THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2012 AND 2011

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
TABLE OF CONTENTS
YEARS ENDED MARCH 31, 2012 AND 2011

INDEPENDENT AUDITORS' REPORT	**1**
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**2**
CONSOLIDATED STATEMENTS OF ACTIVITY	**3**
CONSOLIDATED STATEMENTS OF CASH FLOWS	**5**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	**6**
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	**35**
SUPPLEMENTARY INFORMATION	
CONSOLIDATING SCHEDULES FOR THE STATEMENT OF FINANCIAL POSITION	**36**
CONSOLIDATING SCHEDULES FOR THE STATEMENT OF ACTIVITY	**38**

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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, 2012 and 2011, 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, 2012 and 2011, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 29, 2012

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	$ 6,224,508	$ 18,324,461
Interest and Dividends Receivable	1,058,565	1,032,814
Accounts Receivable	70,903	123,315
Prepaids	18,751	13,917
Investments	484,205,630	484,561,695
Investments Loaned to Broker	8,181,796	10,161,673
Investment Collateral	5,171,649	7,305,690
Other Assets	535,225	464,658
Loans Receivable, Net	11,208,044	9,074,184
Notes Receivable	48,000,000	48,000,000
Beneficial Interest in Trusts	44,625,836	45,861,663
Furniture, Fixtures, Equipment, and Leasehold Improvements (Less Accumulated Depreciation of $2,826,605 and $2,695,544 as of March 31, 2012 and 2011, Respectively)	483,932	475,497
Total Assets	$ 609,784,839	$ 625,399,567
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 1,039,139	$ 1,010,354
Grants Payable	2,412,563	4,156,530
Notes Payable	8,425,839	9,367,681
Deferred Lease Credits	262,185	336,284
Amounts Due Beneficiaries	9,929,393	10,076,886
Charitable Funds Held for the Benefit of Others	16,018,364	16,630,134
Payable Under Investment Loan Agreement	8,474,066	10,590,368
Total Liabilities	46,561,549	52,168,237
Net Assets:		
Unrestricted:		
Undesignated	430,163,221	429,012,375
Noncontrolling Interests (Note 14)	11,673,507	18,921,915
Total Unrestricted	441,836,728	447,934,290
Temporarily Restricted	86,670,636	89,927,481
Permanently Restricted	34,715,926	35,369,559
Total Net Assets	563,223,290	573,231,330
Total Liabilities and Net Assets	$ 609,784,839	$ 625,399,567

See accompanying Notes to Consolidated Financial Statements.

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED MARCH 31, 2012 AND 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Total Amount Raised	$ 37,396,820	$ 1,805,820	$ -	$ 39,202,640
Less: Amounts Received for Benefits of Others	718,419	-	-	718,419
Contributions	36,678,401	1,805,820	-	38,484,221
Total Investment Income, Net	5,997,324	739,191	-	6,736,515
Less: Investment Income from Charitable Funds Held for Benefit of Others	118,380	-	-	118,380
Investment Income, Net	5,878,944	739,191	-	6,618,135
Change in Value of Trusts	(11,142)	180,320	(653,633)	(484,455)
Administrative Service Revenue from Agency Funds	105,927	-	-	105,927
Note Receivable Interest and Other Income	3,283,075	-	-	3,283,075
Net Assets Released from Restrictions	5,982,176	(5,982,176)	-	-
Total Revenues, Gains and Other Support	51,917,381	(3,256,845)	(653,633)	48,006,903
EXPENSES				
Program Services:				
Total Grants	42,723,917	-	-	42,723,917
Less: Grants Made for Benefit of Charitable Funds Held	1,593,476	-	-	1,593,476
Grants	41,130,441	-	-	41,130,441
Program Service Expense	6,023,561	-	-	6,023,561
Support Services:				
Management and General Administrative Expense	3,025,939	-	-	3,025,939
Fund Raising	885,274	-	-	885,274
Total Expenses	51,065,215	-	-	51,065,215
CHANGE IN NET ASSETS	852,166	(3,256,845)	(653,633)	(3,058,312)
Less: Gains (Losses) on Noncontrolling Interests, Net	(298,680)	-	-	(298,680)
Change in Net Assets After Adjustments	1,150,846	(3,256,845)	(653,633)	(2,759,632)
Net Assets - Beginning of Year	429,012,375	89,927,481	35,369,559	554,309,415
Beginning Noncontrolling Interests (Note 14)	18,921,915	-	-	18,921,915
Add: Net Partners Contributions (Withdrawals)	(6,949,728)	-	-	(6,949,728)
Add: Gains (Losses) on Noncontrolling Interests, Net	(298,680)	-	-	(298,680)
Total Noncontrolling Interests	11,673,507	-	-	11,673,507
NET ASSETS - END OF YEAR	$ 441,836,728	$ 86,670,636	$ 34,715,926	$ 563,223,290

See accompanying Notes to Consolidated Financial Statements.

2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 50,253,262	$ 1,053,916	$ -	$ 51,307,178
264,047	-	-	264,047
49,989,215	1,053,916	-	51,043,131
50,134,720	9,672,441	-	59,807,161
1,783,886	-	-	1,783,886
48,350,834	9,672,441	-	58,023,275
(153,038)	2,673,640	1,225,828	3,746,430
180,060	-	-	180,060
3,076,130	-	-	3,076,130
7,753,532	(7,753,532)	-	-
109,196,733	5,646,465	1,225,828	116,069,026
45,193,056	-	-	45,193,056
2,117,433	-	-	2,117,433
43,075,623	-	-	43,075,623
5,284,654	-	-	5,284,654
2,545,147	-	-	2,545,147
1,113,404	-	-	1,113,404
52,018,828	-	-	52,018,828
57,177,905	5,646,465	1,225,828	64,050,198
2,580,810	-	-	2,580,810
54,597,095	5,646,465	1,225,828	61,469,388
374,415,280	84,281,016	34,143,731	492,840,027
16,181,868	-	-	16,181,868
159,237	-	-	159,237
2,580,810	-	-	2,580,810
18,921,915	-	-	18,921,915
$ 447,934,290	$ 89,927,481	$ 35,369,559	$ 573,231,330

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (3,058,312)	$ 64,050,198
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized Gain on Sale of Investments	(6,697,835)	(19,233,242)
Unrealized (Gain) Loss on Investments	7,543,349	(31,738,816)
Change in Value of Trusts	484,455	(3,746,430)
Contribution of Beneficial Interest in Trusts	(163,651)	-
Depreciation and Amortization	156,072	147,071
Amortization of Discount on Notes Payable with Below-Market Interest Rate	44,192	53,687
Forgiveness of Debt	-	(300,000)
Change in Assets and Liabilities:		
Interest and Dividends Receivable	(25,751)	439,282
Accounts Receivable	52,412	(21,538)
Prepaids	(4,834)	688
Other Assets	(70,567)	(78,049)
Beneficial Interest in Trusts	1,192,198	2,801,765
Accounts Payable and Accrued Liabilities	28,785	131,558
Grants Payable	(1,743,967)	(1,930,631)
Deferred Lease Credits	(74,099)	(74,100)
Charitable Funds Held for the Benefit of Others	(986,696)	(1,964,457)
Net Cash Provided (Used) by Operating Activities	(3,324,249)	8,536,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(164,507)	(44,823)
Increase in Loans Receivable	(2,133,860)	(82,335)
Purchases of Securities	(364,306,428)	(427,207,020)
Proceeds from the Sale of Securities	365,764,853	427,567,553
Net Cash Provided (Used) by Investing Activities	(839,942)	233,375
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Partners Contributions (Withdrawals) to Limited Partnership	(6,949,728)	159,237
Proceeds from Issuance of Notes Payable	2,386,104	725,000
Principal Payments on Notes Payable	(3,372,138)	(392,472)
Net Cash Provided (Used) by Financing Activities	(7,935,762)	491,765
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,099,953)	9,262,126
Cash and Cash Equivalents - Beginning of Year	18,324,461	9,062,335
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,224,508	$ 18,324,461
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Contributions and Pledge Payments of Investment Securities	$ 8,766,718	$ 35,571,467
Interest Paid During the Year	$ 262,995	$ 226,698
Non-Cash Forgiveness of Loan Outstanding	$ -	$ 300,000

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Basis of Presentation

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

Basis of Consolidation

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

The Foundation established an investment partnership and is the general partner of The Minneapolis Foundation Investment Partnership LP. The purpose of the limited partnership is to invest the Foundation's assets. There are some limited nonprofit partners that have chosen to invest portions of their portfolios with the partnership. As a result of inclusion, the limited partner's portion of the limited partnership is disclosed as a minority interest on the consolidated financial statements (see Note 14 for additional information).

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation (Continued)

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

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

Net Asset Classification

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Investment and Spending Policies

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

The spending policy determines the amount of money in a given year that will be distributed from the Foundation's various endowment funds. The spending policy in effect during the year ended March 31, 2012 was to distribute an amount equal to 5.25% of a moving 12 quarter average market value. 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 consolidated financial statements are provided to the Foundation by third parties and are not calculated by the Foundation. These third parties follow GAAP. In accordance with these principles, investments are carried at fair value based on quoted market prices or are recorded at approximate fair value based on financial models of hypothetical transactions. Some valuations may also be determined and approved by the managers or valuation committees of the funds in which the Foundation invests. The fair value assigned to a particular security by the fund does not necessarily reflect the amount that would be realized. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund is accurate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

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

Contributions Receivable

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

Beneficial Interests in Trusts

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interests in Trusts (Continued)

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

Loans Receivable

The loans receivable consist of notes with interest rates ranging from 2% to 10% with maturities through 2022. The Board of Directors of NAF have adopted a loan loss allowance policy. A loan loss allowance is maintained on the statement of financial position that is considered adequate to absorb losses inherent in the loan portfolio. NAF provides an allowance for uncollectible loans using the allowance method as well as a specific identification method. Various loans are secured by business assets.

There are three categories of loans receivable as of March 31, 2012 and 2011:

Working capital / business loan credit is extended to nonprofit organizations for program expansion, short-term bridge loans, cash flow stabilization, and funding growth. These loans are often secured with business assets such as grants receivable or program revenue receivables, sometimes with other business assets such as liens on facilities, but may in some short-term situations be made on an unsecured basis.

Community facilities loan credit is generally extended to nonprofit organizations for building purchase, building repair, or renovation. Most of these loans are secured with first or second position mortgage liens.

Affordable housing loan credit is extended to nonprofit organizations specifically for the acquisition, construction, and/or renovation of single family or multi-family residences. Most of these loans are secured with mortgage liens or other business assets.

Loan credit quality is rated using letter designations from A to G, with A being the highest quality rating and G being the lowest. Each category is differentiated based on evaluation of financial measures, management and governance, collateral, payment history, and likelihood of full repayment. For reporting purposes in footnote 5, ratings A, B, and C are grouped as Pass. Loans rated D are considered Watch. Loans with quality ratings of E and F are considered Substandard. Loans rated G are listed as Doubtful. Interest income is not accrued on loans in the E, F, and G category based on collectability of the interest.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture, Fixtures and Equipment, and Leasehold Improvements

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

Grants Payable

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

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

Notes Payable with Below-Market Interest Rates

Certain notes payable have below-market interest rates that mature at various dates through 2013. The Foundation discounts certain notes payable with below market interest rates with original maturities in excess of one year. The discount is calculated based on the difference between the notes actual rate of interest and the market rates for comparable loans at the notes inception or renewal date. The discount is recorded as temporarily restricted contribution revenue and is amortized using the effective interest rate method over the life of the note. The largest of these notes was repaid in full on March 30, 2012. As a result, the discount on notes payable was $-0- and $44,192 at March 31, 2012 and 2011, 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 $44,192 and $53,687 for the years ended March 31, 2012 and 2011, respectively.

Deferred Lease Credits

The Foundation received a contribution from its landlord over the term of the lease in accordance with its lease agreement. The Foundation received $925,367 for leasehold improvements for its leased office space. This contribution is amortized over the term of the lease. The remaining balance was $262,185 and $336,284 at March 31, 2012 and 2011, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts Due Beneficiaries

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

Charitable Funds Held for the Benefit of Others

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

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

Use of Estimates

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

Tax Exempt Status

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

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the consolidated financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation as a result of the implementation of this standard. The Foundation’s tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2009 through 2011 are open to examination by federal and state authorities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

At March 31, 2012 and 2011, 21% and 58% of the Foundation's contributions were from one donor, respectively.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these instruments. Investments in equity and debt securities and equity mutual funds are carried at fair value based on quoted market prices. Investments in limited partnerships are carried at fair value determined by the partnerships' general partner. Investment collateral and amounts payable under investment loan agreement are reported at fair value based on quoted market prices or valuations provided by the custodian bank. The fair value of grants payable is determined as the present value of expected future cash flows using a discount rate. The fair value of amounts due beneficiaries is determined based on the life expectancy of the beneficiaries and the present value of expected cash flows using a discount rate. The approximate fair value of notes payable was $8,980,000 as of March 31, 2012 which was $554,000 higher than the carrying value. The carrying amount of all other financial instruments approximates fair value.

Fair Value Measurement

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

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

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

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 SIVs).

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

The Foundation also follows an accounting standard that allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value as permitted under this standard. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

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

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

As of March 31, 2012 and 2011, the Foundation owned 244 and 72 contracts with a notional exposure of $20,751,796 and $7,144,317, respectively. The notional exposure is included in the Foundation's investment portfolio. Gains for these futures were $799,585 and $2,384,556 for the years ended March 31, 2012 and 2011, respectively.

NOTE 2 INVESTMENTS

Investments consist of the following at March 31:

	2012	2011
Cash	$ 76,595,235	$ 61,547,648
Large and Mid Cap Domestic Equities and Equity Futures	133,872,204	144,426,151
Small Cap Domestic Equities and Equity Futures	35,705,126	53,891,989
Non-US Equities and Equity Futures	82,617,338	78,805,724
Domestic Fixed Income Obligations and Fixed Income Futures	31,132,119	36,485,182
High Yield Fixed Income Obligations and Fixed Income Futures	16,898,513	17,798,328
Global Fixed Income Obligations and Fixed Income Futures	22,227,754	16,609,764
Real Estate	33,161,085	29,362,589
Long/Short Hedge Funds	22,879,759	20,170,696
Multi-Strategy Hedge Funds	14,266,739	9,384,697
Commodities	20,809,182	24,744,518
Private Equity and Venture Capital	2,222,372	1,496,082
Total Investments	492,387,426	494,723,368
Less: Investments Loaned to Broker	(8,181,796)	(10,161,673)
Total	$ 484,205,630	$ 484,561,695

The Foundation’s investments include certain alternative investments that are invested in funds for which value is not determinable on a daily basis and are held by private companies. These investments are classified based on their nature of the underlying investments. As of March 31, 2012, the Foundation is committed to provide capital related to the alternative investments in the amount of $9,090,000.

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

	2012	2011
Interest and Dividend Income	$ 9,592,434	$ 9,241,244
Realized Gains on Investments	6,697,835	19,233,242
Unrealized Gains (Losses) on Investments	(7,543,349)	31,738,816
Investment Expenses	(2,128,785)	(2,190,027)
Total	$ 6,618,135	$ 58,023,275

NOTE 3 FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis as of March 31, 2012 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities and Equity Futures	$ 133,872,204	$ -	$ -	$ 133,872,204
Small Cap Domestic Equities and Equity Futures	35,705,126	-	-	35,705,126
Non-US Equities and Equity Futures	31,592,110	51,025,228	-	82,617,338
Domestic Fixed Income Obligations and Fixed Income Futures	31,069,462	47,271	15,386	31,132,119
High Yield Fixed Income Obligations and Fixed Income Futures	5,161,608	11,736,905	-	16,898,513
Global Fixed Income Obligations and Fixed Income Futures	2,835,286	19,367,468	-	22,202,754
Real Estate	8,722,162	-	24,336,801	33,058,963
Long/Short Hedge Funds	-	-	22,879,759	22,879,759
Multi-Strategy Hedge Funds	75,558	-	14,191,181	14,266,739
Commodities	2,414,910	18,394,272	-	20,809,182
Private Equity and Venture Capital	-	-	1,395,499	1,395,499
Total Investments	251,448,426	100,571,144	62,818,626	414,838,196
Investment Collateral	-	4,013,710	1,157,939	5,171,649
Beneficial Interest in Trusts	-	-	44,625,836	44,625,836
Total	$ 251,448,426	$ 104,584,854	$ 108,602,401	$ 464,635,681

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

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended March 31, 2012:

	Domestic Fixed Income Obligations	Real Estate	Long/Short Hedge Funds	Multi-Strategy Hedge Funds
Balance as of April 1, 2011	$ 25,027	$ 25,349,417	$ 20,170,696	$ 9,311,215
Additions	-	1,964,084	8,233,808	4,700,000
Net Realized and Unrealized Gains (Losses), Interest and Dividends	(9,641)	1,167,128	277,614	179,966
Withdrawals	-	(4,143,828)	(5,802,359)	-
Change in Value of Trusts	-	-	-	-
Contribution of Beneficial Interest in Trusts	-	-	-	-
Change in Beneficial Interest in Trusts	-	-	-	-
Balance as of March 31, 2012	$ 15,386	$ 24,336,801	$ 22,879,759	$ 14,191,181

	Private Equity and Venture Capital	Investment Collateral	Beneficial Interest in Trusts
Balance as of April 1, 2011	$ 669,209	$ 549,824	$ 45,861,663
Additions	635,000	823,350	-
Net Realized and Unrealized Gains (Losses), Interest and Dividends	121,819	(215,235)	-
Withdrawals	(30,529)	-	-
Change in Value of Trusts	-	-	(43,629)
Contribution of Beneficial Interest in Trusts	-	-	-
Change in Beneficial Interest in Trusts	-	-	(1,192,198)
Balance as of March 31, 2012	$ 1,395,499	$ 1,157,939	$ 44,625,836

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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

NOTE 3 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, 2012:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Non-US Equities	$ 51,025,228	$ -	Monthly	6-15 Days
High Yield Fixed Income Obligations	11,736,905	-	Monthly	30 Days
Global Fixed Income Obligations	19,367,468	-	Monthly	10 Days
Real Estate	18,496,272	4,180,000	N/A	N/A
Real Estate	5,840,529	-	Not Available*	30 Days
Long/Short Hedge Funds	18,159,638	-	Not Available ****	95 Days
Long/Short Hedge Funds	4,720,121	-	Not Available**	60 Days
Multi-Strategy Hedge Funds	14,191,181	-	Not Available***	Not Available***
Commodities	18,394,272	2,100,000	Monthly	30 days
Private Equity and Venture Capital	1,395,499	2,810,000	N/A	N/A

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

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Non US Equities	$ 42,266,305	$ -	Monthly	6-15 Days
Domestic Fixed Income Obligations	7,105,629	-	Monthly	1 Day
High Yield Fixed Income Obligations	11,181,439	-	Monthly	30 Days
Global Fixed Income Obligations	16,584,764	-	Monthly	10 Days
Real Estate	18,622,949	6,984,000	N/A*****	N/A*****
Real Estate	6,726,468	-	Not Available*	30 Days
Long/Short Hedge Funds	10,051,481	-	Not Available ****	95 Days
Long/Short Hedge Funds	10,119,215	-	Not Available**	60 Days
Multi-Strategy Hedge Funds	9,311,215	-	Not Available***	Not Available***
Commodities	22,163,607	-	Monthly	30 Days
Private Equity and Venture Capital	669,209	3,290,000	N/A*****	N/A*****

* Redemption of this fund is quarterly; however, the fund has an imposed definite lock-up.
** The Foundation has an initial lock-up period of three years before funds can be redeemed.
*** The Foundation is not allowed to redeem shares until December 31, 2013.
**** The Foundation is not allowed to redeem shares until fiscal year 2015.
***** Payouts are made when cash becomes available.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

The High Yield Strategy 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 any one holding.

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

Real Estate investments are structured as limited partnerships to accommodate the holding of illiquid real estate investments of various kinds. The Foundation's investments in real estate includes investing both with individual managers who buy and hold real estate investments directly in their respective funds and in a fund of funds format where 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 US. These instruments are typically illiquid until the underlying asset or investment pool enters a distribution or wind down phase.

NOTE 3 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.

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

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

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

NOTE 4 SECURITIES LENDING

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

NOTE 4 SECURITIES LENDING (CONTINUED)

The custodial bank has stated that the prime considerations of the collateral investments are “safety of principal and liquidity requirements,” including “daily liquidity.” Many of the securities in these collateral investments are illiquid, however, which means that there is no active market for them and they cannot be sold at current valuations. In addition, some of the securities in these collateral investments are subject to credit risk, including certain securities that are in receivership.

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

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

At March 31, 2012 and 2011, the Foundation had equity and fixed income securities with fair values of $8,181,796 and $10,161,673 on loan, respectively. The Foundation reflects the collateral received for securities on loan as an asset and its obligation to return the collateral as a liability on its consolidated statements of financial position. An asset of approximately $5,171,649 and $7,305,690 and the related liability representing the obligation to return collateral received of $8,474,066 and $10,590,368 is reflected on the consolidated statements of financial position as of March 31, 2012 and 2011, respectively.

	2012	2011
Investments Loaned to Broker	$ 8,181,796	$ 10,161,673
Investment Collateral	5,171,649	7,305,690

NOTE 5 LOANS RECEIVABLE

Loans receivable at March 31, 2012 and 2011 were comprised of the following:

	2012	2011
Working Capital / Business	$ 5,189,057	$ 5,180,732
Community Facilities	5,997,342	3,732,837
Affordable Housing	837,796	1,026,460
	12,024,195	9,940,029
Allowance for Loan Losses	(816,151)	(865,845)
Loans Receivable, Net	$ 11,208,044	$ 9,074,184

Anticipated principal payments on loans receivable as of March 31, 2012 are as follows:

Year Ending March 31,	Amount
2013	$ 5,808,029
2014 Through 2017	5,953,573
Thereafter	262,593
Total Loans Receivable	12,024,195
Less: Allowance for Uncollectible Loans Receivable	(816,151)
Total	$ 11,208,044

NAF has the following commitments as of March 31, 2012:

Available Letters of Credit, with Maturities through February 2013	$ 104,400
Available Lines of Credit, with Maturities through March 2016	2,682,536
Available Lines of Credit, Charter Schools	4,933,000
Loans Closed but Not Fully Disbursed as of Year-End	450,000
Total Commitments	$ 8,169,936

The following tables present the aging of past due loans by loan segment as of March 31, 2012 and 2011:

As of March 31, 2012	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
Working Capital / Business	$ 4,726,892	$ 203,525	$ -	$ 258,640	$ 5,189,057	$ -
Community Facilities	5,997,342	-	-	-	5,997,342	-
Affordable Housing	837,796	-	-	-	837,796	-
	$ 11,562,030	$ 203,525	$ -	$ 258,640	$ 12,024,195	$ -

NOTE 5 LOANS RECEIVABLE (CONTINUED)

As of March 31, 2011	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
Working Capital / Business	$ 4,579,223	$ -	$ 601,509	$ -	$ 5,180,732	$ -
Community Facilities	3,732,837	-	-	-	3,732,837	-
Affordable Housing	1,026,460	-	-	-	1,026,460	-
	$ 9,338,520	$ -	$ 601,509	$ -	$ 9,940,029	$ -

NAF uses an internal risk rating system to monitor the credit quality of its loan portfolio. At the time of loan approval, each loan is assigned an initial risk classification. Classifications are reviewed at least quarterly during the term of the loan and at any time there is a significant change, positive or negative, in the borrower's operations.

The following tables present the classification of loan quality by type as of March 31, 2012 and 2011 with ratings A, B, and C considered Pass, rating D considered Watch, ratings of E and F are considered Substandard and rating G is considered Doubtful:

As of March 31, 2012	Pass	Watch	Substandard	Doubtful	Total
Working Capital / Business	$ 4,631,025	$ 299,392	$ 258,640	$ -	$ 5,189,057
Community Facilities	5,846,853	150,489	-	-	5,997,342
Affordable Housing	837,796	-	-	-	837,796
	$ 11,315,674	$ 449,881	$ 258,640	$ -	$ 12,024,195
Current	$ 11,249,010	$ 313,020	$ -	$ -	$ 11,562,030
Past Due 31-60 Days	66,664	136,861	-	-	203,525
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	258,640	-	258,640
	$ 11,315,674	$ 449,881	$ 258,640	$ -	$ 12,024,195

As of March 31, 2011	Pass	Watch	Substandard	Doubtful	Total
Working Capital / Business	$ 4,237,554	$ 328,467	$ 607,943	$ 6,768	$ 5,180,732
Community Facilities	3,580,482	152,355	-	-	3,732,837
Affordable Housing	1,026,460	-	-	-	1,026,460
	$ 8,844,496	$ 480,822	$ 607,943	$ 6,768	$ 9,940,029
Current	$ 8,844,497	$ 480,822	$ 13,200	$ -	$ 9,338,519
Past Due 31-60 Days	-	-	-	-	-
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	594,742	6,768	601,510
	$ 8,844,497	$ 480,822	$ 607,942	$ 6,768	$ 9,940,029

Allowance for loan losses: The allowance for loan losses (loan loss reserve) is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loans are charged against the loan loss reserve when management confirms that the principal will not be collected. Subsequent recoveries, if any, are credited to the allowance. No loans were considered impaired at March 31, 2012 and there are no current troubled debt restructurings.

NOTE 5 LOANS RECEIVABLE (CONTINUED)

Activity in the loan loss reserve for the years ended March 31, 2012 and 2011 was as follows:

March 31, 2012	Working Capital Business	Community Facilities	Affordable Housing	Total
Allowance for Loan Losses				
Beginning Balance	$ 623,918	$ 180,854	$ 61,073	$ 865,845
Charge Offs	(401,694)	-	-	(401,694)
Recoveries	-	-	-	-
Provisions	278,735	56,448	16,817	352,000
Ending Balance	$ 500,959	$ 237,302	$ 77,890	$ 816,151
Allowance for Loan Losses				
Ending Balance: Individually Evaluated for Impairment	$ 14,520	$ -	$ -	$ 14,520
Ending Balance: Collectively Evaluated for Impairment	486,439	237,302	77,890	801,631
	$ 500,959	$ 237,302	$ 77,890	$ 816,151
Financing Receivables				
Ending Balance: Individually Evaluated for Impairment	$ 258,640	$ -	$ -	$ 258,640
Ending Balance: Collectively Evaluated for Impairment	4,930,417	5,997,342	837,796	11,765,555
	$ 5,189,057	$ 5,997,342	$ 837,796	$ 12,024,195

NOTE 5 LOANS RECEIVABLE (CONTINUED)

March 31, 2011	Working Capital Business	Community Facilities	Affordable Housing	Total
Allowance for Loan Losses				
Beginning Balance	$ 512,122	$ 116,213	$ 43,339	$ 671,674
Charge Offs	(35,426)	(159,675)	(12,729)	(207,830)
Recoveries	-	-	-	-
Provisions	147,222	224,316	30,463	402,001
Ending Balance	$ 623,918	$ 180,854	$ 61,073	$ 865,845
Allowance for Loan Losses				
Ending Balance: Individually Evaluated for Impairment	$ 152,352	$ -	$ -	$ 152,352
Ending Balance: Collectively Evaluated for Impairment	471,566	180,854	61,073	713,493
	$ 623,918	$ 180,854	$ 61,073	$ 865,845
Financing Receivables				
Ending Balance: Individually Evaluated for Impairment	$ 614,710	$ -	$ -	$ 614,710
Ending Balance: Collectively Evaluated for Impairment	4,566,022	3,732,837	1,026,460	9,325,319
	$ 5,180,732	$ 3,732,837	$ 1,026,460	$ 9,940,029

NOTE 6 NOTES RECEIVABLE

The Foundation received a contribution of three separate note receivables each in the amount of $16,000,000 during 2009. Each note accrues interest at 4.45% and is payable in interest only payments of $712,000 payable on December 19, 2009 through December 19, 2013. Beginning December 19, 2014 through maturity of December 19, 2023, payments of interest and principal will be made in the amount of $2,017,093. 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, 2012, there were no past due amounts and an allowance was not warranted.

NOTE 7 NOTES PAYABLE

Notes payable consist of loans with stated interest from 0% to 4.50%, maturing through 2022. Principal payments on notes payable are as follows:

Year Ending March 31,	Amount
2013	$ 694,143
2014	2,525,560
2015	2,626,076
2016	150,912
2017	18,772
Thereafter	2,410,376
Total	$ 8,425,839

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

NOTE 8 LINES OF CREDIT

NAF has various revolving lines of credit and other sources of capital not yet drawn that are available for lending to nonprofit organizations. These lines are unsecured. There were no outstanding borrowings as of March 31, 2012 and 2011.

Lines of Credit	Interest Rate	Amount
Calvert Foundation	4.50%	$ 500,000
GE Money Bank	LIBOR Plus 3.95%	500,000
The Minneapolis Foundation (TMF)	TMF Cash Rate Plus 0.25%	2,000,000
Minnesota Bank & Trust	3.25%	500,000
Park Midway Bank	3.25%	500,000
Private Bank	2.00%	100,000
Robins, Kaplin, Miller & Ciresi Foundation	2.00%	650,000
TCF Bank	3.25%	500,000
Western Bank	3.25%	500,000
Subtotal Lines of Credit		5,750,000
Other Capital Available but not Drawn		
Neighborhood Revitalization Program - CIDNA	1.50%	84,875
Neighborhood Revitalization Program - East Isles	1.50%	70,422
Subtotal Other Capital Available		155,297
Total Lines of Credit and Other Capital		$ 5,905,297

NOTE 9 GRANTS PAYABLE

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

Year	2012	2011
2012	$ -	$ 2,601,194
2013	1,286,071	678,833
2014	367,583	269,000
2015	273,250	211,000
2016	240,000	206,000
2017	200,000	200,000
2018	200,000	200,000
Subtotal	2,566,904	4,366,027
Discount (5%)	(154,341)	(209,497)
Total	$ 2,412,563	$ 4,156,530

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2012	2011
Temporarily Restricted:		
Restricted for Programs	$ 45,981,609	$ 48,304,385
Split-Interest Agreements	40,689,027	41,623,096
Total Temporarily Restricted	$ 86,670,636	$ 89,927,481
Permanently Restricted:		
Permanent Endowment	$ 20,252,842	$ 20,252,842
Beneficial Interest in Perpetual Trusts	14,463,084	15,116,717
Total Permanently Restricted	$ 34,715,926	$ 35,369,559

NOTE 11 ENDOWMENT

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

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Designated Endowment Funds	$ -	$ 14,464,383	$ 20,252,842	$ 34,717,225
Other Endowment Funds	191,439,405	-	-	191,439,405
Total Endowment Funds	$ 191,439,405	$ 14,464,383	$ 20,252,842	$ 226,156,630

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

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

From time to time, the fair value of assets associated with individual donor designated endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $-0- and $2,370 as of March 31, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations in the endowment fund’s investments and continued appropriations that were deemed prudent by the board of trustees.

NOTE 11 ENDOWMENT (CONTINUED)

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

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 185,283,214	$ 15,476,699	$ 20,252,842	$ 221,012,755
Contributions	6,732,854	11,170	-	6,744,024
Investment Income, Net	4,351,697	565,413	-	4,917,110
Amounts Appropriated for Expenditure	(4,925,990)	(1,591,269)	-	(6,517,259)
Transfer of Earnings	(2,370)	2,370	-	-
Endowment Fund Balance, March 31, 2012	$ 191,439,405	$ 14,464,383	$ 20,252,842	$ 226,156,630

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

NOTE 12 OPERATING LEASE

The Foundation has operating leases for office space and equipment. Annual rentals under the office space leases expiring September 30, 2015 and February 28, 2017 include the base rent plus a proportionate share of the actual operating costs of the building as specified in the lease agreement. Annual rentals under the equipment leases for copiers and postage meters expire in various years through 2014. Total rentals paid during fiscal years 2012 and 2011 were $398,975 and $379,908, respectively.

NOTE 12 OPERATING LEASE (CONTINUED)

Future minimum lease payments at March 31 are as follows:

Year Ending March 31,	Amount
2013	$ 386,026
2014	379,464
2015	369,711
2016	211,430
2017	48,581
Total Future Minimum Lease Payments	$ 1,395,212

NOTE 13 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 2012 and 2011, the discretionary contribution percentage was 8% of employees' compensation, respectively. Retirement plan expense was $243,369 and $263,323 for the years ended March 31, 2012 and 2011, respectively.

NOTE 14 NONCONTROLLING INTEREST

The Minneapolis Foundation is a general partner of The Minneapolis Foundation Investment Partnership LP. As a result, the Foundation holds control of the partnership activities and an economic interest (96% and 95% of the investment in the partnership at March 31, 2012 and 2011), and under GAAP, consolidation is required. The purpose of this partnership is to invest the Foundation's funds as well as other limited partners. As a result of this consolidation, all activity of the partnership has been reflected in the consolidated financial statements. Subsequent to year-end, the Foundation has adopted a plan of liquidation of the partnership.

The noncontrolling interest activity during the year is as follows:

	2012	2011
Beginning Balance	$ 18,921,915	$ 16,181,868
Net Partners Contributions (Withdrawals)	(6,949,728)	159,237
Investment Gains (Losses), Net	(298,680)	2,580,810
Ending Balance	$ 11,673,507	$ 18,921,915

NOTE 15 RELATED-PARTY TRANSACTIONS

NAF reimburses TMF for salaries and benefits of its employees under an employer-services agreement. During the years ended March 31, 2012 and 2011, NAF paid $722,214 and $702,573, respectively, for these services. As of March 31, 2012 and 2011, NAF owes TMF $60,228 and $56,177, respectively, for these services. TMF also provides NAF with administrative services. During fiscal years 2012 and 2011, NAF paid $12,000 as an administrative fee for these services.

TMF provides RKMC with administrative and staff services. During fiscal years 2012 and 2011, RKMC paid $236,472 and $240,800, respectively, as an administrative fee for these services. RKMC also approved a grant to TMF in the amount of $100,000 and $145,000, to support educational initiatives and Minnesota Meeting, during fiscal years 2012 and 2011, respectively.

TMF and RKMC entered into promissory note agreements with NAF during 2012 for purposes of extending loans to local nonprofit organizations. TMF entered into two notes with NAF for a maximum amount of $750,000 and $1,000,000. The due dates of the notes are June 30, 2014 and January 1, 2017. The notes bear interest at a rate of 0% and 2.0%. As of March 31, 2012, $750,000 and $1,000,000 were outstanding on these notes.

RKMC’s note with NAF, also to extend a loan to a local nonprofit organization, was approved for a maximum amount of $650,000. The due date of the note is August 31, 2012 and it bears interest at a rate of 2.0%. As of March 31, 2012, no funds had been advanced against the note. Subsequent to year-end, the maximum amount of this note of $650,000 was advanced to Nonprofits Assistance Fund from RKMC.

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

NOTE 16 SUBSEQUENT EVENTS

Wells Fargo Bank Litigation

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

NOTE 16 SUBSEQUENT EVENTS (CONTINUED)

Wells Fargo Bank Litigation (Continued)

On July 14, 2011, Wells Fargo filed an appeal with the Minnesota Court of Appeals. On April 16, 2012, the Court of Appeals affirmed the trial court decision.

On May 16, 2012, Wells Fargo filed a Petition for Review of Decision of Court of Appeals to the Minnesota Supreme Court and on June 27, 2012, the Minnesota Supreme Court denied Wells Fargo's petition. By July 3, 2012, funds were received by both Foundations and legal fees were paid to the law firm Robins, Kaplan, Miller & Ciresi LLP, who were retained on a contingency fee basis.

Amounts will be recorded in the financial statements for the next fiscal year.

The Foundation has evaluated events and transactions for potential recognition or disclosure in these consolidated financial statements through August 29, 2012, the date the consolidated financial statements were available to be issued.

NOTE 17 CONTINGENCIES

Petters Litigation

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

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

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

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
The Minneapolis Foundation
Minneapolis, Minnesota

We have audited the consolidated financial statement of The Minneapolis Foundation and Supporting Organizations as of March 31, 2012 and 2011 and our report thereon dated August 29, 2012, which expressed an unqualified on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on those consolidated financial statements as a whole. The consolidating statements of financial position and activity for the years ended March 31, 2012 and 2011 are presented for purposed of additional analysis and are 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 29, 2012

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION
MARCH 31, 2012
(UNAUDITED)

	TMF	NAF	RKMC	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	$ 2,297,368	$ 3,635,283	$ 291,857	$ -	$ 6,224,508
Interest and Dividends Receivable	972,831	66,464	19,270	-	1,058,565
Accounts Receivable	105,245	25,886	-	(60,228)	70,903
Prepaids	1,774	16,977	-	-	18,751
Investments	456,962,236	1,727,686	25,515,708	-	484,205,630
Investments Loaned to Broker	8,181,796	-	-	-	8,181,796
Investment Collateral	5,171,649	-	-	-	5,171,649
Other Assets	535,225	-	-	-	535,225
Loans Receivable, Net	-	11,208,044	-	-	11,208,044
Notes Receivable	49,750,000	-	-	(1,750,000)	48,000,000
Beneficial Interest in Trusts	44,625,836	-	-	-	44,625,836
Furniture, Fixtures and Equipment (Less Accumulated Depreciation)	406,728	77,204	-	-	483,932
Total Assets	$ 569,010,688	$ 16,757,544	$ 25,826,835	$ (1,810,228)	$ 609,784,839
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ 902,297	$ 195,620	$ 1,450	$ (60,228)	$ 1,039,139
Grants Payable	2,075,063	-	337,500	-	2,412,563
Notes Payable	-	10,175,839	-	(1,750,000)	8,425,839
Deferred Lease Credits	262,185	-	-	-	262,185
Amounts Due Beneficiaries	9,929,393	-	-	-	9,929,393
Charitable Funds Held for the Benefit of Others	16,018,364	-	-	-	16,018,364
Payable Under Investment Loan Agreement	8,474,066	-	-	-	8,474,066
Total Liabilities	37,661,368	10,371,459	338,950	(1,810,228)	46,561,549
Net Assets:					
Unrestricted:					
Undesignated	424,254,631	5,908,590	-	-	430,163,221
Noncontrolling Interests (Note 14)	11,673,507	-	-	-	11,673,507
Total Unrestricted	435,928,138	5,908,590	-	-	441,836,728
Temporarily Restricted	60,705,256	477,495	25,487,885	-	86,670,636
Permanently Restricted	34,715,926	-	-	-	34,715,926
Total Net Assets	531,349,320	6,386,085	25,487,885	-	563,223,290
Total Liabilities and Net Assets	$ 569,010,688	$ 16,757,544	$ 25,826,835	$ (1,810,228)	$ 609,784,839

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

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

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITY
YEAR ENDED MARCH 31, 2012
(UNAUDITED)

	TMF			NAF		RKMC			Consolidated		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted *	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted
REVENUES, GAINS AND OTHER SUPPORT											
Total Amount Raised	$ 37,544,674	$ 185,820	$ -	$ 2,146	$ 1,620,000	$ -	$ -	$ (150,000)	$ 37,396,820	$ 1,805,820	$ -
Less: Amounts Received for Benefits of Others	718,419	-	-	-	-	-	-	-	718,419	-	-
Contributions	36,826,255	185,820	-	2,146	1,620,000	-	-	(150,000)	36,678,401	1,805,820	-
Total Investment Income, Net	5,976,072	801,675	-	21,252	-	-	(62,484)	-	5,997,324	739,191	-
Less: Investment from Charitable Funds Held for Benefit of Others	118,380	-	-	-	-	-	-	-	118,380	-	-
Investment Income, Net	5,857,692	801,675	-	21,252	-	-	(62,484)	-	5,878,944	739,191	-
Change in Value of Trusts	(11,142)	180,320	(653,633)	-	-	-	-	-	(11,142)	180,320	(653,633)
Administrative Service Revenue from Agency Funds	354,398	-	-	-	-	-	-	(248,471)	105,927	-	-
Note Receivable Interest and Other Income	2,301,178	-	-	981,897	-	-	-	-	3,283,075	-	-
Net Assets Released from Restrictions	3,277,517	(3,277,517)	-	1,448,576	(1,448,576)	1,256,083	(1,256,083)	-	5,982,176	(5,982,176)	-
Total Revenues, Gains and Other Support	48,605,898	(2,109,702)	(653,633)	2,453,871	171,424	1,256,083	(1,318,567)	(398,471)	51,917,381	(3,256,845)	(653,633)
EXPENSES											
Program Services:											
Total Grants	41,903,917	-	-	-	-	970,000	-	(150,000)	42,723,917	-	-
Less: Grants Made for Benefit of Charitable Funds Held	1,593,476	-	-	-	-	-	-	-	1,593,476	-	-
Grants	40,310,441	-	-	-	-	970,000	-	(150,000)	41,130,441	-	-
Program Service Expense	4,502,856	-	-	1,486,434	-	178,519	-	(144,248)	6,023,561	-	-
Support Services:											
Management and General Administrative Expense	2,847,499	-	-	175,099	-	107,564	-	(104,223)	3,025,939	-	-
Fund Raising	870,122	-	-	15,152	-	-	-	-	885,274	-	-
Total Expenses	48,530,918	-	-	1,676,685	-	1,256,083	-	(398,471)	51,065,215	-	-
CHANGE IN NET ASSETS	74,980	(2,109,702)	(653,633)	777,186	171,424	-	(1,318,567)	-	852,166	(3,256,845)	(653,633)
Less: Gains (Losses) on Noncontrolling Interests, Net	(298,680)	-	-	-	-	-	-	-	(298,680)	-	-
CHANGE IN NET ASSETS AFTER ADJUSTMENTS	373,660	(2,109,702)	(653,633)	777,186	171,424	-	(1,318,567)	-	1,150,846	(3,256,845)	(653,633)
Net Assets - Beginning of Year	423,880,971	62,814,958	35,369,559	5,131,404	306,071	-	26,806,452	-	429,012,375	89,927,481	35,369,559
Beginning Noncontrolling Interests (Note 14)	18,921,915	-	-	-	-	-	-	-	18,921,915	-	-
Add: Net Partners Contributions (Withdrawals)	(6,949,728)	-	-	-	-	-	-	-	(6,949,728)	-	-
Add: Gains (Losses) on Noncontrolling Interests, Net	(298,680)	-	-	-	-	-	-	-	(298,680)	-	-
Total Noncontrolling Interests	11,673,507	-	-	-	-	-	-	-	11,673,507	-	-
NET ASSETS - END OF YEAR	$ 435,928,138	$ 60,705,256	$ 34,715,926	$ 5,908,590	$ 477,495	$ -	$ 25,487,885	$ -	$ 441,836,728	$ 86,670,636	$ 34,715,926

* 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, 2011
(UNAUDITED)

	TMF			NAF		RKMC			Consolidated		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted *	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted
REVENUES, GAINS AND OTHER SUPPORT											
Total Amount Raised	$ 50,130,232	$ 4,477	$ -	$ 308,030	$ 1,049,439	$ -	$ -	$ (185,000)	$ 50,253,262	$ 1,053,916	$ -
Less: Amounts Received for Benefits of Others	264,047	-	-	-	-	-	-	-	264,047	-	-
Contributions	49,866,185	4,477	-	308,030	1,049,439	-	-	(185,000)	49,989,215	1,053,916	-
Total Investment Income, Net	50,101,994	5,470,671	-	32,726	-	-	4,201,770	-	50,134,720	9,672,441	-
Less: Investment from Charitable Funds Held for Benefit of Others	1,783,886	-	-	-	-	-	-	-	1,783,886	-	-
Investment Income, Net	48,318,108	5,470,671	-	32,726	-	-	4,201,770	-	48,350,834	9,672,441	-
Change in Value of Trusts	(153,038)	2,673,640	1,225,828	-	-	-	-	-	(153,038)	2,673,640	1,225,828
Administrative Service Revenue from Agency Funds	432,882	-	-	-	-	-	-	(252,822)	180,060	-	-
Note Receivable Interest and Other Income	2,257,431	-	-	818,699	-	-	-	-	3,076,130	-	-
Net Assets Released from Restrictions	4,998,789	(4,998,789)	-	1,108,544	(1,108,544)	1,646,199	(1,646,199)	-	7,753,532	(7,753,532)	-
Total Revenues, Gains and Other Support	105,720,357	3,149,999	1,225,828	2,267,999	(59,105)	1,646,199	2,555,571	(437,822)	109,196,733	5,646,465	1,225,828
EXPENSES											
Program Services:											
Total Grants	44,018,056	-	-	-	-	1,360,000	-	(185,000)	45,193,056	-	-
Less: Grants Made for Benefit of Charitable Funds Held	2,117,433	-	-	-	-	-	-	-	2,117,433	-	-
Grants	41,900,623	-	-	-	-	1,360,000	-	(185,000)	43,075,623	-	-
Program Service Expense	3,808,984	-	-	1,475,669	-	146,902	-	(146,901)	5,284,654	-	-
Support Services:											
Management and General Administrative Expense	2,370,383	-	-	141,388	-	139,297	-	(105,921)	2,545,147	-	-
Fund Raising	1,100,662	-	-	12,742	-	-	-	-	1,113,404	-	-
Total Expenses	49,180,652	-	-	1,629,799	-	1,646,199	-	(437,822)	52,018,828	-	-
CHANGE IN NET ASSETS	56,539,705	3,149,999	1,225,828	638,200	(59,105)	-	2,555,571	-	57,177,905	5,646,465	1,225,828
Less: Gains (Losses) on Noncontrolling Interests, Net	2,580,810	-	-	-	-	-	-	-	2,580,810	-	-
CHANGE IN NET ASSETS AFTER ADJUSTMENTS	53,958,895	3,149,999	1,225,828	638,200	(59,105)	-	2,555,571	-	54,597,095	5,646,465	1,225,828
Net Assets - Beginning of Year	369,922,076	59,664,959	34,143,731	4,493,204	365,176	-	24,250,881	-	374,415,280	84,281,016	34,143,731
Beginning Noncontrolling Interests (Note 14)	16,181,868	-	-	-	-	-	-	-	16,181,868	-	-
Add: Net Partners Contributions (Withdrawals)	159,237	-	-	-	-	-	-	-	159,237	-	-
Add: Gains (Losses) on Noncontrolling Interests, Net	2,580,810	-	-	-	-	-	-	-	2,580,810	-	-
Total Noncontrolling Interests	18,921,915	-	-	-	-	-	-	-	18,921,915	-	-
NET ASSETS - END OF YEAR	$ 442,802,886	$ 62,814,958	$ 35,369,559	$ 5,131,404	$ 306,071	$ -	$ 26,806,452	$ -	$ 447,934,290	$ 89,927,481	$ 35,369,559

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