development** utilizes the basic competencies of our nationally recognized program: (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 Foundation began offering programming using a Community of Practice approach.

Charles K. Blandin Foundation**Notes to Financial Statements****Note 10. Charitable Activities—Programs (Continued)**

Scholarships: Scholarships are awarded in the Grand Rapids area, focused on improving educational attainment of disadvantaged populations. Each year, hundreds of students from Itasca County, Minnesota area schools are awarded need-based scholarships to continue their education at trade schools and certificate programs, community or tribal college, or college or universities throughout the United States, up to age 25 and until they earn a bachelor's degree.

Note 11. Natural and Functional Expenses

The Foundation is required to provide an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature, such as salaries, rent, supplies, etc. Functional expenses are classified by the type of activity for which expenses were incurred, for example, administrative and direct program costs. Expenses were allocated by function using a reasonable and consistent approach discussed in Note 1.

The table below presents expenses by both their natural and function for the year ended December 31, 2025:

	Charitable Activities				Administrative	Total Expenses
	Grants	Scholarships	Programs	Total		
Grants	\$ 18,508,367	\$ -	\$ -	\$ 18,508,367	\$ -	\$ 18,508,367
Scholarships	-	1,380,414	-	1,380,414	-	1,380,414
Salary, benefits and payroll taxes	-	-	1,803,221	1,803,221	2,716,011	4,519,232
Trustee fees and costs	-	-	-	-	384,153	384,153
Travel, conferences and meetings	-	-	81,731	81,731	148,385	230,116
Professional fees	-	-	659,832	659,832	1,446,936	2,106,768
Printing and publications	-	-	2,761	2,761	3,577	6,338
Building and grounds	-	-	118,164	118,164	202,386	320,550
Other expenses	-	-	318,577	318,577	622,042	940,619
Interest	-	-	-	-	1,638	1,638
Depreciation	-	-	135,750	135,750	302,561	438,311
Total	\$ 18,508,367	\$ 1,380,414	\$ 3,120,036	\$ 23,008,817	\$ 5,827,689	\$ 28,836,506

The table below presents expenses by both their natural and function for the year ended December 31, 2024:

	Charitable Activities				Administrative	Total Expenses
	Grants	Scholarships	Programs	Total		
Grants	\$ 9,479,955	\$ -	\$ -	\$ 9,479,955	\$ -	\$ 9,479,955
Scholarships	-	1,597,137	-	1,597,137	-	1,597,137
Salary, benefits and payroll taxes	-	-	1,907,111	1,907,111	2,567,648	4,474,759
Trustee fees and costs	-	-	-	-	350,896	350,896
Travel, conferences and meetings	-	-	65,184	65,184	112,805	177,989
Professional fees	-	-	449,039	449,039	1,173,306	1,622,345
Printing and publications	-	-	2,310	2,310	3,407	5,717
Building and grounds	-	-	70,100	70,100	152,805	222,905
Other expenses	-	-	284,832	284,832	612,669	897,501
Interest	-	-	-	-	4,748	4,748
Depreciation	-	-	63,780	63,780	171,136	234,916
Total	\$ 9,479,955	\$ 1,597,137	\$ 2,842,356	\$ 13,919,448	\$ 5,149,420	\$ 19,068,868

Charles K. Blandin Foundation**Notes to Financial Statements**

Note 12. Liquidity

The Foundation endeavors to structure its financial assets to be available and liquid as its general expenditure, liabilities and other obligations become due. The Foundation's investments at fair value are 85% and 86% liquid as of December 31, 2025 and 2024, respectively. There are likely to be additional components of the Foundation's investments that may be available and liquid within one year. These components include certain portions of marketable alternatives, as well as return of capital from both private equity and real asset holdings.

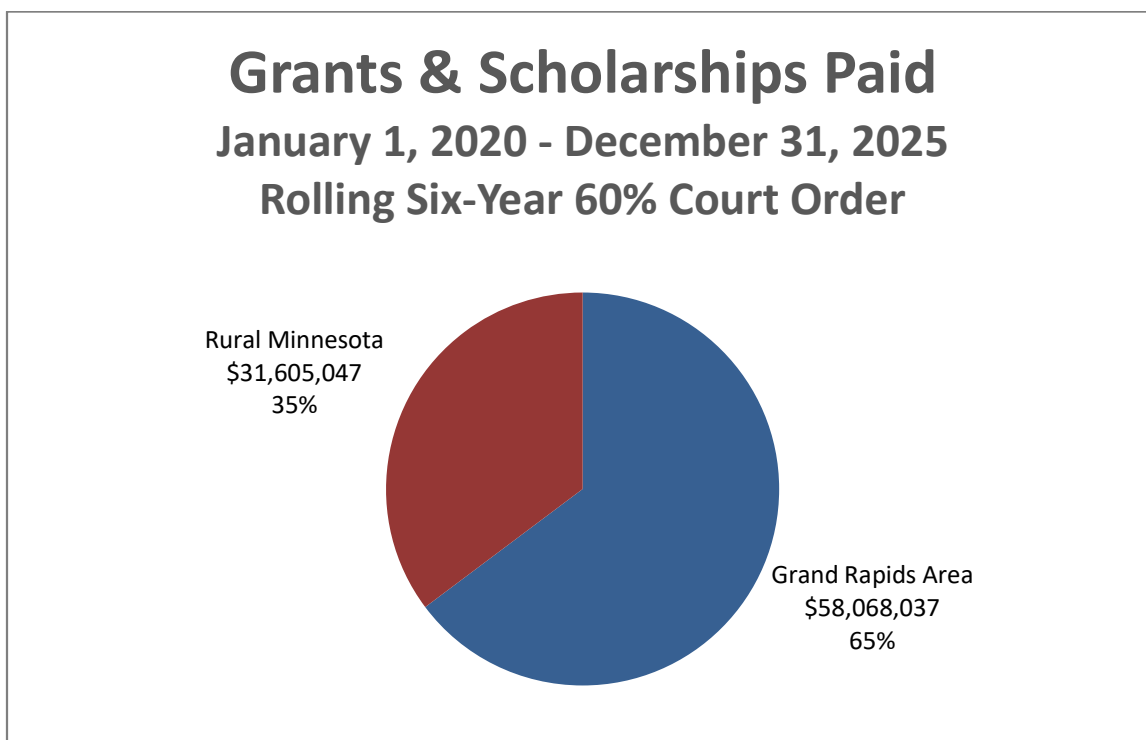
The Foundation's financial assets available within one year and available to meet general expenditures include:

	2025	2024
Cash and cash equivalents	\$ 544,205	\$ 1,095,305
Accounts and investment income receivable	40,646	53,462
Investments	49,489,601	42,280,231
Other assets	313,541	314,649
Total financial assets	50,387,993	43,743,647
Available line of credit	2,000,000	2,000,000
Total liquidity	<u>\$ 52,387,993</u>	<u>\$ 45,743,647</u>

Supplemental Information

A six-year rolling period of grants and scholarships paid in the Grand Rapids area versus rural Minnesota is reflected in the chart below. The chart displays the Foundation's adherence to the court order of at least 60% of grants to be distributed in the Grand Rapids area. Approximately \$58 million, or 65%, of grants have been paid in the Grand Rapids area during the timeframe represented. The Foundation's annual Form 990-PF tax return and audited financial statements were used as base documents.

Note: Effective with calendar year 2022, grants paid include all grants distributed by the Blandin Foundation. For 2022, this included money from the Saint Paul Minnesota Foundation and the Margaret A Cargill Philanthropies.



Management Discussion and Analysis

**Charles K. Blandin Foundation
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

This is management's discussion and analysis of the Charles K. Blandin Foundation's (the Foundation) audited financial statements for the year ended December 31, 2025. Please read in conjunction with the auditor's report and audited financial statements, which are presented at the front of this report.

About the Charles K. Blandin Foundation

The Foundation is a private foundation based in Grand Rapids, Minnesota, founded by Charles K. Blandin in 1941 to aid and promote Grand Rapids and the surrounding area. In designing the Foundation, Mr. Blandin emphasized flexibility to ensure it could adapt to changing times, with an underlying philosophy that its work should lead to the "betterment of mankind." Mr. Blandin stated, *"Furthermore, it is not the intention thru the medium of the Foundation, established as it is for the purpose of charitable enterprises and items that will be incidental to the welfare of the community to pauperize individuals or any class of people. Quite to the contrary, it is the intention of the Foundation, I hope, to be of material assistance in helping people to assist themselves. This, of course, would apply to both young and old, not overlooking the fact that in certain instances the principles of charity alone must be applied."* The Foundation is the state's largest rural-based and rural-focused private foundation.

The Foundation's vision is rural Minnesota places that welcome diversity, address injustice and embrace change to create a sustainable and equitable future. The Foundation's mission is to connect, fund and advocate for ideas and people to inspire resourcefulness and move rural places forward. The Foundation's values are that we love rural, lead with compassion, show courage through change and plant seeds for the future.

The Foundation's strategic focuses are to better meet rural Minnesota's urgent challenges and to realign its current work with Charles Blandin's original vision. At the core of the Foundation's programming is the belief that rural places and people have been held back by long-standing unfair structures, systems and practices based on place (where we live), race (who we are) and class (economic status). Through updated priority areas, the Foundation will strive toward equitable rural futures where policy creation, implementation and decision-making will include broader rural perspectives. Policies that reflect a wider range of economic, racial, cultural and geographic interests will better serve the entire state. The Foundation has focused its grantmaking efforts on areas where the biggest difference can be made toward those goals:

- **Community wealth-building:** Building the rural bases of knowledge, money, workforce, entrepreneurship and investment and keeping those powerful resources close to home.
- **Placemaking:** Bolstering the arts, culture, natural resources, creativity and opportunities to come together that help us feel connected, invested and proud of where we live.
- **Small communities:** Funding resources, skills and needed system changes in rural Minnesota's smallest communities.

These grantmaking activities will be integrated to advance these program areas:

- **Rural grantmaking:** Funding organizations that make change in our three impact areas: rural placemaking, community wealth building and small towns.
- **Rural advocacy:** Raising rural voices and perspectives in service to people and places pushed to the margins, who live the realities of outdated policies every day.
- **Rural community building:** Delivering programming to community champions so rural communities can identify and access the resources needed to thrive.

**Charles K. Blandin Foundation
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

Since the sale of the Blandin Paper Company (the Paper Company) in 1977, the financial resources of the Charles K. Blandin Residuary Trust (the Trust) and the Foundation have expanded dramatically. The Trust and the Foundation are distinct and legally separate from the Paper Company; and the Paper Company is owned by UPM Kymmene, based in Finland.

The Foundation is mainly funded by annual distributions from the Trust, of which the Foundation is the sole beneficiary. As of December 31, 2025, the Trust is worth approximately \$480 million.

The legacy of Charles K. Blandin's endowment truly shines when paired with the passion of individuals within rural and local communities.

Overview of the Financial Statements

This discussion and analysis introduce the Foundation's basic financial statements. The Foundation's basic financial statements are the following: (1) statement of financial position; (2) statement of activities; (3) statement of cash flows; and (4) notes to the financial statements. This report also demonstrates the Foundation's adherence to Paragraph II and III of the Stipulation and Order, which is the requirement, effective January 1, 2015, that the Grand Rapids area receive an average of at least sixty percent (60%) of all grants paid over a six-year rolling period.

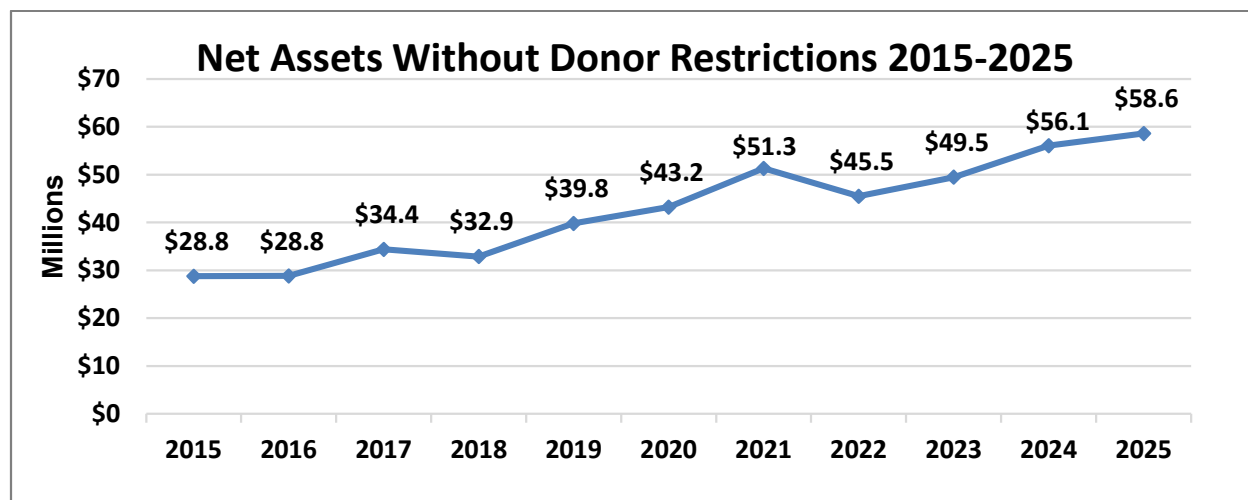
Statement of Financial Position

The statement of financial position (balance sheet) includes the Foundation's financial assets, liabilities and net assets.

The total assets of the Foundation increased by \$42.4 million at year-end 2025 compared to year-end 2024. This is mostly attributed to the increase in the value of the beneficial interest in the Trust. The value of the Trust increased from \$445.2 million at end-of-year 2024 to \$480 million at end-of-year 2025. Cash, cash equivalents and liquid investments at end-of-year 2025 is more than sufficient to pay grant and scholarship commitments in early 2026.

There was an increase of \$9 million in the Foundation's investment value from 2024 to 2025. The overall rate of return exceeded the 5% annual payout for the Foundation's charitable grant making and programs, which is what Grand Rapids area and rural participants and organizations receive. Impact investments decreased by \$331 thousand from 2024 to 2025.

Total 2025 net assets without donor restrictions of the Foundation increased \$2.6 million compared to 2024. The amount of Board-designated net assets in 2025 decreased \$270 thousand compared to 2024 in accordance with adopted policy, which directly links the Board-designated amount to next year's operating budget, less grants and scholarships. The chart on the next page shows a historical snapshot of net assets without donor restrictions of the Foundation.

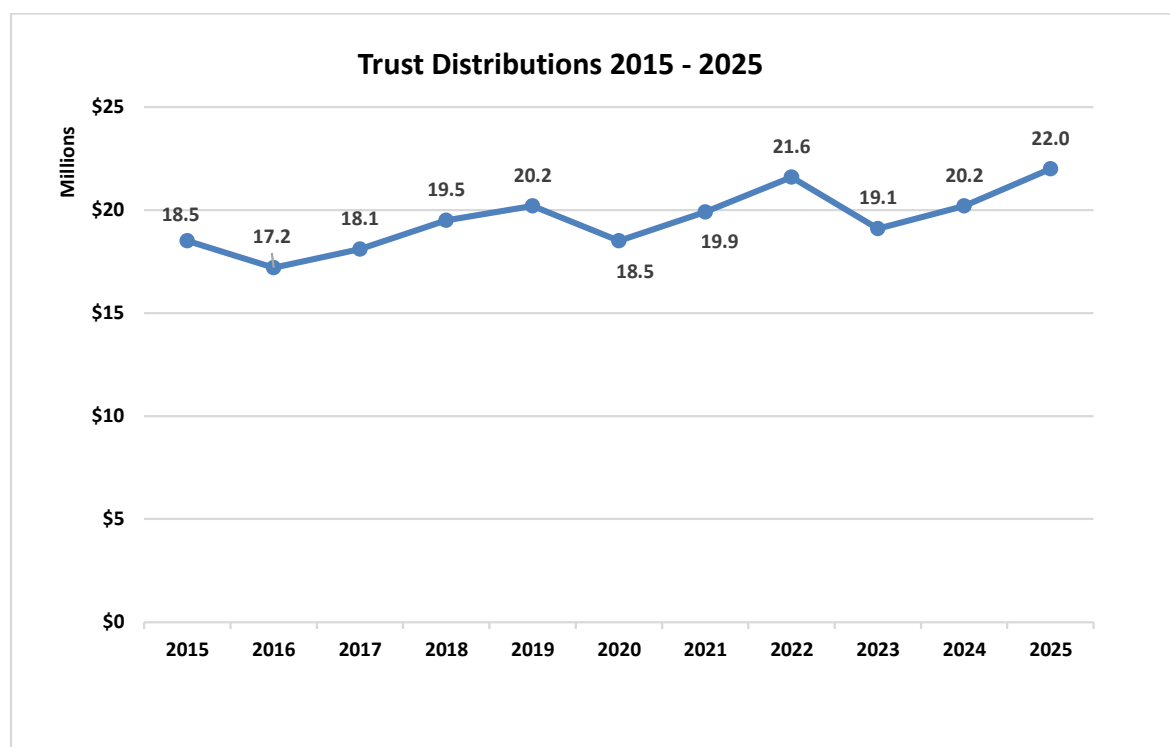


**Charles K. Blandin Foundation
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

Statement of Activities

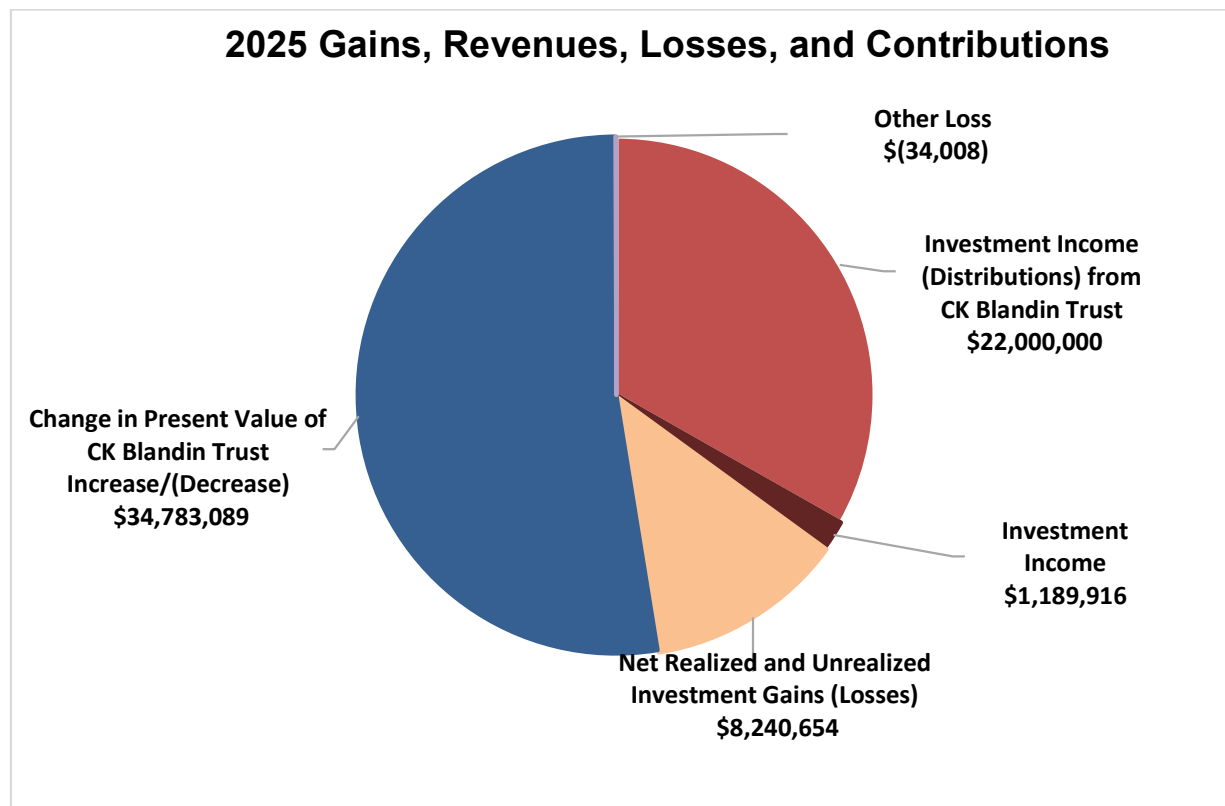
The statement of activities (income statement) is a summary of revenues from all sources and all expenses of the Foundation. The statement shows any surplus (deficit) of revenue over expenses. Generally Accepted Accounting Principles (GAAP) require audited financial statements to classify revenues and expenses as without donor restrictions or with donor restrictions.

Investment income (distributions) from the Trust was \$22 million in 2025. Trust distributions remain the Foundation's main source of revenue. Activities in the financial markets for 2025 resulted in an 18.35% annual investment return for the Foundation, which was ahead of the absolute return target benchmark of All Urban CPI + 5%. Below is a chart showing historical Trust investment income (distributions) to the Foundation.



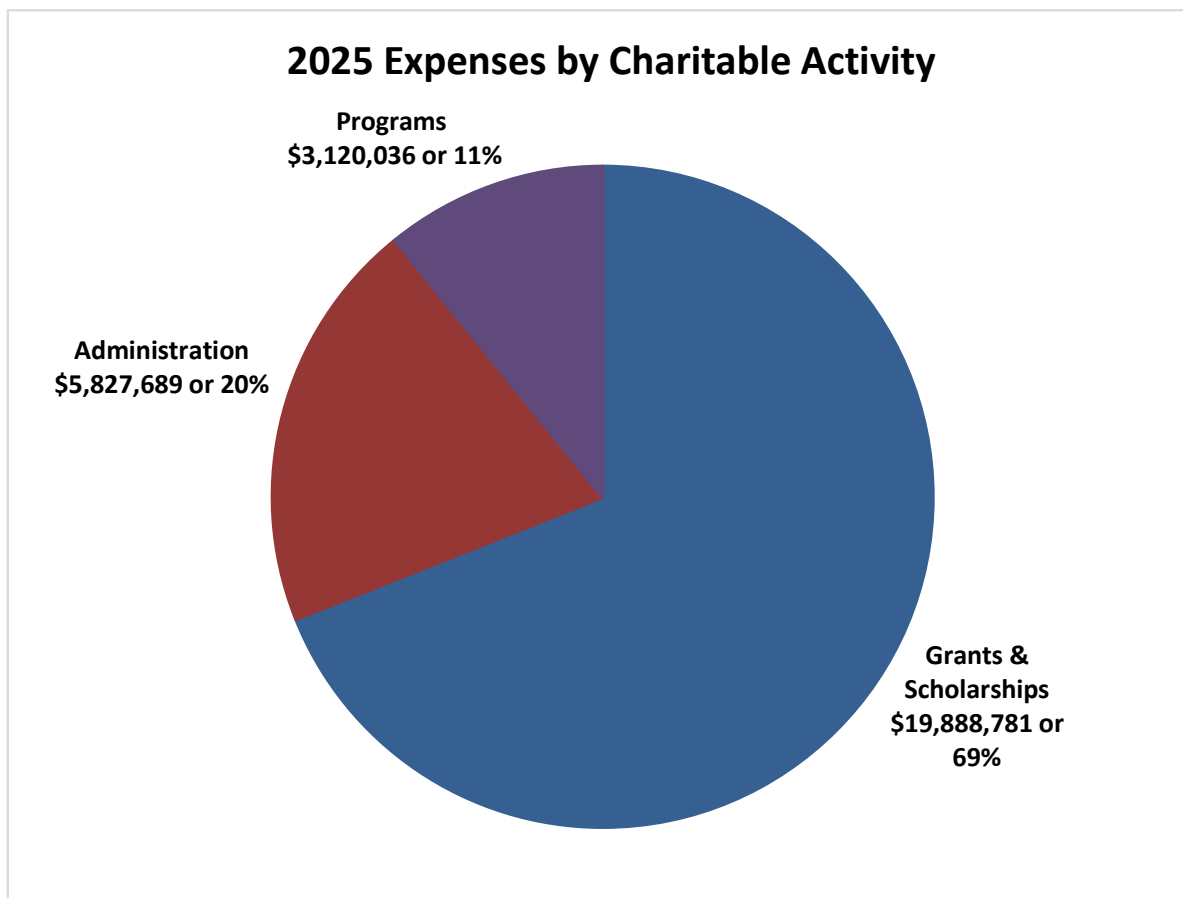
**Charles K. Blandin Foundation
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

Net realized and unrealized investment gains for the Foundation equaled \$8.2 million and were 12% of total revenue. The beneficial interest in the Trust increased \$34.8 million and was 53% of total revenue. See below for a chart of the 2025 Foundation revenues by category.



**Charles K. Blandin Foundation
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

The Board of Trustees approved a net \$19.9 million in grants and scholarships in 2025. The Foundation's program activities totaled \$3.1 million, which includes rural community building and innovation and design programs. Administrative costs were \$5.8 million in 2025. See chart below for a breakdown of 2025 charitable expenses by activity.



Below contains further information on grant-making and larger programmatic activities:

Grants and Scholarships—The Foundation supports partnerships through grants of money generated by the Trust. Since Charles K. Blandin's first grant of \$600 for a community park in 1943, the Foundation has approved 11,170 grants totaling \$541.3 million. Organizations must be located in Minnesota, and a minimum of 60% of grants are targeted to the Grand Rapids area over a six-year rolling period, with the remaining balance used to support initiatives in other parts of rural Minnesota. Scholarships are awarded to students who have graduated from high schools in the Grand Rapids area and are focused on improving the educational attainment of disadvantaged populations. More than 19,710 area youth have received scholarships totaling over \$37.1 million since 1956. The 2025 costs of \$1.2 million are associated with the administration of the grant and scholarship making programs.

**Charles K. Blandin Foundation
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2025**

Our Leadership program and Public Policy and Engagement program were sunset in 2022. Aspects of these program areas were reorganized into new programmatic areas.

Rural Advocacy Program—Utilizing public policy research and strategic communications, Blandin Foundation raises our voice to advance equity of race, place and class.

Rural Community Building Program—Housing programming for scholarships, community relationships, and leadership development. This department works to develop human capital in rural communities so that these communities can thrive. In 2025, we served 65 leaders from 10 communities who received our funding via a Community of Practice. We continued to build a sponsorship program in support of Grand Rapids area community projects. Throughout the year, we supported 73 community groups who utilized Foundation facilities for meetings and gatherings. In addition, programmatic support was provided to 380 scholarship recipients in the Grand Rapids area.

Innovation and Design Program—Driving integration across program areas to strengthen organizational impact through research, project management, and strategic initiative support. Coordinates and supports cross functional work aligned with Foundation priorities and operations.

Statement of Cash Flows

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

In 2025, cash was used in operating (\$110 thousand) and used in investing (\$441 thousand) activities. This resulted in a decrease in cash of \$551 thousand at the end of 2025.

Cash used to pay grants and scholarships in 2025 totaled \$15 million, of which \$11.8 million or 79% was for the Grand Rapids area. See the Grants by Location (includes scholarships) table on the next page for more information.

Notes to the Financial Statements

A complete set of financial statements includes footnotes that provide further information to the reader about the Foundation's accounting policies and other explanatory information. There are several detailed footnotes on investments, charitable investments and mission related investments.

Other Information

The Foundation has a Finance & Audit Committee and an Investment Committee. Both committees inform and advise the Foundation's Board of Trustees. Members of the Foundation Board are identified in the Foundation's 990-PF annual tax return.

The Residuary Trust files a separate 990-PF annual tax return, but salient information about the Trust is incorporated into the Foundation's tax filing. The Trustees of the Residuary Trust are identified in the Residuary Trust's 990-PF annual tax return.

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 Foundation reports annually the rolling six-year average of grants paid that are in the Grand Rapids area and those that are outside of the Grand Rapids area (classified as rural).

Charles K. Blandin Foundation
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In calculating Grand Rapids area grants, the Foundation follows the adopted policy of including grants expended 100% in the Grand Rapids area as Grand Rapids area grants. Paid grants which include both Grand Rapids area and rural impact are excluded from the definition of local for the purposes of the 55% calculation.

The April 2015 Court order released the Special Master, authorized the Foundation to author an annual independent auditor verified self-report of compliance to the Court order, and increased the percentage of Grand Rapids area grants to 60% over a six-year rolling period starting in 2015.

The six-year rolling period 2020-2025 timeframe is reflected in the figures and charts below, which confirms the Foundation complied with the 60% court order. \$58.1 million or 65% of grants were paid in the Grand Rapids area. The Foundation 990-PF annual tax return and audited financial statements are used as base documents for the below charts.

C.K. BLANDIN FOUNDATION
 Grants by Location (includes scholarships)
 Six-Year Rolling Average Percentages
 (See Annual 990-PF Tax Form for Details)

	2014	2015	2016	2017	2018	2019
	Amount	Amount	Amount	Amount	Amount	Amount
Grand Rapids Area	\$ 9,416,644	\$ 10,334,164	\$ 10,053,480	\$ 8,218,915	\$ 8,262,548	\$ 7,785,545
Rural	3,328,337	3,083,268	3,188,254	2,828,725	3,223,678	3,596,486
TOTAL	\$ 12,744,981	\$ 13,417,432	\$ 13,241,734	\$ 11,047,640	\$ 11,486,226	\$ 11,382,031

	2020	2015-2020	2015-2020	2021	2016-2021	2016-2021
	Amount	6-Year Rolling Total	6-Year Rolling Average	Amount	6-Year Rolling Total	6-Year Rolling Average
Grand Rapids Area	\$ 10,922,921	\$ 55,577,573	73.4%	\$ 8,755,431	\$ 53,998,840	72.9%
Rural	4,238,523	20,158,934	26.6%	3,035,499	20,111,165	27.1%
TOTAL	\$ 15,161,444	\$ 75,736,507	100.0%	\$ 11,790,930	\$ 74,110,005	100.0%

	2022	2017-2022	2017-2022	2023	2018-2023	2018-2023
	Amount	6-Year Rolling Total	6-Year Rolling Average	Amount	6-Year Rolling Total	6-Year Rolling Average
Grand Rapids Area	\$ 9,898,149	\$ 53,843,509	69.1%	\$ 8,750,315	\$ 54,374,909	66.5%
Rural	7,112,810	24,035,721	30.9%	6,188,245	27,395,241	33.5%
TOTAL	\$ 17,010,959	\$ 77,879,230	100.0%	\$ 14,938,560	\$ 81,770,150	100.0%

	2024	2019-2024	2019-2024	2025	2020-2025	2020-2025
	Amount	6-Year Rolling Total	6-Year Rolling Average	Amount	6-Year Rolling Total	6-Year Rolling Average
Grand Rapids Area	\$ 7,925,077	\$ 54,037,438	62.8%	\$ 11,816,144	\$ 58,068,037	64.8%
Rural	7,879,820	32,051,383	37.2%	3,150,150	31,605,047	35.2%
TOTAL	\$ 15,804,897	\$ 86,088,821	100.0%	\$ 14,966,294	\$ 89,673,084	100.0%

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Note: Grant amounts are determined from publicly reported grant detail listed in the Foundation's Form 990-PF tax return. The listed amounts have been adjusted by the Court appointed Special Master to comply with requirements of the 2003 Ramsey County Minnesota Court Order requiring a minimum six-year rolling average of 55% Grand Rapids area grants. In April 2015, the Court ordered: (1) release of the Special Master; (2) increased the minimum 6-year rolling average to 60% Grand Rapids area grants; and (3) authorized the Foundation to start independent auditor verified self-reporting on the required minimum six-year rolling average of 60% Grand Rapids area grants.

Historical and annual charitable activities are reported in a chart which identifies financial information requested in the 2003 court order. Specifically, this information includes:

1. The grant amounts paid in the prior year on a cash basis of accounting to the Grand Rapids area;
2. The grant amounts paid in the prior year on a cash basis of accounting outside of the Grand Rapids area;
3. The program expenses paid in the prior year on an accrual basis of accounting;
4. The administrative expenses paid in the prior year on an accrual basis of accounting; and
5. The total expenditures on a cash basis of accounting for the prior year.

The base document used for this chart is the annual 990-PF tax return and it is prepared as part of the auditing and tax preparation procedures.

C.K. BLANDIN FOUNDATION
Historical Comparisons

	Combined Assets (Fair Market Value) Source: 990-PF	Receipts (Accrual Basis) Source: 990-PF	Grants (Cash Basis) Source: 990-PF	Program Expenses (Accrual Basis) Source: Audit		Administrative Expenses (Accrual Basis) Source: Audit		Total Program & Administrative Expenses (Cash Basis) Source: 990-PF		(Accrual Basis) Source: 990-PF
2010	406,456,948	23,280,216	18,207,731	4,336,078	***	3,868,532	*	7,569,254	**	8,434,539
2011	381,260,734	22,687,228	15,221,483	4,028,680	***	3,387,998	*	7,387,780	**	7,664,814
2012	404,340,951	20,213,933	11,594,701	4,704,753	***	2,752,187	*	6,887,213	**	7,716,515
2013	449,897,821	16,592,676	12,429,008	4,966,321	***	2,414,529	*	7,079,737	**	7,648,968
2014	444,848,406	22,533,040	12,744,981	4,748,163		2,649,456	*	7,079,850	**	7,687,880
2015	409,006,400	20,936,285	13,417,432	4,853,396		2,847,712	*	7,336,591	**	7,946,634
2016	417,470,522	18,348,478	13,241,734	4,751,170		2,991,372	*	7,187,789	**	7,956,678
2017	456,178,170	19,911,241	11,047,640	4,772,471		2,315,053	*	6,632,721	**	7,320,628
2018	420,188,971	23,309,835	11,486,226	5,063,043		2,396,045	*	7,066,470	**	7,700,774
2019	463,521,136	22,265,791	11,382,031	3,999,200		3,958,089	*	7,248,175	**	8,159,169
2020	484,204,383	24,073,238	15,161,444	2,940,181		3,960,880	*	6,193,091	**	7,090,843
2021	546,792,054	25,783,880	11,790,930	2,400,734		4,154,967	*	5,852,575	**	6,768,565
2022	473,816,755	21,665,350	17,010,959	2,973,047		3,170,303	*	5,804,825	**	6,300,387
2023	496,755,240	21,347,021	14,938,558	3,058,843		4,355,277	*	6,863,098	**	7,598,188
2024	506,347,442	23,055,069	15,804,895	2,842,356		5,149,420	*	7,354,537	**	8,187,574
2025				3,120,036		5,827,689				

* The administrative expenses in the audit column do not include investment expenses which are netted against investment income for audit presentation

** The 990-PF reports investment expense as part of administrative expenses.

*** Includes Federal ARRA program costs which are reimbursed by the federal government.

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The Foundation has not changed any charitable financial practices. There have been no prior grants converted to programs and no programs have been converted to grants. The Foundation has developed a matrix process to utilize if there are any questions as to determination of geographic area impact of a grant, which was approved by the Board of Trustees in December 2013.

Grant, program, and administrative expenses and program-related investments made in the Grand Rapids area have a multiplier effect and the dollars likely recirculate several times. For example, the Foundation's payroll was \$3.3 million in 2025 and almost every employee lives in the Grand Rapids area. The Foundation also spent \$445 thousand in the Grand Rapids area paying local vendors for goods and services.

The Foundation's annual report shall be reviewed by the Foundation's Board of Trustees each year, and after conducting such review, the Board of Trustees shall pass a resolution of their review and compliance to Court Orders and Stipulations.

At the August 2025 Board meeting, the following resolutions were unanimously carried by Board vote:

RESOLVED that the Board approves the 2024 Charles K. Blandin Foundation audited financial statements, notes, supplemental information, management discussion & analysis, and management letter at their August 2025 Board meeting;

And the Board of Trustees confirms the Foundation has complied with the required distribution of 60% grants paid in the Grand Rapids area over the six-year rolling period and have identified no significant changes in the charitable financial practices of the Foundation.

RESOLVED that the Finance & Audit Committee approves retaining RSM for audit services for the 2025 audit year, authorizes Staff to negotiate fees and sign appropriate contracts, and the Board of Trustees ratify said action.

At the November 2025 Board meeting, the following resolutions were unanimously carried by Board vote:

RESOLVED that the Board of Trustees ratifies the Charles K. Blandin Foundation 2024 Form 990-PF tax return signed by the President/CEO and given an IRS approved extension to November 17, 2025.

And the Board of Trustees ratifies the Charles K. Blandin Foundation 2024 Form 990-T, International, and State tax returns signed by the President/CEO and filed by the extension due date November 17, 2025.

RESOLVED that the Finance & Audit Committee approves retaining RSM for tax services for the 2025 tax year and authorizes Staff to negotiate fees and sign appropriate contracts, and the Board of Trustees ratify said action.

Request for information

This financial report provides a general overview of the Foundation's finances. Questions about this report or requests for additional financial information should be addressed to Chief Financial Officer at The Charles K. Blandin Foundation, 100 North Pokegama Ave., Grand Rapids, MN 55744. The annual audited financial report is also available online at www.blandinfoundation.org.

A member of the Grand Rapids community with a question or concern regarding the Foundation's compliance with the 60% court order may present said question or concern to the Foundation's President/CEO, Tuleah Palmer, at blandinceo@blandinfoundation.org or 218-326-0523. The President/CEO will review the question or concern and respond within ten business days to the community member.