THE MINNEAPOLIS FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Minneapolis Foundation
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Minneapolis Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Minneapolis Foundation as of March 31, 2023 and 2022, and its changes in net assets its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Minneapolis Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Minneapolis Foundation's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 24, 2023

THE MINNEAPOLIS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 33,925,190	$ 36,047,420
Interest and Dividends Receivable	1,401,731	585,634
Accounts and Pledges Receivable	565,263	236,431
Prepaids	31,354	17,601
Investments	941,963,504	1,005,594,904
Program-Related Loans Receivable	6,124,470	5,821,722
Other Assets	713,162	691,896
Notes Receivable	5,793,475	11,340,119
Beneficial Interest in Trusts	46,946,197	52,257,087
Furniture, Fixtures, Equipment, and Leasehold Improvements (Less: Accumulated Depreciation of $3,626,462 and $3,518,674 as of March 31, 2023 and 2022, Respectively)	542,103	507,887
Operating ROU Asset	1,169,954	-
Total Assets	$ 1,039,176,403	$ 1,113,100,701
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 2,299,209	$ 1,758,753
Grants Payable	8,576,209	9,569,097
Deferred Lease Credits	-	315,097
Deferred Revenue	8,588,825	-
Amounts Due Beneficiaries	11,749,661	14,099,996
Charitable Funds Held for the Benefit of Others	32,750,824	35,341,127
ROU Lease Liability - Operating	1,405,592	-
Total Liabilities	65,370,320	61,084,070
NET ASSETS		
Without Donor Restrictions	866,654,987	931,201,363
With Donor Restrictions	107,151,096	120,815,268
Total Net Assets	973,806,083	1,052,016,631
Total Liabilities and Net Assets	$ 1,039,176,403	$ 1,113,100,701

THE MINNEAPOLIS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Total Amount Raised	$ 94,096,480	$ 780,332	$ 94,876,812
Less: Amounts Received for Benefit of Others	1,395,870	-	1,395,870
Contributions, Net	92,700,610	780,332	93,480,942
Total Investment Income, Net of Investment Expenses	(43,386,586)	(6,072,903)	(49,459,489)
Less: Investment Income from Charitable Funds Held for Benefit of Others	2,344,428	-	2,344,428
Investment Income, Net	(45,731,014)	(6,072,903)	(51,803,917)
Change in Value of Trusts	(2,092,331)	(947,881)	(3,040,212)
Administrative Service Revenue from Agency Funds	951,337	-	951,337
Note Receivable Interest and Other Income	686,459	-	686,459
Net Assets Released from Restrictions	7,423,720	(7,423,720)	-
Total Revenues, Gains, and Other Support	53,938,781	(13,664,172)	40,274,609
EXPENSES			
Program Services:			
Total Grants	97,997,911	-	97,997,911
Less: Grants Made for Benefit of Charitable Funds Held	1,391,207	-	1,391,207
Grants, Net	96,606,704	-	96,606,704
Program Service Expense	16,393,342	-	16,393,342
Support Services Expense:			
Management and General Administrative	3,058,469	-	3,058,469
Fundraising	2,426,642	-	2,426,642
Total Expenses	118,485,157	-	118,485,157
CHANGE IN NET ASSETS	(64,546,376)	(13,664,172)	(78,210,548)
Net Assets - Beginning of Year	931,201,363	120,815,268	1,052,016,631
NET ASSETS - END OF YEAR	$ 866,654,987	$ 107,151,096	$ 973,806,083

THE MINNEAPOLIS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Total Amount Raised	$ 133,253,071	$ 399,399	$ 133,652,470
Less: Amounts Received for Benefit of Others	2,249,471	-	2,249,471
Contributions, Net	131,003,600	399,399	131,402,999
Total Investment Income, Net of Investment Expenses	56,362,098	6,165,367	62,527,465
Less: Investment Income from Charitable Funds Held for Benefit of Others	2,950,687	-	2,950,687
Investment Income, Net	53,411,411	6,165,367	59,576,778
Change in Value of Trusts	-	1,637,004	1,637,004
Administrative Service Revenue from Agency Funds	871,220	-	871,220
Note Receivable Interest and Other Income	888,037	-	888,037
Net Assets Released from Restrictions	5,992,459	(5,992,459)	-
Total Revenues, Gains, and Other Support	192,166,727	2,209,311	194,376,038
EXPENSES			
Program Services:			
Total Grants	103,713,173	-	103,713,173
Less: Grants Made for Benefit of Charitable Funds Held	1,447,087	-	1,447,087
Grants, Net	102,266,086	-	102,266,086
Program Service Expense	10,054,499	-	10,054,499
Support Services Expense:			
Management and General Administrative	2,783,069	-	2,783,069
Fundraising	2,250,610	-	2,250,610
Total Expenses	117,354,264	-	117,354,264
CHANGE IN NET ASSETS	74,812,463	2,209,311	77,021,774
Net Assets - Beginning of Year	856,388,900	118,605,957	974,994,857
NET ASSETS - END OF YEAR	$ 931,201,363	$ 120,815,268	$ 1,052,016,631

THE MINNEAPOLIS FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED MARCH 31, 2023 AND 2022

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Grants	$ 96,606,704	$ -	$ -	$ 96,606,704
Compensation and Benefits	4,802,244	2,062,747	1,846,845	8,711,836
Professional Fees and Contract Services	9,418,395	215,647	148,256	9,782,298
Supplies and Office Expenses	585,118	221,178	114,312	920,608
Travel, Conferences, and Meetings	646,212	50,727	70,833	767,772
Occupancy	285,829	198,985	122,452	607,266
Information Technology	296,434	138,069	90,416	524,919
Insurance	-	114,586	-	114,586
Marketing and Promotion	196,979	1,350	1,379	199,708
Interest	-	12	-	12
Other	78,388	3,327	247	81,962
Depreciation	83,743	51,841	31,902	167,486
Total Operating Expenses	$ 113,000,046	$ 3,058,469	$ 2,426,642	118,485,157

	2022			
	Program Services	Management and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Grants	$ 102,266,086	$ -	$ -	$ 102,266,086
Compensation and Benefits	4,230,123	1,762,832	1,665,879	7,658,834
Professional Fees and Contract Services	3,904,362	227,365	152,803	4,284,530
Supplies and Office Expenses	345,016	195,551	117,751	658,318
Travel, Conferences, and Meetings	402,728	17,992	61,755	482,475
Occupancy	287,435	206,197	111,029	604,661
Information Technology	390,584	145,326	76,891	612,801
Insurance	-	113,738	-	113,738
Marketing and Promotion	318,334	2,080	2,080	322,494
Other	15,606	-	77	15,683
Depreciation	160,311	111,988	62,345	334,644
Total Operating Expenses	$ 112,320,585	$ 2,783,069	$ 2,250,610	$ 117,354,264

THE MINNEAPOLIS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (78,210,548)	$ 77,021,774
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized Gain on Sale of Investments	(1,095,140)	(51,052,158)
Unrealized Loss on Investments	66,533,977	2,811,201
Change in Value of Trusts	3,040,212	(1,637,004)
Depreciation and Amortization	167,486	334,644
Adoption of Lease Transition	(79,459)	-
Change in Assets and Liabilities:		
Interest and Dividends Receivable	(816,097)	66,036
Accounts and Pledges Receivable	(328,832)	781,299
Prepaids	(13,753)	33,208
Other Assets	(21,266)	(6,218)
Beneficial Interest in Trusts	4,600,717	(6,490,740)
Accounts Payable and Accrued Liabilities	540,456	338,009
Grants Payable	(992,888)	861,991
Deferred Revenue	8,588,825	-
Deferred Lease Credits	-	(82,028)
Charitable Funds Held for the Benefit of Others	(2,590,303)	3,527,725
Net Cash Provided (Used) by Operating Activities	(676,613)	26,507,739
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(201,702)	(179,127)
Purchases of Securities	(160,141,869)	(215,397,803)
Proceeds from the Sale of Securities	153,654,058	196,259,192
Net Cash Used by Investing Activities	(6,689,513)	(19,317,738)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Program-Related Loans Receivables	(1,500,000)	-
Proceeds from Program-Related Loans Receivables	1,197,252	1,538,399
Receipt of Notes Receivable	5,546,644	5,310,334
Net Cash Provided by Financing Activities	5,243,896	6,848,733
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,122,230)	14,038,734
Cash and Cash Equivalents - Beginning of Year	36,047,420	22,008,686
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 33,925,190	$ 36,047,420
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Contributions and Pledge Payments of Investment Securities	$ 22,425,194	$ 42,878,098

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Minneapolis Foundation (TMF or the Foundation) provides grants and other assistance to Minnesota nonprofit organizations, primarily in the areas of education, economic vitality, civic engagement, arts and culture, and health and the environment.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Asset Classification

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that provides accounting 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 Foundation. As a result of the ability to remove any restriction, all contributions not classified as with donor restrictions are classified as without donor restrictions for financial statement purposes.

Net assets without donor restrictions represent that portion of expendable funds that is available for support of the programs and operations of the Foundation.

Net assets with donor restrictions consist of irrevocable charitable trusts, lead trusts, purpose restricted contributions, restricted contributions receivable, and donor-restricted endowment funds. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restriction.

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, but is not limited to, domestic equities, non-U.S. 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 approximates or exceeds 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 certain endowed funds of the Foundation. For the year ended March 31, 2023, this set dollar amount from the year ended March 31, 2022 was adjusted by inflation (plus 5% of any new gifts). Spending in future years will be the prior year spending, adjusted for inflation, plus 5% of any new gifts for the year. There is also a band such that spending will not exceed 6% or fall below 2% of current endowed assets. For all other endowed funds (including donor advised and designated beneficiary funds), the spending policy is 4% of a moving 12-quarter average market value plus any administrative fee charged by the Foundation. The Foundation's objective is 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 financial statements is 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Foundation has elected to measure most investments at fair value but does hold certain investments at cost.

The Foundation invests in a variety of investment vehicles, including limited partnerships, which may invest in corporate stocks, bonds, real estate, and other investments with limited liquidity.

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.

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.

Program-Related Loans Receivable

The Foundation has made loans to nonprofit organizations at below-market interest rates. Repayment schedules and interest rates on the loans are varied. At March 31, 2023 and 2022, there were no past due program-related loans.

Beneficial Interests in Trusts

Beneficial interests in trusts consist 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 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 with donor restrictions.

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 with donor restrictions.

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 statements of activities. Net assets and changes in the net assets are recorded as with donor restrictions. Distributions received from these trusts are recorded as investment income without donor restrictions.

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 on a straight-line basis over their estimated useful lives of the respective assets ranging from three to fifteen years. Assets are generally capitalized greater over $3,000. 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.

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 nonprofit 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expense

The costs of providing programs and services have been summarized on a functional basis. Accordingly, certain costs have been allocated between program and the supporting services benefited. Allocations of expenses between functions is based on full-time equivalent (FTE) headcounts and management’s best estimates of the nature of work performed by department.

Tax-Exempt Status

The Foundation 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.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the 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.

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 financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations

During the years ended March 31, 2023 and 2022, there were no donor concentrations.

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;

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

- 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).

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, private equities, hedge funds or securities that are either in default and/or may be in a work-out situation, such as certain corporate bonds and structured investment vehicles).

- 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. A derivative is a contract between parties based upon an asset or assets that has its value determined by fluctuations in the underlying asset. Indirectly, the Foundation invests in 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. 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 the amount of cash in percentages that closely mirror 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 Policy that calls for its investment portfolio to be fully invested at all times. The use of derivative instruments for speculative purposes is expressly prohibited.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments (Continued)

The purchase of derivative instruments to securitize cash positions 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, 2023 and 2022, the Foundation owned 70 and 157 contracts with a notional exposure of $8,412,294 and $20,957,752, respectively. The notional exposure is included in the Foundation's investment portfolio. Gains/(losses) for these futures were $(2,562,515) and $153,083 for the years ended March 31, 2023 and 2022, respectively.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Administrative service revenue is recognized over time when the related services have been provided and earned. Any payments received in advance for these services are deferred to the applicable period in which the related services are performed.

Deferred Revenue

As of March 31, 2022, the Foundation had $18,760,000 of committed government grants for an economic revitalization program not yet recognized as revenue due to various conditions not yet met. As of March 31, 2023, the Foundation had received $8,588,825 of cash payments in advance and the conditions have not been met and therefore is recorded as deferred revenue on the statements of financial position. As of March 31, 2023, $4,230,375 had been recognized as revenue.

Guarantees

During the year-ended March 31, 2020, The Minneapolis Foundation entered into agreements with a bank to guarantee a portion of an affordable housing development project. The total guaranty amount as of March 31, 2023 is $1,400,000.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842).* The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Foundation adopted the requirements of the guidance effective April 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Lease disclosures for the year ended March 31, 2022 are made under prior lease guidance in FASB ASU 840.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (Continued)

The Foundation has elected to adopt the package of practical expedients available in the year of adoption. The Foundation has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets.

There was no material impact on the Foundation's financial position and change in net assets as a result of the adoption of this accounting standard. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Leases

The Foundation determines if an arrangement is a lease at inception. Leases are reported on the statements of financial position as a right-of-use (ROU) asset and lease liability.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-lined basis over the lease term. The Foundation has elected to recognized payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts for facilities and equipment do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use their incremental borrowing rate as a discount rate for computing the present value of the lease liability.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in these financial statements through August 24, 2023, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

Financial assets are structured to meet the liquidity needs of the Foundation, both in terms of operating budget as well as grants and other expenditures. The finance committee of the board approves and periodically reviews the operating reserves policy which is designed to support operations during periods when an operating revenue shortfall may occur. The policy currently recommends a target of having at least six months of operating expenses in cash or short-term investments. As of March 31, 2023, the Foundation had operating reserves in cash or short-term investments that was in compliance with the operating reserves policy.

In terms of meeting the liquidity needs for grants and other obligations and expenditures, the following table outlines the Foundation's financial assets as of March 31, 2023 and 2022 that are available for expenditure within one year of that date. Assets are considered unavailable if they are not convertible to cash within one year, or if they are trust assets or endowment assets.

	2023	2022
Cash and Cash Equivalents	$ 33,925,190	$ 36,047,420
Investments - Cash and Short-Term Investments	65,999,460	48,682,343
Accounts and Pledges Receivable	565,263	236,431
Accrued Interest and Dividends Receivable	1,401,731	585,634
Total	$ 101,891,644	$ 85,551,828

The spendable amount (see spending policy in Note 1) from endowed assets, whether donor-restricted or board-designated, will be made available from these endowments within the next 12 months. The board may approve additional expenditures from board-designated endowments.

The financial assets of the Foundation are managed to become available as its awarded grants, general expenditures, liabilities and other obligations become due. The majority of other Foundation assets not included in the table above are redeemable on a daily or monthly basis to meet these needs. Cash in excess of daily requirements may be invested in money markets, sweep accounts and other short-term investments.

NOTE 3 INVESTMENTS

Investments consist of the following at March 31:

	2023	2022
Cash and Cash Equivalents	$ 65,999,460	$ 48,682,343
Large and Mid Cap Domestic Equities and Equity Futures	249,771,958	268,840,809
Small Cap Domestic Equities and Equity Futures	47,368,195	62,397,156
Non-U.S. Equities and Equity Futures	212,110,367	235,532,223
Domestic Fixed Income Obligations and Fixed Income Futures	149,345,386	157,311,940
High Yield Fixed Income Obligations and Fixed Income Futures	20,364,085	23,706,888
Global Fixed Income Obligations and Fixed Income Futures	1,867,481	2,671,121
Real Estate	20,092,711	21,978,581
Long/Short Hedge Funds	22,195,834	23,467,962
Multi-Strategy Hedge Funds	20,006,244	22,751,076
Commodities	13,353,105	16,449,613
Private Equity and Venture Capital	97,029,521	98,403,127
Closely Held Stock	22,459,157	23,402,065
Total Investments	$ 941,963,504	$ 1,005,594,904

The Foundation’s investments include certain alternative assets, held in partnerships, and commingled pools, for which value is not determinable on a daily basis. These investments are classified based on their nature of the underlying investments.

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

	2023	2022
Interest and Dividend Income	$ 16,216,482	$ 14,412,460
Realized Gains on Investments	1,095,140	51,052,158
Unrealized Losses on Investments	(66,533,977)	(2,811,201)
Investment Expenses	(2,581,562)	(3,076,639)
Total	$ (51,803,917)	$ 59,576,778

NOTE 4 FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis as of March 31, 2023 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities and Equity Futures	$ 249,771,958	$ -	$ -	$ 249,771,958
Small Cap Domestic Equities and Equity Futures	47,368,195	-	-	47,368,195
Non-U.S. Equities and Equity Futures	81,287,923	-	-	81,287,923
Domestic Fixed Income Obligations and Fixed Income Futures	149,345,386	-	-	149,345,386
High Yield Fixed Income Obligations and Fixed Income Futures	735,873	-	-	735,873
Global Fixed Income Obligations and Fixed Income Futures	1,867,481	-	-	1,867,481
Real Estate	18,112,593	-	-	18,112,593
Long/Short Hedge Funds	1,141,386	-	-	1,141,386
Multi-Strategy Hedge Funds	1,618,092	-	-	1,618,092
Commodities	10,708	-	-	10,708
Closely Held Stock	-	-	2,567,730	2,567,730
Total Investments at Fair Value	551,259,595	-	2,567,730	553,827,325
Cash and Cash Equivalents	-	-	-	65,999,460
Investments Measured at Net Asset Value or its Equivalent	-	-	-	302,245,292
Investments Recorded at Cost	-	-	-	19,891,427
Total Investments	-	-	-	941,963,504
Beneficial Interest in Trusts	-	-	46,946,197	46,946,197
Total	$ 551,259,595	$ -	$ 49,513,927	$ 988,909,701

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis as of March 31, 2022 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities and Equity Futures	$ 257,773,276	$ -	$ -	$ 257,773,276
Small Cap Domestic Equities and Equity Futures	62,397,156	-	-	62,397,156
Non-U.S. Equities and Equity Futures	102,071,286	-	-	102,071,286
Domestic Fixed Income Obligations and Fixed Income Futures	157,311,940	-	-	157,311,940
High Yield Fixed Income Obligations and Fixed Income Futures	4,003,929	-	-	4,003,929
Global Fixed Income Obligations and Fixed Income Futures	2,671,121	-	-	2,671,121
Real Estate	17,033,930	-	-	17,033,930
Long/Short Hedge Funds	1,181,961	-	-	1,181,961
Multi-Strategy Hedge Funds	4,626,222	-	-	4,626,222
Commodities	7,587,764	-	-	7,587,764
Closely Held Stock	-	-	2,349,360	2,349,360
Total Investments at Fair Value	616,658,585	-	2,349,360	619,007,945
Cash and Cash Equivalents	-	-	-	48,682,343
Investments Measured at Net Asset Value or its Equivalent	-	-	-	316,851,911
Investments Recorded at Cost	-	-	-	21,052,705
Total Investments	-	-	-	1,005,594,904
Beneficial Interest in Trusts	-	-	52,257,087	52,257,087
Total	$ 616,658,585	$ -	$ 54,606,447	$ 1,057,851,991

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

	Beneficial Interest in Trusts	
	2023	2022
Balance as of April 1	$ 52,257,087	$ 53,222,244
Change in Value of Trusts	(2,375,393)	(856,774)
Change in Beneficial Interest in Trusts	(2,935,497)	(108,383)
Balance as of March 31	$ 46,946,197	$ 52,257,087

	Closely Held Stock	
	2023	2022
Balance as of April 1	$ 2,349,360	$ 1,792,140
Unrealized Gains	218,370	557,220
Balance as of March 31	$ 2,567,730	$ 2,349,360

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a summarization of the Level 3 significant unobservable inputs:

Quantitative Information About Level 3 Fair Value Measurements

Type of Assets	Fair Value at March 31, 2023	Principal Valuation Technique	Unobservable Inputs
Closely Held Stock	$ 2,567,730	FMV of Assets	Value of Underlying Assets
Beneficial Interest in Trusts	46,946,197	FMV of Assets	Value of Underlying Assets
Total	$ 49,513,927		

Type of Assets	Fair Value at March 31, 2022	Principal Valuation Technique	Unobservable Inputs
Closely Held Stock	$ 2,349,360	FMV of Assets	Value of Underlying Assets
Beneficial Interest in Trusts	52,257,087	FMV of Assets	Value of Underlying Assets
Total	$ 54,606,447		

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of March 31, 2023:

March 31, 2023	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Non-U.S. Equities	$ 64,619,389	$ -	Weekly	5 Days
Non-U.S. Equities	8,854,598	-	Quarterly	90 Days
Non-U.S. Equities	57,348,457	-	Monthly	5-30 Days
High Yield Fixed Income Obligations	19,628,212	-	Monthly	45 Days
Long/Short Hedge Funds	9,435,717	-	Monthly	90 Days
Long/Short Hedge Funds	11,618,731	-	Quarterly	60 Days
Real Estate	1,980,118	3,970,002	N/A	N/A
Multi-Strategy Hedge Funds	18,388,152	-	Quarterly	60 days
Commodities	13,342,397	8,291,560	N/A	N/A
Private Equity and Venture Capital	97,029,521	35,702,311	N/A	N/A
Total	$ 302,245,292	$ 47,963,873		

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of March 31, 2022:

March 31, 2022	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic Equity/Large Cap and Mid Cap	$ 11,067,533	$ -	Daily	1 day
Domestic Equity/Large Cap and Mid Cap	47,232,147	-	Weekly	5 Days
Non-U.S. Equities	7,995,410	-	Quarterly	90 Days
Non-U.S. Equities	78,233,380	-	Monthly	5-30 Days
High Yield Fixed Income Obligations	19,702,959	-	Monthly	45 Days
Long/Short Hedge Funds	10,131,740	-	Monthly	90 Days
Long/Short Hedge Funds	12,154,261	-	Quarterly	60 Days
Real Estate	4,944,651	5,155,722	N/A	N/A
Multi-Strategy Hedge Funds	18,124,854	-	Quarterly	60 days
Commodities	8,861,849	11,074,125	N/A	N/A
Private Equity and Venture Capital	98,403,127	37,277,363	N/A	N/A
Total	$ 316,851,911	$ 53,507,210		

U.S. Domestic Equity investments can be structured as a commingled pool or collective fund for the purpose of providing a simplified option for investors who wish exposure to a large and widely diverse number of securities that are professionally managed. The Foundation's domestic equity commingled fund holds stocks with daily valuations and daily T+3 liquidity. The fund values its assets at fair value using readily available quoted prices from active markets trading in identical securities.

Non-U.S. Equity investments are often structured as a commingled pool with a partnership legal structure for the purpose of simplifying 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. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

The High Yield investment holds a diversified portfolio of value-oriented, high-quality, high-yield securities including notes, bonds, bank loans, and private debt of companies domiciled in the U.S., Canada and Western Europe. The fund generally carries a lower volatility, shorter average life, and shorter duration portfolio than the Barclays Capital HY benchmark. The average credit quality is generally BB- to B+ and generally no more than 5% is invested in any one issuer and no more than 15% in anyone holding. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

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 they invest 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 U.S. These instruments are typically illiquid until the underlying asset or investment pool enters a distribution or wind down phase. The unobservable inputs used to determine the fair value has been estimated using external and internal appraisals of property investments.

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 on 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. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

Commodity investments in a commingled pool with a portfolio manager who employs a long only strategy that includes investing in futures, publicly traded stocks, swaps and structured notes where appropriate. The investment strategy is to find the most attractively priced investment opportunities in metals, agriculture, energy, 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. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Private Equity and Venture Capital investments are structured as limited partnerships to accommodate the holding of illiquid assets, private equity, or debt instruments of various kinds. Liquidity within the investment pool occurs with periodic distributions or as scheduled during the wind-down phase. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

The unobservable inputs for Beneficial Interest in Trusts are the underlying assets controlled by the trustee. The underlying assets consists of marketable securities that are either classified as Level 1 or Level 2 assets and the Foundation's fair value is determined by taking the trust's total value multiplied by their interest in the trust, as stated in the trust document.

NOTE 5 NOTES RECEIVABLE

The Foundation received a contribution of three separate unsecured 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 on each note in the amount of $2,017,093. In the event that a note is determined to be uncollectible, the Foundation may record the uncollectible amount as an allowance. The Foundation's management reviews the status of these notes to determine whether an allowance is necessary. At March 31, 2023 and 2022, there were no past due amounts and an allowance was not warranted.

NOTE 6 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:

	2023	2022
Less Than One Year	$ 5,941,542	$ 6,901,124
One to Five Years	2,881,486	2,909,515
Subtotal	8,823,028	9,810,639
Discount (5%)	(246,819)	(241,542)
Total	$ 8,576,209	$ 9,569,097

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
With Donor Restrictions - Restricted for Purpose or Time:		
Restricted for Programs	$ 32,185,881	$ 38,113,981
Split-Interest Agreements	40,330,110	45,878,708
Total With Restrictions - Purpose or Time	72,515,991	83,992,689
With Donor Restrictions - Held in Perpetuity:		
Permanent Endowment	20,240,342	20,240,342
Beneficial Interest in Perpetual Trusts	14,394,763	16,582,237
Total With Restrictions - Held in Perpetuity	34,635,105	36,822,579
Total Net Assets With Donor Restrictions	$ 107,151,096	$ 120,815,268

NOTE 8 ENDOWMENT

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Other Endowment Funds	$ 291,757,602	$ -	$ 291,757,602
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	20,240,342	20,240,342
Accumulated Investment Gains	-	24,291,031	24,291,031
Total	$ 291,757,602	$ 44,531,373	$ 336,288,975

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Other Endowment Funds	$ 324,251,666	$ -	$ 324,251,666
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	20,240,342	20,240,342
Accumulated Investment Gains	-	29,610,904	29,610,904
Total	$ 324,251,666	$ 49,851,246	$ 374,102,912

NOTE 8 ENDOWMENT (CONTINUED)

Other endowments funds include funds that are subject to the Foundation's spending policy under gift agreements or through board designation 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 with restrictions 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.

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies for the years ended March 31, 2023 and 2022.

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 324,251,666	$ 49,851,246	$ 374,102,912
Contributions	4,413,781	-	4,413,781
Investment Income, Net	(23,582,988)	(3,358,494)	(26,941,482)
Amounts Appropriated for Expenditure	(13,324,857)	(1,961,379)	(15,286,236)
Endowment Fund Balance, March 31, 2023	$ 291,757,602	$ 44,531,373	$ 336,288,975

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 298,095,317	$ 46,459,048	$ 344,554,365
Contributions	7,769,207	-	7,769,207
Investment Income, Net	30,687,783	5,248,915	35,936,698
Amounts Appropriated for Expenditure	(12,300,641)	(1,856,717)	(14,157,358)
Endowment Fund Balance, March 31, 2022	$ 324,251,666	$ 49,851,246	$ 374,102,912

NOTE 9 LEASES

The Foundation has operating leases for office space and equipment. Annual rentals under the office space lease expiring August 27, 2027 include the base rent plus a proportionate share of the actual operating costs of the building as specified in the lease agreement.

In addition, annual rentals under the equipment leases for copiers and postage meters expire in various years through 2026. However, these leases are considered immaterial and have not been recorded. The Foundation has no short-term or variable leases.

NOTE 9 LEASES (CONTINUED)

The following table provides quantitative information concerning the Foundation's leases for the year ended March 31, 2023.

Operating Lease Costs	$	283,207
Operating Cash Flows from Operating Leases	$	321,596
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$	1,413,746
Weighted-Average Remaining Lease Term - Operating Leases		4.4 Years
Weighted-Average Discount Rate - Operating Leases		2.55%

A maturity analysis of undiscounted cash flows for lease liabilities as of March 31, 2023, is as follows:

Year Ending December 31,		Operating Leases
2024	$	328,631
2025		335,666
2026		342,701
2027		349,736
2028		129,734
Undiscounted Cash Flows		1,486,468
Less: Imputed Interest		(80,876)
Total Present Value	$	1,405,592

Future minimum lease commitments at March 31, 2022 were $2,001,322 (with annual payments similar to the above table through 2028). For the year ended March 31, 2022, total rent expense was $567,813.

NOTE 10 RETIREMENT PLAN

Effective January 1, 2020, regular full-time and part-time employees who have completed at least one year of service are eligible to participate in a 401(k) plan which provides for annual discretionary contributions to eligible employees Prior to this, the Foundation had a Simplified Employee Pension Plan (SEP) with the same eligibility requirements for annual discretionary contributions to the plan. In fiscal 2023 and 2022, the discretionary contribution percentage was 8% of employees' compensation. Retirement plan expense was $453,125 and $426,071 for the years ended March 31, 2023 and 2022, respectively.