THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2013 AND 2012

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
TABLE OF CONTENTS
YEARS ENDED MARCH 31, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Minneapolis Foundation
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of The Minneapolis Foundation (a nonprofit organization) and Supporting Organizations, which comprise the consolidated statements of financial position as of March 31, 2013 and 2012, and the related consolidated statements of activity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
The Minneapolis Foundation

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Minneapolis Foundation and Supporting Organizations as of March 31, 2013 and 2012, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules for the statement of financial position and consolidating schedules for the statement of activity, which are the responsibility of management, are presented for purposes 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 audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 29, 2013

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and Cash Equivalents	$ 16,282,222	$ 6,224,508
Interest and Dividends Receivable	1,033,112	1,058,565
Accounts Receivable	119,610	70,903
Prepaids	30,596	18,751
Investments	510,928,670	484,205,630
Investments Loaned to Broker	-	8,181,796
Investment Collateral	-	5,171,649
Other Assets	643,011	535,225
Loans Receivable, Net	9,921,081	11,208,044
Notes Receivable	48,000,000	48,000,000
Beneficial Interest in Trusts	43,697,448	44,625,836
Furniture, Fixtures, Equipment, and Leasehold Improvements (Less Accumulated Depreciation of $2,734,332 and $2,826,605 as of March 31, 2013 and 2012, Respectively)	417,756	483,932
Total Assets	$ 631,073,506	$ 609,784,839
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 807,935	$ 1,039,139
Grants Payable	3,597,412	2,412,563
Notes Payable	8,219,949	8,425,839
Deferred Lease Credits	188,085	262,185
Amounts Due Beneficiaries	9,401,360	9,929,393
Charitable Funds Held for the Benefit of Others	18,714,538	16,018,364
Payable Under Investment Loan Agreement	-	8,474,066
Total Liabilities	40,929,279	46,561,549
Net Assets:		
Unrestricted:		
Undesignated	460,757,117	430,163,221
Noncontrolling Interests (Note 14)	-	11,673,507
Total Unrestricted	460,757,117	441,836,728
Temporarily Restricted	94,315,780	86,670,636
Permanently Restricted	35,071,330	34,715,926
Total Net Assets	590,144,227	563,223,290
Total Liabilities and Net Assets	$ 631,073,506	$ 609,784,839

See accompanying Notes to Consolidated Financial Statements.

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED MARCH 31, 2013 AND 2012

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Total Amount Raised	$ 35,995,369	$ 2,208,640	$ -	$ 38,204,009
Less: Amounts Received for Benefits of Others	2,494,002	-	-	2,494,002
Contributions	33,501,367	2,208,640	-	35,710,007
Total Investment Income, Net	37,790,716	6,885,506	-	44,676,222
Less: Investment Income from Charitable Funds Held for Benefit of Others	1,656,355	-	-	1,656,355
Investment Income, Net	36,134,361	6,885,506	-	43,019,867
Change in Value of Trusts	(3,408)	760,604	355,404	1,112,600
Administrative Service Revenue from Agency Funds	120,061	-	-	120,061
Note Receivable Interest and Other Income	3,330,174	3,694	-	3,333,868
Net Assets Released from Restrictions	7,953,791	(7,953,791)	-	-
Total Revenues, Gains and Other Support	81,036,346	1,904,653	355,404	83,296,403
EXPENSES				
Program Services:				
Total Grants	52,591,314	-	-	52,591,314
Less: Grants Made for Benefit of Charitable Funds Held	1,333,603	-	-	1,333,603
Grants	51,257,711	-	-	51,257,711
Program Service Expense	4,880,035	-	-	4,880,035
Support Services:				
Management and General Administrative Expense	2,867,506	-	-	2,867,506
Fund Raising	854,509	-	-	854,509
Total Expenses	59,859,761	-	-	59,859,761
OPERATING CHANGE IN NET ASSETS	21,176,585	1,904,653	355,404	23,436,642
Less: Gains (Losses) on Noncontrolling Interests, Net	(29,003)	-	-	(29,003)
OPERATING CHANGE IN NET ASSETS AFTER ADJUSTMENTS	21,205,588	1,904,653	355,404	23,465,645
NONOPERATING CHANGE IN NET ASSETS				
Litigation Proceeds	9,388,308	5,740,491	-	15,128,799
TOTAL CHANGE IN NET ASSETS	30,593,896	7,645,144	355,404	38,594,444
Net Assets - Beginning of Year	430,163,221	86,670,636	34,715,926	551,549,783
Beginning Noncontrolling Interests (Note 14)	11,673,507	-	-	11,673,507
Add: Net Partners Contributions (Withdrawals)	(11,644,504)	-	-	(11,644,504)
Add: Losses on Noncontrolling Interests, Net	(29,003)	-	-	(29,003)
Total Noncontrolling Interests	-	-	-	-
NET ASSETS - END OF YEAR	$ 460,757,117	$ 94,315,780	$ 35,071,330	$ 590,144,227

See accompanying Notes to Consolidated Financial Statements.

2012			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 37,396,820	$ 1,805,820	$ -	$ 39,202,640
718,419	-	-	718,419
36,678,401	1,805,820	-	38,484,221
5,997,324	739,191	-	6,736,515
118,380	-	-	118,380
5,878,944	739,191	-	6,618,135
(11,142)	180,320	(653,633)	(484,455)
105,927	-	-	105,927
3,283,075	-	-	3,283,075
5,982,176	(5,982,176)	-	-
51,917,381	(3,256,845)	(653,633)	48,006,903
42,723,917	-	-	42,723,917
1,593,476	-	-	1,593,476
41,130,441	-	-	41,130,441
6,023,561	-	-	6,023,561
3,025,939	-	-	3,025,939
885,274	-	-	885,274
51,065,215	-	-	51,065,215
852,166	(3,256,845)	(653,633)	(3,058,312)
(298,680)	-	-	(298,680)
1,150,846	(3,256,845)	(653,633)	(2,759,632)
-	-	-	-
1,150,846	(3,256,845)	(653,633)	(2,759,632)
429,012,375	89,927,481	35,369,559	554,309,415
18,921,915	-	-	18,921,915
(6,949,728)	-	-	(6,949,728)
(298,680)	-	-	(298,680)
11,673,507	-	-	11,673,507
$ 441,836,728	$ 86,670,636	$ 34,715,926	$ 563,223,290

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 38,565,441	$ (3,058,312)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Contributions and Pledge Payments of Investment Securities	(23,104,195)	(8,766,718)
Net Realized Gain on Sale of Investments	(12,989,588)	(6,697,835)
Unrealized (Gain) Loss on Investments	(23,706,093)	7,543,349
Loss on Sale of Furniture, Fixtures, and Equipment	7,890	-
Change in Value of Trusts	(1,112,600)	484,455
Contribution of Beneficial Interest in Trusts	(34,835)	(163,651)
Depreciation and Amortization	188,698	156,072
Amortization of Discount on Notes Payable with Below-Market Interest Rate	-	44,192
Change in Assets and Liabilities:		
Interest and Dividends Receivable	25,453	(25,751)
Accounts Receivable	(48,707)	52,412
Prepaids	(11,845)	(4,834)
Other Assets	(107,786)	(70,567)
Beneficial Interest in Trusts	1,168,450	1,192,198
Accounts Payable and Accrued Liabilities	(231,204)	28,785
Grants Payable	1,184,849	(1,743,967)
Deferred Lease Credits	(74,100)	(74,099)
Charitable Funds Held for the Benefit of Others	1,039,819	(986,696)
Net Cash Used by Operating Activities	(19,240,353)	(12,090,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(130,412)	(164,507)
Increase in Loans Receivable	1,286,963	(2,133,860)
Cash Paid to Recover Collateral Losses	(4,972,257)	-
Purchases of Securities	(138,232,166)	(355,539,710)
Proceeds from the Sale of Securities	183,597,939	365,764,853
Net Cash Provided by Investing Activities	41,550,067	7,926,776
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Amounts Due Beneficiaries	(401,606)	-
Net Partners Contributions (Withdrawals) to Limited Partnership	(11,644,504)	(6,949,728)
Proceeds from Issuance of Notes Payable	5,856,131	2,386,104
Principal Payments on Notes Payable	(6,062,021)	(3,372,138)
Net Cash Used by Financing Activities	(12,252,000)	(7,935,762)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,057,714	(12,099,953)
Cash and Cash Equivalents - Beginning of Year	6,224,508	18,324,461
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 16,282,222	$ 6,224,508
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Contributions and Pledge Payments of Investment Securities	$ 23,104,195	$ 8,766,718
Interest Paid During the Year	$ 272,234	$ 262,995

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 education, economic vitality, civic engagement, arts and culture, and health and the environment. 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 was the general partner of The Minneapolis Foundation Investment Partnership LP. The purpose of the limited partnership was to invest the Foundation’s assets. There were some limited nonprofit partners that had 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). The Foundation chose to dissolve the investment partnership during the year ended March 31, 2013. The limited partners chose to either be paid their capital balance or to be converted to designated agency funds.

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 build financially healthy nonprofits that foster community vitality in Minnesota and neighboring 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% 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. During the year ended March 31, 2013, for endowed community action and field of interest funds, the Foundation set the baseline dollar amount for an inflation-adjusted spending policy. As such, the spending policy for the year ended March 31, 2013 was 5% of foundation-endowed assets. For the year ended March 31, 2014, this dollar amount will be adjusted by inflation (with a band such that it does not exceed 6% of assets or fall below 2% of 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 (NAF)

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 consolidated statements 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable (Continued)

There are three categories of loans receivable as of March 31, 2013 and 2012:

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 Note 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Payable with Below-Market Interest Rates (NAF)

After evaluation, it was determined that there is no material difference between prevailing community development finance market rates and the stated rate of any loans, notes payable, or other liabilities in NAF's portfolio. Correspondingly, there is no discount on notes payable stated at March 31, 2013 and 2012.

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 $188,085 and $262,185 at March 31, 2013 and 2012, respectively.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 with the tax returns for the years 2010 through 2012 being open to examination by federal and state authorities.

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

Concentrations

During the year ended March 31, 2013, 31% of the Foundation's contributions were from two donors. During the year ended March 31, 2012, 21% of the Foundation's contributions were from one donor.

Nonoperating Activities

Nonoperating activities include proceeds from litigation.

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 approximate fair value of notes receivable and loans receivable was $47,594,000 as of March 31, 2013, which was approximately $11,274,000 lower than the carrying value. 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 $8,342,000 as of March 31, 2013 which was $122,000 higher than the carrying value. The carrying amount of all other financial instruments approximates fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

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

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

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

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

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 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 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.

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, 2013 and 2012, the Foundation owned 98 and 244 contracts with a notional exposure of $9,358,551 and $20,751,796, respectively. The notional exposure is included in the Foundation's investment portfolio. Gains for these futures were $649,093 and $799,585 for the years ended March 31, 2013 and 2012, respectively.

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in these financial statements through August 29, 2013, the date the consolidated financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments consist of the following at March 31:

	2013	2012
Cash	$ 35,629,332	$ 76,595,235
Large and Mid Cap Domestic Equities and Equity Futures	165,660,937	133,872,204
Small Cap Domestic Equities and Equity Futures	38,291,996	35,705,126
Non-US Equities and Equity Futures	91,176,301	82,617,338
Domestic Fixed Income Obligations and Fixed Income Futures	54,710,254	31,132,119
High Yield Fixed Income Obligations and Fixed Income Futures	16,233,528	16,898,513
Global Fixed Income Obligations and Fixed Income Futures	21,072,424	22,227,754
Real Estate	30,980,201	33,161,085
Long/Short Hedge Funds	16,706,455	22,879,759
Multi-Strategy Hedge Funds	15,251,795	14,266,739
Commodities	21,067,038	20,809,182
Private Equity and Venture Capital	4,148,409	2,222,372
Total Investments	510,928,670	492,387,426
Less: Investments Loaned to Broker	-	(8,181,796)
Total	$ 510,928,670	$ 484,205,630

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. As of March 31, 2013, the Foundation is committed to provide capital related to the alternative investments in the amount of $14,932,388.

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

	2013	2012
Interest and Dividend Income	$ 8,740,194	$ 9,592,434
Realized Gains on Investments	12,989,588	6,697,835
Unrealized Gains (Losses) on Investments	23,706,093	(7,543,349)
Investment Expenses	(2,416,008)	(2,128,785)
Total	$ 43,019,867	$ 6,618,135

NOTE 3 FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis as of March 31, 2013 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities and Equity Futures	$ 165,660,937	$ -	$ -	$ 165,660,937
Small Cap Domestic Equities and Equity Futures	38,291,996	-	-	38,291,996
Non-US Equities and Equity Futures	35,830,233	55,346,068	-	91,176,301
Domestic Fixed Income Obligations and Fixed Income Futures	54,649,236	41,992	19,026	54,710,254
High Yield Fixed Income Obligations and Fixed Income Futures	1,420,233	14,813,295	-	16,233,528
Global Fixed Income Obligations and Fixed Income Futures	2,121,624	18,950,800	-	21,072,424
Real Estate	9,367,253	-	21,510,826	30,878,079
Long/Short Hedge Funds	-	5,035,100	11,671,355	16,706,455
Multi-Strategy Hedge Funds	95,943	-	15,155,852	15,251,795
Commodities	3,455,272	17,350,921	260,845	21,067,038
Private Equity and Venture Capital	-	-	3,994,769	3,994,769
Total Investments	310,892,727	111,538,176	52,612,673	475,043,576
Beneficial Interest in Trusts	-	-	43,697,448	43,697,448
Total	$ 310,892,727	$ 111,538,176	$ 96,310,121	$ 518,741,024

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

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, 2013:

	Domestic Fixed Income Obligations	Real Estate	Long/Short Hedge Funds	Multi-Strategy Hedge Funds
Balance as of April 1, 2012	$ 15,386	$ 24,336,801	$ 22,879,759	$ 14,191,181
Additions	-	36,000	500,000	-
Transfer to Level 2	-	-	(4,720,121)	-
Net Realized and Unrealized Gains (Losses), Interest and Dividends	3,640	1,114,187	912,271	964,671
Withdrawals	-	(3,976,162)	(7,900,554)	-
Change in Value of Trusts	-	-	-	-
Change in Beneficial Interest in Trusts	-	-	-	-
Balance as of March 31, 2013	$ 19,026	$ 21,510,826	$ 11,671,355	$ 15,155,852

	Commodities	Private Equity and Venture Capital	Investment Collateral	Beneficial Interest in Trusts
Balance as of April 1, 2012	$ -	$ 1,395,499	$ 1,157,939	$ 44,625,836
Additions	314,279	2,854,068	-	-
Transfer to Level 2	(53,434)	-	-	-
Net Realized and Unrealized Gains (Losses), Interest and Dividends	-	3,229	127,373	-
Withdrawals	-	(258,027)	(1,285,312)	-
Change in Value of Trusts	-	-	-	240,062
Change in Beneficial Interest in Trusts	-	-	-	(1,168,450)
Balance as of March 31, 2013	$ 260,845	$ 3,994,769	$ -	$ 43,697,448

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)

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of March 31, 2013:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Non-US Equities	$ 55,346,068	$ -	Monthly	5-30 Days
High Yield Fixed Income Obligations	14,813,295	-	Monthly	30 Days
Global Fixed Income Obligations	18,950,800	-	Monthly	10 Days
Real Estate	18,219,262	3,399,600	N/A	N/A
Real Estate	3,291,564	-	Not Available*	30 Days
Long/Short Hedge Funds	11,671,355	-	Not Available ****	95 Days
Long/Short Hedge Funds	5,035,100	-	Quarterly	45 Days
Multi-Strategy Hedge Funds	15,155,852	-	Not Available***	45-100 Days
Commodities	17,350,921	-	Monthly	30 days
Commodities	260,845	1,785,721	N/A	N/A
Private Equity and Venture Capital	3,994,769	9,747,067	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, 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

* Redemption of this fund is quarterly; however, the fund has an imposed indefinite 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.

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

Global Fixed Income 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 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. 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 US. 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.

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

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 4 SECURITIES LENDING

The Foundation participated in securities lending through a program run by its custodial bank. Under the terms of its securities lending agreement, the program required 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 was then reinvested on behalf of the Foundation by the custodial bank.

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

Valuations of the collateral investments were 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 used financial models or other inputs where quoted prices in an active market were not available. Such valuations reflected hypothetical transactions, were subject to uncertainties, and accordingly did 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 recent 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.

The Foundation exited the securities lending program, recalling the securities on loan and repaying the collateral, subsequent to the receipt of judgment revenue disclosed in Note 16.

Assets and liabilities associated with the securities lending program as of March 31 were:

	2013	2012
Investments Loaned to Broker	$ -	$ 8,181,796
Investment Collateral	-	5,171,649
Payable Under Investment Loan Agreement	-	8,474,066

NOTE 5 LOANS RECEIVABLE (NAF)

Loans receivable at March 31, 2013 and 2012 were comprised of the following:

	2013	2012
Working Capital / Business	$ 4,333,201	$ 5,189,057
Community Facilities	5,651,842	5,997,342
Affordable Housing	883,421	837,796
	10,868,464	12,024,195
Allowance for Loan Losses	(947,383)	(816,151)
Loans Receivable, Net	$ 9,921,081	$ 11,208,044

Anticipated principal payments on loans receivable as of March 31, 2013 are as follows:

Year Ending March 31,	Amount
2014, Net of Allowance of $581,960	$ 4,942,240
2015 Through 2018, Net of Allowance of $365,423	4,661,969
Thereafter	316,872
Total	$ 9,921,081

NAF has the following commitments as of March 31, 2013:

	Amount
Available Letters of Credit, with Maturities through January 2014	$ 37,720
Available Lines of Credit, with Maturities through March 2016	1,930,905
Available Lines of Credit, Charter Schools	2,392,000
Loans Closed but Not Fully Disbursed as of Year-End	1,591,924
Total Commitments	$ 5,952,549

The following tables present the aging of past due loans by loan segment as of March 31, 2013 and 2012:

As of March 31, 2013	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
Working Capital / Business	$ 3,949,333	$ 141,749	$ -	$ 242,119	$ 4,333,201	$ -
Community Facilities	5,651,842	-	-	-	5,651,842	-
Affordable Housing	883,421	-	-	-	883,421	-
	$ 10,484,596	$ 141,749	$ -	$ 242,119	$ 10,868,464	$ -

NOTE 5 LOANS RECEIVABLE (CONTINUED)

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	$ -

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.

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 the following tables, ratings A, B, and C are grouped as Pass. Loans rated D are considered Watch. Loans with quality ratings of ratings of E and F are considered Substandard. Loans rated G are listed as Doubtful.

As of March 31, 2013	Pass	Watch	Substandard	Doubtful	Total
Working Capital / Business	$ 3,403,876	$ 538,323	$ 391,002	$ -	$ 4,333,201
Community Facilities	4,615,243	890,322	146,277	-	5,651,842
Affordable Housing	883,421	-	-	-	883,421
	$ 8,902,540	$ 1,428,645	$ 537,279	$ -	$ 10,868,464
Current	$ 8,760,791	$ 1,428,645	$ 295,160	$ -	$ 10,484,596
Past Due 31-60 Days	141,749	-	-	-	141,749
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	242,119	-	242,119
	$ 8,902,540	$ 1,428,645	$ 537,279	$ -	$ 10,868,464

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

NOTE 5 LOANS RECEIVABLE (CONTINUED)

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, 2013 and there are no current troubled debt restructurings.

Activity in the loan loss reserve for the years ended March 31, 2013 and 2012 was as follows:

March 31, 2013	Working Capital Business	Community Facilities	Affordable Housing	Total
Allowance for Loan Losses				
Beginning Balance	$ 500,959	$ 237,302	$ 77,890	$ 816,151
Charge Offs	(18)	-	-	(18)
Recoveries	-	-	-	-
Provisions	(36,371)	208,346	(40,725)	131,250
Ending Balance	$ 464,570	$ 445,648	$ 37,165	$ 947,383
Allowance for Loan Losses				
Ending Balance: Individually Evaluated for Impairment	$ 92,267	$ 36,569	$ -	$ 128,836
Ending Balance: Collectively Evaluated for Impairment	372,303	409,079	37,165	818,547
	$ 464,570	$ 445,648	$ 37,165	$ 947,383
Financing Receivables				
Ending Balance: Individually Evaluated for Impairment	$ 391,002	$ 146,277	$ -	$ 537,279
Ending Balance: Collectively Evaluated for Impairment	3,942,199	5,505,565	883,421	10,331,185
	$ 4,333,201	$ 5,651,842	$ 883,421	$ 10,868,464

NOTE 5 LOANS RECEIVABLE (CONTINUED)

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 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, 2013, there were no past due amounts and an allowance was not warranted.

NOTE 7 NOTES PAYABLE (NAF)

Notes payable consist of loans with stated interest from 1.50% to 4.00%, maturing through 2022. Principal payments on notes payable are as follows:

Year Ending March 31,	Amount
2014	$ 521,960
2015	1,777,726
2016	248,025
2017	14,976
2018	765,276
Thereafter	4,891,986
Total	$ 8,219,949

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

NOTE 8 LINES OF CREDIT (NAF)

NAF has various revolving lines of credit and other sources of capital not yet drawn that are available for lending to nonprofit organizations. Stated interest rates for these lines range from 0.30% to LIBOR plus 3.95%. These lines are unsecured. There were no outstanding borrowings as of March 31, 2013 and 2012.

Lines of Credit	Amount
GE Money Bank	$ 500,000
The Minneapolis Foundation (TMF)	2,000,000
Minnesota Bank & Trust	500,000
Private Bank	100,000
Total Lines of Credit	$ 3,100,000

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	2013	2012
2013	$ -	$ 1,286,071
2014	1,215,406	367,583
2015	926,600	273,250
2016	784,350	240,000
2017	721,850	200,000
2018	200,000	200,000
Subtotal	3,848,206	2,566,904
Discount (5%)	(250,794)	(154,341)
Total	$ 3,597,412	$ 2,412,563

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2013	2012
Temporarily Restricted:		
Restricted for Programs	$ 56,314,940	$ 45,981,609
Split-Interest Agreements	38,000,840	40,689,027
Total Temporarily Restricted	$ 94,315,780	$ 86,670,636
Permanently Restricted:		
Permanent Endowment	$ 20,252,842	$ 20,252,842
Beneficial Interest in Perpetual Trusts	14,818,488	14,463,084
Total Permanently Restricted	$ 35,071,330	$ 34,715,926

NOTE 11 ENDOWMENT

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

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Designated Endowment Funds	$ (4,808)	$ 16,211,076	$ 20,252,842	$ 36,459,110
Other Endowment Funds	192,770,383	-	-	192,770,383
Total Endowment Funds	$ 192,765,575	$ 16,211,076	$ 20,252,842	$ 229,229,493

	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

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 $4,808 and $-0- as of March 31, 2013 and 2012, 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:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 191,439,405	$ 14,464,383	$ 20,252,842	$ 226,156,630
Contributions	191,593	-	-	191,593
Investment Income, Net	17,583,504	3,431,486	-	21,014,990
Amounts Appropriated for Expenditure	(6,302,146)	(1,679,985)	-	(7,982,131)
Reclassification	(10,151,589)	-	-	(10,151,589)
Transfer of Earnings	4,808	(4,808)	-	-
Endowment Fund Balance, March 31, 2013	$ 192,765,575	$ 16,211,076	$ 20,252,842	$ 229,229,493

	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

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 2013 and 2012 were $389,400 and $398,975, respectively.

NOTE 12 OPERATING LEASE (CONTINUED)

Future minimum lease payments at March 31 are as follows:

Year Ending March 31,	Amount
2014	$ 379,799
2015	370,046
2016	211,626
2017	48,581
Total Future Minimum Lease Payments	$ 1,010,052

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 2013 and 2012, the discretionary contribution percentage was 8% of employees' compensation, respectively. Retirement plan expense was $237,749 and $243,369 for the years ended March 31, 2013 and 2012, respectively.

NOTE 14 NONCONTROLLING INTEREST

The Minneapolis Foundation was a general partner of The Minneapolis Foundation Investment Partnership LP, which was liquidated during the year ended March 31, 2013. The Foundation held control of the partnership activities and an economic interest (96% of the investment in the partnership at March 31, 2012), and under GAAP, consolidation is required. The purpose of this partnership was to invest the Foundation's funds as well as other limited partners. As a result of this consolidation, all activity of the partnership has been reflected in the consolidated financial statements.

The noncontrolling interest activity during the year is as follows:

	2013	2012
Beginning Balance	$ 11,673,507	$ 18,921,915
Net Partners Contributions (Withdrawals)	(11,644,504)	(6,949,728)
Investment Losses, Net	(29,003)	(298,680)
Ending Balance	$ -	$ 11,673,507

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, 2013 and 2012, NAF paid $776,098 and $722,214, respectively, for these services. As of March 31, 2013 and 2012, NAF owes TMF $68,147 and $60,228, respectively, for these services. TMF also provides NAF with administrative services. During fiscal years 2013 and 2012, NAF paid $12,000 as an administrative fee for these services. TMF made grants to NAF totaling $150,000 during the year ended March 31, 2013 for capacity building and a pilot loan fund.

TMF provides RKMC with administrative and staff services. During fiscal years 2013 and 2012, RKMC paid $252,674 and $236,472, respectively, as an administrative fee for these services. RKMC also approved a grant to TMF in the amount of $50,000 and $100,000, to support educational initiatives and Minnesota Meeting, during fiscal years 2013 and 2012, respectively.

TMF has two promissory note agreements with NAF for purposes of extending loans to local nonprofit organizations. Both notes bear interest at 2% annually. The due dates on the notes are January 1, 2017 and January 1, 2018, and the amounts outstanding are $1,000,000 and $818,500, both the maximum available on the 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 was August 31, 2012 and had an interest of 2%. The full amount was both advanced to NAF and fully repaid during the year ended March 31, 2013.

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

NOTE 16 LITIGATION PROCEEDS

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 to the plaintiffs for damages awarded by the jury, pre and post-judgment interest, forfeiture of certain fees, as well as certain attorneys' fees and expenses. The judgment was affirmed by the Minnesota Court of Appeals in June 2012. Payments to TMF ($9,388,308) and RKMC ($5,740,491) were net of fees and costs for a total of $15,128,799.

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.

THE MINNEAPOLIS FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013
(UNAUDITED)

	TMF	NAF	RKMC	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	$ 10,678,879	$ 5,542,099	$ 61,244	$ -	$ 16,282,222
Interest and Dividends Receivable	940,105	74,044	18,963	-	1,033,112
Accounts Receivable	101,321	86,748	-	(68,459)	119,610
Prepaids	2,519	28,077	-	-	30,596
Investments	475,500,520	2,726,743	32,701,407	-	510,928,670
Other Assets	643,011	-	-	-	643,011
Loans Receivable, Net	-	9,921,081	-	-	9,921,081
Notes Receivable	49,818,500	-	-	(1,818,500)	48,000,000
Beneficial Interest in Trusts	43,697,448	-	-	-	43,697,448
Furniture, Fixtures and Equipment (Less Accumulated Depreciation)	328,904	88,852	-	-	417,756
Total Assets	$ 581,711,207	$ 18,467,644	$ 32,781,614	$ (1,886,959)	$ 631,073,506
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ 702,778	$ 173,616	$ -	$ (68,459)	$ 807,935
Grants Payable	3,597,412	-	-	-	3,597,412
Notes Payable	-	10,038,449	-	(1,818,500)	8,219,949
Deferred Lease Credits	188,085	-	-	-	188,085
Amounts Due Beneficiaries	9,401,360	-	-	-	9,401,360
Charitable Funds Held for the Benefit of Others	18,714,538	-	-	-	18,714,538
Total Liabilities	32,604,173	10,212,065	-	(1,886,959)	40,929,279
Net Assets:					
Unrestricted:					
Undesignated	453,964,662	6,792,455	-	-	460,757,117
Temporarily Restricted	60,071,042	1,463,124	32,781,614	-	94,315,780
Permanently Restricted	35,071,330	-	-	-	35,071,330
Total Net Assets	549,107,034	8,255,579	32,781,614	-	590,144,227
Total Liabilities and Net Assets	$ 581,711,207	$ 18,467,644	$ 32,781,614	$ (1,886,959)	$ 631,073,506

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 ACTIVITY
YEAR ENDED MARCH 31, 2013
(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	$ 36,055,503	$ 34,834	$ -	$ 139,866	$ 2,173,806	$ -	$ -	$ (200,000)	$ 35,995,369	$ 2,208,640	$ -
Less: Amounts Received for Benefits of Others	2,494,002	-	-	-	-	-	-	-	2,494,002	-	-
Contributions	33,561,501	34,834	-	139,866	2,173,806	-	-	(200,000)	33,501,367	2,208,640	-
Total Investment Income, Net	37,788,581	3,997,650	-	27,025	-	-	2,887,856	(24,890)	37,790,716	6,885,506	-
Less: Investment from Charitable Funds Held for Benefit of Others	1,656,355	-	-	-	-	-	-	-	1,656,355	-	-
Investment Income, Net	36,132,226	3,997,650	-	27,025	-	-	2,887,856	(24,890)	36,134,361	6,885,506	-
Change in Value of Trusts	(3,408)	760,604	355,404	-	-	-	-	-	(3,408)	760,604	355,404
Administrative Service Revenue from Agency Funds	384,735	-	-	-	-	-	-	(264,674)	120,061	-	-
Note Receivable Interest and Other Income	2,365,084	-	-	965,090	-	-	3,694	-	3,330,174	3,694	-
Net Assets Released from Restrictions	5,427,302	(5,427,302)	-	1,188,177	(1,188,177)	1,338,312	(1,338,312)	-	7,953,791	(7,953,791)	-
Total Revenues, Gains and Other Support	77,867,440	(634,214)	355,404	2,320,158	985,629	1,338,312	1,553,238	(489,564)	81,036,346	1,904,653	355,404
EXPENSES											
Program Services:											
Total Grants	51,780,084	-	-	-	-	1,011,230	-	(200,000)	52,591,314	-	-
Less: Grants Made for Benefit of Charitable Funds Held	1,333,603	-	-	-	-	-	-	-	1,333,603	-	-
Grants	50,446,481	-	-	-	-	1,011,230	-	(200,000)	51,257,711	-	-
Program Service Expense	3,576,378	-	-	1,230,570	-	219,638	-	(146,551)	4,880,035	-	-
Support Services:											
Management and General Administrative Expense	2,714,214	-	-	188,861	-	107,444	-	(143,013)	2,867,506	-	-
Fund Raising	837,647	-	-	16,862	-	-	-	-	854,509	-	-
Total Expenses	57,574,720	-	-	1,436,293	-	1,338,312	-	(489,564)	59,859,761	-	-
OPERATING CHANGE IN NET ASSETS	20,292,720	(634,214)	355,404	883,865	985,629	-	1,553,238	-	21,176,585	1,904,653	355,404
Less: Gains (Losses) on Noncontrolling Interests, Net	(29,003)	-	-	-	-	-	-	-	(29,003)	-	-
OPERATING CHANGE IN NET ASSETS AFTER ADJUSTMENTS	20,321,723	(634,214)	355,404	883,865	985,629	-	1,553,238	-	21,205,588	1,904,653	355,404
NONOPERATING CHANGE IN NET ASSETS											
Litigation Proceeds	9,388,308	-	-	-	-	-	5,740,491	-	9,388,308	5,740,491	-
TOTAL CHANGE IN NET ASSETS	29,710,031	(634,214)	355,404	883,865	985,629	-	7,293,729	-	30,593,896	7,645,144	355,404
Net Assets - Beginning of Year	424,254,631	60,705,256	34,715,926	5,908,590	477,495	-	25,487,885	-	430,163,221	86,670,636	34,715,926
Beginning Noncontrolling Interests (Note 14)	11,673,507	-	-	-	-	-	-	-	11,673,507	-	-
Add: Net Partners Contributions (Withdrawals)	(11,644,504)	-	-	-	-	-	-	-	(11,644,504)	-	-
Add: Gains (Losses) on Noncontrolling Interests, Net	(29,003)	-	-	-	-	-	-	-	(29,003)	-	-
Total Noncontrolling Interests	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS - END OF YEAR	$ 453,964,662	$ 60,071,042	$ 35,071,330	$ 6,792,455	$ 1,463,124	$ -	$ 32,781,614	$ -	$ 460,757,117	$ 94,315,780	$ 35,071,330

* 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, 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.