

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED MARCH 31, 2008 AND 2007**

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AND SUPPORTING ORGANIZATIONS  
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# LarsonAllen<sup>®</sup> LLP

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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, 2008 and 2007, 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, 2008 and 2007, 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

Minneapolis, Minnesota  
July 31, 2008

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2008 AND 2007**

<b>ASSETS</b>	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents	\$ 25,376,387	\$ 22,458,220
Certificates of Deposit	300,000	1,100,000
Investments	437,478,536	478,346,663
Investments Loaned to Broker	95,116,769	84,551,962
Investment Collateral	95,412,709	86,851,915
Interest and Dividends Receivable	1,343,539	1,739,590
Accounts Receivable	68,249	170,282
Prepays	5,925	8,822
Loans Receivable, Net	8,331,682	8,075,789
Beneficial Interest in Trusts	25,235,880	26,402,562
Furniture, Fixtures and Equipment (Less Accumulated Depreciation of \$2,354,763 and \$2,173,849 as of March 31, 2008 and 2007, Respectively)	<u>756,525</u>	<u>926,035</u>
Total Assets	<u><u>\$ 689,426,201</u></u>	<u><u>\$ 710,631,840</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 1,307,245	\$ 801,843
Grants Payable	10,219,150	6,269,034
Notes Payable	10,471,821	9,821,239
Deferred Lease Credits	555,748	629,847
Amounts Due Beneficiaries	14,625,136	16,321,746
Charitable Funds Held for the Benefit of Others Payable under Investment Loan Agreement	19,126,183	23,413,672
	97,190,583	86,851,915
Total Liabilities	<u>153,495,866</u>	<u>144,109,296</u>
Net Assets:		
Unrestricted:		
Undesignated	235,140,247	247,275,986
Minority Interests (Note 9)	19,074,245	17,060,646
Total Unrestricted	<u>254,214,492</u>	<u>264,336,632</u>
Temporarily Restricted	194,001,295	213,989,327
Permanently Restricted	87,714,548	88,196,585
Total Net Assets	<u><u>535,930,335</u></u>	<u><u>566,522,544</u></u>
Total Liabilities and Net Assets	<u><u>\$ 689,426,201</u></u>	<u><u>\$ 710,631,840</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF ACTIVITY  
YEARS ENDED MARCH 31, 2008 AND 2007**

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Total Amount Raised	\$ 26,939,995	\$ 5,530,124	\$ 435,329	\$ 32,905,448
Less: Amounts Received for Benefits of Others	-	173,741	84,631	258,372
Contributions	<u>26,939,995</u>	<u>5,356,383</u>	<u>350,698</u>	<u>32,647,076</u>
Total Investment (Losses) Income, Net	(7,713,600)	(2,471,079)	(128,421)	(10,313,100)
Less: Investment Income from Charitable Funds				
Held for Benefit of Others	-	(176,822)	(128,421)	(305,243)
Investment (Losses) Income, Net	<u>(7,713,600)</u>	<u>(2,294,257)</u>	<u>-</u>	<u>(10,007,857)</u>
Change in Value of Trusts	3,297	(866,497)	(832,735)	(1,695,935)
Administrative Service Revenue from				
Supporting Organizations	174,195	-	-	174,195
Other Income	972,028	-	-	972,028
Net Assets Released from Restrictions	<u>22,183,661</u>	<u>(22,183,661)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	42,559,576	(19,988,032)	(482,037)	22,089,507
<b>EXPENSES</b>				
Program Services:				
Total Grants, Net of Rescissions	49,540,078	-	-	49,540,078
Less: Grants Made for Benefit of Charitable				
Funds Held	4,146,220	-	-	4,146,220
Grants, Net of Rescissions	<u>45,393,858</u>	<u>-</u>	<u>-</u>	<u>45,393,858</u>
Program Service Expense	4,822,269	-	-	4,822,269
Support Services:				
Management and General Administrative				
Expense	4,067,902	-	-	4,067,902
Fund Raising	<u>900,815</u>	<u>-</u>	<u>-</u>	<u>900,815</u>
Total Expenses	<u>55,184,844</u>	<u>-</u>	<u>-</u>	<u>55,184,844</u>
<b>CHANGE IN NET ASSETS</b>	(12,625,268)	(19,988,032)	(482,037)	(33,095,337)
Less: (Losses) Earnings on Minority Interests, Net	<u>(489,529)</u>	<u>-</u>	<u>-</u>	<u>(489,529)</u>
<b>CHANGE IN NET ASSETS AFTER MINORITY INTERESTS</b>	(12,135,739)	(19,988,032)	(482,037)	(32,605,808)
Net Assets - Beginning of Year	247,275,986	213,989,327	88,196,585	549,461,898
Beginning Minority Interests (Note 9)	17,060,646	-	-	17,060,646
Add: Net Partners Contributions	2,503,128	-	-	2,503,128
Add: (Losses) Earnings on Minority Interests, Net	<u>(489,529)</u>	<u>-</u>	<u>-</u>	<u>(489,529)</u>
Total Minority Interests	<u>19,074,245</u>	<u>-</u>	<u>-</u>	<u>19,074,245</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 254,214,492</u>	<u>\$ 194,001,295</u>	<u>\$ 87,714,548</u>	<u>\$ 535,930,335</u>

See accompanying Notes to Consolidated Financial Statements.

2007

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 23,986,606	\$ 4,674,613	\$ 853,395	\$ 29,514,614
-	24,601	35,333	59,934
<u>23,986,606</u>	<u>4,650,012</u>	<u>818,062</u>	<u>29,454,680</u>
39,255,947	18,750,343	1,624,303	59,630,593
-	1,437,307	1,276,161	2,713,468
<u>39,255,947</u>	<u>17,313,036</u>	<u>348,142</u>	<u>56,917,125</u>
-	1,460,370	709,365	2,169,735
175,550	-	-	175,550
873,509	-	-	873,509
<u>8,921,901</u>	<u>(8,921,901)</u>	<u>-</u>	<u>-</u>
73,213,513	14,501,517	1,875,569	89,590,599
38,288,228	-	-	38,288,228
1,428,221	-	-	1,428,221
<u>36,860,007</u>	<u>-</u>	<u>-</u>	<u>36,860,007</u>
4,674,434	-	-	4,674,434
3,082,169	-	-	3,082,169
918,511	-	-	918,511
<u>45,535,121</u>	<u>-</u>	<u>-</u>	<u>45,535,121</u>
27,678,392	14,501,517	1,875,569	44,055,478
1,924,258	-	-	1,924,258
<u>25,754,134</u>	<u>14,501,517</u>	<u>1,875,569</u>	<u>42,131,220</u>
221,521,852	199,487,810	86,321,016	507,330,678
14,595,360	-	-	14,595,360
541,028	-	-	541,028
1,924,258	-	-	1,924,258
<u>17,060,646</u>	<u>-</u>	<u>-</u>	<u>17,060,646</u>
<u>\$ 264,336,632</u>	<u>\$ 213,989,327</u>	<u>\$ 88,196,585</u>	<u>\$ 566,522,544</u>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2008 AND 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (33,095,337)	\$ 44,055,478
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Permanently Restricted Contributions	(350,698)	(818,062)
Net Realized Gain on Sale of Investments	(19,530,724)	(18,535,156)
Unrealized Loss (Gain) on Investments	61,401,057	(7,015,904)
Change in Value of Trusts	1,695,935	(2,169,735)
Depreciation and Amortization	250,168	293,036
Amortization of Discount on Notes Payable with Below-Market Interest Rate	(43,163)	127,774
Change in Assets and Liabilities:		
Interest and Dividends Receivable	396,051	(716,543)
Contributions Receivable	-	100,000
Accounts Receivable	102,033	131,233
Prepays	2,897	28,163
Beneficial Interest in Trusts	17,349	(2,342,624)
Accounts Payable and Accrued Liabilities	505,402	(248,598)
Grants Payable	3,950,116	(1,377,256)
Deferred Lease Credits	(74,099)	(74,100)
Change in Amounts Due Beneficiaries	198,070	441,565
Charitable Funds Held for the Benefit of Others	(3,982,246)	(1,587,905)
Net Cash Provided by Operating Activities	11,442,811	10,291,366
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Change in Certificates of Deposit	800,000	1,025,502
Capital Expenditures	(80,658)	(136,168)
Increase in Loans Receivable	(255,893)	(895,594)
Purchases of Securities	(400,019,277)	(502,020,937)
Proceeds from the Sale of Securities	387,483,613	494,931,602
Net Cash Used by Investing Activities	(12,072,215)	(7,095,595)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently Restricted Contributions	350,698	818,062
Partners Contributions to Limited Partnership	2,503,128	541,028
Proceeds from Issuance of Notes Payable	1,035,000	1,010,000
Principal Payments on Notes Payable	(341,255)	(110,980)
Net Cash Provided by Financing Activities	3,547,571	2,258,110
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,918,167	5,453,881
Cash and Cash Equivalents - Beginning of Year	22,458,220	17,004,339
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 25,376,387	\$ 22,458,220
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY</b>		
Contributions and Pledge Payments of Investment Securities	\$ 20,358,843	\$ 16,523,581
Interest Paid During the Year	\$ 212,778	\$ 199,234

See accompanying Notes to Consolidated Financial Statements.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

**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. 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 Foundation maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For financial reporting purposes, resources are classified into net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

***Unrestricted Net Assets*** represent that portion of expendable funds that is available for support of the operations of the Foundation.

***Temporarily Restricted Net Assets*** consist of contributions that have been restricted by the donor for specific purposes or are not available for use until a specified time.

***Permanently Restricted Net Assets*** consist of contributions that are limited by donor-imposed stipulations to invest the principal in perpetuity and to expend the income for program activities.

**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, the Nonprofit Assistance Fund, and The Robins, Kaplan, Miller and Ciresi LLP Foundation for Education, Public Health and Social Justice.

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 9 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 issued noninterest-bearing subordinated debt to TMF for a portion of the net assets transferred to it. 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, 2008 AND 2007**

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

**Basis of Consolidation (Continued)**

The 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.

**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 financial statements are provided to the Foundation by third parties and are not calculated by the Foundation. These third parties follow generally accepted accounting principles (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 the current illiquid market. 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 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 of financial position.

These alternative investments are included among corporate stocks and bonds, limited partnerships, real estate and other.

Investments received by gift, including investments in real estate, are initially recorded at estimated fair value at the date of gift. Realized and unrealized gains and losses are recognized in the period in which they occur in the appropriate net asset classification.

For management efficiency, investments of the unrestricted and restricted net assets are pooled, except for certain net assets that the board of trustees or the donors have designated to be segregated and maintained separately.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

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

**Investments (Continued)**

The Foundation has recorded as permanently restricted net assets those funds that are held in trust by others for the benefit of the Foundation. As the trust documents allow the Foundation to receive only the income from the trusts, the gain (loss) on sale of investments and the appreciation (depreciation) remain classified as permanently restricted revenues, gains, and other support in the consolidated statements of activities.

**Use of Financial Instruments**

The Foundation's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in its financial statements. These financial instruments may include equity, fixed income and foreign currency futures and options contracts, and foreign currency forward contracts. The Foundation uses derivatives to minimize the exposure of certain of its investments to adverse fluctuation in financial and currency markets, thus reducing portfolio risk. The Foundation has not designated any of its derivative financial instruments as hedging instruments.

Market risk represents potential loss from the decrease in the value of off-balance-sheet financial instruments. Credit risk represents potential loss from possible nonperformance by obligors and counterparties on the terms of their contracts. Management does not anticipate that losses, if any, resulting from credit or market risk would materially affect the Foundation's financial position.

The Foundation's international fixed income portfolio uses derivatives, which are not considered hedges, to minimize foreign currency risks through forward contracts. These contracts mature in less than 60 days. The Foundation's domestic portfolio uses options to minimize volatility; they are marked to market each reporting period. Realized and unrealized gains and losses related to the above instruments are recorded when they occur.

**Contributions Receivable**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. In the absence of donor specifications that income and gains on donated funds are restricted, such income and gains are reported as income of unrestricted net assets. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise become unconditional.

**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.

**THE MINNEAPOLIS FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

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

**Beneficial Interests in Trusts (Continued)**

***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 statements of activities. Net assets and changes in the net assets are recorded as temporarily or permanently restricted, according to the terms of the trust agreement.

***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 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 statements of activities. Net assets and changes in net assets are recorded as temporarily or permanently restricted, according to the terms of the trust agreement.

***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 of the trust assets at year-end.

**Furniture, Fixtures 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**

Grants made, including unconditional promises to give, are recognized as expenses in the period made at their fair values. Conditional promises to give are recognized when they become unconditional, that is, when conditions are substantially met.

**THE MINNEAPOLIS FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

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

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

Certain notes payable have below-market interest rates that mature at various dates through 2017. 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 \$196,113 and \$152,950 at March 31, 2008 and 2007, 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 \$144,718 and \$127,774 for the years ended March 31, 2008 and 2007, respectively.

**Deferred Lease Credits**

The Foundation received a contribution from their landlord over the term of the lease in accordance with their lease agreement. The Foundation received \$925,367 for leasehold improvements for their leased office space. This contribution is amortized over the term of the lease.

**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 transfer 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**

A liability is recorded for certain assets for which the Foundation acts as an agent. The related agreements have stipulations that the assets be passed on to specific entities.

**THE MINNEAPOLIS FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

**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 of the underlying investments. The fair value of grants payable is determined as the present value of expected future cash flows using a discount rate. Amounts due beneficiaries are reported at fair value 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 \$8,300,000 as of March 31, 2008, which is \$2,171,821 lower than the carrying value. The carrying amount of all other financial instruments approximates fair value.

**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 and the reported amounts of revenues and expenses during the reporting period. 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 Internal Revenue Code 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.

**Recent Accounting Pronouncements**

In September 2006, The Financial Accounting Standards Board ("FASB") issued FASB No. 157, *Fair Value Measurements*. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement emphasizes that fair value is a market-based measurement, not an entity-specific measurement. The implementation of this standard is required to be adopted in financial statements for periods beginning after November 15, 2007. The Foundation plans to adopt this standard in its financial statements for the year ending March 31, 2009.

**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.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

**NOTE 2 INVESTMENTS**

Investments consist of the following at March 31:

	<u>2008</u>	<u>2007</u>
Marketable Securities:		
Cash and Cash Equivalents	\$ 41,273,490	\$ 19,415,235
Corporate Stocks and Bonds	279,095,451	251,238,639
U.S. Government Obligations	31,871,968	46,353,585
Equity Mutual Funds	111,214,952	182,295,301
Municipal Bonds	<u>4,192,929</u>	<u>3,812,325</u>
Total Marketable Securities	467,648,790	503,115,085
Limited Partnerships	4,661,584	-
Real Estate and Other	33,521,790	30,579,117
Trusts	<u>26,763,141</u>	<u>29,204,423</u>
Total Investments	532,595,305	562,898,625
Less: Investments Loaned to Broker	<u>(95,116,769)</u>	<u>(84,551,962)</u>
Total	<u>\$ 437,478,536</u>	<u>\$ 478,346,663</u>

The Foundation's investments consist of 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, 2008, the Foundation is committed to provide capital related to the alternative investments in the amount of approximately \$1.6 million.

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

	<u>2008</u>	<u>2007</u>
Interest and Dividend Income	\$ 33,874,688	\$ 33,360,482
Realized Gains on Investments	19,530,724	18,535,156
Unrealized Gains (Losses) on Investments	(61,401,057)	7,015,904
Investment Expenses	<u>(2,012,212)</u>	<u>(1,994,417)</u>
Total	<u>\$ (10,007,857)</u>	<u>\$ 56,917,125</u>

**NOTE 3 SECURITIES LENDING**

The Foundation participates in securities lending through a program run by its custodial bank. Under the terms of its securities lending agreement, the program requires brokers who borrow securities from the Foundation to provide collateral of a value at least equal to 102% of the then fair value of the loaned securities and accrued interest, if any. This collateral is then reinvested on behalf of the Foundation by the custodial bank.

The custodial bank has stated that the prime considerations of the collateral pools in which the collateral has been reinvested are "safety of principal and liquidity requirements," including "daily liquidity." Many of the securities in these collateral pools 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 pools are subject to credit risk, including certain securities that are in receivership.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

**NOTE 3 SECURITIES LENDING (CONTINUED)**

Therefore, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

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

At March 31, 2008, the Foundation had equity and fixed income securities with fair values of \$95,116,769 million on loan. At March 31, 2007, the Foundation had equity and fixed income securities with fair values of \$84,551,962 million on loan. The Foundation reflects the collateral received for securities on loan as an asset on its balance sheet and its obligation to return the collateral as a liability on its balance sheet. An asset of approximately \$95,412,709 and \$86,851,915, and the related liability representing the obligation to return collateral received of \$97,190,583 and \$86,851,915, are reflected on the balance sheet as of March 31, 2008 and 2007, respectively.

	<u>2008</u>	<u>2007</u>
Investments Loaned to Broker	\$ 95,116,769	\$ 84,551,962
Investment Collateral	95,412,709	86,851,915

**NOTE 4 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, 2008 consist of notes with interest rates ranging from 2% to 10%, with maturities through 2018. The board of directors 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, 2008 consist of loans with stated interest from 0% to 5.25%, maturing through 2018.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

**NOTE 4 LOANS RECEIVABLE AND NOTES PAYABLE (CONTINUED)**

Anticipated principal payments on loans receivable are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2009 (Net of Allowance of \$626,384)	\$ 3,560,508
2010 through 2013	4,356,187
Thereafter	414,987
Total	<u>\$ 8,331,682</u>

Principal payments on the notes payable as of March 31, 2008 are:

<u>Year Ending March 31,</u>	<u>Amount</u>
2009	\$ 3,596,971
2010	394,104
2011	17,883
2012	517,676
2013	1,611,459
Thereafter	4,529,841
Subtotal	<u>10,667,934</u>
Less: Discount on Notes Payable with Imputed Interest Rates from 4.0% to 7.25%	<u>(196,113)</u>
Total	<u>\$ 10,471,821</u>

**NOTE 5 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:

	<u>2008</u>	<u>2007</u>
To be Paid in Less Than One Year	\$ 6,046,480	\$ 4,357,005
To be Paid in One to Five Years	4,554,500	2,060,934
	10,600,980	6,417,939
Discount (5%)	(381,830)	(148,905)
Total	<u>\$ 10,219,150</u>	<u>\$ 6,269,034</u>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

**NOTE 6 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

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

	<u>2008</u>	<u>2007</u>
Temporarily Restricted:		
Restricted for Programs	\$ 171,888,116	\$ 190,257,131
Restricted for Administrative Costs and Renovation Expenditures	3,080,107	3,310,005
Split-Interest Agreements	19,033,072	20,422,191
Total Temporarily Restricted	<u>\$ 194,001,295</u>	<u>\$ 213,989,327</u>
Permanently Restricted:		
Permanent Endowment	\$ 68,575,347	\$ 68,467,070
Beneficial Interest in Perpetual Trusts	12,417,281	12,886,200
Split-Interest Agreements	6,721,920	6,843,315
Total Permanently Restricted	<u>\$ 87,714,548</u>	<u>\$ 88,196,585</u>

**NOTE 7 OPERATING LEASE**

The Foundation has operating leases for office space and equipment. Annual rentals under the office space leases expiring September 30, 2015 and August 31, 2010, 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 2011. Total rentals paid during fiscal years 2008 and 2007 were \$575,645 and \$485,950, respectively.

Future minimum lease payments at March 31 are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2009	\$ 352,432
2010	352,332
2011	322,056
2012	304,821
2013	320,216
Thereafter	800,540
Total Future Minimum Lease Payments	<u>\$ 2,452,397</u>

**NOTE 8 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 2008 and 2007, the discretionary contribution percentage was 11% of employees' compensation. Retirement plan expense was \$307,008 and \$283,812 for the years ended March 31, 2008 and 2007, respectively.

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

**NOTE 9 MINORITY 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% and 96% of the investment in the partnership at March 31, 2008 and 2007, respectively), and under Statement of Position 94-3: *Reporting of Related Entities by Not-For-Profit Organizations*, 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 financial statements.

The minority interest activity during the year is as follows:

	<u>Amount</u>
Minority Interests - March 31, 2007	\$ 17,060,646
Net Partners Contributions	2,503,128
Investment Losses, Net	(489,529)
Minority Interests - March 31, 2008	<u>\$ 19,074,245</u>

**NOTE 10 RELATED-PARTY TRANSACTIONS**

NAF reimburses TMF for salaries and benefits of its employees under an employer-services agreement. During the years ended March 31, 2008 and 2007, NAF paid \$486,620 and \$431,776, respectively, for these services. As of March 31, 2008 and 2007, NAF owes TMF \$46,450 and \$55,049, respectively, for these services. TMF also provides NAF with administrative services. During fiscal years 2008 and 2007, NAF paid \$12,000 as an administrative fee for these services.

TMF provides RKMC with administrative and staff services. During fiscal years 2008 and 2007, RKMC paid \$188,646 and \$287,362, respectively, as an administrative fee for these services. RKMC also approved a grant to TMF in the amount of \$75,000, to support Minnesota Meeting, during fiscal year 2007. As of March 31, 2008 and 2007, \$0- and \$75,000, respectively, was payable from RKMC to TMF.

**Cancellation of Debt**

On November 17, 2006, TMF approved the conversion of \$2,091,035 in subordinated debt to an unrestricted grant to NAF for loan fund capital. The subordinated debt was noninterest-bearing and renewable annually. Contribution revenue and interest expense was recorded in connection with the interest-free subordinated debt using an imputed interest rate of 5%. Contribution revenue and grant expense was recorded in connection with the forgiveness of the debt. NAF paid TMF \$75,000 for principal on the loan during 2007.

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



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**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, 2008 and 2007 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 18 through 21 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

Minneapolis, Minnesota  
July 31, 2008



**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION  
YEAR ENDED MARCH 31, 2008**

	<u>TMF</u>	<u>NAF</u>	<u>RKMC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 18,896,652	\$ 5,905,845	\$ 573,890	\$ -	\$ 25,376,387
Certificates of Deposit	-	300,000	-	-	300,000
Investments	414,923,229	-	22,555,307	-	437,478,536
Investments Loaned to Broker	91,484,983	-	3,631,786	-	95,116,769
Investment Collateral	91,781,475	-	3,631,234	-	95,412,709
Interest and Dividends Receivable	1,262,123	76,552	4,864	-	1,343,539
Contributions Receivable	-	-	-	-	-
Accounts Receivable	107,270	7,429	-	(46,450)	68,249
Prepays	3,048	2,877	-	-	5,925
Loans Receivable, Net	-	8,331,682	-	-	8,331,682
Beneficial Interest in Trusts	25,235,880	-	-	-	25,235,880
Furniture, Fixtures and Equipment (Less Accumulated Depreciation)	731,397	25,128	-	-	756,525
<b>Total Assets</b>	<b>\$ 644,426,057</b>	<b>\$ 14,649,513</b>	<b>\$ 30,397,081</b>	<b>\$ (46,450)</b>	<b>\$ 689,426,201</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities:</b>					
Accounts Payable and Accrued Liabilities	\$ 1,200,808	\$ 147,807	\$ 5,080	\$ (46,450)	\$ 1,307,245
Grants Payable	10,082,750	-	136,400	-	10,219,150
Notes Payable	-	10,471,821	-	-	10,471,821
Deferred Lease Credits	555,748	-	-	-	555,748
Amounts Due Beneficiaries	14,625,136	-	-	-	14,625,136
Charitable Funds Held for the Benefit of Others	19,126,183	-	-	-	19,126,183
Payable under Investment Loan Agreement	93,492,704	-	3,697,879	-	97,190,583
<b>Total Liabilities</b>	<b>139,083,329</b>	<b>10,619,628</b>	<b>3,839,359</b>	<b>(46,450)</b>	<b>153,495,866</b>
<b>Net Assets:</b>					
<b>Unrestricted:</b>					
Undesignated	231,648,191	3,492,056	-	-	235,140,247
Minority Interests (Note 9)	19,074,245	-	-	-	19,074,245
<b>Total Unrestricted</b>	<b>250,722,436</b>	<b>3,492,056</b>	<b>-</b>	<b>-</b>	<b>254,214,492</b>
Temporarily Restricted	166,905,744	537,829	26,557,722	-	194,001,295
Permanently Restricted	87,714,548	-	-	-	87,714,548
<b>Total Net Assets</b>	<b>505,342,728</b>	<b>4,029,885</b>	<b>26,557,722</b>	<b>-</b>	<b>535,930,335</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 644,426,057</b>	<b>\$ 14,649,513</b>	<b>\$ 30,397,081</b>	<b>\$ (46,450)</b>	<b>\$ 689,426,201</b>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION  
YEAR ENDED MARCH 31, 2007**

	TMF	NAF	RKMC	Eliminations	Consolidated
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 17,546,762	\$ 4,864,400	\$ 47,058	\$ -	\$ 22,458,220
Certificates of Deposit	-	1,100,000	-	-	1,100,000
Investments	452,151,403	-	26,195,260	-	478,346,663
Investments Loaned to Broker	81,508,569	-	3,043,393	-	84,551,962
Investment Collateral	83,723,064	-	3,128,851	-	86,851,915
Interest and Dividends Receivable	1,672,888	61,599	5,103	-	1,739,590
Contributions Receivable	75,000	-	-	(75,000)	-
Accounts Receivable	117,566	107,765	-	(55,049)	170,282
Prepays	5,945	2,877	-	-	8,822
Loans Receivable, Net	-	8,075,789	-	-	8,075,789
Beneficial Interest in Trusts	26,402,562	-	-	-	26,402,562
Furniture, Fixtures and Equipment (Less Accumulated Depreciation)	902,116	23,919	-	-	926,035
<b>Total Assets</b>	<b>\$ 664,105,875</b>	<b>\$ 14,236,349</b>	<b>\$ 32,419,665</b>	<b>\$ (130,049)</b>	<b>\$ 710,631,840</b>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 709,793	\$ 134,275	\$ 12,824	\$ (55,049)	\$ 801,843
Grants Payable	6,119,034	-	225,000	(75,000)	6,269,034
Notes Payable	-	9,821,239	-	-	9,821,239
Deferred Lease Credits	629,847	-	-	-	629,847
Amounts Due Beneficiaries	16,321,746	-	-	-	16,321,746
Charitable Funds Held for the Benefit of Others	23,413,672	-	-	-	23,413,672
Payable under Investment Loan Agreement	83,723,064	-	3,128,851	-	86,851,915
<b>Total Liabilities</b>	<b>130,917,156</b>	<b>9,955,514</b>	<b>3,366,675</b>	<b>(130,049)</b>	<b>144,109,296</b>
Net Assets:					
Unrestricted:					
Undesignated	243,827,900	3,448,086	-	-	247,275,986
Designated for Lending	-	-	-	-	-
Minority Interests (Note 9)	17,060,646	-	-	-	17,060,646
<b>Total Unrestricted</b>	<b>260,888,546</b>	<b>3,448,086</b>	<b>-</b>	<b>-</b>	<b>264,336,632</b>
Temporarily Restricted	184,103,588	832,749	29,052,990	-	213,989,327
Permanently Restricted	88,196,585	-	-	-	88,196,585
<b>Total Net Assets</b>	<b>533,188,719</b>	<b>4,280,835</b>	<b>29,052,990</b>	<b>-</b>	<b>566,522,544</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 664,105,875</b>	<b>\$ 14,236,349</b>	<b>\$ 32,419,665</b>	<b>\$ (130,049)</b>	<b>\$ 710,631,840</b>

**THE MINNEAPOLIS FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITY  
YEAR ENDED MARCH 31, 2008**

	TMF		NAF		RKMC		Consolidated			
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>REVENUES, GAINS AND OTHER SUPPORT</b>										
Total Amount Raised	\$ 26,924,995	\$ 5,311,743	\$ 15,000	\$ 218,381	\$ -	\$ -	\$ -	\$ 26,939,995	\$ 5,530,124	\$ 435,329
Less: Amounts Received for Benefits of Others	-	173,741	-	-	-	-	-	-	173,741	84,631
Contributions	26,924,995	5,138,002	15,000	218,381	-	-	-	26,939,995	5,356,383	350,698
Total Investment (Losses) Income, Net	(7,978,455)	(1,245,090)	264,855	-	-	(1,225,989)	-	(7,713,600)	(2,471,079)	(128,421)
Less: Investment Income from Charitable Funds Held for Benefit of Others	(7,978,455)	(176,822)	264,855	-	-	(1,225,989)	-	(7,713,600)	(176,822)	(128,421)
Investment (Losses) Income, Net	3,297	(866,497)	-	-	-	-	-	3,297	(866,497)	(832,735)
Change in Value of Trusts	374,841	-	-	-	-	-	(200,646)	174,195	-	-
Administrative Service Revenue from Supporting Organizations	232,024	-	740,004	-	-	-	-	972,028	-	-
Other Income	20,401,081	(20,401,081)	513,301	(513,301)	1,269,279	(1,269,279)	-	22,189,661	(22,183,661)	-
Net Assets Released from Restrictions	39,957,783	(17,197,844)	1,533,160	(294,920)	1,269,279	(2,495,268)	(200,646)	42,559,576	(19,988,032)	(482,037)
<b>EXPENSES</b>										
Program Services:										
Total Grants, Net of Rescissions	48,487,230	-	-	-	1,052,848	-	-	49,540,078	-	-
Less: Grants Made for Benefit of Charitable Funds Held	4,146,220	-	-	-	-	-	-	4,146,220	-	-
Grants, Net of Rescissions	44,341,010	-	-	-	1,052,848	-	-	45,393,858	-	-
Program Service Expense	3,410,728	-	1,324,764	-	86,777	-	-	4,822,269	-	-
Support Services:										
Management and General Administrative Expense	3,984,072	-	154,822	-	129,654	-	(200,646)	4,067,902	-	-
Fund Raising	891,211	-	9,604	-	-	-	-	900,815	-	-
Total Expenses	52,627,021	-	1,489,190	-	1,269,279	-	(200,646)	55,184,844	-	-
<b>CHANGE IN NET ASSETS</b>										
Less: (Losses) Earnings on Minority Interests, Net	(12,669,238)	(17,197,844)	43,970	(294,920)	-	(2,495,268)	-	(12,625,268)	(19,988,032)	(482,037)
<b>CHANGE IN NET ASSETS AFTER MINORITY INTERESTS</b>										
Net Assets - Beginning of Year	243,827,900	184,103,588	3,448,086	832,749	-	29,052,990	-	247,275,986	213,989,327	88,196,585
Beginning Minority Interests (Note 9)	17,060,646	-	-	-	-	-	-	17,060,646	-	-
Add: Net Partners Contributions	2,503,128	-	-	-	-	-	-	2,503,128	-	-
Add: (Losses) Earnings on Minority Interests, Net	(489,529)	-	-	-	-	-	-	(489,529)	-	-
Total Minority Interests	19,074,245	-	-	-	-	-	-	19,074,245	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 250,722,436	\$ 166,905,744	\$ 3,492,056	\$ 537,829	\$ -	\$ 26,557,722	\$ -	\$ 254,214,492	\$ 194,001,295	\$ 87,714,548

\* 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, 2007**

	TMF			NAF			RKMC			Consolidated		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted*	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
		\$	\$		\$	\$		\$	\$		\$	\$
<b>REVENUES, GAINS AND OTHER SUPPORT</b>												
Total Amount Raised	23,956,281	4,392,613	853,395	2,196,360	282,000	282,000	-	-	-	23,986,606	4,674,613	853,395
Less: Amounts Received for Benefits of Others Contributions	-	24,801	35,333	-	-	-	-	-	-	-	24,801	35,333
	23,956,281	4,368,012	818,062	2,196,360	282,000	282,000	-	-	-	23,986,606	4,650,012	818,062
Total Investment (Losses) Income, Net	38,993,535	16,697,830	1,624,303	262,412	-	-	-	2,052,513	-	39,255,947	18,750,343	1,624,303
Less: Investment from Charitable Funds Held for Benefit of Others	-	1,437,307	1,276,161	-	-	-	-	-	-	-	1,437,307	1,276,161
Investment (Losses) Income, Net	38,993,535	15,260,523	348,142	262,412	-	-	-	2,052,513	-	39,255,947	17,313,036	348,142
Change in Value of Trusts	-	1,460,370	709,365	-	-	-	-	-	-	-	1,460,370	709,365
Administrative Service Revenue from Supporting Organizations	474,912	-	-	-	-	-	-	-	(299,362)	175,550	-	-
Other Income	203,379	-	-	670,130	-	-	-	-	-	873,509	-	-
Net Assets Released from Restrictions	7,638,237	(7,638,237)	-	343,724	(343,724)	939,940	939,940	(939,940)	-	8,921,901	(8,921,901)	-
Total Revenues, Gains and Other Support	71,266,344	13,450,668	1,875,569	3,472,626	(61,724)	939,940	939,940	1,112,573	(2,465,397)	73,213,513	14,501,517	1,875,569
<b>EXPENSES</b>												
Program Services:												
Total Grants, Net of Rescissions	39,829,263	-	-	-	-	625,000	625,000	-	(2,166,035)	38,288,228	-	-
Less: Grants Made for Benefit of Charitable Funds Held	1,428,221	-	-	-	-	-	625,000	-	(2,166,035)	1,428,221	-	-
Grants, Net of Rescissions	38,401,042	-	-	-	-	-	-	-	-	36,860,007	-	-
Program Service Expense	3,519,487	-	-	1,154,947	-	-	-	-	-	4,674,434	-	-
Support Services:												
Management and General Administrative Expense	2,940,627	-	-	125,964	-	314,940	314,940	-	(299,362)	3,082,169	-	-
Fund Raising	907,558	-	-	10,953	-	-	-	-	-	918,511	-	-
Total Expenses	45,768,714	-	-	1,291,864	-	939,940	939,940	-	(2,465,397)	45,555,121	-	-
<b>CHANGE IN NET ASSETS</b>												
Less: (Losses) Earnings on Minority Interests, Net	25,497,630	13,450,668	1,875,569	2,180,762	(61,724)	-	-	1,112,573	-	27,678,392	14,501,517	1,875,569
<b>CHANGE IN NET ASSETS AFTER MINORITY INTERESTS</b>	1,924,258	-	-	-	-	-	-	-	-	1,924,258	-	-
Net Assets - Beginning of Year	23,573,372	13,450,668	1,875,569	2,180,762	(61,724)	-	-	1,112,573	-	25,794,194	14,501,517	1,875,569
	220,254,528	170,652,920	86,321,016	1,267,324	894,473	-	-	27,940,417	-	221,521,852	199,487,810	86,321,016
Beginning Minority Interests (Note 9)	14,595,360	-	-	-	-	-	-	-	-	14,595,360	-	-
Add: Net Partners Contributions	541,028	-	-	-	-	-	-	-	-	541,028	-	-
Add: (Losses) Earnings on Minority Interests, Net	1,924,258	-	-	-	-	-	-	-	-	1,924,258	-	-
Total Minority Interests	17,060,646	-	-	-	-	-	-	-	-	17,060,646	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 260,888,546	\$ 184,103,588	\$ 88,196,585	\$ 3,448,086	\$ 832,749	\$ -	\$ -	\$ 29,052,990	\$ -	\$ 284,336,632	\$ 213,989,327	\$ 88,196,585

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