

THE MINNEAPOLIS FOUNDATION
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED MARCH 31, 2025 AND 2024



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Minneapolis Foundation
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Minneapolis Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Minneapolis Foundation as of March 31, 2025 and 2024, and its changes in net assets its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Minneapolis Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Minneapolis Foundation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Other Information – Schedule of Expenditures of Federal Awards

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2025, on our consideration of The Minneapolis Foundation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of The Minneapolis Foundation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Minneapolis Foundation’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 3, 2025

THE MINNEAPOLIS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 54,982,616	\$ 45,814,976
Interest and Dividends Receivable	835,353	771,112
Accounts and Pledges Receivable	16,060,584	2,414,426
Prepays	25,154	4,161
Investments	1,062,686,192	1,031,444,654
Program-Related Loans Receivable	6,285,342	5,580,350
Other Assets	931,053	780,631
Beneficial Interest in Trusts	42,363,769	45,241,402
Furniture, Fixtures, Equipment, and Leasehold Improvements (Less: Accumulated Depreciation of \$4,111,111 and \$3,880,974 as of March 31, 2025 and 2024, Respectively)	834,256	1,095,651
Operating ROU Asset	659,887	918,792
	\$ 1,185,664,206	\$ 1,134,066,155
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,577,059	\$ 1,500,249
Grants Payable	9,544,373	2,944,469
Deferred Revenue	19,210,805	14,505,150
Amounts Due Beneficiaries	12,289,660	12,546,257
Charitable Funds Held for the Benefit of Others	35,936,182	36,310,674
ROU Lease Liability - Operating	797,642	1,109,006
	80,355,721	68,915,805
NET ASSETS		
Without Donor Restrictions	982,533,547	953,152,467
With Donor Restrictions	122,774,938	111,997,883
Total Net Assets	1,105,308,485	1,065,150,350
Total Liabilities and Net Assets	\$ 1,185,664,206	\$ 1,134,066,155

See accompanying Notes to Financial Statements.

**THE MINNEAPOLIS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Total Amount Raised	\$ 114,358,319	\$ 15,969,299	\$ 130,327,618
Less: Amounts Received for Benefit of Others	331,991	-	331,991
Contributions, Net	114,026,328	15,969,299	129,995,627
Total Investment Income, Net of Investment Expenses	57,867,454	2,759,820	60,627,274
Less: Investment Income from Charitable Funds			
Held for Benefit of Others	5,076,370	-	5,076,370
Investment Income, Net	52,791,084	2,759,820	55,550,904
Change in Value of Trusts	-	(1,146,628)	(1,146,628)
Federal EPA Dollars	1,536,794	-	1,536,794
Administrative Service Revenue from Agency Funds	962,356	-	962,356
Note Receivable Interest and Other Income	354,325	-	354,325
Net Assets Released from Restrictions	6,805,436	(6,805,436)	-
Total Revenues, Gains, and Other Support	176,476,323	10,777,055	187,253,378
EXPENSES			
Program Services:			
Total Grants	128,958,187	-	128,958,187
Less: Grants Made for Benefit of Charitable			
Funds Held	2,394,928	-	2,394,928
Grants, Net	126,563,259	-	126,563,259
Program Service Expense	12,820,615	-	12,820,615
Support Services Expense:			
Management and General Administrative	4,090,639	-	4,090,639
Fundraising	3,620,730	-	3,620,730
Total Expenses	147,095,243	-	147,095,243
CHANGE IN NET ASSETS	29,381,080	10,777,055	40,158,135
Net Assets - Beginning of Year	953,152,467	111,997,883	1,065,150,350
NET ASSETS - END OF YEAR	<u>\$ 982,533,547</u>	<u>\$ 122,774,938</u>	<u>\$ 1,105,308,485</u>

See accompanying Notes to Financial Statements.

**THE MINNEAPOLIS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Total Amount Raised	\$ 96,060,800	\$ 1,994,535	\$ 98,055,335
Less: Amounts Received for Benefit of Others	109,700	-	109,700
Contributions, Net	95,951,100	1,994,535	97,945,635
Total Investment Income, Net of Investment Expenses	117,799,349	6,937,792	124,737,141
Less: Investment Income from Charitable Funds			
Held for Benefit of Others	5,076,370	-	5,076,370
Investment Income, Net	112,722,979	6,937,792	119,660,771
Change in Value of Trusts	-	2,597,851	2,597,851
Administrative Service Revenue from Agency Funds	968,283	-	968,283
Note Receivable Interest and Other Income	601,859	-	601,859
Net Assets Released from Restrictions	6,683,391	(6,683,391)	-
Total Revenues, Gains, and Other Support	216,927,612	4,846,787	221,774,399
 EXPENSES			
Program Services:			
Total Grants	113,983,030	-	113,983,030
Less: Grants Made for Benefit of Charitable			
Funds Held	1,278,697	-	1,278,697
Grants, Net	112,704,333	-	112,704,333
Program Service Expense	11,131,164	-	11,131,164
Support Services Expense:			
Management and General Administrative	3,427,403	-	3,427,403
Fundraising	3,167,232	-	3,167,232
Total Expenses	130,430,132	-	130,430,132
CHANGE IN NET ASSETS	86,497,480	4,846,787	91,344,267
Net Assets - Beginning of Year	866,654,987	107,151,096	973,806,083
NET ASSETS - END OF YEAR	\$ 953,152,467	\$ 111,997,883	\$ 1,065,150,350

See accompanying Notes to Financial Statements.

THE MINNEAPOLIS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 40,158,135	\$ 91,344,267
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Lease Expenses	283,207	283,207
Net Realized Gain on Sale of Investments	(31,344,560)	(24,733,463)
Unrealized Gain on Investments	(560,912)	(76,234,209)
Net Realized Loss on Sale of Fixed Assets	-	71,975
Change in Value of Trusts	1,146,628	(2,597,851)
Depreciation and Amortization	370,358	254,512
Change in Assets and Liabilities:		
Interest and Dividends Receivable	(64,241)	630,619
Accounts and Pledges Receivable	(13,646,158)	(1,849,163)
Prepays	(20,993)	27,193
Other Assets	(150,422)	(67,469)
Beneficial Interest in Trusts	688,454	4,313,288
Accounts Payable and Accrued Liabilities	1,076,810	(798,960)
Grants Payable	6,599,904	(5,631,740)
Deferred Revenue	4,705,655	5,916,325
Lease Liability	(335,666)	(328,631)
Charitable Funds Held for the Benefit of Others	(374,492)	3,559,850
Net Cash Provided (Used) by Operating Activities	8,531,707	(5,840,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(108,963)	(880,035)
Purchases of Securities	(169,111,106)	(257,563,678)
Proceeds from the Sale of Securities	170,560,994	269,836,154
Net Cash Provided by Investing Activities	1,340,925	11,392,441
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Program-Related Loans Receivables	(1,000,000)	(1,000,000)
Proceeds from Program-Related Loans Receivables	295,008	1,544,120
Receipt of Notes Receivable	-	5,793,475
Net Cash Provided (Used) by Financing Activities	(704,992)	6,337,595
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,167,640	11,889,786
Cash and Cash Equivalents - Beginning of Year	45,814,976	33,925,190
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 54,982,616	\$ 45,814,976
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Contributions and Pledge Payments of Investment Securities	\$ 37,755,173	\$ 21,215,123

See accompanying Notes to Financial Statements.

**THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Basis of Presentation

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

Net Asset Classification

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that provides accounting guidance on the classification of endowment fund net assets for states that have enacted versions of the UPMIFA and enhances disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted.

Under the terms of the Articles of Incorporation, the board of trustees has the power to modify or eliminate any restriction, condition, limitation, or trust imposed with respect to any fund or property the title of which has become vested with the corporation if, in the sole judgment of the board of trustees, such restriction, condition, limitation, or trust becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable need of the community or area served by the Foundation. As a result of the ability to remove any restriction, all contributions not classified as with donor restrictions are classified as without donor restrictions for financial statement purposes.

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

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

**THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes a long-term investment objective through diversification of asset classes. To achieve its investment objectives over long periods of time, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment strategy targets a diversified asset allocation that includes, but is not limited to, domestic equities, non-U.S. equities, fixed income, real estate, and hedged equities. The majority of assets are invested in equity or equity like securities. Fixed income, real estate, and hedged equities are used to lower short-term volatility. Diversification by asset class, investment style, investment manager, etc., is employed to avoid undue risk concentration and enhance total return. The primary performance objective is to achieve an annualized total rate of return, net of investment fees, that approximates or exceeds 5% plus inflation over long periods of time. Actual returns in any given year may vary from this amount.

The spending policy determines the amount of money in a given year that will be distributed from certain endowed funds of the Foundation. For the year ended March 31, 2025, this set dollar amount from the year ended March 31, 2024 was adjusted by inflation (plus 5% of any new gifts). Spending in future years will be the prior year spending, adjusted for inflation, plus 5% of any new gifts for the year. There is also a band such that spending will not exceed 6% or fall below 2% of current endowed assets. For all other endowed funds (including donor advised and designated beneficiary funds), the spending policy is 4% of a moving 12-quarter average market value plus any administrative fee charged by the Foundation. The Foundation's objective is to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

Cash and Cash Equivalents

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

Investments

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

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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

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

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

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

Program-Related Loans Receivable

The Foundation has made loans to nonprofit organizations at below-market interest rates. Repayment schedules and interest rates on the loans are varied. At March 31, 2025 and 2024, there were no past due program-related loans.

Beneficial Interests in Trusts

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

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

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

**THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interests in Trusts (Continued)

Beneficial Interest in Perpetual Trusts – The Foundation is the beneficiary of several perpetual trusts held by a third party. Under the terms of the trusts, the Foundation has the irrevocable right to receive the income generated by the trust in perpetuity. The beneficial interest in the perpetual trusts is recorded at the fair value. Changes in net assets of the trusts are recorded as gain or losses (change in value of trusts) on the statements of activities. Net assets and changes in the net assets are recorded as with donor restrictions. Distributions received from these trusts are recorded as investment income without donor restrictions.

Furniture, Fixtures, and Equipment, and Leasehold Improvements

Furniture, fixtures, and equipment are stated at cost at the date of acquisition or fair value at the date of donation and depreciated on a straight-line basis over their estimated useful lives of the respective assets ranging from 3 to 15 years. Assets are generally capitalized greater than \$3,000. Leasehold improvements are depreciated over the life of the improvement or the term of the lease, whichever is shorter.

Grants Payable

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

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

Amounts Due Beneficiaries

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

Charitable Funds Held for the Benefit of Others

In accordance with accounting standards, if a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as Agency Funds.

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

**THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expense

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

Tax-Exempt Status

The Foundation tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are only subject to federal income tax on net unrelated business income.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation as a result of the implementation of this standard.

Use of Estimates

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

Concentrations

For the year ended March 31, 2025 and 2024, there was one donor from each year respectively, that contributed 12% and 11% of total contribution revenue. For the year ended March 31, 2025 one donor made up 56% of outstanding receivables. There were no receivable concentrations for the year ended March 31, 2024.

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;

**THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

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

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

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

Derivative Financial Instruments

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

**THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments (Continued)

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

As of March 31, 2025 and 2024, the Foundation owned 113 and 97 contracts with a notional exposure of \$15,794,100 and \$13,166,368, respectively. The notional exposure is included in the Foundation's investment portfolio. Gains/(losses) for these futures were \$471,052 and \$1,500,043 for the years ended March 31, 2025 and 2024, respectively.

Revenue Recognition

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

Deferred Revenue

As of March 31, 2025 and 2024, the Foundation had \$58,463,206 and \$18,760,000 of committed government grants for an economic revitalization program not yet recognized as revenue due to various conditions not yet met. As of March 31, 2025 and 2024, the Foundation had received \$19,210,805 and \$14,505,150 of cash payments in advance and the conditions have not been met and therefore is recorded as deferred revenue on the statements of financial position, respectively. As of March 31, 2025 and 2024, \$2,992,566 and \$3,186,029 had been recognized as revenue, respectively.

Guarantees

During the year ended March 31, 2020, the Foundation entered into agreements with a bank to guarantee a portion of an affordable housing development project. The total guaranty amount as of March 31, 2025 and 2024 is \$1,125,000.

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

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

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in these financial statements through September 3, 2025, the date the financial statements were available to be issued.

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 LIQUIDITY

Financial assets are structured to meet the liquidity needs of the Foundation, both in terms of operating budget as well as grants and other expenditures. The finance committee of the board approves and periodically reviews the operating reserves policy which is designed to support operations during periods when an operating revenue shortfall may occur. The policy currently recommends a target of having at least six months of operating expenses in cash or short-term investments. As of March 31, 2025, the Foundation had operating reserves in cash or short-term investments that was in compliance with the operating reserves policy.

In terms of meeting the liquidity needs for grants and other obligations and expenditures, the following table outlines the Foundation's financial assets as of March 31, 2025 and 2024 that are available for expenditure within one year of that date. Assets are considered unavailable if they are not convertible to cash within one year, or if they are trust assets or endowment assets.

	2025	2024
Cash and Cash Equivalents	\$ 54,982,616	\$ 45,814,976
Investments - Cash and Short-Term Investments	88,736,648	79,280,586
Accounts and Pledges Receivable	16,060,584	2,414,426
Accrued Interest and Dividends Receivable	835,353	771,112
Total	\$ 160,615,201	\$ 128,281,100

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

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

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 3 INVESTMENTS

Investments consist of the following at March 31:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 88,736,648	\$ 79,280,586
Large and Mid Cap Domestic Equities and Equity Futures	311,478,095	292,241,822
Small Cap Domestic Equities and Equity Futures	44,175,459	50,506,706
Non-U.S. Equities and Equity Futures	232,974,044	236,998,348
Domestic Fixed Income Obligations and Fixed Income Futures	180,989,920	154,592,555
High Yield Fixed Income Obligations and Fixed Income Futures	24,240,097	24,375,019
Global Fixed Income Obligations and Fixed Income Futures	2,133,116	2,018,458
Real Estate	21,457,610	23,473,118
Long/Short Hedge Funds	12,263,823	25,088,335
Multi-Strategy Hedge Funds	22,394,381	20,096,469
Commodities	14,430,324	13,152,624
Private Equity and Venture Capital	103,749,665	102,348,192
Closely Held Stock	3,663,010	7,272,422
Total Investments	<u>\$ 1,062,686,192</u>	<u>\$ 1,031,444,654</u>

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

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

	<u>2025</u>	<u>2024</u>
Interest and Dividend Income	\$ 26,604,227	\$ 21,186,450
Realized Gains on Investments	31,344,560	24,733,463
Unrealized Gains (Losses) on Investments	560,912	76,234,209
Investment Expenses	(2,958,795)	(2,493,351)
Total	<u>\$ 55,550,904</u>	<u>\$ 119,660,771</u>

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 4 FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis as of March 31, 2025 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities and Equity Futures	\$ 311,478,095	\$ -	\$ -	\$ 311,478,095
Small Cap Domestic Equities and Equity Futures	44,175,459	-	-	44,175,459
Non-U.S. Equities and Equity Futures	84,454,909	-	-	84,454,909
Domestic Fixed Income Obligations and Fixed Income Futures	174,455,644	-	-	174,455,644
High Yield Fixed Income Obligations and Fixed Income Futures	473,556	-	-	473,556
Global Fixed Income Obligations and Fixed Income Futures	2,133,116	-	-	2,133,116
Real Estate	20,944,410	-	-	20,944,410
Long/Short Hedge Funds	1,140,246	-	-	1,140,246
Multi-Strategy Hedge Funds	-	-	-	-
Private Equity and Venture Capital	1,816,190	-	-	1,816,190
Commodities	-	-	-	-
Closely Held Stock	-	-	-	-
Total Investments at Fair Value	<u>641,071,625</u>	<u>-</u>	<u>-</u>	<u>641,071,625</u>
Cash and Cash Equivalents	-	-	-	88,736,648
Investments Measured at Net Asset Value or its Equivalent	-	-	-	329,214,909
Investments Recorded at Cost	-	-	-	<u>3,663,010</u>
Total Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,062,686,192</u>
Beneficial Interest in Trusts	-	-	42,363,769	42,363,769
Total	<u>\$ 641,071,625</u>	<u>\$ -</u>	<u>\$ 42,363,769</u>	<u>\$ 1,105,049,961</u>

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis as of March 31, 2024 are:

	Level 1	Level 2	Level 3	Total
Investments:				
Large and Mid Cap Domestic Equities and Equity Futures	\$ 292,241,822	\$ -	\$ -	\$ 292,241,822
Small Cap Domestic Equities and Equity Futures	50,506,706	-	-	50,506,706
Non-U.S. Equities and Equity Futures	89,542,616	-	-	89,542,616
Domestic Fixed Income Obligations and Fixed Income Futures	144,010,525	-	-	144,010,525
High Yield Fixed Income Obligations and Fixed Income Futures	499,922	-	-	499,922
Global Fixed Income Obligations and Fixed Income Futures	2,018,458	-	-	2,018,458
Real Estate	21,871,614	-	-	21,871,614
Long/Short Hedge Funds	1,215,904	-	-	1,215,904
Multi-Strategy Hedge Funds	-	-	-	-
Commodities	-	-	-	-
Private Equity and Venture Capital	-	-	-	-
Closely Held Stock	-	-	2,183,700	2,183,700
Total Investments at Fair Value	<u>601,907,567</u>	<u>-</u>	<u>2,183,700</u>	<u>604,091,267</u>
Cash and Cash Equivalents	-	-	-	79,280,586
Investments Measured at Net Asset Value or its Equivalent	-	-	-	342,984,079
Investments Recorded at Cost	-	-	-	5,088,722
Total Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,031,444,654</u>
Beneficial Interest in Trusts	-	-	45,241,402	45,241,402
Total	<u>\$ 601,907,567</u>	<u>\$ -</u>	<u>\$ 47,425,102</u>	<u>\$ 1,076,686,056</u>

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

	Beneficial Interest in Trusts	
	2025	2024
Balance as of April 1	\$ 45,241,402	\$ 46,946,197
Change in Value of Trusts	(1,291,788)	1,692,186
Change in Beneficial Interest in Trusts	<u>(1,585,845)</u>	<u>(3,396,981)</u>
Balance as of March 31	<u>\$ 42,363,769</u>	<u>\$ 45,241,402</u>
	Closely Held Stock	
	2025	2024
Balance as of April 1	\$ 2,183,700	\$ 2,567,730
Unrealized Gain (Loss)	(2,183,700)	(384,030)
Balance as of March 31	<u>\$ -</u>	<u>\$ 2,183,700</u>

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at March 31, 2025	Principal Valuation Technique	Unobservable Inputs
Closely Held Stock	\$ -	FMV of Assets	Value of Underlying Assets
Beneficial Interest in Trusts	42,363,769	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 42,363,769</u>		
Type of Assets	Fair Value at March 31, 2024	Principal Valuation Technique	Unobservable Inputs
Closely Held Stock	\$ 2,183,700	FMV of Assets	Value of Underlying Assets
Beneficial Interest in Trusts	45,241,402	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 47,425,102</u>		

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of March 31, 2025:

<u>March 31, 2025</u>	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Non-U.S. Equities	\$ 67,793,563	\$ -	Weekly	5 Days
Non-U.S. Equities	11,854,914	-	Quarterly	90 Days
Non-U.S. Equities	68,870,658	-	Monthly	5-30 Days
Domestic Fixed Income Obligations	6,534,276	-	Monthly	10 Days
Global Fixed Income Obligations	-	-	Monthly	10 Days
High Yield Fixed Income Obligations	23,766,541	-	Monthly	45 Days
Long/Short Hedge Funds	-	-	Monthly	90 Days
Long/Short Hedge Funds	11,123,577	-	Quarterly	60 Days
Real Estate	513,200	2,906,720	N/A	N/A
Multi-Strategy Hedge Funds	22,394,381	-	Quarterly	60 days
Commodities	14,430,324	9,965,686	N/A	N/A
Private Equity and Venture Capital	101,933,475	60,649,615	N/A	N/A
Total	<u>\$ 329,214,909</u>	<u>\$ 73,522,021</u>		

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of March 31, 2024:

<u>March 31, 2024</u>	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Non-U.S. Equities	\$ 70,983,493	\$ -	Weekly	5 Days
Non-U.S. Equities	10,870,812	-	Quarterly	90 Days
Non-U.S. Equities	65,601,427	-	Monthly	5-30 Days
Global Fixed Income Obligations	10,582,030	-	Monthly	10 Days
High Yield Fixed Income Obligations	23,875,097	-	Monthly	45 Days
Long/Short Hedge Funds	10,952,347	-	Monthly	90 Days
Long/Short Hedge Funds	12,920,084	-	Quarterly	60 Days
Real Estate	1,601,504	3,970,002	N/A	N/A
Multi-Strategy Hedge Funds	20,096,469	-	Quarterly	60 days
Commodities	13,152,624	6,107,443	N/A	N/A
Private Equity and Venture Capital	102,348,192	38,858,172	N/A	N/A
Total	<u>\$ 342,984,079</u>	<u>\$ 48,935,617</u>		

Non-U.S. Equity investments are often structured as a commingled pool with a partnership legal structure for the purpose of simplifying issues involving trading these securities and individual country tax codes. The Foundation's investments are with long only equity managers who purchase stocks with daily valuations and T+3 liquidity. Restrictive redemption terms (monthly) are imposed by the managers of the funds in order to accommodate and simplify the investment or withdrawal of money from their funds from numerous investors. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

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.

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

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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

Commodity investments in a commingled pool with a portfolio manager who employs a long only strategy that includes investing in futures, publicly traded stocks, swaps and structured notes where appropriate. The investment strategy is to find the most attractively priced investment opportunities in metals, agriculture, energy, and financial instruments. Restrictive redemption terms (monthly) may be imposed by the manager of the fund in order to facilitate the investment or withdrawal of money from their fund from numerous investors. The unobservable inputs used to determine the fair value has been estimated based on the capital account balances reported by underlying investments.

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

NOTE 5 GRANTS PAYABLE

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

	<u>2025</u>	<u>2024</u>
Less Than One Year	\$ 4,280,579	\$ 1,824,790
One to Five Years	<u>5,647,521</u>	<u>1,221,660</u>
Subtotal	9,928,100	3,046,450
Discount (5%)	<u>(383,727)</u>	<u>(101,981)</u>
Total	<u>\$ 9,544,373</u>	<u>\$ 2,944,469</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
With Donor Restrictions - Restricted for Purpose or Time:		
Restricted for Programs	\$ 52,333,396	\$ 38,748,104
Split-Interest Agreements	<u>34,830,149</u>	<u>37,479,536</u>
Total With Restrictions - Purpose or Time	87,163,545	76,227,640
With Donor Restrictions - Held in Perpetuity:		
Permanent Endowment	20,240,342	20,240,342
Beneficial Interest in Perpetual Trusts	<u>15,371,051</u>	<u>15,529,901</u>
Total With Restrictions - Held in Perpetuity	<u>35,611,393</u>	<u>35,770,243</u>
Total Net Assets With Donor Restrictions	<u>\$ 122,774,938</u>	<u>\$ 111,997,883</u>

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 7 ENDOWMENT

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Other Endowment Funds	\$ 320,404,694	\$ -	\$ 320,404,694
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	20,240,342	20,240,342
Accumulated Investment Gains	-	28,458,525	28,458,525
Total	\$ 320,404,694	\$ 48,698,867	\$ 369,103,561
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Other Endowment Funds	\$ 318,391,510	\$ -	\$ 318,391,510
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	20,240,342	20,240,342
Accumulated Investment Gains	-	28,268,577	28,268,577
Total	\$ 318,391,510	\$ 48,508,919	\$ 366,900,429

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

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies for the years ended March 31, 2025 and 2024.

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 7 ENDOWMENT (CONTINUED)

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 318,391,510	\$ 48,508,919	\$ 366,900,429
Contributions	430,271	-	430,271
Investment Income, Net	16,445,182	2,292,351	18,737,533
Amounts Appropriated for Expenditure	(14,862,269)	(2,102,403)	(16,964,672)
Endowment Fund Balance - End of Year	<u>\$ 320,404,694</u>	<u>\$ 48,698,867</u>	<u>\$ 369,103,561</u>
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 291,757,602	\$ 44,531,373	\$ 336,288,975
Contributions	541,033	-	541,033
Investment Income, Net	40,338,550	5,960,898	46,299,448
Amounts Appropriated for Expenditure	(14,245,675)	(1,983,352)	(16,229,027)
Endowment Fund Balance - End of Year	<u>\$ 318,391,510</u>	<u>\$ 48,508,919</u>	<u>\$ 366,900,429</u>

NOTE 8 LEASES

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

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

The following table provides quantitative information concerning the Foundation's leases for the years ended March 31, 2025 and 2024:

	2025	2024
Operating Lease Costs	\$ 283,207	\$ 283,207
Operating Cash Flows from Operating Leases	\$ 335,666	\$ 328,631
Weighted-Average Remaining Lease Term -		
Operating Leases	2.4 Years	3.4 Years
Weighted-Average Discount Rate - Operating Leases	2.55%	2.55%

THE MINNEAPOLIS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 8 LEASES (CONTINUED)

A maturity analysis of undiscounted cash flows for lease liabilities as of March 31, 2025, is as follows:

<u>Year Ending March 31,</u>	<u>Operating Leases</u>
2026	\$ 342,701
2027	349,736
2028	129,734
Undiscounted Cash Flows	<u>822,171</u>
Less: Imputed Interest	<u>(24,529)</u>
Total Present Value	<u><u>\$ 797,642</u></u>

NOTE 9 RETIREMENT PLAN

Effective January 1, 2020, regular full-time and part-time employees who have completed at least one year of service are eligible to participate in a 401(k) plan which provides for annual discretionary contributions to eligible employees. Prior to this, the Foundation had a Simplified Employee Pension Plan (SEP) with the same eligibility requirements for annual discretionary contributions to the plan. In fiscal 2025 and 2024, the discretionary contribution percentage was 8% of employees' compensation. Retirement plan expense was \$585,291 and \$519,544 for the years ended March 31, 2025 and 2024, respectively.

**THE MINNEAPOLIS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2025**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass Through Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
Environmental Protection Agency				
Environmental Justice Thriving Communities Grantmaking Program (EJ TCGM)	66.615	N/A	\$ 245,494	\$ 1,536,794
Total Environmental Protection Agency Programs			245,494	1,536,794
Total Expenditures of Federal Awards			<u>\$ 245,494</u>	<u>\$ 1,536,794</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

THE MINNEAPOLIS FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2025

NOTE 1 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Minneapolis Foundation under programs of the federal government for the year ended March 31, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Minneapolis Foundation, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of The Minneapolis Foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Minneapolis Foundation has elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
The Minneapolis Foundation
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Minneapolis Foundation (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Minneapolis Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Minneapolis Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of The Minneapolis Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Minneapolis Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 3, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
The Minneapolis Foundation
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Minneapolis Foundation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Minneapolis Foundation's major federal programs for the year ended March 31, 2025. The Minneapolis Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Minneapolis Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of The Minneapolis Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Minneapolis Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The Minneapolis Foundation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Minneapolis Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Minneapolis Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Minneapolis Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Minneapolis Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Minneapolis Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 3, 2025

**THE MINNEAPOLIS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2025**

Section I – Summary of Auditors’ Results

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

FEDERAL AWARDS

Internal control over major federal programs:

- Material weaknesses identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs:

ALN Number
66.615

Name of Federal Program or Cluster
Environmental Justice Thriving
Communities Grantmaking Program (EJ TCGM)

Dollar threshold used to distinguish between Types A and B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

**THE MINNEAPOLIS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED MARCH 31, 2025**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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