

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED MARCH 31, 2011 AND 2010**

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
The Minneapolis Foundation  
Minneapolis, Minnesota

We have audited the accompanying consolidated statements of financial position of The Minneapolis Foundation and Supporting Organizations as of March 31, 2011 and 2010, and the related consolidated statements of activity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of March 31, 2011 and 2010, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*LarsonAllen LLP*  
LarsonAllen LLP

Minneapolis, Minnesota  
August 17, 2011



(1)

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**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2011 AND 2010**

<b>ASSETS</b>	2011	2010
Cash and Cash Equivalents	\$ 18,324,461	\$ 9,062,335
Interest and Dividends Receivable	1,032,814	1,472,096
Accounts Receivable	123,315	101,777
Prepays	13,917	14,605
Investments	484,561,695	434,645,472
Investments Loaned to Broker	10,161,673	8,869,988
Investment Collateral	7,305,690	5,337,894
Other Assets	464,658	386,609
Loans Receivable, Net	9,074,184	8,991,849
Notes Receivable	48,000,000	48,000,000
Beneficial Interest in Trusts	45,861,663	45,168,248
Furniture, Fixtures, Equipment, and Leasehold Improvements (Less Accumulated Depreciation of \$2,695,544 and \$2,647,149 as of March 31, 2011 and 2010, Respectively)	475,497	577,745
Total Assets	\$ 625,399,567	\$ 562,628,618
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 1,010,354	\$ 878,796
Grants Payable	4,156,530	6,087,161
Notes Payable	9,367,681	9,281,466
Deferred Lease Credits	336,284	410,384
Amounts Due Beneficiaries	10,076,886	11,112,234
Charitable Funds Held for the Benefit of Others	16,630,134	16,590,369
Payable Under Investment Loan Agreement	10,590,368	9,246,313
Total Liabilities	52,168,237	53,606,723
Net Assets:		
Unrestricted:		
Undesignated	429,012,375	374,415,280
Noncontrolling Interests (Note 13)	18,921,915	16,181,868
Total Unrestricted	447,934,290	390,597,148
Temporarily Restricted	89,927,481	84,281,016
Permanently Restricted	35,369,559	34,143,731
Total Net Assets	573,231,330	509,021,895
Total Liabilities and Net Assets	\$ 625,399,567	\$ 562,628,618

See accompanying Notes to Consolidated Financial Statements.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF ACTIVITY  
YEARS ENDED MARCH 31, 2011 AND 2010**

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Total Amount Raised	\$ 50,253,262	\$ 1,053,916	\$ -	\$ 51,307,178
Less: Amounts Received for Benefits of Others	264,047	-	-	264,047
Contributions	49,989,215	1,053,916	-	51,043,131
Total Investment Income, Net	50,134,720	9,672,441	-	59,807,161
Less: Investment Income from Charitable Funds				
Held for Benefit of Others	1,783,886	-	-	1,783,886
Investment Income, Net	48,350,834	9,672,441	-	58,023,275
Change in Value of Trusts	(153,038)	2,673,640	1,225,828	3,746,430
Administrative Service Revenue from				
Agency Funds	180,060	-	-	180,060
Other Income	3,076,130	-	-	3,076,130
Net Assets Released from Restrictions	7,753,532	(7,753,532)	-	-
Total Revenues, Gains and Other Support	109,196,733	5,646,465	1,225,828	116,069,026
<b>EXPENSES</b>				
Program Services:				
Total Grants, Net of Rescissions	45,193,056	-	-	45,193,056
Less: Grants Made for Benefit of Charitable				
Funds Held	2,117,433	-	-	2,117,433
Grants, Net of Rescissions	43,075,623	-	-	43,075,623
Program Service Expense	5,284,654	-	-	5,284,654
Support Services:				
Management and General Administrative				
Expense	2,545,147	-	-	2,545,147
Fund Raising	1,113,404	-	-	1,113,404
Total Expenses	52,018,828	-	-	52,018,828
<b>CHANGE IN NET ASSETS</b>	57,177,905	5,646,465	1,225,828	64,050,198
Less: Gains on Noncontrolling Interests, Net	2,580,810	-	-	2,580,810
Change in Net Assets After Adjustments	54,597,095	5,646,465	1,225,828	61,469,388
Net Assets - Beginning of Year	374,415,280	84,281,016	34,143,731	492,840,027
Beginning Noncontrolling Interests (Note 13)	16,181,868	-	-	16,181,868
Add: Net Partners Contributions (Withdrawals)	159,237	-	-	159,237
Add: Gains on Noncontrolling Interests, Net	2,580,810	-	-	2,580,810
Total Noncontrolling Interests	18,921,915	-	-	18,921,915
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 447,934,290</b>	<b>\$ 89,927,481</b>	<b>\$ 35,369,559</b>	<b>\$ 573,231,330</b>

See accompanying Notes to Consolidated Financial Statements.

## 2010

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 21,375,667	\$ 818,823	\$ -	\$ 22,194,490
107,919	-	-	107,919
<u>21,267,748</u>	<u>818,823</u>	<u>-</u>	<u>22,086,571</u>
101,084,188	14,346,918	-	115,431,106
4,687,573	-	-	4,687,573
<u>96,396,615</u>	<u>14,346,918</u>	<u>-</u>	<u>110,743,533</u>
7,465	5,347,712	2,684,022	8,039,199
125,357	-	-	125,357
2,668,683	-	-	2,668,683
<u>6,320,450</u>	<u>(6,320,450)</u>	<u>-</u>	<u>-</u>
126,786,318	14,193,003	2,684,022	143,663,343
34,820,319	-	-	34,820,319
1,547,748	-	-	1,547,748
<u>33,272,571</u>	<u>-</u>	<u>-</u>	<u>33,272,571</u>
5,192,068	-	-	5,192,068
2,800,794	-	-	2,800,794
1,010,306	-	-	1,010,306
<u>42,275,739</u>	<u>-</u>	<u>-</u>	<u>42,275,739</u>
84,510,579	14,193,003	2,684,022	101,387,604
4,099,568	-	-	4,099,568
<u>80,411,011</u>	<u>14,193,003</u>	<u>2,684,022</u>	<u>97,288,036</u>
294,004,269	70,088,013	31,459,709	395,551,991
11,875,166	-	-	11,875,166
207,134	-	-	207,134
4,099,568	-	-	4,099,568
<u>16,181,868</u>	<u>-</u>	<u>-</u>	<u>16,181,868</u>
<u>\$ 390,597,148</u>	<u>\$ 84,281,016</u>	<u>\$ 34,143,731</u>	<u>\$ 509,021,895</u>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 64,050,198	\$ 101,387,604
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized Gain on Sale of Investments	(19,233,242)	(17,047,405)
Unrealized Gain on Investments	(31,738,816)	(86,032,167)
Change in Value of Trusts	(3,746,430)	(8,039,199)
Contribution of Beneficial Interest in Trusts	-	(489,795)
Depreciation and Amortization	147,071	143,623
Amortization of Discount on Notes Payable with Below-Market Interest Rate	53,687	47,128
Forgiveness of Debt	(300,000)	-
Change in Assets and Liabilities:		
Interest and Dividends Receivable	439,282	73,176
Accounts Receivable	(21,538)	(60,829)
Prepays	688	1,210
Other Assets	(78,049)	(73,787)
Beneficial Interest in Trusts	2,801,765	1,672,453
Accounts Payable and Accrued Liabilities	131,558	(361,089)
Grants Payable	(1,930,631)	(3,113,108)
Deferred Lease Credits	(74,100)	(74,099)
Charitable Funds Held for the Benefit of Others	(1,964,457)	(1,565,175)
Net Cash Provided (Used) by Operating Activities	8,536,986	(13,531,459)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures	(44,823)	(76,746)
Increase in Loans Receivable	(82,335)	(478,142)
Purchases of Securities	(427,207,020)	(595,407,305)
Proceeds from the Sale of Securities	427,567,553	607,421,747
Net Cash Provided by Investing Activities	233,375	11,459,554
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Partners Contributions to Limited Partnership	159,237	207,134
Proceeds from Issuance of Notes Payable	725,000	1,149,424
Principal Payments on Notes Payable	(392,472)	(621,112)
Net Cash Provided by Financing Activities	491,765	735,446
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,262,126	(1,336,459)
Cash and Cash Equivalents - Beginning of Year	9,062,335	10,398,794
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 18,324,461	\$ 9,062,335
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY</b>		
Contributions and Pledge Payments of Investment Securities	\$ 35,571,467	\$ 10,300,900
Interest Paid During the Year	\$ 226,698	\$ 231,577
Non-Cash Forgiveness of Loan Outstanding	\$ 300,000	\$ -

See accompanying Notes to Consolidated Financial Statements.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The consolidated financial statements include the accounts of The Minneapolis Foundation (TMF), The Minneapolis Foundation Investment Partnership LP, Nonprofits Assistance Fund (NAF), and Robins, Kaplan, Miller and Ciresi Foundation for Children (RKMC) collectively, the Foundation, all of which are separate entities, either nonprofit corporations or partnerships located in the Twin Cities. In accordance with the Articles of Incorporation of both RKMC and NAF, TMF has the power to exercise sufficient control over both corporations to include them in the TMF consolidated financial statements.

The Foundation provides grants and other assistance to Minnesota not-for-profit organizations, primarily in the areas of human service, health, education, scholarships, arts, culture, and the humanities. All significant intercompany transactions and balances are eliminated in consolidation.

**Basis of Presentation**

The consolidated financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

**Basis of Consolidation**

The accompanying consolidated financial statements of the Foundation are prepared including the financial activity of four entities. The Minneapolis Foundation has control and economic relationships with three entities, The Minneapolis Foundation Investment Partnership LP, Nonprofits Assistance Fund, and Robins, Kaplan, Miller and Ciresi Foundation for Children.

The Foundation established an investment partnership and is the general partner of The Minneapolis Foundation Investment Partnership LP. The purpose of the limited partnership is to invest the Foundation's assets. There are some limited nonprofit partners that have chosen to invest portions of their portfolios with the partnership. As a result of inclusion, the limited partner's portion of the limited partnership is disclosed as a minority interest on the consolidated financial statements (see Note 13 for additional information).

Nonprofits Assistance Fund was created as a supporting organization of The Minneapolis Foundation on October 1, 1998. In connection, TMF transferred certain net assets to NAF. NAF consists of several component loan and technical assistance programs that are designed to increase the financial stability and economic vitality of not-for-profit organizations in Minnesota and throughout the United States.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Consolidation (Continued)**

Robins, Kaplan, Miller and Ciresi Foundation for Children, located in Minneapolis, Minnesota, is a public foundation under Internal Revenue Code (IRC) Section 501(c)(3) and a supporting organization of The Minneapolis Foundation. The Foundation's mission is to serve as a catalyst for creative, innovative, and systems-changing programs to achieve a long-term impact in promoting education and equal opportunities for all Minnesotans. Substantially all of the management and general expenses are paid to The Minneapolis Foundation.

All intercompany transactions and accounts have been eliminated in the consolidated financial statements.

**Net Asset Classification**

During 2008, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the State of Minnesota. In August 2008, accounting guidance was released which provided guidance on the classification of endowment fund net assets for states that have enacted versions of the UPMIFA, and enhances disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted.

Under the terms of the Articles of Incorporation, the board of trustees has the power to modify or eliminate any restriction, condition, limitation or trust imposed with respect to any fund or property the title of which has become vested with the corporation if, in the sole judgment of the board of trustees, such restriction, condition, limitation or trust becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable need of the community or area served by the organization. As a result of the ability to remove any restriction, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted for financial statement purposes.

Unrestricted net assets represent that portion of expendable funds that is available for support of the programs and operations of the Foundation.

Temporarily restricted net assets consist of irrevocable charitable trusts, lead trusts, purpose restricted contributions, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restriction.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Endowment Investment and Spending Policies**

The Foundation has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes a long-term investment objective through diversification of asset classes. To achieve its investment objectives over long periods of time, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment strategy targets a diversified asset allocation that includes domestic equities, non-US equities, fixed income, real estate and hedged equities. The majority of assets are invested in equity or equity like securities. Fixed income, real estate and hedged equities are used to lower short-term volatility. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return. The primary performance objective is to achieve an annualized total rate of return, net of investment fees, that is equal to or greater than 5.5% plus inflation over long periods of time. Actual returns in any given year may vary from this amount.

The spending policy determines the amount of money in a given year that will be distributed from the Foundation's various endowment funds. The current spending policy is to distribute an amount equal to 5.5% of a moving 12 quarter average market value. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment assets to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

**Cash and Cash Equivalents**

Cash equivalents include all highly liquid securities with original maturities of 90 days or less, except for those short-term investments managed as part of long-term investment strategies. At times the balance may exceed federally insured limits.

**Investments**

A substantial portion of the valuations included in the consolidated financial statements are provided to the Foundation by third parties and are not calculated by the Foundation. These third parties follow GAAP. In accordance with these principles, investments are carried at fair value based on quoted market prices or are recorded at approximate fair value based on financial models of hypothetical transactions. Some valuations may also be determined and approved by the managers or valuation committees of the funds in which the Foundation invests. The fair value assigned to a particular security by the fund does not necessarily reflect the amount that would be realized. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund is accurate.

**THE MINNEAPOLIS FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

The Foundation invests in a variety of investment vehicles, including limited partnerships, that invest in corporate stocks, bonds, real estate and other.

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 consolidated statements of financial position.

Donated investments are initially recorded at estimated fair value at the date of donation. Realized and unrealized gains and losses are recognized in the period in which they occur.

**Contributions Receivable**

Contributions receivable consist of unconditional promises to give and are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Beneficial Interests in Trusts**

Beneficial interests in trusts consists of assets held in charitable remainder trusts, beneficial interests in charitable remainder trusts, and beneficial interests in perpetual trusts.

***Assets Held in Charitable Remainder Trusts*** – The Foundation is the beneficiary of charitable remainder trusts in which the Foundation also serves as trustee. The assets of these trusts are recorded at fair value in the consolidated statements of financial position. The related obligations to the donors or specified parties are recorded separately at the present value of the estimated future payments to be made under the specific terms of the trusts. Changes in the net assets of the trusts are recorded as gains or losses (change in value of trusts) in the consolidated statements of activities. Net assets and changes in net assets are recorded as temporarily restricted.

***Beneficial Interests in Charitable Remainder Trusts*** – Donors established and funded trusts under which specified distributions are made to a designated beneficiary or beneficiaries over the trusts' terms. Upon termination of the trusts, the Foundation receives the assets remaining in the trusts. Beneficial interests in charitable remainder trusts are recorded at the fair value of the trusts' assets net of the present value of the estimated future payments to be made under the specific terms of the trusts. Changes in net assets of the trusts are recorded as gains or losses (change in value of trusts) in the consolidated statements of activities. Net assets and changes in the net assets are recorded as temporarily restricted.

**THE MINNEAPOLIS FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Beneficial Interests in Trusts (Continued)**

*Beneficial Interest in Perpetual Trusts* – The Foundation is the beneficiary of several perpetual trusts held by a third party. Under the terms of the trusts, the Foundation has the irrevocable right to receive the income generated by the trust in perpetuity. The beneficial interest in the perpetual trusts is recorded at the fair value. Changes in net assets of the trusts are recorded as gain or losses (change in value of trusts) on the consolidated statements of activities. Net assets and changes in the net assets are recorded as permanently restricted. Distributions received from these trusts are recorded as unrestricted investment income.

**Furniture, Fixtures and Equipment, and Leasehold Improvements**

Furniture, fixtures and equipment are stated at cost at the date of acquisition or fair value at the date of donation and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the life of the improvement or the term of the lease, whichever is shorter.

**Grants Payable**

Unconditional grants are recognized as expenses in the period when approved at their fair values. Grants subject to conditions are recorded when the conditions are substantially met.

During the year, grants have been approved and disbursed to organizations in which some of the board members may be involved through board or other advisory relationships. It is the Foundation's policy to have each board member disclose the conflict of interest. These board members are prohibited from voting on grants to these organizations in those instances.

**Notes Payable with Below-Market Interest Rates**

Certain notes payable have below-market interest rates that mature at various dates through 2013. The Foundation discounts certain notes payable with below market interest rates with original maturities in excess of one year. The discount is calculated based on the difference between the notes actual rate of interest and the market rates for comparable loans at the notes inception or renewal date. The discount is recorded as temporarily restricted contribution revenue and is amortized using the effective interest rate method over the life of the note. The discount on notes payable was \$44,192 and \$97,879 at March 31, 2011 and 2010, respectively. The amortization of the discount is included as a component of interest expense and net assets released from restriction. The amortization of the discount was \$53,687 and \$47,182 for the years ended March 31, 2011 and 2010, respectively.

**Deferred Lease Credits**

The Foundation received a contribution from its landlord over the term of the lease in accordance with its lease agreement. The Foundation received \$925,367 for leasehold improvements for its leased office space. This contribution is amortized over the term of the lease. The remaining balance was \$336,284 and \$410,384 at March 31, 2011 and 2010, respectively.

**THE MINNEAPOLIS FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Amounts Due Beneficiaries**

The Foundation has entered into unitrust and annuity agreements that provide, among other matters, that the trustee shall pay to the beneficiaries an annual income payment until the income obligation is completed in accordance with the donor's trust agreement. A liability is recorded for charitable remainder trusts in which the income is distributed to designated beneficiaries during their lifetime, and trust assets are controlled by the Foundation. Upon the death of the beneficiaries, the remainder of funds transfers to the Foundation. The liability, which represents the estimated future payments to be distributed over the beneficiaries' expected lives, is recorded at the present value using the discount rate in effect at the date the trust was established. The trust assets are included in investments.

**Charitable Funds Held for the Benefit of Others**

In accordance with accounting standards, if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as Agency Funds.

The Foundation maintains legal ownership of agency funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with this standard, a liability has been established for the fair market value of the funds.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amount reported in the consolidated financial statement and accompanying notes. Actual results could differ from those estimates.

**Tax Exempt Status**

Each of the organizations included in this financial report are tax-exempt organizations under Section 501(c)(3) of the IRC and are only subject to federal income tax on net unrelated business income. Each organization files a separate Federal Form 990 except for The Minneapolis Foundation Investment Partnership LP.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the consolidated financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation as a result of the implementation of this standard. The Foundation's tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2008 through 2010 are open to examination by federal and state authorities.

**Concentrations**

At March 31, 2011, 58% of the Foundation's contributions were from one donor. No such concentrations existed as of March 31, 2010.

**THE MINNEAPOLIS FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these instruments. Investments in equity and debt securities and equity mutual funds are carried at fair value based on quoted market prices. Investments in limited partnerships are carried at fair value determined by the partnerships' general partner. Investment collateral and amounts payable under investment loan agreement are reported at fair value based on quoted market prices or valuations provided by the custodian bank. The fair value of grants payable is determined as the present value of expected future cash flows using a discount rate. The fair value of amounts due beneficiaries is determined based on the life expectancy of the beneficiaries and the present value of expected cash flows using a discount rate. The approximate fair value of notes payable was \$8,549,000 as of March 31, 2011, which is \$819,000 lower than the carrying value. The carrying amount of all other financial instruments approximates fair value.

**Fair Value Measurement**

The Foundation follows an accounting standard that 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. It describes three levels of inputs that may be used to measure fair value:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access (examples include actively traded equity and fixed income securities, mutual funds or commingled pools containing securities that are actively traded and priced daily).

Level 2 - Financial assets and liabilities that are not actively traded or model inputs whose values are based on quoted prices in markets that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities that because of the size of the position, no active price is quoted (examples include small pieces of corporate or asset backed bonds for which an active market may not be quoted simply because of the position size, but larger positions of the same assets are regularly quoted and traded); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain mortgage and asset backed related securities or derivatives).

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurement (Continued)**

Level 3 - Financial assets and liabilities whose values are not readily observable and are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (examples include real estate, hedge funds or securities that are either in default and/or may be in a work-out situation, such as certain corporate bonds and SIVs).

The fair value disclosures in Note 3 have been expanded in accordance with this standard.

The Foundation also follows an accounting standard that 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 as permitted under this standard. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

**Derivative Financial Instruments**

The Foundation owns derivative instruments in its portfolio in both an indirect and a direct way. Indirectly, the Foundation owns derivative instruments in a number of the commingled pools it owns. The underlying portfolio managers of these pools may use derivative instruments to gain financial exposure to individual commodities or to manage currency or duration risk of an actual portfolio of stocks or bonds owned in the respective portfolios they manage. The Foundation owns derivative instruments directly in a separately managed account using futures contracts to securitize cash positions present in the Foundation's portfolio. The portfolio manager will buy, on a daily basis, a notional amount of financial and/or commodity futures targeting this amount of cash in percentages that closely mirrors the Foundation's asset allocation. The use of derivative instruments allows the Foundation's portfolio to be fully invested with no more risk than if the cash were actually invested in physical commodities, stocks or bonds. This is in keeping with the Foundation's Statement of Investment Objectives that calls for its investment portfolio to be fully invested at all times. The use of derivative instruments for speculative purposes is expressly prohibited.

The purchase of derivative instruments involves placing a fraction of the notional amount of the derivative trade into a margin account (generally 10% to 15%) at the brokerage firm clearing the trades. While the actual purchase of the derivative instruments can be used to gain leverage, there is no leverage in the portfolio, as the cash collateral available within the fund would be available to cover any losses that would deplete the margin account.

As of March 31, 2011 and 2010, the Foundation owned 72 and 146 contracts with a notional exposure of \$7,144,317 and \$11,890,109, respectively. The notional exposure is included in the Foundation's investment portfolio. Gains for these futures were \$2,384,556 and \$7,958,797 for the years ended March 31, 2011 and 2010, respectively.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. The reclassifications had no effects on the change in net assets or total net assets as previously reported.

**Subsequent Events**

The Foundation has evaluated events and transactions for potential recognition or disclosure in these consolidated financial statements through August 17, 2011, the date the consolidated financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments consist of the following at March 31:

	2011	2010
Cash	\$ 61,547,648	\$ 53,283,926
Large and Mid Cap Domestic Equities	144,426,151	133,176,686
Small Cap Domestic Equities	53,891,989	53,431,586
Non US Equities	78,805,724	62,355,032
Domestic Fixed Income Obligations	36,485,182	80,227,908
High Yield Fixed Income Obligations	17,798,328	16,867,228
Global Fixed Income Obligations	16,609,764	25,000
Real Estate	29,362,589	24,018,465
Long/Short Hedge Funds	20,170,696	18,648,336
Multi-Strategy Hedge Funds	9,384,697	-
Commodities	24,744,518	654,420
Private Equity and Venture Capital	1,496,082	826,873
Total Investments	<u>494,723,368</u>	<u>443,515,460</u>
Less: Investments Loaned to Broker	<u>(10,161,673)</u>	<u>(8,869,988)</u>
Total	<u>\$ 484,561,695</u>	<u>\$ 434,645,472</u>

The Foundation's investments include certain alternative investments that are invested in funds for which value is not determinable on a daily basis and are held by private companies. These investments are classified based on their nature of the underlying investments. As of March 31, 2011, the Foundation is committed to provide capital related to the alternative investments in the amount of approximately \$10,274,000.

Investment income consisted of the following for the years ended March 31:

	2011	2010
Interest and Dividend Income	\$ 9,241,244	\$ 9,463,407
Realized Gains on Investments	19,233,242	17,047,405
Unrealized Gains on Investments	31,738,816	86,032,167
Investment Expenses	<u>(2,190,027)</u>	<u>(1,799,446)</u>
Total	<u>\$ 58,023,275</u>	<u>\$ 110,743,533</u>

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**NOTE 3 FAIR VALUE MEASUREMENTS**

Assets measured at fair value on a recurring basis as of March 31, 2011 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities	\$ 144,426,151	\$ -	\$ -	\$ 144,426,151
Small Cap Domestic Equities	53,891,989	-	-	53,891,989
Non US Equities	36,539,419	42,266,305	-	78,805,724
Domestic Fixed Income Obligations	29,309,704	7,150,451	25,027	36,485,182
High Yield Fixed Income Obligations	6,616,889	11,181,439	-	17,798,328
Global Fixed Income Obligations	-	16,584,764	-	16,584,764
Real Estate	3,828,748	-	25,349,417	29,178,165
Long/Short Hedge Funds	-	-	20,170,696	20,170,696
Multi-Strategy Hedge Funds	73,482	-	9,311,215	9,384,697
Commodities	2,580,911	22,163,607	-	24,744,518
Private Equity and Venture Capital	-	-	669,209	669,209
Total Investments	<u>277,267,293</u>	<u>99,346,566</u>	<u>55,525,564</u>	<u>432,139,423</u>
Investment Collateral	-	6,755,866	549,824	7,305,690
Beneficial Interest in Trusts	-	-	45,861,663	45,861,663
Total	<u>\$ 277,267,293</u>	<u>\$ 106,102,432</u>	<u>\$ 101,937,051</u>	<u>\$ 485,306,776</u>

Assets measured at fair value on a recurring basis as of March 31, 2010 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities	\$ 133,176,686	\$ -	\$ -	\$ 133,176,686
Small Cap Domestic Equities	53,431,586	-	-	53,431,586
Non US Equities	33,725,972	28,629,060	-	62,355,032
Domestic Fixed Income Obligations	71,816,474	8,382,402	29,032	80,227,908
High Yield Fixed Income Obligations	7,178,900	9,688,328	-	16,867,228
Global Fixed Income Obligations	-	-	-	-
Real Estate	1,081,363	-	22,752,678	23,834,041
Long/Short Hedge Funds	-	-	18,648,336	18,648,336
Multi-Strategy Hedge Funds	-	-	-	-
Commodities	654,420	-	-	654,420
Private Equity and Venture Capital	-	-	-	-
Total Investments	<u>301,065,401</u>	<u>46,699,790</u>	<u>41,430,046</u>	<u>389,195,237</u>
Investment Collateral	-	4,700,094	637,800	5,337,894
Beneficial Interest in Trusts	-	-	45,168,248	45,168,248
Total	<u>\$ 301,065,401</u>	<u>\$ 51,399,884</u>	<u>\$ 87,236,094</u>	<u>\$ 439,701,379</u>

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets**

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended March 31, 2011:

	Domestic Fixed Income Obligations	Real Estate	Long/Short Hedge Funds	Multi-Strategy Hedge Funds
Balance as of April 1, 2010	\$ 29,032	\$ 22,752,678	\$ 18,648,336	\$ -
Additions	-	2,442,000	-	9,200,000
Net Realized and Unrealized Gains (Losses), Interest and Dividends	(4,005)	2,078,059	1,522,360	111,215
Withdrawals	-	(1,923,320)	-	-
Change in Value of Trusts	-	-	-	-
Contribution of Beneficial Interest in Trusts	-	-	-	-
Change in Beneficial Interest in Trusts	-	-	-	-
Balance as of March 31, 2011	<u>\$ 25,027</u>	<u>\$ 25,349,417</u>	<u>\$ 20,170,696</u>	<u>\$ 9,311,215</u>

  

	Private Equity and Venture Capital	Investment Collateral	Beneficial Interest in Trusts
Balance as of April 1, 2010	\$ -	\$ 637,800	\$ 45,168,248
Additions	801,269	-	-
Net Realized and Unrealized Gains (Losses), Interest and Dividends	(102,169)	(87,976)	-
Withdrawals	(29,891)	-	-
Change in Value of Trusts	-	-	1,713,840
Contribution of Beneficial Interest in Trusts	-	-	156,926
Change in Beneficial Interest in Trusts	-	-	(1,177,351)
Balance as of March 31, 2011	<u>\$ 669,209</u>	<u>\$ 549,824</u>	<u>\$ 45,861,663</u>

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended March 31, 2010:

	Investments	Investment Collateral	Beneficial Interest in Trusts
Balance as of April 1, 2009	\$ 41,819,539	\$ 1,364,326	\$ 41,035,356
Additions	5,580,000	-	-
Net Realized and Unrealized Losses, Interest and Dividends	(5,024,926)	(726,526)	-
Withdrawals	(944,567)	-	-
Change in Value of Trusts	-	-	5,034,424
Contribution of Beneficial Interest in Trusts	-	-	489,795
Change in Beneficial Interest in Trusts	-	-	(1,391,327)
Balance as of March 31, 2010	<u>\$ 41,430,046</u>	<u>\$ 637,800</u>	<u>\$ 45,168,248</u>

In September 2009 guidance was issued under the ASC Topic - Fair Value Measurements and Disclosures which clarified the fair value level classification for entities that calculate net asset value per share or its equivalent.

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets (Continued)**

The guidance states that “if a reporting entity has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date, the fair value measurement of the investment shall be categorized as a Level 2 fair value measurement.”

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of March 31, 2011:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Non US Equities	\$ 42,266,305	\$ -	Monthly	6-15 Days
Domestic Fixed Income Obligations	7,105,629	-	Monthly	1 Day
High Yield Fixed Income Obligations	11,181,439	-	Monthly	30 Days
Global Fixed Income Obligations	16,584,764	-	Monthly	10 Days
Real Estate	18,622,949	6,984,000	N/A	N/A
Real Estate	6,726,468	-	Not Available*	30 Days
Long/Short Hedge Funds	10,051,481	-	Quarterly	60 Days
Long/Short Hedge Funds	10,119,215	-	Not Available**	60 Days
Multi-Strategy Hedge Funds	9,311,215	-	Not Available***	Not Available***
Commodities	22,163,607	-	Monthly	30 Days
Private Equity and Venture Capital	669,209	3,290,000	N/A	N/A

\*Redemption of this fund is quarterly; however, the fund has an imposed definite lock-up.

\*\*The Foundation has an initial lock-up period of three years before funds can be redeemed.

\*\*\*The Foundation is not allowed to redeem shares until December 31, 2013.

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of March 31, 2010:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Non US Equities	\$ 28,629,060	\$ -	Monthly	6-15 Days
Domestic Fixed Income Obligations	8,337,087	-	Monthly	1 Day
High Yield Fixed Income Obligations	9,688,328	-	Monthly	30 Days
Real Estate	15,913,285	9,244,000	N/A	N/A
Real Estate	6,839,393	-	Not Available*	30 Days
Long/Short Hedge Funds	9,303,575	-	Quarterly	60 Days
Long/Short Hedge Funds	9,344,761	-	Not Available**	60 Days

Non US Equity investments are often structured as a commingled pool with a partnership legal structure for the purpose of simplifying for investors issues involving trading these securities and individual country tax codes. The Foundation’s investments are with long only equity managers who purchase stocks with daily valuations and T+3 liquidity. Restrictive redemption terms (monthly) are imposed by the managers of the funds in order to accommodate and simplify the investment or withdrawal of money from their funds from numerous investors.

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets (Continued)**

Domestic Fixed Income Obligations are investments the Foundation invests in as a product designated as a 3c1 fund, or a type of institutional commingled pool. The 3c1 structure is defined in the Investment Company Act of 1940 which permits the exclusion of investment companies from standard registration requirements with the Securities and Exchange Commission (SEC) if they have fewer than 100 U.S. investors. The fund has a long only strategy of buying fixed income vehicles with readily obtainable valuations and T+1 or T+3 liquidity. Restrictive redemption terms may be imposed by the managers of the funds in order to facilitate the investment or withdrawal of money from their funds from numerous investors, but none are imposed on this investment.

Global Fixed Income Obligation investments are often structured as a commingled pool with a partnership legal structure for the purpose of simplifying for investors issues involving trading these securities and individual country tax codes. The Foundation's investment is with a manager who purchases only sovereign debt instruments with readily obtainable valuations and liquidity. Restrictive redemption terms (monthly) are imposed by the manager of the fund in order to facilitate the investment or withdrawal of money from numerous investors.

Real Estate investments are structured as limited partnerships to accommodate the holding of illiquid real estate investments of various kinds. The Foundation's investments in real estate includes investing both with individual managers who buy and hold real estate investments directly in their respective funds and in a fund of funds format where an investment with a manager that purchases positions with various underlying managers. Strategies of these managers may include owning actual physical real estate, real estate investment products such as mortgages, shares of companies engaged in the real estate industry or currency hedges when real estate is purchased outside of the US. These instruments are typically illiquid until the underlying asset or investment pool enters a distribution or wind down phase.

Long/Short Hedge Funds are investments with a fund of funds manager whose strategy is to invest with underlying managers whom it believes can provide the best possible risk adjusted return regardless of market conditions. Underlying managers may employ both long and short equity strategies, fixed income arbitrage strategies or other strategies it feels will help the fund accomplish its investment objectives. As underlying managers may provide infrequent valuations and impose liquidity restrictions or lock-ups on the fund itself, the fund of funds manager provides to investors quarterly valuations and liquidity options, but may impose a longer lock-up period on new money coming into the fund.

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets (Continued)**

Multi-Strategy Hedge Funds are investments with a fund of funds manager whose strategy is to invest with underlying managers whom it believes can provide the best possible risk adjusted return regardless of market conditions. Underlying managers may go both long or short various securities, employ fixed income arbitrage strategies, invest in futures or forwards in addition to any number of other investment strategies. As underlying managers may provide infrequent valuations and impose liquidity restrictions or lock-ups on the fund itself, the fund of funds manager provides to investors monthly valuations but imposes longer lock-up periods on new money coming into the fund.

Commodities investments are investments in a commingled pool with an investment manager who employs a long only strategy that includes investing in futures, publicly traded stocks, swaps and structured notes where appropriate. Their investment strategy is to find the most attractively priced investment opportunities in metals, agriculture, energy, softs and financial instruments. Restrictive redemption terms (monthly) may be imposed by the manager of the fund in order to facilitate the investment or withdrawal of money from their fund from numerous investors.

Private Equity and Venture Capital investments are investments with a fund of funds manager in both a private equity fund and in a venture capital fund. Since both investment funds invest in private equity or debt instruments of various companies there is no liquidity available until the underlying asset or investment pool enters a distribution or wind down phase.

**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 market 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 investments are "safety of principal and liquidity requirements," including "daily liquidity." Many of the securities in these collateral investments are illiquid, however, which means that there is no active market for them and they cannot be sold at current valuations. In addition, some of the securities in these collateral investments 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 consolidated statements of financial position.

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**NOTE 4 SECURITIES LENDING (CONTINUED)**

Valuations of the collateral investments are provided to the Foundation by the custodial bank. For purposes of determining the values of collateral investments reflected on the consolidated statements of financial position, 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 investments, and the credit risk associated with securities in the collateral investments, there can be no assurance that a fair value assigned to a particular security by the custodial bank is accurate.

At March 31, 2011 and 2010, the Foundation had equity and fixed income securities with fair values of \$10,161,673 and \$8,869,988 on loan, respectively. The Foundation reflects the collateral received for securities on loan as an asset and its obligation to return the collateral as a liability on its consolidated statements of financial position. An asset of approximately \$7,305,690 and \$5,337,894 and the related liability representing the obligation to return collateral received of \$10,590,368 and \$9,246,313 is reflected on the consolidated statements of financial position as of March 31, 2011 and 2010, respectively.

	2011	2010
Investments Loaned to Broker	\$ 10,161,673	\$ 8,869,988
Investment Collateral	7,305,690	5,337,894

**NOTE 5 LOANS RECEIVABLE AND NOTES PAYABLE**

The consolidated financial statements include loans receivable and notes payable of Nonprofits Assistance Fund, a supporting organization of The Minneapolis Foundation, which was formed in 1998 to operate the programs previously operated through the Minnesota Nonprofit Assistance Fund (MNAF). MNAF was established in 1980 for the purpose of providing loans to nonprofit organizations experiencing the need for working capital and short-term cash. Two other programs are currently in place: the Minnesota Primary Care Fund offers loans to primary care providers for improvement and expansion of services in urban and rural areas; and the Working Capital Fund, designed to provide grants and assistance to arts organizations. The loans receivable as of March 31, 2011 consist of notes with interest rates ranging from 2% to 10%, with maturities through 2018. The board of directors of NAF adopted a loan loss reserve policy and a loan loss reserve is maintained which is considered adequate to absorb losses inherent in the loan portfolio. The notes payable as of March 31, 2011 consist of loans with stated interest from 0% to 5%, maturing through 2019.

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**NOTE 5 LOANS RECEIVABLE AND NOTES PAYABLE (CONTINUED)**

Anticipated principal payments on loans receivable are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2012 (Net of Allowance of \$865,845)	\$ 4,415,176
2013 Through 2016	4,643,391
Thereafter	15,617
Total	<u>\$ 9,074,184</u>

Principal payments on the notes payable as of March 31, 2011 are:

<u>Year Ending March 31,</u>	<u>Amount</u>
2012	\$ 1,731,353
2013	1,464,221
2014	3,261,459
2015	411,691
2016	136,241
Thereafter	2,406,908
Subtotal	<u>9,411,873</u>
Less: Discount on Notes Payable with Imputed Interest Rates from 3.25% to 4.25%	(44,192)
Total	<u>\$ 9,367,681</u>

Certain note agreements require compliance with various financial covenants and require audited financial statements.

**NOTE 6 LINES OF CREDIT**

Nonprofit Assistance Fund has three revolving lines of credit available as capital to lend to nonprofit organizations. The lines are unsecured. There were no outstanding borrowings as of March 31, 2011 and 2010.

Nonprofit Assistance Fund's \$1-million line of credit with The Minneapolis Foundation bears interest at the Foundation's cash management rate plus 0.25%. NAF's \$500,000 line of credit with GE Money Bank bears interest at the 90-day LIBOR rate plus 3.95%. NAF's \$100,000 line of credit with Private Bank bears an interest rate of 2.00%.

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**NOTE 7 NOTES RECEIVABLE**

The Foundation received a contribution of three separate note receivables each in the amount of \$16,000,000 during 2009. Each note accrues interest at 4.45% and is payable in interest only payments of \$712,000 payable on December 19, 2009 through December 19, 2013. Beginning December 19, 2014 through maturity of December 19, 2023, payments of interest and principal will be made in the amount of \$2,017,093.

**NOTE 8 GRANTS PAYABLE**

Grants authorized but unpaid at year-end are reported as liabilities. The following is a summary of grants authorized and payable at March 31:

Year	2011	2010
2011	\$ -	\$ 2,909,450
2012	2,601,194	2,085,000
2013	678,833	416,500
2014	269,000	225,000
2015	211,000	203,000
2016	206,000	200,000
2017	200,000	200,000
2018	200,000	200,000
Subtotal	4,366,027	6,438,950
Discount (5%)	(209,497)	(351,789)
Total	<u>\$ 4,156,530</u>	<u>\$ 6,087,161</u>

**NOTE 9 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

The net asset balances as of March 31 consist of the following:

	2011	2010
Temporarily Restricted:		
Restricted for Programs	\$ 48,304,385	\$ 42,378,287
Split-Interest Agreements	41,623,096	41,902,729
Total Temporarily Restricted	<u>\$ 89,927,481</u>	<u>\$ 84,281,016</u>
Permanently Restricted:		
Permanent Endowment	\$ 20,252,842	\$ 20,252,842
Beneficial Interest in Perpetual Trusts	15,116,717	13,890,889
Total Permanently Restricted	<u>\$ 35,369,559</u>	<u>\$ 34,143,731</u>

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**NOTE 10 ENDOWMENT**

The composition of endowment funds by type of fund are as follows for the years ended March 31:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor Designated Endowment Funds	\$ (2,370)	\$ 15,476,699	\$ 20,252,842	\$ 35,727,171
Other Endowment Funds	185,285,584	-	-	185,285,584
Total Endowment Funds	<u>\$ 185,283,214</u>	<u>\$ 15,476,699</u>	<u>\$ 20,252,842</u>	<u>\$ 221,012,755</u>

  

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor Designated Endowment Funds	\$ (131,005)	\$ 12,565,668	\$ 20,252,842	\$ 32,687,505
Other Endowment Funds	169,586,237	-	-	169,586,237
Total Endowment Funds	<u>\$ 169,455,232</u>	<u>\$ 12,565,668</u>	<u>\$ 20,252,842</u>	<u>\$ 202,273,742</u>

Other endowments funds include funds that are subject to the Foundation's spending policy under gift agreements but allow for the distribution of corpus or are subject to the Foundation's variance power that allows for the ability to remove any restriction. The Foundation also has funds that are classified as temporarily restricted due to donor restrictions in which the Foundation applies a spending policy. These funds do not fall under UPMIFA requirements and the Foundation is not obligated to apply a spending policy but has determined that is prudent to apply the same spending policies to these funds. These funds are not included in the endowment fund footnote above.

From time to time, the fair value of assets associated with individual donor designated endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$2,370 and \$131,005 as of March 31, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations in the endowment fund's investments and continued appropriations that were deemed prudent by the board of trustees.

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**NOTE 10 ENDOWMENT (CONTINUED)**

The summary of changes in endowment net assets are as follows for the year ended March 31:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 169,455,232	\$ 12,565,668	\$ 20,252,842	\$ 202,273,742
Contributions	889,523	-	-	889,523
Investment Income, Net	24,312,246	4,534,078	-	28,846,324
Amounts Appropriated for Expenditure	(9,245,152)	(1,751,682)	-	(10,996,834)
Transfer of Earnings	(128,635)	128,635	-	-
Endowment Fund Balance, March 31, 2011	<u>\$ 185,283,214</u>	<u>\$ 15,476,699</u>	<u>\$ 20,252,842</u>	<u>\$ 221,012,755</u>

  

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 128,483,743	\$ 8,116,284	\$ 20,252,842	\$ 156,852,869
Contributions	1,423,632	57	-	1,423,689
Investment Income, Net	52,510,689	4,228,379	-	56,739,068
Amounts Appropriated for Expenditure	(10,666,723)	(2,075,161)	-	(12,741,884)
Transfer of Earnings	(2,296,109)	2,296,109	-	-
Endowment Fund Balance, March 31, 2010	<u>\$ 169,455,232</u>	<u>\$ 12,565,668</u>	<u>\$ 20,252,842</u>	<u>\$ 202,273,742</u>

**NOTE 11 OPERATING LEASE**

The Foundation has operating leases for office space and equipment. Annual rentals under the office space leases expiring September 30, 2015 and February 28, 2017, include the base rent plus a proportionate share of the actual operating costs of the building as specified in the lease agreement. Annual rentals under the equipment leases for copiers and postage meters expire in various years through 2014. Total rentals paid during fiscal years 2011 and 2010 were \$379,908 and \$369,004, respectively.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 11 OPERATING LEASE (CONTINUED)**

Future minimum lease payments at March 31 are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2012	\$ 370,264
2013	386,026
2014	379,463
2015	369,711
2016	211,430
Thereafter	48,581
Total Future Minimum Lease Payments	<u>\$ 1,765,475</u>

**NOTE 12 RETIREMENT PLAN**

Regular full-time and part-time employees who have completed at least one year of service are eligible to participate in a Simplified Employee Pension Plan (SEP) which provides for annual discretionary contributions to eligible employees SEP-IRA accounts. In fiscal 2011 and 2010, the discretionary contribution percentage was 8% and 10% of employees' compensation, respectively. Retirement plan expense was \$263,323 and \$335,441 for the years ended March 31, 2011 and 2010, respectively.

**NOTE 13 NONCONTROLLING INTEREST**

The Minneapolis Foundation is a general partner of The Minneapolis Foundation Investment Partnership LP. As a result, the Foundation holds control of the partnership activities and an economic interest (95% of the investment in the partnership at both March 31, 2011 and 2010), and under GAAP, consolidation is required. The purpose of this partnership is to invest the Foundation's funds as well as other limited partners. As a result of this consolidation, all activity of the partnership has been reflected in the consolidated financial statements.

The noncontrolling interest activity during the year is as follows:

	<u>2011</u>	<u>2010</u>
Beginning Balance	\$ 16,181,868	\$ 11,875,166
Net Partners Contributions (Withdrawals)	159,237	207,134
Investment Gains, Net	2,580,810	4,099,568
Ending Balance	<u>\$ 18,921,915</u>	<u>\$ 16,181,868</u>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 14 RELATED-PARTY TRANSACTIONS**

NAF reimburses TMF for salaries and benefits of its employees under an employer-services agreement. During the years ended March 31, 2011 and 2010, NAF paid \$702,573 and \$653,054, respectively, for these services. As of March 31, 2011 and 2010, NAF owes TMF \$56,177 and \$60,516, respectively, for these services. TMF also provides NAF with administrative services. During fiscal years 2011 and 2010, NAF paid \$12,000 as an administrative fee for these services.

TMF provides RKMC with administrative and staff services. During fiscal years 2011 and 2010, RKMC paid \$240,800 and \$259,994, respectively, as an administrative fee for these services. RKMC also approved a grant to TMF in the amount of \$145,000 and \$11,400, to support educational initiatives and Minnesota Meeting, during fiscal year 2011 and 2010, respectively.

All related party transactions were eliminated in the consolidation of the financial statements.

**NOTE 15 CONTINGENCIES**

**Wells Fargo Bank Litigation**

In October 2008, The Minneapolis Foundation, along with three other nonprofit organizations, filed suit against Wells Fargo Bank for a number of claims related to the bank's Securities Lending Program. In June 2010, a jury found the bank liable for breach of fiduciary duty and violation of the Minnesota Consumer Fraud Act. Based on the jury verdict, the district court entered judgment for TMF in the amount of \$7,972,157 and for RKMC in the amount of \$4,147,641. On June 3, 2011, the district court, after considering various post-trial motions, entered an order for amended judgment that added the amounts of \$335,036 and \$47,845 for TMF and RKMC, respectively, for forfeiture of fees as an equitable remedy for Wells Fargo's breach of fiduciary duty, and also found as a matter of law that Wells Fargo had converted a Foundation bond fund. In addition, judgment was granted to the plaintiffs for pre and post-judgment interest, and certain attorneys' fees and expenses.

On July 14, 2011, Wells Fargo filed an appeal with the Minnesota Court of Appeals. No amounts have yet been recorded in the financial statements.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2011 AND 2010**

**NOTE 15 CONTINGENCIES (CONTINUED)**

**Petters Litigation**

In 2000 and 2001, in connection with the establishment of a donor-advised fund in the donors' names, The Minneapolis Foundation received gifts of two promissory notes issued by companies owned and controlled by Thomas J. Petters and initially made payable to the donors or their affiliates. Periodic payments of accrued interest on the donated promissory notes were received through 2003, at which time both notes were paid in full and all assets from the donor-advised fund (both principal and interest) were, at the request of the donors, distributed to another public charity.

On September 30, 2010, The Minneapolis Foundation was named as a defendant in a lawsuit commenced by Douglas A Kelley, the Chapter 11 bankruptcy trustee for Petters Company Inc. and several affiliated entities, in the United States Bankruptcy Court in Minnesota. This suit is one of numerous "claw back" actions commenced by the Petters bankruptcy trustee seeking to recover moneys paid to third parties, including charities, by convicted Ponzi schemer, Thomas Petters, and various of his affiliated companies, in connection with an alleged fraudulent investment scheme. The trustee alleges that transfers of interest and principal totaling \$10,966,871 were made to or for the benefit of The Minneapolis Foundation in furtherance of the alleged fraudulent investment scheme.

The Foundation has retained legal representation and intends to defend itself vigorously. The Foundation believes that the trustee's claims are totally without merit and, accordingly, does not believe a liability exists or that a potential loss could be reasonably estimated. Therefore, no loss contingencies have been accrued in the financial statements.

# LarsonAllen<sup>®</sup> LLP

CPAs, Consultants & Advisors  
www.larsonallen.com

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees  
The Minneapolis Foundation  
Minneapolis, Minnesota

Our report on our audits of the consolidated financial statements of The Minneapolis Foundation and Supporting Organizations as of March 31, 2011 and 2010 appears on page 1. Those audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on pages 29 through 32 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we express no opinion on it.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Minneapolis, Minnesota  
August 17, 2011

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2011  
(UNAUDITED)**

	TMF	NAF	RKMC	Eliminations	Consolidated
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 14,308,514	\$ 3,488,968	\$ 526,979	\$ -	\$ 18,324,461
Interest and Dividends Receivable	968,198	57,146	7,470	-	1,032,814
Accounts Receivable	86,086	93,406	-	(56,177)	123,315
Prepays	9,778	4,139	-	-	13,917
Investments	455,452,458	2,217,647	26,891,590	-	484,561,695
Investments Loaned to Broker	10,161,673	-	-	-	10,161,673
Investment Collateral	7,305,690	-	-	-	7,305,690
Other Assets	464,658	-	-	-	464,658
Loans Receivable, Net	-	9,074,184	-	-	9,074,184
Notes Receivable	48,000,000	-	-	-	48,000,000
Beneficial Interest in Trusts	45,861,663	-	-	-	45,861,663
Furniture, Fixtures and Equipment (Less Accumulated Depreciation)	429,038	46,459	-	-	475,497
<b>Total Assets</b>	<b>\$ 583,047,756</b>	<b>\$ 14,981,949</b>	<b>\$ 27,426,039</b>	<b>\$ (56,177)</b>	<b>\$ 625,399,567</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities:</b>					
Accounts Payable and Accrued Liabilities	\$ 870,151	\$ 176,793	\$ 19,587	\$ (56,177)	\$ 1,010,354
Grants Payable	3,556,530	-	600,000	-	4,156,530
Notes Payable	-	9,367,681	-	-	9,367,681
Deferred Lease Credits	336,284	-	-	-	336,284
Amounts Due Beneficiaries	10,076,886	-	-	-	10,076,886
Charitable Funds Held for the Benefit of Others	16,630,134	-	-	-	16,630,134
Payable Under Investment Loan Agreement	10,590,368	-	-	-	10,590,368
<b>Total Liabilities</b>	<b>42,060,353</b>	<b>9,544,474</b>	<b>619,587</b>	<b>(56,177)</b>	<b>52,168,237</b>
<b>Net Assets:</b>					
<b>Unrestricted:</b>					
Undesignated	423,880,971	5,131,404	-	-	429,012,375
Noncontrolling Interests (Note 13)	18,921,915	-	-	-	18,921,915
<b>Total Unrestricted</b>	<b>442,802,886</b>	<b>5,131,404</b>	<b>-</b>	<b>-</b>	<b>447,934,290</b>
Temporarily Restricted	62,814,958	306,071	26,806,452	-	89,927,481
Permanently Restricted	35,369,559	-	-	-	35,369,559
<b>Total Net Assets</b>	<b>540,987,403</b>	<b>5,437,475</b>	<b>26,806,452</b>	<b>-</b>	<b>573,231,330</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 583,047,756</b>	<b>\$ 14,981,949</b>	<b>\$ 27,426,039</b>	<b>\$ (56,177)</b>	<b>\$ 625,399,567</b>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2010  
(UNAUDITED)**

	TMF	NAF	RKMC	Eliminations	Consolidated
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,162,130	\$ 2,643,990	\$ 256,215	\$ -	\$ 9,062,335
Interest and Dividends Receivable	1,382,380	76,879	12,837	-	1,472,096
Accounts Receivable	67,882	94,411	-	(60,516)	101,777
Prepays	10,025	4,580	-	-	14,605
Investments	407,932,393	2,450,000	24,263,079	-	434,645,472
Investments Loaned to Broker	8,869,988	-	-	-	8,869,988
Investment Collateral	5,337,894	-	-	-	5,337,894
Other Assets	386,609	-	-	-	386,609
Loans Receivable, Net	-	8,991,849	-	-	8,991,849
Notes Receivable	48,000,000	-	-	-	48,000,000
Beneficial Interest in Trusts	45,168,248	-	-	-	45,168,248
Furniture, Fixtures and Equipment (Less Accumulated Depreciation)	535,268	42,477	-	-	577,745
<b>Total Assets</b>	<b>\$ 523,852,817</b>	<b>\$ 14,304,186</b>	<b>\$ 24,532,131</b>	<b>\$ (60,516)</b>	<b>\$ 562,628,618</b>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 768,722	\$ 164,340	\$ 6,250	\$ (60,516)	\$ 878,796
Grants Payable	5,812,161	-	275,000	-	6,087,161
Notes Payable	-	9,281,466	-	-	9,281,466
Deferred Lease Credits	410,384	-	-	-	410,384
Amounts Due Beneficiaries	11,112,234	-	-	-	11,112,234
Charitable Funds Held for the Benefit of Others	16,590,369	-	-	-	16,590,369
Payable Under Investment Loan Agreement	9,246,313	-	-	-	9,246,313
<b>Total Liabilities</b>	<b>43,940,183</b>	<b>9,445,806</b>	<b>281,250</b>	<b>(60,516)</b>	<b>53,606,723</b>
Net Assets:					
Unrestricted:					
Undesignated	369,922,076	4,493,204	-	-	374,415,280
Noncontrolling Interests (Note 13)	16,181,868	-	-	-	16,181,868
<b>Total Unrestricted</b>	<b>386,103,944</b>	<b>4,493,204</b>	<b>-</b>	<b>-</b>	<b>390,597,148</b>
Temporarily Restricted	59,664,959	365,176	24,250,881	-	84,281,016
Permanently Restricted	34,143,731	-	-	-	34,143,731
<b>Total Net Assets</b>	<b>479,912,634</b>	<b>4,858,380</b>	<b>24,250,881</b>	<b>-</b>	<b>509,021,895</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 523,852,817</b>	<b>\$ 14,304,186</b>	<b>\$ 24,532,131</b>	<b>\$ (60,516)</b>	<b>\$ 562,628,618</b>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITY  
YEAR ENDED MARCH 31, 2011  
(UNAUDITED)**

	TMF			NAF		RKMC			Consolidated		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted *	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>REVENUES, GAINS AND OTHER SUPPORT</b>											
Total Amount Raised	\$ 50,130,232	\$ 4,477	\$ -	\$ 308,030	\$ 1,049,439	\$ -	\$ -	\$ (185,000)	\$ 50,253,262	\$ 1,053,916	\$ -
Less: Amounts Received for Benefits of Others	264,047	-	-	-	-	-	-	-	264,047	-	-
Contributions	49,866,185	4,477	-	308,030	1,049,439	-	-	(185,000)	49,989,215	1,053,916	-
Total Investment Income, Net	50,101,994	5,470,671	-	32,726	-	-	4,201,770	-	50,134,720	9,672,441	-
Less: Investment from Charitable Funds Held for Benefit of Others	1,783,886	-	-	-	-	-	-	-	1,783,886	-	-
Investment Income, Net	48,318,108	5,470,671	-	32,726	-	-	4,201,770	-	48,350,834	9,672,441	-
Change in Value of Trusts	(153,038)	2,673,640	1,225,828	-	-	-	-	-	(153,038)	2,673,640	1,225,828
Administrative Service Revenue from Agency Funds	432,882	-	-	-	-	-	-	(252,822)	180,060	-	-
Other Income	2,257,431	-	-	818,699	-	-	-	-	3,076,130	-	-
Net Assets Released from Restrictions	4,998,789	(4,998,789)	-	1,108,544	(1,108,544)	1,646,199	(1,646,199)	-	7,753,532	(7,753,532)	-
Total Revenues, Gains and Other Support	105,720,357	3,149,999	1,225,828	2,267,999	(59,105)	1,646,199	2,555,571	(437,822)	109,196,733	5,646,465	1,225,828
<b>EXPENSES</b>											
Program Services:											
Total Grants, Net of Rescissions	44,018,056	-	-	-	-	1,360,000	-	(185,000)	45,193,056	-	-
Less: Grants Made for Benefit of Charitable Funds Held	2,117,433	-	-	-	-	-	-	-	2,117,433	-	-
Grants, Net of Rescissions	41,900,623	-	-	-	-	1,360,000	-	(185,000)	43,075,623	-	-
Program Service Expense	3,808,984	-	-	1,475,669	-	146,902	-	(146,901)	5,284,654	-	-
Support Services:											
Management and General Administrative Expense	2,370,383	-	-	141,388	-	139,297	-	(105,921)	2,545,147	-	-
Fund Raising	1,100,662	-	-	12,742	-	-	-	-	1,113,404	-	-
Total Expenses	49,180,652	-	-	1,629,799	-	1,646,199	-	(437,822)	52,018,828	-	-
<b>CHANGE IN NET ASSETS</b>	56,539,705	3,149,999	1,225,828	638,200	(59,105)	-	2,555,571	-	57,177,905	5,646,465	1,225,828
Less: Gains on Noncontrolling Interests, Net	2,580,810	-	-	-	-	-	-	-	2,580,810	-	-
<b>CHANGE IN NET ASSETS AFTER ADJUSTMENTS</b>	53,958,895	3,149,999	1,225,828	638,200	(59,105)	-	2,555,571	-	54,597,095	5,646,465	1,225,828
Net Assets - Beginning of Year	369,922,076	59,664,959	34,143,731	4,493,204	365,176	-	24,250,881	-	374,415,280	84,281,016	34,143,731
Beginning Noncontrolling Interests (Note 13)	16,181,868	-	-	-	-	-	-	-	16,181,868	-	-
Add: Net Partners Contributions (Withdrawals)	159,237	-	-	-	-	-	-	-	159,237	-	-
Add: Gains on Noncontrolling Interests, Net	2,580,810	-	-	-	-	-	-	-	2,580,810	-	-
Total Noncontrolling Interests	18,921,915	-	-	-	-	-	-	-	18,921,915	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 442,802,886</b>	<b>\$ 62,814,958</b>	<b>\$ 35,369,559</b>	<b>\$ 5,131,404</b>	<b>\$ 306,071</b>	<b>\$ -</b>	<b>\$ 26,806,452</b>	<b>\$ -</b>	<b>\$ 447,934,290</b>	<b>\$ 89,927,481</b>	<b>\$ 35,369,559</b>

\* Note: RKMC's net assets are unrestricted but are considered temporarily restricted for consolidated financial statements.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITY  
YEAR ENDED MARCH 31, 2010  
(UNAUDITED)**

	TMF			NAF		RKMC			Consolidated		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted *	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>REVENUES, GAINS AND OTHER SUPPORT</b>											
Total Amount Raised	\$ 21,430,964	\$ 489,852	\$ -	\$ 6,103	\$ 328,971	\$ -	\$ -	\$ (61,400)	\$ 21,375,667	\$ 818,823	\$ -
Less: Amounts Received for Benefits of Others	107,919	-	-	-	-	-	-	-	107,919	-	-
Contributions	21,323,045	489,852	-	6,103	328,971	-	-	(61,400)	21,267,748	818,823	-
Total Investment Income, Net	101,036,052	7,928,868	-	48,136	-	-	6,418,050	-	101,084,188	14,346,918	-
Less: Investment from Charitable Funds Held for Benefit of Others	4,687,573	-	-	-	-	-	-	-	4,687,573	-	-
Investment Income, Net	96,348,479	7,928,868	-	48,136	-	-	6,418,050	-	96,396,615	14,346,918	-
Change in Value of Trusts	7,465	5,347,712	2,684,022	-	-	-	-	-	7,465	5,347,712	2,684,022
Administrative Service Revenue from Agency Funds	397,351	-	-	-	-	-	-	(271,994)	125,357	-	-
Other Income	1,813,564	-	-	855,119	-	-	-	-	2,668,683	-	-
Net Assets Released from Restrictions	4,060,851	(4,060,851)	-	992,760	(992,760)	1,266,839	(1,266,839)	-	6,320,450	(6,320,450)	-
Total Revenues, Gains and Other Support	123,950,755	9,705,581	2,684,022	1,902,118	(663,789)	1,266,839	5,151,211	(333,394)	126,786,318	14,193,003	2,684,022
<b>EXPENSES</b>											
Program Services:											
Total Grants, Net of Rescissions	33,958,319	-	-	-	-	923,400	-	(61,400)	34,820,319	-	-
Less: Grants Made for Benefit of Charitable Funds Held	1,547,748	-	-	-	-	-	-	-	1,547,748	-	-
Grants, Net of Rescissions	32,410,571	-	-	-	-	923,400	-	(61,400)	33,272,571	-	-
Program Service Expense	4,121,746	-	-	1,070,322	-	158,596	-	(158,596)	5,192,068	-	-
Support Services:											
Management and General Administrative Expense	2,582,391	-	-	146,958	-	184,843	-	(113,398)	2,800,794	-	-
Fund Raising	993,621	-	-	16,685	-	-	-	-	1,010,306	-	-
Total Expenses	40,108,329	-	-	1,233,965	-	1,266,839	-	(333,394)	42,275,739	-	-
<b>CHANGE IN NET ASSETS</b>	83,842,426	9,705,581	2,684,022	668,153	(663,789)	-	5,151,211	-	84,510,579	14,193,003	2,684,022
Less: Gains on Noncontrolling Interests, Net	4,099,568	-	-	-	-	-	-	-	4,099,568	-	-
<b>CHANGE IN NET ASSETS AFTER ADJUSTMENTS</b>	79,742,858	9,705,581	2,684,022	668,153	(663,789)	-	5,151,211	-	80,411,011	14,193,003	2,684,022
Net Assets - Beginning of Year	290,179,218	49,959,378	31,459,709	3,825,051	1,028,965	-	19,099,670	-	294,004,269	70,088,013	31,459,709
Beginning Noncontrolling Interests (Note 13)	11,875,166	-	-	-	-	-	-	-	11,875,166	-	-
Add: Net Partners Contributions (Withdrawals)	207,134	-	-	-	-	-	-	-	207,134	-	-
Add: Gains on Noncontrolling Interests, Net	4,099,568	-	-	-	-	-	-	-	4,099,568	-	-
Total Noncontrolling Interests	16,181,868	-	-	-	-	-	-	-	16,181,868	-	-
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 386,103,944</u>	<u>\$ 59,664,959</u>	<u>\$ 34,143,731</u>	<u>\$ 4,493,204</u>	<u>\$ 365,176</u>	<u>\$ -</u>	<u>\$ 24,250,881</u>	<u>\$ -</u>	<u>\$ 390,597,148</u>	<u>\$ 84,281,016</u>	<u>\$ 34,143,731</u>

\* Note: RKMC's net assets are unrestricted but are considered temporarily restricted for consolidated financial statements.